

The circuitious road to OA formation

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Regulatory authorities in Dubai have been lackadaisical in enforcing provisions of the Strata Law. As a result, developers continue to drag their feet when it comes to calling for general assemblies and initiating steps to register owners associations (OAs). However, there are firms such as Stratum, an association management company based in Dubai, which are taking the lead in offering consultancy and helping owners of freehold property set up interim OAs. Saeed Al Fahim, Partner and Executive Director of Stratum, offers insights into working with interim OAs, and why owners need to be proactive in the administration and management of jointly owned property.

What is the status quo on the interim OA situation?

It is now five years since the legislation was passed and more than two years since the release of the regulations. Unfortunately, from a general perspective, neither the association managers nor property owners are any further advanced from where they were two years ago.

While there is a definite need for government intervention, specifically through enforcement, property owners also have the responsibility to demand their right to choose an association manager, the level of



service they want from service contractors, and the rate which they are prepared to pay for those services. Property owners have a fundamental right to demand that steps be taken to register their OA. Stratum is actually in the process of facilitating a number of interim OAs and/or their board members.

What is your experience in dealing with interim OAs? How proactive are developers in engaging with owners in the administration and upkeep of properties?

Stratum is involved with some fantastic board members who represent their OAs selflessly. Obviously, there have been some frustrations, but most of the OA board members we deal with are experienced professionals.

With regard to developers, there are still many who don't want to share information or relinquish control,

but they will eventually realize that they are only prolonging the inevitable. As matters stand now, until RERA comes out with a definitive deadline linked to a monetary penalty that will, hopefully, force developers to register their buildings, it is quite evident that developers will have little incentive to do so.

Is there a high number of service charge delinquents?

Yes, there is a significant number of delinquent owners in Dubai. Most owners feel they are being denied the freedom to choose how their building is being managed and refuse to pay the developer unless or until the registration process of their OA is underway and/or finalized.

Owners want to decide what they pay for and at what rate, and to date, the developer has been the only one making decisions, and usually does so based on business interests.