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## EXPECTED MORTGAGE LAW TO CONSIST OF FIVE LAWS



Translated - A paper prepared by a real estate lending expert suggests that the Mortgage Law System should be implemented as soon as possible, to face construction expansion and meeting the public's need for home ownership. The paper has described the mortgage market in the Kingdom as an emerging market, since it only represents 2% of the country's GDP (versus 50% in Germany and 30% in Malaysia). In the meantime, the expected growth in the mortgage industry in the Kingdom is driven by population growth and an increase in per capita income. The paper also

suggests that the industry requires having regulations in order to achieve stability, especially in its development stages. The paper, which was prepared by Naveed Sidqqi, talks about the challenge that regulators will face, implementing sufficient and customized regulations that protect consumers and set adequate mortgage lending and corporate governance standards for financing institutions, while at the same time not over regulating to the point of creating excessive restrictions on a burgeoning industry. Examining the regulatory framework for mortgage lending in KSA, which is currently in draft legislation, the report notes that the Mortgage Law is a package of five laws: the Mortgage Registration Law; the Execution (Enforcement) Law; the Financial Leasing Law; the Real Estate Financing Law; and the Control of Finance Companies Law. The report emphasizes that consumer protection regulation is not new in the Kingdom and the overall transparency promoted by existing regulation is a positive indicator with respect to the impending mortgage law. Consumer protection through education is highlighted as an important area for consideration by regulators since consumers themselves must refrain from over leveraging when they make the decision to borrow.