

ROYAL DECREE

No. 78/86

ISSUING THE LAW ORGANIZING BROKERAGE PROFESSION
IN REAL ESTATE ACTIVITIES

We Qaboos Bin Said, Sultan of Oman

Having perused Royal Decree No. 26/75 issuing the Law setting up the Administrative Apparatus of the State and the Amendments thereto.

And the Commercial Register Law No. 3/74 and the Amendments thereto.

And the Commercial Companies Law No. 4/74 and Royal Decree No. 4/74 issuing the Foreign Business and Investment Law and Amendment thereto, and

In accordance with the exigencies of public good.

Have Decreed as follows:

Article 1 :

The provisions of the attached Law shall be implemented in Regulating Brokerage Business in Real Estate Activities.

Article 2 :

This Decree shall be published in the official Gazette and shall be effective from the date of its publication.

Issued in : 13 Safar 1407 H
18 October, 1986

Qaboos Bin Said
Sultan of Oman.

LAW ORGANIZING BROKERAGE PROFESSION IN REAL ESTATE ACTIVITIES

ARTICLE 1 :-

For the purpose of applying the provisions of this Law, Brokerage means any act of intermediary for selling or leasing real estate properties and any other activity of dealing with real estate property of any kind in return of payment. A Broker means any natural or juristic person who deals in brokerage business in real estate activity and is licenced by the Ministry of Commerce and Industry according to conditions and terms stipulated in this Decree. The broker may be authorised by one or both parties to the transaction.

ARTICLE 2 :-

No person shall practice the profession of brokerage in the fields of real estate except after obtaining a special licence from the Ministry of Commerce and Industry. All individuals and companies who are practicing brokerage in real estate activities at the date of issuing this Law shall adjust therein status to comply with its provisions within six months of this law coming into force.

ARTICLE 3 :-

Persons licenced to carry on brokerage profession in real estate should fulfill the following conditions :

1. For Natural Individual :
 - a) Should be an Omani citizen, and is ordinarily resident in Oman.
 - b) Should be registered in the Commercial Register and is a member of the Oman Chamber of Commerce and Industry.
 - c) Should not have been convicted of any crime affecting honour or good reputation, or bankruptcy, unless he has been rehabilitated.
2. For Juristic Person :
 - a) Should be an Omani Company established in accordance with the provisions of the Commercial Companies Law or the Foreign Business and Investment Law and one of its objectives is to practice brokerage in the fields of real estate.
 - b) Should be registered in the Commercial Register and is a member of the Oman Chamber of Commerce and Industry.
 - c) Should have a reasonable office in its name in the Sultanate.

ARTICLE 4 :-

Application for licence should be submitted to the Ministry of Commerce and Industry in the form designed for that purpose attached with supporting documents. The Ministry shall decide on the application within 20 days from the date of its submission and the Ministry may reject the application giving reasons and informing the applicant of them.

ARTICLE 5 :-

A special register shall be prepared by the Ministry of Commerce and Industry for recording licenced persons who practice brokerage profession in the fields of real estate. The register's organisation and contents shall be prescribed by Ministerial resolution.

ARTICLE 6 :-

The Broker shall :

- a) Keep records of all dealings and transactions in which he intermediates and their results and settled prices. He shall maintain the closed records and make authentic copies of contracts and documents concerning that transactions for a period not less than five years from the date of the last recorded transaction in the aforementioned records. The records shall be organised by a resolution issued by the Minister of Commerce and Industry.
- b) Present records, copies of documents and contracts in his possession to any concerned Government body for examination if requested.
- c) Indicate his name and number of registration referred to in Article (5) on all correspondence and documents issued by him.

ARTICLE 7 :-

No broker shall purchase or lease for himself, his wife or his minor children any immovables for sake of trading and gaining profits out of its reselling or subleasing.

ARTICLE 8 :-

The broker shall not be entitled to his commission, unless the contract, he intermediates, is signed, whatever efforts he may exert in this intermediation. If the signing of the contract is subject to a condition, then the broker shall not be entitled to his commission until the condition is fulfilled.

ARTICLE 9 :-

The broker is not responsible for contracts execution after its signing or the honouring of each of the contract's parties for his liabilities. If the contract is terminated for reasons not related to the broker he has the right to claim his commission or retain it, if he had received it.

ARTICLE 10 :-

The broker receives his commission from the party who authorizes him and if he is authorized by both parties, each of them pays him half of the agreed commission. In case of disagreement, the commission is estimated at 3% of contract's value if transaction is transfer of property or any of the intangible rights, or 5% of leased real estate's rent of one year of th total period of the lease contract, whichever is less, if transaction is leasing. The Authority for settling Commercial Disputes may reduce the commission if it is not proportionate to the services rendered.

ARTICLE 11 :-

The broker has no right to claim the reimbursement of his intermediation expenses in addition to the commission, unless otherwise agreed upon with his principal, and in this case he can claim the reimbursement of the expenses even if the contract has not been signed, unless the unfulfillment of the deal is due to the broker's mistake or negligence.

ARTICLE 12 :-

The broker's rights for his intermediation efforts and related expenses shall be barred upon the elapse of five years from the date on which those rights become due.

ARTICLE 13 :-

The broker, even though was authorized by one party to the transactions honestly presents all the circumstances of the transaction and any information came to his knowledge about it to both parties. And he shall be responsible to the parties for any misrepresentation, mistake or negligence committed by him during his intermediation.

ARTICLE 14 :-

The broker will be responsible for safe custody of documents, papers or things concerning the transaction, he intermediates, and to compensate its owners for any damage caused by their distribution or loss, unless the distribution or loss was due to an inevitable cause and in spite of his taking all reasonable measures for their protection.

ARTICLE 15 :-

The broker has to renew his record in the special Register referred to in Article (5) every five years within the following three months at most, after the expiry of the preceding registration, otherwise he will be considered out of business and the Ministry may delete his registration through publication in at least two local daily newspapers.

ARTICLE 16 :-

If the broker wishes to cease brokerage in real estate activity, he shall notify the Commercial Registration Department and the Registrar of Brokerage in Real Estate Department within one month of the date prescribed for stoppage. Each of the two departments shall record in their registers the discontinuation of brokerage business and publish in at least two local daily newspapers.

ARTICLE 17 :-

The Under Secretary of the Ministry of Commerce and Industry, upon an investigation conducted by the concerned departments, may, by order, withdraw the licence referred to in Article (2) and delete the broker's registration in the special Register referred to in Article (5), if there was evidence that it was made on a wrong basis or was based on incorrect information.

ARTICLE 18 :-

The broker may appeal to the Minister of Commerce and Industry against any decision rejecting his application for licence to practice brokerage in real estate, withdrawing his licence, refusing his registration in the special Register or refusing renewal of that registration, within a maximum period of 30 days from the date on which he has been informed of the decision.

The decision of the Minister shall be final and be published in, at least, two daily newspapers.

ARTICLE 19 :-

Notwithstanding any penalty stipulated in other laws, any person who practices brokerage profession in real estate without obtaining the required licence, or who violates the provisions of Article (7) of the Decree, shall be punishable with imprisonment for a term not exceeding one year and shall be liable to a fine not exceeding R.O. 1,000 or one of the two penalties.

Any person licenced to practice brokerage in real estate activity, who violates any other provision of this Decree shall be punished with a fine not exceeding R.O. 300. In case of repeating violation for the first time, the offender in addition to fine may be suspended from practicing the profession for a period not exceeding six months. If the violation is repeated after that he shall finally be forbidden from practicing the profession, his licence shall be withdrawn and his registration in the Special Register of real estate brokers be deleted.

ARTICLE 20 :-

As for companies the tangible penalties referred to in the preceding Article shall be applied to the responsible directors according to the constitutive contract and Articles of incorporation of the company.