

صندوق التنمية العقارية
REAL ESTATE DEVELOPMENT FUND



Real Estate Development Fund Law

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

اللَّهُمَّ صَلِّ عَلَى مُحَمَّدٍ وَعَلَى آلِ مُحَمَّدٍ



الرقم: م/٤٧
التاريخ: ١٤٤٢/٥/٢٣ هـ

بِعَوْنِ اللَّهِ تَعَالَى

نحن سلمان بن عبدالعزيز آل سعود

ملك المملكة العربية السعودية

بناءً على المادة (السبعين) من النظام الأساسي للحكم، الصادر بالأمر الملكي رقم (٩٠/أ)

بتاريخ ١٤١٢/٨/٢٧ هـ.

وبناءً على المادة (العشرين) من نظام مجلس الوزراء، الصادر بالأمر الملكي رقم (١٣/أ)

بتاريخ ١٤١٤/٣/٣ هـ.

وبناءً على المادة (الثامنة عشرة) من نظام مجلس الشورى، الصادر بالأمر الملكي رقم (٩١/أ)

بتاريخ ١٤١٢/٨/٢٧ هـ.

وبعد الاطلاع على قرار مجلس الشورى رقم (٦١/٣٥٩) بتاريخ ١٤٤٢/٢/٢٥ هـ.

وبعد الاطلاع على قرار مجلس الوزراء رقم (٢٨٧) بتاريخ ١٤٤٢/٥/٢١ هـ.

رسمنا بما هو آت:

أولاً : الموافقة على نظام صندوق التنمية العقارية، بالصيغة المرافقة.

ثانياً : على سمو نائب رئيس مجلس الوزراء ووزراء ورؤساء الأجهزة المعنية

المستقلة - كل فيما يخصه - تنفيذ مرسومنا هذا.

سلمان بن عبدالعزيز آل سعود

Real Estate Development Fund Law

Article 1

In this Law, the following terms and phrases shall have the meanings assigned thereto, unless the context requires otherwise:



Law: Real Estate Development Fund Law.



Fund: The Real Estate Development Fund.



Minister: Minister of Housing.



Ministry: Ministry of Housing.



Board: Board of Directors of the Fund.



Chairman: Chairman of the Board.



Executive Director: Executive Director of the Fund.



Beneficiary: Any person who applies for a loan and his application is approved by the Fund or the Ministry, or is on any loan application list approved by the Board.



Financing Entities: Banks and financing companies licensed to engage in real estate financing in the Kingdom.



Subsidized Real Estate Loan: A housing mortgage program offered by the Fund through financing entities, whereby the mortgage interest is fully or partially covered by the Fund pursuant to contracts concluded for such purpose.



Financing: The direct or subsidized real estate loans or guarantees offered by the Fund to real estate developers and financing entities.



Products and Initiatives: Housing programs and types of financing approved by the Fund to enable a beneficiary to own a house.



Guarantees: Pledges acceptable to the Fund and letters of guarantee issued by the Fund, whereby a line of credit is established to support a financing contract.



Regulations: The Implementing Regulations of this Law.



Article 2

- 1 The Fund shall have a public legal personality and financial and administrative independence and shall report to the National Development Fund.
- 2 The Fund shall operate according to market principles and standards.
- 3 The Fund's headquarters shall be in the City of Riyadh, and may establish branches or offices within the Kingdom.

Article 3

- 1 The Fund aims to achieve real estate development within the Kingdom by enabling beneficiaries to own suitable housing. To this end, it may carry out the following:
 - A Covering the mortgage interest fully or partially for beneficiaries on the lists of the Fund or Ministry.
 - B Offering loans to real estate developers and financing entities to achieve its objectives.
 - C Investing its capital and available funds, and acquiring and disposing of assets, including investing part of its capital to develop residential and commercial areas in targeted cities by partnering with real estate developers, municipalities and their corporate arms, and commissions for the development of cities and provinces.
 - D Concluding contracts and agreements, including partnership agreements, with financing entities, in order to provide subsidized mortgages or any other products or initiatives.
 - E Concluding contracts and agreements, including partnership agreements, with public and private agencies to participate in or finance residential projects or complexes to achieve its objectives.
 - F Concluding agreements with agencies which have housing application lists and which seek to transfer such lists to the Fund for financing, subject to Board approval.
 - G Establishing saving funds for citizens seeking to benefit from their products and initiatives in cooperation with financing agencies, subject to applicable laws.
 - H Managing the Fund's financing operations and maintaining records thereof; it may outsource such tasks to any specialized and licensed entity.
 - I Concluding agreements with any specialized and licensed company to collect its funds.
 - J Providing full or partial guarantees to financing agencies for the financing they provide to targeted groups to benefit from subsidized real estate loans.
 - K Establishing companies and other special purpose entities within the Kingdom, whether solely or in collaboration with third parties, to enable the Fund to achieve its objectives, participating in existing companies or entities, and acquiring shares or stocks therein and any other rights associated therewith, in agreement with the National Development Fund.



- L Accepting guarantees, including pledges and the like, to fulfill financing.
- M Obtaining loans and other forms of debt, including the issuance of sukuk and bonds, and other debt and financing instruments, in agreement with the National Debt Management Center and the National Development Fund.
- N Undertaking any other activity or task approved by the Board in line with the Fund's objectives.

2 The Fund shall obtain necessary guarantees for any direct financing it provides, provided its direct or indirect liabilities do not exceed the value of its assets.

Article 4

The Fund may, pursuant to a Board decision, provide loans directly to beneficiaries in accordance with procedures set by the Board.

Article 5

1 The Fund shall have a board of directors composed of the Minister as Chairman and the following members:

- A The Executive Director.
- B A representative from the Ministry of Municipal and Rural Affairs.
- C A representative from the Ministry of Finance.
- D A representative from the Ministry of Economy and Planning.
- E A representative from the National Development Fund.
- F A representative from SAMA.
- G Three experts to be nominated by the Minister and appointed pursuant to a Council of Ministers resolution for a term of three years, renewable once.

2 The rank of representatives of government agencies in the Board must not be lower than grade 14 or its equivalent.

3 The Chairman shall designate a member from among the representatives of government agencies to chair meetings in his absence.



Article 6

Without prejudice to the powers of the National Development Fund, the Board shall be the authority responsible for setting the Fund's general policy within the limits of its Law and relevant laws. The Board shall assume all the powers necessary to achieve the Fund's objectives, including taking decisions, measures, and procedures it deems appropriate, particularly the following:

- 1 Approving the Fund's strategy as well as plans and programs necessary for its implementation, and submitting the same for completion of necessary procedures.
- 2 Ensuring the Fund's implementation of the tasks assigned thereto.
- 3 Approving products and initiatives.
- 4 Approving investments; ownership, rental, and lease of real property; and acquisition and disposition of in-kind rights, shares, securities, investment funds, sukuk, and bonds.
- 5 Approving the establishment of companies and other special purpose entities within the Kingdom, whether solely or in collaboration with others, to enable the Fund to achieve its objectives; the participation in existing companies or entities; and the acquisition of shares or stocks therein as well as any other right associated therewith, in agreement with the National Development Fund.
- 6 Approving the conclusion of agreements and contracts by the Fund, in accordance with applicable legal procedures.
- 7 Approving loans for real estate developers and financing agencies.
- 8 Approving the Fund's risk management policies, procedures, and systems.
- 9 Determining the percentage of financing subsidized by the Fund for the different categories of beneficiaries.
- 10 Approving the Fund's organizational structure.
- 11 Approving the Fund's financial regulations in agreement with the Ministry of Finance; the administrative regulations upon agreement with the Ministry of Finance on the financial provisions contained therein; and any necessary internal and technical regulations and procedures.
- 12 Appointing the Fund's representatives from among its employees, and appointing others to the boards of directors of companies and other special purpose entities which the Fund owns or has shares therein, and determining their remuneration and their rights with the Fund.
- 13 Approving the Fund's financial statements.
- 14 Approving the Fund's draft budget.
- 15 Approving the Fund's final accounts and annual report, and submitting the same to the National Development Fund for review and completion of statutory procedures.
- 16 Proposing laws relating to the Fund's powers and amendments to existing laws and submitting the same for completion of statutory procedures.
- 17 Accepting gifts, donations, grants, bequests, and endowments according to relevant rules.
- 18 Appointing an external auditor, or more, and a comptroller.



19

Setting criteria for determining fees for Fund services.

20

Reviewing the Fund's periodic reports and taking appropriate action.

21

Approving the establishment of Fund branches and offices within the Kingdom, as necessary.

22

Forming standing or ad hoc committees from among its members or others to carry out certain tasks. The formation decision of each committee shall designate its chairman, members, powers, procedures, and the extent to which it may seek the assistance of experts to carry out its assigned tasks.

The Board may delegate certain powers to its members or to any of the Fund's committees or employees.

Article 7

Without prejudice to the powers of the National Development Fund, the Board shall approve and continually develop the Fund's investment policies which govern its investment decisions. The Board may delegate whomever it deems fit to make such decisions pursuant to rules set thereby.

Article 8

The Fund's loans and other forms of debt, including the issuance of sukuk, bonds, and other debt and financing instruments, shall be subject to the Board's approval and shall be in accordance with rules agreed upon with the National Debt Management Center and the National Development Fund

Article 9

1

The board shall convene upon a call by its Chairman at least every three months, or as necessary. A call to a meeting shall be delivered in writing to board members at least seven days prior to the meeting and shall include the meeting's agenda.

2

Board meetings shall be deemed valid if attended by the majority of Board members, including the Chairman or his designee. Members may attend meetings remotely through electronic means.

3

Board decisions shall be passed by at least the majority vote of attending members. In case of a tie, the meeting's chairman shall have the casting vote. The meeting's chairman may invite non-members to attend Board meetings in a non-voting capacity to provide information, opinions, or clarifications.

4

A member may not abstain from voting nor delegate another member to vote on his behalf in his absence.

5

Board deliberations and decisions shall be recorded in minutes signed by the meeting's chairman and attending members.



6

The Board shall issue rules and procedures to regulate its meetings and decisions, including remote meetings.

7

Board meetings shall be held at the Fund's headquarters, and may, if necessary, be held elsewhere within the Kingdom.

Article 10

The Fund shall have an executive director to be appointed and dismissed pursuant to a decision by the Board. The appointment decision shall specify his remuneration and other financial benefits. The Executive Director shall manage the Fund in accordance with this Law and the decisions of the Board. His powers shall include the following:

1

Implementing Board decisions.

2

Preparing Board meetings.

3

Proposing the Fund's strategy and the plans and programs necessary for its implementation, and submitting the same to the Board for approval.

4

Proposing the Fund's investment policies, and submitting the same to the Board for approval.

5

Supervising the Fund and ensuring compliance with this Law, its Implementing Regulations, and Board decisions.

6

Supervising the preparation of the Fund's financial statements, closing accounts, and annual report, and submitting the same to the Board.

7

Supervising the drafting of reports on the implementation of the Fund's plans and programs, and submitting the same to the Board.

8

Representing the Fund before the judiciary, government agencies, and other relevant institutions or entities within the Kingdom and abroad.

9

Seeking the assistance of consultancy firms, experts, specialists, and consultants in areas related to the Fund's activities.

10

Disbursing from the Fund's budget and taking any financial action in accordance with applicable laws and regulations, and according to the powers vested in him by the Board.

11

Concluding contracts for works, services, and the like according to the powers vested in him by the Board.

12

Issuing decisions for the implementation of this Law and its regulations according to the powers vested in him.

13

Appointing and supervising the Fund's employees in accordance with relevant regulations.

14

Any other power assigned to him by the Board.

The Executive Director may delegate certain powers and duties to any of the Fund's employees or to others in line with paragraph (8) of this Article.



Article 11

1 The Fund's capital is one hundred and ninety billion, eight hundred and ninety-seven million, and nine hundred thousand riyals (190,897,900,000). It may be increased pursuant to a resolution by the Council of Ministers based on the recommendation of the board of directors of the National Development Fund.

2 The Fund's resources shall be as follows:

- A Allocations provided by the State to support its financing operations.
- B Cash flow from loans disbursed from its capital.
- C Fees for rendered services.
- D Gifts, donations, grants, bequests, and endowments accepted by the Board.
- E Securities and financial instruments owned by the Fund.
- F Revenues from investing funds, assets, and properties.
- G Any other resources approved by the Board.

Article 12

1 The Fund shall have an annual operating budget set according to market principles and standards and financed by its resources.

2 The Fund's fiscal year shall be the State's fiscal year.

Article 13

Fund employees shall be subject to the Labor Law and the Social Insurance Law.

Article 14

The funds owned by the Fund, including the financing provided thereby, shall have the same benefits and guarantees as those of public treasury rights and shall be collected in accordance with relevant laws.

Article 15

The Fund shall open an account with SAMA and may open other accounts at banks licensed to operate in the Kingdom. Disbursement from such accounts shall be subject to the Fund's approved budget.



Article 16

Without prejudice to the powers of the General Court of Audit, the Board shall appoint an external auditor, or more, licensed to operate in the Kingdom to audit the Fund's accounts, transactions, statements, annual budget, and final accounts, and shall determine their fees. The auditor's report shall be submitted to the Board and a copy thereof shall be provided to the General Court of Audit.

Article 17

The Board shall issue the regulations within 90 days from the date of publication of this Law; the regulations shall be published in the Official Gazette and shall enter into force on the date this Law enters into force.

Article 18

- 1 This Law shall supersede the Real Estate Development Fund Law promulgated pursuant to Royal Decree No. (M/23), dated 11/6/1394H.
- 2 This Law shall be published in the Official Gazette and shall enter into force 90 days following its date of publication.

