

Classification Table for Violations and Prescribed Penalties Under the Law of Selling and Leasing Off-Plan Real Estate Projects and its Implementing Regulations

Rabi' Al-Awwal ١٤٤٦H – September ٢٠٢٤

Item	Violation	Penalties ^(١)		
		First Offense	Second Offense	Third Offense
١	Delay by the developer in commencing construction works of the licensed real estate project after the lapse of six months from the date of obtaining the license without an acceptable excuse.	Warning	A fine of ٢% of the real estate project value, as per the feasibility study approved in the license, not exceeding five hundred thousand riyals	Removal from the registry of developers
٢	Delay or failure by the developer to complete the real estate project, or a proven compromise of the quality of its execution, causing harm to purchasers or lessees.			
٣	Declaration of bankruptcy by the developer.	Removal from the registry of developers		
٤	Submission of misleading information by the applicant for registration in the registry of developers.	A fine of not less than twenty thousand riyals and not more than fifty thousand riyals		
٥	Developer's suspension of project execution for a period of six months during the project term without an acceptable excuse recognized by REGA.	Warning	A fine of ٠,٥% of the real estate project value, as per the feasibility study approved in the license,	A fine of ١% of the real estate project value, as per the feasibility study approved in the license,

^{١٠} The following shall be observed when applying penalties:

١. Penalties shall be determined based on the nature of the violation, the status of the project, and the resulting impact of the violation.
٢. The penalty decision issued by the committee responsible for reviewing violations and imposing penalties shall specify a rectification period for the violation, which shall not be less than ١٠ days and not more than ١٨٠ days, taking into consideration the type of violation and the nature of the rectification measures.

Item	Violation	Penalties ^(١)		
		First Offense	Second Offense	Third Offense
			not exceeding one hundred thousand riyals	not exceeding two hundred thousand riyals
٦	Developer entering into a contract between the land owner and developer and the purchaser or lessee, other than the standard contract prepared by REGA, or modifying the standard contract without REGA's approval.	Warning	A fine of ٥% of the real estate unit value for which the contract subject to the violation was concluded, not exceeding one hundred thousand riyals	Removal from the registry of developers and prohibition from registration therein for up to one year
٧	Developer's failure to disclose, in the real estate project marketing license and while receiving unit reservation amounts, information on the project status and future plans to purchasers or lessees.	Warning	A fine of ٢% of the real estate unit value, not exceeding fifty thousand riyals	A fine of ٤% of the real estate unit value, not exceeding one hundred thousand riyals
٨	Developer receiving a reservation amount exceeding ٥% of the off-plan real estate unit value in the real estate project marketing license.	A fine of ٢% of the real estate unit value, not exceeding fifty thousand riyals	A fine of ٤% of the real estate unit value, not exceeding one hundred thousand riyals	Removal from the registry of developers and prohibition from registration therein for up to one year
٩	Developer's failure to provide financial statements to REGA upon project completion or within ١٥ days from the date of REGA's request.	A fine of not less than twenty thousand riyals and not more than thirty thousand riyals	A fine of not less than thirty thousand riyals and not more than forty thousand riyals	A fine of not less than forty thousand riyals and not more than fifty thousand riyals

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١٠	Developer's failure to add information and documents to the real estate projects database.	Warning	A fine of not less than twenty thousand riyals and not more than fifty thousand riyals	A fine of not less than fifty thousand riyals and not more than one hundred thousand riyals
١١	Developer's act or omission for the purpose of obstructing or delaying the work of the bank, consulting firm, certified public accountant, or any other party involved in the project.	A fine of not less than twenty thousand riyals and not more than fifty thousand riyals	A fine of not less than fifty thousand riyals and not more than one hundred thousand riyals	A fine of not less than one hundred thousand riyals and not more than two hundred thousand riyals
١٢	Developer's failure to notify REGA of any material development that may affect the real estate project within ١٥ days from its occurrence.	A fine of ١% of the real estate project value, as per the feasibility study approved in the license, not exceeding one hundred thousand riyals	A fine of ٣% of the real estate project value, as per the feasibility study approved in the license, not exceeding five hundred thousand riyals	Removal from the registry of developers and prohibition from registration therein for up to three years
١٣	Developer's failure to implement the rectification measures for delayed or troubled projects within ١٥ days of notification thereof.	A fine of ١% of the real estate project value, as per the feasibility study approved in the license, not exceeding one hundred thousand riyals	A fine of ٣% of the real estate project value, as per the feasibility study approved in the license, not exceeding five hundred thousand riyals	Removal from the registry of developers

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		First Offense	Second Offense	Third Offense
١٤	Developer's failure to pay due compensation to the purchaser or lessee within ٣٠ days of its due date.	Warning	A fine of ٣% of the real estate unit value subject to the violation, not exceeding one hundred thousand riyals	A fine of ٦% of the real estate unit value subject to the violation, not exceeding three hundred thousand riyals
١٥	Developer's failure to provide the purchaser or lessee with a copy of the accounting record.	Warning	A fine of not less than five thousand riyals and not more than ten thousand riyals	A fine of not less than ten thousand riyals and not more than twenty thousand riyals
١٦	Developer's failure to deliver the actual plans of the real estate unit to the purchaser or lessee.	Warning	A fine of not less than ten thousand riyals and not more than thirty thousand riyals	A fine of not less than thirty thousand riyals and not more than fifty thousand riyals
١٧	Developer's modification of approved execution plans without obtaining REGA's approval.	A fine of ٢% of the real estate project value, as per the feasibility study approved in the license, not exceeding three hundred thousand riyals	A fine of ٤% of the real estate project value, as per the feasibility study approved in the license, not exceeding five hundred thousand riyals	Removal from the registry of developers and prohibition from registration therein for up to three years
١٨	Developer's failure to commence repair of the real estate unit defects within ٥ days of notification thereof.	Warning	A fine of not less than ten thousand riyals and not more than fifty thousand riyals	A fine of not less than fifty thousand riyals and not more than one hundred thousand riyals

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		First Offense	Second Offense	Third Offense
١٩	Developer's breach of contractual obligations, other than those mentioned in this Table, toward purchasers and lessees.	Warning	A fine of ٢% of the real estate unit value subject to the violation, not exceeding fifty thousand riyals	A fine of ٤% of the real estate unit value subject to the violation, not exceeding one hundred thousand riyals
٢٠	Certified public accountant's failure to prepare the project's financial statements.	A fine of not less than twenty thousand riyals and not more than fifty thousand riyals	A fine of not less than thirty thousand riyals and not more than seventy thousand riyals	A fine of not less than fifty thousand riyals and not more than one hundred thousand riyals
٢١	Certified public accountant's disbursement of the amount held in the escrow account if the consulting firm, purchaser, or lessee identifies construction or finishing defects.	A fine of ٢% of the amount held in the escrow account, not exceeding one hundred thousand riyals	A fine of ٤% of the amount held in the escrow account, not exceeding two hundred thousand riyals	A fine of ٥% of the surplus amounts, not exceeding three hundred thousand riyals, and cancellation of accreditation with prohibition therefrom for up to three years
٢٢	Consulting firm or certified public accountant providing misleading information to obtain accreditation for practice.	A fine of not less than twenty thousand riyals and not more than fifty thousand riyals		
٢٣	Consulting firm or certified public accountant's failure to report to REGA any violation of the	Warning	A fine of ٠,٥% of the real estate project value, as per the feasibility study	A fine of ١% of the real estate project value, as per the feasibility study

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	provisions of the Law and its Regulations discovered in the course of his work.		approved in the license, not exceeding fifty thousand riyals	approved in the license, not exceeding one hundred thousand riyals
٢٤	Consulting firm or certified public accountant's failure to provide the reports and data requested by REGA.	Warning	A fine of ٠,٥% of the real estate project value, as per the feasibility study approved in the license, not exceeding fifty thousand riyals	A fine of ١% of the real estate project value, as per the feasibility study approved in the license, not exceeding one hundred thousand riyals
٢٥	Consulting firm or certified public accountant signing disbursement orders for surplus amounts without REGA's approval.	A fine of ٢% of the surplus amounts, not exceeding one hundred thousand riyals	A fine of ٤% of the surplus amounts, not exceeding two hundred thousand riyals	A fine of ٥% of the surplus amounts, not exceeding three hundred thousand riyals, and cancellation of accreditation with prohibition therefrom for up to one year