



**Bureau of Experts at the Council of Ministers
Official Translation Department**

Real Estate Brokerage Law

Royal Decree No. M/130
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Translation of Saudi Laws

NOTES:

1. This translation is provided for guidance. The governing text is the Arabic text.
2. The translation of Saudi laws takes the following into consideration:
 - Words used in the singular form include the plural and vice versa.
 - Words used in the masculine form include the feminine.
 - Words used in the present tense include the present as well as the future.
 - The word “person” or “persons” and their related pronouns (he, his, him, they, their, them, and who) refer to a natural and legal person.



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Real Estate Brokerage Law

Article 1

For the application of this Law, the following words and phrases shall have the meanings assigned thereto, unless the context requires otherwise:

Law: Real Estate Brokerage Law.

Regulations: Implementing Regulations of this Law.

REGA: Real Estate General Authority.

Board: REGA's Board of Directors.

Real Estate Brokerage: Acting as an intermediary between parties in concluding a real estate transaction for a commission. It shall include brokerage conducted through electronic means, such as websites, social media platforms, and the like.

Real Estate Services: Activities relating to the marketing, management, lease, and sale of real estate as well as the sale of its usufruct, including real estate marketing, property management, facility management, real estate auctions, real estate advertisements, and real estate analysis and consultancy.

Complementary Real Estate Services: Activities licensed under specific laws.

Real Estate Transactions: The sale, purchase, or lease of a real estate or its usufruct.

Brokerage Contract: An agreement between the real estate broker and the beneficiary of real estate brokerage to conclude a real estate transaction or provide a real estate service.

Real Estate Broker: A natural or legal person licensed to practice real estate brokerage or provide real estate services in accordance with this Law.

Commission: An amount of money the real estate broker is entitled to in return for real estate brokerage.

Real Estate Marketing: Promotion of a real estate product through advertisements and promotional means.

Property Management: Managing the financial and administrative affairs of a real estate on behalf of its owner or usufructuary.

Facility Management: Managing the technical affairs of a real estate on behalf of its owner or usufructuary, including the management of its utilities such as water, gas, electricity, air conditioning, telephone, computer networks, television, sewage, rainwater drainage, waste disposal, as well as the delivery of mail, parcels, goods, and the like.

Real Estate Auctions: Public auctions held for the sale or lease of the real estate or the sale of its usufruct to the highest bidder, including electronic auctions.

Security deposit: An amount of money paid by the lessee as security to



compensate the owner or usufructuary of a real estate for any damage to the real estate caused by the lessee during the lease term.

Article 2

This Law aims to regulate real estate brokerage and real estate services.

Article 3

The provisions of this Law shall apply to any person who practices, engages in, or benefits from real estate brokerage and real estate services.

Article 4

1. Engaging in real estate brokerage or providing real estate services shall not be permissible without obtaining a license from REGA. The Regulations shall determine the license's provisions, conditions, procedures, term, and renewal.
2. The real estate broker may, upon obtaining a license from the competent authority and subject to the rules specified by the Regulations, provide complementary real estate services in accordance with Article 6(6) of this Law.

Article 5

REGA shall undertake the following:

1. Preparing the mandatory and uniform contracts forms provided for in this Law.
2. Developing programs and mechanisms to promote real estate brokerage and real estate services covered by this Law.
3. Determining the requirements and criteria for real estate marketing means.
4. Setting standards and controls for practicing real estate brokerage.
5. Developing procedures for detecting and recording violations and responding to reports and complaints.

Article 6

The Board shall assume the following duties:

1. Approving the regulations governing the activities and services falling within REGA's jurisdiction in accordance with this Law.
2. Adopting the rules and controls for practicing real estate brokerage.
3. Determining the fees for the issuance or renewal of licenses by REGA pursuant to this Law.
4. Adopting procedures for detecting and recording violations and responding to reports and complaints.
5. Determining the real estate services a real estate broker may provide as well as relevant controls and conditions.
6. Determining the complementary real estate services a real estate broker may provide, in coordination with relevant licensing authorities.



Article 7

1. The brokerage contract must be in writing, and the broker shall deposit a copy thereof with REGA; failure to deposit a copy of the contract shall render such contract unenforceable. The Regulations shall specify the depositing procedures.
2. The brokerage contract must be for a definite term. If the term is not stipulated in the contract, it shall be for 90 days from the date the contract is concluded.

Article 8

The real estate broker may enter into a contract with one or more real estate brokers to broker the real estate subject of the brokerage contract in accordance with the terms of such contract, unless such contract stipulates otherwise.

Article 9

The real estate broker shall, upon concluding a brokerage contract with the owner or usufructuary of a real estate, obtain a copy of the proof of ownership of the real estate or of the usufruct as well as the information and documents specified by the Regulations.

Article 10

The real estate broker shall comply with the following:

1. Carry out real estate brokerage personally if he is a natural person, or through the managing officer or a licensed affiliate if the broker is a legal person.
2. Not commit or omit any act that would undermine the interests of persons dealing with him or would violate the provisions of this Law.
3. Notify REGA of any modification or change relating to his practice of real estate brokerage.
4. Not disclose any confidential information relating to the transaction subject of the brokerage contract.
5. Exercise due diligence to verify the information obtained in accordance with Article 9 of this Law.
6. Disclose the real estate information obtained pursuant to Article 9 of this Law upon listing the real estate, and not provide any misleading information regarding the real estate.
7. State his name and license number in any advertisement or publication pertaining to the real estate.
8. Practice the profession with transparency and credibility, and provide services in a professional manner.

Article 11

The real estate broker shall register all brokerage contracts and real estate transactions using the designated electronic platform, in accordance with the Regulations.



Article 12

1. The real estate broker shall receive the security deposit, if applicable, and deliver it to REGA or any person authorized thereby. The security deposit shall be deposited with REGA until the real estate is returned without damage. The security deposit, or the remainder thereof after deducting the cost of repairing the damage, shall be returned to the lessor. The Regulations shall determine the relevant provisions.
2. Any dispute between the lessor and the lessee regarding the security deposit and the assessment of the damage shall initially be resolved by experts designated by REGA and approved by both parties. The parties shall equally bear the fees of said experts. If the parties do not agree to the experts' settlement, they may resort to the competent court.

Article 13

1. The amount of the down payment of the real estate transaction carried out through the real estate broker shall be agreed upon by the parties, provided it does not exceed 5% of the amount of the transaction. If the amount exceeds such percentage, the excess amount shall be deemed an advance payment.
2. The amount paid by the buyer or lessee shall not be deemed a down payment unless stated in writing; otherwise, it shall be deemed an advance payment that the seller or the lessor is not entitled to if the contract is rescinded.
3. The seller or the lessor shall complete the transaction upon receipt of the down payment. If the property has no defect and the transaction is not completed due to a reason attributed to the buyer or the lessee, the down payment may not be returned. If, however, the reason is not attributed to the buyer or the lessee, the down payment shall be returned to the payer.
4. The real estate broker may not retain the down payment as guarantee for his commission.

Article 14

1. The real estate brokerage commission shall be 2.5% of the transaction amount in a sale transaction and 2.5% of the amount of the first year's rent in a lease transaction, unless the parties to the brokerage contract agree otherwise in writing.
2. The commission shall be borne by the party contracting with the real estate broker in the brokerage contract.
3. If the real estate broker concludes a brokerage contract with multiple parties to the same real estate transaction, the total commission he receives may not exceed the percentage provided for in paragraph (1) of this Article. The Regulations shall determine the manner in which the parties bear such commission, unless the brokerage contract stipulates otherwise.

Article 15

The real estate broker shall be entitled to a commission in the following cases:

1. If the real estate transaction he brokered is completed in accordance with



the brokerage contract within the validity period of said contract or within a period of two months following its expiration, provided he proves that he brokered said transaction.

2. If the real estate transaction is not completed and the seller or the lessor is entitled to the down payment; the Regulations shall determine the percentage and relevant rules.

Article 16

1. A real estate broker may not receive any amount from any of the contracting parties, except to the extent required to perform his work in accordance with the Regulations.
2. The real estate broker may not use any amount received pursuant to paragraph (1) of this Article, except for its intended purposes.
3. REGA shall set the controls governing the disposition of amounts the real estate broker receives from any of the contracting parties.

Article 17

1. REGA shall, for the enforcement of this Law, undertake the duties of monitoring, inspection, and detection, and may to this end seek the assistance of any public or private entity, as it deems appropriate. The Regulations shall determine the necessary procedures.
2. The person tasked with the duties of monitoring, inspection, and detection shall record any violations of this Law, in accordance with the detection and recording procedures specified by the Regulations.
3. Any person who practices real estate brokerage or provides real estate services shall facilitate the work of persons tasked with the duties of monitoring, inspection, and detection, including providing them with access to his place of business and furnishing them with relevant documents or information.

Article 18

Any of the following acts shall be deemed a violation of this Law:

1. Practicing real estate brokerage or providing real estate services without a license.
2. Submitting false information to obtain a license for the practice of real estate brokerage and provision of real estate services.
3. Providing misleading information or concealing material information regarding the real estate subject of the brokerage or the real estate service.

Article 19

1. Any person who violates any of the provisions of this Law shall be subject to one or more of the following penalties:
 - a) Warning.
 - b) Suspension of the license for a period not exceeding one year.
 - c) Revocation of the license.
 - d) A fine not exceeding 200,000 riyals.



2. The imposed fine may be doubled if the violation is repeated within three years from the date the previous violation is committed.
3. The Regulations shall determine the classification of violations and their corresponding penalties based on paragraph (1) of this Article.
4. A person whose license is revoked may, upon the lapse of three years from the date of revocation, apply for a new license in accordance with applicable legal procedures.

Article 20

1. A committee, or more, shall be formed pursuant to a decision by the Chairman of the Board and shall comprise at least three members, one of whom is a specialist in Sharia or law. The committee shall review violations of the provisions of this Law and impose the penalties stipulated in Article 19 herein. Committee decisions shall be passed by majority vote and shall be approved by the Executive Director of REGA. The Regulations shall determine the committee's work procedures.
2. A person against whom a penalty decision is issued may appeal such decision before the competent judicial authority within 30 days from the date of notification thereof.

Article 21

If an act that constitutes a violation of the provisions of this Law also constitutes a violation punishable under another law, the harsher penalty shall apply.

Article 22

This Law shall repeal the Real Estate Agencies Regulations, issued pursuant to Council of Ministers Resolution No. 334, dated 7/3/1398H.

Article 23

The Board shall issue the Regulations within 180 days from the date of issuance of this Law. Said Regulations shall be published in the Official Gazette and shall enter into force on the date this Law enters into force.

Article 24

This Law shall enter into force 180 days from the date of its publication in the Official Gazette.