



NEW LAW ON REAL ESTATE BUSINESS

The National Assembly of Vietnam has passed the new Law on Real Estate Business No. 29/2023/QH15 (“**New Law**”) which will replace the Law on Real Estate Business No. 66/2014/QH13 (“**Current Law**”). The New Law shall become effective from 1 August 2024.

The New Law with substantial amendments and additions is expected to address and resolve a number of long-standing legal difficulties that had previously impeded the development of the industry, and together with the new Law on Land No. 31/2024/QH15, bring the harmony and consistency between the laws and regulations and hence greatly improve the sustainability and transparency of the real estate market.

Below are some notable points which may be of interest.

Expansion of types of real estate and real estate projects involved in business

In general, the New Law, while still recognizing that houses and construction works, including those off-the-plan, and the qualified land-use rights can be involved in business, further elaborate and supplement certain additional types of real estate.

As for the construction works, under the New Law, they include not only the construction works with single functions, such as those serving the purposes of education, healthcare, sports, culture, offices, commerce, services, tourism, accommodation and



industry, but also, notably, the mixed-use buildings and their construction floor areas.

As for land use rights, they include the rights to use land with technical infrastructure in real estate projects which satisfy conditions under the New Law; and the project owners may transfer such land use rights to individuals or organizations in order for them to build residential houses or construction works, or lease to them for their use purposes in accordance with the approved land use purpose and relevant investment projects, as the case may be.

Public disclosure of information about real estate

It has been an immutable principle that the real estate companies must make available information about the real estate and real estate projects.

This material is only intended for general reading. Under no circumstances is it to be relied upon in substitution for specific advice on any issue(s) that may arise relating to its subject matter.



Under the New Law, such information will be published on the Governmental database about houses and real estate market and on websites of the real estate companies. It is also emphasized that such disclosure will be prior to the real estate or real estate projects being involved in business and any change will be further updated. Each type will require respective information, generally including decisions/ approvals from the State in relation to land/ construction works/ houses/ real estate projects, master plans, contract forms, and other relevant information.

Purchase or lease purchase of the off-the-plan residential houses or construction works

Limits on payments

- Deposit: maximum 5% of the purchase price or lease purchase price;
- The first instalment: maximum 30% of the contract price, including the deposit;
- The next instalments: subject to the construction progress; however, if the property has not been handed over to the buyer, maximum 50 % ~ 70% of the contract price, as the case may be; if the certificate of land use right and title of assets on land has not been issued, maximum 95% of the contract price.

Bank guarantees applicable to sale or lease purchase of the off-the-plan residential houses

In principle, a project owner, before sale or lease purchase of the off-the-plan residential houses, will obtain from a licensed bank a bank guarantee for the financial obligations to customers, in case the project owner fails to hand over the residential houses as

committed, which covers all the advanced amount and other payments to be refunded to customers.

If specifically requested by a customer and subject to the relevant agreements between parties, the project owner will also obtain from the aforesaid bank a specific bank guarantee covering the financial obligations to this buyer. No payment will be made by such buyer until such buyer receives the specific bank guarantee as requested.



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