



# *Law of Tiem-Share Properties*

*Royal Decree No. M/52*

*(20 Sha'ban 11 -1427 H) - (13. October. 2006)*



**Article (1): Definitions :** *The following words and phrases, wherever mentioned in this Law, shall have the meanings expressed next to them, unless the context requires otherwise.*

**Holiday Properties:** *Hotels, furnished apartments, resorts and other units meant for tourist accommodation, including holiday properties in Macca and Medina.*

**Time-share:** *A person's right to use a holiday property for defined or definable period of the year in accordance with a time-share contract.*

**Time-share Contract:** *A contract, or a set of contracts, concluded in return for a specified amount of money for a period of not less than three years, under which the right to use or assign one or more holiday properties, or any other right related thereto, is established for defined or definable period of the year.*

**Property:** *A building, or part thereof, meant for residence, to which the right subject of the contract relates.*

**Commission:** *The Supreme Commission for Tourism.*

**Buyer:** *A natural or corporate person to whom the right under the time-share contract is assigned or established, for the purpose of using the holiday property to his benefit, through transactions under this Law.*

**Seller:** *A natural or corporate person establishing, assigning or undertaking to assign the right to use the holiday property subject of the time-share contract on a commercial basis, through transactions under this Law.*

**Deferred payment:** *A form of credit facility.*

**Regulations:** *Implementing Regulations of this Law.*



## **Article (2) ; Licensing to Engage in Time-Share Activities**

- 1- *Time-share activities may not be practiced prior to obtaining a license from the Commission, upon meeting the requirements and furnishing the guarantees specified in the Regulations.*
- 2- *Time-share activities may not be advertised or marketed unless said advertisement or marketing includes the following:*
  - a. *The Commission's license number for the advertising party.*
  - b. *The possibility of obtaining the document referred to in paragraph (1) of Article (3) of this Law, and the place where said document can be obtained.*

## **Article (3) : Seller's Obligations**

*The Seller shall undertake:*

- 1- *To provide whomever requests information on the time-share property with a document containing complete and accurate information on said property in accordance with the details specified in the Regulations. All information is deemed an integral part of the time-share.*
- 2- *To provide the Commission with a copy of the document referred to in paragraph (1) of this Article for review and approval, prior to advertising the said property or offering it to the public for sale.*
- 3- *To notify the Commission and the buyer of any changes to the information provided in the said document, prior to concluding the time-share contract. The contract shall explicitly provide for such changes.*
- 4- *To enable the buyer to exercise all rights under the time-share contract, including the right to use said property at time and within the period specified in the contract.*
- 5- *To take the appropriate measures to manage, clean and maintain the real property to keep it in good condition and fit for use throughout the contract term. Annual management and maintenance costs may be collected from the buyer as stated in the contract.*



#### **Article (4): Time-share Contract and its Terms**

- 1- Provisions of this Law shall apply to time-share contracts concluded in the Kingdom of Saudi Arabia, as well as time-share contracts concluded outside the Kingdom of Saudi Arabia if the time-share property is located within the Kingdom.
- 2- The time-share contract prepared by the Seller shall fulfill the following conditions:
  - It shall be in writing
  - It shall contain the details specified in the regulations.
  - The contract and the document referred to in paragraph (1) of Article (3) of this Law shall be drafted in Arabic. They may be translated into other languages, provided that the Arabic version of the contract shall prevail.

#### **Article (5): Buyer's Rights and Obligations**

- 1- Without prejudice to any right acquired by the buyer under laws on the nullity of contracts, the buyer shall have the following options:
  - a. To withdraw from a time-share contract without giving any reason within ten days as of the dated of concluding the contract by both parties or the date of their signing any binding preliminary document. If the tenth day is an official holiday, the period shall be extended to the first following business day.
  - b. To revoke the time-share contract within three months starting from the date of concluding the contract by both parties or the date of their signing any binding preliminary document, in case the contract does not include the information specified in paragraph (1) of Article (3) of this Law at the time of signing the said contract or document. If such information is provided within the three month period, the buyer's withdrawal period set forth in paragraph (a) of this Article shall commence from the date the information is provided.



- c. To withdraw from the time-share contract without giving any reason within ten days following the lapse of the three months set forth in paragraph (b) of this Article, if the information specified in paragraph (1) of Article (3) of this Law is not provided within the said three month period.*
- 2- If the buyer desires to revoke or withdraw from a time-share contract pursuant to paragraph (1) of this Article, he shall, within the specified period, notify the other contracting party or his representative in writing at the address stated in the contract, in the form and by the means stipulated in the Regulations. Said notification shall be deemed to be delivered within the specified period if sent prior to expiry of such period.*
- 3- If the buyer revokes or withdraws from a contract pursuant to paragraph (1) of this Article, he shall not bear any expenses incurred by the seller in relation to the contract.*
- 4- In case of the buyer's death, his right in the time-share contract shall pass to his heirs. The buyer may sell, assign, grant or bequeath his right in the time-share contract and any other rights related thereto.*

***Article (6): Advance Payments***

*No advance payment shall be required prior to the end of the period during which the buyer may withdraw from or revoke the contract, pursuant to paragraph (1) of Article (5) of this Law.*

***Article (7): Revocation of Deferred Payment Agreements***

*If the price of the time-share contract is fully or partly covered by a deferred payment granted by the seller to the buyer or granted to the buyer by a third party - on the basis of a deferred payment agreement between the third party and the seller - and if the buyer withdraws from or revokes the contract pursuant to paragraph (1) of Article (5) of this Law, the deferred payment agreement shall be deemed revoked, without any obligation or liability on the part of the buyer. The Regulations shall set forth the regulatory provisions thereof.*



**Article (8): No Agreement Contrary to this Law**

*Any assignment by the buyer to the seller of any of the right granted under this Law or relieving him from any obligations arising out of this Law shall be deemed void.*

**Article (9): Recordig Violations**

*Officials - to be appointed pursuant to a decision by the Commission's Secretary General - shall monitor the activities of licensees and ensure compliance with conditions and controls. To this end, the officials shall have the right to access records and obtain the information they require. If they discover violations, they shall record such violations and refer them to the committee provided for in paragraph (1) of Article (10) of this Law.*

**Article (10): Investigating and Deciding Violations**

- 1- Pursuant to a decision by the Chairman of the Commission's Board of Directors, one or more committees shall be formed of not less than three membes, one of whom shall be a legal advisor. The committee shall review violations of the provisions of this Law and impose penalties set forth therein. The committee's decisions shall be approved by the Commission's Secretary General. The Regulations shall state the work procedures of this committee. This shall not prejudice the aggrieved party's right to claim compensation for harm sustained as a result of the violation of the provisions of this Law.*
- 2- Grievavces against the committee's decisions may be filed with the Board of Grievances within (sixty) days from the notification date.*



### **Article (11): Penalties**

*Without prejudice to any severer penalty provided for in another law, and without impinging on the rights of others:*

- 1- Any person violating paragraph (1) of Article (2) of this Law shall be subject to a fine not exceeding five hundred thousand riyals.*
- 2- Any person violating paragraph (4) of Article (3) of this Law shall be subject to a fine not exceeding five hundred thousand riyals or to revocation of the license, or to both penalties.*
- 3- Any person violating paragraph (2) of Article (2), paragraphs (2) and (3) of Article (3) or paragraph (2) of Article (4) of this Law shall be subject to a fine not exceeding three hundred thousand riyals, a maximum of a one-year suspension of the license or to both penalties.*
- 4- Any person violating paragraph (1) of Article (3) of this Law shall be subject to a fine not exceeding one hundred and fifty thousand riyals, a six-month suspension of the license, or to both penalties.*
- 5- Where no penalty is provided for, any person violating any provision of this Law shall be subject to a fine not exceeding one hundred thousand riyals.*
- 6- In case of repetition of any of the violations provided for in this Law, the maximum penalty may be doubled.*



## ***Article (12): General Provisions***

- 1- The Commission shall create a record for time-share activities, including detailed information on time-share contracts, sellers, buyers and properties in the Kingdom of Saudi Arabia dedicated for the said activities, in accordance with the implementing regulations.*
- 2- Where no provision is made in this Law, the committee set forth in paragraph (1) of Article (10) of this Law shall apply the general rules of contracts which regulate the rights and obligations of the contracting parties.*
- 3- Those engaged in time-share activities shall readapt to this Law and amend their terms in accordance with its provisions, within one year from the effective date of this Law.*
- 4- The Commission shall charge for services rendered in accordance with the provisions of this Law, provided that said services and the financial charges are specified by a Council of Ministers' resolution, based on a proposal from the Commission.*
- 5- The Chairman of the Commission's Board of Directors shall issue the Implementing Regulations within ninety days from the date of issuance of this Law.*
- 6- This Law shall be published in the Official Gazette and shall become effective ninety days after its publication.*