

Real Estate Development Fund Law
Issued by the Royal Decree No. 23 on 11/6/1394H(1)

1- A fund called the Real- estate Development Fund” shall be formed, designated for giving loans to the individuals, establishments so as to build real- estate projects for the private or commercial utilization.

2- The Fund shall be managed by a committee, and an order shall be issued from the prime Minister based on the Minister of finance and National Economy suggestion to nominate the number of committee members, name them and determinate its chairman. Representation of the Central Commission for planning, the Ministry of Interior (municipalities affairs) and the Public Works Department shall join its members.

3- The Fund shall perform its functions in the following manner:

1- Provide medium or long term loans:

a- For the Saudi individuals of medium/limited income who need the assistance to obtain private house and for covering the building costs provided that the loan value shall not exceed 70% of the building cost.

b- For the Saudi natural or juristic persons to build residential complexes of multi- usage units for the commercial or hotel usage provided that the loan value shall not exceed the building cost.

2- For the purpose of contributing to the cities development and improvement especially the internal parts in the big cities. The Fund may agree with one of the municipalities to develop residential or commercial areas, to appropriate the agreed upon, pay the necessary compensations is its owner and then re- plan the area in preparation to sell it. The municipality shall assist the Fund in implementing the procedure of disproportion by the virtue of its powers authorities and the resources which are earned by the Fund thereform shall be added to its capital.

3- The Fund any agree with the Saudi corporations to build residential units for their employees by prorating a loan which shall not exceed 50% of the residential unit building cost.

4- The Fund may lend any residential projects other than the mentioned in there rule if the project feasibility is affirmed to the Fund Administration Committee or the sufficial guarantees are available.

5- The loans shall be granted in return for suitable real- estate or banking guarantees and in case of the land slots for the individual housing the building land mortgage shall be sufficient.

6- The Fund may assume the management of the loans granting administration its follow- up, keeping its account, or entrust one of the banking institutions by an agreement which shall be concluded for this purpose.

7- The Found capital shall be fixed in principle by the amount of two hundred fifty million Saudi Riyals and it may be increased by the Council of Minister's resolution (under the Council of Minister resolution No. 101 on 17/1/1398 H, the Funds capital has been increased to thirty three billion and right hundred million Saudi Riyals).

8- By the Minister of Finance and National Economy resolution based on the Funds Administration Committee suggestion the executive regulations shall be issued containing its work rules, conditions/methods of providing the loans, dates of payment/repayment, guarantee, or the other necessities for this law.

(1) 14 Aug 1970.