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MORTGAGES

The UAE Homebuyers' Dictionary

52 terms you must know



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Mortgage & Financing

01

Mortgage Pre-Approval

Before a buyer buys a property, a lender confirms the loan amount they are eligible for.

Mortgage Registration Fee

When financing a property with a mortgage, the Dubai Land Department (DLD) receives a charge equal to 0.25% of the loan amount.

Loan-to-Value (LTV) Ratio

The portion of a property's worth that a bank is prepared to fund with a mortgage.

Variable-Rate Mortgage

A mortgage in which the interest rate varies according to the state of the market.

Islamic Mortgage

A Sharia-compliant home financing alternative in which the bank purchases the property and leases it to the buyer with a predetermined profit margin rather than charging interest.

Equity Release (Cash-Out Refinancing)

A financial product that enables homeowners to borrow against the value of their property.

Mortgage Default

Failure to meet mortgage payment obligations, which may lead to legal action.

Refinancing (Buy-out)

The process of replacing an existing mortgage with a new one to obtain a lower interest rate or change loan terms

Mortgage Arrangement Fee

Typically 1% of the loan amount, this is a bank processing fee for establishing your home loan.

Mortgage tenure

The amount of time you will pay back the mortgage, which is often up to 25 years in the United Arab Emirates..

Debt burden ratio (DBR)

The percentage of your monthly income that goes toward paying off debts, including your mortgage. The UAE Central Bank caps it at 50% of your income.

EIBOR (Emirates Interbank Offered Rate)

The benchmark interest rate banks use to lend to each other, influencing variable rate mortgages.

Government & Legal Terms

02

Ejari

The Dubai Land Department's (DLD) official procedure for registering rental contracts.

Eviction Notice

A legal document served to tenants requiring them to vacate the property within a specified period, under RERA regulations.

No Objection Certificate (NOC)

A document that the developer issues to verify that there are no unpaid fees and to authorize the ownership transfer.

Strata Law

The rule governing collectively held properties, such as apartments in freehold projects

Tenancy Contract

legally enforceable agreements that specify rental arrangements between landlords and tenants.

Rental Index

A RERA tool that offers recommendations for rental pricing modifications.

Dubai Land Department (DLD)

The government organization in charge of overseeing real estate transactions in Dubai

Real Estate Regulatory Authority (RERA)

A regulatory body under DLD that oversees real estate activities, including tenancy laws and broker regulations.

Golden Visa

A long-term residency visa available for property investors meeting certain criteria.

Tawtheeq

Abu Dhabi's tenancy contract registration system.

Buying & Selling Process

03

Memorandum of Understanding (MOU)/Form F

The primary sales contract that binds the buyer and seller to agreed-upon terms before the formal deed is transferred.

Transfer of Ownership

The official legal act of moving property rights from seller to buyer, finalized at the Dubai Land Department (DLD).

Off-Plan Property

Real estate purchased directly from a developer while it is still in the design or construction phase.

Property Valuation

A formal appraisal used to determine the market value of a home based on current trends, physical condition, and location.

Conveyancing Fee

Professional charges for the legal administration required to ensure a smooth and compliant property transfer (typically AED 5,000 – AED 10,000).

Trustee Office Fees

Administrative costs associated with processing the ownership registration, generally ranging from AED 2,000 to AED 5,000.

Broker Commission

The service fee paid to real estate professionals for their role in negotiating and closing the deal.

Down Payment

The upfront capital required to secure a purchase, usually 20% to 25% for international investors or expatriates..

Payment Plan

A customized installment schedule for secondary or off-plan purchases, including options that extend beyond the property's completion.

Resale Property

A "second-hand" home sold by a previous individual owner rather than a developer.

Hidden Costs & Fees

04

DLD Registration Fee

A one-time tax of 4% of the property value paid to the Dubai Land Department to formalize the sale.

Mortgage Registration Fee

A government fee equivalent to 0.25% of the total loan amount, charged by the DLD for documenting a financed purchase.

Service Charges

Early fees collected from homeowners to maintain common areas and facilities like gyms, pools, and landscaping.

Agency Commission

The professional service fee for real estate agents, typically averaging 2% of the final sale price.

DEWA Deposit

A refundable security payment required to activate essential water and electricity services, with the amount depending on the property type.

Housing Fees

A recurring municipality tax integrated into monthly utility bills, based on the property's value or annual rental rate.

Move-In Permit

Administrative charges some community developers require to authorize the logistics of moving into a new residence.

Early Mortgage Settlement Fee

A penalty fee (typically 1% of the loan amount) if a borrower pays off their mortgage early.

Property Insurance

A protective expense incurred to cover the asset against unforeseen damages, liabilities, or environmental risks.

Maintenance Fund Contribution

A charge paid by owners to cover long-term building repairs and refurbishments.

Investment & Market Terms

05

Gross Rental Yield

A simple ratio representing annual rent against the purchase price, used for a quick snapshot of income potential.

Net Rental Yield

A more accurate profitability metric that calculates rental income after subtracting operational costs (maintenance, taxes, and fees)

Capital Appreciation

The organic growth in a property's market value over the duration of ownership.

Return on Investment (ROI)

The total percentage of profit realized from an asset relative to its initial cost.

Vacancy Rate

The percentage of unoccupied rental properties in a given market.

Short-Term Rental

A property rented out for a short duration, typically through platforms like Airbnb.

Real Estate Investment Trust (REIT)

A company that owns and manages income-generating real estate assets.

Flipping

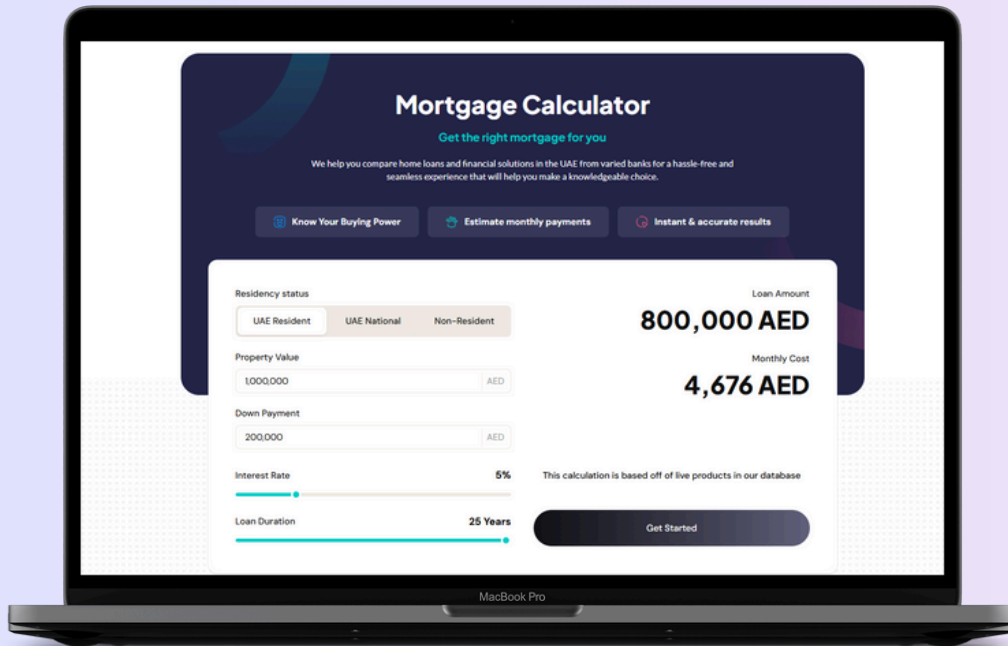
The practice of buying property at a lower price and selling it quickly for a profit.

Buy-to-Let

An investment approach where a property is acquired specifically to generate recurring rental income.

Portfolio Diversification

The practice of spreading capital across various asset classes or geographic locations to mitigate risk and stabilize returns



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