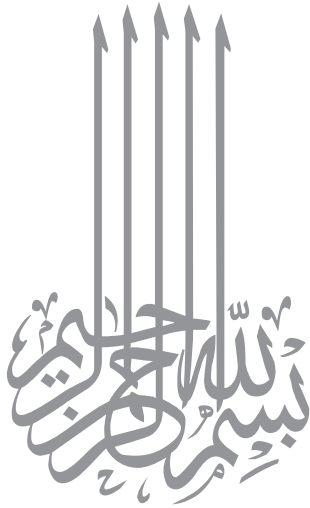




IMPLEMENTING REGULATIONS OF ACCREDITED VALUERS LAW

Real Estate Valuation Sector

1439/02/02



The Implementing Regulation of the Accredited Valuers Law
(Business Sector)

Ministerial Resolution No. (6039) dated 2/2/1439 H

The Minister of Commerce and Investment,
The Chairman of Saudi Authority for Accredited Valuers' Board of
Directors,

After perusal of Article (44) of Accredited Valuers Law issued by royal decree No. (43/m) dated 9/7/1433 H, which States "The board of directors shall draft the Implementing Regulations of the Law which shall be issued according to a decision by the Minister"

After perusal of the first paragraph of Article No. (88) of the Law which allows the board of directors to suggest necessary adjustments related to valuation profession.

After perusal of Ministerial Resolution No. (531) dated 3/6/1435H, related to Implementing Regulations of Accredited Valuers Law (Real State Sector).

After perusal of Ministerial Resolution No. (53297) dated 7/10/1437H, related to Implementing Regulations of Accredited Valuers Law (Business Valuation Sector).

After perusal of board of directors' Resolution No.(2/16/M/17) dated 8/1/1439H which approves suggested adjustments on Implementing Regulations of Real state and Business Sectors.

Hereby decrees the following:

First: The adjustments made on Implementing Regulations of Accredited Values Law of Real State and Business Sectors shall be issued according to the attached format.

Second: This Resolution shall take effect as of the date of its issue.

Third: This Resolution shall be announced to all concerned parties.

Chapter I - Definitions

Article (1)

The following terms shall have the meanings set forth below, unless the context requires otherwise:

- 1  **Ministry:** The Ministry of Commerce and Investment.
- 2  **Minister:** The Minister of Commerce and Investment.
- 3  **Taqeem:** The Saudi Authority for Accredited Valuers
- 4  **Council:** Taqem's board of directors.
- 5  **Profession:** Real estate valuation.
- 6  **Law:** Accredited Valuers Law, issued by the Royal Decree Number M/43 and dated 9/07/1433.
- 7  **Regulations:** Implementing Regulations for the Accredited Valuers Law (Real Estate sector).
- 8  **Code:** Taqem's Code of Ethics and Conduct for the Valuation Profession.
- 9  **Registry:** The Registry where Taqem-accredited valuers in the real estate sector are registered at the Ministry.
- 10  **Valuation standards:** The standards approved by Taqem.
- 11  **Guidebook:** Real estate valuation guidance that Taqem issues for enhancing the quality of valuation and raising the professional competence of valuers.

- 12] **Real Estate:** All interests, rights, and obligations related to the possession of real estate together with all permanent improvements and extensions, such as acquisition and disposition of property, mortgage, insurance, expropriation, easement and utilization.
- 13] **Real estate valuation:** The act or process of determining the value of real estate properties according to a specific purpose and basis of value.
- 14] **Accredited Valuer:** Natural or legal persons authorized to practice the valuation profession.
- 15] **Subscriptions:** The predetermined amount of money required for membership designations, Firm Account and other services provided by Taqueem.
- 16] **Valuation firm:** A place the Accredited Valuer takes as headquarter for valuation operations and meets the regulatory requirements whether it is an individual office or a professional company.
- 17] **Experience hours:** The acquired hours of professional valuation practice. The Guidebook shall determine the process of calculating the hours. Equivalent hours shall be allocated to attend seminars, conferences, workshops and other related valuation events.
- 18] **Firm account:** An online account created by an Accredited Valuer in Taqueem's Electronic System where the valuer uploads a summary of valuation reports issued by the Valuation Firm. This Account allows the user to calculate Experience Hours for the Accredited Valuer and other valuers, associate and student members affiliated to the Firm.
- 19] **Valuation report:** The document issued by an Accredited Valuer to the Client, which includes conclusion of value, adheres to the Accredited Valuer requirements in the Law and Regulations and complies with the adopted valuation standards.

20] **Valuation summary:** Online forms in Qima Portal the Accredited Valuer uses to summarize valuation reports issued by the Valuation Firm, it includes valuation information such as who participated in the valuation assignment and the nature of their participation.

21] **Client:** The beneficiary of the valuation assignment whether a natural or legal person.

22] **Electronic systems:** The online systems Taqueem utilizes to regulate valuation practice, and it includes:

- Qima Portal: An online portal that provides services to Taqueem members where they can organize and document their work as well as register their experience hours.
- Any other system or means adopted by Taqueem to regulate the profession.

Chapter II- Memberships in Real Estate Valuation Sector



Article (2)

2.1 Taqueem real estate valuation memberships shall be categorized as follows:

A. **Basic Membership:**

First: Those exempted under Article 40 of the Law, and they include the following designations:

1] Provisional member.

2] Accredited member.

3] Accredited Senior member.

Second: Holders of a university degree in any discipline, provided they obtain the fellowship certification. This category includes the following designation:

- Fellow Member

Third: Those exempted under Article (40) of the Law and passed Taqueem's qualification exams without obtaining the fellowship certification. This category includes the following designations:


- Practitioner Member.
- B.** Associate Membership.
C. Student Membership.
D. Honorary Membership.

2.2 The requirements for Memberships are as follows:


A. Basic Membership:

1.  **Provisional Member:** A person who has met the following requirements:


- a) Presented evidence of valuation experience before the Law came into effect.
- b) Passed Taqueem courses, which include:
 - 75 educational hours.
- c) Met the requirements for the membership form and completed all required documents.
- d) Passed the interview.
- e) Paid the membership subscription fee.

2.  **Accredited Member:** A person who has met the following requirements:


- a) Acquired the Provisional Member designation
- b) Passed Taqueem courses, which include:
 - 75 educational hours.
- c) Gained at least (2000) hours of verifiable experience registered at the Firm Account, of which at least (500) hours has been worked as a Provisional Valuer.
- d) Passed the interview.
- e) Paid the membership subscription fee.

3  **Senior Accredited Member:** A person who has met the following requirements:

- a) Acquired the Accredited Member designation;
- b) Passed Taqueem courses, which include:
 - 50 educational hours.
- c) Gained at least (500) hours of verifiable experience registered at the Firm Account after acquiring the Accredited Valuer designation.
- d) Paid the membership subscription fee.

4  **Fellow Member:** A person who has met the following requirements:

- a) Acquired the Senior Accredited Member designation, or the Associate membership.
- b) Passed the exams of Taqueem courses which include:
 - 100 educational hours for Senior Accredited Members.
 - 225 educational hours for Associate Members.
- c) Gained at least (500) hours of verifiable experience registered at the Firm Account, after acquiring the Senior Accredited Member designation. Associate members are required to gain at least (3000) hours of verifiable experience registered at the Firm Account -while being registered as a student or an associate member- of which at least (500) experience hours gained after passing (150) educational hours, and another (500) after passing (50) educational hours.
- d) Paid the membership subscription fee.

5  **Practitioner member:** a person who has met the following requirements:

- a) Presented an evidence of (25) years of valuation experience before the Law came into effect.
- b) Passed Taqueem exams -except Fellow exams- to qualify the member for accreditation.
- c) Paid the membership subscription fee.

B. Associate Membership:

Associate Member: a person who has met the following requirements:

- 1 Has an academic degree in any specialization.
- 2 Met the requirements for the membership form and completed all required documents.
- 3 Passed the exams of Taqueem courses which include:
 - 75-hour core curriculum.
- 4 Paid the membership subscription fee.

C. Student Membership:

A Student Member designation will be granted to an applicant who is:

- 1 Pursuing an Academic degree in any specialization.
- 2 Paid the membership subscription fee.

D. Honorary membership:

An Honorary Member designation is granted by the Taqueem's Board of Directors to natural or legal persons in recognition for their achievements or services to the real estate valuation profession.

2.3 All Basic Memberships in section (A) of paragraph 2.1 – except Practitioner Members- shall commit to meet the requirements of Fellow Members by the end of the, original or extended, period stipulated in Article (40) of the Law.

2.4 Taqueem shall develop the necessary criteria for the equivalency of expertise and other accreditation programs from local or international authorities to their counterpart membership designations in this Regulation.



Article (3)

- 3.1 Taqueem grants each affiliated member, who has met all membership requirements, a membership card containing the member's information, designation and expiration date.
- 3.2 Taqueem shall issue the necessary decisions to regulate membership renewal process and address any delay thereof.
- 3.3 All members of Taqueem shall return the membership card immediately upon the decision of membership cancellation.

Chapter III: Conditions of Real Estate Valuation Practice



Article (4)

An Accredited Valuer shall practice valuation according to the following:

- 1 Comply with the provisions of the Law, Regulations, Code of Ethics, and Guidebook.
- 2 Practice valuation through a Valuation Firm.
- 3 Display the valuer's information at the Firm's main office and other subsequent branches, if any, including the name of the Accredited Member, license number, authorized sector and phone number.
- 4 Indicate the authorized sector and Basic Membership designation when signing valuation reports.
- 5 Create a Valuation firm account and pay the required subscription for the service.
- 6 Upload a Report Summary -on the Firm Account- for every valuation issued by the Firm as well as register experience hours. The summary shall provide details of who participated in the valuation assignment and the percentage of the Accredited Valuer's, and other valuers -who have acquired Basic Memberships-, associate members and students.

7] All valuers at the Firm shall be active Basic Members and work under the supervision and responsibility of the Accredited Member according to legal written contracts.

8] All valuers at the Firm shall be of good behavior and conduct and has not been convicted to a penalty or punishment of a crime that is against integrity or honesty, unless rehabilitated.

9] Taking into account the provisions, regulations and other decisions related to the Saudi Labor Law, the Accredited Valuer shall commit to have no less than 25% Saudi professionals in the Firm who have basic membership, associate membership or student membership of total valuers.

10] Train associate and student members according to the arrangements determined by Taqueem.

11] Renew Taqueem membership and practice license before its termination. This obligation is demanded by all partners if the Accredited Member is a legal person.

12] Ensure that the valuers at the Firm -who have a Basic Membership- and trainees such as associate and student members shall renew their Taqueem membership before its termination.

13] Work according to the rules and instructions provided by Taqueem

14] Notify Taqueem of the Firm's address within (30) days of obtaining a practice license as well as any change in the address within a period not exceeding thirty (30) days. The notification shall be via electronic systems or in writing.

15] Use the approved electronic systems to regulate valuation practice.

A. An Accredited Member shall not accept a real estate valuation assignment in any condition stipulated in the Code, especially the following:

1 Valuing properties that the valuer own, co-own, have an interest in - directly or indirectly - as an intermediary, investor or a financier for their ownership or leasehold.

2 Properties in which the valuer is a relative, to the third degree, of the founder or a member of the Board of Directors

3 Properties of companies where the valuer provides services that conflict with one's valuation of either of the assets, either directly or indirectly.

4 Properties of organizations in which the valuer has shares of ownership during the period of valuation. If the valuer accepts to undertake such a valuation, the shares shall be disposed of before the valuation.


5 Properties where the valuer is a partner of one the employees, a senior partner, or a partner of the company itself.


6 Properties owned by organizations where the valuer is an administrator of an endowment or a guardian of patrimony.

B. Before accepting the valuation assignment, the Accredited Valuer shall ensure that all valuers participating in the valuation assignment are adhering to paragraph (A) of this item and replace who cannot commit to such conditions.

(17) The following procedures shall be followed when an Accredited Valuer ceases to work, either temporarily or permanently for any reason:

1 The Ministry and Taqueem shall be notified of the reasons and the duration of the cessation within thirty (30) days following the cessation.


2  Taqem shall be notified of the assignments affected by the cessation, as well as the procedures taken to preserve the rights of clients and staff for the thirty (30) days following the date of the cessation; and the steps to be taken to deal with the consequences of the cessation.


3  If one partner ceases to work, the remaining partners of a professional company shall amend the Company Contract in accordance with the Law of Professional Companies. Taqem shall be notified of the steps taken to reassign the assignments supervised by the departing partner to other partners.



Article (5)

A Basic Member shall practice valuation according to the following:


1  Comply with the provisions of the Law, Regulations, Code of Ethics, and Guidebook.


2  Practice valuation through a Real Estate Valuation Firm via a written contract. A Saudi Basic Member can work with more than one Valuation Firm, but not exceeding two, according to the following conditions:

- a. The primary firm must consent to working for another firm.
- b. Maintain confidentiality of assignments for each Firm, and refrain from valuing the same property for more than one Valuation Firm.

3  Adhere to item (16) of Article (4) of this Regulation.

4  Obtain a valid membership when working at the valuation Firm.

5  Use the approved electronic systems to regulate the valuation practice.

6  Work according to the rules and instructions provided by Taqem.

7. Notify Taqueem of the Firm's address within (30) days of obtaining a practice license as well as any change in the address within a period not exceeding thirty (30) days. The notification shall be via electronic systems or in writing.

Article (6)

In accordance with the provisions of paragraph (4) of Article (5) of the Law, a person whose name is registered in the registry must have practical experience in valuing real estate as follows:

1. Certified practical experience demonstrating the skills and knowledge gained by passing (150) educational hours – at minimum - of Taqueem's approved qualification programs.

2. Documented practical experience gained by obtaining the Practitioner designation according to the conditions set out in this Regulation.

Article (7)


1. Associate and Student Members can acquire hours of experience by working at Valuation Firms.


2. A Student member is required to pass the qualifying course determined by Taqueem prior to joining the training at the Valuation Firm.

3. Associate and student members shall comply with the provisions of Basic memberships in Article (5) when working for Valuation Firms. In the case of violation of any provision, Article (14) of this Regulation shall be applied.

Chapter 4- Membership Fees and Services

Article (8)

1  Taqem shall charge a fee for memberships, examinations, training courses, course materials and other services.

2  Student members will be eligible to a 50% discount on all above-mentioned services in paragraph 8.

Chapter 5: Training and qualification

Article (9)

Taqem shall develop, localize, and accredit real estate valuation training curricula, as well as organize the required training courses to qualify the valuers of this sector.

Article (10)

Basic Members shall attend Continuing Professional Development (CPD) programs as required by Taqem periodically.

Chapter 6: Control and Quality Assurance

Article (11)

Subject to the provisions of Article (35) of the Law, Taqeem shall establish appropriate procedures to monitor the quality of professional performance and ensure that the profession of real estate valuation is conducted in accordance with the provisions of the Law and Regulations.

Article (12)

The Accredited Valuer shall commit to enable Taqeem or its representative to monitor the quality of professional performance.

Chapter 7: Violations and Penalties

Article (13)

The Accredited Valuer shall be subject to Article (32) of the Law, in case of any violation of the provisions of the Law or Regulations.



Article (14)

14.1 Without prejudice to the liability of Accredited Valuer for the valuers under their Firm who have basic memberships, Taqueem shall, in case of violation of any of the provisions of the Regulations, carry out the following:

- (1) Notify the Basic Member of any breach thereof and inform the Accredited Valuer who supervises their work of such violations.
- (2) If the Basic Member's violation is repeated or the act is contrary to the principle of good conduct, the Council or its representative may issue a decision to cancel their Taqueem membership.

14.2 The Basic Member shall be notified of the decisions issued via electronic systems or registered letters, and the Accredited Valuer who supervises their works shall be provided with a copy thereof via above-mentioned means.

14.3 The cancellation of the Basic Membership shall result in ceasing all real estate valuation activities and the Accredited Valuer who supervises the work of the valuer shall take the necessary legal measures.

14.4 The Basic Member who has cancelled his membership has the right to submit legal defenses to Taqueem within (30) thirty days from the date of the resolution.

Chapter 8: General Provisions



Article (15)

15.1 According to Article (7) of the Law, the Valuers Registration Committee shall set forth the rules governing its work, which shall be issued pursuant to a decision by the Minister.

15.2 The Committee for Disputes and Violations- as provided for in Article (34) of the Law - shall set the rules governing its work and shall be issued by a decision by the Minister.

Article (16)

Members of other professional bodies are entitled to attend specialized courses and enter exams held by Taqueem as well as obtain Taqueem memberships.

Article (17)

Taqueem shall issue the necessary decisions to regulate provisions of the Firm Account.


Article (18)

Taqueem shall interpret this Regulation and it shall be legally binding.

Chapter 9: Issuance and Effective Date

Article (19)

This Regulation shall be issued pursuant to a decision by the Minister and shall be effective on its date of issuance.



**For inquiries and suggestions please
contact**

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