

C I R C U L A R – 133

Date: February 8, 2009

Ref: ZADC/GEN/MEB/gs-050

TO : ALL MASTER DEVELOPERS

SUBJECT: DAMAGE TO INFRASTRUCTURE WORKS – RECTIFICATION PROCESS

With reference to the above subject, please find below the Zoning Authority's process and procedure for collecting the rectification charges from the liable contractors:

Damage Occurrence:

1. The damage should be reported by either Zoning Authority Development Control (ZADC) inspector or the owner. However the owner should report the same to ZADC inspector on the same day.
2. Zoning Authority Development Control (ZADC) shall issue a letter notifying the damage to the owner, concerned contractors responsible for the damage and requesting the owner to submit cost-estimate needed to rectify the damage within 2 weeks from the time of receiving the letter. The letter sent to owner should be copied to the concerned contractor.

Cost-Time Estimation submittal:

1. The owner should submit an estimate of the rectification costs and time to the ZADC within 2 weeks from the date of receiving the letter. It is the duty of the owner to hire a QS or a PM or any other company to perform the cost-time estimation task. ZADC shall not interfere in this process.
2. ZADC should verify the cost-time estimate submitted by the owner and has the right to challenge its figures if necessary.

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3. ZADC shall send a letter to the concerned contractor/s with the following details:
 - a. The cost-time estimate submitted by the owner and verified by ZADC.
 - b. Instruction to submit a performance bond with a rounded amount of the estimated cost. The performance guarantee should be addressed to Zoning Authority Development Control, automatically renewable after expiry.
 - c. The letter should also state the cases when the guarantee could be claimed and released.
 - d. The amount of fine.
 - e. When and where to submit the performance guarantee and pay the fine.
 4. Concerned contractors should submit the performance guarantee and pay the fine amount at the ZADC Customer Service Counter.
 - a. Fine amount will be received through ZADC cash collection point. Receipt will be issued to the payer.
 - b. Performance guarantee will be received through the ZADC Performance Guarantee acceptance process. The performance guarantee will remain at the Zoning Authority Finance custody until it is released. ZADC has the right to in-cash the guarantee if the contractors fail or refuse to meet the actual rectification costs during rectification time-line and submit the cash to the owner.

Progress of Rectification Works:

1. ZADC should send letter to the owner acknowledging the receipt of the performance guarantee. The owner may commence the rectification works knowing that his rights are being protected by the Zoning Authority.
2. The owner in coordination with the concerned contractor/s should supervise and follow up on the execution of rectification works.
3. Rectification works actual cost invoices should be sent to and paid by the contractors. It is the duty of the owner to perform this task is on track. ZADC should not interfere in this step.
4. ZADC inspectors will monitor the progress of work regularly.
5. In case the concerned contractors fail to meet the actual rectification works cost submitted through verified invoices, then ZADC has the right to claim the performance guarantee and submit the amount to the owner.

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Release of performance guarantee:

1. Performance Guarantee will be released by Zoning Authority only and only when the following conditions are met:
 - a. The owner submits a completion letter to Zoning Authority proving completion of rectification works.
 - b. Zoning Authority Inspector provides a confirmation to Zoning Authority Finance that rectification works are fairly complete.
2. The concerned contractors should then submit a performance guarantee release form to ZADC. Zoning Authority Finance shall release the Guarantee.

This is for your kind information and necessary action.

Thanking you,

For, and on behalf of
**DUBAI TECHNOLOGY AND MEDIA
FREE ZONE AUTHORITY – DTMFZA**

Cc: ZADC