

# **Measures for Selling Housing, Commercial, Office, Service and Industrial Units on the Map\***

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\* These measures have been issued by the Ministry of Justice circular No. 13/T/3600, dated 28.3.1430 AH, pursuant to the Council of Ministers resolution No. 73 dated 12.3.1430 AH.

I. It is prohibited to exercise the activity of selling any real estate units on the map for whatever purpose they may be used: housing, commercial, office, service, industrial, touristic or otherwise, to advertise the same in national or international media, to market the same inside the Kingdom or to display in fairs unless the approval of the committee under (2) hereof is first obtained.

II. A committee within the Ministry of Commerce and Industry comprising members from the Ministry of Municipal and Rural Affairs, Saudi Arabian Monetary Agency and General Housing Commission shall be formed with the task of conducting the following:

a. Considering applications for exercising real estate development activities provided that the licence is issued within a maximum period of ten days from the date of the submission of a complete application;

b. Laying down technical and financial conditions for real estate developers;

c. Laying down conditions and specifications for expending from the security account for the project and supervising it, determining the responsibilities of the engineering office supervising the project, the chartered accountant and the inspection companies and calculating specialist quantities and determining their role in payments related to the expenses of the project;

d. Laying down the conditions related to the rights of consumers and the conditions of the operation of common utilities of the real estate development project;

e. Preparing a record that includes the arrangements and documentation related to the sale of units on the map in any real estate project;

f. Laying down the conditions related to reporting sold real estate and the mechanism of protecting consumers against selling a single real estate to more than one buyer by developers or brokers; and

g. Determining the documents necessary for registration in the real estate developers' record including the following:

1. The commercial register for individual establishments or companies,
2. Chamber of Commerce membership certificate,
3. Credit record integrity certificate from a licensed credit services company,

4. Ownership deed of the piece of land to be developed,
5. Copy of the contract concluded between the main developer and sub-developer, if any,
6. Architectural designs and engineering plans approved by the appropriate authorities,
7. Form of sale contract between the developer and the buyer and dates of handover specified in days, and
8. Copy of the contract concluded between the developer and the real estate marketer, if any.

III. A separate account shall be opened for each project after obtaining the approval of the above referenced committee to be named "The Security Account" with a bank licensed to operate inside the Kingdom. The said account shall be special for depositing the payments made by buyers of units on the map or the financiers of these projects. An agreement concluded for this purpose shall determine the conditions of managing the said account and the rights and obligations of contracting parties as decided by the committee in this respect.

IV. The Ministry of Commerce and Industry shall undertake the following:

1. Providing a number of staff to act as secretaries of the committee; and
2. Opening a record within the Ministry to be named "Real Estate Developers Record" wherein the names of qualified real estate developers are entered after obtaining the committee's approval of entering them in the said record and issuing certificates to this effect;

V. Any one who has been exercising the sale of real estate units on the map in the Kingdom before the issuing of these measures shall apply to the committee to adjust his condition as complying with these measures. The committee should consider each case separately in a manner that does not cause harm to the rights of buyers and the real estate developer within a period of sixty days from the date of issuing these measures. Extension for a further period may be given if there are certain objective reasons after obtaining the approval of the Minister of Commerce and Industry.

VI.

a. In case the real estate developer violates the present measures, the committee shall issue a decision suspending his activity on a temporary basis taking into consideration the rights of buyers, provide the credit services company with information on the violation and submit to the Minister of Commerce and Industry about the actions to be taken against him as provided for in the regulations and instructions.

b. In case any fraud, covering up or procrastination to fulfil the rights of buyers is found in the real estate activity, the committee shall refer violators to the Investigation and General Prosecutor Commission, which, in turn, shall refer indicted violators to the Criminal Court to apply necessary penalties against him.

VII.

1. These measures shall be published in the official gazette and shall come into effect from the date of publication. The committee shall coordinate with the real estate committees at the Saudi Chamber of Commerce and Industry to advertise these measures through various means of information.

2. These measures shall remain effective until the issuing and coming into effect of the real estate development security account law.