



Accredited Valuers Law

Royal Decree No. M/34 Dated 1433 /7/9H

Article (1):

Definitions

The following terms and phrases shall have the meanings assigned to them, unless otherwise required by context.

1. **Profession:** profession of valuation.
2. **Supervising Authority:** The entity designated by the Prime Minister based on a recommendation from the Council of Economic and Development Affairs.
3. **Chairman:** The chairman of the Supervising Authority.
4. **Authority:** Saudi Authority of Accredited Valuers.
5. **Law:** Accredited Valuers Law.

6. **Valuation:** the process of determining the value of real estate, businesses or various types of machinery, equipment and movable properties -except securities- according to a basis of value and for a specific purpose.

7. **Valuation sectors:**
 - **Real estate sector:** all interests, rights, and obligations related to the possession of real estate along with all permanent improvements and extensions, such as acquisition and disposition of property, mortgage, insurance, expropriation, easement and utilization.

 - **Business sector:** business facilities or equities therein regardless of their size, whether sole proprietorships or companies, rights and obligations related thereto and valuation of non-tangible assets such as patents, trademarks, goodwill and intellectual property.

 - **Machinery, Equipment and movable properties sector:** it includes, for example, transport equipment, construction equipment, office equipment, contents of facilities and all interests, rights and obligations related thereto.

8. **Registry:** the registry where Ministry-accredited valuers are registered.

9. **Valuers Registration Committee:** the committee which reviews and decides on registration applications.

10. **Valuation standards:** standards adopted by the Authority.

11. **Accredited valuer:** a natural or corporate person licensed to practice the profession according to this Law.

Article (2):

This Law aims to set controls and standards necessary for valuation activities of real estate, businesses, equipment, movable properties and the like, promote the profession of valuation and improve the proficiency of valuers.

Article (3):

A natural or corporate person may not practice the profession in any sector without obtaining a license to practice in that particular sector.

Article (4):

A registry shall be established at the Supervising Authority for each valuation sector where accredited valuers are registered. Corporate persons shall, additionally, be registered with the professional companies registry at the Supervising Authority and shall be subject to the provisions of Professional Companies Law.

Registration Conditions

Article (5):

A person applying for registration shall:

1. be a Saudi national;
2. be legally competent;
3. be of good conduct, and not convicted of «hadd» [Sharia prescribed punishment], or of a crime impinging on honor or integrity, unless rehabilitated;
4. have practical experience in valuation in the sector in which he applies for a license, according to the Implementing Regulations; and
5. be an active member in the Authority.

Article (6):

The Implementing Regulations shall determine the valuation activities which the Authority's board of directors deems that the practice thereof requires an additional period of experience, excluding any suspension period provided for in this Law.

Registration Procedures

Article (7):

a. Pursuant to a decision by the Chairman of the Supervisory Authority, a committee named «Valuers Registration Committee» shall be formed at the Supervisory Authority, consisting of three members as follows:

1. An official from the Supervisory Authority whose rank is not lower than “Grade Fourteen”, (Chairman).
2. A legal consultant, (Member).
3. A practicing valuer from each valuation sector nominated by the Authority’s board of directors, (Member).

The Chairman of the Supervisory Authority shall designate a substitute for an absent member. The committee membership term shall be three years, renewable for similar periods.

b. The committee shall convene with all members present and its resolutions shall pass by majority vote, provided representation of valuers in the meeting be limited to valuers practicing in the relevant sector as indicated in the registration application. The committee shall decide on the registration application according to this Law and its Implementing Regulations, provided the decision be reasoned if the application is denied. In case of denial, an applicant may appeal before the Board of Grievances according to its Law.

Article (8):

Upon registration in the Registry, the Supervisory Authority shall issue the license to practice valuation in the sector indicated in the application according to the Implementing Regulations. The license shall be valid for five years, renewable for similar periods upon an application submitted at least ninety days prior to the expiry date of the license. A natural person shall pay a fee of one thousand (1000) riyals for the issuance or renewal of the license and upon every renewal.

Article (9):

The Authority may, in accordance with the Implementing Regulations, review applications submitted by other professionals (members of other professional organizations) to obtain a license for practicing the profession according to the conditions provided for in this Law.

Obligations of Accredited Valuers

Article (10):

An accredited valuer shall practice in the sector he is licensed for and shall notify the Supervisory Authority in writing of the address of his office and of any changes to such address, within the dates determined by the Implementing Regulations; otherwise, notifications served to his address with the Supervisory Authority shall be deemed valid. An accredited valuer shall notify the Supervisory Authority, in writing, when opening any other branch, in accordance with the law.

Article (11):

An accredited valuer, who is a natural person, may choose a name for his office, provided it is accompanied by his real name and shall post the license issued to him in a conspicuous place in the office.

Article (12):

An accredited valuer shall indicate his name as well as his license number and date on all his publications, correspondences, reports and data and shall provide the Authority with necessary data regarding his activities in accordance with the Implementing Regulations.

Article (13):

An accredited valuer shall not engage in other business activities that conflict with the code of ethics in accordance with the Implementing Regulations.

Article (14):

An accredited valuer shall himself sign the valuation reports issued by him if he is a natural person. If the valuer is a corporate person, the valuer who actually participated in or supervised the valuation shall sign the valuation reports, and no other person may be delegated to sign said reports.

Article (15):

An accredited valuer shall comply with professional ethics, valuation standards and technical standards issued by the Authority and shall undertake the responsibilities stipulated in the laws and regulations governing the work of the Authority. He shall also provide the Supervisory Authority and the Authority with any information they request to ensure his compliance with this Law.

Article (16):

An active member shall attend the professional educational programs determined by the Authority.

Article (17):

In all cases, an accredited valuer shall retain all valuation-related data as well as paper and electronic documents provided by clients for a period of ten years from the date of issuance of his final report. In case of a lawsuit, he shall retain all of the above until a final judgment is rendered.

Article (18):

An accredited valuer shall keep confidential all information relating to the valuation process and may not disclose it except with the written consent of the client or based on a request from the competent authorities.

Article (19):

An accredited valuer, who is a natural person, shall be liable for damage sustained by a client or a third party due to malpractice. If the valuer is a corporate person, partners shall be jointly and severally liable.

Article (20):

Prior to performing a valuation, an accredited valuer shall disclose any direct or indirect interest therein. The Implementing Regulations shall determine cases where the accredited valuer is barred from performing valuations.

Article (21):

1. If an accredited valuer temporarily or permanently ceases to practice the profession for any reason, he shall notify the Supervisory Authority, the Authority and the client of the same within thirty days from date of cessation, and the license shall be deemed expired in case of permanent cessation. Without prejudice to penalties stipulated in this Law, the Supervisory Authority shall have the authority to obtain a resolution from the committee stipulated in Article (34) of this Law to revoke the license of any accredited valuer who ceases to practice the profession, without the notification stated in this Article within the specified date, upon verification of the incident and hearing the statement of the accredited valuer. If the accredited valuer is notified but fails to

appear within thirty days from the date of notification, his license shall be revoked, and he may appeal the revocation decision before the Board of Grievances. Revocation of the license shall not entail revocation of Authority membership.

2. If an accredited valuer ceases to practice the profession permanently, or for a period that may harm the clients or a third party, he shall settle all pending matters as well as rights and obligations resulting there from according to rules and procedures determined by the Implementing Regulations.

Saudi Authority for Accredited Valuers

Article (22):

A non-profit authority called “Saudi Authority for Accredited Valuers” shall be established. Said Authority shall have a corporate personality and an independent budget. It shall be supervised by the Supervisory Authority. Its headquarters shall be in the City of Riyadh, and it may establish affiliated offices within the Kingdom.

Article (23):

The Authority shall endeavor to achieve the objectives stated in this Law, and shall in particular:

1. prepare, develop and adopt uniform standards for valuation sectors combined and standards for each of its sectors;
2. set general rules for fellowship examination in each valuation sector;
3. organize continuous professional education courses to raise the proficiency of valuers and participate in symposiums as well as local and international valuation committees;
4. conduct research and studies and publish periodicals and books on valuation-related topics; and
5. set appropriate measures for field monitoring to ensure compliance of accredited valuers with valuation standards, Law and Implementing Regulations.

Article (24):

The Authority shall consist of the following:

1. Active members:

- a. Holders of a university degree in a discipline accepted by the Authority, provided they obtain the fellowship certification.
 - b. Persons exempted under Article (40) of this Law.
2. Associate members: holders of a university degree in a discipline accepted by the Authority without obtaining the fellowship certification.
 3. Honorary members: natural or corporate persons granted membership by the Authority's board of directors in recognition of their achievements or services to the profession.
 4. Student members: university undergraduate members studying in a discipline related to any of the valuation sectors.

Article (25):

1. The Authority shall have a general assembly consisting of all active and associate members who have paid their annual fees.
2. The Authority's general assembly shall hold its ordinary or extraordinary meetings with the majority of its members present. If the necessary quorum is not satisfied, a call shall be made for a subsequent meeting to be held within thirty days from the date of the last meeting, provided the period between the two dates is not less than fifteen days. Said meeting shall be deemed valid regardless of the number of attendees. The ordinary meetings of the Authority's general assembly shall be held upon a call by the board of directors on a date determined at the beginning of each fiscal year of the Authority. The Authority's general assembly may hold extraordinary meetings at the request of one fifth of its members or at the request of the board of directors.
3. General assembly meetings shall be presided over by the chairman of the Authority's board of directors or designee in case of his absence. Resolutions of the Authority's general assembly shall pass by majority vote. In case of a tie, the meeting chairman shall have the casting vote.

Article (26):

The Authority's general assembly shall undertake the following:

1. Approve the board of directors' annual report on the Authority's activities.
2. Approve the Authority's final accounts.

3. Appoint auditors for the Authority's accounts and determine their fees.
4. Elect the Authority's board of directors.
5. Discuss all items on its agenda regarding matters within the scope of the Authority's activities or interests.

Article (27):

1. The Authority shall be managed by a board of directors headed by the chairman of the Supervising Authority, and the following members:

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| a. A representative of the Ministry | (Member) |
| b. A representative of the Ministry of Justice | (Member) |
| c. A representative of the Ministry of Finance | (Member) |
| d. A representative of the Ministry of Municipal and Rural Affairs | (Member) |
| e. A representative of the Ministry of Housing | (Member) |

The Chairman of the Board of Directors may delegate any of the Board members as chairman in his absence, provided that the rank of the representative is no less than the Fourteenth or equivalent.

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| f. A teaching staff in a department related to valuation from one of the Saudi universities, appointed by the Minister of Education. | (Member) |
| g. A practicing Certified Public Accountant, appointed by the chairman of the Supervising Authority. | (Member) |
| h. Four accredited valuers practicing the profession in the various valuation sectors elected by the General Assembly and the Implementing Regulations shall specify the procedures necessary for their election. | (Members) |
| i. Individuals concerned with the valuation profession appointed by the chairman of the Supervising Authority. | (Two Members) |

2. The term of the board of directors shall be three years renewable once. As an exception, the term of the first board of directors shall be five years.

3. The board of directors shall hold at least one meeting every three months. A meeting may also be held at the request of the chairman of the board or four of its members.

4. Meetings shall be deemed valid if attended by the majority of members, provided the chairman or vice-chairman is present.
5. Board resolutions shall pass by the majority vote of attending members. In case of a tie, the meeting chairman shall have the casting vote.
6. The secretary general shall attend board meetings without the right to vote.

Article (28):

The board of directors shall exercise powers necessary to manage the Authority's affairs and achieve its goals as stated in this Law and shall, in particular, undertake the following:

1. Propose amendments to this Law and other laws and regulations relevant to the profession.
2. Review, develop and adopt valuation standards, code of ethics and profession performance quality control programs.
3. Approve the Authority's organizational structure and bylaws.
4. Approve long-term plan, annual plan and estimated budget.
5. Determine membership fees for different categories.
6. Approve rules of the Authority fellowship examination and rules of continuous professional programs.
7. Form valuation standards committees for the different sectors as well as technical committees and determine their duties; and set work rules and procedures and implementation thereof.
8. Add other valuation sectors.
9. Prepare the Authority's annual report and final accounts and submit the same to the general assembly.
10. Propose auditors to the general assembly.
11. Invest the Authority's funds in line with its objectives.
12. Determine fees for services rendered by the Authority.
13. Prepare the meeting agenda of the general assembly.
14. Appoint the secretary general of the Authority and his deputy and determine their duties and powers.

Article (29):

The Authority's fiscal year shall commence and end with the State fiscal year. As an exception, the first fiscal year shall commence from the effective date of this Law and shall end at the end of the State fiscal year of the following year.

Article (30):

The Authority's resources shall consist of the following:

1. Membership fees.
2. Government subsidies.
3. Grants, donations, bequests and endowments accepted by the board of directors.
4. Returns on investments of the Authority's funds.
5. Fees for services rendered by the Authority.
6. Revenues collected from violations.
7. Revenues approved by the board of directors.

Article (31):

The Authority shall have an auditor appointed annually by the general assembly from among certified public accountants licensed to practice in the Kingdom. The auditor shall have access to books and documents and make comments thereon; and audit Authority accounts and submit a report thereon to the general assembly. The general assembly shall determine his fees, and it may re-appoint him or select another auditor. As an exception, the board of directors shall appoint the auditor for the first fiscal year and shall determine his fees.

Penalties

Article (32):

First: Without prejudice to any severer penalty provided for in any other law, the violator of the provisions of this Law shall be subject to any of the following penalties:

- a. Warning.
- b. Reprimand.
- c. Suspension of practicing the profession for a period not exceeding one year.

- d. A fine not exceeding two hundred thousand (200,000) riyals.
- e. Revocation of license.
- f. Striking the violator off the Registry of Accredited Valuers.
- g. Imprisonment for a period not exceeding one year.

The penalty shall be proportionate to the violation.

Second: In case of issuance of a final decision imposing the penalty of suspension, license revocation, or striking the name off the Registry, all pending matters as well as rights and obligations resulting therefrom shall be settled at the expense of the person against whom the decision was issued. The Implementing Regulations shall determine measures to be taken in this regard.

Article (33):

First: A competent court shall consider cases arising from committing any of the following violations:

1. Practicing the profession without a license.
2. Practicing the profession after revocation, striking off the Registry or expiration of the license without taking necessary steps for renewal.
3. Establishing and operating an office for practicing the profession without a license.
4. Providing false data or using unlawful means that result in granting him a license to practice the profession or in renewal of the license.
5. Using a means of advertising that misleads the public into believing that he has the right to practice the profession.
6. Falsely claiming a title used normally by practitioners of the profession.

Second: A competent court shall impose any of the penalties stipulated in paragraphs (c, d, e, f and g) of clause (First) of Article (32) of this Law upon violators referred to in clause (First) of this Article.

Article (34):

- a. Without prejudice to the provisions of Article (33) of this Law, a committee of three members formed by the Supervising Authority shall consider violations of this Law and impose the appropriate penalties stated in clause (First) of Article (23) of this

Law – save for imprisonment – provided that the committee includes a legal counselor, and a board member from among accredited valuers. In all cases, the committee’s decision shall be reasoned and the person against whom the penalty decision is issued may appeal before the Board of Grievances in accordance with its Law.

b. The Supervising Authority shall refer the violations stipulated in Article (33) of this Law to the Public Prosecution to consider initiating a criminal case before the competent court.

c. The final decision imposing the penalty of suspension, fine, revocation of license and striking the name off the Registry may be published at the expense of the violator in one or more of the local newspapers.

Article (35):

Supervising Authority officials, assigned by the Chairman, shall detect and record any violation to this Law and its Implementing Regulations.

Article (36):

A decision by the Chairman shall determine remunerations of the members of the Violation Review Committee provided for in Article (43) of this Law and the members of the Valuers Registration Committee provided for in Article (7) of this Law.

Article (37):

Any person whose license is revoked or his name is stricken off the Registry may apply for a new license or have his name reinstated upon the lapse of three years from the date of the decision to revoke the license or strike the name off the Registry, following the same conditions and procedures applied for granting a license or registration.

Article (38):

The competent court shall consider all cases filed by or against an accredited valuer for a reason relating to the practice of the profession, in accordance with the provisions of this Law.

General Provisions

Article (39):

Any person hired by others to perform a task that involves valuation shall obtain valuation from one or more registered valuers. The Implementing Regulations shall determine cases subject to this Article and the effective date.

Article (40):

Notwithstanding the provisions of Article (42) of this Law and in accordance with the Implementing Regulations, any person practicing valuation at the time this Law comes into effect shall continue as an active member. He shall lose such status and cease to practice if he fails to pass – within five years from the effective date of this Law – the fellowship examination or the qualifying examination held by the Authority. The Chairman may extend such period for a similar period.

Article (41):

The relation between accredited valuers – licensed under this Law – and non-Saudi accredited valuers shall be regulated in accordance with this Law and the Professional Companies Law.

Article (42):

The provisions of this Law shall not apply to government employees practicing valuation by virtue of their duties in different committees of government agencies.

Article (43):

In applying the provisions of this Law, the provisions of Article (18) of the Cooperative Insurance Companies Control Law shall be observed.

Article (44):

This Law shall be published in the Official Gazette and shall come into effect on the date of publication.