

THE PRESIDENT

THE SOCIALIST REPUBLIC OF VIETNAM
Independence - Freedom - Happiness

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Hanoi, December 8, 2015

ORDER
On the promulgation of law¹

THE PRESIDENT
OF THE SOCIALIST REPUBLIC OF VIETNAM

Pursuant to Articles 88 and 91 of the Constitution of the Socialist Republic of Vietnam;

Pursuant to Article 91 of the Law on Organization of the National Assembly;

Pursuant to Article 57 of the Law on Promulgation of Legal Documents,

PROMULGATES

The Civil Code,

which was passed on November 24, 2015, by the XIIIth National Assembly of the Socialist Republic of Vietnam at its 10th session.-

President of the Socialist Republic of Vietnam
TRUONG TAN SANG

¹ Công Báo Nos 1243-1244 (28/12/2015)

THE CIVIL CODE²

*Pursuant to the Constitution of the Socialist Republic of Vietnam;
The National Assembly promulgates the Civil Code.*

PART ONE GENERAL PROVISIONS

Chapter I

GENERAL PROVISIONS

Article 1. Scope of regulation

The Civil Code prescribes the legal status, legal standards for the conduct of individuals and legal persons; the personal and property rights and obligations of individuals and legal persons in relations established on the basis of equality, freedom of will, independence of property, and self-responsibility (below referred collectively to as civil relations).

Article 2. Recognition, respect for, protection and guarantee of civil rights

1. In the Socialist Republic of Vietnam, all civil rights shall be recognized, respected, protected and guaranteed in accordance with the Constitution and law.

2. Civil rights may not be limited unless it is prescribed by a law in case of necessity for reasons of national defense, national security, social order and safety, social morality and community well-being.

Article 3. Fundamental principles of civil law

² Công Báo Nos 1243-1246 (28/12/2015)

1. All individuals and legal persons are equal and shall not invoke any reasons for discrimination; and have personal and property rights protected equally by law.

2. Individuals and legal persons may establish, perform and terminate their civil rights and obligations on the basis of free and voluntary commitment and agreement. All commitments and agreements that are neither prohibited by law nor contrary to social morality shall be binding on the parties and be respected by other subjects.

3. Individuals and legal persons shall act in goodwill and honesty in the establishment, performance and termination of their civil rights and obligations.

4. The establishment, performance and termination of civil rights and obligations may not infringe upon the national interests, people's interests, public interests or lawful rights and interests of other persons.

5. Individuals and legal persons must themselves be liable for the non-performance or incorrect performance of civil obligations.

Article 4. Application of the Civil Code

1. This Code is the general law for regulating civil relations.

2. Other relevant laws that regulate civil relations in specific fields must not contravene the fundamental principles of civil law prescribed in Article 3 of this Code.

3. In case another relevant law makes no provisions or makes provisions which, however, violate Clause 2 of this Article, the provisions of this Code shall apply.

4. In case the provisions regarding the same issue of this Code and a treaty to which the Socialist Republic of Vietnam is a contracting party are different, the provisions of such treaty shall apply.

Article 5. Application of customary practices

1. Customary practices are the code of conduct that contain clear contents for the determination of the rights and obligations of individuals and legal persons in particular civil relations, are established and repeated for many times in a long time, and are widely recognized and applied in an area, a region, an ethnicity, a residential community or a civil field.

2. In case it is neither agreed upon by the parties nor prescribed by law, customary practices can be applied but must not contravene the fundamental principles of civil law prescribed in Article 3 of this Code.

Article 6. Application of analogous law

1. In case arise relations within the scope of regulation of civil law in which it is neither agreed upon by the parties nor prescribed by law, and no customary practices are applied, the provisions of law that regulate similar civil relations shall apply.

2. In case analogous law cannot be applied in accordance with Clause 1 of this Article, the fundamental principles of civil law prescribed in Article 3 of this Code, and court precedents and equity shall apply.

Article 7. State policies concerning civil relations

1. The establishment, performance and termination of civil rights and obligations must ensure the preservation of national identity, respect and promote fine customs, practices and traditions, solidarity, mutual affection, the principle of every individual for the community and the community for every individual, and the noble moral values of ethnicities living together on the Vietnamese territory.

2. In civil relations, conciliation between the parties in accordance with law shall be encouraged.

Chapter II

ESTABLISHMENT, PERFORMANCE AND PROTECTION OF
CIVIL RIGHTS

Article 8. Bases for establishment of civil rights

Civil rights shall be established on the following bases:

1. Contract;
2. Unilateral legal act;
3. Decision of the court or another competent agency as prescribed by a law;
4. Results of labor, production and business; results of activities that create intellectual property objects;
5. Possession of property;
6. Use of or benefitting from property without a legal basis;
7. Damage caused by an illegal act;
8. Unauthorized performance of a task;
9. Other bases prescribed by law.

Article 9. Performance of civil rights

1. Individuals and legal persons shall perform their civil rights of their own free will but not in contravention of the provisions of Articles 3 and 10 of this Code.

2. The non-performance of their civil rights by individuals and legal persons shall not be regarded as the basis for the termination of rights, unless otherwise prescribed by a law.

Article 10. Limitations on performance of civil rights

1. Individuals and legal persons may not abuse their civil rights to cause damage to others, violate their obligations or realize an illegal purpose.

2. In case an individual or a legal person fails to comply with Clause 1 of this Article, the court or another competent agency may base itself on the characteristics and consequences of the violation to not protect a part or the whole of his/her/its rights, order compensation for any damage, or apply other sanctions as prescribed by a law.

Article 11. Methods of protection of civil rights

When the civil rights of an individual or a legal person are infringed upon, he/she/it has the right to protect such rights by himself/herself/itself in accordance with this Code and other relevant laws or to request a competent agency or organization to:

1. Recognize, respect, protect and ensure his/her/its civil rights;
2. Order termination of the act of violation;
3. Order a public apology and/or rectification;
4. Order the performance of obligations;
5. Order compensation for damage.
6. Cancel an illegal specific decision of a competent agency, organization or individual;
7. Other requests as prescribed by a law.

Article 12. Self-protection of civil rights

The self-protection of civil rights must correspond to the characteristics and level of infringement upon such rights, and may not contravene the fundamental principles of civil law prescribed in Article 3 of this Code.

Article 13. Compensation for damage

Individuals and legal persons whose civil rights are infringed upon are entitled to compensation for the whole damage, unless otherwise agreed upon by the parties or prescribed by a law.

Article 14. Protection of civil rights through competent agencies

1. The court and other competent agencies shall respect and protect civil rights of individuals and legal persons.

In case civil rights are infringed upon or in dispute, the protection of these rights must comply with the procedure law at court or arbitration.

The protection of civil rights according to administrative procedures shall be implemented in cases prescribed by a law. The decision to settle a case or matter according to administrative procedures shall be reconsidered at court.

2. The court may not decline to settle a civil case or matter for the reason that it has no laws to apply; in this case, the provisions of Articles 5 and 6 of this Code shall apply.

Article 15. Cancellation of illegal specific decisions of competent agencies, organizations and persons

During the settlement of a request for protection of civil rights, the court or another competent agency may cancel the illegal specific decision of a competent agency, organization or person.

In case a specific decision is cancelled, the civil rights which are infringed upon shall be restored and may be protected by the methods prescribed in Article 11 of this Code.

Chapter III

INDIVIDUALS

Section 1

CIVIL LEGAL CAPACITY, CIVIL ACT CAPACITY OF
INDIVIDUALS

Article 16. Civil legal capacity of individuals

1. The civil legal capacity of an individual is his/her capability to have civil rights and civil obligations.

2. All individuals have the same civil legal capacity.

3. The civil legal capacity of an individual exists from the time he/she is born and terminates when he/she dies.

Article 17. Contents of the civil legal capacity of an individual

1. Personal rights not associated with property, and personal rights associated with property;

2. Ownership right, inheritance right and other rights over property;

3. Right to participate in civil relations and to assume obligations arising from such relations.

Article 18. No restrictions on the civil legal capacity of an individual

The civil legal capacity of an individual shall not be restricted, unless otherwise prescribed by this Code or other relevant laws.

Article 19. Civil act capacity of individuals

The civil act capacity of an individual is his/her capability to establish and exercise civil rights and perform civil obligations through his/her acts.

Article 20. Adults

1. An adult is a person who reaches full eighteen years of age or older.

2. An adult has full civil act capacity, except for the cases prescribed in Articles 22, 23 and 24 of this Code.

Article 21. Minors

1. A minor is a person who does not yet reach full eighteen years of age.

2. A person who does not yet reach full six years of age must have his/her civil transactions established and performed by his/her at-law representative.

3. A person who is aged between full six years and under full fifteen years must have the consent of his/her at-law representative when establishing and performing civil transactions, except for transactions to meet his/her daily-life needs suitable to his/her age.

4. A person who is aged between full fifteen years and under eighteen years may establish and perform civil transactions by himself/herself, except for transactions related to immovable property or movable property subject to registration, and other civil transactions that are required by law to have the consent of his/her at-law representative.

Article 22. Loss of civil act capacity

1. When a person is incapable of perceiving or controlling his/her acts due to a mental disease or another ailment, the court may, at the request of a person with related rights or interests or of a concerned agency or organization, issue a decision to declare that he/she has lost his/her civil act capacity, based on a mental medical examination conclusion.

When there is no longer a basis for declaring a person as having lost his/her civil act capacity, the court shall, at the request of such person or of a person with related rights or interests or of a concerned agency or organization, issue a decision to cancel the decision declaring the loss of civil act capacity.

2. Civil transactions of a person who has lost his/her civil act capacity shall be established and performed by his/her at-law representative.

Article 23. Persons with difficulty in perceiving and controlling their acts

1. An adult who has not yet lost his/her civil act capacity but does not have full capacity to perceive and control his/her acts due to physical or mental conditions may, based on a mental medical examination conclusion, be declared by decision of the court to be a person with difficulty in perceiving and controlling his/her acts, at the request of such person or of a person with related rights or interests or of a concerned agency or organization, and may be nominated a guardian whose rights and obligations are decided by the court.

2. When there is no longer a basis for declaring that a person has difficulty in perceiving and controlling his/her acts, the court shall, at the request of such person or of a person with related rights or interests or of a concerned agency or organization, issue a decision to cancel the decision declaring that he/she has difficulty in perceiving and controlling his/her acts.

Article 24. Limited civil act capacity

1. A person whose addiction to narcotics or to other stimulants leads to the squandering of his/her family's property may be declared by decision of the court to be a person with a limited civil act capacity, at the request of a person with related rights or interests or of a concerned agency or organization.

The court shall decide the at-law representative for a person with a limited civil act capacity and the scope of such representation.

2. The establishment and performance of civil transactions related to the property of a person declared by the court to be a person with a limited civil act capacity must have the consent of his/her at-law representative, except for transactions to meet his/her daily-life needs or unless otherwise prescribed by relevant laws.

3. When there is no longer a basis for declaring that a person has a limited civil act capacity, the court shall, at the request of such person or of a person with related rights or interests or of a concerned agency or

organization, issue a decision to cancel the decision declaring that such person has limited civil act capacity.

Section 2

PERSONAL RIGHTS

Article 25. Personal rights

1. Personal rights governed by this Code are civil rights inherent to each individual, which cannot be transferred to other persons, unless otherwise prescribed by other laws.

2. The establishment and performance of civil relations related to personal rights of minors, persons who have lost their civil act capacity or persons with difficulty in perceiving and controlling their acts must have the consent of their at-law representatives as prescribed in this Code, other relevant laws or decisions of the court.

The establishment and performance of civil relations related to personal rights of a person who has been declared missing or dead must have the consent of his/her spouse or adult child(ren); in case there are none of these persons, they must have the consent of his/her parents, unless otherwise prescribed by this Code or other relevant laws.

Article 26. The right to have a family name and a given name

1. An individual has the right to have a family name and a given name (including a middle name, if any). The family and given names of a person shall be the family and given names in the birth certificate of such person.

2. The family name of an individual must be the family name of his/her biological father or mother in accordance with the agreement of his/her parents; in the absence of such agreement, the family name of a child shall be determined in accordance with customary practices. In case the biological father has not yet been identified, the family name of a child must be that of his/her biological mother.

In case an abandoned child whose biological father and mother have not yet been identified is adopted, his/her family name must be the family name of the adoptive father or mother in accordance with the agreement of the adoptive parents. In case there is only one adoptive father or mother, the family name of the child must be that of such person.

In case an abandoned child whose biological father and mother have not yet been identified has not yet been adopted, his/her family name shall be determined at the request of the head of the establishment

nurturing him/her or of a person temporarily taking care of the child and requests to register his/her birth.

Biological father and mother referred to in this Code are parents determined on the basis of childbirth events; and people asking for gestational surrogacy with regard to persons born from gestational surrogacy in accordance with the Law on Marriage and Family.

3. The giving of name shall be restricted in case lawful rights and interests of other persons are infringed upon or it contravenes the fundamental principles of civil law prescribed in Article 3 of this Code.

Names of Vietnamese citizens must be in Vietnamese or languages of other ethnic Vietnamese; and may not be given in numbers or characters that are not words.

4. An individual shall establish and perform civil rights and obligations in his/her family and given names.

5. The use of pseudonyms and pen names must not cause damage to lawful rights and interests of other persons.

Article 27. The right to change family name

1. An individual has the right to request a competent state agency to recognize the change of his/her family name in the following cases:

a/ The family name of a child is changed from that of the biological father to that of the biological mother or vice versa;

b/ The family name of an adopted child is changed from that of the biological father or mother to that of the adoptive father or mother at the request of the adoptive father and mother;

c/ An adopted child ceases to be an adopted child and he/she or his/her biological father or mother requests to reclaim the family name which was given to him/her by the biological father or mother;

d/ It is so requested by the biological father or mother or the child when identifying the father and/or mother of the child;

dd/ The family name of a person who was lost from his/her childhood and has discovered the origin of his/her bloodline is changed;

e/ The family name is changed after the family name of the wife or husband in marriage and family relations involving foreign elements to comply with the law of the country where the foreign wife or husband is a citizen, or the family name before making such change is reclaimed;

g/ The family name of a child is changed due to change of that of his/her parent;

h/ Other cases specified by the law on civil status.

2. The change of the family name of a person who is aged full nine years or older must be consented by that person.

3. The change of the family name of an individual may neither change nor terminate the civil rights and obligations that have been established under the former family name.

Article 28. The right to change given name

1. An individual has the right to request a competent state agency to recognize the change of his/her given name in the following cases:

a/ It is so requested by the person who has a given name the use of which causes confusion or affects the feelings of his/her family, the honor, lawful rights and interests of such person;

b/ An adoptive father or mother requests to change the given name of an adopted child, or an adopted child ceases to be an adopted child and he/she or his/her biological father or mother requests to reclaim the given name which was given to him/her by the biological father or mother;

c/ It is so requested by the biological father or mother or the child when identifying the father and/or mother of the child;

d/ The given name of a person who was lost from his/her childhood and has discovered the origin of his/her bloodline is changed;

dd/ The given name of the wife or husband in marriage and family relations involving foreign elements is changed to comply with the law of the country where the foreign wife or husband is a citizen, or the previous given name is reclaimed;

e/ The given name of a person whose gender has been re-determined or a person whose gender has been reassigned;

g/ Other cases specified by the law on civil status.

2. The change of the given name of a person who is aged full nine years or older must be consented by that person.

3. The change of the given name of an individual may neither change nor terminate the civil rights and obligations which have been established under the former given name.

Article 29. The right to determine and re-determine ethnicity

1. An individual has the right to determine and re-determine his/her ethnicity.

2. An individual may, upon his/her birth, have his/her ethnicity determined according to the ethnicity of his/her biological mother and father. In case the biological father and mother belong to two different ethnicities, the ethnicity of the child shall be determined as the ethnicity of the father or the ethnicity of the mother in accordance with the agreement of the biological father and mother; in the absence of such agreement, the ethnicity of the child shall be determined in accordance with customary practices; in case the customary practices are different, the ethnicity of the child shall be determined according to the customary practices of the ethnicity having a smaller population.

In case an abandoned child whose biological father and mother have not yet been identified is adopted, his/her ethnicity shall be determined as the ethnicity of the adoptive father or mother in accordance with the agreement of the adoptive father and mother. In case there is only one adoptive father or mother, the family ethnicity of the child must be that of such person.

In case an abandoned child whose biological father and mother have not yet been identified has not yet been adopted, his/her ethnicity shall be determined at the request of the head of the establishment nurturing him/her or of a person temporarily taking care of the child at the time his/her birth is registered.

3. An individual has the right to request a competent state agency to re-determine his/her ethnicity in the following cases:

a/ To re-determine his/her ethnicity according to the ethnicity of the biological father or mother in case the biological father and mother belong to two different ethnicities;

b/ To re-determine his/her ethnicity according to the ethnicity of the biological father or mother in case the biological father and mother of the adopted child have been identified.

4. The re-determination of ethnicity for a person aged between full fifteen years and under eighteen years must be consented by that person.

5. The taking advantage of the re-determination of ethnicity to seek profits or to divide, and undermine the unity of, Vietnamese ethnicities is prohibited.

Article 30. The right to registration of birth and death

1. An individual, when born, has the right to have his/her birth registered.

2. An individual, when died, must have his/her death registered.

3. If a newborn infant dies after living for at least twenty four hours, the infant's birth and death shall be registered; if the infant dies after living for less than twenty four hours, the infant's birth and death may not be registered, unless otherwise requested by his/her biological father and mother.

4. The registration of birth and death must comply with the law on civil status.

Article 31. The right to citizenship

1. An individual has the right to have a citizenship.

2. The determination of, change to, the naturalization, renunciation or restoration of, the Vietnamese citizenship must comply with the Law on Vietnamese Citizenship.

3. The rights of stateless persons residing and living on the Vietnamese territory shall be guaranteed by a law.

Article 32. The right of an individual over his/her picture

1. An individual has the right over his/her picture.

The use of a picture of an individual must have his/her consent.

When a picture of another individual is used for commercial purposes, he/she is entitled to a remuneration, unless otherwise agreed upon by the parties.

2. The use of pictures in the following cases is not required to have the consent of the picture's owner or his/her at-law representative:

a/ The picture is used for national and people's interests or public interests;

b/ The picture is used for public activities, including conferences, seminars, sports competition activities, art performances and other public activities that do not harm the honor, dignity or reputation of the picture's owner.

3. In case the use of a picture violates the provisions of this Article, the picture's owner has the right to request the court to issue a decision ordering the violator and related agencies, organizations and individuals to withdraw, destroy or terminate the use of the picture and pay compensation for damage, and take other handling measures in accordance with law.

Article 33. The right to live and safety of life, health and body

1. An individual has the right to live, inviolable right to life and body and right to protection of health by law. No one shall be killed illegally.

2. When a person discovers another person who has got an accident or is sick whereby his/her life is threatened, the person who discovers him/her has the responsibility to deliver such person to the nearest medical examination and treatment establishment or request other individuals, agencies and organizations having the necessary conditions to do so; medical examination and treatment establishments shall provide medical examination and treatment in accordance with the law on medical examination and treatment.

3. The anesthetization, surgery, amputation and transplantation of tissues and body organs; the application of new medical examination and treatment methods on the body of a person; and medical, pharmacy and scientific testing or any other forms of testing on the body of a person must have his/her consent and shall be implemented by competent organizations.

If the person being tested is a minor, has lost his/her civil act capacity, has difficulty in perceiving and controlling his/her acts, or is an unconscious patient, the consent of his/her father, mother, wife, husband, adult child or guardian is required; in case there is a threat to the life of a patient which cannot wait for the opinions of the above-said persons, a decision of a competent person of the medical examination and treatment establishment is required.

4. A post-mortem examination may be performed in one of the following cases:

a/ It is so consented by the decedent before his/her death;

b/ It is so consented by the decedent's father, mother, wife, husband, adult child or guardian when there is no opinion of the decedent before his/her death;

c/ It is so decided by the head of the medical examination and treatment establishment or of a competent state agency in case it is so prescribed by a law.

Article 34. The right to protection of honor, dignity and reputation

1. An individual's honor, dignity and reputation are inviolable and shall be protected by law.

2. An individual has the right to request the court to reject the information that adversely affects his/her honor, dignity and reputation.

The protection of honor, dignity and reputation may be carried out after an individual dies at the request of his/her wife, husband or adult child; in case there are none of these persons, the protection shall be carried out at the request of the decedent's father or mother, unless otherwise prescribed by a relevant law.

3. The information adversely affecting the honor, dignity and reputation of a person published on a mass medium shall be removed or rectified by that kind of medium. In case that information is kept by an agency, organization or individual, it shall be destroyed.

4. In case it is impossible to identify the person spreading the information adversely affecting the honor, dignity and reputation of a person, the affected person has the right to request the court to declare that such information is incorrect.

5. An individual whose honor, dignity or reputation is adversely affected by a piece of information has, apart from the right to request the rejection of such information, the right to request the person spreading such information to make a public apology and/or rectification and compensate for damage.

Article 35. The right to donation and receipt of human tissues and organs and donation and receipt of cadavers

1. An individual has the right to donate his/her tissues and body organs when he/she is alive or donates his/her tissues, body organs and cadaver after he/she dies for the purpose of medical treatment of other persons or medical, pharmaceutical and other scientific researches.

2. An individual has the right to receive tissues and body organs of other persons for his/her medical treatment. Medical examination and treatment establishments and legal persons having the competence to conduct scientific research has the right to receive human organs and cadavers for medical treatment or medical and pharmaceutical testing and other scientific researches.

3. The donation and receipt of human tissues and organs and donation and receipt of cadavers must satisfy the conditions prescribed by, and shall be carried out in accordance with, this Code, the Law on Donation, Receipt and Transplantation of Human Tissues and Organs and Donation and Receipt of Cadavers, and other relevant laws.

Article 36. The right to re-determination of gender

1. An individual has the right to re-determination of his/her gender.

The re-determination of gender for a person shall be performed in case his/her gender is affected with inborn defects or has not been

properly shaped, which needs the medical intervention to clearly determine the gender.

2. The re-determination of gender must comply with the provisions of law.

3. An individual who has re-determined his/her gender has the right and obligation to register for change of his/her civil status in accordance with the law on civil status; and has his/her personal rights suitable to the gender re-determined in accordance with this Code and other relevant laws.

Article 37. Gender reassignment

The reassignment of gender must comply with a law. An individual whose gender has been reassigned has the right and obligation to register for change of his/her civil status in accordance with the law on civil status; and has his/her personal rights suitable to the gender reassigned in accordance with this Code and other relevant laws.

Article 38. The right to private life and personal and family secrets

1. The private life and personal and family secrets are inviolable and shall be protected by law.

2. The collection, storage, use and publication of information relating to the private life and personal secrets of an individual must be consented by that person, and the collection, storage, use and publication of information relating to family secrets must be consented by all family members, unless otherwise prescribed by a law.

3. Letters, telephones, telegrams, electronic database and other forms of exchanging personal information of individuals shall be safely and confidentially guaranteed.

The opening, control and seizure of letters, telephones, telegrams, electronic database and other forms of exchanging personal information of individuals may be performed only in cases prescribed by a law.

4. Contractual parties may not disclose information on private life and personal and family secrets of each other that they have come to know during the making and performance of their contract, unless otherwise agreed upon.

Article 39. Personal rights in marriage and family

1. An individual has the right to marriage and divorce, the right to equality between husband and wife, the right to determination of father, mother or child, the right to be adopted, the right to adopt a child and other personal rights in marital relation, parent-and-child relation and relations among family members.

Each child upon his/her birth has, regardless of his/her parents' marital status, the same rights and obligations to his/her parents.

2. Individuals shall exercise their personal rights in marriage and family in accordance with this Code, the Law on Marriage and Family and other relevant laws.

Section 3

PLACE OF RESIDENCE

Article 40. Place of residence of individuals

1. The place of residence of an individual is the place where he/she permanently lives.

2. In case it is impossible to identify an individual's place of residence as prescribed in Clause 1 of this Article, his/her place of residence shall be the place where such person currently lives.

3. In case one of the parties to a civil relation changes his/her place of residence in association with the exercise of rights and performance of obligations, he/she shall notify the other party of the new place of residence.

Article 41. Place of residence of minors

1. The place of residence of a minor is that of his/her parents; if the parents have separate places of residence, the place of residence of the minor is that of the father or mother with whom the minor permanently lives.

2. A minor may have a place of residence separate from that of his/her father and mother, if it is so agreed by his/her parents or so prescribed by law.

Article 42. Place of residence of wards

1. The place of residence of a ward is that of his/her guardian.

2. A ward may have a place of residence separate from that of his/her guardian, if it is so agreed by the guardian or so prescribed by law.

Article 43. Place of residence of husband and wife

1. The place of residence of a husband and a wife is the place where the husband and the wife permanently live together.

2. A husband and a wife may have separate places of residence, if they so agree upon.

Article 44. Place of residence of military personnel

1. The place of residence of military personnel currently performing his/her military obligations is the place where the military personnel's unit is stationed.

2. The place of residence of an army officer, a professional military personnel, a defense worker or employee is the place where his/her unit is stationed, unless he/she has a place of residence as prescribed in Clause 1, Article 40 of this Code.

Article 45. Place of residence of persons performing itinerant occupations

The place of residence of a person performing an itinerant occupation on a ship, boat or other means for itinerant work is the place of registration of such ship, boat or means, unless he/she has a place of residence as prescribed in Clause 1, Article 40 of this Code.

Section 4

GUARDIANSHIP

Article 46. Guardianship

1. Guardianship is a task whereby an individual or a legal person is required by a law or appointed by a commune-level People's Committee or assigned by the court or as prescribed in Clause 2, Article 48 of this Code (below referred collectively to as guardian) to take care of and protect the lawful rights and interests of a minor, a person who has lost his/her civil act capacity or a person with difficulty in perceiving and controlling his/her acts (below referred collectively to as ward).

2. The guardianship of a person with difficulty in perceiving and controlling his/her acts must be consented by such person if he/she is capable of expressing his/her will at the time he/she requests the guardianship.

3. The guardianship shall be registered with a competent state agency in accordance with the law on civil status.

A natural guardian shall fulfill his/her obligations even when he/she does not register his/her guardianship.

Article 47. Wards

1. Wards include:

a/ Minors who have lost their mothers and fathers or whose parents are unidentifiable;

b/ Minors whose mothers and fathers are still alive but have both lost their civil act capacity; whose parents have difficulty in perceiving and controlling acts; whose parents have limited civil act capacity;

whose parents have had their parental rights restricted by the court; or whose parents have no conditions to take care of and to educate such minors and if their parents request a guardian;

c/ Persons who have lost their civil act capacity;

d/ Persons with difficulty in perceiving and controlling their acts.

2. A person may be a ward of only one guardian, except for father and mother guarding one child or grandfather and grandmother guarding one grandchild.

Article 48. Guardians

1. Individuals and legal persons who meet all the conditions prescribed in this Code may act as guardians.

2. In case a person with full civil act capacity selects a guardian for himself/herself when he/she needs the guardianship, an individual or a legal person shall be selected as his/her guardian if such person agrees. The selection of guardian shall be made in writing and notarized or certified.

3. An individual or a legal person may be a guardian for more than one person.

Article 49. Conditions on individuals to act as guardians

An individual who meets all of the following conditions may act as an guardian:

1. Having full civil act capacity;

2. Having good virtues and necessary conditions to exercise the rights and perform the obligations of a guardian.

3. Not being examined for penal liability or having had his/her criminal records expunged after having been sentenced for one of the crimes of intentionally infringing upon the life, health, honor, dignity or property of other persons;

4. Having no parental rights to minor child restricted by the court.

Article 50. Conditions on legal persons to act as guardians

A legal person that meets all of the following conditions may act as a guardian:

1. Having civil legal capacity suitable for guardianship;

2. Having necessary conditions to exercise the rights and perform the obligations of a guardian.

Article 51. Supervision of guardianship

1. The next of kin of a ward shall reach agreement to appoint a person among the next of kin or choose another individual or legal person to supervise the guardianship.

The appointment or selection of a person who supervises the guardianship must have the consent of such person.

In case the supervision of guardianship relates to the management of property of the ward, the person who supervises the guardianship shall register with the communal-level People's Committee of the place where the ward resides.

A ward's next of kin include his/her spouse, parents or children; if none of these people is available, the ward's next of kin may be his/her grandparents and full brothers and sisters; if none of these persons is available either, the ward's next of kin may be his/her biological uncles and aunts.

2. In case a ward has no next of kin or his/her next of kin cannot appoint or choose anyone to supervise the guardianship as prescribed in Clause 1 of this Article, the commune-level People's Committee of the place where the guardian resides shall appoint an individual or a legal person to supervise the guardianship.

3. A guardianship supervisor must have full civil act capacity, if being an individual, or full civil legal capacity, if being a legal person, suitable to the supervision; and must have necessary conditions to perform the supervision.

4. A guardianship supervisor has the following rights and obligations:

a/ To monitor and inspect the guardian in his/her performance of guardianship;

b/ To review and give timely opinions in writing on the establishment and performance of civil transactions as prescribed in Article 59 of this Code;

c/ To request a state agency having competence on guardianship to consider and permit change or termination of the guardianship or supervision of guardianship.

Article 52. The natural guardian of a minor

The natural guardian of a minor prescribed at Points a and b, Clause 1, Article 47 of this Code shall be identified in the following order:

1. The eldest full brother or sister shall be the guardian; in case the eldest brother or sister does not fully meet the conditions for acting as a guardian, the next eldest brother or sister shall be the guardian, unless it

is otherwise agreed that another full brother or sister shall be the guardian;

2. If none of the guardians prescribed in Clause 1 of this Article is available, the paternal grandfather and grandmother or the maternal grandfather and grandmother shall be the guardian or these persons shall reach agreement to appoint one or several of them to be the guardian(s);

3. If none of the guardians prescribed in Clauses 1 and 2 of this Article is available, the biological uncle or aunt of that person shall be the guardian.

Article 53. The natural guardian of a person who has lost his/her civil act capacity

If none of the guardians prescribed in Clauses 2, Article 48 of this Code is available, the natural guardian of a person who has lost his/her civil act capacity shall be identified as follows:

1. In case the wife has lost her civil act capacity, her husband shall be her guardian; if the husband has lost his civil act capacity, his wife shall be his guardian;

2. In case the father and mother have both lost their civil act capacity or either of them has lost his/her civil act capacity while the other does not fully meet the conditions to be a guardian, the eldest child shall be the guardian; if the eldest child does not fully meet the conditions to be a guardian, the next eldest child who fully meets the conditions to be a guardian shall be the guardian;

3. In case an adult who has lost his/her civil act capacity has no wife or husband, no children or his wife or her husband and children do not fully meet the conditions to be a guardian, his/her father or mother shall be the guardian.

Article 54. Assignment and appointment of guardians

1. In case a minor or a person who has lost his/her civil act capacity does not have a natural guardian as prescribed in Articles 52 and 53 of this Code, the communal-level People's Committee of the place where the ward resides has the responsibility to assign a guardian.

In case of a dispute over the guardian or appointment of the guardian among the guardians prescribed in Articles 52 and 53 of this Article, the court shall appoint the guardian.

The assignment or appointment of a guardian for a minor aged full six years or older must take into consideration his/her expectation.

2. The assignment of a guardian must be consented by the person who is assigned to be a guardian.

3. The assignment of a guardian shall be made in writing, clearly stating the reason for assigning the guardian, the specific rights and obligations of the guardian and the status of the ward's property.

4. Except for the cases prescribed in Clause 2, Article 48 of this Code, the guardian of a person with difficulty in perceiving and controlling his/her acts shall be appointed by the court from among the guardians mentioned in Article 53 of this Code. If none of the guardians prescribed above is available, the court shall appoint the guardian or request a legal person to implement the guardianship.

Article 55. Obligations of guardians toward wards aged under full fifteen years

1. To take care of and educate the ward.

2. To represent the ward in civil transactions, unless it is prescribed by law that wards aged under full fifteen years can establish and perform civil transactions by themselves.

3. To manage the property of the ward.

4. To protect the lawful rights and interests of the ward.

Article 56. Obligations of guardians toward wards aged between full fifteen years and under full eighteen years

1. To represent the ward in civil transactions, unless it is prescribed by law that wards who are aged between full fifteen years and under full eighteen years can establish and perform civil transactions by themselves.

2. To manage the property of the ward, unless otherwise prescribed by law.

3. To protect the lawful rights and interests of the ward.

Article 57. Obligations of guardians toward wards who have lost their civil act capacity and persons with difficulty in perceiving and controlling their acts

1. The guardian of a person who has lost his/her civil act capacity has the following obligations:

a/ To take care of and ensure the medical treatment for the ward;

b/ To represent the ward in civil transactions;

c/ To manage the property of the ward;

d/ To protect the lawful rights and interests of the ward.

2. The guardian of a person with difficulty in perceiving and controlling his/her acts has the obligations among those prescribed in Clause 1 of this Article in accordance with a decision of the court.

Article 58. Rights of guardians

1. The guardian of a minor or a ward who has lost his/her civil act capacity has the following rights:

a/ To use the property of the ward in order to take care of and pay for essential needs of the ward;

b/ To be paid for all reasonable expenses for the management of the ward's property;

c/ To represent the ward in the establishment and performance of civil transactions and exercise other rights in accordance with law in order to protect the lawful rights and interests of the ward.

2. The guardian of a person with difficulty in perceiving and controlling his/her acts has the rights among those prescribed in Clause 1 of this Article in accordance with a decision of the court.

Article 59. Management of property of wards

1. The guardian of a minor or a ward who has lost his/her civil act capacity shall manage the property of his/her ward as if it were his/her own property; and may perform civil transactions related to the property of his/her ward in the interests of the ward.

The sale, exchange, lease, lending, pledge, mortgage, deposit and other civil transactions involving the property of the ward, which has a large value, must be consented by the guardianship supervisor.

The guardian may not donate the property of his/her ward to other persons. Civil transactions between the guardian and his/her ward in connection with the latter's property are all invalid, unless such transactions are performed in the interests of the ward and agreed upon by the guardianship supervisor.

2. The guardian of a person with difficulty in perceiving and controlling his/her acts shall manage the property of the ward within the scope prescribed in Clause 1 of this Article according to a decision of the court.

Article 60. Replacement of guardians

1. A guardian may be replaced in the following cases:

a/ The guardian no longer meets all of the conditions specified in Articles 49 and 50 of this Code;

b/ The guardian being an individual dies or has been declared by the court as having a limited civil act capacity, having difficulty in perceiving and controlling his/her acts, having lost his/her civil act capacity or missing; or the legal person being the guardian ceases its existence;

c/ The guardian seriously violates a guardian's obligations;

d/ The guardian proposes his/her replacement and another person agrees to assume the guardianship.

2. In case of changing a natural guardian, the persons defined in Articles 52 and 53 of this Code shall assume the role of natural guardians; if there is no natural guardian, the assignment or appointment of a guardian must comply with Article 54 of this Code.

3. The procedures for replacement of a guardian must comply with the law on civil status.

Article 61. Transfer of guardianship

1. Upon the replacement of a guardian, the person who has performed the guardianship has to transfer the guardianship to his/her replacement within 15 days from the date a new guardian is found.

2. The transfer of guardianship shall be made in writing, clearly stating the reason for the transfer, the status of the property and other relevant issues of the ward at the time of transfer. The agency that assigned or appointed the guardian and the supervisor of the guardianship shall witness the transfer of guardianship.

3. In case of replacement of a guardian as specified in Clause 1, Article 60 of this Code, the agency that assigned or appointed the guardian shall make a written record thereof, clearly stating the status of the property and other relevant issues of the ward and the rights and obligations which have arisen in the course of performing the guardianship for transfer to the new guardian to the witness of the guardianship supervisor.

Article 62. Termination of guardianship

1. A guardianship shall terminate in the following cases:

a/ The ward has obtained full civil act capacity;

b/ The ward dies;

c/ The father and/or mother of the minor ward have/has fully met the conditions to exercise their rights and perform their obligations;

d/ The ward has been adopted.

2. The procedures for termination of guardianship must comply with the law on civil status.

Article 63. Consequences of the termination of guardianship

1. In case the ward has obtained full civil act capacity, within 15 days from the date the guardianship terminates, the guardian shall settle the property with the ward and transfer to the ward the rights and obligations which have arisen from civil transactions in the interests of the ward.

2. In case the ward dies, within 3 months from the date the guardianship terminates, the guardian shall settle the property with the ward's heirs or transfer the property to a person managing the ward's heritage and transfer to the ward's heirs the rights and obligations which have arisen from civil transactions in the interests of the ward; if the ward's heirs are unidentifiable upon the expiry of such time limit, the guardian shall continue to manage the property of the ward until the property has been settled in accordance with the law on inheritance and shall notify such to the commune-level People's Committee of the place where the ward resides.

3. In case of termination of guardianship prescribed at Points c and d, Clause 1, Article 62 of this Code, within 15 days from the date the guardianship terminates, the guardian shall settle the property and transfer to the mother and/or father of the ward the rights and obligations which have arisen from civil transactions in the interests of the ward.

4. The settlement of property and transfer of rights and obligations prescribed by this Article shall be recorded in writing under the supervision of the guardianship supervisors.

Section 5

ANNOUNCEMENT OF SEARCH FOR PERSONS WHO ARE
ABSENT FROM THEIR PLACES OF RESIDENCE, DECLARATION
OF MISSING PERSONS AND DECLARATION OF DEATH

Article 64. Request for announcement of search for persons who are absent from their places of residence and the management of their property

When a person has disappeared for six or more consecutive months, a person with related rights or interests has the right to request the court to make an announcement of search for the person absent from his/her place of residence under the civil procedure law and may request the court to apply measures to manage the property of such person as prescribed in Article 65 of this Code.

Article 65. Management of the property of a person who is absent from his/her place of residence

1. At the request of a person with related rights or interests, the court shall hand over the property of a person absent from his/her place of residence to the following persons for management:

a/ The person who has been authorized by the absent person to manage the latter's property shall continue to manage such property;

b/ For a common property, the remaining co-owner(s) shall manage such property;

c/ The property being currently managed by the wife or the husband will continue to be managed by the wife or the husband; when the wife or the husband dies or loses her/his civil act capacity or has difficulty in perceiving and controlling his/her acts or has a limited civil act capacity, a child who has attained adulthood or the father or mother of the absent person shall manage the latter's property.

2. In case there are none of the persons defined in Clause 1 of this Article, the court shall appoint a person among the next of kin of the absent person to manage his/her property; if the absent person does not have any next of kin, the court shall appoint another person to manage the property.

Article 66. Duties of the persons managing the property of persons absent from their places of residence

1. To keep and preserve the property of the absent persons as if it were their own property;

2. To immediately sell the property being subsidiary food crops or other products being in danger of spoilage;

3. To perform the absent person's obligations to support his/her dependents and pay due debts or perform other financial obligations of the absent person with such person's property under the court's decisions;

4. To return the property to the absent person upon his/her return and to notify the court thereof; if they are at fault in the management of property, thereby causing damage, they shall compensate for such damage.

Article 67. Rights of the persons managing the property of persons absent from their places of residence

1. To manage the property of the absent person;

2. To deduct a portion from the property of the absent person in order to perform the latter's obligations to support his/her dependents and obligations to pay due debts or other financial obligations of the absent person;

3. To be paid for all expenses necessary for the management of the property of the absent person.

Article 68. Declaration of missing

1. When a person has disappeared for two or more consecutive years and there is no reliable information on whether such person is still alive or dead although notification and search measures have been fully applied in accordance with the civil procedure law, the court may, at the request of a person with related rights or interests, declare that such person is missing.

The two-year time limit shall be counted from the date the last information on such person is obtained; if the date of the last information cannot be determined, this time limit shall be counted from the first day of the month following the month when the last information is received; if the date and month of the last information cannot be determined, this time limit shall be counted from the first day of the year following the year when the last information is received.

2. In case the wife or the husband of a person who has been declared missing files for a divorce, the court shall settle the divorce in accordance with the law on marriage and family.

3. The decision of the court declaring that a person is missing shall be sent to the commune-level People's Committee of the place where the person who has been declared missing last resides for making records in accordance with the law on civil status.

Article 69. Management of the property of persons who have been declared missing

The person currently managing the property of a person who is absent from his/her place of residence as prescribed in Article 65 of this Code shall continue to manage the property of such person when he/she is declared missing by the court and have the rights and obligations specified in Articles 66 and Article 67 of this Code.

In case the court has permitted the wife or the husband of the person who has been declared missing to divorce, the property of the missing person shall be handed over to the child who has attained adulthood or to the mother and/or father of the missing person for management; if there is no such person, the property shall be handed over to the next of kin of

the missing person for management; if there is no next of kin, the court shall appoint another person to manage the property.

Article 70. Cancellation of a decision declaring that a person is missing

1. When a person who has been declared missing returns or when there is reliable information that such person is still alive, the court shall, at the request of such person or a person with related rights or interests, issue a decision to cancel the decision declaring the missing of such person.

2. A person who has been declared missing shall, upon his/her return, be permitted to take back his/her property from the property manager after paying the management expenses.

3. In case the wife or the husband of a person who has been declared missing has been granted a divorce, the decision permitting the divorce shall remain legally effective, despite the return of the person who has been declared missing or the reliable information that such person is still alive.

4. The decision of the court on cancellation of the decision declaring a person missing shall be sent to the commune-level People's Committee of the place where the person who has been declared missing resides for making records in accordance with the law on civil status.

Article 71. Declaration of death

1. A person with related rights or interests may request the court to issue a decision declaring that a person is dead in the following cases:

a/ After three years from the date the court's decision declaring a person missing takes legal effect, there is still no reliable information that such person is alive;

b/ The person disappeared during a war and five years from the end of the war, there is still no reliable information that such person is alive;

c/ The person was hit by an accident, catastrophe or a natural disaster and two year from the end of such accident, catastrophe or natural disaster, there is still no reliable information that such person is alive, unless otherwise prescribed by law;

d/ The person has disappeared for five or more consecutive years and there is no reliable information that such person is still alive; this time limit shall be counted in accordance with Clause 1, Article 68 of this Code.

2. The court shall base itself on the cases specified in Clause 1 of this Article to determine the date of death of a person who has been declared dead.

3. The decision of the court declaring that a person is dead shall be sent to the commune-level People's Committee of the place where the person who has been declared dead resides for making records in accordance with the law on civil status.

Article 72. Personal relations and property relations of persons who have been declared dead by the court

1. When a decision of the court declaring that a person is dead becomes legally effective, all marriage and family relations and other personal relations of such person shall be settled if such person had died.

2. The property relations of a person whom the court has declared dead shall be settled as if such person had died; the property of such person shall be settled in accordance with the law on inheritance.

Article 73. Cancellation of a decision declaring death

1. When a person who has been declared dead returns or when there is reliable information that such person is still alive, the court shall, at the request of such person or of a person with related rights or interests, issue a decision to cancel the decision which declares that such person is dead.

2. The personal relations of the person who has been declared dead shall be restored when the court issues a decision to cancel the decision which declares that such person is dead, except for the following cases:

a/ The wife or the husband of the person who has been declared dead has been granted a divorce by the court in accordance with Clause 2, Article 68 of this Code; in this case the decision permitting the divorce shall remain legally effective;

b/ The wife or the husband of the person who has been declared dead has married another person; in this case such marriage shall remain legally effective.

3. A person who has been declared dead but is still alive has the right to demand the persons who received his/her inheritance to return the property or property value that still remains.

In case the heir of a person whom the court has declared dead is aware that such person is still alive, but deliberately conceals such information for the purpose of enjoying the inheritance, he/she shall return the entire property which he/she has received, including yields and profits; if causing damage, he/she shall compensate for such damage.

4. Property relations between the wife and husband shall be settled in accordance with this Code and the Law on Marriage and Family.

5. The decision of the court on cancellation of the decision declaring a person to be dead shall be sent to the communal-level People's Committee of the locality where the person who has been declared dead resides for making records in accordance with the law on civil status.

Chapter IV LEGAL PERSONS

Article 74. Legal persons

1. An organization shall be recognized as a legal person when it meets all the following conditions:

a/ Being established in accordance with this Code and other relevant laws;

b/ Having an organizational structure as prescribed in Article 83 of this Code;

c/ Possessing property independent from that of individuals and other organizations, and bearing its liability with its own property;

d/ Independently entering into legal relations in its own name.

2. All individuals and legal persons have the right to establish legal persons, unless otherwise prescribed by a law.

Article 75. Commercial legal persons

1. Commercial legal person is a legal person whose primary purpose is to seek profits, which shall be distributed to its members.

2. Commercial legal persons include enterprises and other economic organizations.

3. The establishment, operation and termination of commercial legal persons must comply with the provisions of this Code, the Law on Enterprises and other relevant provisions of law.

Article 76. Non-commercial legal persons

1. Non-commercial legal person is a legal person that does not have the primary purpose of seeking profits; and the profits that may arise shall not be distributed to its members.

2. Non-commercial legal persons include state agencies, people's armed forces units, political organizations, socio-political organizations, socio-political-professional organizations, social organizations, socio-

professional organizations, social funds, charity funds, social enterprises and other non-commercial organizations.

3. The establishment, operation and termination of non-commercial legal persons must comply with the provisions of this Code, the laws on organization of the state apparatus and other relevant provisions of law.

Article 77. Charter of a legal person

1. A legal person must have a charter in case it is so prescribed by law.

2. The charter of a legal person must have the following principal contents:

a/ Name of the legal person;

b/ Purpose and scope of its operation;

c/ Its head office; and branches or representative offices, if any;

d/ Its charter capital, if any;

dd/ At-law representative of the legal person;

e/ Its organizational structure, the procedures for nomination, election, appointment, relief of duty and dismissal; duties and powers of the positions in the managing body and other bodies;

g/ Conditions for becoming members of or withdrawing from the legal person, for legal persons having members;

h/ Rights and obligations of members, for legal persons having members;

i/ Procedures for passing decisions of the legal person; and principles for settling internal disputes;

k/ Procedures for amending and supplementing the charter;

l/ Conditions for consolidating, merging, dividing, splitting, transforming or dissolving the legal person.

Article 78. Name of a legal person

1. A legal person must have its own name in Vietnamese.

2. The name of a legal person must clearly indicate the legal person's organizational form and distinguish it from other legal persons operating in the same field.

3. A legal person must use its own name in civil transactions.

4. The name of a legal person shall be recognized and protected by law.

Article 79. Head office of a legal person

1. The head office of a legal person is the place where its managing body is located.

In case of relocation of its head office, the legal person shall publicize relocation.

2. The contact address of a legal person shall be the address of its head office. The legal person may select another place as its contact address.

Article 80. Citizenship of a legal person

Legal persons established in accordance with Vietnamese law are Vietnamese legal persons.

Article 81. Property of a legal person

The property of a legal person includes the contributed capital of owners, founders and members of such legal person and other property over which the legal person may establish its ownership rights in accordance with this Code and other relevant laws.

Article 82. Establishment and registration of a legal person

1. A legal person may be established on the initiative of an individual or another legal person, or under a decision of a competent state agency.

2. Registration of a legal person includes registration for establishment, registration for change and other registrations in accordance with law.

3. The registration of a legal person shall be publicized.

Article 83. Organizational structure of a legal person

1. A legal person must have its managing body. The organization, tasks and powers of the managing body of a legal person shall be stated in the charter of such legal person or in the decision on its establishment.

2. A legal person has other bodies in accordance with the decision of such legal person or in accordance with law.

Article 84. Branches and representative offices of a legal person

1. Branches and representative offices are dependent units of a legal person and are not legal persons.

2. A branch has the tasks of performing all or some of the functions of the legal person.

3. A representative office has the tasks of representing within the scope assigned by the legal person and protecting the interests of the legal person.

4. The establishment and closure of branches and representative offices of a legal person shall be registered in accordance with law and publicized.

5. The heads of branches or representative offices shall perform tasks under authorization of their legal person within the scope and duration of authorization.

6. A legal person has civil rights and obligations arising from civil transactions established and performed by its branches and representative offices.

Article 85. Representatives of a legal person

The representative of a legal person may be an at-law or authorized representative. The representative of a legal person shall abide by the provisions on representation in Chapter IX of this Part.

Article 86. Civil legal capacity of a legal person

1. The civil legal capacity of a legal person is its capability to have civil rights and obligations.

The civil legal capacity of a legal person shall not be restricted, unless otherwise prescribed by this Code or other relevant laws.

2. The civil legal capacity of a legal person shall arise from the time it is established or permitted for establishment by a competent state agency; the civil legal capacity of a legal person subject to registration of operation shall arise from the time it is recorded in the registration book.

3. The civil legal capacity of a legal person shall terminate from the time it ceases to be a legal person.

Article 87. Civil liability of a legal person

1. A legal person shall bear civil liability for the exercise of its civil rights and performance of its civil obligations established and performed by its representative in the name of the legal person.

A legal person shall take civil liability for the obligations established and performed by founders or representatives of founders for the establishment and registration of such legal person, unless otherwise agreed upon or prescribed by a law.

2. A legal person shall bear civil liability with its own property; shall not bear civil liability for its members for civil obligations

established and performed by such members not in the name of the legal person, unless otherwise prescribed by a law.

3. Members of a legal person shall not bear civil liability to the legal person for civil obligations established and performed by the legal person, unless otherwise prescribed by a law.

Article 88. Consolidation of legal persons

1. Legal persons may be consolidated to form a new legal person.

2. After the consolidation, the former legal persons shall terminate their existence from the time of establishment of the new legal person; the civil rights and obligations of such legal persons shall be transferred to the new legal person.

Article 89. Merger of legal persons

1. A legal person may be merged (below referred to as the merged legal person) into another legal person (below referred to as the merging legal person).

2. After the merger, the merged legal person shall cease its existence; and its civil rights and obligations shall be transferred to the merging legal person.

Article 90. Division of legal persons

1. A legal person may be divided into many legal persons.

2. After division, the divided legal person shall cease its existence; and its civil rights and obligations shall be transferred to the new legal persons.

Article 91. Splitting of legal persons

1. A legal person may be split into many legal persons.

2. After splitting, the split legal person and the splitting legal person shall perform their civil rights and obligations in accordance with their operational purposes.

Article 92. Transformation of legal persons

1. A legal person may transform into another legal person.

2. After transformation, the transformed legal person shall cease its existence at the time of establishment of the new legal person; the transforming legal person shall take over the civil rights and obligations of the transformed one.

Article 93. Dissolution of legal persons

1. A legal person shall be dissolved in the following cases:

- a/ Under the provisions of its charter;
- b/ By the decision of a competent state agency;
- c/ Upon the expiration of the term of operation stated in its charter or in the decision of a competent state agency;
- d/ Other cases as prescribed by law.

2. Before being dissolved, a legal person shall fulfill its property obligations.

Article 94. Settlement of property of a dissolved legal person

1. The property of a dissolved legal person shall be settled in the following order:

- a/ Expenses for dissolution of such legal person;
- b/ Unpaid salaries, severance allowances, social insurance and health insurance premiums for employees as prescribed by law and other benefits of workers in accordance with the collective labor agreement and signed labor contracts;
- c/ Tax debts and other debts.

2. After all expenses for dissolution of the legal person and debts are paid, the remaining value shall belong to the owner of such legal person and capital contributors, except for the case prescribed in Clause 3 of this Article or unless otherwise prescribed by law.

3. In case a social fund or charity fund has fully paid the expenses for dissolution and other debts prescribed in Clause 1 of this Article, the remaining property shall be transferred to another fund with the same operation purpose.

In case there is no fund with the same operation purpose to receive the transferred property or the fund is dissolved due to its violation of prohibitory provisions of law or contravention of social morality, its property shall belong to the State.

Article 95. Bankruptcy of legal persons

The bankruptcy of a legal person must comply with the law on bankruptcy.

Article 96. Cessation of existence of legal persons

1. A legal person shall cease its existence in the following cases:
- a/ Being consolidated, merged, divided, transformed or dissolved under Articles 88, 89, 90, 92 and 93 of this Code;
 - b/ Being declared bankrupt under the law on bankruptcy.

2. A legal person shall cease its existence from the time its name is deleted from the registration book of legal persons or from the time stated in the decision of a competent state agency.

3. When a legal person ceases its existence, its property shall be settled under this Code and other relevant provisions of law.

Chapter V

THE STATE OF THE SOCIALIST REPUBLIC OF VIETNAM AND CENTRAL AND LOCAL STATE AGENCIES IN CIVIL TRANSACTIONS

Article 97. The State of the Socialist Republic of Vietnam and central and local state agencies in civil transactions

Upon participation in civil transactions, the State of the Socialist Republic of Vietnam and central and local state agencies are equal to other subjects and shall assume civil liability in accordance with Articles 99 and 100 of this Code.

Article 98. Representation to participate in civil relations

The representation of the State of the Socialist Republic of Vietnam and central and local state agencies participating in civil relations must comply with the law regarding the functions, tasks, powers and apparatus organization of state agencies. The representation by individuals and other legal persons shall only be performed in the cases and according to the order and procedures prescribed by law.

Article 99. Liability for civil obligations

1. The State of the Socialist Republic of Vietnam and central and local state agencies shall be liable for their civil obligations with the property that they are the representatives of the owner and perform unified management, excluding cases in which the property has been transferred to the legal persons specified in Clause 2 of this Article.

2. The legal persons established by the State of the Socialist Republic of Vietnam and central and local state agencies shall not be liable for civil obligations arising from civil relations of the State of the Socialist Republic of Vietnam and central and local state agencies.

3. The State of the Socialist Republic of Vietnam and central and local state agencies shall not be liable for civil obligations of the legal persons that they establish, including state enterprises, unless the State of the Socialist Republic of Vietnam and central and local state agencies guarantee the civil obligations of such legal persons in accordance with law.

4. Central and local state agencies shall not be liable for civil obligations of the State of the Socialist Republic of Vietnam and other central and local state agencies, unless otherwise prescribed by a relevant law.

Article 100. Liability for civil obligations of the State of the Socialist Republic of Vietnam and central and local state agencies in civil relations with another party being foreign states, legal persons or individuals

1. The State of the Socialist Republic of Vietnam and central and local state agencies shall be liable for civil obligations that they establish with foreign states, legal persons or individuals in the following cases:

a/ A treaty to which the Socialist Republic of Vietnam is a contracting party contains provisions on renunciation of immunity;

b/ Parties in the civil relations make agreements on renunciation of immunity;

c/ The State of the Socialist Republic of Vietnam and central and local state agencies renounce their immunity.

2. The liability for civil obligations of foreign states or state agencies upon participation of civil relations with the State of the Socialist Republic of Vietnam, central and local state agencies, and Vietnamese legal persons and individuals shall apply similarly Clause 1 of this Article.

Chapter VI

HOUSEHOLDS, COOPERATIVE GROUPS AND OTHER ORGANIZATIONS HAVING NO LEGAL PERSON STATUS IN CIVIL RELATIONS

Article 101. Subjects in civil relations participated by households, cooperative groups and other organizations having no legal person status

1. In case households, cooperative groups and other organizations having no legal person status participate in civil relations, their members are the subjects who participate in the establishment and performance of such civil relations or shall authorize representatives to participate in the establishment and performance of the civil relations. The authorization shall be made in writing, unless otherwise agreed upon. In case there is a change in the representative, the members of such households, cooperative groups and other organizations having no legal person status shall notify such change to the party participating in civil relations.

In case a member of a household, a cooperative group or another organization having no legal person status participating in a civil relation

is not authorized by other members to be the representative, such member shall be the subject of the civil relation established and performed by himself/herself.

2. The determination of subjects in civil relations participated by land-using households must comply with the Land Law.

Article 102. Common property of households, cooperative groups and other organizations having no legal person status

1. The identification of common property of household members and rights and obligations with regard to such property must comply with Article 212 of this Code.

2. The identification of common property of members of cooperative groups and rights and obligations with regard to such property must comply with Article 506 of this Code.

3. The identification of common property of members of other organizations having no legal person status and rights and obligations with regard to such property must comply with agreements of such members, unless otherwise prescribed by law.

Article 103. Civil liability of members of households, cooperative groups and other organizations having no legal person status

1. The civil obligations arising from the participation in civil relations by households, cooperative groups or other organizations having no legal person status shall be secured for performance with the common property of their members.

2. In case the members have no common property or have insufficient common property to perform common obligations, a person having rights may request such members to perform their obligations in accordance with Article 288 of this Code.

3. In case there is no agreement or cooperation contract between the parties or unless it is otherwise prescribed by a law, the members shall bear civil liability prescribed in Clauses 1 and 2 of this Article in proportion to their respective property contributions, or bear civil liability equally if their respective contributions cannot be determined.

Article 104. Legal consequences of civil relations established and/or performed by members without the authority of representation or by members beyond the scope of representation

1. In case a member without the authority of representation establishes and/or performs a civil transaction in the name of other members of a household, a cooperative group or another organization having no legal person status or a representative establishes and/or

performs a civil transaction beyond the scope of his/her/its representation, the legal consequences of such transaction must comply with Articles 130, 142 and 143 of this Code.

2. For a civil transaction established and/or performed by a party without the authority of representation or by a party beyond the scope of his/her/it representation that cause damage to other members of the household, cooperative group or other organization having no legal person status or to a third person, such party shall pay compensation for the damage sufferer.

Chapter VII

PROPERTY

Article 105. Property

1. Property includes objects, money, valuable papers and property rights.

2. Property includes immovables and movables. Immovables and movables may be the property currently owned or the property to be formed in the future.

Article 106. Registration of property

1. Ownership rights and other rights over property being immovables shall be registered in accordance with this Code and the law on registration of property.

2. Ownership rights and other rights over property being movables may not be registered, unless otherwise prescribed by the law on registration of property.

3. The registration of property shall be publicized.

Article 107. Immovables and movables

1. Immovables shall include:

a/ Land;

b/ Houses and constructions attached to the land;

c/ Other properties attached to the land, houses and constructions;

d/ Other properties prescribed by law.

2. Movables are properties other than immovables.

Article 108. Currently owned property and future property

1. Currently owned property is a formed property over which its subject has established ownership rights and other rights prior to or at the time of establishing the transaction.

2. Future property include:

a/ Property that has not yet been formed;

b/ Property that has been formed but has its ownership rights established by the subject after the time of establishing the transaction.

Article 109. Yields and profits

1. Yields are natural products which property generates.

2. Profits are incomes derived from the exploitation of property.

Article 110. Primary objects and auxiliary objects

1. A primary object is an independent object of which the utility can be exploited according to its function.

2. An auxiliary object is an object which directly serves the exploitation of the utility of a primary object, is a part of the primary object but can be detached from the primary object.

3. When performing an obligation to transfer a primary object, the auxiliary object shall also be transferred, unless otherwise agreed upon.

Article 111. Divisible objects and indivisible objects

1. A divisible object is an object which still retains its original properties and function when it is divided.

2. An indivisible object is an object which cannot retain its original properties and function when it is divided.

When an indivisible object needs to be divided, such object shall be valued in money for the division.

Article 112. Expendable objects and non-expendable objects

1. An expendable object is an object which, after having been used once, loses or no longer retains its original properties, shape and function.

An expendable object cannot be the object of a lease contract or a lending contract.

2. A non-expendable object is an object which still essentially retains its original properties, shape and function after it has been used many times.

Article 113. Fungible objects and distinctive objects

1. Fungible objects are objects which have the same shape, properties and function and which can be determined by units of measurement.

Fungible objects of the same quality may be interchangeable.

2. A distinctive object is an object which is distinguishable from other objects by its own characteristics including symbol, shape, color, material, properties or position.

When performing an obligation to transfer a distinctive object, none other than such object shall be transferred.

Article 114. Integrated objects

An integrated object is an object comprising components or parts which fit together and are connected with one other to form a complete whole in which if any component or part is missing, or if the components or parts are not of the right specifications or the same category, it cannot be used or its utility value will be decreased.

When performing the obligation of transferring an integrated object, all the components or parts of the object shall be transferred, unless otherwise agreed upon.

Article 115. Property rights

A property right is a right which can be valued in money, including property rights over subject matters of intellectual property rights, land use rights and other property rights.

Chapter VIII

CIVIL TRANSACTIONS

Article 116. Civil transactions

A civil transaction is a contract or unilateral legal act which gives rise to, changes or terminates civil rights and/or obligations.

Article 117. Conditions for civil transactions to become effective

1. A civil transaction shall become effective when it meets all the following conditions:

a/ The subjects have the civil legal capacity and civil act capacity in conformity with the established civil transaction;

b/ The subjects participate in the civil transaction on a completely voluntary basis;

c/ The purpose and contents of the transaction do not violate prohibitory provisions of law and are not contrary to social morality.

2. The form of a civil transaction shall be the condition for such transaction to be effective in cases where it is so prescribed by a law.

Article 118. Objectives of civil transactions

The objective of a civil transaction is the interest the subjects wish to obtain when establishing such transaction.

Article 119. Forms of civil transactions

1. A civil transaction shall be expressed verbally, in writing, or by a specific act.

A civil transaction through an electronic medium in form of data message in accordance with the law on electronic transactions shall be considered a transaction in writing.

2. In case it is prescribed by a law that a civil transaction shall be expressed in writing and be notarized, certified or registered, such provisions shall be complied with.

Article 120. Conditional civil transactions

1. In case the parties have agreed on a condition which shall give rise to or cancel a civil transaction, the civil transaction shall arise or be cancelled when such condition occurs.

2. In case the condition which gives rise to or cancels a civil transaction cannot occur due to the direct or indirect act of intentional hindrance of one party, such condition shall be considered having occurred; in case one party exerts direct or indirect influence to deliberately promote the occurrence of the condition, such condition shall be considered having not occurred.

Article 121. Interpretation of civil transactions

1. In case a civil transaction has unclear contents that are difficult to understand and may be understood in different ways and is not prescribed in Clause 2 of this Article, such transaction shall be interpreted in the following order:

a/ According to the true wills of the parties when establishing the transaction;

b/ According to the meaning consistent with the objective of the transaction;

c/ According to the customary practices of the locality where the transaction is established.

2. The interpretation of contracts must comply with Article 404 of this Code; the interpretation of the contents of testaments must comply with Article 648 of this Code.

Article 122. Invalid civil transactions

A civil transaction that fails to satisfy one of the conditions specified in Article 117 of this Code shall be invalid, unless otherwise prescribed by this Code.

Article 123. Civil transactions which are invalid due to violation of prohibitory provisions of law or contravention of social morality

A civil transaction with its objective and content violating prohibitory provisions of law or contravening social morality shall be invalid.

Prohibitory provisions of law means the provisions of law that do not permit subjects to perform certain acts.

Social morality means common standards of conduct in social life, which are recognized and respected by the community.

Article 124. Civil transactions invalid due to falsity

1. When the parties falsely establish a civil transaction in order to conceal another civil transaction, the false civil transaction shall be invalid and the concealed civil transaction remains valid, unless it is also invalid under this Code or other relevant laws.

2. In case a false civil transaction is established with a view to shirking an obligation toward a third person, such civil transaction shall also be invalid.

Article 125. Civil transactions invalid due to establishment or performance by minors or persons having lost their civil act capacity or having difficulty in perceiving and controlling acts or having a limited civil act capacity

1. When a civil transaction is established or performed by a minor or a person having lost his/her civil act capacity or having difficulty in perceiving and controlling his/her acts or having a limited civil act capacity, the court shall, at the request of his/her representative, declare such transaction invalid in case it is required by law to be established, performed or agreed by the representative, except for the cases prescribed in Clause 2 of this Article.

2. Civil transactions of persons specified in Clause 1 of this Article shall not be invalid in the following cases:

a/ Civil transactions of persons aged under full six years or persons having lost their civil act capacity to meet their daily essential needs;

b/ Civil transactions that may only give rise to rights or exempt from obligations for minors, persons having lost their civil act capacity, persons having difficulty in perceiving and controlling their acts or

persons having a limited civil act capacity toward the persons establishing or performing the transactions with them;

c/ Civil transactions whose validity is recognized by the person established such transactions when he/she becomes an adult or restores his/her civil act capacity.

Article 126. Civil transactions invalid due to mistakes

1. In case an established civil transaction contains mistakes that make one party or all of the parties unable to achieve the objective of the establishment of the transaction, the mistaken party has the right to request the court to declare the transaction invalid, except for the cases prescribed in Clause 2 of this Article.

2. An established civil transaction containing mistakes shall not be invalid in case the parties have achieved their objectives of establishment of the civil transaction or the parties can immediately correct the mistakes to achieve the objectives of establishment of the civil transaction.

Article 127. Civil transactions invalid due to deception, intimidation or coercion

When a party participates in a civil transaction due to being deceived or intimidated or coerced, it has the right to request the court to declare such civil transaction invalid.

Deception in a civil transaction means an intentional act of a party or a third person, aiming to induce the other party to misunderstand the subject, the nature of the object or the content of the civil transaction and thus to agree to enter into such transaction.

Intimidation or coercion in a civil transaction means an intentional act of a party or a third person, thus forcing the other party to perform the civil transaction in order to avoid damage to the life, health, honor, reputation, dignity and/or property of his/her own or of his/her next of kin.

Article 128. Civil transactions invalid due to establishment by persons incapable of perceiving and controlling their acts

A person who has civil act capacity but established a civil transaction at a time he/she was incapable of perceiving and controlling his/her acts has the right to request the court to declare such civil transaction invalid.

Article 129. Civil transactions invalid due to non-compliance with the prescribed forms

A civil transaction violating effective conditions on its form shall be invalid, except for the following cases:

1. In case the civil transaction has been established in writing as prescribed by a law but its written form fails to comply with the law and one party or all of the parties has/have performed at least two-thirds of the obligations of the transaction, the court shall, at the request of one party or all of the parties, issue a decision recognizing the validity of such transaction.

2. In case the civil transaction has been established in writing but violates the regulations on compulsory notarization or certification but one party or all of the parties has/have performed at least two-thirds of the obligations of the transaction, the court shall, at the request of one party or all of the parties, issue a decision recognizing the validity of such transaction. In this case, the parties are not required to get the notarization or certification.

Article 130. Partially invalid civil transactions

A civil transaction shall be partially invalid when one part of its contents is invalid but does not affect the validity of the remaining parts of the transaction.

Article 131. Legal consequences of invalid civil transactions

1. An invalid civil transaction shall not give rise to, change or terminate any civil rights and obligations of the parties from the time of establishment of such transaction.

2. When a civil transaction is invalid, the parties shall restore the original status and shall return to each other what they have received.

If the return cannot be made in kind, it shall be made in money.

3. The *bona fide* party in the collection of yields and profits shall not have to return such yields and profits.

4. The party at fault, which caused damage, shall compensate for damage.

5. The settlement of consequences of an invalid civil transaction related to personal rights must comply with this Code and other relevant laws.

Article 132. The statute of limitations for requesting the court to declare a civil transaction invalid

1. The statute of limitations for requesting the court to declare a civil transaction invalid under Articles 125, 126, 127, 128 and 129 of this Code is two years, counting from the date on which:

a/ The representatives of the minors, persons having lost their civil act capacity, persons having difficulty in perceiving and controlling their acts or persons having a limited civil act capacity know or should have known that the represented persons themselves established or performed the transactions.

b/ The persons being mistaken or deceived know or should have known that the transaction was established due to mistakes or deception;

c/ The persons with acts of intimidation or coercion terminate such acts;

d/ The persons incapable of perceiving and controlling their acts establish the transactions;

dd/ The civil transaction is established in violation of regulations on its form.

2. When there are no requests to declare that a civil transaction is invalid upon expiration of the statute of limitations specified in Clause 1 of this Article, such civil transaction shall be valid.

3. For civil transactions specified in Articles 123 and 124 of this Code, there is no statute of limitations for requesting the court to declare such civil transactions invalid.

Article 133. Protection of the interests of a *bona fide* third party when a civil transaction is invalid

1. In case a civil transaction is invalid but the transaction's object being property not subject to registration has already been transferred to a *bona fide* third party, the transaction established and performed with the third party shall still be valid, except for the case prescribed in Article 167 of this Code.

2. In case a civil transaction is invalid but the property has been registered with a competent state agency then transferred to a *bona fide* third party through another civil transaction and that party has based himself/herself/itself on such registration to establish and perform the transaction, such transaction shall not be invalid.

In case the property subject to registration has not yet been registered with a competent state agency, the civil transaction with a third party shall be invalid, except for the case in which a *bona fide* third party receives such property through auction at a competent organization or a transaction with a person who, under a judgment or decision of a competent state agency, was the owner of the property, but later is not as such judgment or decision is cancelled or modified.

3. The owner is not entitled to reclaim the property from a *bona fide* third party if the civil transaction performed with this party is not invalid under Clause 2 of this Article, but has the right to initiate a lawsuit to request the subject whose mistakes led to the established transaction with the third party to refund reasonable expenses and pay compensation for damage.

Chapter IX REPRESENTATION

Article 134. Representation

1. Representation is the act of an individual or a legal person (below referred to as the representative) to establish and perform a civil transaction in the name and interests of another individual or legal person (below referred to as the represented person).

2. Individuals or legal persons may establish and/or perform civil transactions through their representatives. Individuals may not allow other persons to represent them, if it is prescribed by law that they shall establish and perform the transactions themselves.

3. In case it is prescribed by law, the representative must have full civil legal capacity and civil act capacity suitable to the established or performed civil transaction.

Article 135. Bases for establishment of the right of representation

The right of representation shall be established under the authorization between the represented person and the representative (below referred to as authorized representation); and under the decision of a competent state agency, the charter of a legal person or in accordance with law (below collectively referred to as at-law representation).

Article 136. At-law representatives of individuals

1. Fathers and mothers with respect to children who are minors;
2. Guardians with respect to wards. Guardians of persons having difficulty in perceiving and controlling their acts shall be at-law representatives of such persons in case they are appointed by the court.
3. Persons appointed by the court in case it is impossible to identify the representatives as specified in Clauses 1 and 2 of this Article.
4. Persons appointed by the court with respect to persons with a limited civil act capacity.

Article 137. At-law representatives of legal persons

1. At-law representatives of a legal person include:

a/ Persons appointed by the legal person in accordance with its charter;

b/ Persons competent to represent in accordance with law;

c/ Persons appointed by the court during the course of procedures at the court.

2. A legal person may have more than one at-law representative and each representative has the right to represent such legal person in accordance with Articles 140 and 141 of this Code.

Article 138. Authorized representation

1. Individuals and legal persons may authorize other individuals and legal persons to establish and perform civil transactions.

2. Members of households, cooperative groups and other organizations without the legal person status may agree to assign other individuals or legal persons to represent under authorization in establishing or performing civil transactions related to their common property.

3. Persons aged between full fifteen years and under eighteen years may act as representatives under authorization, unless it is prescribed by law that civil transactions shall be established and/or performed by persons aged full eighteen years or older.

Article 139. Legal consequences of acts of representation

1. A civil transaction established and performed by the representative with a third party in conformity with the scope of representation shall give rise to rights and/or obligations to the represented person.

2. The representative has the right to establish and perform necessary acts to achieve the objective of representation.

3. In case the representative knows or should have known that the acts of representation were established due to mistakes, deception, intimidation or coercion but continues to establish and perform such acts, such acts shall not give rise to the rights and obligations of the represented person, unless the represented person knows or should have known these acts but does not oppose.

Article 140. Time limits of representation

1. Times limits of representation shall be determined in accordance with the documents of authorization, decisions of competent agencies, charters of legal persons or provisions of law.

2. In case it is impossible to determine the time limit of representation as prescribed in Clause 1 of this Article, the time limit of representation shall be determined as follows:

a/ In case the right of representation is identified for a specific civil transaction, the time limit of representation shall be counted up to the time of termination of such civil transaction;

b/ In case the right of representation is not identified for a specific civil transaction, the time limit of representation is one year from the time the right of representation arises.

3. Authorized representation shall terminate in the following cases:

a/ As agreed upon;

b/ The authorization time limit expires;

c/ The authorized work has finished;

d/ The represented person or the representative unilaterally terminates the performance of authorization;

dd/ The represented person or the representative being an individual dies; or the represented person or the representative being a legal person ceases its existence;

e/ The representative no longer fully satisfies the conditions specified in Clause 3, Article 134 of this Code;

g/ Other bases lead to non-performance of representation.

4. At-law representation shall terminate in the following cases:

a/ The represented person being an individual has attained adulthood or has had his/her civil act capacity restored;

b/ The represented person being an individual dies;

c/ The represented person being a legal person ceases its existence;

d/ Other cases as prescribed by this Code or relevant laws.

Article 141. Scope of representation

1. Representatives may only establish and perform civil transactions within the scope of representation on the following bases:

a/ Decisions of competent agencies;

b/ Charters of legal persons;

c/ Contents of authorization;

d/ Other provisions of law.

2. In case it is impossible to identify the specific scope of representation under Clause 1 of this Article, the at-law representative has the right to establish and perform all civil transactions in the interest of the represented persons, unless otherwise prescribed by law.

3. Each individual or legal person may represent different individuals or legal persons but may not establish and perform civil transactions in the name of the represented person with himself/herself/itself or with a third party that such individual or legal person also represents, unless otherwise prescribed by law.

4. Representatives shall inform the transaction parties of the scope of their representation.

Article 142. Consequences of civil transactions established and/or performed by persons without the right of representation

1. Civil transactions established and/or performed by persons without the right of representation shall not give rise to rights and obligations of the represented persons, except for one of the following cases:

a/ The represented person has recognized the transaction;

b/ The represented person knows but does not oppose it within a reasonable time limit;

c/ The represented person makes mistakes that the person who effected a transaction does not know or cannot know that the person who established and performed the civil transaction with him/her has no right of representation.

2. In case a civil transaction established and performed by a person having no right of representation does not give rise to rights and/or obligations of the represented person, the person having no right of representation shall still perform the obligations toward the person who effected the transaction with him/her, unless such person knows or should have known about the unauthorized representation but still performed the transaction.

3. A person who effected a transaction with a person having no right of representation has the right to unilaterally terminate the performance of, or cancel, the established civil transaction and to claim compensation for damage, unless such person knows or should have known about the unauthorized representation but still performed the transaction or except for the case prescribed at Point a, Clause 1 of this Article.

4. In case the person having no right of representation and the person who effected the transaction intentionally establish and/or perform such civil transaction that causes damage to the represented person, these persons shall be jointly liable for compensation.

Article 143. Consequences of civil transactions established and/or performed by representatives beyond the scope of representation

1. Civil transactions established and/or performed by representatives beyond the scope of representation shall not give rise to rights and/or obligations of the represented persons for the portions of transactions performed beyond the scope of representation, except for one of the following cases:

a/ The represented person gives consent thereto;

b/ The represented person knows but does not oppose it within a reasonable time limit;

c/ The represented person makes mistakes that the person who effected a transaction does not know or cannot know that the established and performed civil transaction with him/her goes beyond the scope of representation.

2. In case a civil transaction established and performed by the representative beyond the scope of representation does not give rise to rights and/or obligations of the represented person for the portion of the civil transaction established and performed beyond the scope of representation, the representative shall perform the obligations toward the person with whom the representative has performed the transaction with regard to the portion of the civil transaction beyond the scope of his/her representation, unless such person knows or should have known that the right of representation was usurped but still performed the transaction.

3. The person who has performed a transaction with such representative has the right to unilaterally terminate the performance of, or cancel, the portion of the civil transaction performed beyond the scope of representation or of the entire civil transaction and has the right to claim compensation for damage, unless such person knows or should have known that the right of representation was usurped, but still performed the transactions or except for the case specified at Point a, Clause 1 of this Article.

4. In case the representative and the person involved in the transaction with the representative intentionally establish and/or perform such civil transaction beyond the scope of representation, thereby

causing damage to the represented person, the representative and such person shall jointly compensate for such damage.

Chapter X

TIME LIMIT AND STATUTE OF LIMITATIONS

Section 1

TIME LIMIT

Article 144. Time limit

1. A time limit is a period of time determined from one point of time to another.

2. A time limit may be determined by the minute, hour, day, week, month, year or by an event which may occur.

Article 145. Application of the method of counting a time limit

1. The method of counting a time limit must comply with the provisions of this Code, unless otherwise agreed upon or prescribed by law.

2. Time limits shall be counted according to the solar calendar, unless otherwise agreed upon.

Article 146. Provisions on time limits and the point of time for counting a time limit

1. In case the parties have agreed that the time limit is one year, half a year, a month, half a month, a week, a day, an hour or a minute and where the length of time does not take place consecutively, such time limit shall be counted as follows:

- a/ One year means 365 days;
- b/ Half a year means six months;
- c/ One month means 30 days;
- d/ Half a month means 15 days;
- dd/ One week means 7 days;
- e/ One day means 24 hours;
- g/ One hour means 60 minutes;
- h) One minute means 60 seconds.

2. In case the parties have agreed on the point of time to be the beginning of a month, the middle of a month, or the end of a month, such point of time shall be defined as follows:

- a/ The beginning of a month is the first day of the month;

b/ The middle of a month is the 15th day of the month;

c/ The end of a month is the last day of the month.

3. In case the parties have agreed on the point of time to be the beginning of a year, the middle of a year, or the end of a year, such point of time shall be defined as follows:

a/ The beginning of a year is the first day of January;

b/ The middle of a year is the last day of June;

c/ The end of a year is the last day of December.

Article 147. The point of time at which a time limit commences

1. When a time limit is determined by the minute or hour, such time limit shall begin from the pre-determined point of time.

2. When a time limit is determined by the day, week, month or year, the time limit shall not be counted from the first day but shall be counted from the day following the determined date.

3. When a time limit begins from the occurrence of an event, the day on which the event occurs shall not be counted, and the time limit shall be counted from the day following the date of occurrence of the event.

Article 148. The end of a time limit

1. When a time limit is counted by the day, the time limit shall end at the moment which ends the last day of the time limit.

2. When a time limit is counted by the week, the time limit shall end at the moment which ends the corresponding day of the last week of the time limit.

3. When a time limit is counted by the month, the time limit shall end at the point of time which ends the corresponding day of the last month of the time limit; if the month in which the time limit ends does not have a corresponding day, the time limit shall end on the last day of such month.

4. When a time limit is counted by the year, the time limit shall end at the moment which ends the corresponding day and month of the last year of the time limit.

5. When the last day of a time limit falls on a weekend or a public holiday, the time limit shall end at the moment which ends the working day following such holiday.

6. The point of time which ends the last day of a time limit shall be at exactly twelve o'clock at night on that day.

Section 2

STATUTE OF LIMITATIONS

Article 149. Statute of limitations

1. A statute of limitations is a time limit specified by a law upon the expiration of which legal consequences shall arise for the concerned subject.

A statute of limitations must comply with the provisions of this Code and other relevant laws.

2. The court may only apply regulations on the statute of limitations at the request for application of statute of limitations by the party(ies), provided that such request shall be stated prior to the time the first-instance court issues a judgment or decision to settle the civil case or matter.

The person who benefits from the application of statute of limitations has the right to reject the application of statute of limitations, unless such rejection aims to shirk the performance of obligations.

Article 150. Types of statute of limitations

1. The statute of limitations for enjoying civil rights is the time limit upon the expiration of which the subject may enjoy civil rights.

2. The statute of limitations for exemption from civil obligations is the time limit upon the expiration of which the person with civil obligations shall be exempted from performing such obligations.

3. The statute of limitations for initiating a lawsuit is the time limit within which a subject has the right to initiate a lawsuit to request the court to settle a civil case for the protection of lawful rights and interests which are infringed upon; after such time limit expires, the right to initiate a lawsuit shall be lost.

4. The statute of limitations for requesting the settlement of a civil matter is the time limit within which a subject has the right to request the court to settle a civil matter for the protection of lawful rights and interests of an individual, a legal person, national or people's interests or public interests; after such time limit expires, the requesting right shall be lost.

Article 151. Method of counting a statute of limitations

A statute of limitations shall be counted from the point of time which begins the first day of the statute of limitations and ends at the point of time which ends the last day of the statute of limitations.

Article 152. Effect of the statute of limitations for enjoyment of civil rights and for exemption from civil obligations

In case it is prescribed by law that a subject may enjoy civil rights or be exempted from civil obligations under a statute of limitations, such enjoyment of civil rights or exemption from civil obligations shall take effect only after the statute of limitations ends.

Article 153. Continuity of the statute of limitations for enjoyment of civil rights or for exemption from civil obligations

1. The statute of limitations for enjoyment of civil rights or for exemption from civil obligations is continuous from its beginning to its expiration; if there is an event which causes an interruption, the statute of limitations shall be re-counted *ab initio*, after the event which caused the interruption terminates.

2. The statute of limitations for enjoyment of civil rights or for exemption from civil obligations shall be interrupted upon the occurrence of one of the following events:

a/ There is a resolution under a legally effective decision of a competent state agency with respect to the civil rights or obligations to which the statute of limitations currently applies;

b/ The civil rights or obligations to which the statute of limitations currently applies are disputed by a person with related rights or obligations and has been settled under a legally effective judgment or decision of the court.

3. The statute of limitations shall also be counted continuously in case the enjoyment of civil rights or the exemption from civil obligations is legally transferred to another person.

Article 154. Commencement of the statute of limitations for initiating lawsuits about civil cases, the statute of limitations for requesting settlement of civil matters

1. The statute of limitations for initiating a lawsuit about a civil case shall be counted from the date the person having the right to request knows or should have known that his/her lawful rights or interests are infringed upon, unless otherwise prescribed by law.

2. The statute of limitations for requesting the settlement of a civil matter shall be counted from the date on which the requesting right arises, unless otherwise prescribed by law.

Article 155. Non-application of the statute of limitations for initiating lawsuits

The statute of limitations for initiating a lawsuit shall not apply in the following cases:

1. Request for protection of personal rights not associated with property;
2. Request for protection of ownership rights, unless otherwise prescribed by this Code or other relevant laws;
3. Disputes over land use rights in accordance with the Land Law;
4. Other cases as prescribed by a law.

Article 156. Period of time not counted into the statute of limitations for initiating lawsuits about civil cases and the statute of limitations for requesting settlement of civil matters

A period of time which shall not be counted into the statute of limitations for initiating a lawsuit about a civil case or the statute of limitation for requesting settlement of a civil matter is that within which one of the following events occurs:

1. A *force majeure* event or an objective hindrance, which makes a subject with the right to initiate a lawsuit or to request unable to exercise this right within the statute of limitations.

A force majeure event means an event which occurs objectively and unpredictably and cannot be overcome although all necessary measures have been applied and all the permitted capability has been used.

Objective hindrance means an obstacle created under the impact of objective circumstances, which makes the person with related civil rights or civil obligations unable to know that his/her lawful rights or interests have been infringed upon or unable to exercise his/her civil rights or to perform his/her civil obligations;

2. The unavailability of a representative in case the person with the right to initiate a lawsuit or the person with the right to request has not yet attained adulthood, lost his/her civil act capacity, has difficulty in perceiving and controlling his/her acts or has a limited civil act capacity;

3. The unavailability of a new representative for replacement of a minor or a person having lost his/her civil act capacity or having difficulty in perceiving and controlling his/her acts or having a limited his/her civil act capacity in the following cases:

- a/ The representative being an individual dies, or the representative being a legal person ceases its existence;

- b/ The representative discontinues his/her representation for a plausible reason.

Article 157. Re-commencement of the statute of limitations for initiating lawsuits about civil cases

1. The statute of limitations for initiating a lawsuit about a civil case shall re-commence in the following cases:

a/ The obligor has acknowledged part or the whole of his/her/its obligation toward the person initiating the lawsuit;

b/ The obligor has acknowledged or fulfilled a portion of his/her/its obligation toward the person initiating the lawsuit;

c/ The parties have reconciled with each other.

2. The statute of limitations for initiating a lawsuit about a civil case shall re-commence from the date following the date upon which an event specified in Clause 1 of this Article occurs.

PART TWO

OWNERSHIP RIGHTS AND OTHER RIGHTS OVER PROPERTY

Chapter XI

GENERAL PROVISIONS

Section 1

PRINCIPLES OF ESTABLISHMENT AND PERFORMANCE OF OWNERSHIP RIGHTS AND OTHER RIGHTS OVER PROPERTY

Article 158. Ownership rights

Ownership rights include an owner's rights to possession, use and disposition of his/her/its property in accordance with law.

Article 159. Other rights over property

1. Other rights over property are the rights of the subject that directly holds or controls the property under the ownership rights of another subject.

2. Other rights over property include:

a/ Easement;

b/ Usufruct;

c/ Right of superficies.

Article 160. Principles of establishment and performance of ownership rights and other rights over property

1. The ownership rights and other rights over property shall be established and performed in the cases prescribed by this Code and other relevant laws.

Other rights over property shall remain effective in case the ownership rights are transferred, unless otherwise prescribed by this Code and other relevant laws.

2. Owners may perform all acts of their own free will with respect to their property, provided that such acts are not contrary to law or do not cause damage to or affect the national interests, people's interests, public interests or lawful rights and interests of other persons.

3. Subjects having other rights over property may perform all acts within their scope of rights prescribed in this Code or other relevant laws without causing damage to or affecting the national interests, people's interests, public interests or lawful rights and interests of owners of property or of other persons.

Article 161. Time of establishing ownership rights and other rights over property

1. The time of establishing ownership rights and other rights over property must comply with this Code and other relevant laws; or comply with the agreement of the parties in case it is not prescribed by a law; unless otherwise prescribed by a law or agreed upon by the parties, the time of establishing ownership rights and other rights over property shall be the time the property is handed over.

The time the property is handed over is the time that the party with rights or its at-law representative possesses the property.

2. In case the property has not yet been handed over while yields and profits are generated, such yields and profits shall belong to the party having the property to be handed over, unless otherwise agreed upon.

Article 162. Bearing of risks to property

1. An owner shall bear risks to the property that he/she/it owns, unless otherwise agreed upon or otherwise prescribed by this Code and other relevant laws.

2. A subject having other rights over property shall bear risks to the property within his/her/its scope of rights, unless otherwise agreed upon with the property owner or otherwise prescribed by this Code and other relevant laws.

Section 2

PROTECTION OF OWNERSHIP RIGHTS AND OTHER RIGHTS OVER PROPERTY

Article 163. Protection of ownership rights and other rights over property

1. No one may be illegally restricted in or deprived of his/her ownership rights and rights over property.

2. In case of extreme necessity for reasons of national defense and security, national interests, state of emergency or natural disaster prevention and control, the State may effect a compulsory purchase or requisition with compensation of the property of organizations and individuals at the market price.

Article 164. Measures to protect ownership rights and other rights over property

1. Owners of and subjects having other rights over property have the right to protect their ownership rights by themselves and to prevent any person from infringing upon their ownership rights by measures not contrary to law.

2. Owners of and subjects having other rights over property have the right to request the court and other competent state agencies to force the person violating their rights to return the property, stop his/her act of illegally obstructing the performance of ownership rights and other rights over property, and compensate for damage.

Article 165. Possession with a legal basis

1. Possession with a legal basis is the possession of a property in the following cases:

a/ The owner possesses the property;

b/ A person is authorized by the owner to manage the property;

c/ A person to whom the right to possession has been transferred through a civil transaction in accordance with law;

d/ A person who finds and keeps derelict property, property with unidentifiable owners, property which has been dropped on the ground, left over out of inadvertence, buried, concealed or sunken in accordance with the conditions specified by this Code and other relevant laws;

dd/ A person who finds and keeps stray domestic animals, poultry or raised aquatic animals in accordance with the conditions prescribed by this Code and other relevant laws;

e/ Other cases as prescribed by law.

2. The possession of a property in contravention of Clause 1 of this Article is illegal.

Article 166. The right to reclaim property

1. Owners of and subjects having other rights over property have the right to reclaim the property from the persons possessing, using or benefiting from the property without a legal basis.

2. Owners shall not have the right to reclaim the property possessed by the subjects having other rights over such property.

Article 167. The right to reclaim movable property not subject to ownership right registration from *bona fide* possessors

Owners may reclaim movable property not subject to ownership right registration from *bona fide* possessors in case such *bona fide* possessors have acquired such property through unindemifiable contracts with persons who have no right to dispose of the property; in case of indemifiable contracts, the owners may reclaim the movable property if such movable property has been stolen, lost or otherwise possessed against the owners' will.

Article 168. The right to reclaim movable property subject to ownership rights registration or immovable property from *bona fide* possessors

Owners may reclaim their movable property subject to ownership rights registration or immovable property from *bona fide* possessors, except for the case prescribed in Clause 2, Article 133 of this Code.

Article 169. The right to request termination of acts of illegally obstructing the exercise of ownership rights and other rights over property

When exercising their ownership rights or other rights over property, subjects have the right to request persons committing acts of illegally obstructing the exercise of their ownership rights or other rights over property to terminate such acts or request the court or other competent agencies or organizations to compel such persons to terminate their violation acts.

Article 170. The right to request compensation for damage

Owners of or subjects having other rights over property have the right to request persons infringing upon their ownership rights or other rights over property to compensate for any damage.

Section 3

LIMITATIONS OF OWNERSHIP RIGHTS AND OTHER RIGHTS
OVER PROPERTY

Article 171. Rights and obligations of owners of and subjects having other rights over property in emergency circumstances

1. An emergency circumstance is a circumstance where in order to avert a danger actually and directly threatening the public interests or lawful rights or interests of his/her own or of other persons, a person has no alternative but to take an act which would cause lesser damage than the damage to be prevented.

2. In an emergency circumstance, the owner of or the subject having other rights over property may not hinder another person from using his/her property or hinder another person from causing damage to such property in order to prevent or abate the greater danger or damage that threatens to happen.

3. The causing of damage in an emergency circumstance is not the act of infringing upon ownership rights or other rights over property. The owners of and subjects having other rights over the property damaged in emergency circumstances shall be entitled to compensation in accordance with Article 595 of this Code.

Article 172. The obligation to protect the environment

When exercising ownership rights or other rights over property, a subject must comply with the law on environmental protection; if causing environmental pollution, a subject shall terminate the act which causes the pollution, take measures to remedy the consequences and compensate for damage.

Article 173. The obligations to respect and ensure social order and safety

When exercising his/her/its ownership rights or other rights over property, a subject shall respect and ensure social order and safety and may not abuse his/her/its rights to cause social disorder or unsafety, causing damage to the national interests, people's interests, public interests or lawful rights and interests of other persons.

Article 174. The obligation to respect building rules

When constructing a work, the owner of or the subject having other rights over property shall comply with the law on construction, ensure safety, may not build beyond the height and distance specified by the law on construction and may not infringe upon lawful rights and interests of owners of, and persons having other rights over, adjoining and surrounding immovable properties.

Article 175. Boundaries between immovable properties

1. The boundaries between adjoining immovable properties shall be determined under agreement or decisions of competent state agencies.

The boundaries may also be determined in accordance with customary practices or the boundaries which have existed for 30 years or more without disputes.

Nobody may encroach upon the boundary or displace the boundary markers, even in case the boundary is a canal, ditch, trench, gutter, or the bank of a rice field. All subjects have the obligation to respect and maintain the common boundary.

2. A land user may use the air space and underground space perpendicular to the boundary of his/her/its land parcel in accordance with law without affecting the use of the land by other persons.

A land user may plant trees and carry out other activities only within the land area under his/her/its own use rights and within the boundary which has been determined; if tree roots and/or branches extend beyond the boundary, he/she/it shall clip the extending roots and cut and prune the extending branches, unless otherwise agreed upon.

Article 176. Boundary markers separating immovable properties

1. Owners of immovable properties may put up boundary stakes and fences, plant trees or build partition walls only on the portion of land under their land use rights.

2. Owners of adjoining immovable properties may mutually agree on the putting up of boundary stakes and fences, planting of trees or building of partition walls on the boundary as boundary markers between the immovable properties; these boundary markers shall be under their common ownership.

In case a boundary marker is put up on the boundary by only one party and with the consent of the owner of the adjoining immovable property, such boundary marker must be under common ownership and the construction expenses shall be borne by the party that puts up the marker, unless otherwise agreed upon; if the owner of the adjoining immovable property does not give his/her/its consent for plausible reasons, the owner that has put up the boundary stake and fence, planted trees or built the partition wall shall remove it.

3. For common house walls as boundary markers, the owner of the adjoining immovable property shall not install a window or an air ventilating hole or drill the wall in order to install building structures, unless it is so consented by the owner of the adjoining immovable property.

In case houses are separately built but have adjoining walls, an owner may drill the wall and install building structures only up to his/her/its boundary wall.

With respect to trees as common boundary markers, the parties all have the obligation to protect them; the yields from the trees shall be shared equally, unless otherwise agreed upon.

Article 177. Ensuring safety in case trees and construction works are in danger of causing damage

1. In case a tree or a construction work is in danger of collapsing onto the adjoining and surrounding immovable property, its owner shall immediately take remedial measures, cut down the tree, repair or demolish such construction work at the request of the owner of the adjoining and surrounding immovable property or of a competent state agency; if he/she/it does not voluntarily perform, the owner of the adjoining and surrounding immovable property has the right to request a competent state agency to permit the cutting down of the tree, or demolition of the construction work. The expenses for cutting down the tree or demolishing the construction work shall be borne by its owner.

2. When drilling wells, digging ponds or constructing subterranean works, their owners shall ensure that they are at distances from the marked boundaries as specified by the law on construction.

When building a sanitation facility, a toxic chemical storehouse or another work the use of which may cause environmental pollution, its owner shall ensure that it is at a reasonable site and distance from the marked boundaries, and must ensure sanitation and safety and not affect owners of other immovable properties.

3. In case damage is caused to owners of adjoining and surrounding properties specified in Clauses 1 and 2 of this Article, owners of trees and construction works shall pay compensation.

Article 178. Installation of doors and windows looking onto adjacent immovable properties

1. House owners may only install doors and/or windows looking onto adjacent houses or opposite houses and common paths in accordance with the law on construction.

2. The underside of awnings above doors or windows looking onto common paths must be at least 2.5 meters above the ground.

Chapter XII

POSSESSION

Article 179. Definition of possession

1. Possession means the holding and controlling of property by a subject in a direct or an indirect manner as such subject has the rights over the property.

2. Possession includes possession by owner and non-owner.

The possession by a non-owner does not serve as the basis for establishment of ownership rights, except for the cases prescribed in Articles 228, 229, 230, 231, 232, 233 and 236 of this Code.

Article 180. *Bona fide* possession

Bona fide possession means a possession in which the possessor has bases to believe that he/she/it has the rights over the property currently under his/her/its possession.

Article 181. *Mala fide* possession

Mala fide possession means a possession in which the possessor knows or should have known that he/she/it has no right over the property currently under his/her/its possession.

Article 182. Continuous possession

1. Continuous possession means a possession taking place within a period of time without dispute over rights over such property or with a dispute which has not yet been settled under a legally effective judgment or decision of the court or another competent state agency, even when this property is transferred to another person for possession.

2. Discontinuous possession shall not be regarded as a basis for presuming the status and rights of the possessor as prescribed in Article 184 of this Code.

Article 183. Overt possession

1. Overt possession means a possession performed in an explicit manner, without concealment; the property being currently possessed is used in conformity with its function and utility and is preserved and kept by the possessor as if it were his/her/its own property.

2. Covert possession shall not be regarded as a basis for presuming the status and rights of the possessor as prescribed in Article 184 of this Code.

Article 184. Presumption of status and rights of possessors

1. A possessor shall be presumed *bona fide*; if a person assumes that such possessor is not in good faith, he/she shall prove it.

2. In case there is a dispute over the rights over a property, the possessor shall be presumed to have such rights. The person having a

dispute with the possessor shall prove that the possessor has no such rights.

3. *Bona fide*, continuous or overt possessors are entitled to the application of the statute of limitations for enjoying the rights, and enjoy the yields and profits derived from the property as prescribed in this Code and other relevant laws.

Article 185. Protection of possession

In case the possession is infringed upon by another person, the possessor has the right to request the infringer to terminate his/her act, restore the initial condition, return the property and compensate for damage, or to request the court or other competent state agencies to compel such person to do so.

Chapter XIII

OWNERSHIP RIGHTS

Section 1

CONTENTS OF OWNERSHIP RIGHTS

Sub-section 1

THE RIGHT TO POSSESSION

Article 186. Owner's right to possession

The owner of a property may perform all acts of his/her/its own free will to hold and control the property, provided that such acts do not contravene law or social morality.

Article 187. The right to possession of a person who is authorized by the owner of a property to manage such property

1. A person who is authorized by the owner of a property to manage such property shall possess such property within the scope and time limit and by the method determined by such owner.

2. A person who is authorized by the owner of a property to manage such property shall not become the owner of such property under Article 236 of this Code.

Article 188. The right to possession of a person to whom a property is handed over through a civil transaction

1. When the owner of a property hands over such property to another person through a civil transaction which does not cover transfer of ownership rights, this person shall possess such property according to the objective and content of the transaction.

2. A person to whom a property is handed over has the right to use such property and may transfer the right to possession and use of the property to another person if so agreed by the property owner.

3. A person to whom a property is handed over shall not become the owner of such property under Article 236 of this Code.

Sub-section 2

THE RIGHT TO USE

Article 189. The right to use

Right to use means the right to exploit the utilities of and to enjoy the yields and profits from property.

The right to use may be transferred to another person as agreed upon or prescribed by law.

Article 190. Owner's right to use

The owner of a property may use such property of his/her/its own free will without causing damage to or affecting the national interests, people's interests, public interests or lawful rights and interests of other persons.

Article 191. Non-owner's right to use

A non-owner of a property may use such property as agreed upon with its owner or as prescribed by law.

Sub-section 3

THE RIGHT TO DISPOSITION

Article 192. The right to disposition

Right to disposition means the right to transfer ownership rights over a property or to renounce the right to own, consume or destroy a property.

Article 193. Conditions for exercise of the right to disposition

The disposition of a property shall be performed by a person having the civil act capacity not in contravention of law.

In case the order and procedures for disposition of property are prescribed by law, such order and procedures shall be complied with.

Article 194. Owner's right to disposition

The owner of a property has the right to sell, exchange, donate, lend, bequeath, or renounce the right to own, consume or destroy such property, or to dispose of such property in other lawful forms.

Article 195. Non-owner's right to disposition

A non-owner of a property has the right to dispose of such property only when he/she/it is authorized by the property owner to do so or as prescribed by a law.

Article 196. Restrictions on the right to disposition

1. The right to disposition shall be restricted only in cases prescribed by a law.

2. When a property put up for sale belongs to a historical-cultural relic as prescribed by the Law on Cultural Heritages, the State has the preemptive right to purchase such property.

In case an individual or a legal person has the preemptive right to purchase a certain property as prescribed by law, the owner of such property shall, when selling the property, reserve the preemptive right to purchase the property for such individual or legal person.

Section 2

FORMS OF OWNERSHIP

Sub-section 1

OWNERSHIP BY THE ENTIRE PEOPLE

Article 197. Property under ownership by the entire people

Land, water resources, mineral resources, resources in the maritime zones and airspace, other natural resources, and property invested and managed by the State are public property under ownership by the entire people with the State acting as the owner's representative and performing the unified management.

Article 198. Exercise of the owner's rights over property under ownership by the entire people

1. The Socialist Republic of Vietnam State shall act as the representative to exercise the owner's rights over property under ownership by the entire people.

2. The Government shall perform the unified management and ensure the proper, efficient and thrifty use of property under ownership by the entire people.

Article 199. Possession, use and disposition of property under ownership by the entire people

The possession, use and disposition of property under ownership by the entire people must comply with the scope and order prescribed by law.

Article 200. Exercise of ownership by the entire people over property invested in enterprises

1. When a property under ownership by the entire people is invested in an enterprise, the State shall exercise the owner's rights over such property in accordance with the law on enterprises, the law on management and use of state capital invested in production and business activities at enterprises, and other relevant provisions of law.

2. An enterprise shall manage and use capital, land, natural resources and other property invested by the State in accordance with relevant provisions of law.

Article 201. Exercise of ownership by the entire people over property allocated to state agencies or people's armed forces units

1. When a property under ownership by the entire people is allocated to a state agency or people's armed forces unit, the State shall exercise the right to inspect and supervise the management and use of such property.

2. State agencies or people's armed forces units shall manage and use the state-allocated property for proper purposes and in accordance with law.

Article 202. Exercise of ownership by the entire people over property allocated to political organizations, socio-political organizations, socio-political-professional organizations, social organizations or socio-professional organizations

1. When a property under ownership by the entire people is allocated to a political organization, socio-political organization, socio-political-professional organization, social organization or socio-professional organization, the State shall exercise the right to inspect and supervise the management and use of such property.

2. Political organizations, socio-political organizations, socio-political-professional organizations, social organizations and socio-professional organizations shall manage and use the State-allocated property for proper purposes, within the scope and according to the method and order prescribed by law as suitable to their functions and tasks defined in their respective charters.

Article 203. Rights of individuals and legal persons to use and exploit property under ownership by the entire people

Individuals and legal persons may use land and exploit aquatic resources, natural resources and other property under ownership by the

entire people for proper purposes and in an efficient manner, and shall fulfill all obligations toward the State in accordance with law.

Article 204. Property under ownership by the entire people not yet allocated to individuals or legal persons for management

The Government shall organize the protection, investigation, survey, and planning for exploitation, of property under ownership by the entire people which has not yet been allocated to any individuals or legal persons for management.

Sub-section 2

PRIVATE OWNERSHIP

Article 205. Private ownership and property under private ownership

1. Private ownership means ownership by an individual or a legal person over property.

2. Lawful property under private ownership shall not be limited in quantity and value.

Article 206. Possession, use and disposition of property under private ownership

1. The owner of a property under his/her/its private ownership has the right to possess, use and dispose of such property to meet his/her/its daily-life, consumption or production and business needs and for other purposes not contrary to law.

2. The possession, use and disposition of property under private ownership must neither cause damage to nor affect the national interests, people's interests, public interests or lawful rights and interests of other persons.

Sub-section 3

COMMON OWNERSHIP

Article 207. Common ownership and types of common ownership

1. Common ownership means ownership by multiple subjects over a property.

2. Common ownership includes common ownership by share and common ownership by integration.

Article 208. Establishment of common ownership rights

Common ownership rights shall be established as agreed upon or prescribed by law or according to customary practices.

Article 209. Common ownership by share

1. Common ownership by share means common ownership in which each owner's share of ownership rights is determined over the common property.

2. Each owner of a property under common ownership by share has his/her/its rights and obligations over such property corresponding to his/her/its share of ownership rights, unless otherwise agreed upon.

Article 210. Common ownership by integration

1. Common ownership by integration means common ownership in which each owner's share of ownership rights is not determined over the common property.

Common ownership by integration includes divisible common ownership by integration and indivisible common ownership by integration.

2. Owners of a property under common ownership by integration have equal rights and obligations over such property.

Article 211. Common ownership by a community

1. Common ownership by a community means ownership by a family line, hamlet, village, religious community or another population community over a property formed according to customary practices or a property jointly contributed or raised by community members or donated to the community or formed from other lawful sources for the purpose of satisfying the lawful common interests of the community.

2. The members of a community shall jointly manage, use and dispose of the common property as agreed upon or according to customary practices in the common interests of the community, but not in violation of prohibitory provisions of law or social morality.

3. The common property of a community is property under indivisible common ownership by integration.

Article 212. Common ownership by family members

1. Properties of co-living family members include properties contributed and jointly established by these members and other properties over which the ownership rights are established in accordance with this Code and other relevant laws.

2. The possession, use and disposition of common property of family members shall be effected through agreement. The disposition of immovable property, registered movable property or property being the main source of income of a family shall be agreed upon by all the family

members who are adults and have full civil act capacity, unless otherwise prescribed by a law.

In the absence of such agreement, the provisions on common ownership by share in this Code and other relevant laws shall apply, except for the case prescribed in Article 213 of this Code.

Article 213. Common ownership by husband and wife

1. Common ownership by husband and wife is divisible common ownership by integration.

2. Husband and wife shall jointly establish and develop their common property and have equal rights in the possession, use and disposition of their common property.

3. Husband and wife shall reach agreement with each other on or authorize each other to effect the possession, use and disposition of their common property.

4. Common property of husband and wife may be divided based on their agreement or under a decision of the court.

5. In case husband and wife choose the statutory property regime prescribed in the law on marriage and family, their common property must comply with such regime.

Article 214. Common ownership in a condominium

1. The areas, equipment and other furnishings which are for common use in a condominium under the Housing Law shall come under indivisible common ownership by integration by all owners of the apartments in that condominium, unless otherwise prescribed by a law or otherwise agreed upon by all the owners.

2. The owners of apartments in a condominium have equal rights and obligations in the management and use of the property referred to in Clause 1 of this Article, unless otherwise prescribed by a law or otherwise agreed upon.

3. In case a condominium is destroyed, the owners of apartments in that condominium shall have the rights as prescribed by a law.

Article 215. Mixed common ownership

1. Mixed common ownership means ownership over a property contributed as capital by owners of different economic sectors for profit-making production and business activities.

2. Property formed from capital contributed by owners and lawful profits from production and business activities or from other lawful sources shall come under mixed common ownership.

3. The possession, use and disposition of property under mixed common ownership must comply with Article 209 of this Code and relevant provisions of law concerning capital contribution, organization, production and business activities, management, administration, property-related liability and profit sharing.

Article 216. Management of common property

Co-owners shall jointly manage their common property on the principle of unanimity, unless otherwise agreed upon or otherwise prescribed by law.

Article 217. Use of common property

1. Each owner of property under common ownership by share has the right to exploit the utilities of and enjoy the yields and profits from the common property corresponding to his/her/its share in the ownership rights, unless otherwise agreed upon or otherwise prescribed by law.

2. Owners of property under common ownership by integration have equal rights to exploit the utilities of and enjoy the yields and profits from the common property, unless otherwise agreed upon.

Article 218. Disposition of common property

1. Each owner of property under common ownership by share has the right to dispose of his/her/its own share in the ownership rights.

2. The disposition of property under common ownership by integration shall be performed as agreed upon by the co-owners or prescribed by law.

3. In case an owner of property under common ownership by share sells his/her/its share in the ownership rights, the other co-owners have the preemptive right to purchase such share.

Within 3 months, for a common immovable property, or 1 month, for a common movable property, from the date the other co-owners are notified of the sale of a share and sale conditions, if none of them wants to purchase the share, the owner of such share has the right to sell it to other persons. The notification shall be made in writing and the conditions on the sale of the share to the other co-owners and to persons other than these co-owners must be the same.

In case the sale of a share in the ownership rights infringes upon the preemptive right to purchase, within 3 months from the date of detecting the infringement, any of the co-owners of the property under common ownership by share may request the court to transfer to him/her/it the rights and obligations of the purchaser; the party at fault shall compensate for damage.

4. In case one of the co-owners of an immovable property renounces his/her/its share in the ownership rights or when he/she dies without an heir, such share must belong to the State, except for the case of common ownership by a community where such share must come under common ownership by the surviving co-owners.

5. In case one of the co-owners of a movable property renounces his/her/its share in the ownership rights or when he/she dies without an heir, such share must come under common ownership by the surviving co-owners.

6. In case all the owners renounce their ownership rights over the common property, the establishment of ownership rights must comply with Article 228 of this Code.

Article 219. Division of property under common ownership

1. In case of divisible common ownership, each co-owner has the right to request the division of the common property; if the status of common ownership has to be maintained within a specified time limit as agreed upon by the co-owners or prescribed by a law, each co-owner has the right to request the division of the common property only upon the expiration of that time limit; when the common property cannot be divided in kind, the co-owner who requests the division of the property has the right to sell his/her/its share in the ownership rights, unless otherwise agreed upon by the co-owners.

2. In case a person requests one of the co-owners to fulfill his/her/its payment obligation and the latter has no private property or the value of his/her/its private property is insufficient for making the payment, the former has the right to request the division of the common property and participate in such division, unless otherwise prescribed by law.

If a share in the ownership rights cannot be divided in kind or such division is opposed by the other co-owners, the obligee has the right to request the obligor to sell the latter's share in the ownership rights for performing his/her/its payment obligation.

Article 220. Termination of common ownership

Common ownership shall terminate in the following cases:

1. The common property has been divided;
2. One of the co-owners is entitled to own the entire common property;
3. The common property no longer exists;
4. Other cases prescribed by a law.

Section 3

ESTABLISHMENT AND TERMINATION OF OWNERSHIP RIGHTS

Sub-section 1

ESTABLISHMENT OF OWNERSHIP RIGHTS

Article 221. Bases for establishment of ownership rights

Ownership rights over a property shall be established in the following cases:

1. From labor, lawful production and business activities or activities creating subject matters of intellectual property rights;

2. Ownership rights are transferred as agreed upon or under a judgment or decision of the court or a decision of another competent state agency;

3. Yields and profits are gained;

4. New property is formed as a result of consolidation, mixture or processing;

5. From inheritance;

6. The possession of the property is established under the law-prescribed conditions, for derelict property or property whose owner is unidentifiable; buried, concealed or sunken property which is found; property which has been dropped on the ground or left over out of inadvertence by another person; or stray domestic animals or poultry or naturally moving raised aquatic animals;

7. The possession of the property is established or profits are gained from the property under Article 236 of this Code;

8. Other cases prescribed by a law.

Article 222. Establishment of ownership rights over property acquired from labor, lawful production and business activities or activities creating subject matters of intellectual property rights

Workers or persons who carry out lawful production and business activities have the ownership rights over the property acquired from their labor or lawful production and business activities from the time they acquire such property.

Persons who carry out creative activities have the ownership rights over the property acquired from these activities in accordance with the Law on Intellectual Property.

Article 223. Establishment of ownership rights under contract

A person to whom a property is handed over through a purchase and sale, donation, exchange or lending contract or another contract on transfer of ownership rights as prescribed by law has the ownership rights over such property.

Article 224. Establishment of ownership rights over yields and profits

The owner or user of a property has the ownership rights over the yields and profits gained from such property from the time he/she/it gains such yields and profits, as agreed upon or prescribed by law.

Article 225. Establishment of ownership rights in case of merger

1. In case properties of different owners are merged together to form an indivisible object and it is impossible to identify whether the merged property is primary object or auxiliary object, the newly formed object will be the property under common ownership by such owners; if the merged properties are primary object and auxiliary object, the newly formed object shall belong to the owner of the primary object from the time the new object is formed; the owner of the new property shall pay to the owner of the auxiliary object the value of such auxiliary object, unless otherwise agreed upon.

2. When a person merges the movable property of another person into his/her own movable property even though he/she knows or should have known that such property is not his/her own, and such merger is disapproved by the owner of the merged property, this owner has one of the following rights:

a/ To request the person who merges the property to hand over the new property to him/her, and to pay to that person the value of his/her property;

b/ To request the person who merges the property to pay the value of the portion of the former's property and compensate for damage, if refusing to take the new property;

c/ Other rights as prescribed by a law.

3. When a person merges a movable property of another person into his/her own immovable property even though he/she knows or should have known that such property is not his/her own and such merger is disapproved by the owner of the merged property, this owner has one of the following rights:

a/ To request the person who merges the property to pay the value of his/her property and compensate for damage;

b/ Other rights as prescribed by a law.

4. When a person merges his/her own movable property into another person's immovable property, the owner of the immovable property has the right to request the person who merges the property to remove the illegally consolidated property and compensate for damage, or retain the property and pay to the person who merges the property the value of such property, unless otherwise agreed upon.

Article 226. Establishment of ownership rights in case of mixture

1. In case properties of different owners are mixed together to form a new indivisible object, the new object shall come under common ownership of such owners from the time of mixture.

2. When a person mixes the property of another person into his/her own property even though he/she knows or should have known that such property is not his/her own and such mixture is disapproved by the owner of the mixed property, this owner has one of the following rights:

a/ To request the person who has mixed the property to hand over the new property to him/her, and to pay to that person the value of his/her property;

b/ To request the person who has mixed the property to pay the value of his/her property and compensate for damage, if refusing to take the new property.

Article 227. Establishment of ownership rights in case of processing

1. The owner of materials processed to create a new object is also the owner of the newly created object.

2. A *bona fide* user of materials owned by another person for processing shall become the owner of the new property but shall pay the value of materials to and compensate the owner of such materials.

3. In case the processing is performed *mala fide*, the owner of the processed materials has the right to request the return of the new object; if there are various owners of the processed materials, they shall become the co-owners of the newly created object by share, corresponding to the value of the materials of each owner. The owners of *mala fide* processed materials have the right to request the processor to compensate for damage.

Article 228. Establishment of ownership rights over derelict property or property whose owner is unidentifiable

1. Derelict property is a property whose owner has renounced his/her/its ownership rights over it.

The person who finds or is managing a derelict movable property has the right to own such property, unless otherwise prescribed by a law; if it is an immovable property, it shall belong to the State.

2. The person who finds a property whose owner is unidentifiable shall publicly announce such finding or hand over the property to the commune-level People's Committee or public security agency of the nearest place for making public announcement for the property owner to reclaim it.

The handover of the property shall be stated in a written record, clearly stating the full names and addresses of the persons handing and receiving the property, and its actual conditions, quantity and weight.

The commune-level People's Committee or public security agency that has received the property shall notify the person who found the property of the result of identification of the property owner.

For a movable property, after 1 year from the date of public announcement, if its owner remains unidentifiable, such property shall belong to the person who found it.

For an immovable property, after 5 years from the date of public announcement, if its owner remains unidentifiable, such property shall belong to the State, while the finding person is entitled to a monetary reward as prescribed by law.

Article 229. Establishment of ownership rights over buried, concealed or sunken property which is found

1. The person who finds a buried, concealed or sunken property shall notify such finding or immediately return the property to its owner; if having no information about who is the property owner, he/she shall notify such or hand over the property to the commune-level People's Committee or public security agency of the nearest place or another competent state agency in accordance with law.

2. The ownership rights over a buried, concealed or sunken property which is found but has no owner or whose owner is unidentifiable, after subtracting expenses for the property search and preservation, shall be determined as follows:

a/ The found property which belongs to a historical-cultural relic as prescribed by the Law on Cultural Heritages shall belong to the State; the person finding such property is entitled to a monetary reward as prescribed by law;

b/ The found property which does not belong to any historical-cultural relic as prescribed by the Law on Cultural Heritages and whose

value is smaller than or equal to ten months' base salary set by the State shall come under the ownership of the person who found it; if the found property's value exceeds ten months' base salary set by the State, the person finding the property is entitled to a value equal to ten months' base salary set by the State and 50% of the amount exceeding ten months' base salary set by the State; the remainder shall belong to the State.

Article 230. Establishment of ownership rights over property which has been dropped on the ground or left over out of inadvertence by other persons

1. A person who finds a property dropped on the ground or left over out of inadvertence by another person and knows the latter's address shall notify such finding or return the property to the latter; if having no information about the latter's address, he/she shall notify such finding or hand over such property to the commune-level People's Committee or public security agency of the nearest place in order to make a public announcement for the property owner to reclaim it.

The commune-level People's Committee or public security agency that has received the property shall notify the person who has handed it over of the result of identification of the property owner.

2. After 1 year from the date of public announcement of the property dropped on the ground or left over out of inadvertence by another person, if it is impossible to identify the property owner or the owner does not come to reclaim the property, the ownership rights over such property shall be determined as follows:

a/ If such property's value is smaller than or equal to ten months' base salary set by the State, the person finding the property may establish ownership rights over such property under this Code and other relevant provisions of law; if the property's value exceeds ten months' base salary set by the State, after subtracting the expenses for preservation of the property, the person finding the property is entitled to a value equal to ten months' base salary set by the State and 50% of the amount exceeding ten months' base salary set by the State; the remainder shall belong to the State;

b/ If such property belongs to a historical-cultural relic as prescribed by the Law on Cultural Heritages, it shall belong to the State; the person finding the property is entitled to a monetary reward as prescribed by law.

Article 231. Establishment of ownership rights over stray domestic animals

1. A person who has captured a stray domestic animal shall care for it and immediately notify such capture to the commune-level People's Committee of the locality where he/she resides in order to make a public announcement for the owner of the animal to reclaim it. After 6 months from the date of public announcement, or after 1 year for an animal raised free range according to practices, if no one comes to reclaim the animal, such animal and the number of offspring born during the period the animal is cared for shall belong to the animal capturer.

2. The owner of a stray domestic animal who reclaims the animal shall pay remuneration for the care for the animal and other expenses to the animal capturer. The animal capturer is entitled to half of the number of the offspring or 50% of the value of the number of the offspring born (if any) during the period of caring for a stray domestic animal, and shall compensate for damage if the animal dies due to his/her/its intentional fault.

Article 232. Establishment of ownership rights over stray poultry

1. In case a person's poultry has strayed and is captured by another person, the poultry capturer shall make a public announcement for the owner of the poultry to reclaim it. After 1 month from the date of public announcement, if no one comes to reclaim the poultry, the ownership rights over the poultry and yields gained from the poultry during the period the poultry is cared for shall belong to the poultry capturer.

2. The owner of a stray poultry who reclaims the poultry shall pay remuneration for the care for the poultry and other expenses to the poultry capturer. The poultry capturer is entitled to the yields produced by the poultry during the period of caring for the stray poultry, and shall compensate for damage if the poultry dies due to his/her/its intentional fault.

Article 233. Establishment of ownership rights over raised aquatic animals

When a person's raised aquatic animal moves naturally into a field, pond or lake of another person, it shall belong to the person owning such field, pond or lake. In case a raised aquatic animal has a specific mark which makes it possible to identify that the animal does not belong to him/her, the person owning such field, pond or lake shall make a public announcement for the owner of the aquatic animal owner to reclaim it. After 1 month from the date of public announcement, if no one comes to reclaim the aquatic animal, it shall belong to the person owning such field, pond or lake.

Article 234. Establishment of ownership rights over inherited property

Heirs may have the ownership rights over the inherited property established under Part Four of this Code.

Article 235. Establishment of ownership rights under judgments or decisions of the court or decisions of other competent state agencies

Ownership rights may be established based on legally effective judgments or decisions of the court or decisions of other competent state agencies.

Article 236. Establishment of ownership rights by virtue of statute of limitations over property possessed or benefited without a legal basis

A person who has *bona fide* possessed or benefited from a property without a legal basis but in an overt and continuous manner for 10 years, for a movable property, or 30 years, for an immovable property, shall become the owner of such property from the time of commencement of possession, unless otherwise prescribed by this Code and other relevant laws.

Sub-section 2

TERMINATION OF OWNERSHIP RIGHTS

Article 237. Bases for termination of ownership rights

Ownership rights shall terminate in the following cases:

1. The owner has transferred his/her/its ownership rights to another person;
2. The owner has renounced his/her/its ownership rights;
3. The property has been consumed or destroyed;
4. The property is disposed of for fulfilling the owner's obligations;
5. The property is compulsorily purchased;
6. The property is confiscated;
7. The ownership rights over the property have been established for another person in accordance with this Code;
8. Other cases as prescribed by a law.

Article 238. Transfer of ownership rights by the owner to another person

When the owner transfers his/her/its ownership rights to another person through a purchase and sale, exchange, donation or lending contract or another contract on transfer of ownership rights in

accordance with law or through bequeathal, the transferor's ownership rights over the property shall terminate from the time the transferee's ownership rights arise.

Article 239. Renouncement of ownership rights

The owner has the right to terminate of his/her/its own free will ownership rights over his/her/its property by making a public announcement or performing an act proving his/her/its renouncement of the rights to possess, use and dispose of such property.

The renouncement of ownership rights over property which is likely to harm social order and safety or to cause environmental pollution must comply with law.

Article 240. Property over which ownership rights have been established for another person

When the ownership rights over property with unidentifiable owners; buried, concealed or sunken property which is found; property dropped on the ground or left over out of inadvertence; stray domestic animals or poultry; or naturally moving raised aquatic animals have been established for other persons under Articles 228 through 233 of this Code, the ownership rights of the persons who previously owned such property shall terminate.

When the ownership rights of the person who possesses or benefits from a property have been established under Article 236 of this Code or other relevant laws, the ownership rights of the person whose property is possessed shall terminate.

Article 241. Realization of property to perform obligations of owners

1. The ownership rights over a property terminate when such property is realized to perform its owner's obligations under a decision of the court or another competent state agency, unless otherwise prescribed by law.

2. The realization of property to perform its owner's obligations does not apply to property not subject to distraint as prescribed by law.

3. The ownership rights over a property which is realized to perform its owner's obligations shall terminate at the time the ownership rights of the recipient of such property arise.

4. The realization of land use rights must comply with the land law.

Article 242. Consumed or destroyed property

When a property is consumed or destroyed, the ownership rights over it shall terminate.

Article 243. Compulsorily purchased property

In case the State purchases a property on a compulsory basis in accordance with a law, the ownership rights of the owner over such property shall terminate when the decision of a competent state agency takes legal effect.

Article 244. Confiscated property

When a property is confiscated and put into the state coffers due to its owner's commission of a criminal offense or an administrative violation under a judgment or decision of the court or a decision of another competent state agency, the ownership rights over such property shall terminate when this judgment or decision takes legal effect.

Chapter XIV

OTHER RIGHTS OVER PROPERTY

Section 1

EASEMENT

Article 245. Easement

Easement means the rights to be exercised on an immovable property (referred to as servient estate), aiming to serve the exploitation of another immovable property owned by another person (referred to as dominant estate).

Article 246. Bases for establishment of easement

Easement shall be established due to natural terrain or in accordance with a law, an agreement or a testament.

Article 247. Effect of easement

Easement takes effect for all individuals and legal persons and shall be transferred upon the transfer of the immovable property, unless otherwise prescribed by a relevant law.

Article 248. Principles of exercise of easement

The exercise of easement shall be agreed upon by the parties. If the parties have no agreement, the exercise of easement must adhere to the following principles:

1. Ensuring the reasonable demand of the exploitation of dominant estate conform with the use purpose of not only dominant estate but also servient estate;

2. Refraining from abusing the rights over servient estate;
3. Refraining from hindering, or causing difficulties to, the exercise of the rights over dominant estate.

Article 249. Change of the exercise of easement

The owner of servient estate shall give a reasonable advance notice of any change in the use or exploitation of servient estate that results in the change of the exercise of rights over dominant estate to the owner of dominant estate. The owner of servient estate shall create favorable conditions suitable to such change for the owner of dominant estate.

Article 250. Obligations of owners in rainwater drainage

Owners of houses or other construction works shall install water drainage pipes in a way to ensure that rainwater from the roofs of their houses or construction works does not run down onto adjoining immovable property.

Article 251. Obligations of owners in wastewater drainage

Owners of houses or other construction works shall build underground drains or gutters to discharge wastewater to designated places, ensuring wastewater does not spill onto adjoining immovable property, public roads or public places.

Article 252. Rights regarding water supply and drainage through adjoining immovable property

In case due to the natural position of an immovable property the water supply and drainage pipelines cannot but run through another immovable property, the owner of the immovable property through which the water flows shall reserve an appropriate channel for water supply and drainage and may not hinder or block the flow of water.

When installing water pipelines, the user of the water supply and drainage channel shall minimize any damage to the owner of the immovable property through which the water flows, and shall compensate for any damage. In case the water flows naturally from a higher position to a lower position, thus causing damage to the owner of the immovable property through which the water flows, the user of the water supply and drainage channel is not liable to compensate for such damage.

Article 253. Rights regarding irrigation and water drainage in cultivation

When having the demand for irrigation or water drainage, a person who has the right to use land for cultivation may request the surrounding land users to reserve for him/her a channel suitable and convenient for

irrigation or water drainage; the requested persons shall comply with such request; the user of the water channel shall compensate for any damage caused to the surrounding land users.

Article 254. The right to passageway

1. The owner of an immovable property surrounded by the immovable properties of other owners from which there is no exit or the exit is not wide enough to access a public road may request the owners of the surrounding immovable properties to reserve for him/her a reasonable passageway on their land areas.

A passageway shall be opened on an adjoining immovable property which is considered the most convenient and reasonable, taking into account the specific characteristics of the location and interests of the surrounded immovable property, and minimizing the damage caused to the immovable property on which the passageway is opened.

The owner of dominant estate entitled to a passageway shall compensate the owner of servient estate, unless otherwise agreed upon.

2. The location and the limits of the length, width and height of the passageway shall be agreed upon by the parties to ensure convenience for the ingress and egress and minimize inconvenience to the parties; if there is a dispute over the passageway, the parties may request the court or another competent state agency to settle it.

3. In case an immovable property is divided into different parts to different owners or users, upon such division, a necessary passageway shall be reserved for the person(s) living in the interior in accordance with Clause 2 of this Article, without any compensation.

Article 255. Installation of electricity transmission wires and communication wires through other immovable properties

The owner of an immovable property may install electricity transmission wires and communication wires in a reasonable manner through the immovable properties of other owners, but shall ensure safety and convenience for such owners and compensate for any damage.

Article 256. Termination of easement

Easement shall terminate in the following cases:

1. Dominant estate and servient estate come under the ownership of the same person;

2. The use and exploitation of immovable property no longer give rise to the need for enjoying rights;

3. As agreed upon by the parties;

4. Other cases as prescribed by a law.

Section 2

USUFRUCT

Article 257. Usufruct

Usufruct means the right of an entity to exploit the utilities of, and enjoy yields and profits from, property under the ownership of another entity within a specified period.

Article 258. Bases for establishment of usufruct

Usufruct shall be established in accordance with a law, an agreement or a testament.

Article 259. Effect of usufruct

Usufruct shall be established from the time of receipt of the transferred property, unless otherwise agreed upon or otherwise prescribed by a relevant law.

The established usufruct shall take effect for all individuals and legal persons, unless otherwise prescribed by a relevant law.

Article 260. Validity period of usufruct

1. The validity period of usufruct shall be agreed upon by the parties or prescribed by a law but shall last until the first usufructuary being an individual dies, or until the first usufructuary being a legal person ceases its existence, which must, however, not exceed 30 years.

2. A usufructuary has the right to lease his/her/its usufruct within the period prescribed in Clause 1 of this Article.

Article 261. Rights of the usufructuary

1. To exploit, use, or collect yields and profits from, the property subject to usufruct or permit others to do so.

2. To request the owner of the property to perform the obligation to repair such property under Clause 4, Article 263 of this Code; if the usufructuary performs this obligation on behalf of the property owner, he/she/it may request the latter to refund the repair expenses.

3. To lease the usufruct over property.

Article 262. Obligations of the usufructuary

1. To receive property in its present conditions and register it if so required by a law.

2. To exploit property according to its utilities and use purpose.

3. To keep and preserve property as if it were his/her/its own.

4. To maintain and repair property on a periodical basis to ensure its normal use; to restore the state of property and remedy negative consequences caused to property due to the improper performance of his/her/its obligations according to technical requirements or practices of property preservation.

5. To return property to its owner upon the expiration of the validity period of usufruct.

Article 263. Rights and obligations of the property owner

1. To dispose of property without changing the established usufruct.

2. To request the court to expropriate usufruct in case the usufructuary seriously infringes upon his/her/its obligations.

3. To refrain from hindering the exercise of, or performing others acts that cause difficulties to or infringe upon the lawful rights and interests of the usufructuary.

4. To fulfill the obligation to repair property so as not to cause significant degradation making the property unusable or lose all of its utilities or value.

Article 264. The right to enjoy yields and profits

1. A usufructuary has the ownership rights over yields and profits from property subject to usufruct within the validity period of usufruct.

2. In case the usufruct terminates while the time for enjoyment of yields and profits has not yet come, the usufructuary will, when this time becomes due, enjoy the value of yields and profits corresponding to the period during which he/she/it is entitled to usufruct.

Article 265. Termination of usufruct

Usufruct shall terminate in the following cases:

1. Its validity period expires;

2. As agreed upon by the parties;

3. The usufructuary becomes the owner of property subject to usufruct;

4. The usufructuary renounces, or fails to exercise, the usufruct within a time limit prescribed by a law;

5. Property subject to usufruct no longer exists;

6. Under a court's decision;

7. Other cases as prescribed by a law.

Article 266. Return of property upon termination of usufruct

Property subject to usufruct shall be returned to its owner upon the termination of usufruct, unless otherwise agreed upon or prescribed by a law.

Section 3

THE RIGHT OF SUPERFICIES

Article 267. The right of superficies

Right of superficies mean the right of an entity over the ground, water surface, space above the ground or water surface, and the underground space of the land whose use rights belong to another entity.

Article 268. Bases for establishment of the right of superficies

The right of superficies shall be established in accordance with a law, an agreement or a testament.

Article 269. Effect of the right of superficies

The right of superficies takes effect from the time the entity having land use rights transfers the ground, water surface, space above the ground or water surface and the underground space of the land to the entity having the right of superficies, unless otherwise agreed upon or prescribed by a relevant law.

The right of superficies takes effect for all individuals and legal persons, unless otherwise prescribed by a relevant law.

Article 270. Validity period of the right of superficies

1. The validity period of the right of superficies shall be determined in accordance with a law, an agreement or a testament, but must not exceed the validity period of land use rights.

2. In case the validity period of the right of superficies is not determined under an agreement or a testament, any party may terminate this right at any time but shall notify in writing to the other party at least 6 months in advance.

Article 271. Contents of the right of superficies

1. The entity having the right of superficies is entitled to exploit and use land surface, water surface, space above land surface or water surface and the subsoil falling under the land use rights of another person for construction of works, growing of trees or cultivation not in contravention of this Code, the laws on land, construction, planning, natural resources and minerals, and other relevant provisions of law.

2. The entity having the right of superficies has the ownership rights over property created under Clause 1 of this Article.

3. In case the right of superficies is transferred in part or in whole, the transferee may inherit the right of superficies according to the conditions and within the scope corresponding to the transferred part of the right of superficies.

Article 272. Termination of the right of superficies

The right of superficies shall terminate in the following cases:

1. The validity period for enjoyment of the right of superficies expires;
2. The entity having the right of superficies and the entity having the land use rights become one;
3. The entity having the right of superficies renounces this right;
4. The land use rights containing the right of superficies are revoked under the Land Law;
5. As agreed upon by the parties or prescribed by a law.

Article 273. Handling of assets upon termination of the right of superficies

1. When the right of superficies terminates, the entity having this right shall return land surface, water surface, space above land surface or water surface and the subsoil to the entity having the land use rights as agreed upon or prescribed by law.

2. The entity having the right of superficies shall handle property under his/her/its ownership before this right terminates, unless otherwise agreed upon.

In case the entity having the right of superficies fails to handle a property before this right terminates, the ownership rights over such property shall belong to the entity having the land use rights from the time the right of superficies terminates, unless the entity having the land use rights refuses to receive the property.

In case the entity having the land use rights refuses to receive the property but has to realize it, the entity having the right of superficies shall pay realization expenses.

PART THREE

OBLIGATIONS AND CONTRACTS

Chapter XV

GENERAL PROVISIONS

Section 1

BASES FOR OBLIGATIONS TO ARISE AND OBJECTS OF OBLIGATIONS

Article 274. Obligations

Obligation is an act whereby one or more than one entity (below referred to as the obligor) has to transfer an object, transfer rights, pay money or deliver valuable papers, perform a certain task or refrain from performing a certain task in the interest of one or more than one other entity (below referred to as the obligee).

Article 275. Bases for obligations to arise

An obligation shall arise on the following bases:

1. Contract;
2. Unilateral legal act;
3. Unauthorized performance of a task;
4. Possession and use of or benefiting from property without a legal basis;
5. Causing damage by performing an illegal act;
6. Other bases as prescribed by law.

Article 276. Objects of obligations

1. The object of an obligation may be property or a task to be or a task not to be performed.
2. The object of an obligation shall be identified.

Section 2

PERFORMANCE OF OBLIGATIONS

Article 277. Places for performing obligations

1. A place for performing an obligation shall be agreed upon by the parties.
2. If no agreement is reached, a place for performing an obligation may be:
 - a/ The place where the immovable property is located, if the object of the obligation is an immovable property; or,
 - b/ The place of residence or head office of the obligee, if the object of the obligation is not an immovable property.

When the obligee changes his/her/its place of residence or head office, he/she/it shall notify the obligor of the change and bear extra expenses resulting from such change, unless otherwise agreed upon.

Article 278. Time limit for performance of obligations

1. The time limit for performing an obligation shall be agreed upon by the parties, prescribed by law, or decided by a competent agency.

2. The obligor shall perform his/her/its obligation within the set time limit, unless otherwise prescribed by this Code or another relevant law.

In case the obligor has of his/her/its own free will fulfilled his/her/its obligation ahead of time and the obligee has accepted such fulfillment, the obligation shall be regarded as having been fulfilled on time.

3. In case the time limit for performing an obligation cannot be determined under Clause 1 of this Article, a party may perform his/her/its obligation or request the performance of the obligation at any time but shall give a reasonable advance notice to the other party.

Article 279. Performance of the obligation to hand over objects

1. The party obliged to hand over an object shall preserve and keep the object until it is handed over.

2. When the to-be-handed object is a distinctive object, the obligor shall hand over the exact object in the exact state as committed; if it is a fungible object, it shall be handed over in the exact quantity and of the exact quality as agreed upon; if there is no agreement on quality, the to-be-handed object must be of average quality; if it is an integrated object, it shall be handed integrated.

3. The obligor shall bear all expenses for the handover of the object, unless otherwise agreed upon.

Article 280. Performance of the obligation to pay money

1. The obligation to pay money shall be performed completely, on time, and at the place and by the method as agreed upon.

2. The obligation to pay money covers the payment of interest on the principal, unless otherwise agreed upon.

Article 281. The obligation to perform or refrain from performing a task

1. Obligation to perform a task means an obligation under which the obligor has to perform that task.

2. Obligation to refrain from performing a task means an obligation under which the obligor is not allowed to perform that task.

Article 282. Periodical performance of an obligation

An obligation shall be performed on a periodical basis as agreed upon, prescribed by law or decided by a competent agency.

The late performance of an obligation in a certain period shall also be considered the late performance of the obligation.

Article 283. Performance of an obligation through a third party

Subject to the obligee's consent, the obligor may authorize a third party to perform the obligation on his/her/its behalf but must still be accountable to the obligee if the third party fails to perform or improperly performs the obligation.

Article 284. Conditional performance of an obligation

1. In case the conditions for performance of an obligation are agreed upon by the parties or prescribed by law, the obligor shall perform this obligation when such conditions arise.

2. In case the conditions for performance of an obligation do not arise or they arise under the influence of a party, the provisions of Clause 2, Article 120 of this Code shall apply.

Article 285. Performance of an obligation with optional objects

1. Obligation with an optional object means an obligation with an object being one of many different properties or tasks from which the obligor may choose of his/her/its own free will, unless it is agreed upon or prescribed by law that the right of choice belongs to the obligee.

2. The obligor shall notify the obligee of the property or task selected for performance of the obligation. In case the obligee has determined a time limit for performance of the selected obligation, the obligor shall perform it within such time limit.

3. In case only one property or task is left, the obligor shall hand over such property or perform such task.

Article 286. Performance of a substitutable obligation

Substitutable obligation means an obligation which the obligor that cannot perform the initial obligation may perform provided that it is accepted by the obligee as a substitute for the initial obligation.

Article 287. Separate performance of an obligation

When many obligors jointly perform an obligation but each obligor has a certain part of the obligation separate from other parts, each obligor shall only perform his/her/its own part of the obligation.

Article 288. Performance of a joint obligation

1. Joint obligation is an obligation which shall jointly be performed by many obligors and the obligee may request any of the obligors to perform the entire obligation.

2. In case an obligor has fulfilled the entire obligation, he/she/it may request the other joint obligors to perform their respective parts of the joint obligation toward him/her/it.

3. In case the obligee has designated one of the joint obligors to perform the entire obligation, but later exempts that obligor from doing so, the other obligors shall also be exempted from performing the obligation.

4. In case the obligee exempts only one of the joint obligors from performing his/her/its own part of the obligation, the other obligors shall still perform their own parts of the obligation.

Article 289. Performance of an obligation toward many joint obligees

1. Obligation toward many joint obligees means an obligation whereby each of the obligees may request the obligor to perform the entire obligation.

2. The obligor may perform his/her/its own obligation toward any of the joint obligees.

3. In case one of the joint obligees exempts the obligor from fulfilling the part of the obligation toward him/her/it, the obligor shall still fulfill the remaining parts of the obligation toward the other joint obligees.

Article 290. Performance of a divisible obligation

1. Divisible obligation means an obligation whose object can be divided into different parts for performance.

2. The obligor may perform the obligation part by part, unless otherwise agreed upon.

Article 291. Performance of an indivisible obligation

1. Indivisible obligation means an obligation whose objects have to be performed simultaneously.

2. In case many obligors have to jointly perform an indivisible obligation, they shall perform such obligation simultaneously.

Section 3

SECURITY FOR PERFORMANCE OF OBLIGATIONS

Sub-Section 1

GENERAL PROVISIONS

Article 292. Measures to secure performance of an obligation

Measures to secure performance of an obligation include:

1. Pledge of property;
2. Mortgage of property;
3. Deposit;
4. Security collateral;
5. Escrow account;
6. Retention of title;
7. Guaranty;
8. Pledge of trust;
9. Lien on property.

Article 293. Scope of security of an obligation

1. An obligation may be secured in part or in whole as agreed upon or prescribed by law; if the scope of security is neither agreed upon nor prescribed by law, the obligation shall be regarded to be secured in whole, even the obligation to pay interests, fines and compensation.

2. A secured obligation may be a present obligation, future obligation or conditional obligation.

3. In case of security of a future obligation, the obligation that arises within the security time limit shall be secured, unless otherwise agreed upon.

Article 294. Security for performance of a future obligation

1. In case of security for performance of a future obligation, the parties may reach a specific agreement on the scope of the secured obligation and the time limit for performance thereof, unless otherwise prescribed by law.

2. When a future obligation arises, the parties are not required to re-establish the security measure for such obligation.

Article 295. Collateral

1. Collateral must come under the ownership of the securing party, except for the cases of lien on property and retention of title.
2. Collateral may be described in general terms but must be identified.
3. Collateral may be existing property or future property.
4. The value of collateral may be larger than, equal to or smaller than the value of the secured obligation.

Article 296. One property used to secure performance of many obligations

1. One property may be used to secure performance of many obligations if its value at the time of establishment of a security transaction is larger than the total value of the secured obligations, unless otherwise agreed upon or otherwise prescribed by law.
2. In case one property is used to secure performance of many obligations, the securing party shall notify the subsequent secured party that the property is being used as collateral to secure performance of another obligation. Each provision of security shall be expressed in writing.
3. In case the property has to be realized for the performance of a due obligation, other undue obligations shall all be regarded as due and all secured parties may participate in the realization of the property. The secured party that has notified the realization of the property shall realize the property, unless otherwise agreed upon by the secured parties.

In case the parties wish to continue to perform the undue obligations, they may reach agreement on the securing party's use of another property to secure the performance of these undue obligations.

Article 297. Effect for a third party

1. A security measure shall become effective for a third party from the time of registration of this measure or from the time the securing party holds or seizes the collateral.
2. When a security measure becomes effective for a third party, the secured party may reclaim the collateral and are entitled to the payment under Article 308 of this Code and other relevant laws.

Article 298. Registration of security measures

1. Security measures shall be registered as agreed upon or prescribed by a law.

Only in cases prescribed by a law may registration constitute a condition for a security transaction to take effect.

2. A registered security measure shall become effective for a third party from the time of registration.

3. The registration of security measures must comply with the law on registration of security measures.

Article 299. Cases of realization of collateral

1. The obligor fails to perform or improperly performs the secured obligation when it becomes due.

2. The obligor has to fulfill the secured obligation ahead of time because he/she/it violates the obligation as agreed upon or prescribed by a law.

3. Other cases as agreed upon by the parties or prescribed by a law.

Article 300. Notification of realization of collateral

1. Before realizing collateral, the secured party shall give a written reasonable advance notice to the securing party and other secured parties.

If the collateral is at risk of being damaged, resulting in a decline in or loss of its value, the secured party may immediately realize it and concurrently notify such realization to the securing party and other secured parties.

2. In case the securing party fails to notify the realization of the collateral under Clause 1 of this Article, thus causing damage, he/she/it shall compensate the securing party and other secured parties.

Article 301. Handover of collateral for realization

The person who currently holds collateral shall be obliged to hand it over to the secured party for realization in one of the cases prescribed in Article 299 of this Code.

In case the person who currently holds collateral refuses to hand it over, the secured party may request the court to settle the case, unless otherwise prescribed by a relevant law.

Article 302. The right to reclaim collateral

Before the time of realization of collateral, if the securing party has fulfilled his/her/its obligation toward the secured party and paid expenses arising due to his/her/its late fulfillment of the obligations, he/she/it may reclaim such property, unless otherwise prescribed by a law.

Article 303. Methods of realizing pledged or mortgaged property

1. The securing and secured parties may reach agreement on one of the following methods of realizing pledged or mortgaged property:

a/ Auctioning the property;

b/ The secured party selling the property;

c/ The secured party receiving the property as a substitute for the performance of the obligation by the securing party;

d/ Other methods.

2. If no agreement is reached on the method of realizing collateral under Clause 1 of this Article, the property shall be auctioned, unless otherwise prescribed by a law.

Article 304. Sale of pledged or mortgaged property

1. The auction of pledged or mortgaged property must comply with the law on property auction.

2. The sale of pledged or mortgaged property by the secured party must comply with this Code's provisions on sale of property and the following provisions:

a/ The payment of the proceeds from the realization of the property must comply with Article 307 of this Code;

b/ After the property sale result is available, the property owner and person having the right to realize the property shall carry out the legally established procedures to transfer the ownership rights to the property purchaser.

Article 305. Receipt of collateral as a substitute for performance of the securing party's obligation

1. The secured party may receive the collateral as a substitute for performance of the securing party's obligation if it is so agreed upon the establishment of the security transaction.

2. In case no agreement is reached under Clause 1 of this Article, the secured party may receive the collateral as a substitute for performance of the obligation only when it is so consented in writing by the securing party.

3. If the value of collateral is larger than the value of the secured obligation, the secured party shall pay the difference to the securing party; if the value of collateral is smaller than the value of the secured obligation, the unpaid value of the obligation shall become an unsecured obligation.

4. The securing party is obliged to carry out procedures for the transfer of the ownership rights over the property to the secured party in accordance with law.

Article 306. Valuation of collateral

1. When realizing collateral, the securing and secured parties may reach agreement on the price of the collateral or have the collateral valued by a property valuation organization.

If no agreement is reached, the collateral shall be valued by a property valuation organization.

2. The valuation of collateral must ensure objectivity and conformity with the market price.

3. The valuation organization shall compensate for damage caused by its illegal acts to the securing party and/or secured party in the valuation of collateral.

Article 307. Payment of proceeds from the realization of pledged or mortgaged property

1. The proceeds from the realization of pledged or mortgaged property, after subtracting the expenses for the property preservation, storage and realization, shall be paid according to the order of priority prescribed in Article 308 of this Code.

2. If the proceeds from the realization of pledged or mortgaged property, after subtracting the expenses for the property preservation, storage and realization, are larger than the value of the secured obligation, the difference shall be returned to the securing party.

3. If the proceeds from the realization of pledged or mortgaged property, after subtracting the expenses for the property preservation, storage and realization, are smaller than the value of the secured obligation, the unpaid value of the obligation shall be regarded as an unsecured obligation, unless the parties agree to add collateral. The secured party may request the party having his/her/its obligation secured to pay the unpaid value of the obligation.

Article 308. Order of priority of payment among joint secured parties

1. When one property is used to secure performance of many obligations, the order of priority of payment to the joint secured parties shall be determined as follows:

a/ In case all security measures are effective for a third party, the order of payment shall be determined according to the order of establishment of such effect;

b/ In case there are both security measures effective and not effective for a third party, payment shall be made first for the obligation with a security measure effective for a third party;

c/ In case all security measures have no effect for a third party, the order of payment shall be determined according to the order of establishment of the security measures.

2. The order of priority of payment prescribed in Clause 1 of this Article may change if the joint secured parties agree to change it. The subrogor of the right to payment priority is entitled to payment priority only within the scope of security of the subrogee.

Sub-section 2

PLEDGE OF PROPERTY

Article 309. Pledge of property

Pledge of property means that a party (below referred to as the pledgor) hands over its own property to the other party (below referred to as the pledgee) to secure the performance of an obligation.

Article 310. Effect of pledge of property

1. A property pledge contract takes effect from the time of its signing, unless otherwise agreed upon or otherwise prescribed by a law.

2. Property pledge shall become effective for a third party from the time the pledgee holds the pledged property.

The pledge of immovable property as prescribed by a law shall become effective for a third party from the time of registration.

Article 311. Obligations of the pledgor

1. To hand over the pledged property to the pledgee as agreed upon.

2. To notify the pledgee of the right of a third party over the pledged property, if any; in the absence of such notification, the pledgee has the right to cancel the property pledge contract and claim compensation, or to maintain the contract and accept the rights of the third party over the pledged property.

3. To pay the pledgee reasonable expenses for preservation of the pledged property, unless otherwise agreed upon.

Article 312. Rights of the pledgor

1. To request the pledgee to stop using the pledged property in the case prescribed in Clause 3, Article 314 of this Code, if such use puts the pledged property in danger of losing its value or declining in value.

2. To request the pledgee to return the pledged property and relevant papers, if any, when the pledge-secured obligation terminates.

3. To request the pledgee to compensate for damage caused to the pledged property.

4. To sell, replace, exchange or donate the pledged property if so agreed by the pledgee or as prescribed by a law.

Article 313. Obligations of the pledgee

1. To keep and preserve the pledged property; to compensate the pledgor if losing, misplacing or damaging the pledged property.

2. To refrain from selling, exchanging, donating, or using the pledged property to secure the performance of another obligation.

3. To refrain from leasing, lending, exploiting the utilities of, or enjoying the yields and profits from, the pledged property, unless otherwise agreed upon.

4. To return the pledged property and relevant papers, if any, when the pledge-secured obligation terminates or is replaced with another security measure.

Article 314. Rights of the pledgee

1. To request the person who is illegally possessing or using the pledged property to return such property.

2. To realize the pledged property by the method as agreed upon or as prescribed by law.

3. To lease, lend, or exploit the utilities of, the pledged property and enjoy yields and profits from the pledged property, if so agreed upon.

4. To be paid reasonable expenses for the preservation of the pledged property when returning the property to the pledgor.

Article 315. Termination of pledge of property

The pledge of property shall terminate in the following cases:

1. The pledge-secured obligation terminates;

2. It is cancelled or replaced with another security measure;

3. The pledged property has been realized;

4. As agreed upon by the parties.

Article 316. Return of pledged property

When the pledge of property terminates under Clause 1 or 2, Article 315 of this Code or as agreed upon by the parties, the pledged property and relevant papers shall be returned to the pledgor. The yields and

profits gained from the pledged property shall also be returned to the pledgor, unless otherwise agreed upon.

Sub-section 3

MORTGAGE OF PROPERTY

Article 317. Mortgage of property

1. Mortgage of property means that a party (below referred to as the mortgagor) uses his/her/its own property to secure the performance of an obligation without transferring such property to the other party (below referred to as the mortgagee).

2. The mortgaged property shall be kept by the mortgagor. The parties may agree to assign a third party to keep the mortgaged property.

Article 318. Mortgaged property

1. In case of mortgage of the entire immovable property or movable property containing auxiliary objects, such auxiliary objects shall also belong to the mortgaged property, unless otherwise agreed upon.

2. In case of mortgage of part of immovable property or movable property containing auxiliary objects, auxiliary objects that are affixed to such part shall belong to the mortgaged property, unless otherwise agreed upon.

3. In case of mortgage of land use rights, if land-attached assets come under the ownership of the mortgagor, these assets shall also belong to the mortgaged property, unless otherwise agreed upon.

4. In case the mortgaged property is insured, the mortgagee shall notify the insurer that the insured property is under mortgage. The insurer shall pay the insured sum directly to the mortgagee when an insured event occurs.

In case the mortgagee fails to notify the insurer that the insured property is under mortgage, the insurer shall pay the insured sum under the insurance contract and the mortgagor shall pay it to the mortgagee.

Article 319. Effect of mortgage of property

1. A property mortgage contract takes effect from the time of its signing, unless otherwise agreed upon or otherwise prescribed by a law.

2. Property mortgage shall become effective for a third party from the time of registration.

Article 320. Obligations of the mortgagor

1. To hand over papers relating to the mortgaged property if so agreed upon by the parties, unless otherwise prescribed by a law.

2. To preserve and keep the mortgaged property.
3. If the exploitation of the utilities of the mortgaged property puts the mortgaged property in danger of losing its value or declining in value, to apply necessary remedial measures, including stopping the exploitation.
4. When the mortgaged property is damaged, to repair it or replace it with another property of an equivalent value within a reasonable period of time, unless otherwise agreed upon.
5. To provide information on the actual conditions of the mortgaged property to the mortgagee.
6. To hand over the mortgaged property to the mortgagee for realization when falling in one of the cases prescribed in Article 299 of this Code.
7. To notify the mortgagee of the rights of a third party over the mortgaged property, if any; if no notification is made, the mortgagee has the right to cancel the property mortgage contract and claim compensation or to maintain the contract and accept the rights of a third party over the mortgaged property.
8. To refrain from selling, replacing, exchanging or donating the mortgaged property, except for the cases prescribed in Clauses 4 and 5, Article 321 of this Code.

Article 321. Rights of the mortgagor

1. To exploit the utilities of, and enjoy the yields and profits from, the mortgaged property, unless the yields and profits also serve as the mortgaged property as agreed upon.
2. To make investment so as to increase the value of the mortgaged property.
3. To reclaim the mortgaged property kept by a third party and related papers kept by the mortgagee when the mortgage-secured obligation terminates or is replaced with by another security measure.
4. To sell, replace or exchange the mortgaged property if such property is a commodity in the production and business process. In this case, the right to request the purchaser to make payment, the earned proceeds, the property formed from the earned proceeds, or the replacing or exchanged property shall become the mortgaged property.

In case the mortgaged property is a goods warehouse, the mortgagor has the right to change the goods in the warehouse but shall ensure that the value of goods in the warehouse remains unchanged as agreed upon.

5. To sell, exchange or donate the mortgaged property other than commodities circulated in the production and business process if so agreed by the mortgagee or as prescribed by law.

6. To lease or lend the mortgaged property while having to notify the lessee or the borrower that the leased or borrowed property is under mortgage and to notify such lease or lending to the mortgagee.

Article 322. Obligations of the mortgagee

1. To return to the mortgagor the papers relating to the mortgaged property after terminating the mortgage, in case the mortgagee keeps these papers as agreed upon by the parties.

2. To carry out procedures for realization of the mortgaged property in accordance with law.

Article 323. Rights of the mortgagee

1. To personally check and inspect the mortgaged property without hindering, or causing difficulties to, the formation, use or exploitation of the mortgaged property.

2. To request the mortgagor to provide information on the actual conditions of the mortgaged property.

3. To request the mortgagor to apply necessary measures to preserve the property and its value in case the exploitation or use of the property by the latter puts the property in danger of losing its value or declining in value.

4. To register the mortgage in accordance with law.

5. To request the mortgagor or a third party that keeps the mortgaged property to hand over such property for realization when the mortgagor fails to perform or improperly performs his/her/its obligation.

6. To keep papers relating to the mortgaged property if so agreed upon by the parties, unless otherwise prescribed by a law.

7. To realize the mortgaged property in the cases prescribed in Article 299 of this Code.

Article 324. Rights and obligations of a third party keeping mortgaged property

1. A third party that keeps the mortgaged property has the following rights:

a/ To exploit the utilities of the mortgaged property if so agreed upon;

b/ To be paid remuneration and expenses for the keeping and preservation of the mortgaged property, unless otherwise agreed upon.

2. A third party that keeps the mortgaged property has the following obligations:

a/ To preserve and keep the mortgaged property; to compensate for damage if the mortgaged property is lost or losing its value or declines in value;

b/ To stop exploiting the utilities of the mortgaged property if such exploitation puts the property in danger of losing its loss or declining in value;

c/ To return the mortgaged property to the mortgagee or mortgagor as agreed upon or prescribed by law.

Article 325. Mortgage of land use rights without mortgage of land-attached assets

1. In case a land user that is also the owner of land-attached assets mortgages his/her/its land use rights without mortgage of land-attached assets, the assets to be realized must also include land-attached assets, unless otherwise agreed upon.

2. In case a land user that mortgages land use rights is not the owner of land-attached assets, when land use rights are realized, the owner of land-attached assets may continue to use the land within the scope of his/her/its rights and obligations; the rights and obligations of the mortgagor in the relation with the owner of land-attached assets shall be transferred to the transferee of land use rights, unless otherwise agreed upon.

Article 326. Mortgage of land-attached assets without mortgage of land use rights

1. In case the owner of land-attached assets that is also the land user mortgages land-attached assets without mortgage of land use rights, the assets to be realized must also include land use rights, unless otherwise agreed upon.

2. In case the owner of land-attached assets that is not the land user mortgages land-attached assets without mortgage of land use rights, when land-attached assets are realized, the transferee of land-attached assets may continue to use the land within the scope of the rights and obligations of the owner of the transferred land-attached assets, unless otherwise agreed upon.

Article 327. Termination of mortgage of property

The mortgage of property shall terminate in the following cases:

1. The mortgage-secured obligation terminates;
2. The mortgage of property has been cancelled or replaced with another security measure;
3. The mortgaged property has been realized;
4. As agreed upon by the parties.

Sub-section 4

DEPOSIT, SECURITY COLLATERAL, ESCROW ACCOUNT

Article 328. Deposit

1. Deposit means that a party (below referred to as the depositor) hands to the other party (below referred to as the depositary) a sum of money or precious metals, gems or other valuable objects (below referred to as the deposited property) within a specified time limit to secure the conclusion or performance of a contract.

2. In case a contract is concluded or performed, the deposited property shall be returned to the depositor or subtracted from the payment obligation; if the depositor refuses to conclude or perform the contract, the deposited property shall belong to the depositary; if the depositary refuses to conclude or perform the contract, he/she/it shall return the deposited property plus a sum of money equivalent to the value of the deposited property to the depositor, unless otherwise agreed upon.

Article 329. Security collateral

1. Security collateral means that a lessee of a movable property hands over a sum of money or precious metals, gems or other valuable objects (below referred to as security collateral property) to the lessor within a specified time limit to secure the return of the leased property.

2. In case the leased property is returned, the lessee has the right to reclaim the property used for security collateral after having paid the rental; if the lessee fails to return the leased property, the lessor has the right to reclaim the leased property; if the leased property no longer exists for the return, the property used for security collateral shall belong to the lessor.

Article 330. Escrow account

1. Escrow account means that the obligor deposits a sum of money, precious metals, gems or valuable papers into a blocked account at a credit institution to secure the performance of an obligation.

2. In case the obligor fails to perform or improperly performs an obligation, thus causing damage, the obligee is entitled to payment and

compensation by the credit institution where the escrow account is opened, after subtracting the service charge.

3. The procedures for deposit and payment must comply with law.

Sub-section 5

RETENTION OF TITLE

Article 331. Retention of title

1. Under a purchase and sale contract, the property ownership rights may be retained by the seller until the payment obligation is fulfilled.

2. Retention of title may be stated in a separate document or in the purchase and sale contract.

3. Retention of title shall become effective for a third party from the time of registration.

Article 332. The right to reclaim property

In case the purchaser fails to fulfill the payment obligation toward the seller as agreed upon, the seller has the right to reclaim the property. The seller shall refund the purchaser the sum of money paid by the purchaser after subtracting the depreciated value of the property due to use. In case the property is lost or damaged, the seller has the right to request compensation for damage.

Article 333. Rights and obligations of the property purchaser

1. To use the property and enjoy yields and profits deriving from the property within the validity period of retention of title.

2. To bear property-related risks within the validity period of retention of title, unless otherwise agreed upon.

Article 334. Termination of retention of title

The retention of title shall terminate in the following cases:

1. The payment obligation toward the seller has been fulfilled;
2. The seller has received back the property under retention of title;
3. As agreed upon by the parties.

Sub-section 6

GUARANTY

Article 335. Guaranty

1. Guaranty means that a third party (below referred to as the guarantor) commits with the obligee (below referred to as the creditor) to perform an obligation on behalf of the obligor (below referred to as the

principal) if, when the obligation becomes due but the principal fails to perform or improperly performs the obligation.

2. The parties may agree that the guarantor shall perform the obligation on behalf of the principal only when the principal is incapable of performing such obligation.

Article 336. Scope of guaranty

1. The guarantor may commit to guarantee part or the whole of the obligation on behalf of the principal.

2. A guaranteed obligation covers also interest on principal debt, fine, monetary compensation for damage and late-payment interest, unless otherwise agreed upon.

3. The parties may agree to use property as security for the performance of the guaranteed obligation.

4. In case the guaranteed obligation is a future obligation, the scope of guarantee does not cover the obligation arising after the guarantor being an individual dies or the guarantor being a legal person ceases his/her/its existence.

Article 337. Remuneration

The guarantor is entitled to remuneration if so agreed upon by the guarantor and the principal.

Article 338. Joint guarantors

When there are many guarantors for one obligation, they shall jointly perform the guaranty, unless it is agreed upon or prescribed by law that the guaranty comprises independent parts; the obligee may request any of the joint guarantors to perform the entire obligation.

When one of the joint guarantors has performed the entire obligation on behalf of the principal, he/she/it has the right to request the other guarantors to perform their respective parts of the obligation to him/her/it.

Article 339. Relationship between the guarantor and creditor

1. In case the principal fails to perform or improperly performs his/her/its obligation, the creditor has the right to request the guarantor to perform the guaranteed obligation, unless the parties agree that the guarantor shall perform the obligation on behalf of the principal only in case the latter is incapable of performing the obligation.

2. The creditor may not request the guarantor to perform an obligation on behalf of the principal until it becomes due.

3. The guarantor is not obliged to perform the guaranteed obligation in case the creditor can offset an obligation with the principal.

Article 340. Guarantor's right to claim

The guarantor has the right to ask the principal to perform the obligation toward the former within the scope of the guaranteed obligation already performed, unless otherwise agreed upon.

Article 341. Exemption from performance of the guaranteed obligation

1. In case the guarantor that has to perform the guaranteed obligation is exempted by the creditor from such performance, the principal shall not be required to perform the obligation toward the creditor, unless otherwise agreed upon or otherwise prescribed by law.

2. In case only one of the joint guarantors is exempted from performing his/her/its part of the guaranteed obligation, the other joint guarantors shall still perform their respective parts of the obligation.

3. In case one of the joint creditors exempts the guarantor from performing his/her/its part of the obligation toward the former, the guarantor shall still perform his/her/its remaining part of the obligation toward the other joint creditors.

Article 342. Civil liability of the guarantor

1. In case the principal fails to perform or improperly performs his/her/its obligation, the guarantor shall perform such obligation.

2. In case the guarantor improperly performs the guaranteed obligation, the creditor has the right to request the guarantor to pay the value of the breached obligation and compensate for damage.

Article 343. Termination of guaranty

Guaranty shall terminate in the following cases:

1. The guaranteed obligation terminates;
2. The guaranty has been cancelled or replaced with another security measure;
3. The guarantor has fulfilled the guaranteed obligation;
4. As agreed upon by the parties.

Sub-section 7

PLEDGE OF TRUST

Article 344. Pledge of trust security by socio-political organizations

Grassroots socio-political organizations may provide security by pledge of trust for poor individuals and households to borrow money from credit institutions for production, business or consumption purposes in accordance with law.

Article 345. Forms and contents of pledge of trust

The provision of a loan with pledge of trust security shall be made in writing, with the certification by a socio-political organization providing the pledge of trust security regarding the conditions and circumstances of the borrower.

An agreement on pledge of trust security must specify the amount, purpose and term of the loan, interest rate, and rights, obligations and responsibilities of the borrower, the lender and the socio-political organization providing the pledge of trust security.

Sub-section 8

LIEN ON PROPERTY

Article 346. Lien on property

Lien on property means that the obligee (below referred to as the lienor) that is lawfully holding a property being the object of a bilateral contract has the right to seize such property in case the obligor fails to perform or improperly performs his/her/its obligation.

Article 347. Establishment of lien on property

1. Lien on property arises from the time when the obligor fails to perform an obligation when it becomes due or improperly performs it.

2. Lien on property shall become effective for a third party from the time the lienor seizes the property.

Article 348. Rights of the lienor

1. To request the obligor to perform all the obligations arising from the bilateral contract.

2. To request the obligor to pay expenses necessary for the preservation of the property under lien.

3. To exploit the property used for lien for collecting yields and profits if so agreed by the obligor.

The value acquired from the exploitation of property under lien may be offset against the value of the obligation of the obligor.

Article 349. Obligations of the lienor

1. To keep and preserve the property under lien.

2. To refrain from changing the state of the property under lien.
3. To refrain from transferring or using the property under lien without the consent of the obligor.
4. To return the property under lien when the obligation has been fulfilled.
5. To compensate for damage if the property under lien is lost or damaged.

Article 350. Termination of lien

Lien on property shall terminate in the following cases:

1. The lienor actually no longer holds the property;
2. The parties agree to use another security measure in replacement of lien;
3. The obligation has been fulfilled;
4. The property under lien no longer exists;
5. As agreed upon by the parties.

Section 4

CIVIL LIABILITY

Article 351. Civil liability for breach of obligations

1. The obligor that breaches his/her/its obligation shall bear civil liability to the obligee.

Breach of an obligation means that the obligor fails to perform an obligation on time, incompletely performs an obligation, or improperly performs an obligation.

2. In case the obligor improperly performs an obligation due to a *force majeure* event, he/she/it is not required to bear civil liability, unless otherwise agreed upon or otherwise prescribed by law.

3. The obligor is not required to bear civil liability if he/she/it can prove that his/her/its failure to perform the obligation is entirely due to the fault of the obligee.

Article 352. Responsibility to continue performing an obligation

When the obligor improperly performs his/her/its obligation, the obligee may request the obligor to continue performing such obligation.

Article 353. Late performance of an obligation

1. Late performance of an obligation means that an obligation has not yet been performed or has been performed just in part upon the expiration of the time limit for its performance.

2. The party that is late in the performance of an obligation shall immediately notify the obligee of the failure to perform the obligation on time.

Article 354. Postponement of performance of an obligation

1. If unable to perform an obligation on time, the obligor shall immediately notify such to the obligee and suggest postponement of performance of the obligation.

If failing to notify the obligee, the obligor shall compensate for damage, unless otherwise agreed upon or such failure is due to an objective cause.

2. The obligor may postpone performance of an obligation if so agreed by the obligee. The performance of an obligation after postponement shall also be regarded as performance on time.

Article 355. Late acceptance of fulfillment of an obligation

1. Late acceptance of fulfillment of an obligation means that the obligor has fulfilled an obligation on time but the obligee refuses to accept such fulfillment.

2. In case of late receipt of a property being the object of an obligation, the obligor may put the property at a place of bailment or apply another necessary measure to preserve the property and request the payment of reasonable expenses. In case of putting the property at a place of bailment, the obligor shall immediately notify such to the obligee.

3. For perishable property, the obligor may sell it and immediately notify such to the obligee and pay the proceeds from the sale of the property to the obligee after subtracting reasonable expenses for preservation and sale of such property.

Article 356. Responsibility for failure to perform the obligation to deliver an object

1. When the obligation to deliver a distinctive object is not performed, the breached party has the right to request the breaching party to deliver that exact object; if the object no longer exists or is damaged, the breaching party shall pay the value of the object.

2. When the obligation to deliver a fungible object is not performed, the breached party has the right to request the breaching party to deliver

another fungible object; if there is no another fungible object for replacement, the breaching party shall pay the value of the object.

3. In case the breach of the obligation prescribed in Clause 1 or 2 of this Article causes damage to the breached party, the breaching party shall compensate for such damage.

Article 357. Liability for late performance of the obligation to pay money

1. The obligor that is late in his/her/its payment of money shall pay an interest on the late-paid amount corresponding to the late payment period.

2. The late-payment interest rate shall be determined as agreed upon by the parties but must not exceed the interest rate prescribed in Clause 1, Article 468 of this Code; if no agreement is reached, the late-payment interest rate must comply with Clause 2, Article 468 of this Code.

Article 358. Liability for failure to perform a task or for performance of an unauthorized task

1. In case the obligor fails to perform a task he/she/it is obliged to perform, the obligee may request the obligor to perform it or may perform the task by himself/herself/itself or assign another person to perform such task and request the obligor to pay reasonable expenses incurred and to compensate for damage.

2. When the obligor is not authorized to perform a task but still performs it, the obligee may request the obligor to terminate such performance, restore the initial conditions and compensate for damage.

Article 359. Liability for late acceptance of fulfillment of an obligation

The obligee that is late in the acceptance of the fulfillment of an obligation, thus causing damage to the obligor, shall compensate the latter for such damage and bear all risks and expenses arising from the time the acceptance becomes due, unless otherwise prescribed by a law.

Article 360. Liability to compensate for damage caused by breach of obligations

In case of damage caused by breach of an obligation, the obligor shall compensate for the entire damage, unless otherwise agreed upon or otherwise prescribed by a law.

Article 361. Damage caused by breach of obligations

1. Damage caused by breach of obligations includes material damage and spiritual damage.

2. Material damage means the identifiable actual material loss, covering loss of property, reasonable expenses for prevention, limitation and remediation of damage, and actually lost or decreased income.

3. Spiritual damage means the spiritual loss caused by an infringement upon the life, health, honor, dignity, reputation or other personal interests of an entity.

Article 362. The obligation to prevent and limit damage

The obligee shall apply necessary and reasonable measures to prevent damage from occurring or to limit damage caused to himself/herself/itself.

Article 363. Compensation for damage caused by fault of the breached party

In case the breach of an obligation causes damage partly due to the fault of the breached party, the breaching party shall only compensate for damage corresponding to the extent of his/her/its fault.

Article 364. Fault in civil liability

Fault in civil liability includes intentional fault and unintentional fault.

Intentional fault means a case in which a person is well aware that his/her act will cause damage to another person but still commits this act and wishes or allows, although not wishing, the damage to occur.

Unintentional fault means a case in which a person cannot foresee that his/her act is likely to cause damage although he/she should know or could have known in advance that the damage would occur, or foresees that his/her act is likely to cause damage but thinks that the damage will not occur or can be prevented.

Section 5

TRANSFER OF THE RIGHT TO CLAIM AND TRANSFER OF OBLIGATIONS

Article 365. Transfer of the right to claim

1. The party having the right to claim the performance of an obligation may transfer that right to a subrogee as agreed upon, except for the following cases:

a/ The right to claim support money and to claim compensation for damage caused by infringement upon his/her/its life, health, honor, dignity or reputation;

b/ The obligee and obligor have agreed on the non-transfer or the transfer is not permitted by law.

2. When the party having the right to claim transfers that right, the subrogee shall become the party having the right to claim. The transfer of the right to claim is not subject to consent of the obligor.

The transferor of the right to claim shall notify in writing the obligor of the transfer, unless otherwise agreed upon. In case the transferor of the right to claim fails to notify such transfer, thus making the obligor incur expenses, the transferor shall pay these expenses.

Article 366. The obligation to provide information and transfer papers

1. The subrogor of the right to claim shall provide necessary information and transfer relevant papers to the subrogee.

2. The subrogor of the right to claim who breaches the obligation prescribed in Clause 1 of this Article, thereby causing damage, shall compensate for damage.

Article 367. No liability after transfer of the right to claim

After transferring the right to claim, the subrogor shall assume no liability for the obligor's ability to perform the obligation, unless otherwise agreed upon.

Article 368. Transfer of the right to claim accompanied by security measures for performance of obligations

In case the right to claim the performance of an obligation is accompanied by a security measure, the transfer of the right to claim must also include such security measure.

Article 369. The obligor's right of refusal

1. In case the obligor is not informed of the transfer of the right to claim and the subrogee fails to prove the authenticity of the transfer of the right to claim, the obligor may refuse to perform the obligation toward the subrogee.

2. In case the obligor is not informed of the transfer of the right to claim and has already performed the obligation toward the subrogor, the subrogee may not request the obligor to perform the obligation toward it.

Article 370. Transfer of obligations

1. The obligor may transfer the obligation to a subrogee when it is so consented by the obligee, unless the obligation is associated with the personal identity of the obligor or the transfer of the obligation is prohibited by law.

2. When being transferred the obligation, the subrogee shall become the obligor.

Article 371. Transfer of secured obligations

In case a secured obligation is transferred, the security measure shall terminate, unless otherwise agreed upon.

Section 6

TERMINATION OF OBLIGATIONS

Article 372. Bases for termination of obligations

An obligation shall terminate in the following cases:

1. The obligation is fulfilled;
2. It is so agreed by the parties;
3. The obligee waives the performance of the obligation;
4. The obligation is replaced with another;
5. The obligation is offset;
6. The obligee and obligor merge;
7. The statute of limitations for exemption from the obligation expires;
8. The obligor being an individual dies or the obligor being a legal person ceases its existence while the obligation needs to be performed by that very individual or legal person;
9. The obligee being an individual dies and the right to claim does not belong to the estate or the obligee being a legal person ceases its existence and the right to claim may not be transferred to another legal person;
10. The distinctive object which is the object of the obligation no longer exists and is replaced with another obligation;
11. Other cases as prescribed by a law.

Article 373. Fulfillment of obligations

An obligation shall be considered having been fulfilled when the obligor has performed the whole obligation or has performed part of the obligation and is waived by the obligee from performing the remaining part of the obligation.

Article 374. Fulfillment of obligations in case the obligees are late in receiving the objects of the obligations

In case the obligee is late in receiving the property which is the object of the obligation, the time of fulfillment of the obligation is the time the property is deposited for safekeeping at a place of bailment as prescribed in Clause 2, Article 355 of this Code.

Article 375. Termination of obligations by agreement

The parties may agree to terminate an obligation at any time, provided that such termination does not harm the national interests, people's interests, public interests or lawful rights and interests of other persons.

Article 376. Termination of obligations due to waiver of the performance of obligations

1. An obligation shall terminate when the obligee waives the performance thereof for the obligor, unless otherwise prescribed by law.

2. When a secured obligation is waived, the security measure shall also terminate.

Article 377. Termination of obligations by replacement with other obligations

1. In case the parties agree to replace the original obligation with another obligation, the original obligation shall terminate.

2. An obligation shall also terminate if the obligee has received another property or another task to replace the property or the task previously agreed upon.

3. The obligation to provide support money or to compensate for damage caused by infringement upon life, health, honor, dignity or reputation, and other obligations that are associated with personal identity and cannot be transferred may not be replaced with other obligations.

Article 378. Termination of obligations by offsetting obligations

1. In case the parties have the same property obligations toward each other, when such obligations are due, the parties are not required to perform the obligations to each other and the obligations shall be considered having terminated, unless otherwise prescribed by a law.

2. In case the values of the properties or tasks are not equivalent, the parties shall pay the difference in value to each other.

3. Objects which can be valued in money may be offset against a payment obligation.

Article 379. Cases in which obligations may not be offset

An obligation may not be offset in the following cases:

1. The obligation is in dispute;
2. The obligation is to compensate for damage caused by infringement upon life, health, dignity, honor or reputation;
3. The obligation is to provide support money;
4. Other obligations as prescribed by a law.

Article 380. Termination of obligations in case of merger of the obligor and obligee

An obligation shall terminate when the obligor becomes the obligee with respect to that obligation.

Article 381. Termination of obligations at the expiration of the statute of limitations for exemption from obligations

An obligation shall terminate when the statute of limitations for exemption from the obligation expires.

Article 382. Termination of obligations when the obligee being an individual dies or the obligee being a legal person ceases its existence

For an obligation that is agreed upon by the parties or prescribed by law to be performed only for an individual or a legal person being the obligee, when such individual dies or such legal person ceases its existence, that obligation shall also terminate.

Article 383. Termination of obligations when distinctive objects no longer exist

The obligation to hand over an object shall terminate in case the object being a distinctive one no longer exists.

The parties may agree on the replacement with another object or compensation for damage.

Article 384. Termination of obligations in case of bankruptcy

In case of bankruptcy, obligations shall terminate in accordance with the Law on Bankruptcy.

Section 7

CONTRACTS

Sub-section 1

ENTRY INTO CONTRACTS

Article 385. Contracts

A contract is an agreement between the parties on the establishment, change or termination of civil rights and obligations.

Article 386. Offers to enter into contracts

1. An offer to enter into a contract is an explicit expression of the intention to enter into a contract and to be bound by such offer made by the offeror to a given party or to the public (below referred to as the offeree).

2. In case an offer to enter into a contract clearly states a time limit for the offeree to make a reply, pending a reply from the offeree, if the offeror enters into a contract with a third party within such time limit, he/she/it shall compensate for any damage caused to the party that is offered but not awarded the contract.

Article 387. Information in entry into contracts

1. In case a party has information that may affect the acceptance to enter into the contract by the other party, it shall notify such information to the other party.

2. In case a party knows about secret information of the other party in the course of entering into a contract, he/she/it shall keep such information confidential and may not use such information for his/her/its own purpose or for another illegal purpose.

3. Any party that violates the provisions in Clause 1 or 2 of this Article and causes damage shall compensate for damage.

Article 388. Effective time of offers to enter into contracts

1. The effective time of an offer to enter into a contract shall be determined as follows:

a/ It is set by the offeror;

b/ If the offeror has not yet set the effective time for his/her/its offer, the offer shall take effect on the time the offeree receives it, unless otherwise prescribed by a relevant law.

2. An offer to enter into a contract shall be considered having been received when:

a/ The offer is delivered at the place of residence of the offeree, if the offeree is an individual, or at the head office of the offeree, if the offeree is a legal person;

b/ The offer is put into the official information system of the offeree;

c/ The offeree knows about the offer through other media.

Article 389. Change and withdrawal of offers to enter into contracts

1. The offeror may change or withdraw the offer to enter into a contract in the following cases:

a/ The offeree receives a notice of change or withdrawal of the offer before or at the same time with the receipt of the offer;

b/ The circumstance for changing or withdrawing the offer occurs, in case such circumstance has been clearly stated by the offeror.

2. When an offeror changes the contents of an offer, the offer shall become a new one.

Article 390. Cancellation of offers to enter into contracts

The offeror may cancel the offer to enter a contract if it has clearly stated such right in the offer and the offeree receives the notice of cancellation before sending a notice of acceptance of the offer.

Article 391. Termination of offers to enter into contracts

An offer to enter into a contract shall terminate in the following cases:

1. The offeree accepts to enter into the contract;

2. The offeree replies that it does not accept the offer;

3. The time limit for reply to the offer expires;

4. The notice of change or withdrawal of the offer becomes effective;

5. The notice of cancellation of the offer becomes effective;

6. It is so agreed by the offeror and the offeree within the time limit for the offeree to make a reply.

Article 392. Modification of offers at the proposal of offerees

In case the offeree accepts the offer to enter into a contract but states conditions therefor or makes modifications to the offer, it shall be considered having made a new offer.

Article 393. Acceptance of offers to enter into contracts

1. Acceptance of an offer to enter into a contract means a reply made by the offeree that it accepts the entire offer.

2. The silence of the offeree shall not be considered his/her/its acceptance of the offer to enter into the contract, unless it is otherwise agreed upon or it is a habit established between the parties.

Article 394. Time limit for accepting offers to enter into contracts

1. In case the offeror has set a time limit for reply, an acceptance reply shall be valid only if it is made within such time limit; in case the offeror receives the acceptance reply after such time limit has expired, the acceptance shall be considered a new offer from the late replier.

In case the offeror does not specify a time limit for reply, an acceptance reply shall be valid only if it is made within a reasonable time limit.

2. In case a notice of acceptance to enter into a contract arrives late for an objective reason which the offeror knows or should have known, such notice of acceptance shall still be valid, unless the offeror immediately replies that it does not agree with the acceptance of the offeree.

3. In case the parties communicate directly with each other, including also communication via telephone or other media, the offeree shall immediately reply whether to accept the offer or not, unless the parties have reached an agreement on a time limit for reply.

Article 395. Cases in which the offeror dies, loses his/her civil act capacity or has difficulty in perceiving and controlling his/her acts

In case the offeror dies or loses his/her civil act capacity or has difficulty in perceiving and controlling his/her acts after the offeree accepts to enter into the contract, the offer to enter into the contract remains valid, unless the contents of the contract are associated with the offeror's personal identity.

Article 396. Cases in which the offeree dies or loses his/her civil act capacity or has difficulty in perceiving and controlling his/her acts

In case the offeree dies, loses his/her civil act capacity or has difficulty in perceiving or controlling his/her acts after having accepted to enter into the contract, his/her acceptance remains valid, unless the contents of the contract are associated with his/her personal identity.

Article 397. Withdrawal of notices of acceptance to enter into contracts

The offeree may withdraw his/her/its notice of acceptance to enter into the contract if such notice arrives before or at the same time with the receipt by the offeror of the acceptance reply.

Article 398. Contents of contracts

1. The parties to a contract have the right to agree on the contents of the contract.

2. A contract may have the following contents:

- a/ Object of the contract;
- b/ Quantity and quality;
- c/ Price and method of payment;
- d/ Time, place and method of contract performance;
- dd/ Rights and obligations of the parties;
- e/ Liability for breach of contract;
- g/ Method of dispute settlement.

Article 399. Places of entry into contracts

The place of entry into a contract shall be agreed upon by the parties; in the absence of such agreement, the place of entry into the contract shall be the place of residence of the individual or the head office of the legal person that has made the offer to enter into the contract.

Article 400. Time of entry into contracts

1. A contract shall be entered into at the time the offeror receives the acceptance to enter into the contract.

2. In case the parties have agreed on a time limit within which silence means acceptance to enter into the contract, the time of entry into the contract is the final time of such time limit.

3. The time of entry into a verbal contract is the time when the parties reach an agreement on the contents of the contract.

4. The time of entry into a written contract is the time when the last party signs the contract or otherwise expresses his/her/its acceptance in writing.

In case a contract is verbally entered into then established in writing, the time of its entry shall be determined according to Clause 3 of this Article.

Article 401. Validity of contracts

1. A contract that is legally entered into shall become valid on the time of its entry, unless otherwise agreed upon or prescribed by a relevant law.

2. From the time a contract becomes valid, the parties shall exercise rights and perform obligations toward each other as committed. The contract may be modified or cancelled only as agreed upon by the parties or prescribed by law.

Article 402. Major types of contract

Contracts may have the following major types:

1. Bilateral contract, which is a contract under which each party has obligations to the other;
2. Unilateral contract, which is a contract under which only one party has obligations;
3. Principal contract, which is a contract the effect of which does not depend on any subcontract;
4. Subcontract, which is a contract the effect of which depends on the principal contract;
5. Contract for the benefit of a third party, which is a contract under which all contracting parties are required to perform obligations and a third party benefits from the performance of such obligations;
6. Conditional contract, which is a contract the performance of which depends on the occurrence, change or termination of a certain event.

Article 403. Annexes to contracts

1. A contract may have an attached annex to detail a number of its terms. Annexes shall be as valid as the contract. The contents of an annex must not be contrary to those of the contract.
2. In case an annex to a contract contains terms which are contrary to the terms of the contract, such terms shall not become valid, unless otherwise agreed upon. In case the parties accept an annex with terms contrary to certain terms of the contract, such contractual terms shall be considered having been modified.

Article 404. Interpretation of contracts

1. In case a contract contains ambiguous terms, the interpretation of such terms shall be based not only on the wording of the contract but also on the intentions of the parties expressed before and at the time of establishment, and during the performance of the contract.
2. In case a term or the wording of a contract may be understood in different ways, it shall be interpreted according to the meaning which is most appropriate to the purpose and nature of the contract.
3. In case a term or the wording of a contract is difficult to understand, such term or wording shall be interpreted according to customary practices of the place where the contract is entered into.
4. The terms of a contract shall be interpreted in their interrelations, so that the meanings of such terms conform with the whole contents of the contract.

5. In case of any contradiction between the common intention of the parties and the wording used in the contract, the common intention of the parties shall be used to interpret the contract.

6. In case the contract-drafting party inserts in the contract contents which are unfavorable to the other party, the contract shall be interpreted in a manner favoring the other party.

Article 405. Standard-form contracts

1. A standard-form contract is a contract containing terms prepared by one party according to a form for the other party to reply within a reasonable period of time; if the offeree accepts, it shall be considered having accepted the entire contents of the standard-form contract prepared by the offeror.

The standard-form contract shall be made public for the offeree to know or be obliged to know about its content.

The order and procedures for publicizing standard-form contracts must comply with law.

2. In case a standard-form contract contains ambiguous terms, these terms shall be interpreted in a manner unfavorable to the party that prepares such standard-form contract.

3. In case a standard-form contract contains a term that exempts the liability of the party preparing the standard-form contract, increasing the responsibility or eliminating legitimate interests of the other party, that term shall be invalid, unless otherwise agreed upon.

Article 406. General transaction conditions in entering into contracts

1. General transaction conditions are stable terms announced by a party for application to the party that is offered to enter into the contract; if the offeree agrees to enter into the contract, it shall be considered having accepted these terms.

2. General transaction conditions are binding on the party establishing the transaction only when these conditions have been made public for such party to know or be obliged to know about them.

The order and methods for publicizing general transaction conditions must comply with law.

3. General transaction conditions must guarantee equality among the parties. In case general transaction conditions include provisions that exempt the liability of the party setting the conditions, increase the responsibility or eliminate legitimate interests of the other party, such provisions shall not be valid, unless otherwise agreed upon.

Article 407. Invalid contracts

1. The provisions on invalid civil transactions in Articles 123 thru 133 of this Code shall also apply to invalid contracts.

2. The invalidation of a principal contract shall result in the termination of its subcontract, unless the parties agree that the subcontract may replace the principal contract. This provision shall, however, not apply to security measures for performance of obligations.

3. The invalidation of a subcontract shall not result in the termination of the principal contract, unless the parties agree that the subcontract is an integral part of the principal contract.

Article 408. Contracts invalidated due to impossibility to realize objects of contracts

1. If the object of a contract cannot be realized right at the time of its entry, such contract shall be invalidated.

2. When entering into a contract, if a party knows or should have known that the object of the contract cannot be realized but fails to notify the other party thereof and the other party has, therefore, entered into the contract, it shall compensate for any damage suffered by the other party, unless the other party knows or should have known that the object of the contract cannot be realized.

3. The provisions of Clauses 1 and 2 of this Article shall also apply to contracts that contain one or many parts with unrealizable objects while the remaining part of such contract remains effective.

Sub-section 2

PERFORMANCE OF CONTRACTS

Article 409. Performance of unilateral contracts

For a unilateral contract, the obligor shall perform the obligation as agreed upon and may only perform the obligation ahead or behind schedule if it is so consented by the obligee.

Article 410. Performance of bilateral contracts

1. For a bilateral contract, in case the parties have agreed on a time limit for performing their obligations, each party shall perform his/her/its obligation when the obligation becomes due and may not delay the performance for the reason that the other party has not yet performed his/her/its obligation, except for the cases prescribed in Articles 411 and 413 of this Code.

2. In case the parties have no agreement on which party will perform his/her/its obligation first, the parties shall concurrently perform

their obligations toward each other; if such obligations cannot be performed concurrently, the obligation the performance of which will take a longer time shall be performed first.

Article 411. The right to postpone performance of obligations under bilateral contracts

1. If the other party's ability to perform his/her/its obligation has gravely reduced to an extent that he/she/it cannot perform his/her/its obligation as committed, the party that is required to perform his/her/its obligation first has the right to postpone the performance of such obligation until the other party becomes able to perform his/her/its obligation or implements a measure to secure the performance of his/her/its obligation.

2. If the party that is required to perform his/her/its obligation first fails to perform his/her/its obligation when it becomes due, the party that is required to perform his/her/its obligation later has the right to postpone the performance of his/her/its obligation when it becomes due.

Article 412. Lien on property under bilateral contracts

In case the obligor fails to properly perform his/her/its obligation, the obligee has the right to establish the right to lien on property with regard to the property of the obligor as prescribed in Articles 346 thru 350 of this Code.

Article 413. Impossibility to perform obligations due to the fault of a party

For a bilateral contract, if a party is unable to perform his/her/its obligation due to the fault of the other party, the former has the right either to request the other party to perform his/her/its obligation toward the former or to cancel the contract and claim compensation for damage.

Article 414. Non-performance of obligations due to the fault of neither party

For a bilateral contract, if a party is unable to perform his/her/its obligation but neither party is at fault, such party has no right to request the other party to perform the obligation toward him/her/it. In case a party has performed part of his/her/its obligation, it has the right to request the other party to perform the corresponding part of the obligation toward it.

Article 415. Performance of contracts for the benefit of third parties

In case a contract is performed for the benefit of a third party, the third party has the right to directly request the obligor to perform the obligation toward it; if there arises a dispute between the parties over the

performance of the contract, the third party may not request the performance of the obligation until the dispute is resolved.

The obligee also has the right to request the obligor to perform the contract for the benefit of the third party.

Article 416. Third parties' right to waive

1. In case a third party waives his/her/its benefit before the obligor performs the obligation, the obligor is not required to perform the obligation but shall notify the obligee thereof, the contract shall be considered having been cancelled and the parties shall return to each other what they have received.

2. In case a third party waives his/her/its benefit after the obligor has performed the obligation, the obligation shall be considered having been fulfilled and the obligee shall still implement his/her/its commitments toward the obligor. In this case, the benefit derived from the contract shall belong to the party that should have been the beneficiary if the contract is not performed for the benefit of the third party, unless otherwise agreed upon.

Article 417. Non-modification or non-cancellation of contracts for the benefit of third parties

Once the third party has agreed to receive the benefit, the parties to the contract may neither modify nor cancel the contract, even though the contract has not yet been performed, unless it is so consented by the third party.

Article 418. Agreement on penalties for breach of contract

1. Penalty for breach of contract means a contractual agreement between the parties under which the breaching party shall pay a sum of money to the breached party.

2. The penalty level shall be agreed upon by the parties, unless otherwise prescribed by a relevant law.

3. The parties may reach an agreement that the breaching party shall pay a penalty for breach of contract without having to pay compensation for damage or shall pay both.

In case the parties have an agreement on payment of penalties for breach of contract but have no agreement on payment of both penalties and compensation for damage, the breaching party shall only be liable to pay penalties.

Article 419. Compensable damage due to breach of contract

1. Compensable damage due to breach of contractual obligations shall be identified under Clause 2 of this Article, Article 13 and Article 360 of this Code.

2. The obligee may claim compensation for the loss of benefits which it would have enjoyed from the contract. The obligee may also request the obligor to pay expenses arising due to the non-fulfillment of contractual obligations which are not covered by the compensation payable for the loss of benefits which should have been brought about from the contract.

3. At the request of the obligee, the court may order the obligor to compensate for the spiritual damage caused to the obligee. The level of compensation shall be decided by the court based on the contents of the case.

Article 420. Performance of contracts upon fundamental change of circumstances

1. A fundamental change of circumstances is considered having occurred when the following conditions are fully satisfied:

a/ The change of circumstances is due to an objective event occurring after the contract is entered into;

b/ At the time of entry into the contract, the parties could not foresee the change of circumstances;

c/ The change of circumstances is so great that if the parties know about it in advance, the contract would not have been entered into or would have been entered into with completely different contents;

d/ The continued performance of the contract without modification of its contents will cause serious damage to a party;

dd/ The party whose benefits are affected has applied all necessary measures with his/her/its maximum ability and appropriate to the characteristics of the contract but still fails to prevent or minimize the effects on his/her/its benefits.

2. In case of a fundamental change of circumstances, the party whose benefits are affected may request the other party to renegotiate on the contract within a reasonable time limit.

3. In case the parties cannot agree on modification of the contract within a reasonable time limit, either party may request the court:

a/ To terminate the contract at a specified time;

b/ To modify the contract to balance lawful rights and interests of the parties in the context of a fundamental change of circumstances.

The court may only decide to modify the contract in case the damage to be caused by the termination of the contract will be greater than expenses for performance of the contract once it is modified.

4. In the course of negotiating on the modification or termination of the contract or while the court is handling the case, the parties shall continue performing their contractual obligations, unless otherwise agreed upon.

Sub-section 3

MODIFICATION AND TERMINATION OF CONTRACTS

Article 421. Modification of contracts

1. The parties may agree to modify their contract.
2. A contract may be modified in accordance with Article 420 of this Code.
3. The modified contract must take the form of the original contract.

Article 422. Termination of contracts

A contract shall terminate in the following cases:

1. The contract has been completed;
2. The parties so agree;
3. The individual or legal person having entered into the contract dies or ceases its existence while the contract is to be performed by such very individual or legal person;
4. The contract is cancelled or unilaterally terminated;
5. The contract cannot be performed because its object no longer exists;
6. The contract terminates under Article 420 of this Code;
7. Other cases as prescribed by a law.

Article 423. Cancellation of contracts

1. A party has the right to cancel a contract without having to compensate for damage in the following cases:

- a/ The other party breaches the contract, which is a condition for contract cancellation as agreed upon by the parties;
- b/ The other party commits a serious breach of contractual obligations;
- c/ Other cases as prescribed by a law.

2. Serious breach means one party's failure to properly perform his/her/its obligation to an extent that the other party cannot achieve the purpose of entry into the contract.

3. The contract-cancelling party shall immediately notify the cancellation to the other party or it shall compensate for any damage caused by the failure to notify.

Article 424. Cancellation of contracts due to late performance of obligations

1. In case the obligor fails to properly perform his/her/its obligation and the obligee requests the obligor to perform such obligation within a reasonable time limit but the obligor still fails to perform it, the obligee may cancel the contract.

2. In case, due to the nature of the contract or by the will of the parties, the purpose of the contract will not be attained if it is not performed within a certain time limit, and the obligor fails to perform his/her/its obligation after such time limit expires, the other party has the right to cancel the contract without having to comply with Clause 1 of this Article.

Article 425. Cancellation of contracts due to inability to perform

In case the obligor is unable to perform part or all of his/her/its obligation, thus making the obligee unable to achieve his/her/its objective, the obligee has the right to cancel the contract and to claim compensation for damage.

Article 426. Cancellation of contracts in case of loss of or damage to property

In case the property being the object of the contract is lost or damaged due to the fault of a party and cannot be returned or compensated with another property or cannot be repaired or replaced with another property of the same type, the other party has the right to cancel the contract.

The breaching party shall pay a monetary compensation equal to the value of the lost or damaged property, unless otherwise agreed upon or prescribed in Clause 2 or 3, Article 351, and in Article 363, of this Code.

Article 427. Consequences of cancellation of contracts

1. When a contract is cancelled, it shall cease to be valid from the time of its entry and the parties do not have to perform the obligations already agreed upon, except for the agreements on penalties for breach of contract, compensation and dispute settlement.

2. The parties shall return to each other what they have received after deducting reasonable expenses arising in the contract performance and expenses for property preservation and development.

The return shall be made in kind. Objects which cannot be returned in kind may be valued in money for refund.

In case both parties are obliged to return objects, the return shall be made at the same time, unless otherwise agreed upon or prescribed by law.

3. The party suffering from damage caused by breach of obligation by the other party shall be compensated.

4. The settlement of consequences of the cancellation of the contract relating to personal rights must comply with this Code and relevant laws.

5. In case the cancellation of the contract is not based on the grounds specified in Articles 423, 424, 425 and 426 of this Code, the party cancelling the contract shall be determined as the breaching party and shall perform civil liability for failure to properly perform obligations in accordance with this Code and relevant laws.

Article 428. Unilateral termination of performance of contracts

1. A party has the right to unilaterally terminate the performance of the contract without having to compensate for damage in case the other party commits a serious breach of contractual obligations or if so agreed upon by the parties or prescribed by law.

2. The party terminating unilaterally the performance of the contract shall immediately notify the other party of the termination, otherwise it shall compensate for any damage caused.

3. When the performance of a contract is terminated unilaterally, the contract shall terminate from the time the other party receives a notice of termination. The parties are not required to continue performing their obligations, except for their agreements on penalties for breach of contract, compensation for damage and dispute settlement. The party that has already performed his/her/its obligation has the right to request the other party to pay for the part of the obligation which has been performed.

4. The party suffering from damage due to the other party's failure to properly perform contractual obligations shall be compensated.

5. In case the unilateral termination of performance of a contract is not based on the grounds prescribed in Clause 1 of this Article, the party unilaterally terminating the performance of the contract shall be regarded

as the breaching party and shall perform civil liability for failure to properly perform contractual obligations in accordance with this Code and relevant laws.

Article 429. Statute of limitations for initiating lawsuits concerning contracts

The statute of limitations for initiating a lawsuit to request the court to resolve a contractual dispute is 3 years, counting from the date on which the holder of the right to claim knows or should have known that his/her/its lawful rights and/or interests are infringed upon.

Chapter XVI

A NUMBER OF COMMON CONTRACTS

Section 1

CONTRACTS FOR PURCHASE AND SALE OF PROPERTY

Article 430. Contracts for purchase and sale of property

A contract for purchase and sale of property is an agreement between the parties under which the seller transfers the ownership rights over a property to the purchaser and the purchaser pays a sum of money to the seller.

Contracts for purchase and sale of houses and contracts for purchase and sale of houses for non-residential purposes must comply with this Code, the Housing Law and other relevant laws.

Article 431. Objects of purchase and sale contracts

1. Property prescribed in this Code may be objects of purchase and sale contracts. In case the property which is the object of a purchase and sale contract is banned or restricted from transfer as prescribed by a law, it must comply with such law.

2. The to-be-sold property is under the ownership of the seller or the seller has the right to sell it.

Article 432. Quality of property for purchase and sale

1. The quality of property for purchase and sale shall be agreed upon by the parties.

2. In case the property is subject to a quality standard already announced or prescribed by a competent state agency, the quality of the property agreed upon by the parties must not be lower than the announced or prescribed quality standard.

3. In case the parties have no agreement or have an unclear agreement on the quality of the property for purchase and sale, the

quality of such property shall be determined in accordance with the quality standard already announced or prescribed by a competent state agency or with applicable relevant standards.

In case of unavailability of quality standards announced by competent state agencies, regulations or relevant standards, the quality of the property for purchase and sale shall be determined in accordance with common standards or other standards relevant to the purpose of entry into the contract and conformable with the Law on Protection of Consumer Interests.

Article 433. Prices and methods of payment

1. The price and method of payment shall be agreed upon by the parties or determined by a third party at the request of the parties. In case it is prescribed by law that the price and method of payment must comply with regulations of competent state agencies, the agreement of the parties must conform with such regulations.

2. In case the parties have no agreement or have an unclear agreement on the price and method of payment, the price shall be determined in accordance with the market price and the method of payment shall be determined in accordance with customary practices at the place and time of entry into the contract.

Article 434. Time limits for performance of purchase and sale contracts

1. The time limit for performance of a purchase and sale contract shall be agreed upon by the parties. The seller shall hand over the property to the purchaser at the agreed time; the seller may only hand over the property before or after the agreed point of time when it is so consented by the purchaser.

2. In case the parties have no agreement on the time limit for handover of the property, the purchaser has the right to request the seller to hand over the property at any time and the seller also has the right to request the purchaser to receive the property at any time but shall give the other a reasonable advance notice thereof.

3. The purchaser shall make payment at the agreed time. In case the time for payment has not yet been identified or has been identified in an unclear manner, the purchaser shall make payment right at the time of receipt of the property or documents certifying the ownership rights over the property.

Article 435. Places for handover of property

The place for handover of property shall be agreed upon by the parties; in the absence of such agreement, Clause 2, Article 277 of this Code shall apply.

Article 436. Methods of handover of property

1. Property shall be handed over by the method agreed upon by the parties; in case of absence of such agreement, the property shall be handed over by the seller in one time directly to the purchaser.

2. In case the parties have agreed that the seller shall hand over the property to the purchaser in multiple times, but the seller fails to properly perform his/her/its obligation in a certain time, the purchaser may cancel the part of the contract relating to such violation and claim compensation.

Article 437. Liability for handover of property in incorrect quantity

1. In case the seller hands over the property in a quantity larger than the quantity already agreed upon, the purchaser has the right to receive or not to receive the excessive part; if agreeing to receive the excessive part, the purchaser shall pay for such part at the price agreed in the contract, unless otherwise agreed upon.

2. In case the seller hands over the property in a quantity smaller than the quantity already agreed upon, the purchaser has one of the following rights:

a/ To receive the part of the property handed over to him/her/it and set a time limit for the seller to hand over the remaining parts;

b/ To receive the part of the property handed over to him/her/it and claim compensation for damage;

c/ To cancel the contract and claim compensation for damage if the breach prevents him/her/it from attaining the purpose of entry into the contract.

Article 438. Liability for handover of non-integrated objects

1. In case the object handed over is non-integrated, thus making its use purpose become unattainable, the purchaser has one of the following rights:

a/ To receive the object and request the seller to hand over the remaining part(s) or component(s), claim compensation for damage, and postpone the payment for the part(s) or component(s) received until the object is integrated;

b/ To cancel the contract and claim compensation for damage.

2. In case the purchaser has made payment for, but refuses to receive the object as it is not integrated, he/she/it shall be entitled to an interest on the paid amount at the interest rate agreed upon by the parties which, however, must not exceed the interest rate prescribed in Clause 1, Article 468 of this Code; in the absence of such an agreement, Clause 2, Article 468 of this Code shall apply and the purchaser may request the seller to compensate for damage for the handover of the non-integrated object, starting from the time the contract is due to be performed to the time the object is integrated.

Article 439. Liability for handover of property of wrong type

In case the property handed over to the purchaser is of a wrong type, the purchaser has one of the following rights:

1. To receive the property and make payment at the price agreed upon by the parties;
2. To request the seller to hand over a property of the right type and to compensate for damage;
3. To cancel the contract and claim compensation for damage if the handover of the property of wrong type prevents the purchaser from attaining the purpose of entry into the contract.

In case the property is of various types, if the seller hands over the property of one or some types at variance with the agreed types, the purchaser may cancel the part of the contract relating to the property of such wrong type(s) and claim compensation for damage.

Article 440. The obligation to make payment

1. The purchaser has the obligation to make payment at the time, place and level as agreed upon in the contract.
2. In case the parties have only agreed on the time limit for handover of the property, the time limit for payment shall be determined corresponding to the time limit for handover of the property. In case the parties have no agreement on the time limits for handover of the property and for payment, the purchaser shall make payment upon receiving the property.
3. In case the purchaser fails to properly perform the payment obligation, he/she/it shall pay interest on the late-paid amount in accordance with Article 357 of this Code.

Article 441. Time for bearing risks

1. The seller shall bear risks to the property before the time the property is handed over to the purchaser, and the purchaser shall bear

risks to the property from the time he/she/it receives the property, unless otherwise agreed upon or prescribed by a law.

2. For a contract on sale and purchase of property subject to registration of ownership rights as required by law, the seller shall bear risks until the registration procedures are completed and the purchaser shall bear risks from the time of completion of the registration procedures, unless otherwise agreed upon.

Article 442. Transportation expenses and expenses related to transfer of ownership rights

1. Transportation expenses and expenses related to transfer of ownership rights shall be agreed by the parties, unless otherwise prescribed by law.

2. In case the parties have no agreement or have an unclear agreement on transportation expenses and expenses related to transfer of ownership rights, these expenses shall be determined based on expenses announced or prescribed by competent state agencies or based on relevant standards.

3. In case of lack of grounds for determination of transportation expenses and expenses related to transfer of ownership rights in accordance with Clauses 1 and 2 of this Article, these expenses shall be determined in accordance with common standards or exclusive standards relevant to the purpose of entry into the contract.

4. In case transportation expenses and expenses related to transfer of ownership rights are neither agreed upon by the parties nor prescribed by law, the seller shall bear expenses for transportation of the property to the place of handover and expenses related to the transfer of ownership rights.

Article 443. The obligation to provide information and use instructions

The seller has the obligation to provide the purchaser with necessary information on the property on sale and with instructions on the use of the property; if the seller fails to perform such obligation, the purchaser has the right to request the seller to do so within a reasonable time limit and, if the seller still fails to perform such obligation, thereby preventing the purchaser from attaining the purpose of entry into the contract, the purchaser has the right to cancel the contract and claim compensation for damage.

Article 444. Guarantee of purchasers' ownership rights over property on sale

1. The seller has the obligation to guarantee that the ownership rights over the property sold to the purchaser are not disputed by a third party.

2. In case the ownership rights over the property are disputed by a third party, the seller shall take side with the purchaser in protecting the interests of the purchaser; if a third party has ownership rights over the whole or part of the property, the purchaser has the right to cancel the contract and request the seller to compensate for damage.

3. In case the purchaser knows or should have known that the property on sale is owned by a third party but still purchases the property, the purchaser shall return the property to its owner and may not claim compensation for damage.

Article 445. Guarantee of quality of objects on sale

1. The seller shall guarantee the use value or features of the object on sale; if, after the purchase, the purchaser detects a defect which makes the object useless or devalues it, the purchaser shall immediately notify the seller thereof and has the right to request the seller to repair the defective object or replace it with another object, lower its price and compensate for damage, unless otherwise agreed upon.

2. The seller shall guarantee that the object on sale conforms to the descriptions on its packings or trademark or to the sample which has been selected by the purchaser.

3. The seller is not liable for defects of the object in the following cases:

a/ The purchaser knows or should have known about the defect(s) at the time of purchase;

b/ The object is sold at an auction or a second-hand shop;

c/ The purchaser is at fault in causing the defect(s).

Article 446. The obligation to provide warranty

The seller has the obligation to provide warranty for the object sold for a certain period of time, which is referred to as the warranty period, if the warranty is agreed upon by the parties or prescribed by law.

The warranty period shall be counted from the time the purchaser is obliged to receive the object.

Article 447. The right to claim warranty

Within the warranty period, if detecting a defect of the purchased object, the purchaser has the right to request the seller to repair the object

free of charge, or lower its price or replace it with another object, or to return the object and get back the paid money.

Article 448. Repair of objects during warranty period

1. The seller shall repair the defective object and guarantee that it meets all quality standards or has all features as committed.

2. The seller shall bear expenses for repair and transportation of the object to the place of repair and from the place of repair to the place of residence or head office of the purchaser.

3. The purchaser has the right to request the seller to complete the repair within a time limit agreed upon by the parties or within a reasonable period of time; if the seller cannot repair or cannot complete the repair within such time limit, the purchaser has the right to demand price reduction or replacement of the defective object with another object, or return the object and get back the paid money.

Article 449. Compensation for damage during warranty period

1. In addition to requesting the application of warranty measures, the purchaser has the right to request the seller to compensate for damage caused by technical defects of the object during the warranty period.

2. The seller does not have to compensate for damage if he/she/it can prove that the damage was caused due to the fault of the purchaser. The seller shall be entitled to a reduction of damages if the purchaser has not taken necessary measures within his/her/its capacity to prevent or limit the damage.

Article 450. Purchase and sale of property rights

1. In case of purchase and sale of property rights, the seller shall transfer documents of title and carry out procedures for transfer of ownership rights to the purchaser and the purchaser shall pay money to the seller.

2. In case the property rights are the right to claim a debt and the seller commits to provide guarantee for the debtor's solvency, the seller shall be jointly liable for the payment if the debtor fails to repay the debt when it becomes due.

3. The time of transfer of the ownership of property rights is the time when the purchaser receives documents of title of these property rights, or from the time of registration of the transfer of ownership rights, if so prescribed by law.

Article 451. Auction of property

A property may be put up for sale at an auction at the will of its owner or as prescribed by law. For a common property to be put up for sale at an auction, the consent of all co-owners is required, unless otherwise agreed upon or prescribed by law.

Property auction must adhere to the principles of objectivity, publicity and transparency, ensure lawful rights and interests of bidders and shall be conducted in accordance with the law on property auction.

Article 452. Purchase after trial use

1. The parties may agree on the trial use of the object on sale by the purchaser for a certain period of time, referred to as the trial use period. During the trial use period, the purchaser may reply to purchase or not to purchase the object; if, past the trial use period, the purchaser fails to make a reply, it shall be considered having accepted to purchase on the terms agreed upon before receiving the object for trial use.

In case the parties have no agreement or have an unclear agreement on the trial use period, such period shall be determined according to customary practices applicable to transactions involving the same object.

2. During the trial use period, the object shall still belong to the seller. The seller shall bear all risks to the object, unless otherwise agreed upon. During the trial use period, the seller may not sell, donate, lease, swap, mortgage or pledge the property pending a reply from the purchaser.

3. In case the trial user replies not to purchase the object, it shall return the object to the seller and compensate the seller for the loss of or damage to the object in trial use. The trial user is not liable for ordinary wear and tear caused by the trial use and does not have to return any yields gained from the trial use.

Article 453. Purchase on deferred or installment payment

1. The parties may agree on the deferred or installment payment by the purchaser within a time limit after receiving the purchased property. The seller may retain the title of the sold property until the purchaser makes full payment, unless otherwise agreed upon.

2. Contracts on purchase on deferred or installment payment shall be made in writing. The purchaser may use the property purchased on deferred or installment payment and shall bear risks during the period of use, unless otherwise agreed upon.

Article 454. Redemption of sold property

1. The seller may agree with the purchaser on the right to redeem the sold property after a certain period of time, referred to as the redemption period.

The redemption period shall be agreed upon by the parties; in the absence of such agreement, this period must not exceed one year, for movable property, or five years, for immovable property, from the time the property is handed over, unless otherwise prescribed by a relevant law. During this period, the seller has the right to redeem the property at any time but shall give the purchaser a reasonable advance notice thereof. The redemption price is the market price at the time and place of redemption, unless otherwise agreed upon.

2. During the redemption period, the purchaser may not establish transactions to transfer the ownership rights over the property to other subjects and shall bear risks to the property, unless otherwise agreed upon.

Section 2

CONTRACTS FOR EXCHANGE OF PROPERTY

Article 455. Contracts for exchange of property

1. A contract for exchange of property is an agreement between the parties under which the parties hand over property and transfer the ownership rights over such property to each other.

2. A contract on exchange of property shall be made in writing and be notarized, certified, or registered if so prescribed by law.

3. In case one party exchanges with the other party a property not under his/her/its ownership or without authorization of its owner, the other party may cancel the contract and claim compensation for damage.

4. Either party shall be considered the seller of the property which is handed over to the other party and the purchaser of the property received. The provisions on purchase and sale contracts in Articles 430 thru 439, and Articles 449 thru 454, of this Code shall also apply to contracts for exchange of property.

Article 456. Payment for differences in value

In case the values of the exchanged property differ, one party shall pay the difference to the other, unless otherwise agreed upon or prescribed by law.

Section 3

CONTRACTS FOR DONATION OF PROPERTY

Article 457. Contracts for donation of property

A contract for donation of property is an agreement between the parties under which the donor hands over his/her/its property and transfers the ownership rights over such property to the donee without claiming indemnity, and the donee agrees to receive the property.

Article 458. Donation of movable property

1. A contract for donation of movable property shall become effective from the time the donee receives the property, unless otherwise agreed upon.

2. A contract for donation of movable property subject to registration of ownership rights as prescribed by a law shall become effective from the time of registration.

Article 459. Donation of immovable property

1. The donation of immovable property shall be made in writing and notarized or certified, or registered if the immovable property is subject to registration of ownership rights as prescribed by a law.

2. A contract on donation of immovable property shall become effective from the time of registration; if the immovable property is not subject to registration of ownership rights, the donation contract shall become effective from the time of handover of the property.

Article 460. Liability for intentional donation of property not under one's ownership

In case the donor intentionally donates a property which is not under his/her/its ownership while the donee does not know or cannot know about that fact, when the property is recovered by its owner, the donor shall pay expenses for increasing the value of the property to the donee.

Article 461. Notification of defects of donated property

The donor has the obligation to notify the donee of defects of the donated property. In case the donor knows about a defect of the donated property but fails to notify it to the donee, it shall compensate for damage caused to the donee, unless the donor does not know about the defect.

Article 462. Conditional donation of property

1. The donor may request the donee to perform one or more than one obligation before or after the donation. The conditions for the donation must neither violate prohibitory provisions of law nor contravene social morality.

2. In case an obligation is to be performed before the property is donated, if the donee has fulfilled the obligation but the donor still fails to hand over the property, the donor shall pay for the obligation already performed by the donee.

3. In case an obligation is to be performed after the property is donated, if the donee fails to perform the obligation, the donor has the right to reclaim the property and claim compensation for damage.

Section 4

CONTRACTS FOR LOAN OF PROPERTY

Article 463. Contract for loan of property

A contract for loan of property is an agreement between the parties under which the loaner hands over a property to the borrower; when the loan becomes due, the loanee shall return the loaner a property of the same type in the same quantity and of the same quality and shall only be required to pay interest if so agreed upon or prescribed by law.

Article 464. Ownership rights over loaned property

The loanee shall become the owner of the loaned property from the time of receipt of the property.

Article 465. Obligations of the loaner

1. To hand over to the loanee the property in the quantity and of quality and at the time and place as agreed upon.

2. To compensate the loanee for damage, if the loaner knows that the property is of poor quality but fails to notify it to the loanee, unless the loanee is aware of the poor quality of the property but still receives it.

3. Not to request the loanee to return the property ahead of time, except for the cases prescribed in Article 470 of this Code or unless otherwise prescribed by another relevant law.

Article 466. The loanee's debt repayment obligation

1. If the loaned property is money, the loanee shall repay the loaner a sufficient sum of money when the loan becomes due; if the loaned property is an object, the loanee shall return to the loaner a fungible object in the same quantity and of the same quality, unless otherwise agreed upon.

2. In case the loanee cannot return the object, it may repay a sum of money equivalent to the value of the loaned object at the time and place of repayment, if it is so consented by the loaner.

3. The place for debt repayment is the place of residence or head office of the loaner, unless otherwise agreed upon.

4. For an interest-free loan, if the loanee fails to repay or fully repay the debt when it becomes due, the loaner has the right to request the loanee to pay interest on the overdue amount at the interest rate prescribed in Clause 2, Article 468 of this Code for the period of late payment, unless otherwise agreed upon or prescribed by law.

5. For an interest-bearing loan, when it becomes due, if the loanee fails to repay or fully repay the debt, he/she/it shall pay interest as follows:

a/ An interest on the principal at the rate agreed upon in the contract for the loan term; in case of late payment, the loanee shall also pay an interest at the rate prescribed in Clause 2, Article 468 of this Code;

b/ An interest on the overdue principal at the rate equal to 150% of the interest rate agreed upon in the contract for the late payment period, unless otherwise agreed upon.

Article 467. Use of loaned property

The parties may agree that the loaned property shall be used properly for the purpose of the loan. The loaner has the right to inspect the use of the property and to reclaim the property ahead of time if, the loanee, although being warned, continues to use the property for an improper purpose.

Article 468. Interest rate

1. The interest rate of a loan shall be agreed upon by the parties.

In case the parties have agreed on an interest rate, the agreed interest rate must not exceed 20% of the loan amount per year, unless otherwise prescribed by a relevant law. Based on actual conditions and at the proposal of the Government, the Standing Committee of the National Assembly shall decide to adjust the above-said interest rate and report it to the National Assembly at the coming session.

In case the agreed interest rate exceeds the maximum interest rate prescribed in this Clause, the excessive interest rate shall be null and void.

2. In case the parties have agreed on payment of interest but not yet determined a specific interest rate and have a dispute over an interest rate, such interest rate shall be determined to be equal to 50% of the maximum interest rate prescribed in Clause 1 of this Article at the time of debt repayment.

Article 469. Performance of demand loan contracts

1. For an interest-free demand loan contract, the loaner has the right to reclaim the property and the loanee has the right to repay the debt at any time, provided one party shall give the other a reasonable advance notice thereof, unless otherwise agreed upon.

2. For an interest-bearing demand loan contract, the loaner has the right to reclaim the property at any time but shall give the loanee a reasonable advance notice thereof, and shall be paid an interest up to the time of receiving back the property; the loanee also has the right to return the property at any time and shall pay an interest only up to the time of debt repayment but shall give the loaner a reasonable advance notice thereof.

Article 470. Performance of term loan contracts

1. For an interest-free term loan contract, the loanee has the right to return the property at any time but shall give the loaner a reasonable advance notice thereof; the loaner may reclaim the property ahead of time if it is so consented by the loanee.

2. For an interest-bearing term loan contract, the loanee has the right to return the property ahead of time but shall pay an interest for the entire term, unless otherwise agreed upon or prescribed by a law.

Article 471. Tontine

1. Tontine is a form of property transaction according to customary practices on the basis of agreement among a group of people who together determine the number of members, time, money sum or other property, methods of contribution and payment of annuities, and the rights and obligations of members.

2. The organization of tontine for the objective of mutual assistance among people must comply with the provisions of law.

3. In case of organizing tontine with interest, interest rates must comply with the provisions of this Code.

4. It is prohibited to organize tontine in the form of usury.

Section 5

CONTRACTS FOR LEASE OF PROPERTY

Sub-section 1

GENERAL PROVISIONS ON CONTRACTS FOR LEASE OF PROPERTY

Article 472. Contracts for lease of property

A contract for lease of property is an agreement between the parties under which the lessor hands over a property to the lessee for use for a period of time, and the lessee shall pay rental.

Contracts for lease of houses for residential purpose and contracts for lease of houses for another purpose must comply with this Code, the Housing Law and other relevant laws.

Article 473. Rental rates

1. The rental rate shall be agreed upon by the parties or determined by a third party at the request of the parties, unless otherwise prescribed by a law.

2. In case the parties have no agreement or have an unclear agreement on the rental rate, the rental rate shall be determined according to the market price at the place and time of entry into the contract.

Article 474. Lease term

1. The lease term shall be agreed upon by the parties; in the absence of such agreement, it shall be determined according to the purpose of the lease.

2. In case the parties have no agreement on the lease term and the lease term cannot be determined according to the purpose of the lease, either party has the right to terminate the contract at any time but shall give the other party a reasonable advance notice thereof.

Article 475. Sublease

The lessee may sublease the leased property with the consent of the lessor.

Article 476. Handover of leased property

1. The lessor shall hand over the property to the lessee in proper quantity, quality, type and conditions at the time and place as agreed upon, and provide information necessary for the use of the property.

2. In case the lessor is late in handing over the property, the lessee may either extend the time limit for the handover of the property or cancel the contract and claim compensation for damage; if the quality of the leased property does not conform to the agreement, the lessee has the right to request the lessor to repair the property or reduce the rental rate, or to cancel the contract and claim compensation for damage.

Article 477. The obligation to guarantee the use value of leased property

1. The lessor shall guarantee that the condition of the leased property conforms to the agreement and the purpose of the lease throughout the lease term; and shall repair all damage or defects of the leased property, except for minor damage which, according to customary practices, shall be fixed by the lessee himself/herself/itself.

2. In case the use value of the leased property deteriorates not due to the fault of the lessee, the lessee has the right to request the lessor to take one or more than one of the following measures:

a/ To repair the property;

b/ To reduce the rental rate;

c/ To replace the property with another or unilaterally terminate the performance of the contract and claim compensation for damage, if the leased property has defects which the lessee does not know or it cannot be repaired, making the purpose of the lease unattainable.

3. In case the lessor has been informed but fails to repair or timely repair the leased property, the lessee has the right to repair the leased property at a reasonable expense but shall notify the lessor thereof, and has the right to request the lessor to pay the repair expense.

Article 478. The obligation to guarantee the lessee's right to use property

1. The lessor shall guarantee the lessee's right to use the property in a stable manner.

2. In case a dispute over the ownership rights over the leased property occurs and therefore the lessee cannot stably use the property, the lessee has the right to unilaterally terminate the performance of the contract and claim compensation for damage.

Article 479. The obligation to preserve leased property

1. The lessee shall preserve the leased property, carry out maintenance and minor repair, and pay compensation if causing loss or damage.

The lessee is not liable for natural wear and tear resulting from the use of the leased property.

2. The lessee may repair, and improve the value of, the leased property when it is so consented by the lessor and has the right to request the lessor to pay reasonable expenses.

Article 480. The obligation to use leased property in accordance with their utilities for proper purposes

1. The lessee shall use the leased property in accordance with its utility and for the agreed purpose.

2. In case the lessee uses the leased property for improper purposes and not in accordance with its utility, the lessor has the right to unilaterally terminate the performance of the contract and claim compensation for damage.

Article 481. Payment of rental

1. The lessee shall fully pay rental within the time limit as agreed upon; in the absence of an agreement on the time limit for payment of rental, the time limit for payment of rental shall be determined according to customary practices at the place of payment; if it is impossible to determine the time limit of payment of rental according to customary practices, the lessee shall pay rental upon returning the leased property.

2. In case the parties have agreed on periodic payments of rental, the lessor has the right to unilaterally terminate the performance of the lease contract if the lessee fails to make payment for three consecutive periods, unless otherwise agreed upon or prescribed by law.

Article 482. Return of leased property

1. The lessee shall return the leased property in the same condition as when received, except for natural wear and tear, or in the condition as agreed upon; if the value of the leased property has decreased as compared to its condition upon receipt, the lessor has the right to claim compensation for damage, except for natural wear and tear.

2. In case the leased property is moveable property, the place for returning the leased property is the place of residence or head office of the lessor, unless otherwise agreed upon.

3. In case the leased property is livestock, the lessee shall return both the leased livestock and any offspring born during the lease term, unless otherwise agreed upon. The lessor shall pay the lessee expenses for taking care of these offspring.

4. In case the lessee is late in returning the leased property, the lessor has the right to request the lessee to return the leased property, pay rental for the late period and compensate for damage; the lessee shall also pay a fine for the late return of the leased property if it is so agreed upon.

5. The lessee shall bear any risks to the leased property during the late period.

Sub-section 2

CONTRACTS FOR LEASE FOR EXPLOITATION

Article 483. Contracts for lease of property for exploitation

A contract for lease of property for exploitation is an agreement between the parties under which the lessor hands over a property to the lessee for exploitation of its utility and enjoy the yields and profits gained therefrom and the lessee has the obligation to pay rental.

Article 484. Objects of contracts for lease for exploitation

The object of a contract for lease for exploitation may be unexploited land, forest or water surface, or livestock, production and business facilities, and other means of production together with necessary equipment for exploitation of utilities and enjoyment of yields and profits, unless otherwise prescribed by law.

Article 485. Terms of lease for exploitation

The term of a lease for exploitation shall be agreed upon by the parties. In case the parties have no agreement or have an unclear agreement on the term of the lease for exploitation, such term shall be determined based on production or business cycle in conformity with the characteristics of the leased object.

Article 486. Rental rate

The rental rate shall be agreed upon by the parties; if the lease for exploitation is made through bidding, the rental rate shall be determined according to the bidding result.

Article 487. Handover of property leased for exploitation

When handing over the property leased for exploitation, the parties shall make a record assessing the condition and determining the value of the property.

In case the parties cannot determine the value of the property leased for exploitation, they shall invite a third party to determine the value and such shall be made in writing.

Article 488. Payment of rental and method of payment

1. Rental may be paid in kind, in cash, or by performing a task.
2. The lessee shall fully pay the rental even if it does not exploit the utility of the leased property.
3. When entering into a lease-for-exploitation contract, the parties may agree on conditions for rental reduction; if the yields or profits are lost by at least one-third due to a *force majeure* event, the lessee has the right to request rental reduction or exemption, unless otherwise agreed upon.

4. In case the lessee is required to pay rental in kind according to seasons or cycles of exploitation of the utility of the leased property, he/she/it shall make payment at the end of the season or cycle of exploitation, unless otherwise agreed upon.

5. In case the lessee is required to perform a task, it shall perform that task.

6. The time limit for payment of rental shall be agreed upon by the parties; in the absence of such agreement, the lessee shall pay rental on the last day of each month; in case the lease is based on production or business cycle, the payment shall be made at the end of the production or business cycle at the latest.

Article 489. Exploitation of leased property

The lessee shall exploit the leased property in accordance with the agreed purpose and periodically notify the lessor of the conditions and exploitation of the property; if the lessor requests or needs information unexpectedly, the lessee shall provide information in time. When the lessee exploits the utility of the leased property for an improper purpose, the lessor has the right to unilaterally terminate the performance of the contract and claim compensation for damage.

Article 490. Preservation, maintenance and disposition of property leased for exploitation

1. During the period of exploiting the leased property, the lessee shall preserve and maintain the property and accompanying equipment at his/her/its own expenses, unless otherwise agreed upon; if the lessee causes the loss of or damage to the leased property or causes the loss or reduction of its value, he/she/it shall compensate for damage. The lessee is not liable for natural wear and tear resulting from the use of the leased property.

2. The lessee may repair and renovate the leased property by himself/herself/itself, if so agreed upon, and shall preserve the value of the property.

The lessor shall pay to the lessee reasonable expenses for repairing or renovating the leased property as agreed upon.

3. The leasee may not sub-lease the leased property, unless it is so consented by the lessor.

Article 491. Enjoyment of yields and suffering of damage with regard to livestock leased for exploitation

During the term of lease of livestock for exploitation, the lessee has the right to retain half of the number of offspring born and shall be liable

for half of any damage caused by *force majeure* events to the livestock, unless otherwise agreed upon.

Article 492. Unilateral termination of performance of lease-for-exploitation contracts

1. In case a party unilaterally terminates the performance of a lease-for-exploitation contract, it shall give the other party a reasonable advance notice thereof; if the lease is based on season or cycle of exploitation, the advance notice must conform to the season or cycle of exploitation.

2. In case the lessee breaches his/her/its obligation while the exploitation of the leased property is his/her/its sole means of livelihood and the continuation of the lease-for-exploitation contract will not seriously affect the interests of the lessor, the lessor may not unilaterally terminate the performance of the contract; and the lessee shall commit with the lessor not to further breach the contract.

Article 493. Return of property leased for exploitation

When a lease-for-exploitation contract terminates, the lessee shall return the leased property in the conditions conformable with the agreed depreciation level; if causing loss or reduction of the value of the leased property, the lessee shall compensate for damage.

Section 6

CONTRACTS FOR BORROWING OF PROPERTY

Article 494. Contracts for borrowing of property

A contract for borrowing of property is an agreement between the parties under which the lender hands over a property to the borrower for use in a period of time free of charge and the borrower shall return the property when the term of borrowing expires or when the objective of the borrowing is achieved.

Article 495. Objects of contracts for borrowing of property

All non-expendable property may be objects of contracts for borrowing of property.

Article 496. Obligations of the borrower

1. To preserve and maintain the borrowed property, not to alter the conditions of the borrowed property; and to repair ordinary damage to the property, if any.

2. Not to sub-lend the borrowed property without the consent of the lender.

3. To return the borrowed property on time; in the absence of an agreement on the deadline for the return of the property, to return the property immediately after the objective of the borrowing is achieved.

4. To compensate for damage if causing loss of or damage to the borrowed property.

5. To bear all risks to the borrowed property during the period of late return.

Article 497. Rights of the borrower

1. To use the borrowed property for the agreed purpose in conformity with its utility.

2. To request the lender to pay reasonable expenses for repair or increase of the value of the borrowed property, if so agreed upon.

3. Not to be held liable for natural wear and tear of the borrowed property.

Article 498. Obligations of the lender

1. To provide necessary information on the use of the property and its defects, if any.

2. To pay to the borrower expenses for repair or increase of the value of the borrowed property, if so agreed upon.

3. To compensate the borrower for any damage if the lender knows about the defects of the property but fails to notify the borrower, thus causing damage to the borrower, except for the defects which the borrower knows or should have known.

Article 499. Rights of the lender

1. To reclaim the property immediately after the borrower achieves the objective of the borrowing in the absence of an agreement on the borrowing term; if the lender has an urgent and unexpected need to use the borrowed property, he/she/it may reclaim the property even if the borrower has not yet achieved his/her/its objective, but shall give the borrower a reasonable advance notice thereof.

2. To reclaim the property when the borrower uses the property for an improper purpose, at variance with the utility or method already agreed upon or when the borrower sub-lends the property without the consent of the lender.

3. To claim compensation for damage to the property caused by the borrower.

Section 7

LAND USE RIGHTS-RELATED CONTRACTS

Article 500. Land use rights-related contracts

A land use rights-related contract is an agreement between the parties under which the land user converts, transfers, leases, sub-leases, donates, mortgages, contributes land use rights as capital, or exercises other rights to the other party in accordance with the Land Law; and the other party exercises rights and performs obligations to the land user under the contract.

Article 501. Contents of land use rights-related contracts

1. General provisions on contracts and relevant provisions on contents of common contracts in this Code shall also apply to land use rights-related contracts, unless otherwise prescribed by law.

2. Contents of land use rights-related contracts must not be contrary to the regulations on land use purpose and duration, land use master plans and plans, and other rights and obligations as prescribed by the land law and other relevant laws.

Article 502. Forms and procedures for performance of land use rights-related contracts

1. Land use rights-related contracts shall be made in writing in a form conformable with this Code, the land law and other relevant laws.

2. The performance of land use rights-related contracts must comply with the order and procedures prescribed by the land law and other relevant laws.

Article 503. Effect of the transfer of land use rights

The transfer of land use rights shall become effective from the time of registration as prescribed by the Land Law.

Section 8

COOPERATION CONTRACTS

Article 504. Cooperation contracts

1. A cooperation contract is an agreement between individuals and/or legal persons on joint contribution of property and efforts to perform a certain task and sharing of benefits and responsibilities.

2. Cooperation contracts shall be made in writing.

Article 505. Contents of cooperation contracts

A cooperation contract has the following principal contents:

1. Objective and duration of cooperation;

2. Full names and places of residence of individuals; names and head offices of legal persons;
3. Contribution of property, if any;
4. Contribution of efforts, if any;
5. Method of sharing yields and profits;
6. Rights and obligations of cooperative members;
7. Rights and obligations of representatives, if any;
8. Conditions for participation in and withdrawal from the contract, if any;
9. Conditions for termination of cooperation.

Article 506. Common property of cooperative members

1. Property which is contributed and created by members and other property as prescribed by law are common property by share of cooperative members.

In case the parties have reached an agreement on money contribution but a member fails to contribute money on schedule, he/she/it shall pay interest on the late-contributed amount in accordance with Article 357 of this Code and compensate for damage.

2. The disposition of the property being land use rights, houses, production workshops, and other means of production shall be agreed upon in writing by all members; the disposition of other property shall be decided by the representatives of the members, unless otherwise agreed upon.

3. Common property may not be divided before the cooperation contract terminates, unless it is so agreed upon by all members.

The division of common property specified in this Clause shall not change or terminate the rights established and obligations performed before the time of division of the property.

Article 507. Rights and obligations of cooperative members

1. To enjoy yields and profits gained from cooperation activities.

2. To participate in making decision on issues relating to the performance of the cooperation contract and supervise cooperation activities.

3. To compensate for damage caused due to their fault to other cooperative members.

4. To exercise other rights and perform other obligations under the contract.

Article 508. Establishment and performance of civil transactions

1. In case cooperative members appoint a representative, such person shall act as the representative in the establishment and performance of civil transactions.

2. In case cooperative members fail to appoint a representative, they shall jointly establish and perform civil transactions, unless otherwise agreed upon.

3. Civil transactions established and performed by the persons specified in Clauses 1 and 2 of this Article shall give rise to the rights and obligations of all cooperative members.

Article 509. Civil liability of cooperative members

Cooperative members shall bear joint civil liability with their common property; if the common property is insufficient to perform joint obligations, cooperative members shall bear liability with their own property in proportion to their contributions, unless otherwise specified by the cooperation contract or prescribed by a law.

Article 510. Withdrawal from cooperation contracts

1. A member has the right to withdraw from the cooperation contract in the following cases:

a/ The withdrawal meets the conditions specified in the cooperation contract;

b/ The member has a plausible reason and his/her/its withdrawal is consented by more than half of the total cooperative members.

2. The member withdrawing from the cooperation contract has the right to request the return of the property he/she/it has contributed, the division of his/her/its share in the common property and shall fulfill his/her/its obligations as agreed upon. In case the division of property in kind will affect cooperation activities, the property shall be valued in money for division.

The withdrawal of a member from a cooperation contract shall not terminate his/her/its rights and obligations that are established or performed before the time of withdrawal from the cooperation contract.

3. In case the withdrawal of a member from the cooperation contract does not fall into either case prescribed in Clause 1 of this Article, such member shall be considered breaching the contract and

shall discharge his/her/its civil liability in accordance with this Code and relevant laws.

Article 511. Participation in cooperation contracts

An individual or a legal person shall become a new member of a cooperation contract when it is so consented by more than half of the total cooperative members, unless otherwise specified in the contract.

Article 512. Termination of cooperation contracts

1. A cooperation contract shall terminate in the following cases:

- a/ It is so agreed by cooperative members;
- b/ The term stated in the cooperation contract expires;
- c/ The objective of the cooperation has been achieved;
- d/ It is decided by a competent state agency;
- dd/ Other cases prescribed in this Code or relevant laws.

2. Upon the termination of a cooperation contract, debts arising from the contract shall be paid; if the common property is insufficient to pay debts, private property of cooperative members shall be used to pay debts under Article 509 of this Code.

In case there remains common property after all debts have been paid, such property shall be distributed to cooperative members in proportion to the contribution of each member, unless otherwise agreed upon.

Section 9

SERVICE CONTRACTS

Article 513. Service contracts

A service contract means an agreement between the parties under which the service provider performs a task for the service user, and the service user pays service charge to the service provider.

Article 514. Objects of service contracts

The object of a service contract is a performable task which neither violates prohibitory provisions of law nor contravenes social morality.

Article 515. Obligations of the service user

1. To provide the service provider with necessary information, documents and means for the performance of the task if so agreed upon or required by the performance of the task.
2. To pay service charge to the service provider as agreed upon.

Article 516. Rights of the service user

1. To request the service provider to perform the task in accordance with the agreement on quality, quantity, time and location and with other agreements.

2. In case the service provider commits a serious breach of obligation, the service user may unilaterally terminate the performance of the contract and claim compensation for damage.

Article 517. Obligations of the service provider

1. To perform the task in accordance with the agreement on quality, quantity, time and location and with other agreements.

2. Not to assign others to perform the task on his/her/its behalf without the consent of the service user.

3. To preserve and return to the service user documents and means handed over to the service provider after the task is completed.

4. To immediately notify the service user in case information or documents is or are insufficient and/or means are of poor quality, making it impossible to complete the task.

5. To keep secret information it knows during the period of performing the task as agreed upon or prescribed by law.

6. To compensate the service user if causing loss or damage to the documents or means provided to them or if disclosing secret information.

Article 518. Rights of the service provider

1. To request the service user to provide information, documents and means to serve the performance of the task.

2. To change the terms of service in the interest of the service user without having to wait for opinion of the service user if such a wait will cause damage to the service user, and immediately notify such change to the service user.

3. To request the service user to pay service charge.

Article 519. Payment of service charge

1. The service user shall pay service charge as agreed upon.

2. When a contract is entered into without any agreement on service charge and methods for determining service charge and other instructions on service charge, service charge shall be determined based on the market price of the service of the same type at the time and place of entry into the contract.

3. The service user shall pay service charge at the place where the task is performed and at the time when the service is completed, unless otherwise agreed upon.

4. In case the service is provided at variance with the agreement or the task is not fulfilled in time, the service user has the right to reduce service charge and claim compensation for damage.

Article 520. Unilateral termination of performance of service contracts

1. In case the service user does not benefit from the continued performance of the task, the service user has the right to unilaterally terminate the performance of the contract but shall give the service provider a reasonable advance notice thereof; the service user shall pay service charge for the part of the task which the service provider has performed and shall compensate for damage.

2. In case the service user commits a serious breach of obligation, the service provider has the right to unilaterally terminate the performance of the contract and claim compensation for damage.

Article 521. Continuation of service contracts

After the expiry of the period for the performance of the task under the service contract, if the task has not yet been fulfilled and the service provider continues performing such task and the service user knows about it but does not object, the service contract shall automatically continue to be performed in accordance with agreed contents until the task is fulfilled.

Section 10

TRANSPORTATION CONTRACTS

Sub-section 1

CONTRACTS FOR TRANSPORTATION OF PASSENGERS

Article 522. Contracts of transportation of passengers

A contract for transportation of passengers is an agreement between the parties under which the carrier transports the passenger and his/her luggage to a specified destination as agreed upon and the passenger pays fare.

Article 523. Forms of contract for transportation of passengers

1. A contract for transportation of passengers may be made in writing or orally or be established by a specific act.

2. Ticket is the proof of the entry into a contract for transportation of passengers by the parties.

Article 524. Obligations of the carrier

1. To safely transport passengers from the place of departure to the place of destination on time by the agreed vehicle or craft and on the agreed route; to ensure sufficient seats for passengers and not to transport passengers in excess of the vehicle or craft tonnage.

2. To purchase civil liability insurance for passengers in accordance with law.

3. To depart at the time as notified or agreed upon.

4. To carry luggage along the agreed route and return luggage to passengers or persons authorized to receive such luggage at the agreed place and time.

5. To refund fares to passengers as agreed upon or as prescribed by law.

Article 525. Rights of the carrier

1. To request passengers to fully pay fares for passenger transportation and personal luggage in excess of the prescribed allowance.

2. To refuse to carry a passenger in the following cases:

a/ The passenger fails to obey regulations of the carrier or commits acts of disturbing public order, hindering the work of the carrier, or posing a threat to the life, health or property of other persons, or other acts which cause unsafety to the journey; in this case, the passenger shall not be refunded the paid fare, and shall pay a fine if it is provided by transportation regulations;

b/ The carrier clearly sees that the passenger is in such health condition that the transportation will cause danger to him/her or to others during the journey;

c/ In order to prevent the spread of disease.

Article 526. Obligations of the passenger

1. To fully pay the fare for him/her and his/her luggage in excess of the prescribed allowance, and to take care of his/her carry-on luggage.

2. To be present at the place of departure at the agreed time.

3. To respect and obey regulations of the carrier and all other regulations on traffic safety.

Article 527. Rights of the passenger

1. To request to be transported by the agreed vehicle or craft, in the class commensurate with the value of his/her fare, and along the agreed route.

2. To be exempt from fare for checked luggage and carry-on luggage within the allowances as agreed upon or as prescribed by law.

3. To claim payment of expenses incurred or compensation for damage, if the carrier fails to transport according to the agreed time schedule and place.

4. To be refunded the whole or part of the paid fare in the cases prescribed at Points b and c, Clause 2, Article 525 of this Code and other cases prescribed by law or agreed upon.

5. To receive luggage at the place and time as agreed upon.

6. To request temporary interruption of the journey for a period and according to the procedures prescribed by law.

Article 528. Liability to compensate for damage

1. In case of loss of life or damage to the health or luggage of a passenger, the carrier shall compensate in accordance with law.

2. The carrier is not liable to compensate for the loss of life or damage to the health and luggage of a passenger if such loss or damage is entirely due to the fault of the passenger, unless otherwise prescribed by law.

3. In case a passenger violates the transportation conditions already agreed upon or transportation regulations, causing damage to the carrier or a third party, he/she shall compensate for such damage.

Article 529. Unilateral termination of performance of contracts for transportation of passengers

1. The carrier has the right to unilaterally terminate the performance of the contract in the cases prescribed in Clause 2, Article 525 of this Code.

2. A passenger has the right to unilaterally terminate the performance of the contract in case the carrier breaches the obligations prescribed in Clauses 1, 3 and 4, Article 524 of this Code.

Sub-section 2

CONTRACTS FOR TRANSPORTATION OF PROPERTY

Article 530. Contracts for transportation of property

A contract for transportation of property is an agreement between the parties under which the carrier has the obligation to transport

property to an agreed destination and hand such property to the authorized recipient, and the charterer has the obligation to pay freight.

Article 531. Forms of contract for transportation of property

1. A contract for transportation of property may be entered into in writing, verbally, or be established by a specific act.

2. A bill of lading or an equivalent transport document is evidence of the entry into a contract by the parties.

Article 532. Handover of property to the carrier

1. The charterer has the obligation to hand over the property to the carrier at the agreed time and place and pack the property in accordance with the agreed specifications; the charterer shall bear expenses for loading the property onto and unloading the property from the vehicle or craft, unless otherwise agreed upon.

2. In case the charterer fails to hand over the property at the agreed time and place, he/she/it shall pay expenses incurred for the wait and the expense for transportation of the property to the carrier at the agreed place stated in the contract.

In case the carrier is late in receiving the property, he/she/it shall bear expenses incurred due to the late receipt.

Article 533. Freight rate

1. Freight rates shall be agreed upon by the parties; if freight rates are prescribed by law, such freight rates shall apply.

2. The charterer shall fully pay freight after the property is loaded onto the vehicle or craft, unless otherwise agreed upon.

Article 534. Obligations of the carrier

1. To ensure that the property is transported wholly and safely to the designated place and on time.

2. To hand over the property to the authorized recipient.

3. To bear all expenses related to the transportation of the property, unless otherwise agreed upon.

4. To purchase civil liability insurance in accordance with law.

5. To compensate the charterer if causing loss of or damage to the property, unless otherwise agreed upon or prescribed by law.

Article 535. Rights of the carrier

1. To check the authenticity of the property and the bill of lading or other equivalent transport documents.

2. To refuse to transport property of types other than that agreed in the contract.

3. To request the charterer to pay freight fully and timely.

4. To refuse to transport property banned from transactions or dangerous or hazardous property, if the carrier knows or should have known.

Article 536. Obligations of the charterer

1. To fully pay freight to the carrier at the time and by the method of payment as agreed upon.

2. To provide necessary information relating to the transported property so as to ensure its safety.

3. To take care of the property during transportation if so agreed upon. In case the charterer takes care of the property and the property is lost or damaged, the charterer shall not be entitled to compensation.

Article 537. Rights of the charterer

1. To request the carrier to transport the property to the agreed place and at the agreed time.

2. To directly receive or designate a third party to receive the property.

Article 538. Handover of property to the consignee

1. The consignee of the property may be the charterer or a third party designated by the charterer to receive the property.

2. The carrier shall hand over the property to the consignee in its entirety, and at the agreed time and place.

3. In case the property has been transported to the place of handover on time but the consignee does not appear, the carrier may put the property at a place of bailment and shall immediately notify it to the charterer or a third party designated by the charterer to receive the property. The charterer or the third party shall bear all reasonable expenses incurred from the bailment of the property.

The obligation to hand over property shall be fulfilled when the property is bailed and the charterer or a third party designated by the charterer to receive the property is notified of the bailment.

Article 539. Obligations of the consignee

1. To produce to the carrier the bill of lading or other equivalent transport documents, and receive the property at the agreed time and place.

2. To bear expenses for loading and unloading the transported property, unless otherwise agreed upon or prescribed by law.

3. To pay reasonable expenses incurred due to his/her/its late receipt of the property.

4. To notify the charterer of the receipt of the property and other necessary information as requested by the charterer, in case the consignee is a third party designated by the charterer.

Article 540. Rights of the consignee

1. To check the quantity and quality of the delivered property.

2. To receive the delivered property.

3. To request the carrier to pay reasonable expenses incurred pending the delivery of the property, if the carrier is late in delivering the property.

4. To request the carrier to compensate for loss of or damage to the property.

Article 541. Liability to compensate for damage

1. If causing loss of or damage to the property, the carrier shall compensate the charterer, except for the case prescribed in Clause 3, Article 536 of this Code.

2. The charterer shall compensate the carrier and any third party for damage caused by transportation of dangerous or hazardous property if he/she/it fails to apply measures to properly pack the property and ensure safety during transportation.

3. The carrier is not liable to compensate for damage in case a *force majeure* event occurs, causing loss of or damage to or destruction of the property during transportation, unless otherwise agreed upon or prescribed by law.

Section 11

PROCESSING CONTRACTS

Article 542. Processing contracts

A processing contract is an agreement between the parties under which the processor performs tasks to make products at the request of the ordering party that receives the products and pays remuneration.

Article 543. Objects of processing contracts

The objects of a processing contract are those which are pre-determined according to the specimens and standards agreed upon by the parties or prescribed by law.

Article 544. Obligations of the ordering party

1. To supply the processor with raw materials and materials with the quantity and quality, within the time limit and at the place as agreed upon; to provide necessary documents relating to the processing work.
2. To instruct the processor in performing the contract;
3. To pay remuneration as agreed upon.

Article 545. Rights of the ordering party

1. To receive the processed products in the quantity, of the quality and by the method and at the time and place as agreed upon.
2. To unilaterally terminate the performance of the contract and claim compensation for damage when the processor commits a serious breach of contract.
3. In case the ordering party agrees to accept products which fail to meet the quality requirements and requests repair but the processor cannot repair the products within the agreed time limit, the ordering party has the right to cancel the contract and claim compensation for damage.

Article 546. Obligations of the processor

1. To preserve the raw materials and materials supplied by the ordering party.
2. To notify the ordering party to replace the raw materials and materials that fail to meet the quality requirements; to refuse to perform the processing if he/she/it knows or should have known that the use of such raw materials and materials may create products harmful to the society.
3. To deliver the products to the ordering party in the quantity, of the quality and by the method and at the time and place as agreed upon.
4. To keep secret information on the processing process and the products made.
5. To take responsibility for the products' quality, unless the products' poor quality is due to the raw materials and materials supplied by the ordering party or due to the unreasonable instructions of the ordering party.
6. To return to the ordering party any unused raw materials and materials after the contract is completely performed.

Article 547. Rights of the processor

1. To request the ordering party to supply raw materials and materials in the quantity, of the quality and at the time and place as agreed upon.

2. To refuse to follow unreasonable instructions given by the ordering party in the course of contract performance if finding that following such instructions may reduce the products' quality, but to immediately notify such to the ordering party.

3. To request the ordering party to fully pay the remuneration at the time and by the method as agreed upon.

Article 548. Liability to bear risks

Owners of raw materials and materials shall bear all risks to their raw materials and materials or products made therefrom until the products are delivered to the ordering party, unless otherwise agreed upon.

When the ordering party delays the receipt of products, he/she/it shall bear all risks during the delay period, even in case such products are made from the processor's raw materials and materials, unless otherwise agreed upon.

When the processor delays the delivery of products, resulting in risks occurring to the processed products, he/she/it shall compensate for any damage caused to the ordering party.

Article 549. Delivery and receipt of processed products

The processor shall deliver the processed products to the ordering party that shall receive them at the agreed time and place.

Article 550. Delay in delivery and receipt of processed products

1. In case the processor delays the delivery of products, the ordering party may extend the time limit for such delivery. Past this time limit, if the processor fails to finish the processing, the ordering party has the right to unilaterally terminate the performance of the contract and claim compensation for damage.

2. In case the ordering party delays the receipt of products, the processor may deposit such products at a place of bailment and shall immediately notify such to the ordering party. The obligation to deliver products shall be considered having been fulfilled when the agreed conditions have been met and the ordering party has been notified thereof. The ordering party shall bear all expenses arising from the bailment.

Article 551. Unilateral termination of performance of processing contracts

1. Either party has the right to unilaterally terminate the performance of a processing contract if he/she/it will not benefit from the continued performance of the contract, unless otherwise agreed upon or prescribed by law, but shall give the other party a reasonable advance notice thereof.

2. If the ordering party unilaterally terminates the performance of the contract, he/she/it shall pay remuneration corresponding to the performed work, unless otherwise agreed upon. If the processor unilaterally terminates the performance of the contract, he/she/it may not be paid any remuneration, unless otherwise agreed upon.

3. The party that unilaterally terminates the performance of the contract, causing damage to the other party, shall compensate for such damage.

Article 552. Payment of remuneration

1. The ordering party shall fully pay the remuneration at the time of receiving the processed products, unless otherwise agreed upon.

2. In case there is no agreement on the remuneration rate, the average rate applied to the making of products of the same type at the place of processing and at the time of payment shall apply.

3. The ordering party may not reduce the remuneration if the products do not meet the agreed quality requirements due to his/her/its supplied raw materials and materials or unreasonable instructions.

Article 553. Liquidation of raw materials and materials

When a processing contract terminates, the processor shall return the unused raw materials and materials to the ordering party, unless otherwise agreed upon.

Section 12

CONTRACTS FOR BAILMENT OF PROPERTY

Article 554. Contracts for bailment of property

A contract for bailment of property is an agreement between parties under which the bailee agrees to keep the property of the bailor for preservation and return it to the bailor upon expiration of the contractual term and the bailor is required to pay remuneration to the bailee, except when the bailment is free.

Article 555. Obligations of the bailor

1. Upon delivery of the property, to immediately notify the bailee of the conditions of the property and appropriate measures to preserve the bailed property; if failing to do so and the bailed property is destroyed or

damaged because of inappropriate preservation, to bear such loss or damage; to compensate if causing damage.

2. To fully pay remuneration at the time and by the method as agreed upon.

Article 556. Rights of the bailor

1. To reclaim its property at any time, if the bailment contract does not specify a time limit, but to give the bailee a reasonable advance notice thereof.

2. To claim compensation for damage, if the bailee causes loss of or damage to the bailed property, unless such loss or damage is due to a *force majeure* event.

Article 557. Obligations of the bailee

1. To preserve the property as agreed upon and return it to the bailor in the same condition as at the time of receipt for bailment.

2. To change the method of preservation only if such change is necessary to better preserve the property, but to immediately notify the change to the bailor.

3. To immediately notify the bailor in writing of any risk of damage or destruction to the property due to the nature of such property and request the latter to find a solution within a certain time limit; past this time limit, if the bailor fails to give a reply, to take necessary preservation measures and request the bailor to pay expenses for such preservation.

4. To pay compensation if causing loss of or damage to the bailed property, unless such loss or damage is caused by a *force majeure* event.

Article 558. Rights of the bailee

1. To request the bailor to pay remuneration as agreed upon.

2. To request the bailor to pay reasonable expenses for preserving the property in case of free bailment.

3. To request the bailor to take back the property at any time, but to give the bailor a reasonable advance notice thereof, in case there is no specified time limit for the bailment.

4. To sell the bailed property which is in danger of degeneration or destruction to ensure the interest of the bailor, notify such to the bailor, and return the proceeds to the bailor after deducting reasonable expenses for the sale.

Article 559. Return of bailed property

1. A bailee shall return the very property it/he/she has received and the yields and profits therefrom, if any, unless otherwise agreed upon.

The place for returning the bailed property must be the place of bailment; a bailor that requests his/her/its property to be returned at a place other than the place of bailment shall bear the expense for transporting the property to such place, unless otherwise agreed upon.

2. A bailee shall return the property on schedule and may only request the bailor to take back the property ahead of schedule if the bailee has a plausible reason for such request.

Article 560. Delay in delivery or receipt of bailed property

A bailee that delays the delivery of the property may not request the bailor to pay remuneration and expenses for preservation from the time of delaying the delivery and shall bear risks to the property in the delay period.

A bailor that delays the receipt of the property shall pay preservation expenses and remuneration to the bailee in the delay period.

Article 561. Payment of remuneration

1. A bailor shall fully pay the remuneration when taking back the bailed property, unless otherwise agreed upon.

2. In case the parties have no agreement on the remuneration rate, the average remuneration rate applied at the place and time of remuneration payment shall apply.

3. A bailor that takes back the property ahead of schedule shall still fully pay the remuneration and necessary expenses arising from the bailee's early return of the property, unless otherwise agreed upon.

4. A bailee that requests the bailor to take back the property ahead of schedule is not entitled to any remuneration and shall compensate for damage caused to the bailor, unless otherwise agreed upon.

Section 13

MANDATE CONTRACTS

Article 562. Mandate contracts

A mandate contract is an agreement between parties under which the mandatary has the obligation to perform a task on behalf of the mandator, and the mandator shall only pay remuneration if so agreed upon or prescribed by law.

Article 563. Time limit of mandate

The time limit of mandate shall be agreed upon by parties or prescribed by law; in the absence of an agreement or legal provisions thereon, a mandate contract shall be effective for one year from the date of establishing the mandate.

Article 564. Sub-mandate

1. A mandatary may submandate a third party in the following cases:

a/ It is so consented by the mandator;

b/ A *force majeure* event occurs, which makes the submandate necessary, otherwise the objective of establishing and performing the civil transaction in the interest of the mandator cannot be fulfilled.

2. The submandate must not go beyond the scope of the original mandate.

3. The form of the submandate contract must match the form of the original mandate contract.

Article 565. Obligations of the mandatary

1. To perform the task in accordance with the mandate and notify the mandator of such performance.

2. To notify the time limit and scope of mandate as well as any modifications to the scope of mandate to a third party involved in the performance of the mandate.

3. To keep and preserve documents and instruments given to him/her/it for performing the mandate.

4. To keep secret information he/she/it knows while performing the mandate.

5. To return to the mandator the property received and benefits obtained in the process of performing the mandate as agreed upon or prescribed by law.

6. To compensate for any damage caused by the breach of the obligations prescribed in this Article.

Article 566. Rights of the mandatary

1. To request the mandator to provide information, documents and instruments necessary for performing the mandated task.

2. To receive reimbursement of reasonable expenses he/she/it has paid for the performance of the mandated task; to receive remuneration if so agreed upon.

Article 567. Obligations of the mandator

1. To provide necessary information, documents and instruments for the mandatary to perform the task.

2. To take responsibility for the commitments performed by the mandatary within the scope of mandate.

3. To reimburse reasonable expenses paid by the mandatary for the performance of the mandated task and pay remuneration to the mandatary, if so agreed upon.

Article 568. Rights of the mandator

1. To request the mandatary to fully notify the performance of the mandated task.

2. To request the mandatary to return the property and benefits obtained from the performance of the mandated task, unless otherwise agreed upon.

3. To be compensated for damage, if the mandatary breaches the obligations prescribed in Article 565 of this Code.

Article 569. Unilateral termination of performance of mandate contracts

1. For a mandate with remuneration, the mandator may unilaterally terminate the performance of the contract at any time, but shall pay the mandatary a remuneration corresponding to the task already performed by the mandatary and shall compensate for any damage. For a mandate without remuneration, the mandator may unilaterally terminate the performance of the contract at any time, but shall give the mandatary a reasonable advance notice thereof.

The mandator shall notify in writing his/her/its unilateral termination of the performance of the contract to a third party; otherwise, the contract with the third party shall remain effective, unless the third party knows or should have known the termination of the mandate contract.

2. For a mandate without remuneration, the mandatary may unilaterally terminate the performance of the contract at any time, but shall give the mandator a reasonable advance notice thereof; for a mandate with remuneration, the mandatary may unilaterally terminate the performance of the contract at any time, but shall compensate for any damage caused to the mandator.

Chapter XVII

PROMISE OF REWARD AND COMPETITIONS FOR PRIZES

Article 570. Promise of reward

1. A person who has publicly made a promise for a reward shall give the promised reward to a person who has performed the task at the request of the former.

2. The task for which the reward is promised must be specific and performable, neither violate prohibitory provisions of law nor contravene social morality.

Article 571. Withdrawal of promise of reward

Before the time set for starting the performance of a task, the reward promisor has the right to withdraw his/her/its promise of reward. Such withdrawal shall be made by the method and in the medium in which the promise of reward has been announced.

Article 572. Payment of rewards

1. In case a task for which a reward is promised is performed by one person, that person is entitled to the reward once the task is completed.

2. In case a task for which a reward is promised is performed simultaneously but independently by several persons, the person who completes the task first is entitled to the reward.

3. In case a task for which a reward is promised is completed by several persons at the same time, the reward shall be equally shared among these persons.

4. In case many persons collaborate with one another to perform a task for which a reward is promised at the promisor's request, each person shall receive a part of the reward in proportion to his/her contribution.

Article 573. Competitions for prizes

1. Organization of cultural, artistic, sports, scientific, technical and other competitions must neither violate prohibitory provisions of law nor contravene social morality.

2. The organizer of a competition shall announce the conditions for participation, scale of evaluation points, prizes and the value of each prize.

Any change to the conditions for participation in a competition shall be announced in the same manner in which the competition has been announced at a reasonable time before the competition takes place.

3. A prize winner has the right to request the competition organizer to grant the exact prize as announced.

Chapter XVIII

TASK PERFORMANCE WITHOUT MANDATE

Article 574. Task performance without mandate

Performance of a task without mandate means the voluntary performance of a task by a person who has no obligation to perform such task, solely in the interest of the person for whom the task is performed when such person does not know or knows but does not object to such performance.

Article 575. Obligations to perform tasks without mandate

1. A person who performs a task without mandate shall perform the task in conformity with his/her capacity and conditions.

2. A person who performs a task without mandate shall perform such task as if it were his/her own; if knowing or able to guess the intention of the person for whom the task is performed, he/she shall perform the task according to such intention.

3. A person that performs a task without mandate shall notify the person for whom the task is performed of the progress and result of such performance, if so requested, unless the latter has known or the former does not know the latter's place of residence or head office.

4. In case an individual or a legal person for whom or for which the task is performed dies or ceases its existence, the person who performs the task without mandate shall continue the performance of that task until the heir or the representative of the latter takes over it.

5. If a person who performs a task without mandate is unable to continue the performance for a plausible reason, he/she shall notify such to the person for whom the task is performed or to his/her representative or next of kin, or may ask another person to perform the task.

Article 576. Payment obligation of a person for whom a task is performed

1. A person for whom a task is performed shall take over the task from the person who performs the task without mandate and reimburse reasonable expenses already paid by the latter for the performance, even in case such performance yields no result as desired by the former.

2. A person for whom a task is performed shall pay remuneration to the person who performs the task without mandate when the latter has performed the task dutifully for the former's benefit, unless the latter refuses to receive it.

Article 577. Obligation to compensate for damage

1. When a person who performs a task without mandate intentionally causes damage while performing the task, he/she shall compensate for damage caused to the person for whom the task is performed.

2. If a person who performs a task without mandate unintentionally causes damage while performing the task, the compensation he/she is liable to pay may be reduced depending on the circumstances under which he/she assumed that task.

Article 578. Termination of task performance without mandate

The performance of a task without mandate shall terminate in the following cases:

1. It is so requested by the person for whom the task is performed;
2. The person for whom the task is performed, his/her heir or its representative takes over the task;
3. The person who performs the task without mandate is unable to continue such performance under Clause 5, Article 575 of this Code;
4. The individual or legal person that performs the task without mandate dies or ceases its existence.

Chapter XIX

THE OBLIGATION TO RETURN PROPERTY POSSESSED, USED
OR BENEFITED WITHOUT A LEGAL BASIS

Article 579. The obligation to return

1. A person who possesses or uses another person's property without a legal basis shall return such property to its owner or another entity having rights over such property; in case such owner or entity cannot be found, the property shall be handed over to a competent state agency, except for the case prescribed in Article 236 of this Code.

2. A person who benefits from a property without a legal basis, causing damage to another person, shall return these benefits to the latter, except for the case prescribed in Article 236 of this Code.

Article 580. Property to be returned

1. A possessor or user of a property without a legal basis shall return the entire property he/she/it has acquired.

2. In case the property to be returned is a distinctive object, that exact object shall be returned; if that distinctive object is lost or damaged, monetary compensation shall be paid, unless otherwise agreed upon.

3. In case the property to be returned is a fungible object which has been lost or damaged, an object of the same type shall be returned or a monetary compensation shall be paid, unless otherwise agreed upon.

4. A person who benefits from a property without a legal basis shall return these benefits in kind or in cash to the person who has sustained the loss of such benefits.

Article 581. The obligation to return yields or profits

1. A person who possesses, uses or benefits from a property without a legal basis and not in good faith shall return the yields or profits gained from the time of possessing or using the property or benefiting from the property without a legal basis.

2. A person who possesses, uses or benefits from a property without a legal basis but in good faith shall return the yields or profits gained from the time he/she knows or should have known that such possession, use or benefit is legally groundless, except for the case prescribed in Article 236 of this Code.

Article 582. The right to claim return of property from a third person

When a person who possesses or uses a property without a legal basis has transferred the property to a third person, the third person shall return such property at the request of its owner or another subject having rights over the property, unless otherwise prescribed by this Code; if the property has been paid for or compensated, the third person has the right to claim compensation from the property transferor.

Article 583. The payment obligation

The owner of or another subject having rights over a property or the damage sufferer to whom or which the property is returned shall reimburse necessary expenses paid by the person who has possessed, used or benefited from the property without a legal basis but in good faith for preserving, or increasing the value of, the property.

Chapter XX

LIABILITY TO COMPENSATE FOR NON-CONTRACTUAL
DAMAGE

Section 1

GENERAL PROVISIONS

Article 584. Grounds for liability to compensate for damage

1. A person who infringes upon the life, health, honor, dignity, reputation, property, or other lawful rights or interests of another person

and thereby causes damage shall pay compensation, unless otherwise prescribed by this Code or other relevant laws.

2. A person who causes damage is not liable to compensate for damage in case such damage is caused in a *force majeure* event or totally at the fault of the damage sufferer, unless otherwise agreed upon or prescribed by law.

3. If a property causes damage, its owner or possessor shall compensate for damage, except for the damage caused in the case prescribed in Clause 2 of this Article.

Article 585. Principles of compensation

1. Actual damage shall be compensated fully and in time. Parties may reach agreement on the compensation level, the form of compensation either in cash, in kind, or by performance of a task, and on the method of compensation either in lump sum or in installment, unless otherwise prescribed by law.

2. A person liable to compensate for damage may enjoy a reduction of the compensation level if he/she is not at fault or unintentionally causes the damage and the damage is too big as compared to his/her financial condition.

3. When the compensation level becomes impractical, the person that suffers from damage or causes damage may request the court or another competent state agency to adjust it.

4. When a person who suffers from damage is partly at fault in causing the damage, he/she shall not be entitled to compensation for the part of damage caused due to his/her fault.

5. A party having its lawful rights or interests infringed upon is not entitled to compensation if the damage is caused due to its failure to apply necessary and reasonable measures to prevent and reduce such damage.

Article 586. Individuals' liability capacity to compensate for damage

1. Persons aged full eighteen years or older who cause damage shall compensate by themselves.

2. If a minor aged under fifteen years causes damage, his/her father and/or mother who are/is still alive shall compensate for the whole damage; if the property of his/her parent/s is insufficient for compensation while the minor has his/her own property, this property shall be used to compensate the deficit, except for the cases prescribed in Article 599 of this Code.

Persons aged between full fifteen years and under eighteen years who cause damage shall compensate for the damage with their own property; if their property is insufficient for compensation, their parent/s shall pay the deficit with his/her/their own property.

3. When a person who is a minor or has lost his/her civil act capacity or has difficulty in perceiving or controlling his/her acts causes damage, his/her guardian, if any, may use the property of such person to compensate for such damage; if such person has no property or insufficient property for compensation, the guardian shall compensate with his/her own property; a guardian who can prove that he/she is not at fault in his/her guardianship is not required to use his/her property for compensation.

Article 587. Compensation for damage caused by many persons

In case many persons cause damage, they shall jointly compensate for damage caused to the sufferer. The compensation liability of each person shall be determined in proportion to the degree of his/her fault; if it is impossible to determine the degree of fault of each person, all shall pay compensation equally.

Article 588. Statute of limitations for initiating lawsuits to claim compensation

The statute of limitations for initiating a lawsuit to claim compensation is three years counting from the date a person having the right to claim compensation knows or should have known the infringement upon his/her lawful rights and interests.

Section 2

DETERMINATION OF DAMAGE

Article 589. Damage caused by infringement upon property

Damage caused by infringement upon property includes:

1. The lost, destroyed or damaged property;
2. Lost or reduced benefits associated with the use or exploitation of the property;
3. Reasonable expenses for preventing, reducing and remedying the damage;
4. Other damage as prescribed by a law.

Article 590. Damage caused by infringement upon health

1. Damage caused by infringement upon health includes:

a/ Reasonable expenses for treatment, nursing, and the rehabilitation of health and/or lost or impaired functions of the victim;

b/ Lost or reduced actual income of the victim; if the victim's actual incomes are not stable and cannot be determined, the average income earned from the same type of work shall be applied;

c/ Reasonable expenses and the lost actual income of the person who takes care of the victim in the period of treatment; if the victim who loses his/her working capacity needs regular care, the damage must also include reasonable expenses for such care;

d/ Other damage as prescribed by a law.

2. A person liable to compensate for the infringement upon the health of another person shall compensate for damage in accordance with Clause 1 of this Article and pay a sum of money as compensation for the spiritual damage to the victim. The level of spiritual compensation shall be agreed upon by the parties; if the parties fail to reach such agreement, the maximum level of compensation per victim is 50 times the base salary set by the State.

Article 591. Damage caused by infringement upon life

1. Damage caused by infringement upon life includes:

a/ Damage caused by infringement upon life as prescribed in Article 590 of this Code;

b/ Reasonable expenses for the funeral;

c/ Support money for persons whom the victim has the obligation to support;

d/ Other damage as prescribed by a law.

2. A person liable to compensate for the infringement upon the life of another person shall compensate for damage in accordance with Clause 1 of this Article and pay a sum of money as compensation for the spiritual damage to the victim's next of kin in the first rank of inheritance; if these persons are not available, the person(s) whom the victim directly nurtured or the person(s) who directly nurtured the victim is/are entitled to this sum of money. The level of spiritual compensation shall be agreed upon by the parties; if the parties fail to reach such agreement, the maximum level of compensation per victim is 100 times the base salary set by the State.

Article 592. Damage caused by infringement upon honor, dignity or reputation

1. Damage caused by infringement upon the honor, dignity or reputation includes:

- a/ Reasonable expenses for limiting and remedying the damage;
- b/ Lost or reduced actual income;
- c/ Other damage as prescribed by a law.

2. A person liable to compensate for the infringement upon the honor, dignity or reputation of another person shall compensate for damage in accordance with Clause 1 of this Article and pay a sum of money as compensation for the spiritual damage to the victim. The level of spiritual compensation shall be agreed upon by the parties; if the parties fail to reach such agreement, the maximum level of compensation per victim is 10 times the base salary set by the State.

Article 593. Period of enjoyment of compensation for damage caused by infringement upon life or health

1. A victim who completely loses his/her working capacity is entitled to compensation from the time of completely losing his/her working capacity until he/she dies, unless otherwise agreed upon.

2. When a victim dies, the persons who are supported by the victim are entitled to support money from the time of death of the victim for the following period:

a/ Minor children or unborn children of the decedent, who are born alive, are entitled to support money until they reach full eighteen years of age, except for children aged between full fifteen and under eighteen years who have already worked and earned income enough to support themselves;

b/ Adults who have no working capacity are entitled to support money until their death.

3. For an unborn child of the decedent, he/she shall be entitled to support money from the time he/she is born alive.

Section 3

COMPENSATION FOR DAMAGE IN SPECIFIC CASES

Article 594. Compensation for damage caused by acts beyond the limits of legitimate self-defense

A person who causes damage in case of legitimate self-defense is not required to compensate the victim.

A person who acts beyond the limits of legitimate self-defense and causes damage shall compensate the victim.

Article 595. Compensation for damage caused by acts beyond the requirements of emergency circumstances

1. A person who acts beyond the requirements of an emergency circumstance, thereby causing damage, shall compensate for the part of damage caused by such act to the victim.

2. A person who causes an emergency circumstance leading to damage shall compensate the victim.

Article 596. Compensation for damage caused by persons using stimulants

1. A person who, due to drinking alcohol or using another stimulant, falls into a state of being unable to perceive and control his/her acts, thereby causing damage to another person, shall compensate the latter.

2. A person who intentionally uses alcohol or another stimulant to make another person fall into a state of being unable to perceive and control his/her acts, thereby causing damage, shall compensate the victim.

Article 597. Compensation for damage caused by employees of legal persons

A legal person shall compensate for damage caused by its employees while performing their assigned tasks; after having compensated for the damage, the legal person has the right to request the employees at fault in causing the damage to refund a sum of money as prescribed by law.

Article 598. Compensation for damage caused by persons on official duty

The State shall compensate for damage caused by illegal acts of persons on official duty in accordance with the Law on the State's Compensation Liability.

Article 599. Compensation for damage caused by under-fifteen persons, persons having lost their civil act capacity while under direct management of schools, hospitals or other legal persons

1. The school directly managing an under-fifteen person who causes damage shall compensate for such damage.

2. The hospital or another legal person directly managing a person having lost his/her civil act capacity who causes damage to another person shall compensate for such damage.

3. The school, hospital or another legal person referred to in Clause 1 or 2 of this Article is not required to compensate if it can prove that it is not at fault in the management of the person causing damage; in this case the father or/and mother or guardian of the under-fifteen person or person having lost his/her civil act capacity shall compensate.

Article 600. Compensation for damage caused by employees or apprentices

Individuals or legal persons shall compensate for damage caused by their employees or apprentices while performing their assigned tasks, and have the right to request the employees or apprentices at fault to refund a sum of money as prescribed by law.

Article 601. Compensation for damage caused by sources of extreme danger

1. Sources of extreme danger include motorized means of transport, power transmission systems, operating industrial factories, weapons, explosives, inflammables, toxics, radioactive substances, wild beasts and other sources of extreme danger as prescribed by law.

The owner of a source of extreme danger shall operate, use, preserve, guard and transport the source of extreme danger in accordance with law.

2. The owner of a source of extreme danger shall compensate for damage caused by such source; if the owner has assigned the possession or use of the source of extreme danger to another person, the latter shall compensate, unless otherwise agreed upon.

3. The owner, possessor or user of a source of extreme danger shall compensate for damage even if he/she/it is not at fault, except for the following cases:

a/ The damage is entirely and intentionally caused by the victim;

b/ The damage is caused in a *force majeure* event or an emergency circumstance, unless otherwise prescribed by law.

4. In case a source of extreme danger is unlawfully possessed or used, the person unlawfully possessing or using it shall compensate for damage.

The owner, possessor or user of a source of extreme danger that is at fault in allowing the source of extreme danger to be unlawfully possessed or used shall jointly compensate for the damage.

Article 602. Compensation for damage caused by environmental pollution

A subject that pollutes the environment, thereby causing damage, shall compensate for such damage in accordance with law, even in case that he/she/it is not at fault.

Article 603. Compensation for damage caused by animals

1. The owner of an animal shall compensate for damage caused by the animal to another person. The possessor or user of an animal shall compensate for damage during the time of possessing or using that animal, unless otherwise agreed upon.

2. A third party that is entirely at fault for the damage caused by an animal to another person shall compensate for such damage; if the third party and the owner of the animal are both at fault, they shall jointly compensate for the damage.

3. In case an animal which is unlawfully possessed or used causes damage, the person unlawfully possessing or using the animal shall compensate for the damage; when the owner and unlawful possessor or user of the animal are both at fault in the unlawful possession or use of the animal, they shall jointly compensate for the damage.

4. The owner of an animal which is raised free range according to customary practices and causes damage shall compensate for such damage according to customary practices which must not contravene the law and social morality.

Article 604. Compensation for damage caused by trees

The owner or possessor of or person assigned to manage a tree shall compensate for damage caused by that tree.

Article 605. Compensation for damage caused by houses or other construction works

The owner or possessor of or person assigned to manage or use a house or another construction work shall compensate for damage caused by that house or work to another person.

A constructor of a house or another construction work that is at fault in the damage caused by such house or work shall jointly compensate for such damage.

Article 606. Compensation for damage caused by interference with corpses

1. An individual or a legal person that interferes with a corpse shall compensate for damage.

2. The damage caused by interference with a corpse includes reasonable expenses for limiting and remedying the damage.

3. A person liable to compensate for damage caused by interference with a corpse shall compensate for damage in accordance with Clause 2 of this Article and pay a sum of money as compensation for the spiritual damage caused to the decedent's next of kin in the first rank of inheritance; if these persons are unavailable, the person(s) who directly nurtured the decedent is/are entitled to this sum of money. The level of spiritual compensation shall be agreed upon by the parties; if the parties fail to reach such agreement, the maximum level of compensation per interfered corpse is 30 times the base salary set by the State.

Article 607. Compensation for damage caused by infringement upon graves

1. An individual or a legal person that infringes upon the grave of another person shall compensate for damage.

2. The damage caused by infringement upon a grave includes reasonable expenses for limiting and remedying the damage.

3. A person liable to compensate for damage caused by infringement upon the grave of another person shall compensate for damage in accordance with Clause 2 of this Article and pay a sum of money as compensation for the spiritual damage caused to the decedent's next of kin in the first rank of inheritance; if these persons are unavailable, the person(s) who directly nurtured the decedent is/are entitled to this sum of money. The level of spiritual compensation shall be agreed upon by the parties; if the parties fail to reach such agreement, the maximum level of compensation per infringed grave is 10 times the base salary set by the State.

Article 608. Compensation for damage caused by infringement upon consumer interests

An individual or a legal person that produces or trades in goods or provides services and fails to ensure the quality of such goods or services, thereby causing damage to consumers, shall compensate for damage.

PART FOUR
INHERITANCE
Chapter XXI
GENERAL PROVISIONS

Article 609. Inheritance right

Every individual has the right to make a testament to dispose of his/her property; to bequeath his/her property to his/her heir(s) at law; and to inherit estate under a testament or in accordance with law.

An heir that is not an individual has the right to inherit estate under a testament.

Article 610. Individuals' right to equality in inheritance

Every individual is equal in the right to bequeath his/her property to another person and the right to inherit estate under a testament or in accordance with law.

Article 611. Time and place for opening inheritance

1. The time for opening inheritance is the time the owner of property dies. In case the court declares the death of a person, the time for opening inheritance is the date determined in accordance with Clause 2, Article 71 of this Code.

2. The place for opening inheritance is the last place of residence of the estate leaver; if such place cannot be identified, the place for opening inheritance is the place where all or most of his/her estate is located.

Article 612. Estate

Estate includes the decedent's separate property and his/her shares in property in common with others.

Article 613. Heirs

If an heir is an individual, he/she must be alive at the time of opening inheritance, or must be born alive after the time of opening inheritance, but must be conceived before the death of the estate leaver. In case a testamentary heir is not an individual, it must be in existence at the time of opening inheritance.

Article 614. Time of arising of rights and obligations of heirs

As from the time of opening inheritance, the heirs have the property rights and obligations left by the decedent.

Article 615. Performance of property obligations left by the decedent

1. An heir shall perform the property obligations within the limit of estate left by the decedent, unless otherwise agreed upon.

2. In case the estate has not yet been distributed, the property obligations left by the decedent shall be performed by the estate manager under the agreement among the heirs within the limit of estate left by the decedent.

3. In case the estate has been distributed, each heir shall perform the property obligations left by the decedent, which correspond to, but do

not exceed, the portion of property he/she has received, unless otherwise agreed upon.

4. An heir that is not an individual and inherits an estate under a testament shall also perform the property obligations left by the decedent like an individual heir.

Article 616. Estate managers

1. Estate manager is a person who is appointed under the testament or under the agreement among the heirs.

2. In case the testament does not appoint an estate manager and the heirs have not yet appointed an estate manager, the person who is possessing, using or managing the estate shall continue to manage it until the heirs appoint an estate manager.

3. In case the heir(s) has/have not been identified yet and there is no estate manager as prescribed in Clauses 1 and 2 of this Article, such estate shall be managed by a competent state agency.

Article 617. Obligations of estate managers

1. An estate manager prescribed in Clause 1 or 3, Article 616 of this Code has the following obligations:

a/ To draw up a list of estate items; recover the property of the decedent which is being possessed by other persons, unless otherwise prescribed by law;

b/ To preserve the estate; not to sell, exchange, donate, mortgage, pledge or dispose of it in any other manners without written consent of the heirs;

c/ To notify the heirs of the status of the estate;

d/ To compensate for damage caused by his/her breach of his/her obligations;

dd/ To hand back the estate at the request of the heir(s).

2. A person who currently possesses, uses or manages the estate as defined in Clause 2, Article 616 of this Code has the following obligations:

a/ To preserve the estate; not to sell, exchange, donate, mortgage, pledge or dispose of it in any other manners;

b/ To notify the heirs of the estate;

c/ To compensate for damage caused by his/her breach of his/her obligations;

d/ To hand back the estate under the contract with the estate leaver or at the request of the heir(s).

Article 618. Rights of estate managers

1. An estate manager prescribed in Clause 1 or 3, Article 616 of this Code has the following rights:

a/ To represent the heirs in their relations with a third party concerning the estate;

b/ To enjoy remuneration as agreed with the heir(s);

c/ To have expenses for the estate preservation paid.

2. A person who currently possesses, uses or manages the estate as defined in Clause 2, Article 616 of this Code has the following rights:

a/ To continue using the estate under the contract with the estate leaver or so agreed upon by the heirs;

b/ To enjoy remuneration as agreed with the heirs;

c/ To have expenses for the estate preservation paid.

3. If failing to reach agreement with the heirs on the remuneration rate, the estate manager is entitled to a reasonable amount of remuneration.

Article 619. Inheritance by persons entitled to mutually inherit each other's estate who die at the same time

In case persons who have the right to inherit each other's estate die at the same time or are considered having died at the same time because it is impossible to determine who dies first (below referred to as die at the same time), they do not have the right to inherit each other's estate and the estate of each person shall be inherited by his/her respective heir(s), except for the case of inheritance by substitution prescribed in Article 652 of this Code.

Article 620. Disclaimer of inheritance

1. An heir has the right to disclaim an estate, unless such disclaimer aims to shirk his/her property obligations toward another person.

2. A disclaimer of estate shall be made in writing and sent to the estate manager, other heirs and the person appointed to distribute the estate.

3. A disclaimer of an estate shall be shown before the time of distributing the estate.

Article 621. Persons not entitled to inherit estate

1. The following persons are not entitled to inherit estate:

a/ Persons who are convicted of having intentionally infringed upon the life or health of the estate leaver, or of having severely maltreated or persecuted the estate leaver, seriously infringing upon the honor or dignity of that person;

b/ Persons who have seriously breached their obligations to support the estate leaver;

c/ Persons who are convicted of having intentionally infringed upon the life of another heir in order to acquire part or all of the portion of the estate to which such heir is entitled;

d/ Persons who have deceived, coerced or hindered the estate leaver in making his/her testament; persons who have forged, modified or destroyed the testament in order to acquire part or all of the estate against the will of the estate leaver.

2. The persons prescribed in Clause 1 of this Article are still entitled to inherit the estate, if the estate leaver, although aware of their acts, still allow them to inherit under the testament.

Article 622. Estate without heirs

In case there is no testamentary heir or no at-law heir or there is an heir who is, however, not entitled to inherit the estate or has disclaimed his/her estate, the estate left after performance of property obligations for which there is no heir shall belong to the State.

Article 623. Statute of limitations for inheritance

1. The statute of limitations for an heir to request distribution of an estate is 30 years for immovable property and 10 years for movable property from the time of opening inheritance. Past this time limit, the estate shall belong to its current manager. In case there is no heir managing the estate, it shall be handled as follows:

a/ The estate shall belong to its current possessor in accordance with Article 236 of this Code;

b/ The estate shall belong to the State if there is no possessor as mentioned at Point a of this Clause.

2. The statute of limitations for an heir to request determination of his/her inheritance right or rejection of inheritance of another person is 10 years from the time of opening inheritance.

3. The statute of limitations for an heir to perform property obligations left by the decedent is 3 years from the time of opening inheritance.

Chapter XXII
TESTAMENTARY INHERITANCE

Article 624. Testament

A testament is the expression of a person's will to transfer his/her own property to another person(s) after his/her death.

Article 625. Testator

1. A person who fully meets the conditions prescribed at Point a, Clause 1, Article 630 of this Code has the right to make a testament to dispose of his/her property.

2. A person aged between full fifteen years and under eighteen years may make a testament, if it is so agreed by his/her father, mother or guardian.

Article 626. Rights of the testator

A testator has the following rights:

1. To designate his/her heir(s); to disinherit an heir;
2. To distribute his/her estate to each of his/her heirs;
3. To set aside part of his/her estate for donation or worship;
4. To assign obligations to his/her heir(s);
5. To appoint persons to keep the testament, manage the estate and distribute the estate.

Article 627. Forms of testament

A testament shall be made in writing; in case a testament cannot be made in writing, it may be made orally.

Article 628. Written testament

A written testament may be:

1. An unwitnessed written testament;
2. A witnessed written testament;
3. A notarized written testament;
4. A certified written testament.

Article 629. Oral testament

1. In case the life of a person is threatened by death and it is impossible for him/her to make a written testament, he/she may make an oral testament.

2. If the testator is still alive and in sound mind three months after making an oral testament, such oral testament shall be automatically invalidated.

Article 630. Lawful testament

1. A lawful testament must fully meet the following conditions:

a/ The testator is in sound mind when making the testament; and is not deceived, threatened or forced;

b/ The content of the testament neither violates prohibitory provisions of law nor contravenes social morality; the form of the testament is not contrary to law.

2. The testament of a person aged between full fifteen years and under eighteen years shall be made in writing and his/her making of the testament shall be consented to by his/her parent(s) or guardian.

3. The testament of a person who is physically handicapped or illiterate shall be written down by a witness and notarized or certified.

4. A written testament which is nether notarized nor certified may be considered lawful only if it satisfies the conditions prescribed in Clause 1 of this Article.

5. An oral testament may be considered lawful if the testator expresses his/her last will before at least two witnesses who immediately after that write down such will and jointly sign or press their fingerprints. Within 5 working days after the testator expresses his/her last will, the signatures or fingerprints of the witnesses on the testament shall be certified by a notary or a competent agency.

Article 631. Contents of a written testament

1. A testament must contain the following principal details:

a/ Date, month and year on which the testament is made;

b/ Full name and place of residence of the testator;

c/ Full name(s) of the person(s), agency(ies) and/or organization(s) entitled to the estate;

d/ The bequeathed estate and its location.

2. A testament may have other contents than those prescribed in Clause 1 of this Article.

3. A testament must not contain abbreviations or symbols, a multiple-page testament must have each page numbered, and signed or fingerprinted by the testator.

In case a testament has an erased or a modified content, the testator or witnesses shall sign beside such erased or modified content.

Article 632. Witnesses to the making of a testament

Any person may witness the making of a testament, except the following persons:

1. The testator's testamentary or at-law heirs;
2. Persons with property rights and obligations related to the contents of the testament;
3. Minors, persons having no civil act capacity or having difficulty in perceiving and controlling their acts.

Article 633. Unwitnessed written testaments

The testator shall himself/herself write and sign the testament.

The making of an unwitnessed written testament must comply with Article 631 of this Code.

Article 634. Witnessed written testaments

A testator who is unable to write a testament by himself/herself may typewrite it or ask another person to write or typewrite it, but in the presence of at least two witnesses. The testator shall sign or fingerprint the testament in the presence of the witnesses, who shall then certify the signature or fingerprint of the testator and sign the testament.

The making of a witnessed written testament must comply with Articles 631 and 632 of this Code.

Article 635. Notarized or certified testaments

A testator may request notarization or certification of his/her testament.

Article 636. Procedures for making testaments at notary offices or commune-level People's Committees

The making of a testament at a notary office or commune-level People's Committee must comply with the following procedures:

1. The testator shall announce the contents of his/her testament before a notary or a competent certifier of the commune-level People's Committee. The notary or competent certifier shall write down the contents stated by the testator. The testator shall sign or fingerprint the testament after certifying that the testament has been accurately written down and correctly expresses his/her will. The notary or competent certifier of the commune-level People's Committee shall sign the testament;

2. A testator who cannot read, hear, sign or fingerprint the testament shall ask for assistance from the witnesses and the witnesses shall sign the testament for certification in the presence of the notary or competent certifier of the commune-level People's Committee. The notary or competent certifier of the commune-level People's Committee shall certify the testament in the presence of the testator and witnesses.

Article 637. Persons not allowed to notarize or certify testaments

A notary or competent certifier of a commune-level People's Committee may not notarize or certify a testament when:

1. He/she is a testamentary or at-law heir of the testator;
2. His/her father, mother, spouse or child is a testamentary or at-law heir;
3. He/she has property rights and obligations related to the testament's contents.

Article 638. Written testaments that are as valid as notarized or certified ones

1. Testaments of army men in active service certified by the commander of their army unit of the company or higher level, if the army men cannot request notarization or certification.
2. Testaments of persons traveling on board a seagoing vessel or an aircraft, certified by the commander of such vessel or aircraft.
3. Testaments of persons undergoing medical treatment at a hospital or another health or convalescent establishment, certified by the person in charge of such hospital or establishment.
4. Testaments of persons conducting survey, exploration or research in a mountainous area or on an island, certified by the persons in charge of their unit.
5. Testaments of Vietnamese citizens residing abroad, certified by the Vietnamese consular office or diplomatic mission in the foreign country concerned.
6. Testaments of persons being held in temporary detention or custody, or serving their prison sentences or administrative handling measures at a reformatory or medical establishment, certified by the person in charge of such establishment.

Article 639. Testaments made by notaries at places of residence

1. A testator may request a notary to come to his/her place of residence to make his/her testament.

2. The procedures for making testaments at places of residence are the same as for the procedures for making testaments at notary offices prescribed in Article 636 of this Code.

Article 640. Modification, addition to, replacement and revocation of testaments

1. A testator may modify, add, replace or revoke his/her testament at any time.

2. In case a testator make additions to his/her testament, the testament and its codicil are of equal legal effect; if a part of the testament is contrary to its codicil, only the codicil shall be legally effective.

3. In case a testator replaces his/her testament with a new one, the previous testament shall be invalidated.

Article 641. Custody of testaments

1. A testator may request a notary office or another person to keep his/her testament.

2. A notary office that keeps a testament shall maintain and preserve it in accordance with this Code and the law on notarization.

3. A person who keeps a testament has the following obligations:

a/ To keep its contents confidential;

b/ To take care of and preserve the testament; if the testament is lost or damaged, to immediately notify such to the testator;

c/ To hand back the testament to the testator's heir(s) or to a person competent to announce the testament upon the testator's death. The handover of the testament shall be recorded in writing and such record shall be signed by the persons handing over and receiving the testament, and in the presence of at least two witnesses.

Article 642. Lost or damaged testaments

1. From the time of opening inheritance, if a testament is lost or damaged to an extent that it does not fully express the will of the testator and there is no evidence to prove the true wish of the testator, the testament shall be deemed non-existent and regulations on inheritance at law must apply.

2. In case a lost testament is found before the estate is distributed, the estate shall be distributed under the testament.

3. Within the statute of limitations for making a request for distribution of an estate, when a lost testament is found and the estate has been distributed, it shall be re-distributed if so requested by the heir(s).

Article 643. Legal effect of testaments

1. A testament shall take effect from the time of opening inheritance.

2. A testament shall be considered invalid wholly or partially in the following cases:

a/ The testamentary heir(s) dies/die before or at the same time with the testator;

b/ The agency(ies) and/or organization(s) designated as heir(s) no longer exists/exist at the time of opening inheritance.

In case there is more than one testamentary heir and one of them dies before or at the same time with the testator, or one of the agencies or organizations designated as heirs no longer exists at the time of opening inheritance, only the part of the testament that is related to such person, agency or organization is legally ineffective.

3. A testament has no legal effect if the estate left to the heir(s) no longer exists at the time of opening inheritance; if only part of such estate exists, the part of the testament that is related to the existing part of the estate remains effective.

4. If a testament contains an unlawful part which does not affect the validity of the rest of the testament, only that part has no legal effect.

5. If a person leaves more than one testament regarding a property, only the latest testament has legal effect.

Article 644. Heirs notwithstanding contents of testaments

1. The following persons, who are not allowed by a testator to inherit the estate or are allowed to inherit only a portion of the estate less than two-thirds of their due part, are still entitled to a portion equal to two-thirds of the portion given to an at-law heir, if the estate is distributed under law:

a/ Minor children, father, mother, wife or husband;

b/ Adult children having no working capacity.

2. Clause 1 of this Article does not apply to persons disclaiming estate under Article 620, or persons not entitled to inherit estate under Clause 1, Article 621, of this Code.

Article 645. Estate used for worship

1. In case a testator leaves part of his/her estate for worship, that part shall not be distributed for inheritance and shall be delivered to a person designated under the testament for management and use for worship; if the designated person fails to comply with the testament or with the heirs' agreement, the heirs may deliver that part of the estate to another person for management and use for worship.

In case the estate leaver does not appoint a person to manage the estate for worship, the heirs shall appoint such person.

After all the testamentary heirs die, the part of the estate used for worship shall belong to its current lawful manager who is among the at-law heirs.

2. In case the whole estate of the decedent is not enough for fulfillment of his/her property obligations, no part of the estate may be used for worship.

Article 646. Testamentary donation

1. Testamentary donation is the designation of part of an estate by a testator as gift to another person. The testamentary donation shall be clearly stated in the testament.

2. A testamentary donee must be a person who is still alive at the time of opening inheritance or is born and still alive after the time of opening inheritance but is conceived before the death of the estate leaver. A testamentary donee who is not an individual must exist at the time of opening inheritance.

3. A testamentary donee shall not be required to fulfill any property obligations with regard to the testamentary donation, unless the whole estate is insufficient for fulfillment of property obligations of the testator; in this case the testamentary donation shall be also used to fulfill these obligations.

Article 647. Announcement of testaments

1. For a written testament which is kept at a notary office, a notary shall announce this testament.

2. For a testament the announcement of which is designated to a person by the testator, this person shall announce this testament; if the testator does not designate such a person or the designated person refuses to announce the testament, the remaining heirs shall designate a person to announce the testament.

3. After the time of opening inheritance, the testament announcer shall copy the testament and send the copies to the testament-related persons.

4. A person receiving a copy of a testament has the right to request comparison of the copy with the original testament.

5. A testament which is made in a foreign language shall be translated into Vietnamese and the translation shall be notarized or certified.

Article 648. Interpretation of testaments

In case the contents of a testament are unclear and may be interpreted in different ways, the testamentary heirs shall together interpret the testament contents, based on the true will of the decedent before his/her death, taking into consideration the relationship between the decedent and his/her testamentary heir(s). When these persons fail to agree on the interpretation of the contents of the testament, they may request settlement by the court.

In case a part of the testament cannot be interpreted but it does not affect the rest of the testament, only that part has no effect.

Chapter XXIII

INHERITANCE AT LAW

Article 649. Inheritance at law

Inheritance at law is inheritance in accordance with the ranks, conditions and order of inheritance prescribed by law.

Article 650. Cases of inheritance at law

1. Inheritance at law must apply in the following cases:

a/ There is no testament;

b/ The testament is unlawful;

c/ All the testamentary heirs die before or at the same time with the testator; agencies or organizations designated as testamentary heirs no longer exist at the time of opening inheritance;

d/ The persons designated as testamentary heirs are not entitled to inherit the estate or disclaim the estate.

2. Inheritance at law must also apply to the following parts of the estate:

a/ Part of the estate which is not disposed of under the testament;

b/ Part of the estate which is related to the invalid part of the testament;

c/ Part of the estate which is related to a testamentary heir, who, however, is not entitled to inherit the estate, disclaims the estate, or dies

before or at the same time with the testator; or which is related to an agency or organization designated as testamentary heir, which no longer exists at the time of opening inheritance.

Article 651. At-law heirs

1. At-law heirs shall be classified in the following order:

a/ First rank of inheritance, which includes spouse, biological father, biological mother, adoptive father, adoptive mother, biological children and adopted children of the decedent;

b/ Second rank of inheritance, which includes paternal grandfather, paternal grandmother, maternal grandfather, maternal grandmother, full brother(s) and sister(s) of the decedent; paternal grandchildren, maternal grandchildren of the decedent;

c/ Third rank of inheritance, which includes paternal and maternal great-grandparents; paternal and maternal biological uncles and aunts of the decedent; paternal and maternal biological nephews and nieces of the decedent; paternal and maternal great grandchildren of the decedent.

2. Heirs of the same rank of inheritance are entitled to equal shares of the estate.

3. Heirs of a lower rank are entitled to inheritance only if there are no heirs of the higher rank because they have died, are not entitled to inherit the estate, are disinherited or disclaim the estate.

Article 652. Inheritance by substitution

In case a child of an estate leaver dies before or at the same time with the estate leaver, the grandchildren of the estate leaver are entitled to inherit the part of the estate that their parent would have inherited if he/she is still alive; if the grandchildren also die before or at the same time with the estate leaver, the great grandchildren of the estate leaver are entitled to inherit the part of the estate that their parent would have inherited if he/she is still alive.

Article 653. Inheritance relationship between adopted children and their adoptive parents and their biological parents

An adopted child and his/her adoptive father and/or mother are entitled to inherit each other's estate and also inherit estate in accordance with Articles 651 and 652 of this Code.

Article 654. Inheritance relationship between stepchildren and stepparents

A stepchild and his/her stepparent that care for and support each other as if they were biological parent and child are entitled to inherit

each other's estate and also inherit estate in accordance with Articles 652 and 653 of this Code.

Article 655. Inheritance in case wife and husband have divided their common property, are applying for divorce or have married other persons

1. In case husband and wife have divided their common property while their marriage still exists and either of them thereafter dies, the other is still entitled to inherit the decedent's estate.

2. In case wife and husband have applied for divorce but the divorce has not yet been approved by the court or has been approved by the court under a judgment or decision which is not legally effective yet, and one of them thereafter dies, the other is still entitled to inherit the decedent's estate.

3. The spouse of a person at the time the latter dies is still entitled to inherit the decedent's estate even if he/she later re-marries.

Chapter XXIV

PAYMENT AND DISTRIBUTION OF ESTATE

Article 656. Meeting of heirs

1. After the opening of inheritance is notified or a testament is announced, the heirs may hold a meeting to agree on the following issues:

a/ Appointment of a person to manage the estate and a person to distribute the estate and determination of the rights and obligations of these persons, if the estate leaver does not make such appointment under the testament;

b/ The method of distributing the estate.

2. Any agreement among the heirs shall be made in writing.

Article 657. Estate distributor

1. The estate distributor may also be the estate manager as appointed in the testament or agreed upon by the heirs.

2. An estate distributor shall distribute the estate in strict accordance with the testament or the agreement among the at-law heirs.

3. An estate distributor is entitled to remuneration, if so allowed by the estate leaver under the testament or so agreed by the heirs.

Article 658. Priority order of payment

Property obligations and expenses related to the inheritance shall be paid in the following order:

1. Reasonable expenses for the funeral according to customary practices;
2. Outstanding support money;
3. Expenses for estate preservation;
4. Allowances for the decedent's dependents;
5. Wages;
6. Compensation for damage;
7. Taxes and other amounts payable to the State;
8. Other debts owed to other individuals and legal persons;
9. Fines;
10. Other expenses.

Article 659. Distribution of estate under testament

1. An estate shall be distributed according to the will of the testator; if the testament does not clearly determine the share of each heir, the estate shall be distributed equally among the persons designated in the testament, unless otherwise agreed upon.

2. In case the testament specifies the distribution of an estate in kind, the heirs are entitled to receive their shares in kind together with the yields or profits gained therefrom or shall bear any depreciation in value of such shares in kind up to the time of estate distribution; if the shares in kind have been destroyed at another person's fault, the heirs are entitled to demand compensation for such damage.

3. In case the testament only specifies the distribution of the estate according to proportions of the total value of the estate, such proportions shall be calculated on the basis of the value of the estate at the time of distribution.

Article 660. Distribution of estate by law

1. If at the time of estate distribution, an heir has been conceived but is not yet born, a part of the estate equal to the share which another heir of the same rank is entitled to shall be set aside for distribution to the unborn heir if he/she is born alive; if this heir is stillborn, the other heirs are entitled to his/her share.

2. The heirs have the right to demand distribution of the estate in kind; if the estate cannot be distributed equally in kind, the heirs may agree on the valuation of the estate in kind and on the person who will receive it; if no agreement can be reached, the estate shall be sold for distribution.

Article 661. Restrictions on distribution of estate

If by the will of the testator or by the agreement of all heirs, the estate may only be distributed after a certain period of time, it may only be distributed after that period expires.

In case there is a request for estate distribution but such distribution will seriously affect the life of the surviving spouse and family, the surviving spouse has the right to request the court to determine the shares of the estate to be distributed to the heirs but to postpone the distribution for a certain period of time, which, however, must not exceed three years counting from the time of opening inheritance. Past three years, if the surviving spouse can prove the estate distribution will still seriously affect the life of his/her family, he/she has the right to request the court to extend this period once for another 3 years at most.

Article 662. Distribution of estate in case there are new heirs or disinherited heirs

1. In case a new heir appears after the estate has been distributed, the estate already distributed in kind shall not be re-distributed but the heirs who have received their shares shall pay the new heir a sum of money corresponding to his/her share of the estate at the time of estate distribution in proportion to their respective shares, unless otherwise agreed upon.

2. In case an heir is disinherited after the estate has been distributed, that heir shall return his/her share or pay a sum of money corresponding to the value of the share he/she has inherited at the time of estate distribution to the other heirs, unless otherwise agreed upon.

PART FIVE

APPLICATION OF LAW TO CIVIL RELATIONS INVOLVING
FOREIGN ELEMENTS

Chapter XXV

GENERAL PROVISIONS

Article 663. Scope of application

1. This Part prescribes the application of law to civil relations involving foreign elements.

In case a law contains provisions applicable to civil relations involving foreign elements which are not contrary to provisions of Articles 664 thru 671 of this Code, that law may apply. If such provisions are contrary to this Code, relevant provisions of Part Five of this Code shall apply.

2. A civil relation involving foreign elements means the one in which:

a/ At least one party is a foreigner or a foreign legal person;

b/ All parties are Vietnamese citizens or Vietnamese legal persons but their relation is established, altered, implemented or terminated overseas; or

c/ All parties are Vietnamese citizens or Vietnamese legal persons but the object of their relation is located overseas.

Article 664. Determination of law applicable to civil relations involving foreign elements

1. The law applicable to civil relations involving foreign elements shall be determined in accordance with treaties to which the Socialist Republic of Vietnam is a contracting party or in accordance with Vietnamese law.

2. When a treaty to which the Socialist Republic of Vietnam is a contracting party or Vietnamese law prescribes that parties have the right to choose the applicable law, the applicable law shall be the one chosen by the parties.

3. When it is impossible to determine the applicable law under Clauses 1 and 2 of this Article, the applicable law must be the law of the country that is most closely associated with the concerned civil relation involving foreign elements.

Article 665. Application of treaties to civil relations involving foreign elements

1. When a treaty to which the Socialist Republic of Vietnam is a contracting party prescribes the rights and obligations of parties to civil relations involving foreign elements, that treaty shall apply.

2. When a treaty to which the Socialist Republic of Vietnam is a contracting party contains provisions different from the provisions of this Part and other laws on application of law to civil relations involving foreign relations, that treaty shall apply.

Article 666. Application of international practices

Parties may choose to apply international practices in the case prescribed in Clause 2, Article 664 of this Code. If the consequence of the application of those international practices will be contrary to the fundamental principles of Vietnamese law, Vietnamese law shall apply.

Article 667. Application of foreign laws

When the law of a foreign country is applied and can be interpreted in different ways, the interpretation by a competent agency of that country shall be followed.

Article 668. Scope of law to be invoked

1. The law that may be invoked covers provisions on determination of applicable law and provisions on rights and obligations of parties to civil relations, except for the case prescribed in Clause 4 of this Article.

2. In case Vietnamese law is invoked, provisions of Vietnamese law on rights and obligations of parties to civil relations shall apply.

3. In case the law of a third country is invoked, provisions of law of that country on rights and obligations of parties to civil relations shall apply.

4. In the case prescribed in Clause 2, Article 664 of this Code, the applicable law chosen by parties shall be provisions on rights and obligations of parties to civil relations, but not provisions on determination of applicable law.

Article 669. Application of the law of a country having various systems of law

In case the law of a country having various systems of law is invoked, the applicable law shall be determined according to the principles prescribed by the law of that country.

Article 670. Cases in which foreign laws may not be applied

1. An invoked foreign law may not be applied in the following cases:

a/ The consequence of its application is contrary to the fundamental principles of Vietnamese law;

b/ Its contents cannot be identified although necessary measures have been applied in accordance with procedural law.

2. In case a foreign law may not be applied as prescribed in Clause 1 of this Article, Vietnamese law shall apply.

Article 671. Statute of limitations

The statute of limitations for civil relations involving foreign elements shall be determined by the law applicable to those civil relations.

Chapter XXVI

LAW APPLICABLE TO INDIVIDUALS AND LEGAL PERSONS

Article 672. Grounds for application of law to stateless persons or persons with multiple citizenships

1. In case the invoked law is the law of the country of citizenship of an individual but the person concerned is stateless, person the law of the country where he/she resides at the time of arising the civil relation involving foreign elements shall apply. If that person has various places of residence or his/her place of residence cannot be identified at the time of arising the civil relation involving foreign elements, the law of the country with which that person is most closely associated shall apply.

2. In case the invoked law is the law of the country of citizenship of an individual but the person concerned bears multiple citizenships, the law of the country of citizenship of that person where he/she resides at the time of arising the civil relation involving foreign elements shall apply. If that person has various places of residence or his/her place of residence cannot be identified or his/her place of residence and country of citizenship are not the same at the time of arising the civil relation, the law of the country of citizenship of that person with which he/she is most closely associated shall apply.

In case the invoked law is the law of the country of citizenship of an individual but the person concerned bears multiple citizenships, including Vietnamese citizenship, Vietnamese law shall apply.

Article 673. Civil legal capacity of individuals

1. The civil legal capacity of an individual shall be determined in accordance with the law of the country of citizenship of that person.

2. Foreigners in Vietnam have the civil legal capacity as Vietnamese citizens, unless otherwise prescribed by Vietnamese law.

Article 674. Civil act capacity of individuals

1. The civil act capacity of an individual shall be determined in accordance with the law of the country of citizenship of that person, except for the case prescribed in Clause 2 of this Article.

2. The civil act capacity of a foreigner who establishes or performs a civil transaction in Vietnam shall be determined in accordance with Vietnamese law.

3. The determination of an individual who has lost his/her civil act capacity, has difficulty in perceiving and controlling his/her acts or has limited civil act capacity in Vietnam must comply with Vietnamese law.

Article 675. Determination of individuals as missing or dead

1. The determination of an individual as missing or dead must comply with the law of the country of citizenship of that person at the

time before the last information about him/her is obtained, except for the case prescribed in Clause 2 of this Article.

2. The determination of an individual as missing or dead in Vietnam must comply with Vietnamese law.

Article 676. Legal persons

1. The citizenship of a legal person shall be determined in accordance with the law of the country where that legal person is established.

2. The civil legal capacity; name; at-law representative; organization, re-organization and dissolution of a legal person; the relationship between the legal person and its members; responsibilities of the legal person and its members for the legal person's obligations must comply with the law of the country of citizenship of that legal person, except for the case prescribed in Clause 3 of this Article.

3. The civil legal capacity of a foreign legal person that establishes or performs a civil transaction in Vietnam shall be determined in accordance with Vietnamese law.

Chapter XXVII

LAW APPLICABLE TO PROPERTY RELATIONS AND
PERSONAL RELATIONS

Article 677. Classification of property

The classification of a property as movable or immovable must comply with the law of the country where that property is located.

Article 678. Ownership rights and other rights over property

1. The establishment, performance, change and termination of ownership rights and other rights over a property shall be determined in accordance with the law of the country where that property is located, except for the case prescribed in Clause 2 of this Article.

2. The ownership rights and other rights over a movable property being transported *en route* shall be determined in accordance with the law of the country of destination, unless otherwise agreed upon.

Article 679. Intellectual property rights

Intellectual property rights shall be determined in accordance with the law of the country where the subject matter of intellectual property rights is requested for protection.

Article 680. Inheritance

1. Inheritance shall be determined in accordance with the law of the country of citizenship of the estate leaver when he/she dies.

2. The exercise of inheritance rights over an immovable property shall be determined in accordance with the law of the country where that property is located.

Article 681. Testament

1. The capacity to make, modify or revoke a testament shall be determined in accordance with the law of the country of citizenship of that person at the time of making, modifying or revoking the testament.

2. The form of a testament shall be determined in accordance with the law of the country where that testament is made. The form of a testament shall also be recognized in Vietnam if it complies with the law of:

a/ The country where the testator resides at the time of making the testament or at the time he/she dies;

b/ The country of citizenship of the testator at the time of making the testament or at the time he/she dies; or

c/ The country where the estate being an immovable property is located.

Article 682. Guardianship

Guardianship shall be determined in accordance with the law of the country where the ward resides.

Article 683. Contracts

1. Parties to a contractual relation may reach agreement to select the law applicable to their contract, except for the cases prescribed in Clauses 4, 5 and 6 of this Article. In the absence of such agreement, the law of the country with which that contract is most closely associated shall apply.

2. The law of the following country shall be regarded as most closely associated with a contract:

a/ For a goods sale and purchase contract, the law of the country where the seller being an individual resides or where the seller being a legal person is established;

b/ For a service contract, the law of the country where the service provider being an individual resides or where the service provider being a legal person is established;

c/ For a contract on licensing or assignment of intellectual property rights, the law of country where the party being an individual receiving the rights resides or where the party being a legal person receiving the rights is established;

d/ For a labor contract, the law of the country where the employee regularly performs the job. When the employee regularly performs the job in various countries or the place where the employee regularly performs the job cannot be determined, the law of the country most closely associated with the labor contract shall be the law of the country where the employer being an individual resides or where the employer being a legal person is established.

dd/ For a consumption contract, the law of the country where the consumer resides.

3. In case the law of a country other than that prescribed in Clause 2 of this Article can be proven to be more closely associated with the contract, the law of that country shall apply.

4. For a contract involving an immovable property, the law applicable to the transfer of the ownership rights and other rights over that property, the rent of the immovable property, or the use of the immovable property to secure the fulfillment of obligations shall be the law of the country where the immovable property is located.

5. In case the law selected by parties to a labor contract or consumption contract affects minimum benefits of the employee or consumer as prescribed by Vietnamese law, Vietnamese law shall apply.

6. Parties may reach agreement to change the law applicable to their contract, provided such change does not affect lawful rights and interests enjoyed by a third person before the applicable law is changed, unless it is so consented by the third person.

7. The form of a contract shall be determined in accordance with the law applicable that contract. When the form of a contract is different from that prescribed by the law applicable to that contract but consistent with that prescribed by the law of the country where the contract is concluded or by Vietnamese law, such form of the contract shall be recognized in Vietnam.

Article 684. Unilateral legal acts

The law applicable to a unilateral legal act is the law of the country where the individual establishing that act resides or where the legal person establishing that act is established.

Article 685. Obligation to return a property which is possessed, used or benefited without a legal basis

The obligation to return a property possessed, used or benefited without a legal basis shall be determined in accordance with the law of the country where that property is possessed or used or where benefits from that property arise without a legal basis.

Article 686. Performance of tasks without mandate

Parties may reach agreement to select the law applicable to the performance of a task without mandate. In the absence of such agreement, the law of the country where the task is performed without mandate shall apply.

Article 687. Compensation for non-contractual damage

1. Parties may reach agreement to select the law applicable to compensation for non-contractual damage, except for the case prescribed in Clause 2 of this Article. In the absence of such agreement, the law of the country where the consequence of the damage-causing event arises shall apply.

2. In case the parties causing damage and suffering damage reside, if they are individuals, or are established, if they are legal persons, in the same country, the law of that country shall apply.

PART SIX

IMPLEMENTATION PROVISIONS

Article 688. Transitional provisions

1. For civil transactions established before the effective date of this Code, the application of law is as follows:

a/ For civil transactions which have not been performed and have contents and forms different from those prescribed by this Code, the subjects of those transactions shall perform the transactions in accordance with Civil Code No. 33/2005/QH11 and its detailing documents, unless the parties to those civil transactions reach agreement to modify their contents and forms in accordance with and for application of this Code.

For civil transactions which are being performed and have contents and forms different from those prescribed by this Code, Civil Code No. 33/2005/QH11 and its detailing documents shall be applied;

b/ For civil transactions which have not been performed or are being performed and have contents and forms conformable with those prescribed by this Code, this Code shall apply;

c/ For civil transactions which have been completed before the effective date of this Code and over which a dispute arises, the settlement of such dispute must comply with Civil Code No. 33/2005/QH11 and its detailing documents;

d/ The statute of limitations shall be applied in accordance with this Code.

2. This Code shall not be applied for filing a protest under cassation or reopening procedures against a case or matter which has been settled by the court in accordance with the civil law before the effective date of this Code.

Article 689. Effect

This Code takes effect on January 1, 2017.

Civil Code No. 33/2005/QH11 ceases to be effective on the effective date of this Code.

This Code was passed on November 24, 2015, by the XIIIth National Assembly of the Socialist Republic of Vietnam, at its 10th session.-

Chairman of the National Assembly
NGUYEN SINH HUNG