

ROYAL DECREE
No. 78/86
ISSUING THE LAW REGULATING BROKERAGE
PROFESSION IN REAL ESTATE ACTIVITIES ¹

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 its Amendments thereto.

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

And the Commercial Companies Law No. 4/74

And Royal Decree No. 4/74 issuing the Foreign Business and Investment
Law and Amendments thereto;

And upon the exigencies of the public interest,

We have decreed the following

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 on : 13 Safar 1407 A.H

Corresponding to : 18 October 1986

Qaboos Bin Said

Sultan of Oman

¹Amendments promulgated by the Royal Decree No. 91/2010 are added in the text of the Royal Decree No. 78/86

ISSUING THE LAW REGULATING 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 licensed by the Ministry of Commerce and Industry according to conditions and terms stipulated in this Decree. The broker may be authorized 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 two years of this law coming into force ²

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 or a GCC citizen and is ordinarily resident in Oman
- b) Should be not less than 21 years of age³
- c) Should be registered in the Commercial Register and is a

² The Royal Decree No. 91/2010 is promulgated on 16 July 2010

³ Paragraph (a) and (b) were amended by Royal Decree No. 91/2010

member of the Oman Chamber of Commerce and Industry.

d) Should not have been convicted of any crime affecting honour or honesty or went in bankruptcy unless he has been rehabilitated.

E) Should have a private place or suitable office by his name in the Sultanate

2. For Juristic Person:

a) Should be an Omani establishment or company licensed to carry on brokerage activities in real estate and its Omani employees working in brokerage should be not be less than 80% and they should have at least a qualification of a general education diploma or equivalent ⁴

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 place or office in its name in the Sultanate.

Article (3) (repeated): Any person licenced to carry on a brokerage activities in real estate should pass a training course specialized in real estate field before having a permission to carry out the profession provided that the Ministry of Manpower lay out rules and regulations for passing such course.⁵

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

⁴ Paragraph (a) was amended by Royal Decree No. 91/2010

⁵ This Article was added by Royal Decree No. 91/2010

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 organization and contents shall be prescribed by Ministerial resolution.

Article (5)(repeated) : Any person licensed to deal in brokerage profession in real estate activity shall present his license and its registration number to the Ministry of Housing in order to be recorded in it ⁶ .

Article (6): The Broker shall :

- a) Keep a 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 organized by a resolution issued by the Minister of Commerce and Industry.
- b) Provide 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.

⁶ This Article was added by Royal Decree No. 91/2010

D) Inform the Profession and Crafts Section at the Companies Affairs Department about any change in his office address or place of work within 15 days from the date of change .

Article (7): No broker shall purchase or lease for himself, his wife or his minor children any real estates for the sake of trading and gaining profits out of its reselling or subleasing. The violation of this prohibition is achieved if the purchased real estate is sold or leased again before two years from the date of its purchase or lease.

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 (8) (repeated) : The brokerage contract should be in writing and should indicate the contracted parties , the property specifications , brokerage terms , broker commission and any other information ⁷.

Article (9): The broker is not responsible for contracts execution after its signing or the fulfillment 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 shall receive 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 the

⁷ This Article was added by Royal Decree No. 91/2010

contract's value if transaction is transfer of property or any of the intangible rights, or 5% of the real estate's lease value for one year or the total period of the lease contract, whichever is less, if transaction is leasing.

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 become subject to prescription for five years and the prescription shall be valid from the date on which those rights become due.

Article (13): The broker, even if he was only authorized by one party to the transactions shall honestly present 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 shall be responsible for safe custody of documents, papers or things concerning the transaction, which he intermediates, and to compensate its owners for any damage caused by its destruction or loss, unless the destruction 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 stop brokerage profession in real estate activity, he shall notify the Secretariat of Commercial Registration and the Department of Brokers Registrar in Real Estate field within one month from the date prescribed for stoppage. Each of the two entities shall record in their registers the discontinuation of brokerage business and publish that in at least two local daily newspapers.

Article (17): The Undersecretary of the Ministry of Commerce and Industry, upon an investigation conducted by the concerned department, may order to withdraw the license 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 license to practice brokerage in real estate, withdrawing his license, 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 shall be published in, at least, two local daily newspapers.

Article (19): Notwithstanding any penalty stipulated in other laws, any person who practices brokerage profession in real estate without obtaining the required license, shall be punished with imprisonment for a term not exceeding six months and shall be liable to a fine not exceeding RO. 3,000 (three thousand Riyals)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 RO 1000 (one thousand Riyals).

In case of repeating violation for the first time, the offender in addition to the 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 license shall be withdrawn and his registration in the special Register of real estate brokers shall 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.