



شعبة الترجمة الرسمية
Official Translation Department

Law of Real Estate Development Fund

Royal Decree No. M/47
January 7, 2021

Translation of Saudi Laws



NOTE:

The translation of Saudi laws takes the following into consideration:

- Words used in the singular form include the plural and vice versa.
- Words used in the masculine form include the feminine.
- Words used in the present tense include the present as well as the future.
- The word “person” or “persons” and their related pronouns (he, his, him, they, their, them) refer to a natural and legal person.



Law of Real Estate Development Fund

Article 1

A fund named the Real Estate Development Fund shall be established and shall be entrusted with providing loans to individuals and institutions to set up real estate projects for private or commercial use; the Fund shall report to the National Development Fund.

Article 2

The Fund shall be managed by a committee whose chairman and members are named pursuant to an order by the President of the Council of Ministers upon the recommendation of the Minister of Finance and National Economy; the committee shall include in its membership representatives from the Central Planning Organization, the Ministry of Interior (Department of Municipal Affairs), and the Public Works Department.

Article 3

The Fund shall carry out its duties as follows:

1. Providing medium- or long-term loans to:
 - a) middle- or low-income individuals in need of assistance to cover construction costs for private housing, provided the loan does not exceed 70% of the construction costs; and
 - b) Saudi natural or legal persons for constructing multi-unit residential buildings for commercial or hospitality use, provided the loan does not exceed 50% of the construction costs.
2. Contributing to the development and improvement of cities, especially the inner areas of big cities. For the purpose of developing residential or commercial areas, the Fund may enter into agreement with municipalities to replan and sell agreed-upon areas after the Fund owns such areas and compensates its owners. Municipalities shall, in accordance with their powers, assist the Fund in the expropriation proceedings. The revenues acquired by the Fund shall be added to its capital.
3. Entering into agreements with Saudi entities to build residential complexes for their employees by providing a loan not exceeding 50% of the construction costs of a residential unit.
4. Providing loans to residential projects other than those stated in this Article if the committee managing the Fund ascertains the feasibility of the project and the availability of sufficient guarantees.

Article 4

Loans shall be granted against appropriate real estate or bank guarantees. In case of providing loans for private housing, mortgaging the land and building shall suffice.



Article 5

The Fund may manage the granting and monitoring of loans and keep accounts of such loans, or outsource the same to a banking institution pursuant to a contract concluded for this purpose.

Article 6

The capital of the Fund shall initially be fixed at 250 million riyals, and may be increased pursuant to a decision by the Council of Ministers.

Article 7

The implementing regulations of this Law shall be issued pursuant to a decision by the Minister of Finance and National Economy upon the recommendation of the committee managing the Fund. Said regulations shall specify the committee's work procedures, conditions and methods for providing loans, payment and repayment dates, guarantees, and other stipulations under this Law.