

# Guidelines on Standing Orders for Real Estate Financiers

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## I. Introduction

### A. Purpose

These Guidelines set out the minimum obligations that must be met when setting up a Standing Order for a Real Estate Financier. The Guidelines aim to enhance and protect competition between Real Estate Financiers, ensure the availability of financing options for Consumers, and contribute to reducing default risks.

### B. Scope

These Guidelines shall apply to real estate financing products only, without prejudice to the Responsible Lending Principles for Individual Customers, the Debt Collection Regulations and Procedures for Individual Customers, and other relevant laws and instructions.

## II. Definitions

The following terms and phrases, wherever mentioned herein, shall have the meanings assigned thereto unless the context otherwise requires:

**Real Estate Financier:** commercial banks and finance companies licensed to engage in real estate finance activities.

**Consumer:** a natural person who obtains a real estate finance or at whom such finance is directed.

**Standing Order for Real Estate Financier:** a service offered by the bank to pay a fixed amount of money at regular intervals from the Consumer's account to the Real Estate Financier's account.

### III. Guidelines on Standing Orders for Real Estate Financiers

#### A. Obligations of the Bank

When setting up a Standing Order for Real Estate Financier, the bank shall:

1. Verify that the Consumer has a monthly fixed income (for example, salary) before setting up a Standing Order for the Real Estate Financier.
2. Not set up a Standing Order for a Real Estate Financier if the Consumer has an existing Standing Order for a Real Estate Financier.
3. Obtain the Consumer's acknowledgment of the consequent impact of setting up a Standing Order for a Real Estate Financier in accordance with the acknowledgment form shown in the Annex hereto.
4. Notify the Consumer through reliable means of communication when a Standing Order for a Real Estate Financier is set up, provided that the notification includes at least the following information: payment amount, order starting date, duration in months, and the number of the account to which the amount is transferred monthly.
5. Make the Standing Order payment in full on due date or within five days after if there is no enough money in the account on the due date to cover the payment.
6. Notify the Consumer when a Standing Order payment fails and clarify the reasons behind such failure through reliable means of communication.
7. Obtain the approval of, or a clearance letter from, the Real Estate Financier receiving the Standing Order payments when the Consumer requests to amend or cancel the Standing Order.
8. Verify that the amount to be transferred from the Consumer's account is not part of the money SAMA has instructed banks not to deduct from.

## B. Obligations of the Real Estate Financier

The Real Estate Financier receiving the Standing Order payments shall:

1. Approve the Consumer's request to change the amount of the Standing Order within three business days from the date of the request when the Consumer's circumstances change, which results in debt rescheduling.
2. Provide the Consumer within seven business days from the date of his/her request with a clearance letter and non-objection letter to cancel the Standing Order in any of the following cases:
  - a. Payment of due obligations.
  - b. Exemption from payment as specified in SAMA's relevant instructions.
3. Notify the Consumer, through reliable means of communication, of the receipt of the Standing Order payment.

## Annex

I acknowledge that the Standing Order is set up to pay my obligations resulting from the real estate finance granted to me by the Real Estate Financier and that it cannot be canceled except after a clearance letter is obtained from the Real Estate Financier receiving the Standing Order amounts. I am aware that I am not entitled to change the monthly deduction amount or the deduction period unless after obtaining the approval of the Real Estate Financier. I also acknowledge that the bank making the Standing Order payments on my behalf has no obligations toward the Real Estate Financier for any damage and does not incur any financial obligation arising from the execution of this Order.