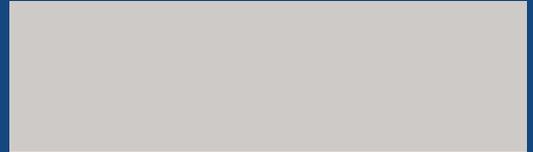




# Accredited Valuers Law

Enacted by Royal Decree No. (M/43) of 09/07/1433 and its Amendments



## Article (1)

### Definitions

The following terms shall have the meanings hereby assigned to them unless the context indicates otherwise:

- 1- **Profession:** The Valuation profession.
- 2- **Ministry:** Ministry of Finance.
- 3- **Minister:** Minister of Finance.
- 4- **Authority:** Saudi Authority for Accredited Valuers.
- 5- **BOD:** The Authority's Board of Directors.
- 6- **Law:** Accredited Valuers Law.
- 7- **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.
- 8- **Valuation Sectors:**
  - **Real Estate Sector:** All interests, rights and liabilities related to the ownership of real estate including all permanently installed improvements and the associated appurtenances. For example: ownership and disposition of property, mortgage, insurance, expropriation, easement and usufruct.
  - **Business Sector:** Business facilities, or ownership interests of different sizes, whether individual enterprises or companies, rights and obligations related thereto, and the valuation of intangible assets, such as patents, trademarks, goodwill, and intellectual property.
  - **Machinery, Equipment and Movable Properties Sector:** It includes, for example: transportation equipment, construction equipment, office equipment, the contents of premises in general, and all interests, rights and liabilities in connection thereto.
- 9- **Registry:** The registry where the Authority-accredited valuers are registered.
- 10- **Valuers Registration Committee:** The committee that considers and decides on applications for registration.
- 11- **Valuation Standards:** The standards adopted by the Authority.
- 12- **Accredited Valuer:** A natural or legal person licensed to practice the valuation profession in accordance with this Law.

## Article (2)

This Law aims to set the controls and standards necessary for evaluating real estate, business facilities, equipment, movable properties, and the like, developing the valuation profession, and improving the competency of the valuers.

## Article (3)

No natural or legal person is entitled to practice any sector of the valuation profession unless the same is licensed to practice the profession in the exact sector.

## Article (4)

A registry shall be created at the Authority for each sector of evaluation in which the names of accredited valuers shall be recorded if they are natural persons. However, if they are legal persons, they shall, additionally, be registered in the Registry of Professional Companies at the Ministry of Commerce, and shall be subject to the provisions of the Companies Law.

## Registration Conditions

### Article (5)

**A person who is applying for registration shall:**

- 1- be a Saudi national;
- 2- To be legally competent;
- 3- be of good conduct and behavior, and has not been convicted of a "Hadd"<sup>1</sup>, or a crime involving breach of honor or trust, unless the same has been rehabilitated;
- 4- have a practical experience in valuation in the sector that it requests a license to practice, in accordance with the Implementing Regulations;
- 5- be an active member of the Authority.

### Article (6)

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

## Registration Process

### Article (7)

- A- A committee called "the Valuers Registration Committee" shall be formed at the Authority by a resolution from the BOD, consisting of three members, including a legal advisor and a practicing valuer from each of the various valuation sectors.  
The BOD shall designate a substitute for an absent member. The term of the committee membership shall be [three] years renewable for similar periods.
- B- The Committee shall be held in the presence of all its members and shall pass its resolutions by a majority, provided that the representation of valuers in the meeting shall be limited to the valuers practicing the profession in the sector mentioned in the registration application. The Committee shall decide on the application for registration in accordance with this Law and its Implementing Regulations, provided that the resolution shall be reasoned if the application is dismissed. The applicant may, if the Committee dismisses the application thereof, appeal to the Board of Grievances in accordance with its applicable law.

<sup>1</sup> Hadd means a Sharia-based prescribed punishment

## Article (8)

Upon registration in the Registry, the Authority shall issue a license to practice the valuation in the sector set out in the Registration Application, and the Implementing Regulations shall specify the procedures for its issuance, fees, term and renewal conditions.

## Article (9)

The Authority may, in accordance with the Implementing Regulations, review applications submitted by other professionals (members of other professional authorities) to obtain a license to practice the profession, in accordance with the conditions set forth in this Law.

# Accredited Valuers' Obligations

## Article (10)

An accredited valuer shall practice the profession in the valuation sector where the same was licensed, and shall notify the Authority, in writing, of the address of his office and any change to such address, within the dates determined by the Implementing Regulations; otherwise, the notification served to his address with the Authority shall be deemed valid. An accredited valuer shall notify the Authority, in writing, when he opens any other branch, subject to the Law.

## Article (11)

An accredited valuer, if he is a natural person, may designate a name for his office, provided that this name is accompanied by his name, and he shall place the license issued to him in a conspicuous place in the office.

## Article (12)

An accredited valuer shall indicate his name, license number, and date on all his publications, correspondence, and all reports and data, and shall also provide the Authority with the necessary data on his activity in accordance with the Implementing Regulations.

## Article (13)

An accredited valuer shall not engage in other businesses that conflict with the code of conduct as determined by the Implementing Regulations.

## Article (14)

An accredited valuer shall, by himself, sign the valuation reports issued by him if he is a natural person. However, if he is of a legal capacity, the partner who participated in or supervised the valuation shall sign the valuation reports, and no other person may be delegated to sign the reports.

## Article (15)

An accredited valuer shall abide by the conduct and ethics of the profession, valuation standards and the technical standards issued by the Authority, and the duties specified under the laws and regulations governing the operation of the Authority. He shall also provide the Ministry and the Authority with any information it requests to ensure compliance with this Law.

## Article (16)

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

## Article (17)

In all cases, an accredited valuer shall retain all the valuation-related information, hard-copy and soft-copy provided by customers for a period of ten years from the date of issuance of his final report. In the event of filing a related lawsuit, he shall retain all of the aforesaid until a final judgment is issued.

## Article (18)

An accredited valuer shall keep confidential all information related to the valuation process and shall not share it except upon written consent from the Client, or at the request of the competent official authorities.

## Article (19)

An accredited valuer shall be liable, if he is a natural person, for compensating the damage sustained by a client or a third party due to malpractice, but if he is a legal person, the liability shall be jointly between the partners.

## Article (20)

Prior to performing a valuation, an accredited valuer shall disclose any direct or indirect interest that may ensue. The Implementing Regulations shall determine the cases in which an accredited valuer shall not accept work.

## Article (21)

- 1- If an accredited valuer ceases to practice the profession for any reason, temporarily or permanently, he shall notify the Authority and the client thereof within thirty days from the date of his cessation, and the license shall be deemed expired in the event of permanent cessation. Without prejudice to the penalties stipulated in this Law, the 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 herein within the specified date, upon verification of the incident and hearing the statement of the accredited valuer. If an accredited valuer is summoned but fails to appear within (30) thirty days from the date of notification, his license shall be revoked, and he may appeal the decision of revocation before the Board of Grievances. The revocation of the license shall not result in 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 arising therefrom in accordance with the rules and procedures set out by the Implementing Regulations.

# Saudi Authority for Accredited Valuers

## Article (22)

A non-profit authority called the "Saudi Authority for Accredited Valuers" shall be established with a legal personality and shall have an independent budget. It shall be under the supervision of the Ministry. Its headquarters shall be in the city of Riyadh and may establish affiliate offices within the Kingdom.

## Article (23)

The Authority shall seek to improve and develop the practice of the profession, monitor the quality of its performance, develop an awareness of its rules, behaviors and customs and respect, and everything that would develop and regulate them. Furthermore, the Authority shall endeavor to achieve the objectives stated in this Law, and shall in particular:

- 1- Prepare, develop and adopt unified 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.
- 6- Provide technical advice in its field of specialization.
- 7- Collect and utilize data and information related to valuation and build databases and information related thereto.
- 8- Establish specialized institutes and centers related to the Authority speciality.

## Article (24)

**The Commission shall be formed of the following:**

- 1- Active members:
  - a. Holders of a university degree in a discipline approved by the Authority, provided that they obtain the fellowship certification.
  - b. The persons exempted under Article (40) of this Law.
- 2- Associate Members: holders of a university degree in a discipline approved by the Authority without obtaining the fellowship certification.
- 3- Honorary Members: they are natural or legal persons who are granted membership by the BOD in recognition of their achievements or services to the valuation profession.
- 4- Associate students: They are 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 the key members who have paid their annual subscriptions.
- 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. The mentioned 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 the request of the board of directors.

- 3- The General Assembly shall be chaired by the BOD Chairman or his designee in the event of his absence. Resolutions of the Authority's general assembly shall pass by the majority of votes. 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 BOD's members from the accredited valuers.
- 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 presided by the Minister and the following members:

- |    |   |          |
|----|---|----------|
| A. | A representative from the Ministry.   | [Member] |
| B. | A representative from the Ministry of Justice.                                | [Member] |
| C. | A representative from the Ministry of Municipal and Rural Affairs and Housing | [Member] |
| D. | A representative from the State Properties General Authority                  | [Member] |
| E. | Chief Executive Officer of the Authority                                      | [Member] |

The Chairman of the BOD may delegate any of the board members from the representatives of government authorities to preside over the sessions of the BOD in his absence, provided that the ranks of the government authorities' representatives shall not be 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-chartered accountant appointed by the Minister.   | [Member]      |
| H. | Four accredited valuers practicing the profession in the various sectors, elected by the General Assembly, and the Implementing Regulations shall specify the procedures necessary for their election. | [Members]     |
| I. | Two persons concerned with the valuation profession, appointed by the Minister.  | [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.
  - 4- Meetings shall be held in the presence of the majority of the members, including the chairman or vice-chairman.
  - 5- The BOD's resolutions shall pass by the majority vote of attending members. In case of a tie, the meeting chairman shall have the casting vote.

## Article (28)

The BOD 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, including investment in owning and renting real estate, financial instruments, and other investments.
- 12- Determine fees for services rendered by the Authority.
- 13- Prepare the meeting agenda of the general assembly.
- 14- Appoint the Authority's CEO and determine his duties, authorities, rights, remuneration, and other job and financial benefits.
- 15- Dispose of the Authority's fixed and movable assets as determined by the by-laws.
- 16- Issue resolutions and rules related to the profession and the Authority's terms of reference.

The BOD may delegate some of its competences to its chairman, one of its members or whomever it deems appropriate from the Authority's associates.

## Article (29)

The Authority's fiscal year shall commence and end with the Kingdom's 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- Member subscriptions.
- 2- Government subsidies.
- 3- Grants, donations, bequests and endowments accepted by the BOD.

- 4- Returns on investment of the Authority's funds.
- 5- Fees for services, works and licenses rendered by the Authority.
- 6- Revenues collected from violations.
- 7- Other revenues approved by the BOD.

## 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 SAR Two Hundred Thousand [200,000].
- E. Revocation of the license.
- F. Revocation of the violator's membership with the Authority, for those whose name is not registered in the registry.
- G. Striking the violator off the registry of accredited valuers.
- H. Imprisonment for a term 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:** The competent court shall consider the cases arising from committing any of the following violations:

- 1- Practicing the valuation profession without obtaining a license.  
Practicing the valuation profession after revocation, striking off the Registry or expiration of the license without taking necessary steps for renewal.

- 2- Establishing and operating an office for practicing the profession without a license.
- 3- Submitting false data or using unlawful means that result in granting him a license to practice the profession or in renewal of the license.
- 4- Using a means of advertising that misleads the public into believing that he has the right to practice the profession.
- 5- 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 Minister 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 advisor. 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 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 or any other means.

## Article (35)

Any violations of the provisions of this Law and its Implementing Regulations shall be detected by the Authority’s officials. who shall be assigned by a resolution of the BOD. and shall have. collectively or severally. the powers and competences of criminal seizure when exercising their duties.

## Article (36)

A decision by the Minister shall determine the remunerations of the members of the Violation Review Committee provided for in Article [34] of this Law and a resolution by the Board of Directors shall determine the remunerations of 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 struck 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. The Board or its authorized representative shall decide on such applications.

## **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 a 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 [24] 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 Minister may extend such period for a similar period.

## **Article (41)**

The relationship 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 may not apply to government employees practicing valuation by virtue of their duties in different committees of government agencies. provided that they pass the tests determined by the Authority in order to qualify them.

## **Article (43)**

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

## **Article (44)**

The Board shall prepare the Implementing Regulations of this Law, which shall be issued by a decision of the Minister, and shall be effective with the effective date of this Law.

## **Article (45)**

This Law shall be published in the Official Gazette and shall come into force after one hundred and eighty days from the date of its publication.

