

Regulations of Real Estate Auctions

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Article ١

١. The terms and phrases mentioned herein shall have the meanings ascribed thereto in Article (١) of Real Estate Brokerage Law issued by Royal Decree No. M/١٣٠, dated ٣٠/١١/١٤٤٣H and its Implementing Regulations, unless the context requires otherwise.
٢. The following terms and phrases, wherever mentioned herein, shall have the meanings ascribed thereto, unless the context requires otherwise:

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

Owner: A natural or legal person who owns the asset or usufruct, or his legal representative who enters into contract with the Real Estate Broker to hold the Real Estate Auction.

Accredited Valuer: A natural or corporate person licensed to practice the profession of real estate valuation according to Accredited Valuers Law.

Licensee: A corporate person licensed to practice real estate auction service.

Manager of Real Estate Auction: A qualified natural person affiliated to licensed enterprise and authorized to manage all real estate auction works for the interest of Licensee.

Licensing Provisions

Article ٢

Entities that provide real estate auction services through electronic methods shall meet the following conditions to obtain a license for practicing such services, in addition to the requirements specified in the Implementing Regulations of Real Estate Brokerage Law:

١. Linking the Licensee's real estate auction e-platform with the REGA e-Platform.
٢. Committing to ensure integrity of transactions carried out on Licensee's platform, and to cease or restart the real estate auction in cases of technical errors or violations in such manner that ensures maintaining bidding process.
٣. Committing to publish all data related to Real Estate Auctions, held on Licensee's platform, on REGA e-Platform.
٤. Obtaining all legal licenses necessary for practicing the activity with the relevant agencies.
٥. Integrating e-platform with the National Single Sign-On (SSO) Platform and allow access for beneficiaries through Licensee.

Licensee Obligations

Article ٣

Licensee to practice real estate auctions shall:

١. Demonstrate integrity and sincerity, act with impartiality and fairness and avoid influencing fair competition in any way.
٢. Exercise professional due diligence and dedication to achieve the best prices.
٣. Keep all real estate auction bulletins and registers, and record events of visual auctions, documents and data for all its transactions for a period of five years as of the end date of real estate auction end.
٤. Hold real estate auction within the term of the brokerage contract.
٥. Obtain necessary approvals from the relevant authorities to hold a real estate auction.
٦. Provide the service through Licensee's qualified individuals who are registered with REGA.
٧. Adhere to the regulations and instructions issued by the relevant authorities in holding Real Estate Auctions.
٨. Publish the auction bulletin at least five days before auction date.

Article ٤

Licensee shall include in the brokerage contract for providing real estate auction service, in addition to provisions of brokerage contract stipulated by the Law and Implementing Regulations, the following information:

١. Method of holding real estate auction.
٢. Date and duration of real estate auction, if any.
٣. Type of disposing of property subject of real estate auction.
٤. Minimum value of award accepted for disposing of property after auction.
٥. Minimum value of real estate auction at start.
٦. Entry fee for bidding, if any, provided that such fee does not exceed (٥٪) of estimated property value based on valuation by an Accredited Valuer, while specifying type of the amount (down payment, advance payment, refundable security deposit).
٧. The period specified for award to the highest bid after auction. It is possible to extend such period for a similar period only once.
٨. Mechanisms and periods for receipt and payment of price after award.
٩. Provisions related to disposing of property, such as pre-emption right, choice related to transaction place, sale-related stipulation, down payment sale, etc.

E-Platform

Article ٥

A real estate auction register shall be created in the REGA e-Platform to record therein the following:

- a. Licensee information register.
- b. Data of all real estate auctions organized by Licensees, whether electronic or non-electronic.
- c. Publishing all auction statistical indexes on a periodic basis.

Request for holding Real Estate Auction.

Article ٦

The Licensee shall apply for holding real estate auction via REGA e-Platform, while filling out the approved application form at least fifteen days before holding the auction. In addition, the application form shall include the following information and requirements:

١. Determining place and method of holding real estate auction.
٢. Date and duration of holding the real estate auction.
٣. Determining the Manager of real estate auction.
٤. Type of disposing of property subject of real estate auction.
٥. Mechanisms for maintaining amounts of real estate auction bidders.
٦. Bidding and award mechanisms stipulated in Article ٤ (٥)(٦) hereof.
٧. Registering information of property subject matter of the real estate auction, including:
 - a. Information of property owner or usufruct owner.
 - b. Survey data, location, property specifications and condition.
 - c. Property ownership as property owner or usufruct owner regarding joint or common ownership, etc.
 - d. Disclosing rights in rem related to the property.
 - e. Existing disputes related to the property, if any.
 - f. Mortgage or encumbrance that impact property use, if any.
 - g. Rights and obligations related to the property that are not documented in property deed, if any.
 - h. Services related to the property, if any.
 - i. Information that may impact property value, if any.

Article ٧

١. REGA shall review the application for holding a real estate auction within no more than five business days as of completion of the application. If REGA requires any additional information or documents, REGA shall notify the applicant, who must provide the required information in no later than five business days as of the date of notification; otherwise, the application shall be considered rejected.
٢. REGA shall issue approvals to the holding of real estate auctions. It may reject the holding of such auctions and provide justifications and notify the rejection and informing applicant thereof.

Provisions of holding Real Estate Auction

Article ٨

Licensee shall upload (Real Estate Auction bulletin) to the e-platform before announcement to the public, including:

١. Place, method and time of holding the real estate auction.
٢. Property survey data, location, specifications and condition property.
٣. Type of disposing of property subject of Real Estate Auction.
٤. Disclosing rights in rem related to the property.
٥. Existing disputes related to the property, if any.
٦. Mortgage or encumbrance that impacts property use, if any.
٧. Rights and obligations related to the property that are not documented in the property deed, if any.
٨. Services related to the property, if any.
٩. Information that may impact property value, if any.
١٠. Link of auction live video broadcast, if any.
١١. Information stipulated in Article ٦(٦) hereof.

Article ٩

١. The Manager of a real estate auction shall be responsible for managing bidding process. The real estate auction shall begin according to the real estate auction start value specified in the brokerage contract. The real estate auction may begin at a value other than the specified value if approved by the Owner or his legal representative in writing.
٢. If a bidder submits the highest bid and no one else bids against it within the period specified in the brokerage contract, the Manager of the real estate auction may extend bidding period once for a similar period.

٣. If the real estate auction does not reach the value agreed upon for accepting sale in the brokerage contract, the auction shall be handled through one of the following cases:
- Approval by the Owner or his representative in writing of accepting award and disposing of the property at the price reached in the auction.
 - Terminating the auction if no approval by the Owner or his legal representative is obtained and preparing a report of the same.
٤. The real estate auction shall be awarded to the bidder who submits the highest bid if no one else bids against it, the end of period specified for bidding, according to the following cases:
- If bidding reaches or exceeds the value specified for accepting award and disposing of the property in the brokerage contract.
 - If the bidding does not reach the value specified for accepting award and disposing of property in the brokerage contract, and the Owner or his legal representative approves, in writing, accepting award or disposing of property in accordance with paragraph (٣)(a) of this Article.
٥. Procedures for disposing of property and attaching security deposit shall be completed according to the period specified for delivering and receiving price in the brokerage contract.

Article ١٠

- Licensee shall close the real estate auction on the e-platform after completing the auction in no later than five business days.
- Licensee shall return all amounts received from bidders in the real estate auction, except for amounts received from the winning bidder, in no later than three business days as of auction end date.

Final Provisions

Article ١١

The provisions in these Regulations shall apply to all real estate auctions in the Kingdom, including judicial real estate auctions and the like, insofar as there is no specific regulations governing such auctions.

Article ١٢:

These Regulations shall be published in the Official Gazette and shall come into force as of publication date.