THE NATIONAL ASSEMBLY

No: 33/2005/QH11

SOCIALIST REPUBLIC OF VIET NAM

Independence - Freedom - Happiness

Ha Noi, day 14 month 06 year 2005

CIVIL CODE

Pursuant to the 1992 Constitution of the Socialist Republic of Vietnam, which was amended and supplemented under Resolution No. 51/2001/QH10 of December 25, 2001, of the 10th National Assembly, the 10th session;

This Code provides for civil affairs.

PART ONE

GENERAL PROVISIONS

Chapter I

TASKS AND EFFECT OF THE CIVIL CODE

Article 1.- Tasks and governing scope of the Civil Code

The Civil Code provides the legal status, legal standards for the conduct of individuals, legal persons, other subjects; the rights and obligations of subjects regarding personal identities and property in civil, marriage and family, business, trade, labor relations (hereinafter referred collectively to as civil relations).

The Civil Code has the tasks of protecting legitimate rights and interests of individuals and organizations, State interests and public interests; ensuring legal equality and safety in civil relations, contributing to the creation of conditions for meeting the material and spiritual demands of people, and to the promotion of socio-economic development.

Article 2.- Effect of the Civil Code

1. The Civil Code shall apply to civil relations established from the effective date of this Code, unless otherwise provided for by this Code or the National Assembly's resolution.

2. The Civil Code shall apply in the territory of the Socialist Republic of Vietnam.

3. The Civil Code shall apply to civil relations involving foreign elements, unless otherwise provided for by treaties to which the Socialist Republic of Vietnam is a contracting party.

Article 3.- Application of practices, analogy of law

In cases where it is neither provided for by law nor agreed upon by the parties, practices can be applied; if practices are unavailable, analogy of law may be applied. Practices and analogy of law must not contravene the principles provided in this Code.

Chapter II

BASIC PRINCIPLES

Article 4.- Principles of free and voluntary undertaking and agreement

The right to freely undertake or agree on the establishment of civil rights and obligations shall be guaranteed by law, if such undertaking or agreement is not banned by law and/or not contrary to social ethics.

In civil relations, the parties shall act entirely voluntarily and neither party may impose, prohibit, coerce, threaten or hinder the other party.

Lawful undertakings or agreements shall be binding on the parties and must be respected by individuals, legal persons and other subjects.

Article 5.- The principle of equality

In civil relations, the parties shall be equal and shall not invoke differences in ethnicity, gender, social status, economic situation, belief, religion, educational level and occupation as reasons to treat each other unequally.

Article 6.- The principle of goodwill and honesty

In civil relations, the parties must act in goodwill and honesty in establishment and performance of civil rights and obligations; neither party shall deceive the other party.

Article 7.- The principle of bearing civil liability

The parties shall strictly perform their own civil obligations and shall themselves be liable for the non-performance or the incorrect performance of obligations; if a party does not voluntarily perform, it shall be forced to perform its obligations in accordance with the provisions of law.

Article 8.- The principle of respect for good morals and traditions

The establishment and performance of civil rights and obligations must ensure the preservation of national identities, respect and promote good customs, practices and traditions, solidarity, mutual affection and cooperation, the principle of every individual for the community and the community for every individual and the noble ethical values of ethnicities living together on Vietnamese soil.

Ethnic minority people shall be given favorable conditions in civil relations so as to step by step improve their material and spiritual life.

The task of assisting elderly persons, young children and persons with disabilities in the performance of civil rights and obligations shall be encouraged.

***Article 9.*- The principle of respect for, protection of, civil rights**

1. All the civil rights of individuals, legal persons or other subjects shall be respected and protected by law.

2. When the civil rights of a subject are infringed upon, he/she/it shall have the right to protect such rights by him/her/itself in accordance with the provisions of this Code or request competent agencies or organizations to:

a/ Recognize his/her/its civil rights;

b/ Order the termination of the act of violation;

c/ Order a public apology and/or rectification;

d/ Order the performance of civil obligations;

e/ Order compensation for damage.

***Article 10.*- The principle of respect for State interests, public interests and legitimate rights and interests of other persons**

The establishment and performance of civil rights and obligations must not infringe upon State interests, public interests and legitimate rights and interests of other persons.

***Article 11.*- The principle of compliance with law**

The establishment and performance of civil rights and obligations must comply with the provisions of this Code and other provisions of law.

***Article 12.*- The principle of conciliation**

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

No one may use force or threaten to use force when participating in civil relations and/or resolving civil disputes.

***Article 13.*- Bases for establishment of civil rights and obligations**

Civil rights and obligations shall be established on the following bases:

1. Lawful civil transactions;

2. Decisions of courts or other competent state agencies;

3. A legal event which is specified by law;

4. Creation of spiritual values which are intellectual property objects;

5. Legitimate possession of property;

6. Damage caused by an illegal act;

7. Performance of a task without authorization;

8. Illegal possession and use of assets or illegal gain therefrom;

9. Other bases specified by law.

Chapter III

INDIVIDUALS

Section 1. CIVIL LEGAL CAPACITY, CIVIL ACT CAPACITY OF INDIVIDUALS

***Article 14.*- 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 shall have the same civil legal capacity.

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

***Article 15.*- Contents of the civil legal capacity of an individual**

An individual shall have the following civil rights and obligations:

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

2. Ownership rights, inheritance rights and other rights with respect to property;

3. Rights to participate in civil relations and to assume obligations arising out of such relations.

***Article 16.*- No restrictions on the civil legal capacity of an individual**

The civil legal capacity of an individual shall not be restricted, unless otherwise provided for by law.

***Article 17.*- The civil act capacity of an individual**

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

***Article 18.*- Adults and minors**

Persons who are full eighteen years old or older are adults. Persons who are not yet full eighteen years old are minors.

***Article 19.*- The civil act capacity of an adult**

An adult shall have full civil act capacity, except the cases specified in Article 22 and Article 23 of this Code.

***Article 20.*- The civil act capacity of minors who are between full six years old and under full eighteen years old**

1. Persons who are between full six years old and under full eighteen years old must have the consents of their representatives at law when establishing and performing civil transactions, except those transactions to meet their daily-life needs suitable to their age group or otherwise provided for by law.

2. In cases where a person who is between full fifteen years old and under full eighteen years old has his/her own property to ensure the performance of obligations, such person may establish and perform civil transactions by him/herself without the consent of his/her representative at law, unless otherwise provided for by law.

***Article 21.*- Persons without civil act capacity**

Persons who are under full six years old shall not have civil act capacity. All civil transactions of persons under full six years of age must be established and performed by their representatives at law.

***Article 22.*- Loss of civil act capacity**

1. When a person is incapable of cognizing or controlling his/her acts due to mental disease or other ailments, the Court may, at the request of the person(s) with related rights or interests, issue a decision to declare such a person as having lost his/her civil act capacity, based on the conclusion of a competent medical examination body.

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 him/herself or of a person with related rights or interests, issue a decision to revoke the decision declaring the loss of civil act capacity.

2. Civil transactions of persons who have lost their civil act capacity shall be established and performed by their representatives at law.

***Article 23.*- Restrictions on civil act capacity**

1. Persons whose addiction to narcotics/drugs or to other stimulants leads to the squandering of their families' property may be declared by decision of the Court to be persons with a restricted civil act capacity, at the request of persons with related rights or interests or of relevant agencies or organizations.

2. The at-law representatives of persons with a restricted civil act capacity and the scope of such representation shall be decided by the Court. Civil transactions related to the property of persons with a restricted civil act capacity must have the consents of their representatives at law, except for transactions to meet their daily-life needs.

3. When there is no longer a basis for declaring that a person has a restricted civil act capacity, the Court shall, at the request of such person him/herself or a person with related rights or interests, make a decision to revoke the decision having declared the restriction on his/her civil act capacity.

Section 2. PERSONAL RIGHTS

***Article 24.*- Personal rights**

Personal rights specified in this Code are civil rights inherent to each individual, which cannot be transferred to other persons, unless otherwise provided for by law.

***Article 25.*- Protection of personal rights**

When a personal right of an individual is infringed upon, such person shall have the right to:

1. Make rectification him/herself;

2. Request the infringer or request competent agencies, organizations to order the infringer to terminate the infringement and make a public apology and/or rectification;

3. Request the infringer or request competent agencies or organizations to order the infringer to pay compensation for damage.

***Article 26.*- The right with respect to family and given names**

1. Each individual has the right to have a family name and a given name. The family and given names of a person shall be the family and given names in the birth certificate of such person.

2. An individual shall establish and exercise civil rights and perform civil obligations in his/her family and given names which have been recognized by a competent state agency.

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

***Article 27.*- The right to change family and given names**

1. Individuals shall have the right to request competent state agencies to recognize the change of their family and/or given names in the following cases:

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

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

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

d/ Where there is a change of the family name of a child from that of the father to that of the mother or vice versa;

e/ Where there is a change of the family name and/or given name of a person who was lost from his/her childhood and has discovered the origin of his/her bloodline;

f/ Where there is a change of the family name and/or given name of a person whose gender has been re-determined;

g/ Other cases specified by law on civil status.

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

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

***Article 28.*- The right to determine ethnicity**

1. An individual upon his/her birth may have his/her ethnicity determined in accordance with the ethnicity of his/her biological mother and father. In cases where 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 practices or in accordance with the agreement of the biological father and mother.

2. A person who has attained adulthood, the biological father and mother or guardian of a minor may request competent state agencies to re-determine his/her ethnicity in the following cases:

a/ To re-determine his/her ethnicity in accordance with the ethnicity of the biological father or mother, if the father and mother belong to two different ethnicities;

b/ To re-determine his/her ethnicity in accordance with the ethnicity of his/her biological father and/or mother in circumstances where he/she is the adopted child of a person belonging to a different ethnicity and has had his/her ethnicity determined in accordance with the ethnicity of his/her adoptive father and/or mother due to the unidentification of his/her biological father and/or mother.

3. Where the biological father or mother or the guardian of a minor requests the re-determination of the ethnicity of a minor who is full fifteen years or older under the provisions of Clause 2 of this Article, the consent of such minor is required.

***Article 29.*- The right to registration of birth**

Individuals, when born, shall have the right to have their births registered.

***Article 30.*- The right to registration of death**

1. When a person dies, his/her next of kin, the house owner or the agency or organization to which the dead person belonged must register the death of such person.

2. If a newborn infant dies after birth, the infant's birth and death must be registered; if the infant dies before or immediately upon birth, the infant's birth and death must not be registered.

***Article 31.*- The right of an individual with respect to his/her picture**

1. An individual shall have the right with respect to his/her picture.

2. The use of a picture of an individual must have his/her consent; where such person has died, lost his/her civil act capacity or is under full fifteen years old, the consent of his/her father, mother, husband, wife, adult children or representative is required, unless it is for State interests, public interests or otherwise provided for by law.

3. It is strictly forbidden to use pictures of other persons to infringe upon their honor, dignity and/or prestige.

***Article 32.*- The right to safety of life, health and body**

1. Individuals shall shave have the right to safety of life, health and body.

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 shall have the responsibility to deliver such person to a medical establishment; the medical establishment must not refuse to provide treatment to the person and shall have to utilize all available means and capabilities to cure him/her.

3. The application of new curative methods on the body of a person and the anesthetization, surgery, amputation, implantation and grafting of body organs must have his/her consent; if the person is a minor, has lost the civil act capacity or is an unconscious patient, the consent of his/her father, mother, guardian or next of kin is required; in cases where there is a threat to the life of a patient which cannot wait for the opinions of the above-said persons, a decision of the head of the medical establishment is required.

4. A post-mortem operation shall be performed in the following cases:

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

b/ Where it is so consented by the decedent's father, mother, wife, husband, adult children or guardian when there is no opinion of the decedent before he/she dies;

c/ Where it is so decided by a competent medical organization or a competent state agency in case of necessity.

***Article 33.*- The right to donation of body organs**

Individuals shall have the right to donate their body organs for the purpose of medical treatment of other persons or scientific research.

The donation and use of body organs shall comply with the provisions of law.

***Article 34.*- The right to donation of corpses, body organs after death**

Individuals shall have the right to donate their corpses, body organs after they die for the purpose of medical treatment of other persons or scientific research.

The donation and use of corpses, body organs of dead persons shall comply with the provisions of law.

***Article 35.*- The right to receive body organs**

Individuals shall have the right to receive body organs of other persons for their medical treatment.

It is strictly forbidden to receive and use body organs of other persons for commercial purposes.

***Article 36.*- The right to re-determination of gender**

Individuals shall have the right to the re-determination of their gender.

The re-determination of gender of a person shall be performed in cases where his/her gender is affected with inborn defects or has not been properly shaped, which needs the medical intervention to clearly determine the gender.

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

***Article 37.*- The right to protection of honor, dignity and prestige**

Individuals' honor, dignity and prestige shall be respected and protected by law.

***Article 38.*- The right to personal secrets**

1. An individual's rights to personal secrets shall be respected and protected by law.

2. The collection and publication of information and materials on the private life of an individual must be consented by that person; in cases where that person has died, lost his civil act capacity or is under full fifteen years, the consent of his/her father, mother, wife, husband, adult children or representative is required, except for cases where the collection and publication of information and materials are made by decision of a competent agency or organization.

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

The inspection of an individual's letters, telephones, telegrams and/or other forms of electronic information may be performed only in cases where it is so provided for by law and decided by competent state agencies.

***Article 39.*- The right to marriage**

Males and females who have fully met the conditions for marriage in accordance with the law on marriage and family shall have the right to marriage at their free will.

The freedom of marriage between persons belonging to different ethnicities and/or religions, between religious and non-religious persons and between Vietnamese citizens and foreigners shall be respected and protected by law.

***Article 40.*- The right to equality between husband and wife**

Husband and wife are equal to each other, shall have the same rights and obligations in all respects in family and in civil relations and shall together build a plentiful, equitable, progressive, happy and lasting family.

***Article 41.*- The right to enjoy mutual care among family members**

The members of a family shall have the right to enjoy mutual care and assistance in accordance with the fine moral traditions of the Vietnamese family.

Children and grandchildren who are minors shall benefit from the care and upbringing of the mother, father and grandparents; children and grand-children shall have the duty to respect, care for and support their parents and grandparents.

***Article 42.*- The right to divorce**

A wife or husband or both the wife and the husband shall have the right to request the Court to solve their divorce.

***Article 43.*- The right to recognize or not to recognize a father, mother or child**

1. A person who is not recognized as a father, mother or child of another person shall have the right to request a competent state agency to determine him/her as father, mother or child of that person.

2. A person who is recognized as a father, mother or child of another person shall have the right to request a competent state agency to determine him/her as not being father, mother or child of that person.

***Article 44.*- The right to adopt a child and the right to be accepted as an adoptive child**

An individual's right to adopt a child and right to be accepted as an adoptive child shall be recognized and protected by law.

The adoption of a child and the process of being accepted as an adoptive child shall comply with the provisions of law.

***Article 45.*- The right to citizenship**

An individual shall have the right to have a citizenship.

The recognition of, change to, the naturalization or relinquishment of the Vietnamese citizenship shall comply with the provisions of law on citizenship.

***Article 46.*- The inviolable right to place of residence**

Individuals shall have the inviolable right to their places of residence.

The entry into the place of residence of a person must be consented by that person.

The search of a place of residence of a person shall be performed only in cases where it is so provided for by law and where there is a warrant from a competent state agency; the search must comply with the order and procedures specified by law.

***Article 47.*- The right to freedom of belief and religion**

1. Individuals shall have the right to freedom of belief and religion, and to adhere to or not to adhere to a religion.

2. No one may infringe upon the freedom of belief and religion, or abuse beliefs or religions to infringe upon State interests, public interests or legitimate rights and interests of other persons.

***Article 48.*- The right to freedom of movement, freedom of residence**

1. Individuals shall have the right to freedom of travel and freedom of residence.

2. An individual's freedom of travel and/or freedom of residence may be restricted only by decision of a competent state agency and in accordance with the order and procedures specified by law.

***Article 49.*- The right to work**

Individuals shall have the right to work.

Every person shall have the right to work, the freedom to choose a job or occupation without being discriminated against on the ground of his/her ethnicity, sex, social status, belief or religion.

***Article 50.*- The right to freedom of business**

Individuals' right to freedom of business shall be respected and protected by law.

Individuals shall have the right to choose the forms, areas and lines of business, to establish enterprises, to freely enter into

contracts and hire labor, and other rights in accordance with the provisions of law.

***Article 51.*- The right to freedom of research, creation**

1. Individuals shall have the right to freedom of scientific and technical research, inventions, innovations to improve techniques and rationalize production; the right to literary and art creation and critique, and to participation in other activities of research and/or creation.

2. The right to freedom of research and/or creation shall be respected and protected by law. No one shall have the right to hinder or restrict an individual's right to freedom of research and creation.

Section 3. PLACE OF RESIDENCE

***Article 52.*- Place of residence**

1. The place of residence of an individual is the place where such person permanently lives.

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

***Article 53.*- Place of residence of minors**

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

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

***Article 54.*- Place of residence of wards**

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

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

***Article 55.*- 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 56.*- 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, professional military personnel, defense worker or official is the place where his/her unit is stationed, except in cases where he/she has a place of residence as specified in Clause 1, Article 52 of this Code.

***Article 57.*- 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, except for cases where he/she has a place of residence specified in Clause 1, Article 52 of this Code.

Section 4. GUARDIANSHIP

***Article 58.*- Guardianship**

1. Guardianship is a task whereby an individual or organization (hereinafter referred collectively to as guardian) is required by law or appointed to take care of and protect legitimate rights and interests of a minor or a person who has lost his/her civil act capacity (hereinafter referred collectively to as ward).

2. Wards include:

a/ Minors who have lost their mothers and fathers, whose parents are unidentifiable, or whose parents have both lost their civil act capacity or have had their capacity for civil acts restricted, whose parents have had their parental rights restricted by the Court, or whose parents are still alive but have no conditions to take care of and to educate such minors, and if their parents so request;

b/ Persons who have lost their civil act capacity.

3. Persons who are under full fifteen years old as provided for at Point a, Clause 2 of this Article and persons defined at Point b, Clause 2 of this Article must have guardians.

4. A person may be a guardian for more than one person, but a person may be a ward of only one guardian, except in cases where the guardian is his/her father, mother or grandfather, grand-mother as specified in Clause 2 of Article 61 or Clause 3 of Article 62 of this Code.

***Article 59.*- Supervision of guardianship**

1. The next of kin of wards shall have the responsibility to appoint their representatives to supervise the guardianship in order to monitor, urge, inspect the guardians in the performance of their guardianship, consider and settle in time the guardians' proposals and/or petitions related to the guardianship.

The wards' next of kin are their spouses, parents, children; if none of these people is available, the wards' next of kin shall be their grandparents, siblings; if none of these persons is available, the wards' next of kin shall be their uncles and ants.

2. In cases where a ward has none of his/her next of kin or his/her next of kin cannot nominate any one to supervise the guardianship as provided for in Clause 1 of this Article, the People's Committee of the commune, ward, or district township where the guardian resides shall appoint a person to supervise the guardianship.

3. The persons who supervise the guardianship must be those who have full civil act capacity.

***Article 60.*- Requirements for individuals to be guardians**

Persons who meet all of the following requirements may act as guardians:

1. Having full civil act capacity;

2. Having good virtues; being not examined for penal liability or having had their criminal records written off after having been sentenced for one of the crimes of intentionally infringing upon the life, health, honor, dignity or property of other persons;

3. Having necessary conditions to ensure the performance of the guardianship.

***Article 61.*- The natural guardian of a minor**

The natural guardian of a minor who has lost both his/her mother and father, whose parents are unidentifiable, or whose parents have both lost their civil act capacity or have had their civil act capacity restricted, whose parents have had their parental rights restricted by the Court, or whose parents do not have conditions to take care of and to educate the minor, and if the parents so request, shall be determined as follows:

1. In cases where it is not otherwise agreed upon by the biological siblings, the eldest brother or sister shall be the guardian for his/her younger siblings who are minors; if the eldest brother or sister does not fully meet the conditions for being a guardian, the next eldest brother or sister shall be the guardian;

2. In cases where there are no biological siblings or where the biological siblings do not fully meet the requirements to be a guardian, the paternal grandfather, grandmother or the maternal grandfather, grandmother shall be the guardian; if none of these persons fully meet the conditions to be a guardian, the uncle or ant of that person shall be the guardian.

***Article 62.*- The natural guardian of a person who has lost his/her civil act capacity**

1. In cases where 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 cases where the father and mother have both lost their civil act capacity or where either of them has lost the civil act capacity while the other does not fully meet the requirements to be a guardian, the eldest child shall be the guardian; if the eldest child does not fully meet the requirements to be a guardian, the next eldest child shall be the guardian.

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

***Article 63.*- Appointment of a guardian**

In cases where a minor or a person who has lost his/her civil act capacity does not have a natural guardian as provided for in Article 61 and Article 62 of this Code, the People's Committee of the commune, ward or district township where the ward resides shall have the responsibility to appoint a guardian or propose an organization to assume the guardianship.

***Article 64.*- Procedures for appointing a guardian**

1. The appointment of a guardian must be made in writing, clearly stating the reason for appointing the guardian, the specific rights and obligations of the guardian and the status of the ward's property.

2. The appointment of a guardian must be consented by the person who is appointed to be a guardian.

***Article 65.*- Obligations of guardians towards wards aged under full fifteen years**

The guardian of a person aged under full fifteen years shall have the following obligations:

1. To take care of and educate the ward;

2. To represent the ward in civil transactions, except where it is provided for 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 legitimate rights and interests of the ward.

***Article 66.*- Obligations of guardians towards wards aged between full fifteen years and under full eighteen years**

The guardian of a person aged between full fifteen years and under full eighteen years shall have the following obligations:

1. To represent the ward in civil transactions, except where it is provided for 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;

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

***Article 67.*- Obligations of guardians towards wards who have lost their civil act capacity**

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

1. To take care of and ensure the medical treatment for the ward;

2. To represent the ward in civil transactions;

3. To manage the property of the ward;

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

***Article 68.*- Rights of guardians**

A guardian shall have the following rights:

1. To use the property of the ward in order to take care of and pay for the needs of the ward;

2. To be paid for all expenses necessary for the management of the ward's property;

3. To represent the ward in the establishment and performance of civil transactions in order to protect legitimate rights and interests of the ward.

***Article 69.*- Management of property of wards**

1. Guardians must manage the property of their wards as if it were their own property.

2. Guardians may perform transactions related to the property of their wards in the interests of the wards. The sale, exchange, lease, lending, pledge, mortgage, deposit and other transactions involving the property of wards, which has a large value, must be consented by the guardianship supervisors.

Guardians must not donate the property of their wards to other persons.

3. Civil transactions between guardians and their wards in connection with the latter's property shall be invalid, except for cases where such transactions are performed in the interests of the wards and agreed upon by the guardianship supervisors.

***Article 70.*- Replacement of guardians**

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

a/ The guardian no longer meets all of the requirements specified in Article 60 of this Code;

b/ The guardian being an individual dies or has been declared missing by the Court or being an organization which has terminated its operation;

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 Article 61 and Article 62 of this Code shall assume the role of a natural guardian; if there is no natural guardian, the appointment of a guardian shall comply with the provisions of Article 63 of this Code.

3. The procedures for changing an appointed guardian shall comply with the provisions of Article 64 and Article 71 of this Code.

***Article 71.*- Transfer of the guardianship by the appointed guardian**

1. Upon the change of an appointed guardian, the person who has performed the guardianship shall have to transfer the guardianship to his/her replacement within fifteen days as from the date a new guardian is found.

2. The transfer of guardianship must be made in writing, clearly stating the reason for the transfer and the status of the ward's property at the time of transfer. The person who appointed the guardian and the person who supervises the guardianship shall witness the transfer of guardianship.

3. In case of change of a guardian for the reason that the guardian being an individual has died, or been declared by the court as having his/her civil act capacity restricted, losing his/her civil act capacity or as missing; or that the guardian being an organization has terminated its operation, the person who appointed the guardian shall make a record thereon, clearly stating the status of the ward's property 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.

4. The transfer of guardianship must be recognized by the People's Committee of the commune, ward or district township where the new guardian resides.

***Article 72.*- Termination of guardianship**

A guardianship shall be terminated in the following cases:

1. The ward has obtained full civil act capacity;

2. The ward has died;

3. The ward's father and/or mother have/has fully met the conditions to perform their rights and obligations;

4. The ward has been adopted.

***Article 73.*- Consequences of the termination of guardianship**

1. When a guardianship is terminated, the guardian must settle up the property with the ward or with the mother and/or father of the ward within three months from the time the guardianship terminates.

In cases where the ward dies, the guardian must settle up the property with the ward's heirs within three months as from the time the guardianship terminates; 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 provisions of law on inheritance and shall notify such to the People's Committee of the commune, ward or district township where the ward resides.

The settlement of property shall be carried out under the supervision of the guardianship supervisors.

2. The rights and obligations arising from civil transactions in the interest of a ward shall be performed by the guardian as follows:

a/ To transfer them to the ward when the ward has obtained full civil act capacity;

b/ To transfer them to the ward's father and/or mother in cases specified in Clause 3 and Clause 4, Article 72 of this Code;

c/ To transfer them to the ward's heir(s) when the ward dies.

Section 5. NOTICE OF SEARCH FOR PERSONS WHO ARE ABSENT FROM THEIR PLACES OF RESIDENCE, DECLARATION OF MISSING PERSONS AND DECLARATION OF DEATH

***Article 74.*- Request for notice 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 consecutive months or more, the person with related rights or interests shall have the right to request the Court to issue a notice of search for the person absent from his/her place of residence under the provisions of civil procedure law and may request the Court to apply measures for management of the property of the absent person in accordance with the provisions of Article 75 of this Code.

***Article 75.*- Management of the property of a person who is absent from his/her place of residence**

1. At the request of the person with related rights or interests, the Court shall hand over the property of a person absent from his/her place of residence to one of 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 shall continue to be managed by the wife or the husband; if the wife or the husband dies or loses her/his civil act capacity or has her/his civil act capacity restricted, a child who has attained adulthood or the father and/or mother of the absent person shall manage the latter's property.

2. In cases where 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 76.*- Duties of the persons managing the property of persons absent from their places of residence**

The persons managing the property of persons absent from their places of residence shall have the following duties:

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 decay;

3. To perform the absent persons' obligations to support their dependents and/or to pay due debts with such persons' property under the Court's decisions;

4. To hand back the property to the absent persons upon their return and to notify the Court thereof; if they are at fault in the management of property thereby causing damage, they must pay compensations therefor.

***Article 77.*- Rights of the persons managing the property of persons absent from their places of residence**

The persons managing the property of persons absent from their places of residence shall have the following rights:

1. To manage the property of the absent persons;

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

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

***Article 78.*- Dclaration of a person to be missing**

1. When a person has disappeared for two consecutive years or more and there is no reliable information on whether such person is still alive or dead even though 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 such person 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 cases where the wife or the husband of a person who has been declared missing files for a divorce, the Court shall grant the divorce.

***Article 79.*- Management of the property of persons who have been declared missing**

The persons currently managing the property of the persons who are absent from their places of residence as provided for in Clause 1, Article 75 of this Code shall continue to manage the property of such persons when they are declared missing by the Court and have the rights and duties specified in Article 76 and Article 77 of this Code.

In cases where a Court has resolved to permit 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(ren) who has/have 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 80.*- Annulment of the decision declaring a person 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 annul the decision declaring a person missing.

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

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

***Article 81.*- Declaration of a person to be dead**

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 as 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 has 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 one year from the end of such accident, catastrophe or natural disaster, there is still no reliable information that such person is alive, unless otherwise provided for by law;

d/ The person has disappeared for five consecutive years or more and there is no reliable information that such person is still alive; this time limit shall be counted in accordance with the provisions of Clause 1, Article 78 of this Code.

2. The Court shall, on a case-by-case basis, determine the date of death of a person who has been declared dead, based on the cases specified in Clause 1 of this Article.

***Article 82.*- 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 resolved as if a person had died.

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

***Article 83.*- Annulment of the decision declaring that a person is dead**

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 annul the decision which

declared that such person was dead.

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

a/ Where the wife or the husband of the person who has been declared dead was permitted by the Court for her or his divorce in accordance with the provisions of Clause 2, Article 78 of this Code, the decision permitting the divorce shall remain legally effective;

b/ Where the wife or the husband of the person who has been declared dead has married another person, such marriage shall remain legally effective.

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

In cases where the heir of a person whom the Court has declared dead is aware that such person is still alive, but deliberately conceals such for the purpose of enjoying the inheritance, he/she must return the entire property which he/she has received, including yields and profits; if causing damage, he/she must pay compensation therefor.

Chapter IV

LEGAL PERSONS

Section 1. GENERAL PROVISIONS ON LEGAL PERSONS

***Article 84.*- Legal persons**

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

1. Being established lawfully;

2. Having a well-organized structure;

3. Possessing property independent from that of individuals and other organizations, and bearing its own liability with such property;

4. Independently entering into legal relations in its own name.

***Article 85.*- Establishment of legal persons**

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

***Article 86.*- The civil legal capacity of legal persons**

1. The civil legal capacity of a legal person is its capability to have civil rights and obligations consistent with the purpose of its operation.

2. The civil legal capacity of a legal person shall arise from the time it is established and shall terminate from the time it ceases to be a legal person.

3. The representative at law or the authorized representative of a legal person shall act in the name of the legal person in civil relations.

***Article 87.*- The name of a legal person**

1. A legal person must have its own name in the Vietnamese language, which shall clearly indicate the legal person's organizational form and distinguish it from other legal persons operating in the same domain.

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

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

***Article 88.*- The charter of a legal person**

1. In cases where it is provided for by law that a legal person must have a charter, the charter of the legal person must be approved by the founding members or the members' congress; the charter of the legal person must be recognized by a competent state agency, if it is so provided for by law.

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

a/ Name of the legal person;

b/ Purpose and scope of its operation;

c/ Its head-office;

d/ Its charter capital, if any;

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

f/ Rights and obligations of the members;

g/ Procedures for amending and supplementing the charter;

h/ Conditions for consolidating, merging, dividing, separating or dissolving the legal person.

3. Amendments and supplements to the charter of a legal person must be recognized by a competent state agency, if it is so provided for by law.

***Article 89.*- The managing body of a legal person**

1. A legal person must have its managing body.

2. The organization, tasks and powers of the managing body of a legal person shall be provided for in the charter of such legal person or in the decision on its establishment.

***Article 90.*- The head-office of a legal person**

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

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 91.*- The representative of a legal person**

1. The representative of a legal person may be a representative at law or an authorized representative. The representative of a legal person must abide by the provisions on represen-tation in Chapter VII, Part One of this Code.

2. The representative at law of a legal person shall be provided in the legal person's charter or the decision on the establishment of the legal person.

***Article 92.*- Representative offices and branches of legal persons**

1. Legal persons may establish representative offices and/or branches at places other than their head- offices.

2. Representative offices are dependent units of legal persons, having the tasks of representing under authorization the interests of the legal persons and protecting such interests.

3. Branches are dependent units of legal persons, having the tasks of performing all or part of the functions of the legal persons, including the function of representation under authorization.

4. Representative offices and branches are not legal persons. The heads of representative offices or branches shall perform tasks under authorization of their legal persons within the authorization scope and duration.

5. Legal persons shall have civil rights and obligations arising from civil transactions established and performed by their representative offices and/or branches.

***Article 93.*- Civil liability of legal persons**

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.

2. A legal person shall bear civil liability with its own property; shall not bear civil liability for its members with respect to civil obligations established and performed by such members not in the name of the legal person.

3. Members of a legal person shall not bear civil liability for the legal person with respect to civil obligations estab-lished and performed by the legal person.

***Article 94.*- Consolidation of legal persons**

1. Legal persons of the same type may consolidate with one another to form a new legal person under the provisions of the charters, the agreement among such legal persons or under the decision of a competent state agency.

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

***Article 95.*- Merger of legal persons**

1. A legal person may be merged (hereinafter referred to as the merged legal person) into another legal person of the same type (hereinafter referred to as the merging legal person) under the provisions of the charter, the agreement among such legal persons or under the decision of a competent state agency.

2. After the merger, the merged legal person shall terminate; the civil rights and obligations of such legal person shall be transferred to the merging legal person.

***Article 96.*- Division of legal persons**

1. A legal person may be divided into many legal persons under the provisions of its charter or the decision of a competent state agency.

2. After division, the divided legal person shall terminate; the civil rights and obligations of such legal person shall be transferred to the new legal persons.

***Article 97.*- Separation of legal persons**

1. A legal person may be separated into many legal persons under the provisions of its charter or the decision of a competent state agency.

2. After separation, the separated legal person and the separating legal persons shall perform their rights and obligations in accordance with the purposes of their respective operations.

***Article 98.*- Dissolution of legal persons**

1. A legal person may 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.

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

***Article 99.*- Termination of legal persons**

1. A legal person shall terminate in the following cases:

a/ Being consolidated, merged, divided or dissolved under the provisions of Articles 94, 95, 96 and 98 of this Code;

b/ Being declared bankrupt under the provisions of law on bankruptcy.

2. A legal person shall terminate from the time its name is deleted from the legal person register or from the time determined in the decision of a competent state agency.

3. When a legal person terminates, its property shall be settled under the provisions of law.

Section 2. TYPES OF LEGAL PERSON

***Article 100.*- Types of legal person**

1. State agencies, units of the armed forces;

2. Political organizations, socio-political organizations;

3. Economic organizations;

4. Socio- political and professional organizations; social organizations, socio-professional organizations

5. Social funds, charity funds;

6. Other organizations which meet all the conditions specified in Article 84 of this Code.

***Article 101.*- Legal persons being state agencies or armed force units**

1. State agencies or armed force units which have been allocated property by the State for the performance of state management functions and other functions not for business purposes shall be legal persons when participating in civil relations.

2. State agencies or armed force units shall bear civil liability related to the performance of their functions and tasks with funds allocated from the State budget.

3. In cases where state agencies or armed force units engage in activities generating revenues in accordance with the provisions of law, they shall bear civil liability for revenue-generating activities with the property obtained from such activities.

***Article 102.*- Legal persons being political organizations or socio-political organizations**

1. Political organizations or socio-political organizations, which manage, use or dispose of property under their respective ownership for the purpose of achieving the political or social objec-tives in accordance with their respective charters, shall be legal persons when participating in civil relations.

2. The property of a political organization or socio-political organization cannot be divided to its members.

3. Political organizations or socio-political organizations shall bear civil liability with their own property, except those, which, according to the provisions of law, cannot be used for bearing civil liability.

***Article 103.*- Legal persons being economic organizations**

1. State enterprises, co-operatives, limited liability companies, joint-stock companies, foreign-invested enterprises and other economic organizations which meet all the conditions stipulated in Article 84 of this Code shall be legal persons.

2. Economic organizations must have their own charters.

3. Economic organizations shall bear civil liability with their own property.

***Article 104.*- Legal persons being socio-political and professional organizations, social organizations or socio-professional organizations**

1. Socio-political and professional organizations, social organizations or socio-professional organizations, which are permitted to be established and have their charters recognized by competent state agencies, and have members being individuals or organizations that voluntarily contribute property or membership fees with a view to serving the purposes of the organizations and the common needs of the members, shall be legal persons when participating in civil relations.

2. Socio-political and professional organizations, social organizations or socio-professional organizations shall bear civil liability with their own property.

3. Where socio-political and professional organizations, social organizations or socio-professional organizations terminate their operation, their property must not be divided to their members but be settled according to the provisions of law.

***Article 105.*- Legal persons being social funds or charity funds**

1. Social funds or charity funds, which are permitted to be established and have their charters recognized by competent state agencies and operate for the purpose of promoting cultural and/or scientific development, charity and other social and humanitarian purposes, which do not aim to gain profits, shall be legal persons when participating in civil relations.

2. The property of the social funds or charity funds shall be managed, used and disposed of in accordance with the provisions of law and in conformity with such funds' operation purposes specified by their respective charters.

3. Social funds and charity funds shall be permitted to carry out only activities stipulated in their respective charters recognized by competent state agencies and within the limit of their property and must bear civil liability with such property.

4. The organization which estab-lishes a social fund or a charity fund shall not bear civil liability with the property under its ownership for the activities of the fund and must not divide up the property of the fund in the course of the fund's operation.

In cases where social funds or charity funds terminate their operations, their property shall not be divided to their founding members but must be settled in accordance with the provisions of law.

Chapter V

FAMILY HOUSEHOLDS AND COOPERATIVE GROUPS

Section 1. FAMILY HOUSEHOLDS

***Article 106.*- Family households**

Family households in which members have common property and jointly contribute their efforts and labor to their common economic activities in agricultural, forestry or fishery produc-tion or in a number of other production and/or business domains defined by law shall be subjects when participating in civil relations in such domains.

***Article 107.*- Representatives of family households**

1. The head of a family household shall be the representative of the household in civil transactions for the common interests of the household. The father, mother or another adult member may be the head of the household.

The head of a family household may authorize another adult member to represent the household in civil relations.

2. Civil transactions established and performed in the common interest of a family household by the representative of the household shall give rise to the rights and obligations of the entire family households.

***Article 108.*- Common property of family households**

The common property of a family household shall comprise land use rights, the forest and/or planted forest use rights of the family household, the property contributed or jointly created by household members or presented as a common gift, or jointly inherited and other property which the members agree to be the common property of the household.

***Article 109.*- Possession, use, disposal of the common property of family households**

1. Family household members shall possess and use the common property of their households by mode of agreement.

2. The disposal of property being means of production, common property of great value of family households must be agreed upon by members aged full fifteen years or older; for other common property, the disposal thereof must be agreed upon by the majority of members aged full fifteen years or older.

***Article 110.*- Civil liability of family households**

1. Family households must bear civil liability for the exercise of civil rights and the performance of civil obligations, which are established and performed in the name of the family households by their respective representatives.

2. Family households shall bear civil liability with their common property; if the common property is insufficient to fulfill their

respective common obligations, their members must bear joint liability with their own property.

Section 2. COOPERATIVE GROUPS

***Article 111.*- Cooperative groups**

1. Cooperative groups, which are formed on the basis of cooperation contracts certified by commune/ward/township People's Committees and which are entered into by three or more individuals who jointly contribute property and labor in order to perform certain tasks and to jointly enjoy benefits and jointly bear liabilities, shall be subjects in civil relations.

Cooperative groups, which meet all the conditions to become legal persons in accordance with the provisions of law, shall register their activities in the capacity of legal persons at competent state agencies.

2. A cooperation contract shall have the following principal contents:

a/ The purpose and term of the cooperation contract;

b/ The full names and places of residence of the head and other members of the group;

c/ The levels of property contribution, if any; the mode of distributing the yields and profits among the group members;

d/ The rights, obligations and responsibilities of the head and the members of the group;

e/ The conditions for accepting new group members or leaving the cooperative group;

f/ The conditions for terminating the cooperative group;

g/ Other agreements.

***Article 112.*- Members of cooperative groups**

Cooperative group members shall be individuals who are full eighteen years or older and have full civil act capacity.

Cooperative groups shall have the right to enter into labor contracts with persons who are not their members to perform certain tasks.

***Article 113.*- Representatives of cooperative groups**

1. The representatives of cooperative groups in civil transactions shall be their heads appointed by the group members.

The heads of cooperative groups may authorize group members to perform certain tasks necessary for the groups.

2. Civil transactions established and performed by the representatives of cooperative groups for the purpose of the groups' operations under decisions of a majority of the group members shall give rise to the rights and obligations of the entire cooperative groups.

***Article 114.*- Property of cooperative groups**

1. The property contributed or jointly created by group members and the property donated to the whole groups shall be the common property of such cooperative groups.

2. The group members shall manage and use the property of the cooperative groups in accordance with the agreed mode.

3. The disposal of property being the means of production of the cooperative groups must be consented by all the group members; for other common property, the consent of a majority of the group members is required.

***Article 115.*- Obligations of group members**

Group members shall have the following obligations:

1. To implement cooperation on the principles of equality, mutual benefit, mutual assistance and assurance of the common interests of the cooperative group;

2. To compensate for damage caused to their cooperative group as a result of their own fault.

***Article 116.*- Rights of group members**

Group members shall have the following rights:

1. To enjoy yields and profits gained from the operations of their cooperative group as agreed upon;

2. To participate in deciding on matters relevant to the operations of their cooperative group and in inspecting the operations of the cooperative group.

***Article 117.*- Civil liability of cooperative groups**

1. Cooperative groups must bear civil liability for the performance of civil rights and obligations established and performed by their representatives in the name of the cooperative groups.

2. Cooperative groups shall bear civil liability with their common property; if the common property is insufficient to perform their common obligations, their group members must jointly bear civil liability with their own property proportional to their respective

contributions.

***Article 118.*- Acceptance of new group members**

Cooperative groups may accept new group members, if so consented by a majority of the group members, unless otherwise agreed upon.

***Article 119.*- Leaving cooperative groups**

1. Group members shall have the right to leave their cooperative groups under the agreed conditions.

2. Group members leaving their cooperative groups shall have the right to request the return of the property which they have contributed to the cooperative groups and to be distributed their share of the property in the common property and must discharge their obligations towards the cooperative groups as agreed upon; if the distribution of property in kind affects the continuation of the groups' operation, the property shall be valued in money for distribution.

***Article 120.*- Termination of cooperative groups**

1. A cooperative group shall terminate in the following cases:

a/ Upon the expiry of the term stated in the cooperation contract;

b/ The purpose of the cooperation has been achieved;

c/ The group members agree to terminate the cooperative group.

In case of termination, cooperative groups must report thereon to the commune/ward/township People's Committees which authenticated the cooperation contracts.

2. Cooperative groups shall terminate under decisions of competent state agencies in cases specified by law.

3. Upon their termination, cooperative groups must settle their debts; if the common property is insufficient to repay the debts, the group members' own property must be used for the settlement in accordance with the provisions of Article 117 of this Code.

In cases where all debts have been repaid and the group is still left with common property, such property shall be divided to the group members in proportion to each person's contribution, unless otherwise agreed upon.

Chapter VI

CIVIL TRANSACTIONS

***Article 121.*- 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 122.*- Conditions for civil transactions to become effective**

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

a/ The persons participating in the transaction have the civil act capacity;

b/ The purpose and contents of the transaction do not violate prohibitory provisions of law and are not contrary to social ethics;

c/ The persons participating in the civil transaction act completely voluntarily;

2. The forms of civil transactions shall be the conditions for such transactions to be effective in cases where it is so provided for by law.

***Article 123.*- Objectives of civil transactions**

The objectives of civil transactions are legitimate interests which the parties wish to obtain when establishing such transactions.

***Article 124.*- Forms of civil transactions**

1. A civil transaction shall be expressed verbally, in writing, or through specific acts.

Civil transactions through electronic means in form of data messages shall be considered transactions in writing.

2. In cases where it is provided for by law that a civil transaction must be expressed in writing, notarized, authenticated, registered or permitted, such provisions must be complied with.

***Article 125.*- Conditional civil transactions**

1. In cases where the parties have agreed on the conditions which shall give rise to or cancel a civil transaction, the civil transaction shall arise or be cancelled upon the occurrence of such conditions.

2. In cases where the conditions which give rise to or cancel a civil transaction cannot occur due to the act of intentional hindrance of one party or a third person, such conditions shall be considered having occurred; if one party or a third person exerts impacts to deliberately promote the occurrence of conditions so as to give rise to or cancel the civil transaction, such conditions shall be

considered having not occurred.

***Article 126.*- Interpretation of civil transactions**

1. In cases where a civil transaction may be understood in different ways, such transaction must be interpreted in the following order:

a/ According to the true aspirations of the parties when the transaction is established;

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

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

2. The interpretation of civil contracts shall comply with the provisions of Article 409 of this Code and the interpretation of the contents of testaments shall comply with the provisions of Article 673 of this Code.

***Article 127.*- Invalid civil transactions**

Civil transactions which fail to satisfy one of the conditions specified in Article 122 of this Code shall be invalid.

***Article 128.*- Civil transactions which are invalid due to violation of prohibitory provisions of law or contravention of social ethics**

Civil transactions with purposes and contents violating prohibitory provisions of law or contravening social ethics shall be invalid.

Prohibitory provisions of law mean the provisions of law which do not permit subjects to perform certain acts.

Social ethics are common standards of conduct among people in social life, which are recognized and respected by the community.

***Article 129.*- Civil transactions invalid due to falsity**

When the parties falsely establish a civil transaction in order to conceal another transaction, the false transaction shall be invalid and the concealed transaction remains valid, except in cases where it is also invalid under the provisions of this Code;

In cases where a false transaction is established with a view to shirking the responsibility toward a third person, such transaction shall also be invalid.

***Article 130.*- Civil transactions invalid due to establishment or performance by minors or persons having lost their civil act capacity or having had their civil act capacity restricted**

When a civil transaction is established or performed by a minor or by a person who has lost his/her civil act capacity or whose civil act capacity is restricted, the Court shall, at the request of the representative of that person, declare such transaction invalid, if it is provided for by law that such transaction must be established and performed by the representative of that person.

***Article 131.*- Civil transactions invalid due to mistakes**

When a party has established a transaction due to its misunderstanding of the contents of the transaction due to unintentional mistakes made by the other party, it shall have the right to request the other party to change the contents of such transaction; if the other party does not accept such request, the mistaken party shall have the right to request the Court to declare the transaction invalid.

The cases where a party has intentionally made mistakes, thus making the other party misunderstand the contents of the transaction shall be settled in accordance with the provisions of Article 132 of this Code.

***Article 132.*- Civil transactions invalid due to deception or intimidation**

When a party participates in a civil transaction due to being deceived or intimidated, it shall have 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 in a civil transaction means an intentional act of a party or a third person, thus compelling 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 father, mother, wife, husband or children.

***Article 133.*- Civil transactions invalid due to establishment by persons incapable of being aware of and controlling their acts**

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

***Article 134.*- Civil transactions invalid due to non-compliance with the prescribed forms**

In cases where it is provided for by law that the forms of civil transactions are conditions for civil transactions to be valid but the parties fail to comply therewith, the Court or another competent state agency shall, at the request of one or all of the parties, compel the parties to comply with the provisions on forms of transactions within a given period of time; past that time limit, if they still fail to comply with such provisions, the transactions shall be invalid.

***Article 135.*- Partially invalid civil transactions**

A civil transaction shall be partially invalid when one part of the transaction is invalid, provided that such part does not affect the validity of the remaining parts of the transaction.

***Article 136.*- 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 as specified in Articles 130 thru 134 of this Code shall be two years, counting from the date the civil transaction is established.

2. For civil transactions specified in Articles 128 and 129 of this Code, the statute of limitations for requesting the Court to declare such civil transactions invalid shall not be restricted.

***Article 137.*- Legal consequences of invalid civil transactions**

1. Invalid civil transactions shall not give rise to, change or terminate any civil rights and obligations of the parties from the time of establishment thereof.

2. When a civil transaction is invalid, the parties shall be restored to 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, except for cases where the transacted property, gained yields and/or profits are confiscated under the provisions of law. The party at fault, which caused damage, must compensate therefore.

***Article 138.*- Protection of the interests of a bona fide third party when a civil transaction is invalid**

1. In cases where a civil transaction is invalid but the transacted property being a moveable not subject to ownership registration has already been transferred to a bona fide third party through another transaction, the transaction with the third party shall still be valid, except for the case specified in Article 257 of this Code.

2. In cases where the transacted property being an immoveable or a moveable subject to ownership registration has already been transferred to a bona fide third party through another transaction, the transaction with the third party shall be invalid, except for cases the bona fide third party receives such property through auction or transaction with a person who, under court judgment or decision of a competent state agency, was the owner of the property, but later is not the owner of the property as the court judgment or decision is cancelled or modified.

Chapter VII

REPRESENTATION

***Article 139.*- Representation**

1. Representation is the act of a person (hereinafter referred to as the representative) to establish and perform a civil transaction in the name and interests of another person (hereinafter referred to as the represented person) within the scope of representation.

2. Individuals, legal persons or other subjects may establish and/or perform civil transactions through their representatives. Individuals must not allow other persons to represent them, if the law provides that they must establish and perform the transactions themselves.

3. Representation relations shall be established under law or under authorization.

4. The represented persons shall have rights and obligations arising from the civil transactions established by their representatives.

5. The representatives must have full civil act capacity, except for the cases specified in Clause 2, Article 143 of this Code.

***Article 140.*- Representation at law**

Representation at law is the representation provided for by law or decided by a competent state agency.

***Article 141.*- Representatives at law**

Representatives at law shall include:

1. Fathers and/or mothers with respect to children who are minors;

2. Guardians with respect to wards;

3. Persons appointed by the Court with respect to persons with a restricted capacity for civil acts;

4. Heads of legal persons as prescribed by the charters of the legal persons or decided by competent state agencies;

5. Heads of family households with respect to family households;

6. Heads of cooperative groups with respect to cooperative groups;

7. Other persons as specified by law.

***Article 142.*- Representation under authorization**

1. Representation under authorization is the representation established under an authorization between the representative and the

represented person.

2. Forms of authorization shall be agreed upon by the parties, except for cases where it is provided for by law that authorization must be made in writing.

***Article 143.*- Representatives under authorization**

1. Individuals, representatives at law of legal persons may authorize other persons to establish and/or perform civil transactions.

2. Persons aged between full fifteen years and under eighteen years may be representatives under authorization, except for cases where it is provided for by law that civil transactions must be established and/or performed by persons aged full eighteen years or more.

***Article 144.*- Scope of representation**

1. Representatives at law shall have the right to establish and perform all civil transactions in the interests of the represented persons, unless otherwise provided for by law.

2. The scope of representation under authorization shall be established in accordance with the authorization.

3. Representatives may only perform civil transactions within the scope of representation.

4. Representatives must inform the third party in civil transactions of the scope of their representation.

5. Representatives must not establish and/or perform civil transactions with themselves or with the third party whom they also represent, unless otherwise provided for by law.

***Article 145.*- Consequences of civil transactions established and/or performed by persons without the authority of representation**

1. Civil transactions established and/or performed by persons without the authority of representation shall not give rise to rights and obligations of the represented persons, except in cases where the representatives or the represented persons give consent thereto. The persons who effected transactions with the persons having no authority of representation must notify such to the represented persons or their representatives in order to get their replies within the prescribed time limit; upon the expiry of such time limit, if no reply is given, such transactions shall not give rise to rights and/or obligations for the represented persons, but the persons having no authority of representation must still fulfill the obligations towards the persons with whom they have effected the transactions, except in cases where such persons knew or should have known about the unauthorized representation.

2. Persons who effected transactions with persons having no authority of representation shall be entitled to unilaterally terminate the performance of, or annul, the established civil transactions and to demand compensation for damage, except in cases where such persons knew or should have known about the unauthorized representation and still effected the transactions.

***Article 146.*- Consequences of civil transactions established and/or performed ultra vires by representatives**

1. Civil transactions established and/or performed ultra vires by representatives shall not give rise to rights and/or obligations of the represented persons for the portions of transactions performed ultra vires, except in cases where the represented persons give consent thereto or know but do not oppose it; if consent is not given, the representatives shall have to fulfill the obligations towards the persons with whom they have effected the transactions for the portions of the civil transaction beyond the scope of their representation.

2. Persons who have effected transactions with such representatives shall have the right to unilaterally terminate the performance of, or annul, the portions of civil transaction performed ultra vires or the entire civil transactions and shall have the right to demand compensation for damage, except in cases where such persons knew or should have known that the authority of representation was usurped, and still effected the transactions.

3. In cases where the representatives and the persons involved in the transactions with the representatives intentionally establish and/or perform civil transactions ultra vires, thereby causing damage to the represented persons, the representatives and such persons shall be jointly liable for compensation.

***Article 147.*- Termination of representation of individuals**

1. The representation at law of an individual shall terminate in the following cases:

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

b/ The represented person dies;

c/ Other cases specified by law.

2. The representation under authorization of individuals shall terminate in the following cases:

a/ The authorization time limit has expired or the authorized work has been completed;

b/ The authorizing persons revoke the authorization, or the authorized persons refuse the authorization;

c/ The authorizing persons or the authorized persons die, have been declared by the Court as having lost their civil act capacity, having their civil act capacity restricted, having been missing or dead.

Upon the termination of the authorized representation, the representatives must fulfill the property obligations towards the represented persons or the heirs of the represented persons.

***Article 148.*- Termination of representation of legal persons**

1. The representation at law of legal persons shall terminate when such legal persons cease to exist.

2. The representation under authorization of legal persons shall terminate in the following cases:

a/ The authorization time limit has expired or the authorized work has been completed;

b/ The representatives at law of the legal persons revoke the authorization or the authorized persons refuse the authorization;

c/ The legal persons cease to exist or the authorized persons die, have been declared by the Court as having lost their civil act capacity, having their civil act capacity restricted, having been missing or dead.

Upon the termination of representation under authorization, the representatives must fulfill the property obligations towards the authorizing legal persons or inheriting legal persons.

Chapter VIII

TIME LIMITS

***Article 149.*- Time limit**

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

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

***Article 150.*- Application of the method of calculating a time limit**

1. The method of calculating a time limit shall comply with the provisions of this Code, unless otherwise agreed upon or provided for by law.

2. Time limits shall be calculated according to the solar calendar.

***Article 151.*- Provisions on time limits and the point of time for calculating a time limit**

1. In cases where the parties have agreed that the time limit shall be one year, half a year, a month, half a month, a week, a day, an hour or a minute and where the lengths of time do not take place consecutively, such time limit shall be calculated 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;

e/ One week means 7 days;

f/ One day means 24 hours;

g/ One hour means 60 minutes;

h) One minute means 60 seconds.

2. In cases where the parties have agreed on the point of time to be at 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 cases where the parties have agreed on the point of time to be at 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 152.*- 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 must 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 153.*- The end of a time limit**

1. When a time limit is calculated 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 calculated 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 calculated 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 calculated 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.

Chapter IX

STATUTE OF LIMITATIONS

***Article 154.*- Statute of limitations**

A statute of limitations is a time limit specified by law upon the expiration of which a subject may enjoy civil rights, be released from civil obligations or lose the right to initiate a civil lawsuit or the right to request the settlement of civil matters.

***Article 155.*- 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 shall enjoy civil rights.

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

3. The statute of limitations for initiating a lawsuit is the time limit within which a subject shall have the right to initiate a lawsuit in order to request a Court to settle a civil case for the protection of legitimate 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 a civil matter is the time limit within which a subject shall have the right to request a Court to settle a civil matter for the protection of legitimate rights and interests of individuals, agencies or organizations, public interests, or the State's interests; after such time limit expires, the requesting right shall be lost.

***Article 156.*- Method of calculating a statute of limitations**

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

***Article 157.*- Effectiveness of the statute of limitations for enjoyment of civil rights and for release from civil obligations**

1. Where it is provided for by law that a subject may enjoy civil rights or be released from civil obligations under the statute of limitations, such enjoyment of civil rights or release from civil obligations shall take effect only after the statute of limitations ends.

2. The statute of limitations for enjoyment of civil rights shall not be applicable in the following cases:

a/ The possession of property under state ownership without legal bases;

b/ The enjoyment of personal rights which are not associated with property.

3. The statute of limitations for release from civil obligations shall not be applicable to the performance of civil obligations towards the State, unless otherwise provided for by law.

***Article 158.*- Continuity of the statute of limitations for enjoyment of civil rights or for release from civil obligations**

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

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

a/ There is a resolution from 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.

3. The statute of limitations shall run continuously in cases where the enjoy-ment of civil rights or the release from civil obligations is legally transferred to another person.

***Article 159.*- Commencement of the statute of limitations for initiating a civil case, the statute of limitations for requesting the settlement of a civil matter**

1. The statute of limitations for initiating a civil case shall be counted from the date the legitimate rights and/or interests are infringed upon, unless otherwise provided for 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 provided for by law.

***Article 160.*- Non-application of the statute of limitations for initiating civil cases**

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

1. Requesting to restitute property under the state ownership;

2. Requesting to protect personal rights which are infringed upon, unless otherwise provided for by law;

3. Other cases specified by law.

***Article 161.*- A period of time not calculated into the statute of limita-tions for initiating civil cases, the statute of limitations for requesting the settlement of civil matters**

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

1. A *force majeure* or an objective hindrance, which renders 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* means an event which occurs objectively and unpredictably and cannot be overcome though all necessary measures have been applied and all the permitted capabilities have been used.

Objective hindrances means obstacles created under the impacts of objective circumstances, which render the persons with related civil rights or civil obligations unable to know that their legitimate rights and/or interests have been infringed upon or unable to exercise their civil rights or perform their civil obligations.

2. The unavailability of a representative in cases where 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 or has his/her civil act capacity restricted.

3. The unavailability of a new representative for replacement, or discontinuity of representation for plausible reasons in cases where the representative of a minor or of a person who has lost his/her civil act capacity or has his/her civil act capacity restricted dies.

***Article 162.*- Re-commencement of the statute of limitations for initiating civil cases**

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

a/ The obligor has acknowledged a part or all of his/her/its obligations towards the person initiating the lawsuit;

b/ The obligor has fulfilled a portion of his/her/its obligations towards the person initiating the lawsuit;

c/ The parties have reconciled with each other.

2. The statute of limitations for initiating 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

PROPERTY AND OWNERSHIP RIGHTS

Chapter X

GENERAL PROVISIONS

***Article 163.*- Property**

Property comprises tangible things, money, valuable papers and property rights.

***Article 164.*- Ownership rights**

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

Owners are individuals, legal persons or other subjects, having all three rights which are the right to possession, the right to use and the right to disposition of their property.

***Article 165.*- The principle for exercising ownership rights**

Owners may perform all acts on their own will with respect to their property without causing damage to or affecting State interests, public interests or legitimate rights and interests of other persons.

***Article 166.*- Bearing of risks with respect to property**

Owners must bear risks when their property is destroyed or damaged due to *force majeure* events, unless otherwise agreed upon or otherwise provided for by law.

***Article 167.*- Registration of property ownership rights**

Ownership rights to immoveables shall be registered in accordance with the provisions of this Code and the law on registration of immoveables. Ownership rights to moveables must not be registered, unless otherwise provided for by law.

***Article 168.*- Time of transferring property ownership rights**

1. The transfer of ownership rights to immoveables shall take effect from the time of registering the ownership rights, unless otherwise provided for by law.

2. The transfer of ownership rights to moveables shall take effect from the time the moveables are transferred, unless otherwise provided for by law.

***Article 169.*- Protection of ownership rights**

1. Ownership rights of individuals, legal persons or other subjects shall be recognized and protected by law.

2. No one may be illegally restricted in or deprived of his/her ownership rights to his/her property.

Owners shall have the right to protect their ownership rights by themselves, to prevent any person from infringing upon their ownership rights, to search for and reclaim the property which has been possessed, used or disposed of by other persons without legal bases.

3. In case of extreme necessity for reasons of national defense, security or national interests, the State shall effect a compulsory purchase or requisition with compensation of the property of individuals, legal persons or other subjects in accordance with the provisions of law.

***Article 170.*- Bases for establishing ownership rights**

Ownership rights to property shall be established in the following cases:

1. Through labor or lawful production and business activities;

2. Ownership rights are transferred under an agreement or a decision of a competent state agency;

3. Yields and profits gained;

4. A new thing created from merger, mixture or processing;

5. Inheritance of property;

6. Possession under the conditions specified by law of ownerless things, things which have been let drop on the ground or have been left over out of inadvertence or buried, stray domestic animals or poultry, or raised aquatic animals which naturally move in;

7. Possession of a property without a legal basis but in good faith, continuously and openly in accordance with the statute of limitations specified in Clause 1, Article 247 of this Code;

8. Other cases specified by law.

***Article 171.*- Bases for termination of ownership rights**

Ownership rights shall terminate in the following cases:

1. The owner transfers his/her ownership rights to another person;

2. The owner renounces his/her ownership rights;

3. The property is destroyed;

4. The property is disposed of for the discharge of the owner's obligations;

5. The property is compulsorily purchased;

6. The property is confiscated;

7. Where other persons have established their ownership rights under the conditions specified by law of things which have been let

drop on the ground or have been left over out of inadvertence; stray domestic animals or poultry or raised aquatic animals which naturally move in; the property over which other persons have established their ownership rights in accordance with the provisions of Clause 1, Article 247 of this Code;

8. Other cases specified by law.

***Article 172.*- Forms of ownership**

On the basis of the regime of ownership by the entire people, collective ownership and private ownership, the forms of ownership shall include state ownership, collective ownership, private ownership, common ownership, ownership by political organizations or socio-political organizations, and ownership by socio-political-professional organizations, social organizations or socio-professional organizations.

***Article 173.*- Rights of non-owners of property**

1. Non-owners of property shall only have the right to possess, use and dispose of the property which is not under their ownership when it is so agreed upon by the owners of such property or provided for by law.

2. The rights of non-owners of property shall include:

a/ Land use rights;

b/ The right to the restricted use of adjacent real estates;

c/ Other rights as agreed upon or provided for by law.

3. The transfer of property ownership rights by owners to other persons does not constitute a basis for termination of the property non-owners' rights specified in Clause 2 of this Article.

4. The property non-owners' rights shall be protected under the provisions of Article 261 of this Code.

5. The property non-owners' rights which must be registered shall include land use rights, the right to restricted use of adjacent real estates under agreement and other rights specified by law.

Chapter XI

TYPES OF PROPERTY

***Article 174.*- Immovables and movables**

1. Immovables shall include:

a/ Land;

b/ Houses and constructions annexed to the land, including properties attached to such houses and constructions;

c/ Other properties annexed to the land;

d/ Other properties specified by law.

2. Movables are properties other than immovables.

***Article 175.*- Yields and profits**

1. Yields are natural products which property generates.

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

***Article 176.*- Primary objects and auxiliary objects**

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

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 separated from the primary object.

When performing an obligation to transfer a primary object, the auxiliary object must also be transfered, unless otherwise agreed upon.

***Article 177.*- Divisible objects and indivisible objects**

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

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

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

***Article 178.*- 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

functions.

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 functions after it has been used many times.

***Article 179.*- Fungible objects and distinctive objects**

1. Fungible objects are objects which have the same shape, properties and functions 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 regarding symbol, shape, color, material, properties or position.

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

***Article 180.*- Integrative objects**

An integrative object is an object comprising components or parts which fit together and are connected with each 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 transfering an integrative object, all the components or parts of the object must be transferred, unless otherwise agreed upon.

***Article 181.*- Property rights**

A property right is a right which can be valued in money and may be transferred in civil transactions, including intellectual property rights.

Chapter XII

CONTENTS OF OWNERSHIP RIGHTS

Section 1. THE RIGHT TO POSSESSION

***Article 182.*- The right to possession**

The right to possession is the right to keep and manage the property.

***Article 183.*- Possession with a legal basis**

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

1. The owner possesses the property;

2. A person is authorized by the owner to manage the property;

3. A person to whom the right to possession has been transferred through a civil transaction in accordance with the provisions of law;

4. A person who discovers and keeps derelict property, property with unidentified owners, property which has been let drop on the ground, left over out of inadvertence, buried or sunken in accordance with the conditions specified by law;

5. A person who discovers and keeps stray domestic animals, poultry or raised aquatic animals in accordance with the conditions specified by law;

6. Other cases specified by law.

***Article 184.*- Owner's right to possession**

In cases where an owner possesses property under his/her ownership, he/she may conduct all acts on his/her own will to keep and manage the property, provided that such acts are not contrary to law or social ethics.

An owner's possession shall not be restricted or interrupted in terms of time, except in cases where he/she transfers the possession to another person or otherwise provided for by law.

***Article 185.*- The right to posse-ssion of a person who is authorized by the owner to manage the property**

1. When an owner authorizes another person to manage his/her property, the authorized person shall exercise the right to possession of such property within the scope and in accordance with the method and time limit specified by the owner.

2. The person authorized to manage a property cannot become owner of the transferred property by virtue of the statute of limitations specified in Clause 1, Article 247 of this Code.

***Article 186.*- The right to posse-ssion of a person to whom a property is handed over through a civil transaction**

1. When an owner hands over a property to another person through a civil transaction which does not include the transfer of ownership rights, the person to whom the property is handed over must possess such property according to the purpose and contents of the transaction.

2. The person to whom the property is handed over shall have the right to use such property and to transfer the right to possession and use of the property to another person if the owner so agrees.

3. The person to whom the property is handed over cannot become owner of the transferred property by virtue of the statute of limitations specified in Clause 1, Article 247 of this Code.

***Article 187.*- The right to possession of property which has been let drop on the ground, left over out of inadvertence, buried or sunken, and property the owners of which are unidentifiable**

1. A person who discovers a property which has been let drop on the ground, left over out of inadvertence, buried or sunken must immediately notify or return it to the owner; if the owner is unknown, such person must notify or hand over the property to the People's Committee of the commune, ward or township or the nearest police station or another competent state agency in accordance with the provisions of law.

A person who discovers a property the owner of which cannot be identified, or a property which has been let drop on the ground, left over out of inadvertence, buried or sunken shall be entitled to possess such property from the time of discovery to the time the property is returned to its owner or handed over to a competent state agency.

2. With respect to a property which has been dispersed by another person in order to hide an act of violation of law or to evade the performance of a civil obligation, the person who discovers it must forthwith notify or hand over the property to a competent state agency defined in Clause 1 of this Article.

***Article 188.*- The right to possession of stray domestic animals, poultry, raised aquatic animals**

Persons who discover and keep stray domestic animals, poultry or raised aquatic animals must immediately notify or return them to their owners; if the owners cannot be identified, they are entitled to possess such property from the time of discovery to the time of returning them to their owners.

***Article 189.*- Possession without legal bases but in good faith**

A possession of property which does not comply with the provisions of Article 183 of this Code is a possession without a legal basis.

A person who possesses a property without a legal basis but in good faith means a possessor who does not know or could not have known that the possession of such property is without a legal basis.

***Article 190.*- Continuous possession**

The possession of property which takes place within a period of time without dispute over such property means a continuous possession, even when this property is transferred to another person for possession.

***Article 191.*- Overt possession**

A possession is regarded as overt when it is performed in an explicit manner, without concealment; the property being currently possessed is used in accordance with its functions and utility and is preserved and kept by the possessor as if it were his/her own property.

Section 2. THE RIGHT TO USE

***Article 192.*- The right to use**

The right to use means the right to exploit the utility of, and to enjoy the yields and profits from, the property.

***Article 193.*- Owner's right to use**

In cases where the owner directly exercises the right to use a property under his/her ownership, he/she may exploit the utility of, and enjoy the yields and profits from, the property in accordance with his/her will, but must not cause damage to, or affect State interests, public interests or legitimate rights and interests of other persons.

***Article 194.*- Non-owner's right to use**

1. The right to use a property may be transferred to another person through a contract or in accordance with the provisions of law.

A non-owner of a property shall have the right to use the property in accordance with its functions, utility and mode.

2. A possessor without a legal basis but in good faith may also have the right to exploit the utility of, and enjoy the yields and profits from, the property in accordance with the provisions of law.

Section 3. THE RIGHT TO DISPOSITION

***Article 195.*- The right to disposition**

The right to disposition means the right to transfer property ownership rights or to renounce such ownership rights.

***Article 196.*- Conditions for disposition**

The disposition of property must be performed by persons having the civil act capacity in accordance with the provisions of law.

In cases where the order and procedures for disposition of property are specified by law, such order and procedures must be complied with.

***Article 197.*- Owner's right to disposition**

Owners shall have the right to sell, exchange, donate, lend, bequeath, abandon or dispose of their property in other forms in accordance with the provisions of law.

***Article 198.*- Non-owner's right to disposition**

Property non-owners shall only have the right to dispose of property under owners' authorization or under the provisions of law.

Persons who are authorized by owners to dispose of the latter's property must effect the disposition in accordance with the will and interests of the owners.

***Article 199.*- Restrictions on the right to disposition**

1. The right to disposition shall be restricted only in cases where it is so provided for by law.

2. When the property put up for sale is a historical or cultural relic, the State shall have the pre-emptive right to purchase such property.

In cases where legal persons, individuals or other subjects have the pre-emptive right to purchase with respect to a certain property in accordance with the provisions of law, the owners, when selling the property, must reserve such right for those subjects.

Chapter XIII

FORMS OF OWNERSHIP

Section 1. STATE OWNERSHIP

***Article 200.*- Property under state ownership**

Property under state ownership shall include land, natural forests, forests planted with the source of state budget capital, mountains, rivers, lakes, water sources, underground natural resources, resources from the sea, continental shelf and airspace, and the capital and property invested by the State in enterprises and facilities in the branches and fields of economy, culture, social affairs, science, technique, foreign affairs, national defense and security, and other properties specified by law.

***Article 201.*- Exercise of owner's rights to property under state ownership**

1. The Socialist Republic of Vietnam State shall exercise owner's rights to property under state ownership.

2. The Government shall perform the unified management of the property under state ownership and ensure its efficient and thrifty use for the defined purposes.

***Article 202.*- Management, use and disposition of property under state ownership**

The management, use and disposi-tion of property under state ownership shall be performed within the scope and according to the order specified by law.

***Article 203.*- Exercise of state ownership rights to property invested in state enterprises**

1. When a property under state ownership is invested in a state enterprise, the State shall exercise owner's rights over such property in accordance with the provisions of law on enterprises.

2. State enterprises shall be entitled to manage and use capital, land, natural resources and other property invested by the State in accordance with the provisions of law on enterprises

***Article 204.*- Exercise of state ownership rights to property allocated to state agencies, armed force units**

1. When the property under state ownership is assigned to state agencies or armed force units, the State shall exercise the right to inspect and supervise the management and use of such properties.

2. State agencies or armed force units shall have the right to manage and use the State-allocated property for the defined purposes and in accordance with the provisions of law.

***Article 205.*- Exercise of state ownership rights to property assigned to political organizations, socio-political organizations, socio-political-professional organizations**

1. When the property under state ownership is allocated to political organizations, socio-political organizations or socio-political-professional organizations, the State shall exercise the right to inspect and supervise the management and use of such property.

2. Political organizations, socio-political organizations and socio-political-professional organizations shall have the rights to manage and use the State-allocated property for the defined purposes, according to the scope, mode and order provided for by law in accordance with the functions and tasks specified in their respective charters

***Article 206.*- Rights of enterprises, households, cooperative groups and individuals to use and exploit property under state**

ownership

In cases where it is so provided for by law and so permitted by competent state agencies, enterprises, households, cooperative groups or individuals may use land, exploit aquatic resources and other natural resources under state ownership and must use, exploit them efficiently and for the defined purposes, and fulfill their obligations towards the State in accordance with the provisions of law.

***Article 207.*- Property under state ownership which has not been allocated to organizations or individuals for management**

The Government shall organize and exercise the protection, investigation and survey on, and work out plans to exploit the property under state ownership which has not been allocated to organizations or individuals for management.

Section 2. COLLECTIVE OWNERSHIP

***Article 208.*- Collective ownership**

Collective ownership means ownership by cooperatives or other stable economic entities in which individuals and/or households jointly contribute capital and labor for production and business cooperation to achieve common goals stated in their charters and on the principles of voluntariness, equality, democracy and joint management and mutual benefit.

***Article 209.*- Property under collective ownership**

Property constituted from the contributions of members, legitimate income from production and business, supports from the State or other sources that accord with the provisions of law shall be property under the ownership of such collectives.

***Article 210.*- Possession, use and disposition of property under collective ownership**

1. The possession, use and disposition of property under collective ownership must comply with law, accord with the charters of the collectives and ensure the stable development of collective ownership.

2. Property under collective ownership may be assigned to members for exploitation of the utility thereof by their labor in production and business activities in order to serve the common need for production expansion and economic development as well as the interests and needs of the members.

3. The members of a collective shall have the pre-emptive right to purchase, lease or package- lease property under collective ownership.

Section 3. PRIVATE OWNERSHIP

***Article 211.*- Private ownership**

Private ownership means ownership of individuals over their lawful property.

Private ownership comprises personal ownership by individuals, ownership by small business owners and private capitalist ownership.

***Article 212.*- Property under private ownership**

1. Legitimate income, savings, residential houses, means of daily life, means of production, capital, yields and profits and other lawful properties of an individual constitute property under private ownership.

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

2. An individual cannot be the owner of a property which cannot, as provided for by law, come under private ownership.

***Article 213.*- Possession, use and disposition of property under private ownership**

1. Individuals shall have the right to possession, use and disposition of property under their respective ownership to meet the needs of daily life, consumption or production and business and other purposes in accordance with the provisions of law.

2. The possession, use and disposition of property under private ownership must not cause damage to or affect State interests, public interests or legitimate rights and interests of other persons.

Section 4. COMMON OWNERSHIP

***Article 214.*- Common ownership**

Common ownership means ownership of property by more than one owner.

Common ownership comprises common ownership by shares and common ownership by integration.

A property under common ownership is a common property.

***Article 215.*- Establishment of common ownership right**

A common ownership right is established under the agreement of the owners, under the provisions of law or in accordance with practices.

***Article 216.*- Common ownership by shares**

1. Common ownership by shares means common ownership in which each owner's share of the ownership right to the common property is determined.

2. Each of the owners of property under common ownership by shares shall have his/her rights and obligations to such property corresponding to his/her share of the ownership right, unless otherwise agreed upon.

***Article 217.*- Common ownership by integration**

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

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

2. Owners of property under common ownership by integration shall have equal rights and obligations to the property under common ownership.

***Article 218.*- Mixed common ownership**

1. Mixed common ownership means ownership over the property contributed as capital by owners of different economic sectors for production and/or business to gain profits.

2. Property created from the sources of contributed capital of owners, lawful profits from production and/or business activities or from other sources in accordance with the provisions of law is the property under mixed common ownership.

3. The possession, use and disposition of property under mixed common ownership must comply with the provisions of Article 216 of this Code and relevant provisions of law on capital contribution, organization, production and/or business operation, management, administration, property liability and profit division.

***Article 219.*- Common ownership by husband and wife**

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

2. Husband and wife who jointly establish and develop the common property through the efforts of each shall have equal rights in the possession, use and disposition of such property.

3. Husband and wife shall discuss, agree or authorize each other to the possession, use and disposition of the common property.

4. The common property of husband and wife may be divided by their agreement or by a decision of the Court.

***Article 220.*- Common ownership by a community**

1. Common ownership by a community means ownership by a family line, hamlet, village, mountain village, religious community or other population communities over the property estab-lished in accordance with practices and the property jointly contributed and raised by community members or given to the whole community or from other sources in accordance with the provisions of law for meeting the common legitimate interests of the entire community.

2. The members of a community shall jointly manage, use and dispose of the common property for the interests of the community as agreed upon or according to practices, but not in contravention of law and social ethics.

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

***Article 221.*- Possession of common property**

Owners of property under common ownership shall jointly manage the common property according to the principle of unanimity, unless otherwise agreed upon or provided for by law.

***Article 222.*- Use of common property**

1. Each owner of property under common ownership by shares shall have the right to exploit the utility of, and enjoy the yields and profits from, the common property corresponding to his/her share in the ownership right, unless otherwise agreed upon or provided for by law.

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

***Article 223.*- Disposition of common property**

1. Each owner of property under common ownership by shares shall have the right to dispose of his/her own share in the ownership right as agreed upon or provided for by law.

2. The disposition of property under common ownership by integration shall be performed in accordance with the agreement of the co-owners or the provisions of law.

3. In cases where an owner of property under common ownership sells his/her share in the ownership right, the other co-owners shall have the pre-emptive right to purchase such share. If within three months from the date they are notified of the sale and conditions of the sale, for an immovable property or one month for a movable property none of the co-owners wants to buy it, then such owner shall have the right to sell his/her share to other persons.

In cases where the sale of ownership right shares violates the pre-emptive right to purchase, any of the co-owners of the property under common ownership by shares shall, within three months from the date of detecting the violation of the pre-emptive right to purchase, have the right to request the Court to transfer to him/her the rights and obligations of the purchaser; the party at fault in causing damage must pay compensation therefor.

4. In cases where one of the co-owners renounces his/her share in the ownership right or where such person dies without any heir(s), such share of the ownership right shall belong to the State, except for the case of common ownership by community where such share shall come under common ownership of the remaining co-owners.

***Article 224.*- Division of property under common ownership**

1. In case of divisible common ownership, each co-owner shall have the right to request a division of the common property; if the co-owners have agreed not to divide the common property within a certain time limit, then each co-owner shall only have the right to demand a division of the common property after the expiration of that time limit; when the common property cannot be divided in kind, it should be valued in money for division.

2. In cases where a person requests one of the co-owners to discharge his/her payment obligations when the latter has no private property or his/her private property is not enough for payment, the requesting person shall have the right to request a division of the common property so as to receive monetary payment and to participate in the division of the common property, unless otherwise provided for by law.

If the ownership right share in kind cannot be divided or such division is protested against by the remaining co-owners, the requesting person shall have the right to request the obligator to sell his/her ownership right share for the performance of his/her payment obligations

***Article 225.*- Common ownership in a condominium**

1. The areas, equipment and furnishings, which are for common use, in a condominium are under common ownership of all the apartment owners in that condominium and cannot be divided, unless otherwise provided for by law or otherwise agreed upon by all owners.

2. The apartment owners in a condominium shall have equal rights and obligations in the management and use of common areas and equipment.

3. In cases where a condominium is destroyed, the apartment owners in the condominium shall have the right to use the ground area of the condominium in accordance with the provisions of law.

***Article 226.*- Termination of common ownership**

A common ownership shall terminate in the following cases:

1. The common property has been divided;

2. One of the co-owners is entitled to the entire common property;

3. The common property no longer exists;

4. Other cases specified by law.

Section 5. OWNERSHIP BY POLITICAL ORGANIZATIONS, SOCIO-POLITICAL ORGANIZATIONS

***Article 227.*- Ownership by political organizations, socio-political organizations**

Ownership by political organizations or socio-political organizations means ownership by such organizations for the purpose of achieving the common objectives specified in their charters.

***Article 228.*- Property under ownership by political organizations, socio-political organizations**

1. Property constituted from the sources of contributions of members, property donated or presented to the whole organizations and property from other sources in accordance with the provisions of law is the property under ownership by political organizations or socio-political organizations.

Property under state ownership, over which the ownership has been transferred to political organizations or socio-political organizations, shall be the property under ownership by such organizations.

2. Property under state ownership which has been assigned to political organizations or socio-political organizations for management and use shall not come under ownership by such organizations.

***Article 229.*- Possession, use, disposition of property under ownership by political organizations, socio-political organizations**

Political organizations or socio-political organizations shall exercise the rights to possession, use and disposition of property under their respective ownership in accordance with the provisions of law and the operation purposes stipulated in their charters.

Section 6. OWNERSHIP BY SOCIO-POLITICAL-PROFESSIONAL ORGANIZATIONS, SOCIAL ORGANIZATIONS, SOCIO-PROFESSIONAL ORGANIZATIONS

***Article 230.*- Ownership by socio-political- professional organizations, social organizations, socio-professional**

organizations

Ownership by socio-political-professional organizations, social organizations or socio-professional organizations means ownership by such organizations for the purpose of achieving the common objectives of members as specified in their respective charters.

***Article 231.*- Property under ownership by socio-political-professional organizations, social organizations, socio-professional organizations**

Property constituted from the sources of contributions by members, property donated or presented to the whole organizations or from other sources in accordance with the provisions of law shall be the property under ownership by such socio-political-professional organizations, social organizations or socio-professional organizations.

***Article 232.*- Possession, use, disposition of property under ownership by socio-political-professional organizations, social organizations, socio-professional organizations**

Socio-political-professional organizations shall exercise their rights to possession, use, disposition of property under their respective ownership in accordance with the provisions of law and the operation purposes specified in their respective charters.

Chapter XIV

ESTABLISHMENT AND TERMINATION OF OWNERSHIP RIGHTS

Section 1. ESTABLISHMENT OF OWNERSHIP RIGHTS

***Article 233.*- Establishment of ownership rights to property acquired from labor, lawful business and/or production activities**

Workers or persons who conduct lawful production and/or business activities shall have the rights of ownership over property acquired from their labor or lawful production and/or business activities as from the time such property is acquired.

***Article 234.*- Establishment of ownership rights by an agreement**

A person to whom a property has been transferred through a contract for purchase and sale, donation, exchange or lending shall have the right to own such property as from the time of transferring the property, unless otherwise agreed upon by the parties or provided for by law.

***Article 235.*- Establishment of ownership rights to yields and profits**

Property owners and/or users shall have the rights of ownership over the yields and profits as from the time such yields and profits are obtained, as agreed upon or provided for by law.

***Article 236.*- Establishment of ownership rights in case of merger**

1. In cases where the property of different owners is merged together to form an indivisible object which is impossible to determine whether the merged property is primary or auxiliary object, the newly formed object shall be the property under common ownership of such owners; if the merged property is 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 must pay to the owner of the auxiliary object for the value of the such auxiliary object, unless otherwise agreed upon.

2. When a person merges the movable property of another person to his/her own movable property even though he/she knew or should have known that such property is not his/her own, and also does not have the consent of the owner of the property being merged, then the owner of the property being merged shall have one of the following rights:

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

b/ To request the person who merges the property to pay the value of the portion of his/her own property and to compensate for any damage, if he/she refuses to take the new property.

3. When a person merges the movable property of another person into his/her own immoveable property even though he/she knew or should have known that such property is not his/her own and also does not have the consent of the owner of the property being merged, the owner of the property being merged shall have the right to request the person who merges the property to pay the value of the portion of his/her own property and compensate for damage.

***Article 237.*- Establishment of ownership rights in case of mixture**

1. In cases where the property of various owners are mixed together to form a new indivisible object, the new object shall be the property under common ownership of such owners as from the time of mixture.

2. When a person mixes the property of another person into his/her own property even though he/she knew or should have known that such property is not his/her own, and does not have the consent of the owner of the property which has been mixed, then the owner of the property which has been mixed shall have one of the following rights:

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

b/ To request the person who has mixed the property to pay the value of the portion of his/her own property and to compensate for any damage, if he/she refuses to take the new property.

***Article 238.*- Establishment of ownership rights in case of processing**

1. An owner of materials and/or raw materials, which are processed to create a new object, is also the owner of the newly created object.

2. A bona fide user of materials and/or raw materials owned by another person for processing shall become owner of the new property, but must pay the value of materials and/or raw materials and compensate for any damage to the owner of such materials and/or raw materials.

3. In cases where the processor does not act in good faith, the owner of materials and/or raw materials shall have the right to request the hand-over of the new object; if there are many owners of materials and/or raw materials, they shall be the co-owners of the newly created object by shares, corresponding to the value of the materials and/or raw materials of each person. The owners of materials and/or raw materials which have been processed not in good faith shall have the right to request the processor to compensate for any damage.

***Article 239.*- Establishment of ownership rights to derelict objects and objects whose owners are unidentifiable**

1. A derelict object is an object the owner of which has renounced his/her ownership rights to it.

The person who has discovered a derelict object which is a movable property shall have the right to own such property in accordance with the provisions of law; if the discovered object is an immovable property, it shall belong to the State.

2. A person who has discovered an object the owner of which is unidentifiable must notify or submit it to the People's Committee of the commune, ward or township, or the nearest police station for public announcement so that the owner may be aware of such and reclaim it.

The submission of the object must be recorded in an official report, which shall clearly state the full names and addresses of the submitter and the receiver, and the conditions, quantity and volume of the property submitted.

The People's Committee or the police station, which received the object must notify the discoverer of the results of the effort to identify its owner.

In cases where the object the owner of which is unidentifiable is a movable property and its owner remains unidentifiable after one year from date of public announcement, such movable property shall belong to the discoverer as provided for by law; if the object is an immovable property and its owner remains unidentifiable even after five years from the date of public announcement, such immovable property shall belong to the State; the discoverer shall be entitled to enjoy a monetary reward as provided for by law.

***Article 240.*- Establishment of ownership rights to buried or sunken objects which are found**

Ownership rights to a discovered, buried or sunken object without an owner or with its owner being unidentifiable, after deducting expenses for search and preservation, shall be determined as follows:

1. The found object, which is a historical or cultural relic, shall belong to the State; the person who found such object shall be entitled to a monetary reward as provided for by law.

2. The found object, which is not a historical or cultural relic but has the value of up to ten months' minimum salary set by the State, shall come under ownership of the discoverer; if the found object is valued higher than ten months' minimum salary set by the State, the discoverer shall be entitled to a value equal to ten months' minimum salary set by the State and 50% of the value of the portion in excess of ten months' minimum salary set by the State, and the remainder shall belong to the State.

***Article 241.*- Establishment of ownership rights to objects which have been let drop on the ground or left over out of inadvertence by other persons**

1. A person who finds an object which another person has let drop on the ground or left over out of inadvertence and knows the latter's address must notify or return the object to such person; if he/she does not know the address of the latter, he/she must notify or submit such object to the People's Committee of the commune, ward or township or the nearest police station in order to make a public announcement for the owner to be aware thereof and reclaim it.

The local People's Committee or the police station, which has received the object, must notify the person who has submitted it of the results of identification of the owner.

2. If after one year from the date of public announcement of the found object, it is not possible to identify the owner or the owner does not come to reclaim the object, such object shall belong to the finder, if the object has the value of up to ten months' minimum salary set by the State; if the object's value is greater than ten months' minimum salary set by the State, after deducting the expenses for preserva-tion, the finder shall be entitled to a value equal to ten months' minimum salary set by the State and 50% of the value of the portion in excess of ten months' minimum salary set by the State, and the remaining value shall belong to the State.

3. If the object which has been let drop on the ground or left over out of inadvertence is a historical or cultural relic and its owner is unidentifiable or no one comes to reclaim the object, the object shall belong to the State; the finder of the object shall be entitled to a monetary reward as provided for by law.

***Article 242.*- Establishment of ownership rights to stray domestic animals**

A person who captures a stray domestic animal must care for it and notify the People's Committee of the commune, ward or township where he/she resides in order to make a public announcement for the owner to be aware thereof and reclaim the animal. The owner who reclaims the stray domestic animal must pay a remuneration for the care for the animal and other expenses to the person who captured it.

If after six months from the date of public announcement no one comes to reclaim it, the animal shall belong to the person who captured it; if the captured animal is a free-ranging animal according to practices, this time limit shall be one year.

During the period of caring for the stray domestic animal, the person who captured it shall be entitled to half of the number of offsprings born, if any, and must compensate for any damage if he/she is at fault in intentionally causing the death of the stray animal.

***Article 243.*- Establishment of ownership rights to stray poultry**

In cases where a person's poultry has strayed and is captured by another person, the person who captured the poultry must make a public announcement for the owner to be aware thereof and reclaim it. The owner who reclaims the stray poultry must pay a remuneration for the care therefore and other expenses to the person who captured the poultry.

If after one month from the date of public announcement no one comes to reclaim the stray poultry, it shall belong to the person who captured it.

During the period of caring for the stray poultry, the person who captured it shall be entitled to the yields generated from the stray poultry and must compensate for any damage if he/she is at fault in intentionally causing the death of the poultry.

***Article 244.*- Establishment of ownership rights to raised aquatic animals**

When a person's raised aquatic animal moves naturally into the field, pond or lake of another person, it shall belong to the person having such field, pond or lake. Where an aquatic animal has specific marks which make it possible to determine that it does not belong to him/her, the person having such field, pond or lake must make a public announcement for the owner to be aware thereof and reclaim it. If after one month from the date of public announcement no one comes to reclaim the raised aquatic animal, it shall belong to the person having such field, pond or lake.

***Article 245.*- Establishment of ownership rights from inheritance**

Heirs shall have the rights of ownership over the inherited property as provided for in Part Four of this Code.

***Article 246.*- Establishment of ownership rights in accordance with judgments or decisions of Courts or decisions of other competent state agencies**

Ownership rights may be established based on judgments or decisions of Courts or decisions of other competent state agencies.

***Article 247.*- Establishment of ownership rights by virtue of a statute of limitations**

1. A person who possesses or a person who enjoys benefits from a property without a legal basis but in good faith and in an overt and continuous manner for a period of ten years with respect to a movable property or thirty years with respect to an immovable property, shall become owner of such property from the time of commencement of possession, except for the cases specified in Clause 2 of this Article.

2. A person who possesses a property under state ownership without a legal basis shall not become owner of such property, even if it is in good faith, continuous and overt possession regardless of the duration of possession.

Section 2. TERMINATION OF OWNERSHIP RIGHTS

***Article 248.*- Transfer by owners of ownership rights to other persons**

When an owner transfers his/her ownership rights to another person through a purchase and sale, exchange, donation or loan contract or through bequeathal, the former's rights of ownership over the property shall terminate as from the time the ownership rights of the transferee arise.

***Article 249.*- Renunciation of ownership rights**

An owner may him/herself terminate ownership rights to his/her property by a public declaration or certain acts indicating his/her renunciation of the rights to possession, use and disposition of such property.

The renunciation of ownership rights to property must comply with the provisions of law if such renunciation may cause harm to social order and safety or environmental pollution.

***Article 250.*- Property to which another person has established ownership rights**

When another person has established ownership rights to an object which has been let drop on the ground or left over out of inadvertence, a stray domestic animal or poultry, or a naturally moving raised aquatic animal in accordance with the provisions of Articles from 241 to 244 of this Code, the ownership rights of the person who previously owned such property shall terminate.

When the ownership rights of a possessor have been established according to the provisions of Clause 1, Article 247 of this Code, the ownership rights of the person whose property is being possessed shall terminate.

***Article 251.*- Disposal of property to fulfill the obligations of owners**

1. The rights of ownership over a property shall terminate when such property is disposed of to fulfill its owner's obligations by a decision of the Court or another competent state agency, unless otherwise provided for by law.

2. The disposal of property to fulfill its owner's obligations shall not be applicable to property not subject to distrainment as provided for by law.

3. The rights of ownership over a property which is disposed of to fulfill its owner's obligations shall terminate at the time the ownership rights of the recipient of such property arise.

4. The disposal of land use rights shall comply with the provisions of land law.

***Article 252.*- Property which is destroyed**

When a property is destroyed, the ownership rights to such property shall terminate.

***Article 253.*- Property which is compulsorily purchased**

When a property is compulsorily purchased under decision of a competent state agency for defense or security reasons and for national interests, the owner's ownership rights to such property shall terminate as from the time the decision of the competent state agency takes legal effect.

***Article 254.*- Property which is confiscated**

When a property of an owner is confiscated and placed in the State fund due to his/her criminal conviction or administrative violation, his/her rights of ownership over such property shall terminate as from the time the judgment or decision of a Court, or the decision of another competent state agency takes legal effect.

Chapter XV

PROTECTION OF OWNERSHIP RIGHTS

***Article 255.*- Measures for protection of ownership rights**

Lawful owners and possessors shall have the right to request Courts or other competent agencies or organizations to compel the persons infringing upon their ownership rights or possession rights to return the property and terminate the acts of illegally obstructing the exercise of their ownership rights or possession rights, and to request compensation for any damage.

Lawful owners and possessors shall have the right to protect by themselves the property under their ownership or the property currently in their lawful possession by measures provided for by law.

***Article 256.*- The right to reclaim property**

Lawful owners and/or possessors shall have the right to request the persons possessing, using or receiving benefits from the property under their lawful ownership or possession rights without a legal basis to return such property, except for the cases specified in Clause 1, Article 247 of this Code. In cases where the property is in the possession of a bona fide possessor, Articles 257 and 258 of this Code shall apply.

***Article 257.*- 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 cases where 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 other cases of possession against the owners' will.

***Article 258.*- The right to reclaim movable property subject to ownership right registration or immovable property from bona fide possessors**

Owners may reclaim their movable property subject to ownership right registration and immovable property, except for cases where the third party possessing the property in good faith has received such property through auctions or transactions with the persons who, under judgments of courts or decisions of competent state agencies, were owners of the property but later are not owners as such judgments or decisions have been cancelled or modified.

***Article 259.*- The right to request the prevention or termination of acts of illegally obstructing the exercise of lawful ownership rights and possession rights**

When exercising their ownership rights or possession rights, lawful owners or possessors shall have the right to request persons committing acts of illegally obstructing the exercise of their lawful ownership rights or possession rights to terminate such acts; if the offenders do not willingly terminate such acts, the owners or possessors shall have the right to request the Court or other competent agencies or organizations to compel such persons to terminate their violation acts.

***Article 260.*- The right to request compensation for damage**

Lawful owners or possessors shall have the right to request persons infringing upon their ownership rights or possession rights to compensate for any damage.

***Article 261.*- Protection of rights of possessors who are not owners**

The rights defined in Articles from 255 thru 260 of this Code shall also belong to the persons who, though being not owners, possess the property on the basis of land use rights, the right to restricted use of adjacent immovable property or on other bases provided for by law or agreed upon.

Chapter XVI

OTHER PROVISIONS ON OWNERSHIP RIGHTS

***Article 262.*- Obligations of owners in emergency circumstances**

1. An emergency circumstance is a circumstance where in order to avert a danger actually and directly threatening the interests of the State or of a collective, or the legitimate rights or interests of their 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 a property must not hinder another person from using his/her own 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. The owners shall be compensated for damage in accordance with the provisions of Clause 3, Article 614 of this Code.

***Article 263.*- Obligations of owners in the protection of the environment**

When using, preserving and renouncing his/her property, an owner must comply with the provisions of law on environmental protection; if he/she causes environmental pollution, the owner shall have to terminate the acts which cause the pollution, to take measures to remedy the consequences and to compensate for damage.

***Article 264.*- Obligations of owners to respect and ensure social order and safety**

When exercising his/her rights to possession, use or disposition of his/her own property, an owner must respect and ensure social order and safety and must not abuse his/her ownership rights to cause social disorder or unsafety, causing damage to the State interests, public interests or legitimate rights and interests of other persons.

***Article 265.*- The obligation to respect the boundaries between immovable properties**

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

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

2. A person with land use rights may use the air space and underground area perpendicular to the boundaries of the land area in accordance with the construction planning specified by a competent state agency, and without affecting the use of the adjoining land of other persons.

A land user may plant trees and conduct other activities only within the land area under his/her own use rights and within the boundaries which have been determined; if tree roots and/or branches extend beyond the boundaries, he/she must clip the extending roots and/or prune the extending branches, unless otherwise agreed upon.

3. In cases where the boundary is a canal, irrigation ditch, trench, gutter or the boundary of a rice field, the land user shall have the obligation to respect and maintain the common boundary; he/she must not encroach upon the boundary or change the boundary markers.

***Article 266.*- Ownership rights to boundary markers separating immovable properties**

1. Owners of adjoining immovable properties may put up boundary stakes, fences or partition walls only on the portion of land under their land use rights. Persons using adjoining lands may mutually agree on the putting up of boundary stakes, fences or partition walls and planting of trees on the boundary as boundary markers between the immovable properties; these boundary markers shall be under their common ownership.

In cases where 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 shall be under common ownership and the construction expenses shall be borne by the party who puts up the marker, unless otherwise agreed upon; if the owner of the adjoining immovable property does not give his/her consent for justifiable reasons, the owner who has put up the boundary stake, fence or partition wall must remove it.

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

2. With respect to common house walls as boundary markers, the owner of the adjoining immovable property shall not install a window or air ventilating hole or drill the wall in order to install building structures, except where it is so consented by the owner of the adjoining immovable property.

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

***Article 267.*- The obligation to respect building codes**

1. When constructing a project, the project owner must comply with the law on construction, ensure safety, must not build beyond the height and distance specified by the law on construction and must not infringe upon legitimate rights and interests of owners of adjoining and surrounding immovable properties.

2. When there is a danger of an incident occurring to the construction project, which would affect the adjoining and surrounding immovable properties, the project owner must immediately stop the construction and make repairs or dismantle the construction at the request of owners of adjoining and surrounding immovable properties or at the request of a competent state agency; if damage is caused, compensation must be made.

3. When building a sanitation project, a toxic chemical storehouse or another project the use of which may cause environmental pollution, the owner must build it at a reasonable site and distance from the boundaries, and must ensure sanitation and safety and not affect owners of adjoining and surrounding immovable properties.

***Article 268.*- The obligation to ensure safety for adjoining construction projects**

When drilling wells, digging ponds or constructing other subterranean projects, project owners must dig or build them at distances from the boundaries as specified by the law on construction.

In cases where the projects are in danger of threatening the safety of adjoining and surrounding immovable properties, the project owners must immediately take remedial measures; if damage is caused to owners of adjoining and surrounding properties, compensation must be made.

***Article 269.*- Obligations of owners in draining rainwater**

House owners must install water drainage conduits so that rainwater from their house roofs will not run down onto the immovable properties of owners of adjoining immovable properties.

***Article 270.*- Obligations of owners in draining waste water**

House owners must install under-ground drains or water drainage sewers to discharge waste water to the prescribed location, so that the waste water will not spill onto the immovable property of owners of adjoining immovable property or onto public roads or public places, thus causing environmental pollution.

***Article 271.*- Restrictions on the right to install doors/windows**

1. House owners shall only install doors and/or windows swinging over to adjacent houses or opposite houses and common paths in accordance with the provisions of law on construction.

2. The awnings above doors or windows swinging into common paths must be at least 2.5m above the ground.

***Article 272.*- The right to request the repair or removal of adjoining immovable property**

In cases where a tree or a construction project is in danger of collapsing onto an adjoining immovable property or a public facility, the owner must cut down the tree, repair or demolish such construction project.

The owner of an adjoining immovable property shall have the right to request the owner of the tree or the construction project, which is in danger of collapsing, to cut down the tree, or demolish the construction project; if the latter does not cut down the tree or demolish the construction project, the owner of an adjoining immovable property shall have the right to request a competent state agency to permit the cutting down of the tree, or demolition of the construction project. The expenses for cutting down the tree or demolishing the construction project shall be borne by the owner of the tree or the construction project.

***Article 273.*- The right to an easement over adjoining immovable property**

A house owner or a land user shall have the right to use in a reasonable manner an adjoining immovable property under the ownership of another person for his/her own needs for passageway, water supply and drainage, gas supply, electricity transmission wires, communication lines and other necessary needs, but must compen-sate, unless otherwise agreed upon.

***Article 274.*- Establishment of the right to an easement over adjoining immovable property**

1. The right to an easement over adjoining immovable property shall be established as agreed upon or provided for by law.

2. In cases where the right to an easement over an adjoining immovable property has been established for the house owner or land user, the successive house or land use right transferee shall also be entitled to such right.

***Article 275.*- The right regarding the passageway through adjoining immovable property**

1. The owner of an immovable property surrounded by immovable properties of other owners from which there are no exits shall have the right to request one of the owners of the adjoining immovable properties to reserve for him/her a convenient and reasonable passageway leading to a public path; the requested person shall have the obligation to meet such request. The person for whom a passageway is reserved must compensate the owner of the adjoining immovable property, unless otherwise agreed upon.

The passageway shall be opened on the adjoining immovable property which is considered most convenient and reasonable, with the specific characteristics of the locations and interests of the surrounded immovable property being taken into account, and with the least damage caused to the immovable property on which the passageway is opened.

2. The position, the extent of length, width and height of the passageway shall be agreed upon by the parties to ensure the convenience for the ingress and egress and to minimize inconvenience to the parties; if there is a dispute over the passageway, the parties shall have the right to request a competent state agency to determine it.

3. In cases where an immovable property is divided into different parts to different owners and/or users, upon such division, a necessary passageway must be reserved for the person(s) in the interior in accordance with the provisions of Clause 2 of this Article, without any compensation.

***Article 276.*- The right to install electricity transmission wires and communication wires through adjoining immovable property**

An owner of an immovable property shall have the right to install electricity transmission wires and communication wires in a

reasonable manner through the immovable property of other owners, but must ensure the safety and convenience for such owners; if damage is caused, compensation must be made.

***Article 277.*- The right regarding the water supply and drainage through adjoining immovable property**

In cases where due to the natural position of an immovable property the water supply and drainage pipes must run through another immovable property, the owner of the immovable property through which the water flows must reserve an appropriate channel for the water supply and drainage and must not hinder or prevent the flow of water. The user of the water supply and drainage channel must minimize to the lowest possible extent any damage to the owner of the immovable property through which the water flows when installing water conduits; if damage is caused, compensation must be paid. In cases where the water flowing naturally from a higher position to a lower position causes damage to the owner of the immovable property through which the water flows, the user of the water supply and drainage channel shall not have to compensate for any damage.

***Article 278.*- The right regarding irrigation and water drainage in cultivation**

A person who is entitled to use land for cultivation shall have the right to request persons using the surrounding land to reserve for him/her a channel suitable and convenient for irrigation and water drainage; the requested person shall have the obligation to meet such request; if the user of the water channel causes damage to the neighboring land users, he/she must pay compensation therefore.

***Article 279.*- Termination of the right to easement over adjoining immovable property**

The right to easement over adjoining immovable property shall terminate in the following cases:

1. The adjoining immovable property and the immovable property of an owner currently exercising the right to easement over such immovable property are integrated into one property;

2. The house owner or land user no longer needs an easement over the adjoining immovable property.

PART THREE

CIVIL OBLIGATIONS AND CIVIL CONTRACTS

Chapter XVII

GENERAL PROVISIONS

Section 1. CIVIL OBLIGATIONS

***Article 280.*- Civil obligations**

A civil obligation is a task under which a subject or more than one subject (hereinafter referred collectively to as the obligors) must transfer an object, transfer rights, pay money or return valuable papers, perform other tasks or refrain from doing certain tasks in the interest of one or a number of other subjects (hereinafter referred collectively to as the obligees).

***Article 281.*- Bases upon which civil obligations arise**

A civil obligation shall arise on the following bases:

1. A civil contract;

2. A unilateral legal act;

3. Performance of a task without authorization;

4. Possession and use of property or enjoyment of benefits from property without a legal basis;

5. Causing damage by performing an illegal act;

5. Performance of a task without authorization;

6. Other bases specified by law.

***Article 282.*- Objects of civil obligations**

1. An object of a civil obligation may be a property or a task which must or must not be performed.

2. An object of a civil obligation must be specifically determined.

3. Only those property which are be alienable and tasks which can be performed but are not prohibited by law and not contrary to social ethics may be objects of civil obligations.

Section 2. PERFORMANCE OF CIVIL OBLIGATIONS

***Article 283.*- The principle for performance of civil obligations**

An obligor must perform his/her obligation in an honest manner, in the spirit of cooperation, in a manner faithful to his/her commitment and not contrary to law and social ethics.

***Article 284.*- Places for performance of civil obligations**

1. The place for the performance of a civil obligation shall be agreed upon by the parties.

2. In cases where there is no agreement, the place for performance of a civil obligation shall be determined as follows:

a/ It is the location of the immovable property, if the object of the civil obligation is an immovable property;

b/ It is the place of residence or head office of the obligee, if the object of the civil obligation is not an immovable property.

When the obligee changes his/her place of residence or head office, he/she must notify the obligor of the change and must bear extra expenses resulting from the change of the place of residence or head office, unless otherwise agreed upon.

***Article 285.*- Time limit for performance of civil obligations**

1. The time limit for performing a civil obligation shall be agreed upon by the parties or provided for by law.

The obligor must perform his/her civil obligation on time; may perform the civil obligation before the specified time limit only if the obligee so consents; if the obligor has performed the obligation before the specified time limit at his/her own will and the obligee has accepted such performance, the obligation shall be considered to have been performed on time.

2. In cases where the time limit for the performance of a civil obligation has not been agreed upon by the parties or specified by the law, the parties may perform the obligation or request the performance of the obligation at any time, but must notify each other in advance within a reasonable period of time.

***Article 286.*- Delay in performance of civil obligations**

1. The delay in performance of a civil obligation means the obligation has not been performed yet or has been partially performed upon the expiration of the time limit for performance of the obligation.

2. The party that delays the performance of a civil obligation must immediately notify the obligee of the non-performance of the obligation on time.

***Article 287.*- Postponement of performance of civil obligations**

1. When it is impossible to fulfill a civil obligation on time, the obligor must immediately inform the obligee thereof and propose the postponement of the performance of the obligation.

In case of failure to inform the obligee, the obligor must compensate for the arising damage, except in cases where it is otherwise agreed upon or the notification cannot be made due to objective causes.

2. The obligor may postpone the performance of an obligation if the obligee so agrees. The postponed performance of a civil obligation shall still be considered a timely performance.

***Article 288.*- Delay in acceptance of performance of civil obligations**

1. The delay in acceptance of the performance of a civil obligation means that, upon the expiration of the time limit for the fulfillment of the civil obligation, the obligor has already fulfilled the civil obligation as agreed upon, but the obligee does not accept the performance of such obligation.

2. In case of delay in accepting the civil obligation's object being a property, the obligor must take necessary measures to preserve the property and shall be entitled to request the reimbursement of reasonable expenses.

3. With respect to a property which is in imminent danger of decay, the obligor shall have the right to sell such property and return the proceeds from the sale of such property to the obligee after deducting necessary expenses for the preservation and sale of such property.

***Article 289.*- Performance of the obligation to hand over objects**

1. The person obliged to hand over an object must preserve and maintain the object until the hand-over thereof.

2. When the object to be handed over is a distinctive object, the obligor must hand over the exact object in the exact conditions as committed; if the object to be handed over is a fungible object, it must be handed over in the exact quality and quantity as agreed upon. If there is no agreement regarding the quality, the object to be handed over must be of average quality; if it is an integrative object, it must be handed over in sets.

3. The obligor must bear all expenses related to the hand-over of the object, unless otherwise agreed upon.

***Article 290.*- Performance of the obligation to pay money**

1. The obligation to pay money must be performed in full amount, on time, at the right place and by the right mode agreed upon.

2. The obligation to pay money shall cover the payment of interests on principals, except otherwise agreed upon.

***Article 291.*- The obligation to perform or not to perform a task**

1. The obligation to perform a task is the obligation under which the obligor is obliged to perform that very task.

2. The obligation not to perform a task is the obligation under which the obligor is obliged not to perform that very task.

***Article 292.*- Periodic performance of a civil obligation**

A civil obligation can be performed periodically, if so agreed upon or provided for by law.

The delay in periodic performance of a civil obligation shall also be considered the delay in performance of the civil obligation.

***Article 293.*- Performance of a civil obligation through a third party**

With the obligee's consent, the obligor may delegate a third party to perform the civil obligation on his/her/its behalf but shall still be accountable to the obligee if the third party does not perform or performs the civil obligation improperly.

***Article 294.*- Conditional performance of a civil obligation**

In cases where the conditions for the performance of a civil obligation are agreed upon by the parties or provided for by law, the obligor must perform the obligation when such conditions arise.

***Article 295.*- Performance of a civil obligation with optional objects**

1. A civil obligation with an optional object means an obligation with an object being one of many different properties or tasks, which the obligor may choose at his/her/its free will, unless where it is agreed upon or it is provided for by law that the right of choice is reserved for the obligee.

2. The obligor must notify the obligee of the property or task selected for the performance of the obligation. Where the obligee has determined the time limit for performance of the selected obliga-tion, the obligor must fulfill it on time.

3. In cases where only one property or one task is left, the obligor must hand over such property or perform such task.

***Article 296.*- Performance of a substitutable civil obligation**

A substitutable civil obligation is an obligation whereby if the obligor cannot perform the original obligation, he/she/it may perform another obligation accepted by the obligee as a substitute for such civil obligation.

***Article 297.*- Separate performance of a civil obligation**

When many obligors jointly perform a civil obligation but each obligor has a certain part of the obligation separate from each other's, each obligor shall only have to perform his/her/its own part of the obligation.

***Article 298.*- Performance of a joint civil obligation**

1. A joint civil obligation is an obligation which must be performed by many obligors and the obligee may request any one of the obligors to perform the entire obligation.

2. In cases where an obligor has fulfilled the entire obligation, he/she/it shall have the right to request the other joint obligors to fulfill their respective parts of the joint obligation towards him/her/it.

3. In cases where the obligee has already designated one of the joint obligors to perform the entire obligation, but later exempts that obligor from performing that obligation, the remaining obligors shall also be exempted from performing the obligation.

4. In cases where the obligee exempts only one of the joint civil obligors from performing his/her/its own part of the obligation, the remaining obligors shall still have to fulfill their own parts of the obligation.

***Article 299.*- Performance of a civil obligation for joint obligees**

1. A civil obligation for many joint obligees is an obligation whereby each obligee 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 cases where one of the joint obligees exempts the obligor from performing the part of the obligation toward him/her/it, the obligor must still perform the remainder of the obligation toward the other joint obligees.

***Article 300.*- Performance of divisible civil obligations**

1. A divisible civil obligation is an obligation whereby the object of the obligation is a divisible thing or a task which can be divided into parts for performance.

2. The obligor may perform the obligation part by part, unless otherwise agreed upon.

***Article 301.*- Performance of indivisible civil obligations**

1. An indivisible civil obligation is an obligation whereby the object of the obligation is an indivisible thing or a task which must be performed simultaneously.

2. In cases where many obligors must jointly perform an indivisible obligation, they must perform the obligation simultaneously.

Section 3. CIVIL LIABILITY

***Article 302.*- Civil liability for breach of civil obligations**

1. An obligor that fails to perform or performs improperly his/her/its obliga-tion must bear civil liability to the obligee.

2. In cases where an obligor cannot perform a civil obligation due a *force majeure* event, he/she/it shall not have to bear any civil liability, unless otherwise agreed upon or provided for by law.

3. The obligor shall not have to bear civil liability if he/she/it can prove that the failure to perform the obligation is due entirely to the fault of the obligee.

***Article 303.*- Civil liability for failure to perform the obligation to hand over objects**

1. When the obligor fails to perform the obligation to hand over a distinctive object, the obligee is entitled to demand the obligor to hand over that exact object; if the object no longer exists or is damaged, the obligor must pay for the value of the object.

2. When the obligor fails to perform the obligation to deliver a fungible object, he/she/it must pay for the value of the object.

3. Where the obligor cannot perform the obligation as provided for in Clauses 1 and 2 of this Article and cause damage to the obligee, apart from paying for the value of the object, he/she/it must also pay compensation for damage to the obligee.

***Article 304.*- Civil liability for failure to perform an obligation to perform or not to perform a task**

1. In cases where the obligor fails to perform a task he/she/it must perform, the obligee may request the obligor to keep performing it or perform the task him/her/itself or assign another person to perform such task and demand the obligor to pay for the reasonable expenses incurred and to pay compensation for damage.

2. When the obligor is not allowed to perform a task but still performs such task, the obligee is entitled to demand the obligor to terminate such performance, restore the initial condition and pay compensation for damage.

***Article 305.*- Civil liability for delayed performance of civil obligations**

1. When the performance of a civil obligation is delayed, the obligee may extend the time limit so that the obligor can fulfill the obligation; if this time limit has expired and the obligation remains unfulfilled, the obligor must, at the request of the obligee, still perform the obligation and pay compensation for damage; if the performance of the obligation is no longer necessary to the obligee, the obligee shall have the right to refuse to accept the performance of the obligation and demand compen-sation for damage.

2. In cases where the obligor delays making payments, such obligor must pay the interests on the unpaid amount at the basic interest rate announced by the State Bank at the time of payment corresponding to the period of delayed payment, unless otherwise agreed upon or provided for by law.

***Article 306.*- Civil liability for delayed acceptance of the performance of civil obligations**

The obligee that delays accepting the performance of a civil obligation, thus causing damage to the obligor, must compensate the obligor for the damage and bear all the risks arising as from the time of delaying the acceptance, unless otherwise agreed upon or provided for by law.

***Article 307.*- Liability to compen-sate for damage**

1. The liability to compensate for damage includes the liability to compen-sate for material damage and the liability to compensate for mental damage.

2. The liability to compensate for material damage is the liability to make up for the actual material losses caused by the breaching party, which can be calculated in money and include the loss of property, reasonable expenses incurred in preventing, mitigating and/or redressing the damage and the actual loss or reduction of income.

3. A person causing mental damage to another person by infringing upon the life, health, honor, dignity or prestige of such person shall have to pay pecuniary compensation to the victim in addition to stopping the infringement, offering an apology and making public rectification.

***Article 308.*- Fault in civil liability**

1. A person who does not perform or performs improperly a civil obligation must bear civil liability if he/she is at fault either intentionally or unintentionally, unless otherwise agreed upon or provided for by law.

2. Intentionally causing damage means a situation in which a person is fully aware that his/her act will cause damage to another person and still performs the act, thereby allowing the damage to occur whether intentionally or unintentionally.

Unintentionally causing damage means a situation in which a person does not foresee that his/her act may cause damage, though he/she must have known or can know in advance that such damage will occur, or foresees that his/her act may act cause damage but believes that the damage would not occur or can be prevented.

Section 4. TRANSFER OF THE RIGHT TO DEMAND AND TRANSFER OF CIVIL OBLIGATIONS

***Article 309.*- Transfer of the right to demand**

1. An obligee having the right to demand the improperly of a civil obligation may transfer that right to a transferee under agreement, except for the following cases:

a/ The right to demand support payment and to demand compensation for damage caused by infringement upon his/her life, health, honor, dignity or prestige;

b/ The obligee and the obligor have agreed not to transfer the right to demand;

c/ Other cases provided for by law.

2. When an obligee transfers the right to demand to a transferee, the later shall become the obligee holding the right to demand.

The transferor of the right to demand must notify the obligor in writing of the transfer of the right to demand. The transfer of the right to demand does not require the consent of the obligor, unless otherwise agreed upon or provided for by law.

***Article 310.*- Forms of transfer of the right to demand**

1. The transfer of the right to demand shall be expressed in writing or orally.

2. In cases where it is provided for by law that the transfer of the right to demand must be expressed in writing, notarized, or authenticated, registered or permitted, such provisions must be complied with.

***Article 311.*- The obligation to provide information and transfer papers**

1. The transferor of the right to demand must provide necessary information and transfer the relevant papers to the transferee.

2. The transferor of the right to demand who breaches the obligation provided for in Clause 1 of this Article and causes damage shall have to compensate for the damage.

***Article 312.*- Non-liability after transferring the right to demand**

The transferor of the right to demand shall not have to bear liability for the obligor's capability to perform the obliga-tion, unless otherwise agreed upon.

***Article 313.*- Transfer of the right to demand with measures to secure the performance of civil obligations**

In cases where the right to demand the performance of civil obligations involves security measures, the transfer of the right to demand shall also include such security measures.

***Article 314.*- The obligor's right of refusal**

1. In cases where the obligor is not notified of the transfer of the right to demand or the transferee cannot prove the authenticity of the transfer of the right to demand, the obligor shall have the right to refuse the performance of obligation toward the transferee.

2. In cases where the obligor is not notified of the transfer of the right to demand and has already performed the obligation toward the transferor of the right to demand, the transferee must not demand the obligor to perform the obligation toward him/her/it.

***Article 315.*- Transfer of civil obligations**

1. The obligor may transfer a civil obligation to a substitute obligor, if it is so consented by the obligee, except in cases where the obligation is connected with the personal identity of the obligor or where it is provided for by law that such obligation must not be transferred.

2. When being transferred an obligation, the substitute obligor shall become the obligor.

***Article 316.*- Forms of transfer of civil obligations**

1. The transfer of a civil obligation shall be expressed either in writing or orally.

2. Where it is provided for by law that the transfer of obligation must be expressed in writing, notarized or authenticated, registered or permitted, such provisions must be complied with.

***Article 317.*- Transfer of civil obligations with security measures**

In cases where a secured civil obligation is transferred, the security measures shall terminate, unless otherwise agreed upon.

Section 5. SECURITY FOR THE PERFORMANCE OF CIVIL OBLIGATIONS

I. GENERAL PROVISIONS

***Article 318.*- Measures to secure the performance of civil obligations**

1. The measures to secure the performance of civil obligations include:

a/ Pledge of property;

b/ Mortgage of property;

c/ Deposit;

d/ Security collateral;

e/ Escrow account;

f/ Guaranty;

g/ Pledge of trust.

2. In cases where the security measures are agreed upon by the parties or provided for by law, the obligor must implement those security measures.

***Article 319.*- Scope of security for the performance of a civil obligation**

1. A civil obligation may be partially or fully secured as agreed upon or as provided for by law; if the scope of security is not agreed upon or provided for by law, the obligation shall be regarded as fully secured, including the obligation to pay interests and compensation for damage.

2. The parties may agree on measures to secure the performance of civil obligations in order to secure the performance of assorted obligations, including current obligations, future obligations or conditional obligations.

***Article 320.*- Objects used to secure the performance of civil obligations**

1. Objects used to secure the performance of civil obligations must be under the ownership rights of the securing party and be permitted for transaction.

2. Objects used to secure the performance of civil obligations are the existing objects or objects to be formed in the future. Objects to be formed in the future are movable property or immovable property under the ownership of the securing party after the time the obligations are established or the security transactions are entered into.

***Article 321.*- Monies, valuable papers used to secure the performance of civil obligations**

Monies, bonds, shares, promissory notes and other valuable papers can be used to secure the performance of civil obligations.

***Article 322.*- Property rights used to secure the performance of civil obligations**

1. Property rights owned by the securing party, including property rights arising from copyrights, industrial property rights, rights to plant varieties, the right to claim debts, the right to receive insurance indemnities for secured objects, property rights to capital amounts contributed to enterprises, property rights arising from contracts and other property rights of the securing party, may all be used to secure the performance of civil obligations.

2. Land use rights may be used to secure the performance of civil obligations in accordance with the provisions of this Code and the law on land.

3. The right to exploit natural resources shall be used to secure the performance of civil obligations in accordance with the provisions of this Code and the law on natural resources.

***Article 323.*- Registration of secured transactions**

1. Secured transactions are civil transactions for which, as agreed upon by the parties or provided for by law, the application of security measures defined in Clause 1, Article 318 of this Code, is required.

2. The registration of secured transactions shall be carried out in accordance with the provisions of law on registration of secured transactions. The registration shall constitute a condition for secured transactions to be effective only in cases where it is so provided for by law.

3. Where secured transactions are registered under the provisions of law, such secured transactions shall be legally valid for a third party as from the time of registration.

***Article 324.*- Property used to secure the performance of many civil obligations**

1. A property can be used to secure the performance of many civil obligations, if its value at the time of establishment of the secured transaction is greater than the total value of all secured obligations, unless otherwise agreed upon or provided for by law.

2. In cases where a property is used to secure the performance of many obligations, the securing party must notify the subsequent secure that the security property is being used to secure the performance of another obligation. Each time of security must be made in writing.

3. In cases where property must be disposed of to secure the performance of a due obligation, the other obligations, though being undue, shall be considered being due and all the secures are entitled to participate in the disposal of the property. The secure that has notified the disposal of the property shall have to dispose of the property, unless otherwise agreed upon by the secures.

In cases where the parties wish to continue performing the undue obligations, they may reach agreement on the use of other property by the securing party to secure the performance of undue obligations.

***Article 325.*- Priority order of payment**

The payment priority order under the disposal of security property shall be determined as follows:

1. In cases where the secured transactions are registered, the payment priority order upon the disposal of security property shall be determined according to the registration order;

2. In cases where one property is used to secure the performance of many civil obligations with registered secured transactions and unregistered secured transactions as well, priority shall be given to the payment of registered secured transactions;

3. In cases where one property is used to secure the performance of many civil obligations with all secured transactions being unregistered, the payment priority order shall be determined according to the order of establishment of secured transactions.

II. PLEDGE OF PROPERTY

***Article 326.*- Pledge of property**

The pledge of a property is a transaction in which a party (hereinafter referred to as the pledgor) hands over a property to the other party (hereinafter referred to as the pledgee) to secure the performance of a civil obligation(s).

***Article 327.*- Forms of pledge of property**

The pledge of property must be established in writing, either in a separate document or incorporated in a principal contract.

***Article 328.*- Effect of pledge of property**

A pledge of property shall take effect as from the time of handing over the property to the pledgee.

***Article 329.*- Duration of pledge of property**

The duration of a pledge of property shall be agreed upon by the parties. In the absence of such agreement, the pledge duration shall be counted till the termination of the obligation secured by the pledge.

***Article 330.*- Obligations of the property pledgor**

The property pledgor shall have the following obligations:

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 to the pledged property, if any; in the absence of such notification, the pledgee shall have the right to cancel the property pledge contract and demand compensation for damage, or to maintain the contract and accept the rights of the third party to the pledged property;

3. To pay the pledgee reasonable expenses incurred for maintaining and preserving the pledged property, unless otherwise agreed upon.

***Article 331.*- Rights of the property pledgor**

The property pledgor shall have the following rights:

1. To demand that the pledgee suspend the use of the pledged property in the cases specified in Clause 3, Article 333 of this Code, if such use puts the pledged property in danger of loss or depreciation of its value;

2. To sell the pledged property, if so agreed by the pledgee;

3. To replace the pledged property with another property, if so agreed upon;

4. To demand that the pledgee that keeps the pledged property return the pledged property when the obligation secured by the pledge has terminated;

5. To demand that the pledgee compensate for damage caused to the pledged property.

***Article 332.*- Obligations of the property pledgee**

The property pledgee shall have the following obligations:

1. To maintain and preserve the pledged property; if causing loss of, or damage to, the pledged property, to pay compensation for damage to the pledgor;

2. Not to sell, exchange, donate, lease, or lend the pledged property; not to use the pledged property to secure the performance of another obligation;

3. Not to exploit the utility of, or enjoy the yields and/or profits from, the pledged property, if not so consented by the pledgor;

4. To return the pledged property upon the termination of the obligation which is secured by the pledge or when it is replaced by another security measure.

***Article 333.*- Rights of the property pledgee**

The property pledgee shall have the following rights:

1. To demand that the person unlawfully possessing or using the pledged property return the property;

2. To demand that the pledged property be disposed of in the manner as agreed upon or provided for by law for the performance of an obligation;

3. To exploit the utility of, and enjoy the yields and/or 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 pledged property to the pledgor.

***Article 334.*- Pledge of many properties**

In cases where many properties are pledged to secure the performance of one civil obligation, each property shall be determined as securing the performance of the entire obligation. The parties may also agree that each property secures the performance of a part of the obligation.

***Article 335.*- Cancellation of pledge of property**

The pledge of a property may be cancelled, if so consented by the pledgee.

***Article 336.*- Disposal of pledged property**

In cases where the time for performing the civil obligation becomes due and the pledgor has failed to perform or has performed the obligation not in accordance with the agreement, the pledged property shall be disposed of by the mode agreed upon by the parties or be auctioned under the provisions of law for the performance of the obligation. The pledgee shall be given priority to receive payment from the proceeds of the sale of the pledged property.

***Article 337.*- Disposal of pledged property involving many objects**

In cases where a pledged property comprises many objects, the pledgee may choose specific property for disposal, unless otherwise agreed upon. The pledgee may only handle a number of necessary property corresponding to the value of the secured obligation; in case of disposal in excess of the number of necessary property, causing damage to the pledgor, the pledgee must pay compensation therefor to the pledgor.

***Article 338.*- Payment of proceeds from the sale of pledged property**

The proceeds from the sale of the pledged property shall be used for fulfillment of obligations toward the pledgee after deducting the expenses for preservation and sale of the property and other necessary expenses related to the disposal of the pledged property; in cases where the secured obligation is a loan, the payment shall be made to the pledgee in the order of principal, interest, fine and pecuniary compensation for damage, if any; the remaining proceeds, if any, must be returned to the pledgor; if the sale proceeds are insufficient, the pledgor must pay the deficit.

***Article 339.*- Termination of pledge of property**

The pledge of property shall terminate in the following cases:

1. The obligation secured by the pledge has terminated;

2. The pledge of property has been cancelled or substituted by another security measure;

3. The pledged property has been disposed of;

4. It is so agreed by the parties.

***Article 340.*- Return of pledged property**

When the pledge of property is terminated as provided for in Clauses 1 and 2 of Article 339 of this Code, the pledged property and ownership right certificates shall be returned to the pledgor. Yields and profits received from the pledged property shall also be returned to the pledgor, unless otherwise agreed upon.

***Article 341.*- Pledge of property at pawn shops**

The pledge of property at pawn shops shall comply with the provisions of Articles 326 thru 340 of this Code and other legal documents regarding activities of pawn shops.

III. MORTGAGE OF PROPERTY

***Article 342.*- Mortgage of property**

1. The mortgage of property means the use by a party (hereinafter referred to as the mortgagor) of his/her/its own property to secure the performance of a civil obligation toward the other party (hereinafter referred to as the mortgagee) without transferring such property to the mortgagee.

In cases where an entire immovable or movable property containing an auxiliary object is mortgaged, the auxiliary object of such immovable or immovable property shall also belong to the mortgaged property.

In cases where only part of the immovable or movable property containing an auxiliary object is mortgaged, the auxiliary object shall belong to the mortgaged property, unless otherwise agreed upon by the parties.

The mortgaged property can also be the property to be formed in the future.

2. The mortgaged property shall be held by the mortgagor. The parties may agree to let a third party keep the mortgaged property.

3. The mortgage of land use rights shall comply with the provisions of Articles 715 thru 721 of this Code and other relevant provisions of law.

***Article 343.*- Forms of property mortgage**

The mortgage of property must be made in writing, either in a separate document or incorporated in a principal contract. Mortgage documents must be notarized, authenticated or registered, if so provided for by law.

***Article 344.*- Duration of mortgage**

The parties shall agree on the duration of a mortgage of property; in the absence of such agreement, the mortgage shall last until the termination of the obligation secured by the mortgage.

***Article 345.*- Mortgage of property currently being leased**

A property that is being leased may also be mortgaged. Yields and profits received from the lease of property shall belong to the mortgaged property, if it is so agreed upon or provided for by law.

***Article 346.*- Mortgage of insured property**

1. In cases where a mortgaged property is insured, the insurance coverage shall also belong to the mortgaged property.

2. The mortgagee must notify the insurance organization that the insured property is being used as mortgage. The insurance organization shall pay the insurance indemnities directly to the mortgagee upon the occurrence of an insured incident. In cases where the mortgagee fails to notify the insurance organization that the insured property is being used as mortgage, the insurance organization shall pay indemnities under the insurance contract and the mortgagor is obliged to make payment to the mortgagee.

***Article 347.*- Mortgage of many properties to secure the performance of one civil obligation**

In cases where many properties are mortgaged to secure the performance of one civil obligation, each property shall be determined as securing the performance of the entire obligation. The parties may also agree that each property secures the performance of part of the obligation.

***Article 348.*- Obligations of the property mortgagor**

The property mortgagor shall have the following obligations:

1. To preserve and maintain the mortgaged property;

2. To apply necessary remedial measures, including the cessation of the exploitation of the utility of the mortgaged property, if due to such exploitation the mortgaged property is in the danger of loss or depreciation of its value;

3. To notify the mortgagee of a third party's rights to the mortgaged property, if any; in case of non-notification, the mortgagee may cancel the property mortgage contract and demand compensation for damage or maintain the contract and accept the third party's rights to the mortgaged property;

4. Not to sell, exchange or donate the mortgaged property, except for the cases specified in Clauses 3 and 4, Article 349 of this Code.

***Article 349.*- Rights of the property mortgagor**

The property mortgagor shall have the following rights:

1. To exploit the utility of, and enjoy the yields and profits from, the property, except in cases where the yields and profits also belong to the mortgaged property as agreed upon;

2. To invest so as to increase the value of the mortgaged property;

3. To sell, replace the mortgaged property if such property is a commodity circulated in the process of production and/or business;

In case of sale of the mortgaged property being a commodity circulated in the process of production and/or business, the right to demand the purchaser pay the money, the sale proceeds or the property formed from the sale proceeds shall become the mortgaged property in replacement of the sold property;

4. To sell, exchange or donate the mortgaged property other than a commodity circulated in the process of production and/or business, if so agreed by the mortgagee;

5. To lease, lend the mortgaged property but with the notification to the lessee or the borrower that the leased or lent property is being mortgaged, and to have to notify such to the mortgagee;

6. To reclaim the mortgaged property held by a third party, when the obligation secured by the mortgage is terminated or secured by another measure.

***Article 350.*- Obligations of the property mortgagee**

The property mortgagee shall have the following obligations:

1. To return to the mortgagor the papers on the mortgaged property upon termination of the mortgage in cases where the parties agree that the mortgagee keeps the papers on the mortgaged property;

2. To request a state agency competent to register secured transactions to delete the registration in the cases specified in Articles 355, 356 and 357 of this Code.

***Article 351.*- Rights of the property mortgagee**

The property mortgagee shall have the following rights:

1. To demand that the lessee or the borrower of the mortgaged property in the case specified in Clause 5, Article 349 of this Code terminate the use of the mortgaged property, if such use causes the loss or decrease of the value of such property;

2. To directly check and inspect the mortgaged property but not to hinder or cause difficulty to the use or exploitation of the mortgaged property;

3. To demand that the mortgagor supply information on the actual conditions of the mortgaged property;

4. To demand that the mortgagor apply necessary measures to preserve the property, the property value in cases where exists the danger of causing the loss or decrease of value of the property due to the exploitation and use thereof;

5. To demand that the mortgagor or a third party that keeps the mortgaged property return such property for disposal in cases where the time for fulfillment of the obligation becomes due while the obligagor fails to perform or improperly performs the obligation;

6. To supervise and inspect the process of property formation in case of mortgaging the property to be formed in the future;

7. To request the disposal of the mortgaged property in accordance with the provisions of Article 355 or Clause 3 of Article 324 of this Code and to be given priority in the settlement of payments.

***Article 352.*- Obligations of a third party holding mortgaged property**

A third party holding the mortgaged property shall have the following obligations:

1. To maintain and preserve the mortgaged property; if causing loss of the mortgaged property, the loss or decrease of the value of the mortgaged property, to pay compensation therefor;

2. To discontinue the exploitation of the utility of the mortgaged property, in the case specified in Clause 1, Article 353 of this Code, if the continued exploitation thereof may put the mortgaged property in the danger of losing or decreasing its value;

3. To hand back the mortgaged property to the mortgagee or the mortgagor as agreed upon.

***Article 353.*- Rights of the third party holding mortgaged property**

The third party holding the mortgaged property shall have the following rights:

1. To exploit the utility of, and enjoy the yields and profits from, the mort-gaged property, if it is so agreed upon;

2. To be paid the remuneration and the expenses for maintenance and preservation of the mortgaged property, unless otherwise agreed upon.

***Article 354.*- Replacement and repair of mortgaged property**

1. The mortgagor may replace the mortgaged property only when it is so consented by the mortgagee, unless otherwise agreed upon, except for the case specified in Clause 3, Article 349 of this Code.

2. In case of mortgage of a warehouse, the mortgagor may replace commodities in the warehouse, but must strictly ensure the value of the ware-housed commodities as agreed upon.

3. When the mortgaged property is damaged, the mortgagor must repair the mortgaged property within a reasonable time or replace the mortgaged property with a similar value, unless otherwise agreed upon.

***Article 355.*- Disposal of mortgaged property**

In cases where the time for performing a civil obligation becomes due and the obligor has failed to perform or has improperly performed the obligation, the mortgaged property shall be disposed of in accordance with the provisions of Articles 336 and 338 of this Code.

***Article 356.*- Cancellation of property mortgage**

A property mortgage may be cancelled if the mortgagee so consents, unless otherwise provided for by law.

***Article 357.*- Termination of property mortgage**

A property mortgage shall terminate in the following cases:

1. The obligation secured by the mortgage has been terminated;

2. The property mortgage is cancelled or replaced with another security measure;

3. The mortgaged property has been disposed of;

4. It is so agreed upon by the parties.

IV. DEPOSITS

Article 358.- Deposit

1. Deposit is an act whereby one party transfers a sum of money or precious metals, gems or other valuable things (hereinafter referred to as the deposited property) to another party for a specified time limit to secure the entry into, or the performance of, a civil contract.

Deposit must be established in writing.

2. In cases where a civil contract is entered into or performed, the deposited property shall be returned to the depositor or deducted for the performance of a payment obligation; if the depositor refuses to enter into or perform the civil contract, the deposited property shall belong to the depositary; if the depositary refuses to enter into or perform the civil contract, he/she/it must return the deposited property and pay a sum of money equivalent to the value of the deposited property to the deposi-tor, unless otherwise agreed upon.

V. SECURITY COLLATERAL

***Article 359.*- Security collateral**

1. Security collateral is an act whereby a lessee of a movable property transfers a sum of money or precious metals, gems or other valuable things (hereinafter referred to as security collateral property) to the lessor for a specified time limit to secure the return of the leased property.

2. In cases where the leased property is returned, the lessee shall be entitled to reclaim the security collateral property after deducting the rental; if the lessee does not return the leased property, the lessor shall be entitled to reclaim the leased property; if the leased property is no longer available for the return, the security collateral property shall belong to the lessor.

VI. ESCROW ACCOUNT

***Article 360.*- Escrow account**

1. Escrow account is an act whereby an obligor deposits a sum of money, precious metals, gems or valuable papers into a blocked bank account to secure the performance of a civil obligation.

2. In cases where the obligor has failed to perform or has improperly performed an obligation, the obligee shall be entitled to receive payment and compensation for damage caused by the obligor from the bank where the escrow account is effected, after deducting the bank service charges.

3. The procedures for deposit and payment shall be specified by the law on banking.

VII. GUARANTY

Article 361.- Guaranty

Guaranty is an act whereby a third party (hereinafter referred to as the guarantor) commits with the obligee (hereinafter referred to as the guarantee) to perform an obligation for the obligor (hereinafter referred to as the guaranteed), when the obligation becomes due and the guaranteed has failed to perform or has improperly performed the obligation. The parties may also agree that the guarantor shall only be liable to perform the obligation when the guaranteed is incapable of performing its obligation.

***Article 362.*- Forms of guaranty**

The guaranty must be made in writing, either in a separate document or incorporated in the principal contract. Guarantee documents must be notarized or authenticated in cases where it is so provided for by law.

***Article 363.*- Scope of guaranty**

A guarantor may undertake to guarantee a part or whole of the obligation for the guaranteed.

The guaranty obligation includes interest on the principal, fines and damages, unless otherwise agreed upon.

***Article 364.*- Remuneration**

The guarantor shall be entitled to remuneration if so agreed upon between the guarantor and the guaranteed.

***Article 365.*- Joint guarantors**

When more than one person undertake to guarantee an obligation, they must perform jointly the guaranty, except in cases where they agree or it is provided for by law that the guaranty shall be in independent shares; the obligee may demand that anyone of the joint guarantors perform the entire obligation.

When one of the joint guarantors has performed the entire obligation for the guaranteed, he/she/it shall have the right to demand that the other guarantors perform their shares of the obligation to him/her/it.

***Article 366.*- Relationship between the guarantor and the guarantee**

1. The guarantee must not demand that the guarantor perform an obligation for the guaranteed when the obligation has not become due.

2. The guarantor shall not have to perform the guaranty obligation in cases where the guarantee can offset the obligation with the guaranteed.

***Article 367.*- The guarantor's right to demand**

When the guarantor has fulfilled his/her/its obligation, he/she/it shall have the right to demand the guaranteed to perform his/her/its obligation towards guarantor within the scope of the guaranty, if not otherwise agreed upon.

***Article 368.*- Waiver of the performance of guaranty**

1. In cases where the guarantee exempt the guarantor from the performance of obligation, the guaranteed shall still have to perform the obligation towards the guarantee, except in cases where it is agreed upon or provided for by law that the guaranty must be performed jointly.

2. In cases where one of the joint guarantors is exempted from performing his/her/its part of the guaranty, the other joint guarantors shall still have to perform their parts of the guaranty.

***Article 369.*- Disposal of the property of the guarantor**

In cases when the time limit for performing the obligation for the guaranteed becomes due and the guarantor has failed to perform or has improperly performed the obligation, the guarantor must use his/her/its own property to make payments for the guarantee.

***Article 370.*- Cancellation of guaranty**

A guaranty may be cancelled if the guarantee so consents, unless otherwise provided for by law.

***Article 371.*- Termination of guaranty**

A guaranty shall be terminated in the following cases:

1. The obligation secured by the guaranty is terminated;

2. The guaranty is cancelled or is replaced by another security measure;

3. The guarantor has performed the guaranty obligation;

4. It is so agreed upon by the parties.

VIII. PLEDGE OF TRUST

***Article 372.*- Pledge of trust guaranty by socio-political organizations**

Local socio-political organizations may guarantee by way of pledge of trust for poor individuals and households to borrow sums of money from banks or other credit institutions for production, business or provision of services in accordance with regulations of the Government.

***Article 373.*- Forms of pledge of trust guarantee**

Loans involving the pledge of trust security must be made in writing, clearly stating the loan amounts, purpose of the loans, terms of the loans, interest rates, rights, obligations and responsibilities of the borrowers, the lending banks or credit institutions and the guaranteeing organizations.

Section 6. TERMINATION OF CIVIL OBLIGATIONS

***Article 374.*- Bases for termination of a civil obligation**

A civil obligation shall terminate in the following cases:

1. The obligation is fulfilled;

2. It is so agreed upon by the parties;

3. The obligee waives the performance of the obligation;

4. The obligation is replaced by another civil obligation;

5. The obligation is offset;

6. The obligee and the obligor merge;

7. The statute of limitations for exemption from the civil obligation has expired;

8. The obligor being an individual dies or the obligor being a legal person or other subject ceases to exist while that obligation must be performed by that very individual or legal person;

9. The obligee being an individual dies and whose right to demand does not belong to the inheritance or the obligee being a legal person ceases to exist and the right to demand must not be transferred to another legal person or subject;

10. A distinctive object, as the object of the obligation, ceases to exist and is replaced by another civil obligation.

11. Other cases provided for by law.

***Article 375.*- Fulfillment of civil obligations**

A civil obligation shall be deemed completed when the obligor has performed the entire obligation or part of the obligation but the remaining parts are exempted by the obligee from the performance.

***Article 376.*- Fulfillment of a civil obligation in cases where the obligee delays accepting the object of the obligation**

1. When the obligee delays accepting the object of an obligation, which is an object, the obligor must preserve the object or may deposit it for safekeeping at a place of bailment and must immediately notify the obligee thereof. The party delaying the acceptance must bear all risks and expenses relating to its bailment.

The obligation to deliver an object shall be completed at the time it is bailed in accordance with the quantity, quality and other conditions agreed upon by the parties.

2. In cases where the object of an obligation is money or valuable papers and the obligee delays accepting the object of the obligation, the obligor may also deposit such object at a place of bailment and must immediately notify the obligee thereof; the obligation shall be considered having been completed at the time of bailment.

***Article 377.*- Termination of civil obligations by agreement**

The parties may agree to terminate a civil obligation at any time, provided that such does not harm State interests, public interests or legitimate rights and interests of other persons.

***Article 378.*- Termination of civil obligations due to waiver of the performance of obligations**

1. A civil obligation shall terminate when the obligee waives the performance of obligation for the obligor, unless otherwise provided for by law.

2. When a secured obligation is waived, the security arrangement shall also terminate.

***Article 379.*- Termination of a civil obligation by substitution with another civil obligation**

1. In cases where the parties agree to substitute the original civil obligation with another civil obligation, the original civil obligation shall terminate.

2. The civil obligation shall also terminate if the obligee has accepted another property or another task as a substitute for the property or the task previously agreed upon.

3. In cases where the civil obligation is an obligation to provide support payment, to pay compensation for damage due to infringement on the life, health, honor, dignity and reputation, or other personal obligation which cannot be transferred to other person, then it shall not be substituted with another obligation.

***Article 380.*- Termination of civil obligations by offsetting obligations**

1. In cases where two parties have reciprocal obligations with respect to properties of the same type and both of which are due, they shall not have to perform obligations to each other and the obligations shall be deemed terminated, except otherwise provided for by law.

2. In cases where the values of the properties or the tasks are different, the parties shall pay the difference in value to each other.

3. Objects which can be valued in money may be used to offset the payment obligation.

***Article 381.*- Cases where civil obligations must not be offset**

A civil obligation must not be offset in the following cases:

1. The civil obligation is in dispute;

2. The obligation is to compensate for damage to life, health, dignity, honor or reputation;

3. The obligation is to provide support payment;

4. Other obligations provided for by law.

***Article 382.*- Termination of civil obligations when the obligor and the obligee merge**

When the obligor becomes the obligee with respect to that particular obligation, the civil obligation shall terminate.

***Article 383.*- Termination of civil obligations due to expiration of the statute of limitations for exemption from civil obligations**

When the statute of limitations for exemption from civil obligations expires, the obligations shall terminate.

***Article 384.*- Termination of civil obligations when the obligor being an individual dies or being a legal person, or another subject ceases to exist**

When it is agreed upon by the parties or provided for by law that the obligation must be performed by the obligor him/her/itself, but such individual has died or the legal person or other subject has ceased to exist, then that obligation shall terminate.

***Article 385.*- Termination of civil obligations when the obligee being an individual dies or being a legal person or other subject ceases to exist**

When it is agreed upon by the parties or provided for by law that the obligation shall be performed only for the individual, the legal person or the other subject, that is the obligee, but such individual has died or such legal person or other subject has ceased to exist, then that obligation shall also terminate.

***Article 386.*- Termination of civil obligation when distinctive objects no longer exist**

The obligation to hand over an object shall terminate in cases where the object to be handed over is a distinctive object which no longer exists.

The parties may agree on the substitution with another object or compensation for damage.

***Article 387.*- Termination of civil obligations in case of bankruptcy**

In case of bankruptcy, civil obligations shall terminate in accordance with the provisions of law on bankruptcy.

Section 7. CIVIL CONTRACTS

I. ENTRY INTO CIVIL CONTRACTS

***Article 388.*- Definition of civil contracts**

A civil contract is an agreement between the parties to establish, change or terminate civil rights and/or obligations.

***Article 389.*- Principles for entering into civil contracts**

The entry into a civil contract must adhere to the following principles:

1. Freedom to enter into the contract, provided that it is not contrary to law and social ethics;

2. Voluntariness, equality, goodwill, cooperation, honesty and good faith.

***Article 390.*- Offering to enter into civil contracts**

1. Offering to enter into a contract means the expression of the intention to enter into the contract and to be bound on this offer of the offering party to the other specified party.

2. In cases where the offer to enter into a contract clearly state the time limit for reply and the offer or enters into the contract with a third party within such time limit, he/she/it must pay compensation for damage to the offeree and must not enter into the contract if damage is caused.

***Article 391.*- Time when an offer to enter into a civil contract takes effect**

1. The time when an offer to enter into a civil contract takes effect shall be determined as follows:

a/ It is fixed by the offeror;

b/ If the offeror does not fix such time, the offer to enter into a civil contract shall take effect from the time the offeree receives such offer.

2. An offer to enter into a contract shall be considered having already been received in the following cases:

a/ The offer is transferred to the place of residence, if the offeree is an individual; to the headquarters, if the offeree is a legal person;

b/ The offer is introduced into the official information system of the offeree;

c/ When the offeree knew the offer to enter into the contract by another mode.

***Article 392.*- Modification, revocation of offers to enter into civil contracts**

1. The offeror may modify or revoke his/her offer to enter into a contract in the following cases:

a/ If the offeree receives the notice on modification or revocation of offer before or simultaneously with the time of receiving the offer;

b/ The conditions for modification or revocation of the offer arise in cases where the offeror has clearly stated the eligibility for modification or revocation of the offer when such conditions arise.

2. When the offeror changes the contents of the offer, such offer shall be considered a new offer.

***Article 393.*- Cancellation of offers to enter into contracts**

Where the offeror exercises the right to cancel the offer as such right has been clearly stated in the offer, he/she/it must notify the offeree thereof and such notification shall take effect only when it is received by the offeree before the offeree replies to accept the offer to enter into the contract.

***Article 394.*- Termination of offers to enter into contracts**

An offer to enter into a contract shall terminate in the following cases:

1. The offeree replies not to accept the offer;

2. The time limit for reply of acceptance has expired.

3. When the notice on modication or revocation of the offer takes effect;

4. When the notice on cancellation of the offer takes effect;

5. It is so agreed upon by the offeror and the offeree within the time limit for reply by the offeree

***Article 395.*- Offer modification proposed by the offeree**

When the offeree accepts to enter into a contract but states the conditions therefore or modifies the offer, he/she/it shall be considered having made a new offer.

***Article 396.*- Acceptance of offers to enter into contracts**

The acceptance of an offer to enter into a contract is the offeree's reply to the offeror on the acceptance of the whole contents of the offer.

***Article 397.*- Time limit for reply of acceptance of an offer to enter into a contract**

1. When the offeror fixes a time limit for reply, the reply of acceptance shall be effective only when it is made within that time limit; if the offeror receives the reply when the time limit for reply has expired, the acceptance shall be considered a new offer of the party late in replying.

In cases where the notice on acceptance of an offer to enter into a contract arrives late for objective reasons which the offeror knew or would have known, such notice on acceptance of the offer to enter into the contract remains effective, except for cases where the offeror immediately replies not to agree with such acceptance of the offeree.

2. When the parties are in direct contact, including contacts via telephone or other means, the offeree must immediately reply whether to accept the offer or not, except for cases where there in an agreement on the time limit for reply.

***Article 398.*- Cases where offerors die or lose their civil act capacity**

In cases where the offeror dies or loses his/her civil act capacity after the offeree accepts to enter into the contract, the offer to enter into the contract remains valid.

***Article 399.*- Cases where offerees die or lose their civil act capacity**

In cases where the offeree dies or loses his/her civil act capacity after making his/her reply to accept the offer to enter into the contract, the reply of acceptance to enter into the contract remains valid.

***Article 400.*- Revocation of notice on acceptance to enter into contracts**

The offeree may revoke his/her notice on acceptance to enter into a contract if such notice arrives before or simultaneously with the time the offeror receives the reply of acceptance.

***Article 401.*- Forms of civil contract**

1. A civil contract can be made orally, in writing or by specific acts, unless a specific form for such type of contract is provided for by law.

2. In cases where it is provided for by law that a contract must be expressed in writing with notarization or authentication, must be registered or permitted, such provisions shall be complied with.

Contracts shall not be invalidated in case of form-related breaches, unless otherwise provided for by law.

***Article 402.*- Contents of civil contracts**

Depending on each type of contract, the parties may agree on the following contents:

1. Object of the contract, which is a property to be handed over, or a task to be performed or not to be performed;

2. Quantity and quality;

3. Price and mode of payment;

4. Time limit, place and mode of performing the contract;

5. Rights and obligations of the parties;

6. Liability for breach of contract;

7. Sanction against breach of contract;

8. Other contents.

***Article 403.*- Places of entry into civil contracts**

The place where a civil contract is entered into shall be agreed upon by the parties; in the absence of such agreement, the place of entry into a civil 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 404.*- Time of entry into civil contracts**

1. A civil contract shall be entered into at the time when the offeror receives the reply of acceptance to enter into the contract.

2. A civil contract shall also be considered having been entered into when the time limit for reply has expired and the offeree remains silent, if it is agreed upon by the parties that silence means the reply of acceptance.

3. The time of entry into an oral contract shall be the time at which the parties have agreed on the contents of the contract.

4. The time of entry into a written contract shall be the time at which the last party signs the contract.

***Article 405.*- Effect of civil contracts**

Contracts that are legally entered into shall take effect from the time they are entered into, unless otherwise agreed upon or provided for by law.

***Article 406.*- Main types of civil contract**

Contracts shall have the following main types:

1. Bilateral contract, which is a contract under which a party has the obligation to the other;

2. Unilateral contract, which is a contract under which only one party has the obligation;

3. Principal contract, which is a contract the effect of which does not depend on the auxiliary contract;

4. Auxiliary contract, 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 the contracting parties must perform their obligations and the third party shall enjoy 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 407.*- Standardized contracts**

1. A standardized contract is a contract which contains provisions prepared by one party according to a standard contract and given to the other party for reply within a reasonable period of time; if the offeree gives its reply of acceptance, he/she/it shall be considered having accepted the entire content of the standardized contract offered by the offeror.

2. In cases where a standardized contract contains ambiguous provisions, the offeror of the standardized contract shall bear adverse consequences of the interpretation of such provisions.

3. In cases where a standardized contract contains provisions exempting the liability of the offeror of the standardized contract, while increasing the responsibility or abolishing legitimate interests of the other party, such provisions shall not be valid, unless otherwise agreed upon.

***Article 408.*- Appendices to contracts**

1. Appendices may be attached to a contract to detail some provisions of the contract. Appendices shall be as effective as the contract. The contents of appendices shall not be contrary to the contents of the contract.

2. In cases where appendices contain provisions contrary to the contractual provisions, such provisions shall not be valid, unless otherwise agreed upon. In cases where the parties accept appendices with provisions contrary to contractual provisions, such contractual provisions shall be considered having been amended.

***Article 409.*- Interpretation of civil contracts**

1. When a contract contains ambiguous provisions, the interpretation of such provisions shall be based not only on the wording of the contract but also on the mutual intentions of the parties.

2. When a contractual provision may be construed in several meanings, the meaning which makes the implementation of such provision most beneficial to the parties shall be selected.

3. When a contract contains wordings that may be construed in different meanings, such wordings must be interpreted according to the meaning which is most appropriate to the nature of the contract.

4. When a contract contains a provision or wording that is difficult to understand, such provision or wording must be interpreted according to practices at the place where the contract is entered into.

5. When a contract lacks some provisions, such provisions may be supplemented according to practices at the place where the contract is entered into.

6. The provisions of a contract must be interpreted in relation to each other, so that the meanings of such provisions conform to the whole contents of the contract.

7. In case of contradiction between the mutual intentions of the parties and the contractual wordings, the mutual intentions of the parties shall be used for interpretation of the contract.

8. In cases where the advantageous party includes in the contract the contents unfavorable for the disadvantageous party, the interpretation of the contract must be made along the direction of benefiting the disadvantageous party.

***Article 410.*- Invalid civil contracts**

1. The provisions on invalid civil transactions in Articles 127 thru 138 of this Code shall also apply to invalid contracts.

2. The invalidation of principal contracts shall terminate the auxiliary contracts, except in cases where the parties agree that the auxiliary contracts can replace the principal contracts. This provision shall not apply to the security measures for performance of civil obligations.

3. The invalidation of the auxiliary contracts shall not terminate the principal contracts, except for cases where the parties agree that the auxiliary contracts constitute inseparable parts of the principal contracts.

***Article 411.*- Civil contracts invalidated due to the existence of objects which cannot be realized**

1. In cases where a contract, right at the time it is entered into, contains an object which cannot be realized for objective reasons, such contract shall be invalidated.

2. In cases where a contract is entered into and a party knew or would have known that the contract contains an object which cannot be realized but fails to notify such to the other party that has, therefore, entered into the contract, the former must pay damages to the other party, except for cases where the other party knew or would have known the object which cannot be realized.

3. The provisions of Clause 2 of this Article shall also apply to cases where a contract contains one or many parts of an unrealizable object, while the remaining part of the contract remains legally valid.

II. PERFORMANCE OF CIVIL CONTRACTS

***Article 412.*- Principles for the performance of civil contracts**

The performance of a civil contract must conform to the following principles:

1. It must be performed in accordance with the agreement on the object, quality, quantity, category, time limit, methods and other agreements;

2. It must be performed honestly and in the spirit of cooperation and in a manner that best benefits the parties and ensures mutual trust;

3. It must not infringe upon State interests, public interests or legitimate rights and interests of other persons.

***Article 413.*- Performance of unilateral contracts**

With respect to unilateral contracts, the obligor must perform the obligation strictly as agreed upon and may only perform the obligation prior to or after the time limit, if the obligee so consents.

***Article 414.*- Performance of bilateral contracts**

1. With respect to bilateral contracts where the parties have agreed upon the time limit for performing the obligations, each party must perform its obligations when they become due; must not delay the performance for the reason that the other party has not yet performed its obligations to the former, except for cases provided for in Article 415 and Article 417 of this Code.

2. In cases where the parties have no agreement on which party should perform his/her/its obligation first, the parties must concurrently perform their obligations to each other; if the obligations cannot be performed concurrently, the obligation the performance of which takes more time than others shall be performed first.

***Article 415.*- The right to post-pone the performance of civil obligations in bilateral contracts**

1. The party that must perform its obligations first shall have the right to postpone the performance of such obligations, if the other party's property has seriously depreciated to the extent that the obligations cannot be performed as committed until the other party has the capability to perform its obligations or has a guarantor.

2. The party that must perform its obligations later shall have the right to postpone the performance of due obligations if the party that must perform its obligations first has not yet performed its obligations when they are due.

***Article 416.*- Lien on property in bilateral contracts**

1. Lien on property means that the obligee (hereinafter referred to as the lienor) who is legally possessing the property being an object of a bilateral contract is entitled to retain the property when the obligor fails to perform the obligations or has performed the obligations not strictly as agreed upon.

2. The lienor shall have the following rights and obligations:

a/ To retain the whole or part of the property in the cases defined in Clause 1 of this Article;

b/ To enjoy yields from the property subject to a lien and use them to offset the obligations;

c/ To keep and preserve the property subject to a lien;

d/ To request the owner of the property subject to a lien to pay necessary expenses for the keeping and preservation of such property.

3. A lien shall terminate in the following cases:

a/ It is so agreed upon by the parties;

b/ The lienor violates the obligation to keep and preserve the property subject to a lien;

c/ The owner of the property subject to a lien has fulfilled their obligations.

***Article 417.*- Non-performance of obligations due to the obligee's fault**

When a party to a bilateral contract is unable to perform its obligations due to the fault of the other party, the former shall have the right to demand that the other party still perform its obligations toward the former or to cancel the contract and demand compensation for damage.

***Article 418.*- Non-performance of obligations but not due to the faults of the parties**

When a party to a bilateral contract is unable to perform its obligations but the parties are not at fault, the non-performer of the obligations shall have no right to demand that the other party perform its obligations toward him/her/it. In cases where a party has performed part of the obligations, it shall have the right to demand the other party perform the corresponding part of the obligations toward it.

***Article 419.*- Performance of a contract for the benefit of a third party**

When a contract is performed for the benefit of a third party, the third party shall have the right to directly request the obligor to perform the obligation toward it; if there appears a dispute between the parties over the performance of the contract, the third party shall not have the right to demand the performance of the obligation until the dispute is settled.

The obligee may also demand that the obligor perform the contract for the benefit of the third party.

***Article 420.*- A third party's right to refuse**

In cases where a third party refuses to enjoy its benefits before the obligor performs his/her/its obligations, the obligor shall not have to perform his/her/its obligations, but must notify the obligee thereof, and the contract shall be considered having been rescinded; the parties shall have to return to each other what they have received; if the third party refuses to enjoy its benefits after the obligor has performed his/her/its obligations, the obligations shall be considered having been fulfilled and the obligee must still fulfill his/her/its commitments toward the obligor.

***Article 421.*- No amendment or rescission of contracts for the benefits of a third party**

Once the third party has agreed to enjoy the benefits, the parties to the contract must not amend or rescind the contract, even though the contract has not yet been performed, unless the third party so consents.

***Article 422.*- Performance of contracts with agreement on sanction against violations**

1. Sanction against violation means an agreement between the contractual parties that the party violating the obligation must pay a sum of money to the violated party.

2. The sanctioning level shall be agreed upon by the parties.

3. The parties may agree that the violating party shall only pay a fine for the violation but not have to pay compensation for damage or shall have to pay both the fine for the violation and compensation for damage; in the absence of prior agreement on the level of compensation for damage, the compensation for the whole damage must be paid.

In cases where the parties have no agreement on compensation for damage, the violating party shall have to pay only the fine for the violation.

III. AMENDMENT AND TERMINATION OF CIVIL CONTRACTS

***Article 423.*- Amendment of civil contracts**

1. The parties may agree to amend their contracts and resolve the consequences of such amendment, unless otherwise provided for by law.

2. In cases where a contract has been made in writing, notarized or authenticated, registered or permitted, the amendment of the contract must also conform to such form.

***Article 424.*- Termination of civil contracts**

A contract shall terminate in the following cases:

1. The contract has been fulfilled;

2. It is so agreed upon by the parties;

3. The individual entering into the contract dies, or the legal person or other subjects entering into the contract cease to exist while the contract must be performed by that very individual, legal person or subjects;

4. The contract is rescinded or unilaterally suspended from performance;

5. The contract cannot be performed because its object no longer exists, and the parties may agree to substitute such object with another object or compensate for damage;

6. Other cases provided for by law.

***Article 425.*- Rescission of civil contracts**

1. A party shall have the right to rescind a contract without having to compensate for damage if the breach of the contract by the other party is a condition for rescission, as agreed by the parties or provided for by law.

2. The party rescinding the contract must immediately notify the other party of the rescission; if failing to give notification, thereby causing damage, it shall have to pay compensation therefore;

3. When a contract is rescinded, it shall cease to be valid *ad initio* and the parties must return to each other the property they have received; if the property cannot be returned in kind, then it shall be paid for in money.

4. The party at fault in the rescission of the contract shall have to compensate for damage.

***Article 426.*- Unilateral termination of performance of civil contracts**

1. A party shall have the right to unilaterally terminate the performance of a contract if so agreed upon by the parties or provided for by law.

2. The party that unilaterally terminates the performance of the contract must immediately notify the other party of the termination; if failing to give notification, thereby causing damage, it shall have to pay compensation therefore.

3. When the performance of a contract is unilaterally terminated, the contract shall terminate as from the time the other party receives the termination notice. The parties shall not have to continue to perform their obligations. The party that has already performed its obligations shall have the right to demand payment from the other party.

4. The party at fault in the unilateral termination of a contract must compensate for damage.

***Article 427.*- Statute of limitations for initiating lawsuits related to civil contracts**

The statute of limitations for initiating lawsuits to request the courts to settle disputes over civil contracts shall be two years counting from the date legitimate rights and interests of individuals, legal persons or other subjects are infringed upon.

Chapter XVIII

COMMON CIVIL CONTRACTS

Section 1. CONTRACTS FOR PROPERTY SALE AND PURCHASE

I. GENERAL PROVISIONS ON CONTRACTS FOR PROPERTY SALE AND PURCHASE

***Article 428.*- Contracts for property sale and purchase**

A contract for property sale and purchase is an agreement between the parties whereby the seller has the obligation to hand over the property to the purchaser and receive payment, while the purchaser has the obligation to accept the property and make payment to the seller.

***Article 429.*- Objects of sale and purchase contracts**

1. The object of a sale and purchase contract shall be a property permitted for transaction.

2. In cases where the object of a sale and purchase contract is an object, that object must be clearly defined.

3. In cases where the object of a sale and purchase contract is a property right, there must be documents of title or other evidence proving such right of the seller.

***Article 430.*- Quality of objects for sale and purchase**

1. The quality of the objects for sale and purchase shall be agreed upon by the parties.

2. In cases where the quality of objects has been announced or provided for by competent state agencies, the quality of the objects shall be determined in accordance with the announced standards or the regulations of the competent state agencies.

3. When the quality of objects is not agreed upon between the parties or not provided for by law, then the quality of the objects for sale and purchase shall be determined according to the use purposes and the average quality of objects of the same kind.

***Article 431.*- Price and mode of payment**

1. The price shall be agreed upon by the parties or determined by a third party at the parties' request.

In cases where the parties agree to make payments at market prices, the price shall be determined at the place and time of payment.

With respect to the property in civil transactions, for which the State has set a price frame, the price shall be agreed upon by the parties in accordance with that price frame.

2. The parties may agree to apply inflation coefficients upon the fluctuation of prices.

3. The agreed price may be a specific price level or a method of determining the price. In cases where the agreement on the price level or the price-determining method is not clear, the price of the property shall be determined, based on the market price at the place and time the contract is entered into.

4. The mode of payment shall be agreed upon by the parties.

***Article 432.*- Time limit for performance of sale and purchase contracts**

1. The time limit for the performance of a sale and purchase contract shall be agreed upon by the parties. The seller shall have to hand over the property to the purchaser at the time agreed upon; the seller may hand over the property before or after the time limit, only if the purchaser so agrees.

2. When there is no agreement between the parties on the time limit for handing over the property, the buyer shall have the right to demand that the seller hand over the property and the seller shall also have the right to demand that the purchaser receive the property at any time, but the parties must notify each other thereof in advance within a reasonable period of time.

3. When there is no agreement between the parties on the time limit for payment, the buyer must make payment upon receipt of the property.

***Article 433.*- Places for handing over property**

The place for handing over the property shall be agreed upon by the parties; in the absence of such agreement, the provisions of Clause 2, Article 284 of this Code shall apply.

***Article 434.*- Modes of handing over property**

The property shall be handed over by the mode agreed upon by the parties; in the absence of such agreement, the property shall be handed over in one installment by the seller directly to the purchaser.

***Article 435.*- Liability for handing over objects in an incorrect quantity**

1. In cases where the seller hands over the object in a quantity greater than that agreed upon, the purchaser shall have the right to receive or not to receive the excess portion. In case of receipt, the payment for the excess portion shall be made as agreed upon.

2. In cases where the seller hands over the object in a quantity smaller than that agreed upon, the purchaser shall have one of the following rights:

a/ To receive the portion already handed over and demand compensation for damage;

b/ To receive the portion already handed over and set a time limit for the seller to hand over the deficit portion;

c/ To cancel the contract and demand compensation for damage.

***Article 436.*- Liability for handing over objects in incomplete sets**

1. In cases where the object is handed over in an incomplete set, thereby making the use purpose of the object unachievable, the purchaser shall have one of the following rights:

a/ To receive the object and demand that the seller hand over the remaining part, demand compensation for damage and postpone the payment for the part received until the complete set is handed over;

b/ To cancel the contract and demand compensation for damage.

2. In cases where the purchaser has made payment but not yet received the object due to the hand-over of an incomplete set, he/she/it shall be paid interests on the paid amount at the basic interest rate set by the State Bank and demand that the seller compensate for damage due to the hand-over of the incomplete set, starting from the time the contract must be performed to the time the complete set is handed over.

***Article 437.*- Liability for handing over objects of a wrong kind**

In cases where the object handed over is of a wrong kind, the purchaser shall have one of the following rights:

1. To receive the object and make the payment at the price agreed upon by the parties;

2. To demand the hand-over of object of the right kind and compensation for damage;

3. To cancel the contract and demand compensation for damage.

***Article 438.*- The duty to pay**

1. The purchaser must pay in full at the time and place agreed upon; in the absence of such agreement, he/she/it must make full payment at the time and place of handing over the property.

2. The purchaser must pay interests starting from the date of late payment as specified in Clause 2, Article 305 of this Code, unless otherwise agreed upon or provided for by law.

***Article 439.*- Time for transfer of ownership rights**

1. The rights to ownership over a property for purchase and sale shall be transferred to the purchaser as from the time the property is handed over, unless otherwise agreed upon by the parties or provided for by law.

2. With respect to a property for sale and purchase to which the ownership rights must, as provided for by law, be registered, the ownership rights shall be transferred to the purchaser as from the time the procedures for registering the ownership rights to such property have been completed.

3. In cases where the property for sale and purchase has not yet been handed over while yields and/or incomes are generated, such yields and/or incomes shall belong to the seller.

***Article 440.*- Time for bearing risks**

1. The seller shall bear the risks to the property for purchase and sale until the property is handed over to the purchaser; while the purchaser shall bear risks to such property from the time of receiving it, unless otherwise agreed upon.

2. With respect to a contract for purchase and sale of property to which the ownership rights must, as provided for by law, be registered, the seller shall bear risks to such property until the registration procedures are completed, and the purchaser shall bear the risks from the time the registration procedures have been completed even when it has not yet received the property, unless otherwise agreed upon.

***Article 441.*- Transportation costs and costs related to the transfer of ownership rights**

In cases where there is no agreement between the parties or no legal provision on transportation costs and costs relating to the transfer of ownership rights, the seller must bear the costs of transportation to the place of handing over the property and the costs related to the transfer of ownership rights.

***Article 442.*- The obligation to provide information and use instructions**

The seller is obliged to provide necessary information on the property for purchase and sale, and instructions on the use of such property; if the seller fails to perform this obligation, the purchaser shall be entitled to request the seller to perform it; if the seller still declines to perform it, the purchaser shall be entitled to cancel the contract and demand compensation for damage.

***Article 443.*- Security of the purchaser's ownership rights to the property for purchase and sale**

1. The seller is obliged to secure that the ownership rights to a property sold to the purchaser are not disputed by a third party.

2. In cases where the property is disputed by a third party, the seller must take side with the purchaser in order to protect the latter's interests; if the third party is entitled to own part or the whole of the property for purchase and sale, the purchaser shall be entitled to cancel the contract and demand that the seller compensate for damage.

3. In cases where the purchaser knew or must have known that the property for purchase and sale is under the ownership of a third party, but still purchases it, he/she/it must return the property to its owner and shall not be entitled to demand compensation for damage.

***Article 444.*- Security of the quality of objects for purchase and sale**

1. The seller must secure the use value or properties of an object for purchase and sale; if after the purchase, the purchaser discovers a defect that devaluates or reduces the use value of the object already purchased, he/she/it must promptly notify the seller of the defect upon the detection thereof and is entitled to request the seller to repair or change the defective or devalued object and compensate for damage, unless otherwise agreed upon.

2. The seller must secure that the object for sale conforms to the descriptions on its pack, trademark or to the sample that has been selected by the purchaser.

3. The seller shall not be liable for defects of the object in the following cases:

a/ Defect that the purchaser knew or must have known when purchasing the object;

b/ The object auctioned or object sold at a second-hand shop;

c/ The purchaser is at fault in causing the defects of the object.

***Article 445.*- The obligation to provide warranty**

The seller shall have the obligation to provide warranty for a sold object for a period of time called warranty time limit, if the warranty is agreed upon by the parties or provided for by law.

The warranty time limit shall be counted from the time the purchaser has the obligation to receive the object.

***Article 446.*- The right to demand warranty**

Within the warranty time limit, if the purchaser discovers a defect in the purchased object, he/she/it shall be entitled to request the seller to repair it free of charge, reduce its price, exchange the defective object for another one, or return the object and get back the money.

***Article 447.*- Repair of objects within the warranty time limit**

1. The seller must repair the object and secure that the object meets all the quality standards or has all the properties as committed.

2. The seller shall bear the 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 the head- office of the purchaser.

3. The purchaser shall be entitled to request the seller to complete the repair within the time limit agreed upon by the parties or within a reasonable period of time; if the seller cannot repair or complete the repair within such time limit, the purchaser shall be entitled to demand a price reduction, an exchange of the defective object for another one, or return the object and get back the money.

***Article 448.*- Compensation for damage within the warranty time limit**

1. In addition to the demand for the application of warranty measures, the purchaser shall be entitled to request the seller to compensate for damage caused by technical defects of the object within the warranty time limit.

2. The seller shall not have to compensate for damage if he/she/it can prove that the damage was caused due to the purchaser's fault. The seller shall be entitled to a reduction of damages if the purchaser has not applied the necessary measures within his/her/its capacity to prevent or limit the damage.

***Article 449.*- Purchase and sale of property rights**

1. In case of purchase and sale of property rights, the seller must transfer all documents of title and carry out the procedures for transfer of ownership rights to the purchaser, whereas the purchaser must pay money to the seller.

2. In cases where the property rights are rights to claim debts and the seller warrants the debtor's solvency, the seller shall be jointly liable for the payment if the debtor fails to pay the debt when it is due.

3. The time for transferring the ownership of property rights shall be the time at which the purchaser receives the papers certifying the ownership of such property rights or from the time of registration of the transfer of ownership rights, if so provided for by law.

II. CONTRACTS FOR PURCHASE AND SALE OF HOUSES

***Article 450.*- Forms of contracts for purchase and sale of residential houses**

A contract for the purchase and sale of a residential house shall be made in writing, with notarization or authentication, unless otherwise provided for by law.

***Article 451.*- Obligations of the residential house seller**

The residential house seller shall have the following obligations:

1. To notify the purchaser of any restrictions on ownership rights to the house, if any;

2. To maintain the residential house already sold pending its transfer to the purchaser;

3. To transfer to the purchaser the residential house in the same conditions as described in the contract and all the documents on the house;

4. To strictly carry out all procedures for purchase and sale of a residential house in accordance with the provisions of law.

***Article 452.*- Rights of the residential house seller**

The residential hose seller shall have the following rights:

1. To request the purchaser to receive the house within the agreed time limit;

2. To request the purchaser to make payment within the agreed time limit and by the agreed mode of payment;

3. To request the purchaser to complete all the procedures for purchase and sale of residential houses within the agreed time limit;

4. Not to transfer the house when he/she/it has not yet received the full payment as agreed upon.

***Article 453.*- Obligations of the residential house purchaser**

The residential house purchaser shall have the following obligations:

1. To pay the purchase money in full, on time and by the agreed mode; if there is no agreement on the time limit and place of payment, the purchaser must make the payment at the time when the seller hands over the house and at the place where the house is located;

2. To receive the house and the documents on the house within the agreed time limit;

3. In case of purchasing the house currently on lease, the purchaser must secure the rights and interests of the lessee as agreed upon in the lease contract when the lease remains in effect.

***Article 454.*- Rights of the residential house purchaser**

The residential house purchaser shall have the following rights:

1. To receive the house in the same conditions as agreed upon together with all the documents on the house;

2. To request the seller to complete all the procedures for the purchase and sale of residential house within the agreed time limit;

3. To request the seller to hand over the house on time; if the seller fails to hand over or delays the hand-over, to request the seller to pay compensation for damage.

***Article 455.*- Purchase of houses to be used for other purposes**

Unless it is otherwise provided for by law, the provisions of Articles 450 thru 454 of this Code shall also apply to the purchase of houses to be used for other purposes other than the purchase of residential houses.

III. SPECIFIC REGULATIONS ON PROPERTY PURCHASE AND SALE

***Article 456.*- Auction**

A property may be sold by auction at the will of its owner or as provided for by law.

When a common property is to be sold by auction, the consent of all co-owners must be obtained, unless otherwise agreed upon or provided for by law.

***Article 457.*- Auction notices**

1. The auctioneer must make a public announcement at the place of auction and on the mass media regarding the time, place, quantity and quality and the list of property to be auctioned, at least seven days for movables and thirty days for immovables before the date of auction.

2. Persons related to the property to be auctioned must be notified of the auction for their participation in determining the reserve price, unless otherwise agreed upon.

***Article 458.*- Conduct of an auction**

1. At an auction, the auctioneer shall announce the reserve price.

2. The person who offers the highest bid, which is at least equal to the reserve price shall be the person entitled to purchase the auctioned property and be considered having accepted to enter into a contract.

3. The auction shall be recorded in writing with the signatures of the purchaser, the seller and two witnesses.

4. The time limit for handing over the auctioned property, the mode and time limit of payment shall comply with the regulations on auction.

5. The auctioneer shall not be liable for the value and quality of the auctioned property.

6. In cases where the announced highest bid is lower than the reserve price, the auction shall be considered having failed.

The Government shall specify the organization of, and the procedures for, property auction.

***Article 459.*- Auction of immovable property**

1. The auction of an immovable property shall be held at the locality where the immovable property is located or at a place determined by the auctioneer.

2. After the issuance of a notice on the auction of an immovable property, persons who wish to purchase it must register to purchase and make an advance cash deposit. The list of purchase registrants shall be publicized at the place of auction.

3. In case of success in the purchase of the auctioned property, the advance deposit shall be deducted from the purchase price; if the successful bidder refuses to purchase, he/she shall not be refunded with such money.

4. The auctioneer must refund the advance deposits to other persons who have registered to purchase but could not purchase the auctioned property.

5. The purchase and sale of an auctioned immovable property must be recorded in writing with notarization or authentication or must be registered, if so provided for by law.

***Article 460.*- Purchase after trial use**

1. The parties may agree on a trial use by the purchaser of the purchased objects for a period of time called the trial use period. During the trial use period, the purchaser may reply to purchase or not to purchase them; if the purchaser does not reply after the trial use period expires, he/she shall be considered as having accepted the purchase on the terms agreed upon prior to the receipt of the objects for trial use.

2. During the trial use period, the objects still belong to the seller. The seller must bear all risks that may occur to the objects, unless otherwise agreed upon. Within the trial use period, the seller must not sell, donate, lease, exchange, mortgage or pledge the property, pending the purchaser's reply.

3. In cases where the trial user gives the reply of non-purchase, he/she must return the objects to the seller and compensate the seller if he/she has caused the loss of, or damage to, the objects in trial use. The trial user shall not be liable for ordinary wear caused by trial use, and shall not have to return any yields gained from the trial use.

***Article 461.*- Purchase by deferred payment or installment payment**

1. The parties may agree on the deferred payment or installment payment by the purchaser within a time limit after receiving the purchased objects; the seller shall have the right to reserve his/her ownership rights to the sold objects until the purchaser has paid in full, unless otherwise agreed upon.

2. The contract for purchase by deferred payment or installment payment must be made in writing. The purchaser shall be entitled to use the objects purchased by deferred payment or installment payment and must bear risks during the use period, unless otherwise agreed upon.

***Article 462.*- Redemption of property already sold**

1. The seller may agree with the purchaser on the right to redeem the sold property within a time limit called the redemption period.

The redemption period shall be agreed upon by the parties, but shall not exceed one year for movables, and five years for immovables, as from the time of handing over the property. Within this period, the seller shall be entitled to redeem the property at any time, but must notify the purchaser in advance within a reasonable period of time. The redemption price shall be the market price at the time and place of redemption, unless otherwise agreed upon.

2. Within the redemption period, the purchaser must not sell, exchange, donate, lease, mortgage or pledge the property and must bear risks to the property.

Section 2. CONTRACTS FOR PROPERTY EXCHANGE

***Article 463.*- Contracts for property exchange**

1. A contract for property exchange is an agreement between the parties whereby the parties shall transfer their property and ownership rights to such property to each other.

2. A contract for property exchange must be made in writing, notarized or authenticated or registered, if so provided for by law.

3. In cases where one party exchanges with the other party a property not under its ownership rights or without authorization of the owner, the other party shall be entitled to cancel the contract and demand compensation for damage.

4. Each party shall be considered the seller of the property transferred to the other party and the buyer of the property received. The provisions on purchase and sale contracts in Articles 428 thru 437 and Articles 439 thru 448 of this Code shall also apply to contracts for property exchange.

***Article 464.*- Payment for differences in value**

In cases where the exchanged property has differences in value, the parties must pay each other for such differences, unless otherwise agreed upon or provided for by law.

Section 3. CONTRACTS FOR DONATION OF PROPERTY

***Article 465.*- Contracts for donation of property**

A contract for donation of property is an agreement between the parties whereby the donor shall transfer his/her property and ownership rights to the donee without demanding any compensation while the donee agrees to receive it.

***Article 466.*- Donation of movables**

A contract for donation of a movable property shall take effect when the donee receives the property; with regard to a movable property to which the ownership rights must be registered as provided for by law, the contract for donation of such property shall take effect from the time of registration.

***Article 467.*- Donation of immovables**

1. The donation of an immovable property must be made in writing, with notarization or authentication or must be registered, if the ownership rights to such immovable must be registered as provided for by law.

2. A contract for donation of an immovable property shall take effect from the time of registration; if the registration of the ownership rights to the immovable property is not required, the donation contract shall take effect from the time of transferring the property.

***Article 468.*- Liability for intentional donation of property not under one's ownership**

In cases where the donor intentionally donates a property not under his/her ownership while the donee does not know or cannot know such, the donor must pay the donee the expenses for increasing the value of the property when the owner recovers the property.

***Article 469.*- Notification of defects of donated property**

The donor shall have the obligation to notify the donee of the defects of the donated property. In cases where the donor knows the defects of the donated property but fails to give notification thereof, he/she must pay compensation for damage caused to the donee; if the donor does not know the defects of the donated property, he/she shall not have to pay compensation for damage.

***Article 470.*- Conditional donation of property**

1. The donor may request the donee to perform one or more than one civil obligation before or after the donation. The conditions for the donation must not be contrary to law and social ethics.

2. In cases where the obligations must be performed before the donation, if the donee has fulfilled his/her obligations and the donor still has not handed over the property, the donor must pay for the obligations already performed by the donee.

3. In cases where the obligations must be performed after the donation and the donee has failed to perform them, the donor shall be entitled to reclaim the property and demand compensation for damage.

Section 4. CONTRACTS FOR PROPERTY LOAN

***Article 471.*- Contracts for property loan**

A contract for property loan is an agreement between the parties whereby the lender transfers the property to the borrower; when the loan is due, the borrower must return to the lender the property of the same type in the same quantity and of the same quality, and shall have to pay the interest only if so agreed upon or provided for by law.

***Article 472.*- Ownership rights to loaned property**

The borrower shall become owner of the loaned property from the time of receiving such property.

***Article 473.*- Obligations of the lender**

The lender shall have the following obligations:

1. To hand over to the borrower the property in full, of the right quality and in the right quantity at the time and place agreed upon.

2. To compensate for damage to the borrower if the lender is aware that the property is not of the required quality but fails to notify the borrower thereof, except in cases where the borrower is aware thereof but still receives such property;

3. Not to request the borrower to return the property ahead of time, except for the cases specified in Article 478 of this Code.

***Article 474.*- Borrowers' obligation to repay debts**

1. Where the loaned property is money, the borrower must repay in full when it becomes due; if the loaned property is an object, the borrower must return an object of the same type, in the same quantity and of the same quality, unless otherwise agreed upon.

2. In cases where the borrower cannot return the object, he/she may repay a sum of money equivalent to the value of the loaned object at the place and time of repaying the debt, if so agreed by the lender.

3. The place for repayment of debts shall be the place of residence or the head- office of the lender, unless otherwise agreed upon.

4. In case of an interest-free loan, if the borrower fails to repay or has not repaid fully the debt when it becomes due, he/she must pay the interest on the amount of overdue debt at the basic interest rate announced by the State Bank corresponding to the duration of late payment at the time of repayment of the debt, if so agreed upon.

5. In case of a loan with interest, if the borrower fails to repay or has not repaid fully the debt, he/she must pay the interest on the principal and the interest thereon at the basic interest rate announced by the State Bank corresponding to the borrowing term at the time of repayment of the debt.

***Article 475.*- Use of loaned property**

The parties may agree that the loaned property must be used for the right borrowing purpose; the lender shall be entitled to inspect the use of the property and reclaim the loaned property ahead of time, if the borrower still uses the property for other than the agreed purpose even though he/she has been warned not to.

***Article 476.*- Interest rate**

1. The lending interest rate shall be agreed upon by the parties, but must not exceed 150% of the basic interest rate announced by the State Bank for loans of the corresponding type.

2. In cases where the parties have agreed on the payment of interest for a loan but have not clearly determined an interest rate or have a dispute over an interest rate, the basic interest rate announced by the State Bank corresponding to the borrowing term at the time of repayment of the debt shall be applied.

***Article 477.*- Performance of contracts on loans without fixed term**

1. With respect to a contract for an interest-free loan without a fixed term, the lender shall be entitled to reclaim the property and the borrower shall be entitled to repay the debt at any time, provided that they must notify each other thereof in advance within a reasonable period of time, unless otherwise agreed upon.

2. With respect to a contract for a loan without a fixed term and with interest, the lender shall be entitled to reclaim the property at

any time but must notify the borrower thereof in advance within a reasonable period of time and be paid the interest up to the time of receiving back his/her property, while the borrower shall also be entitled to return the property at any time and pay only the interest up to the time of repaying the debt but also must notify the lender thereof in advance within a reasonable period of time.

***Article 478.*- Performance of fixed-term loan contracts**

1. With respect to a contract for an interest-free fixed-term loan, the borrower shall be entitled to return the property at any time but must notify the lender thereof in advance within a reasonable period of time, and the lender shall only be entitled to reclaim the property ahead of time, if the borrower so agrees.

2. With respect to a contract for a fixed-term loan with interest, the borrower shall be entitled to return the property ahead of time, but must pay the interest for the whole term, unless otherwise agreed upon.

***Article 479.*- Tontine**

1. Tontine is a form of property transaction, which is carried out according to practices and on the basis of agreement of a group of people rallying together to determine the number of people, time, money amounts or other property, mode of contributing and receiving annuities and the rights and obligations of members.

2. The form of tontine for the purpose of mutual assistance among people shall comply with the provisions of law.

3. It is strictly prohibited to organize tontines in the form of usury.

Section 5. CONTRACTS FOR PROPERTY LEASE

I. GENERAL PROVISIONS ON CONTRACTS FOR PROPERTY LEASE

***Article 480.*- Contracts for property lease**

A contract for property lease is an agreement between the parties whereby the lessor shall hand over the property to the lessee for use for a specified period of time, and the lessee must pay a rent.

***Article 481.*- Leasing prices**

The property-leasing prices shall be agreed upon by the parties.

In cases where the leasing price frames are provided for by law, the parties may only agree on leasing prices within such price frames.

***Article 482.*- Leasing terms**

1. Leasing terms shall be agreed upon by the parties; in the absence of such agreement, they shall be determined according to the leasing purposes.

2. In cases where the parties have not agreed on a leasing term or where the leasing term cannot be determined according to the leasing purpose, the leasing contract shall expire when the lessee has achieved the leasing purpose.

***Article 483.*- Sublease**

The lessee shall be entitled to sublease the property he/she/it has leased, if the lessor so agrees.

***Article 484.*- Hand-over of leased property**

1. The lessor must hand over the property to the lessee in the right quantity, quality, type, condition and at the time and place agreed upon, and provide information necessary for the use of the property.

2. In cases where the lessor delays the hand-over of the property, the lessee may extend the time limit for the hand-over or rescind the contract and demand compensation for damage; if the quality of the leased property does not conform to the agreement, the lessee shall be entitled to request the lessor to repair the property, reduce the leasing price or to rescind the contract and demand compensation for damage.

***Article 485.*- The obligation to ensure the use value of leased property**

1. The lessor must ensure that the leased property is in the condition as agreed upon, in accordance with the leasing purpose throughout the leasing term; and must repair all damage and defects of the leased property, except for minor damage which must, according to practices, be fixed by the lessee himself/herself/itself.

2. In cases where the leased property is decreased in use value but not due to the lessee's fault, the lessee shall be entitled to request the lessor to:

a/ Repair the property;

b/ Reduce the leasing price;

c/ Replace the property with another property or to be entitled to unilaterally terminate the performance of the contract and demand compensation for damage, if the leased property is irreparable and therefore the leasing purpose cannot be achieved, or if the leased property has defects that the lessee is not aware of.

3. In cases where the lessor has been given a notice but does not repair or make untimely repair, the lessee shall be entitled to repair the leased property by himself/herself/itself, but must notify the lessor thereof and shall be entitled to request the lessor to pay the repair expenses.

***Article 486.*- The obligation to ensure the lessee's right to use the property**

1. The lessor must ensure the lessee's right to a stable use of the property.

2. In case of a dispute over the ownership rights to the leased property, which disallows the stable use of the property by the lessee, the lessee shall be entitled to unilaterally terminate the performance of the contract and demand compensation for damage.

***Article 487.*- The obligation to preserve leased property**

1. The lessee must preserve the leased property as if it were his/her/its own, maintain it and make minor repairs; if causing loss or damage, he/she/it must pay compensation therefor.

The lessee shall not be liable for natural wear resulting from the use of the leased property.

2. The lessee may repair and add value to the leased property, if the lessor so agrees, and shall be entitled to request the lessor to pay the reasonable expenses.

***Article 488.*- The obligation to use leased property according to its utility and for the right purpose**

1. The lessee must use the leased property in accordance with its utility and for the agreed purpose.

2. In cases where the lessee has used the leased property not for the right purpose and not in accordance with its utility, the lessor shall be entitled to unilaterally terminate the performance of the contract and demand compensation for damage.

***Article 489.*- Payment of rent**

1. The lessee must pay in full the rent within the time limit as agreed upon; where there is no agreement on the time limit for rent payment, the time limit for rent payment shall be determined according to practices at the place of payment; if the time limit for payment cannot be determined according to practices, the lessee must pay the money when he/she/it returns the leased property.

2. In cases where the parties have agreed on periodic payments of the rent, the lessor shall be entitled to unilaterally terminate the performance of the contract if the lessee does not pay the rent for three consecutive periods, unless otherwise agreed upon or provided for by law.

***Article 490.*- Return of leased property**

1. The lessee must return the leased property in the same condition as when received, except for natural wear, or in the condition agreed upon in the contract; if the value of the leased property has decreased as compared with its condition upon receipt, the lessor shall be entitled to demand compensation for damage, except for natural wear.

2. In cases where the leased property is a movable, the place for returning the leased property shall be the place of residence or the head office of the lessor, unless otherwise agreed upon.

3. In cases where the leased property is a domestic animal, the lessee must return both the leased domestic animal and its offsprings born in the leasing term, unless otherwise agreed upon. The lessor must pay the expenses for caring for the offsprings to the lessee.

4. In cases where the lessee delays the return of the leased property, the lessor shall be entitled to request the lessee to return the leased property and pay the rent for the property for the delayed period and compensate for damage; the lessee must also pay a fine for violation by delaying the return of the leased property, if so agreed upon.

5. The lessee must bear risks to the leased property during the period of delayed return.

***Article 491.*- Termination of property lease contracts**

A contract for property lease shall terminate in the following cases:

1. The leasing term has expired;

2. The parties agree to terminate the contract ahead of time; for a leasing contract without a definite term, if the lessor wishes to terminate the contract, he/she/it must notify the lessee thereof in advance within a reasonable period of time, if there is no agreement on an advance notice period;

3. The contract is rescinded or the performance of the contract is unilaterally terminated;

4. The leased property no longer exists.

II. CONTRACTS FOR RENTING HOUSES

***Article 492.*- Form of contracts for renting residential houses**

A contract for renting a residential house must be made in writing; if the renting term is six months or longer, the contract must be notarized or authenticated and registered, unless otherwise provided for by law.

***Article 493.*- Obligations of the residential house lessor**

The residential house lessor shall have the following obligations:

1. To hand over the house to the lessee in accordance with the contract;

2. To ensure the stable use of the house by the lessee in the renting term;

3. To maintain and repair the house periodically or as agreed upon; if the lessor does not maintain and repair the house, thus causing damage to the lessee, he/she/it must pay compensation therefore.

***Article 494.*- Rights of the residential house lessor**

The residential house lessor shall have the following rights:

1. To receive the rent in full and on schedule as agreed upon;

2. To unilaterally terminate the performance of the house-renting contract under the provisions in Clause 1 and Clause 3, Article 498 of this Code;

3. To renovate and upgrade the leased house when so consented by the lessee, but not to cause inconveniences to the lessee in using the accommodation;

4. To take back the leased house upon expiration of the contract; if the renting term is not specified in the contract, the lessor wishing to take back the house must notify the lessee thereof six months in advance.

***Article 495.*- Obligations of the residential house lessee**

The residential house lessee shall have the following obligations:

1. To use the house for the right agreed purpose;

2. To pay rent in full and on schedule as agreed upon;

3. To preserve the house and repair damage caused by himself/herself/itself;

4. To observe the regulations on public life;

5. To return the house to the lessor as agreed upon.

***Article 496.*- Rights of the residential house lessee**

A residential house lessee shall have the following rights:

1. To receive the rented house as agreed upon;

2. To be entitled to exchange the house being rented to another lessee, if it is so consented in writing by the lessor;

3. To sublease the rented house, if it is so consented in writing by the lessor;

4. To continue the rent under the conditions agreed upon with the lessor in case of changing the house owner;

5. To request the lessor to repair the currently leased house in cases where the house is heavily damaged;

6. To unilaterally terminate the performance of the house-renting contract as provided for in Clause 2 and Clause 3, Article 498 of this Code.

***Article 497.*- Rights and obligations of all the lessee's persons named in the contracts for renting residential houses**

All persons of the lessee who are named in the house-renting contracts shall have equal rights and obligations toward the lessor and must jointly perform the obligations of the lessee toward the lessor.

***Article 498.*- Unilateral termination of performance of contracts for renting residential houses**

1. The lessor shall be entitled to unilaterally terminate the performance of a house-renting contract when the lessee commits one of the following acts:

a/ Failing to pay rent for three consecutive months or more without a plausible reason;

b/ Using the house not in accordance with the renting purpose;

c/ Intentionally causing serious damage to the house;

d/ Repairing, exchanging or subleasing the house wholly or partially to another person without the written consent of the lessor;

e/ Repeatedly disturbing public order and seriously affecting the normal life of the people in the neighborhood;

f/ Causing serious impacts on environmental sanitation.

2. The lessee shall be entitled to unilaterally terminate the performance of a house-renting contract when the lessor commits one of the following acts:

a/ Failing to repair the house when its quality deteriorates seriously;

b/ Increasing the renting price unreasonably.

c/ Restricting the lessee's right to use the house for the interests of a third party.

3. The party unilaterally terminating the performance of a house-renting contract must notify the other party thereof one month in advance, unless otherwise agreed upon.

***Article 499.*- Termination of contracts for renting residential houses**

A residential house-renting contract shall terminate in the following cases:

1. The renting term has expired; if the contract does not specify the renting term, it shall terminate after six months from the date the lessor notifies the lessee of the need of retaking the house;

2. The rented house no longer exists;

3. The lessee dies without leaving any co-habitant;

4. The rented house must be demolished due to severe damage that may cause the house to collapse or due to the implementation of the State construction planning.

***Article 500.*- Renting of houses for other purposes**

Unless it is otherwise provided for by law, the provisions of Articles 492 thru 499 of this Code shall also apply to the renting of houses for non-residential purposes.

III. CONTRACTS FOR PACKAGE LEASES OF PROPERTY

***Article 501.*- Contracts for package leases of property**

A contract for a package lease of property is an agreement between the partie whereby the package lessor hands over the property to the lessee for the exploitation of its utility and the enjoyment of the yields and profits gained from such property and the lessee has the obligation to pay the rent.

***Article 502.*- Objects of package lease contracts**

Objects of a contract for a package lease of property may be land, forest, unexploited water surface, animals, production and/or business establishments, other means of production as well as necessary equipment and facilities for exploiting the utility, enjoying the yields or profits, unless otherwise provided for by law.

***Article 503.*- Package lease term**

The package lease term shall be agreed upon by the parties according to the production and/or business cycle consistent with the characteristics of the object of the package lease.

***Article 504.*- Package lease price**

The package lease price shall be agreed upon by the parties; if a package lease is made through bidding, the package lease price shall be determined by bidding.

***Article 505.*- Hand-over of package lease property**

Upon the hand-over of the package lease property, the parties must make record, evaluating the conditions of the package lease property and determining the value of the package lease property.

In cases where the parties cannot determine the value, they shall invite a third party to determine the value in writing.

***Article 506.*- Payment of package rent and mode of payment**

1. Rent may be paid in kind, in cash or by performing a task.

2. The package lessee must pay the package rent in full even though he/she/it does not exploit the utility of the package lease property.

3. When entering into a package lease contract, the parties may agree on the conditions for reduction of the rent; if the yields or profits are lost at least by one third due to a *force majeure* event, the package lessee shall be entitled to demand a rent reduction or exemption, unless otherwise agreed upon.

4. In cases where the package lessee has to pay the rent in kind according to the season or the cycle of exploitation of the utility of the package lease property, he/she/it must pay the rent at the end of the season or the cycle of exploitation, unless otherwise agreed upon.

5. In cases where the lessee has to perform a task, he/she/it must perform that very task.

***Article 507.*- Exploitation of package lease property**

The package lessee must exploit the package lease property in accordance with the agreed purpose and must notify the lessor periodically of the conditions and exploitation of the property; if the package lessor requests or needs unexpected notification, the package lessee must give a notice in time. When the package lessee exploits the utility of the package lease property at variance with the agreed purpose, the package lessor shall have the right to unilaterally terminate the performance of the contract and demand compensation for damage.

***Article 508.*- Preservation, maintenance and disposition of package lease property**

1. Within the period of exploiting the package lease property, the package lessee must preserve and maintain such property and accompanying equipment and facilities at his/her own expenses, unless otherwise agreed upon; if the package lessee causes the loss of, or damage to, the package lease property or causes the loss or reduction of its value, he/she/it shall have to compensate for damage. The package lessee shall not be liable for natural wear resulting from the use of the package lease property.

2. The package lessee may replace or improve the package lease property by himself/herself/itself, if so agreed upon, and must preserve its value.

The package lessor must reimburse to the lessee the reasonable expenses for replacing or improving the package lease property as agreed upon.

3. The package lessee shall not be allowed to sublease, unless so consented by the package lessor.

***Article 509.*- Enjoyment of yields and incurring of damage to package lease animals**

During the term of a package lease of animals, the package lessee shall be entitled to enjoy half of the born offsprings and incur half of the damage to the leased animals due to a *force majeure* event, unless otherwise agreed upon.

***Article 510.*- Unilateral termination of performance of package lease contracts**

1. In cases where a party unilaterally terminates the performance of a contract, it must notify the other party thereof in advance within a reasonable period of time; if the package lease is contracted according the season or cycle of exploitation, the period of advance notification must correspond to the season or cycle of exploitation.

2. In cases where the package lessee breaches his/her/its obligations while the exploitation of the leased object is the sole source of his/her/its livelihood and the continuation of the package lease does not seriously affect the interests of the package lessor, the package lessor must not unilaterally terminate the performance of the contract; the package lessee must commit with the package lessor not to further breach the contract.

***Article 511.*- Return of package lease property**

Upon the termination of a package lease contract, the lessee must return the package lease property in the conditions corresponding to the agreed depreciation level; if the lessee causes loss or reduction of the value of the package lease property, he/she/it must compensate for the damage.

Section 6. CONTRACTS FOR PROPERTY BORROWING

***Article 512.*- Contracts for property borrowing**

A contract for property borrowing is an agreement between the parties whereby the lender hands over the property to the borrower for use in a specified time limit free of charge, and the borrower must return such property when the borrowing term ends or the borrowing purpose has been achieved.

***Article 513.*- Objects of property-borrowing contracts**

Everything that is non-expendable may be object of a contract for borrowing a property.

***Article 514.*- Obligations of the property borrower**

The property borrower shall have the following obligations:

1. To preserve and maintain the borrowed property as if it were his/her/its own property; not to change the conditions of the borrowed property on his/her/its own will; if the property suffers normal damage, it must be repaired;

2. Not to sub-lend the borrowed property without the lender's consent;

3. To return the borrowed property on time; if there is no agreement on the deadline for the return of the property, the borrower must return it immediately after the borrowing purpose has been achieved;

4. To compensate for damage if he/she/it causes any damage to, or loss of, the borrowed property.

***Article 515.*- Rights of the property borrower**

The property borrower shall have the following rights:

1. To use the borrowed property in accordance with its utility and the agreed purpose;

2. To request the lender to reimburse the reasonable expenses for any repair or for increasing the value of the borrowed property, if

so agreed upon.

3. Not to be liable for natural wear of the borrowed property.

***Article 516.*- Obligations of the property lender**

The property lender shall have the following obligations:

1. To provide necessary information on the use of the property and defects of the property, if any;

2. To reimburse to the borrower expenses for repair, expenses for increasing 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 does not inform the borrower thereof, thus causing damage to the borrower, except for the defects which the borrower knew or should have known.

***Article 517.*- Rights of the property lender**

The property lender shall have the following rights:

1. To reclaim the property immediately after the borrower has achieved his/her purpose, if there is no agreement on the borrowing period; if the lender has urgent and unexpected needs to use the lent property, he/she/its shall be entitled to reclaim the property even if the borrower has not yet achieved his/her/its purpose, but must notify the borrower thereof in advance within a reasonable period of time;

2. To reclaim the property when the borrower does not use the property for the right purpose, in accordance with its utility or the agreed method or the borrower sublends the property without the lender's consent;

3. To demand compensation for damage caused to the property by the borrower.

Section 7. SERVICE CONTRACTS

***Article 518.*- Service contracts**

A service contract is an agreement between the parties whereby the service provider shall perform a task for the service hirer, and the service hirer must pay service charges to the service provider.

***Article 519.*- Objects of service contracts**

The object of a service contract must be a feasible task not prohibited by law and not contrary to social ethics.

***Article 520.*- Obligations of the service hirer**

The service hirer shall have the following obligations:

1. To supply the service provider with necessary information, documents and means for the performance of the task, if so agreed upon or so required by the performance of the task;

2. To pay service charges to the service provider as agreed upon.

***Article 521.*- Rights of the service hirer**

The service hirer shall have the following rights:

1. To request the service provider to perform the task in accordance with the agreed quality, quantity, time limit, location and other agreements;

2. In cases where the service provider violates its obligations, the service hirer shall have the right to unilaterally terminate the performance of the contract and demand compensation for damage.

***Article 522.*- Obligations of the service provider**

The service provider shall have the following obligations:

1. To perform the task in accordance with the agreed quality, quantity, time limit, location and other agreements;

2. Not to assign other persons to perform the task without the service hirer's consent;

3. To preserve and return to the service hirer the supplied documents and means after fulfillment of the task;

4. To immediately notify the service hirer of any inadequacy of information and documents and poor quality of the means for fulfilling the task;

5. To keep secret the information which he/she/it has come to know during the time of providing the service, if so agreed upon or provided for by law;

6. To compensate the service hirer for damage, if he/she/it causes the loss of, or damage to, the supplied documents and/or means or discloses secret information.

***Article 523.*- Rights of the service provider**

The service provider shall have the following rights:

1. To request the service hirer to supply necessary information, documents and means;

2. To change the service conditions in the interests of the service hirer without necessarily having to wait for the opinion of the service hirer, if such wait may cause damage to the service hirer, but the service provider must immediately notify the service hirer thereof;

3. To request the service hirer to pay the service charges.

***Article 524.*- Payment of service charges**

1. The service hirer must pay the service charges as agreed upon.

2. When a contract is entered into without agreement on the service charges, the method of determining the service charges or without any other instructions on service charges, the service charges shall be determined based on the market price of the service of the same kind at the time and place the contract is entered into.

3. The service hirer must pay the service charges at the place where the task is performed and when the service is accomplished, unless otherwise agreed upon.

4. In cases where the service is provided below the agreed level or the task is not accomplished on time, the service hirer shall have the right to reduce the service charges and demand compensation for damage.

***Article 525.*- Unilateral termination of performance of service contracts**

1. In cases where the continued performance of a task does not benefit the service hirer, the service hirer shall have the right to unilaterally terminate the performance of the contract, but must notify the service provider thereof in advance within a reasonable period of time; the service hirer must pay the service charges for the service portion performed by the service provider and compensate for damage.

2. In cases where the service hirer does not perform his/her/its obligation or has performed it at variance with the agreement, the service provider shall have the right to unilaterally terminate the performance of the contract and demand compensation for damage.

***Article 526.*- Continuation of service contracts**

If after the expiry of the service period, the task has not yet been accomplished and the service provider continues to perform the task while the service hirer knows but does not object, the service contract shall automatically continue to be performed in accordance with the agreed contents until the task is accomplished.

Section 8. CONTRACTS FOR TRANSPORTATION

I. CONTRACTS FOR TRANSPORTATION OF PASSENGERS

***Article 527.*- Contracts for transportation of passengers**

A contract for transportation of passengers is an agreement between the parties whereby the carrier shall transport the passenger and his/her luggage to the specified destination as agreed upon, and the passenger shall have to pay the transportation fare.

***Article 528.*- Forms of contract for transportation of passengers**

1. A contract for transportation of passengers may be made in writing or orally.

2. Tickets shall be the evidence of the entry into a contract for transportation of passengers between the parties.

***Article 529.*- Obligations of the carrier**

The carrier shall have the following obligations:

1. To transport the passengers from the place of departure to the place of destination on time, in a civilized and courteous manner and safely by the agreed means and prescribed route; provide sufficient seats for passengers and not transport in excess of the prescribed load;

2. To buy civil liability insurance for passengers as provided for by law;

3. To ensure the departure time as notified or agreed upon;

4. To transport luggage and return them to the passengers or to the persons entitled to receive such luggage at the agreed place and time along the route as agreed upon;

5. To reimburse the transportation fare to the passengers as agreed upon or provided for by law.

***Article 530.*- Rights of the carrier**

The carrier shall have the following rights:

1. To request passengers to pay in full the transportation fares and charges for the transport of accompanied luggage in excess of the prescribed limit.

2. To refuse to transport a passenger in the following cases:

a/ Where the passenger fails to comply with the regulations of the carrier or commits acts of causing public disorder, hindering the work of the carrier, threatening the life, health or property of other persons or commits other acts threatening the safety of the journey; in this case. the passenger shall not be refunded the transportation fare and must be fined for violation, if so provided for by the transport regulations;

b/ Where the carrier clearly sees that due to the health condition of the passenger, the transportation may cause danger to the passenger him/herself or others during the journey;

c/ To prevent the spread of epidemics.

***Article 531.*- Obligations of the passenger**

The passenger shall have the following obligations:

1. To pay fully the passenger transportation fare and the charge for the transport of luggage in excess of the prescribed limit, and take care of his/her luggage by him/herself;

2. To be present at the place of departure on the agreed time;

3. To respect and strictly observe the regulations of the carrier and other regulations on traffic safety.

***Article 532.*- Rights of the passenger**

The passenger shall have the following rights:

1. To demand that he/she be transported by the agreed means of transport, in the class commensurate with the value of the ticket and along the agreed route;

2. To be exempt from the transport charges for unaccompanied luggage and hand luggage within the limits agreed upon or specified by law;

3. To demand the reimbursement of expenses incurred or compensation for damage, if the carrier is at fault in failing to conduct the transport according to the agreed time schedule and place;

4. To be entitled to the reimbursement of the whole or part of the transportation fare in cases specified at Points b and c, Clause 2, Article 530 of this Code and other cases specified by law or agreed upon;

5. To receive the luggage at the agreed place, on time and along the agreed route;

6. To request the temporary stop of the travel within the time limit and according to the procedures specified by law.

***Article 533.*- Liability to compensate for damage**

1. In cases of loss of human life and/or damage to the health and luggage of passengers, the carrier must compensate therefore in accordance with the provisions of law.

2. The carrier shall not have to compensate for the loss of human life, and/or damage to the health and luggage of passengers if such loss and/or damage is entirely due to the fault of the passengers, unless otherwise provided for by law.

3. In cases where a passenger breaches the agreed transportation conditions or the provisions of the transport regulations, thus causing damage to the carrier or a third party, he/she shall have to compensate therefore.

***Article 534.*- Unilateral termination of performance of contracts for passenger transportation**

1. The carrier shall be entitled to unilaterally terminate the performance of contracts in the cases specified in Clause 2, Article 530 of this Code.

2. The passengers shall be entitled to unilaterally terminate the performance of contracts in cases where the carrier breaches the obligations specified in Clauses 1, 3 and 4, Article 529 of this Code.

II. CONTRACTS FOR TRANSPORTATION OF PROPERTY

***Article 535.*- Contracts for transportation of property**

A contract for transportation of property is an agreement between the parties whereby the carrier shall have the obligation to carry the property to the specified place as agreed upon and hand over such property to the person entitled to receive it and the transport hirer shall have the obligation to pay the freight.

***Article 536.*- Forms of contract for transportation of property**

1. A contract for transportation of property shall be made orally or in writing.

2. The bill of lading or other equivalent transportation documents shall be the evidence of the entry into contracts between the parties.

***Article 537.*- Hand-over of property to the carrier**

1. The transport hirer shall have the obligation to hand over the property to the carrier at the agreed time and place, to pack the

property in accordance with the agreed packing specifications; and to bear the cost of loading/unloading his/her property onto/from the means of transport, unless otherwise agreed upon.

2. In cases where the transport hirer does not hand over the property at the agreed time and place, he/she must pay the carrier any expenses incurred for the time of waiting and the cost of transportation of the property to the place agreed in the contract or pay a fine for breach as agreed upon; if the carrier delays the receipt of the property at the agreed place, he/she/it must bear the cost incurred by the delay.

***Article 538.*- Freight rates**

1. The freight rates shall be agreed upon by the parties; if the freight rates are provided for by law, such rates shall be applied.

2. The transport hirer must pay in full the freight once the property has been loaded onto the means of transport, unless otherwise agreed upon.

***Article 539.*- Obligations of the carrier**

The carrier shall have the following obligations:

1. To ensure that the property is transported in full and safely to the designated place and on time;

2. To hand over the property to the person entitled to receive it;

3. To bear the costs related to the transportation of the property, unless otherwise agreed upon;

4. To buy civil liability insurance as provided for by law;

5. To compensate the transport hirer in cases where the carrier causes the loss of, or damage to, the property due to the carrier's fault, unless otherwise agreed upon or provided for by law.

***Article 540.*- Rights of the carrier**

The carrier shall have the following rights:

1. To check the authenticity of the property and the bill of lading or other equivalent transport documents;

2. To refuse to carry any property of types other than those agreed upon in the contracts;

3. To request the transport hirer to pay freight in full and on schedule;

4. To refuse to carry the property banned from transaction, dangerous and/or noxious property, if the carrier knows or should have known such;

5. To demand compensation for damage from the transport hirer.

***Article 541.*- Obligations of the transport hirer**

The transport hirer shall have the following obligations:

1. To pay the carrier the freight in full, on schedule and by the agreed mode;

2. To take care of the property during the transportation, if so agreed upon. In cases where the transport hirer takes care of the property and the property is lost or damaged, the transport hirer shall not be compensated therefore.

***Article 542.*- Rights of the transport hirer**

The transport hirer shall have the following rights:

1. To request the carrier to transport the property to the agreed place and at the agreed time;

2. To personally receive back or appoint a third party to receive back the property the transport of which is hired;

3. To demand compensation for damage from the carrier.

***Article 543.*- Delivery of property to the consignee**

1. The party receiving the property may be the transport hirer or a third party appointed by the hirer for the receipt of the property.

2. The carrier must deliver the property to the consignee in full, on schedule, at the agreed place and by the agreed mode.

3. In cases where the property has been transported to the place of its delivery on time but there is no consignee, the carrier may entrust such property to the place of bailment and must immediately notify the transport hirer or the consignee thereof. The transport hirer or the consignee shall have to bear all reasonable expenses arising from the bailment.

The obligation to deliver the property shall be fulfilled when the bailed property satisfied the agreed conditions and the transport hirer or the consignee has been notified of the bailment.

***Article 544.*- Obligations of the consignee**

The consignee shall have the following obligations:

1. To produce to the carrier a bill of lading or other equivalent transport documents and receive the property on time and at the agreed place;

2. To bear the costs of loading and/or unloading the transported property, unless otherwise agreed upon or provided for by law;

3. To pay reasonable expenses arising from the delay in receiving the property;

4. To notify the transport hirer of the receipt of the property and other necessary information at his/her/its request; if not, the consignee shall not have the right to request the transport hirer to protect his/her/its rights and interests related to the transported property.

***Article 545.*- Rights of the consignee**

The consignee shall have the following rights:

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 arising from the waiting for the receipt of the property if the carrier delays the delivery;

4. To personally request or ask the transport hirer to request the carrier to compensate for loss of, or damage to, the property.

***Article 546.*- Liability to compensate for damage**

1. The carrier must compensate the transport hirer for damage, if causing loss of, or damage to, the property, except for cases specified in Clause 2, Article 541 of this Code.

2. The transport hirer must compensate the carrier and a third party for any damage caused by the dangerous or toxic nature of the transported property if he/she/it fails to apply measures to pack the property and/or to ensure safety during the transportation.

3. In case where a *force majeure* event results in a loss, damage or destruction of the property during the transportation, the carrier shall not be liable for compensating for any damage, unless otherwise agreed upon or provided for by law.

Section 9. PROCESSING CONTRACTS

***Article 547.*- Processing contracts**

A processing contract is an agreement between the parties whereby the processor performs a task to make a product at the processee's request and the latter shall receive the product and pay remuneration therefore.

***Article 548.*- Objects of processing contracts**

The objects of a processing contract shall be items which are pre-determined with the models and standards agreed upon by the parties or provided for by law.

***Article 549.*- Obligations of the processee**

The processee shall have the following obligations:

1. To supply the processor with materials and/or raw materials in accordance with the quantity, quality, time limit and place as contracted, unless otherwise agreed upon; supply the necessary documents related to the processing work;

2. To instruct the processor in performing the contract;

3. To pay remuneration as agreed upon.

***Article 550.*- Rights of the processee**

The processee shall have the following rights:

1. To receive the processed products in accordance with the agreed quantity, quality, mode, time limit and place;

2. To unilaterally terminate the performation of the contract and demand compensation for any damage when the processor seriously breaches the contract;

3. In cases where the products fail to meet the quality and the processee agrees to accept them and demand repairs but the processor cannot repair them within the agreed time limit, then the processee shall be entitled to rescind the contract and demand compensation for damage.

***Article 551.*- Obligations of the processor**

The processor shall have the following obligations:

1. To preserve the materials and/or raw materials supplied by the processee;

2. To notify the processee to replace the materials and/or raw materials, if they fail to meet the quality; refuse to perform the processing if the use of such materials and/or raw materials may create products harmful to society; if the processor does not give such notification or refusal, he/she shall be liable for the products turned out;

3. To deliver the products to the processee in accordance with the agreed quantity, quality, mode, time limit and place;

4. To keep secret information on the processing process and the created products;

5. To take responsibility for the product quality, except for cases where the poor quality of the products is attributed to the materials and/or raw materials supplied by the processee or to unreasonable instructions of the processee;

6. To return to the processee the remaining materials and/or raw materials after the contract is completed.

***Article 552.*- Rights of the processor**

The processor shall have the following rights:

1. To request the processee to supply materials and/or raw materials in accordance with the agreed quality, quantity, time limit and place;

2. To reject any unreasonable instruction by the processee if deeming that such instruction may reduce the product quality, but must immediately notify the processee thereof;

3. To request the processee to pay the remuneration in full, on schedule and by the agreed mode.

***Article 553.*- Liability to bear risks**

Owners of materials and/or raw materials shall bear all risks to their materials and/or raw materials and/or products made therefrom until the products are delivered to the processee, unless otherwise agreed upon.

When the processee delays receiving the products, he/she/it shall bear the risks during such delay, even if such products are made from the processor's materials and/or raw materials, unless otherwise agreed upon.

When the processor delays delivering the products, thus causing risks to the processed products, he/she/it must compensate for damage to the processee.

***Article 554.*- Hand-over and receipt of processed products**

The processor shall have to hand over the processed products and the processee shall have to receive them at the agreed time and place.

***Article 555.*- Delay in hand-over and receipt of processed products**

1. In cases where the processor delays delivering the processed products, the processee may extend the time limit; if past this time limit the processor still has not accomplished the work, the processee shall be entitled to unilaterally terminate the performance of the contract and demand compensation for damage.

2. In cases where the processee delays receiving the products, the processor may entrust such product to a place of bailment and must immediately notify the processee thereof. The obligation to hand over products is fulfilled once all the agreed conditions have been met and the processee has been notified thereof. The processee shall bear all expenses arising from the bailment.

***Article 556.*- Unilateral termination of processing contracts**

1. Either party shall be entitled to unilaterally terminate the performance of the processing contract if the continued performance thereof does not benefit him/her/it, unless otherwise agreed upon or provided for by law, but must notify the other party thereof in advance within a reasonable period of time; if the processee unilaterally terminates the performance of the contract, he/she/it must pay remunera-tion corresponding to the performed work; if the processor unilaterally terminates the performance of the contract, he/she/it shall not be paid any remuneration, unless otherwise agreed upon.

2. The party that unilaterally terminates the performance of the contract, thus causing damage to the other party must compensate therefor.

***Article 557.*- Payment of remuneration**

1. The processee must fully pay the remuneration at the time of receipt of the processed products, unless otherwise agreed upon.

2. In cases where there is no agreement on the remuneration rate, the average rate for making products of the same type at the place of processing and at the time of payment shall apply.

3. The processee shall not be allowed to reduce the remuneration, if the products do not meet the agreed quality due to the materials and/or raw materials supplied by him/herself/itself or due to his/her/its unreasonable instructions.

***Article 558.*- Liquidation of materials and raw materials**

When a processing contract is terminated, the processor must return the remaining materials and/or raw materials to the processee, unless otherwise agreed upon.

Section 10. CONTRACTS FOR BAILMENT OF PROPERTY

***Article 559.*- Contracts for bailment of property**

A contract for bailment of property is an agreement between the parties whereby the bailee agrees to keep in custody the property entrusted to him/her/it by the bailor and shall return it to the bailor upon the expiration of the contractual term, while the bailor shall have to pay remuneration to the bailee, except for cases of free-of-charge bailment.

***Article 560.*- Obligations of the bailor**

The bailor shall have the following obligations:

1. To immediately notify, upon the hand-over of property, the bailee of the conditions of the property and the appropriate measures to preserve the bailed property; if failing to do so and the bailed property is destroyed or damaged because of inappropriate preservation, the bailor shall bear the loss or damage by him/herself/itself; if damage is caused, he/she/it must compensate therefor.

2. To pay the remuneration in full, on schedule and by the agreed mode.

***Article 561.*- Rights of the bailor**

The bailor shall have the following rights:

1. To reclaim his/her/its property at any time, if the contract for bailment does not specify the time limit, but must notify the bailee thereof in advance within a reasonable period of time;

2. To demand compensation for damage, if the bailee causes the loss of, or damage to, the bailed property, except for *force majeure* cases.

***Article 562.*- Obligations of the bailee**

The bailee shall have the following obligations:

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 must immediately notify the bailor of the change;

3. To immediately notify the bailor in writing of any risk of damage or destruction to his/her/its property due to the nature of such property and request the latter to find a remedy within a certain time limit; if such time limit has expired and the bailor does not reply, the bailee shall be entitled to take necessary measures for preservation of the property and demand the bailor to reimburse the expenses therefore;

4. To compensate for damage if causing the loss of, or damage to, the bailed property, except for *force majeure* cases.

***Article 563.*- Rights of the bailee**

The bailee shall have the following rights:

1. To request the bailor to pay the remuneration as agreed upon;

2. To request the bailor to reimburse the reasonable expenses for preserving the property in case of free-of-charge bailment;

3. To request the bailor to take back his/her/its property at any time, but must notify the bailor thereof in advance within a reasonable period of time, in case of bailment for an indefinite period of time;

4. To sell the bailed property which is in danger of degeneration or destruction in order to ensure the bailor's interests, notify the bailor thereof, and return the sale proceeds to the bailor after deducting the reasonable expenses for the sale of property.

***Article 564.*- Return of bailed property**

1. The bailee must return exactly the received property and the yields therefrom, if any, unless otherwise agreed upon;

The place for return of the bailed property is the place of bailment; if the bailor requests to have his/her/its property returned at a place other than the place of bailment, then he/she/it must bear the expenses for transporting the property to such place, unless otherwise agreed upon.

2. The bailee must return the property on schedule and shall be entitled to request the bailor to take back the property ahead of schedule only if there is a plausible reason.

***Article 565.*- Delay in hand-over, reception of bailed property**

In cases where the bailee delays in the hand over of property, he/she/it shall not be entitled to request the bailor to pay remuneration and preservation expenses as from the time of hand-over delay and must bear risks to the property during the period of delay in hand-over of the property.

In cases where the bailor delays in the reception of property, he/she/it must pay the preservation expenses and remuneration to the bailee for the period of reception delay.

***Article 566.*- Payment of remuneration**

1. The bailor must pay remuneration in full when taking back the bailed property, unless otherwise agreed upon.

2. In cases where the parties have no agreement on the remuneration level, the average remuneration level at the place and time of remuneration payment shall apply.

3. When the bailor takes back his/her/its property ahead of schedule, he/she/it still has to pay the remuneration in full and necessary expenses arising from the early return of the property by the bailee, unless otherwise agreed upon.

4. When the bailee requests the bailor to take back his/her/its property ahead of schedule, the bailee shall not be entitled to receive the remuneration and shall have to compensate for damage caused to the bailor, unless otherwise agreed upon.

Section 11. INSURANCE CONTRACTS

Article 567.- Insurance contracts

An insurance contract is an agreement between parties, whereby the insurance buyer must pay the insurance premium and the insurer must pay a sum of insurance indemnity to the insured upon the occurence of an insured event.

Article 568.- Types of insurance contract

The insurance contracts include contracts for human insurance, contracts for property insurance and contracts for civil liability insurance.

Article 569.- Objects of insurance

Objects of insurance include humans, property, civil liability and others as specified by law.

Article 570.- Forms of insurance contract

Insurance contracts must be made in writing. The written insurance requests signed by insurance buyers constitute inseparable parts of insurance contracts. The insurance certificates or applications shall be the evidence of the entry into insurance contracts.

Article 571.- Insured events

An insured event is an objective event agreed upon by the parties or specified by law, upon the occurrence of which the insurer must pay an insurance indemnity to the insured, except for the cases specified in Clause 2, Article 346 of this Code.

Article 572.- Insurance premium

1. The insurance premium is a sum of money paid by the insurance buyer to the insurer.

The time limit for payment of insurance premium shall be agreed upon or prescribed by law. The insurance premium may be paid in lump sum or periodically.

2. In cases where the insurance buyer delays in periodic payment of insurance premium, the insurer may set a time limit for the insurance buyer to pay such premium; if upon the expiration of such time limit the insurance buyer still fails to pay the insurance premium, the contract shall terminate.

Article 573.- The obligation of the insurance buyer to provide information

1. Upon entering into an insurance contract, the insurance buyer must provide the insurer at the latter's request with the full information concerning the objects of insurance, except for information which the insurer already knew or should have known.

2. In cases where the insurance buyer intentionally provides false information in order to enter into the contract for enjoying the insurance indemnity, the insurer shall be entitled to unilaterally terminate the performance of such contract and collect the insurance premium up to the time of termination of the contract.

Article 574.- The obligation to prevent damage

1. The insured shall have the obligation to comply with the contractual conditions as well as relevant provisions of law and to take measures to prevent damage.

2. In cases where the insured is at fault, failing to take measures to prevent damage as contracted, the insurer may set a time limit for the insured to take such measures; if such preventive measures are not taken upon the expiration of this time limit, the insurer shall be entitled to unilaterally terminate the performance of such contract or refuse to pay the insurance indemnity upon the occurence of the damage due to the insured's failure to take such preventive measures.

Article 575.- Obligations of the insurance buyer, the insured and the insurer when insured events occur

1. Upon the occurence of an insured event, the insurance buyer or the insured must immediately notify the insurer thereof and take all necessary measures within his/her/its capacity to prevent or limit the damage.

2. The insurer must pay all necessary and reasonable expenses incurred by a third party to prevent or limit the damage.

Article 576.- Payment of insurance indemnity

1. The insurer must pay the insurance indemnity to the insured within the agreed time limit; if there is no agreement on such time limit, the insurer must pay the insurance indemnity within fifteen days from the date of receipt of the complete and valid dossier requesting the payment of insurance indemnity.

2. In cases where the issurer delays the payment of insurance indemnity, he/she/it must also pay the interest on the late paid amount at the basic interest rate set by the State Bank at the time of payment of insurance indemnity corresponding to the duration of the delayed payment.

3. In cases where the insured intentionally lets the damage occur, the insurer shall not have to pay the insurance indemnity; if such damage occurs due to the insured's negligence, the insurer shall not have to pay the part of the insurance indemnity corresponding to the extent of the insured's negligence.

***Article 577.*- Transfer of claim for reimbursement of indemnity**

1. In cases where the damage is caused to the insured due to the fault of a third party and the insurer has paid the insurance indemnity to the insured, the insurer shall have the right to demand such third party to reimburse the amount already paid. The insured shall have the obligation to provide the insurer with all necessary information, documents and evidence, which he/she/it is aware of so as to enable the insurer to exercise his/her/its right to demand with respect to the third party.

2. In cases where the insured has received from the third party the damages less than the amount of insurance indemnity payable by the insurer, the insurer shall have to pay the insured only the difference between the insurance indemnity and the amount paid by the third party, unless otherwise agreed upon; if the insured has received the insurance indemnity less than the damage caused to him/her/it by the third party, the insured shall still have the right to request the third party to pay the difference between the insurance indemnity and the damages.

The insurer shall have the right to demand the third party to reimburse the amount of money he/she/it has paid to the insured.

***Article 578.*- Life insurance**

In case of life insurance, when the insured event occurs, the insurer must pay the insurance indemnity to the insured or his/her authorized representative; if the insured dies, the insurance indemnity shall be paid to his/her heir(s).

***Article 579.*- Property insurance**

1. The insurer must compensate for any damage caused to the insured property in accordance with the agreed terms or the provisions of law.

2. In cases where the ownership rights to the insured property are transferred to another person, the new owner of such property shall automatically substitute the former owner in the insurance contract, as from the time such ownership rights are transferred. The former owner who is the insurance buyer shall have to notify the new owner that the property has been insured and notify the insurer in time that the ownership rights to the property have been transferred.

***Article 580.*- Civil liability insurance**

1. In case of insurance of civil liability toward a third party as agreed upon or provided for by law, the insurer must pay indemnity to the insurance buyer or to the third party at the insurance buyer's request for the damage caused to the third party by the insurance buyer at the level of insurance as agreed upon or provided for by law.

2. In cases where the insurance buyer has already compensated for the damage to the third party, he/she/it shall be entitled to demand the insurer to reimburse the sum of money he/she/it has paid to the third party, which, however shall not exceed the level of insurance indemnity agreed upon by the parties or provided for by law.

Section 12. MANDATE CONTRACTS

***Article 581.*- Mandate contracts**

A mandate contract is an agreement between the parties whereby the mandatary shall have the obligation to perform a task on behalf of the mandator, and the mandator shall only have to pay remuneration, if so agreed upon or provided for by law.

***Article 582.*- Time limit of mandate**

The time limit of mandate shall be agreed upon by the parties or provided for by law; if there is no agreement or no legal provisions theron, the mandate contract shall be effective for one year as from the date the mandate is established.

***Article 583.*- Sub-mandate**

The mandatary shall be entitled to submandate a third party only if so consented by the mandator or so provided for by law.

The form of a submandate contract must also conform to the form of the original mandate contract.

The submandate must not go beyond the scope of the original mandate.

***Article 584.*- Obligations of the mandatary**

The mandatary shall have the following obligations:

1. To perform the task in accordance with the mandate and notify the mandator of the performance thereof;

2. To notify a third party concerned with the performance of the mandate of the mandate time limit and scope as well as any amendments or additions to the scope of mandate;

3. To preserve and maintain the documents and instruments entrusted to him/her for performing the mandate;

4. To keep secret the information which he/she knew 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 provided for by law;

6. To compensate for any damage arising from any breach of the obligations specified in Clauses 1, 2, 3, 4 and 5 of this Article.

***Article 585.*- Rights of the mandatary**

The mandatary shall have the following rights:

1. To request the mandator to provide information, documents and means necessary for performing the mandated task;

2. To be entitled to remuneration and reimbursement of reasonable expenses he/she has paid for the performance of the mandated task.

***Article 586.*- Obligations of the mandator**

The mandator shall have the following obligations:

1. To provide necessary information, documents and means 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 587.*- Rights of the mandator**

The mandator shall have the following rights:

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 specified in Article 584 of this Code.

***Article 588.*- Unilateral termination of performance of mandate contracts**

1. In case of a mandate with remuneration, the mandator may unilaterally terminate the perfomance of the contract at any time, but must pay the mandatary a remuneration corresponding to the task already performed by the mandatary and compensate for damage; if it is a mandate without remuneration, the mandator may unilaterally terminate the performance of the contract at any time, but must notify the mandatary thereof in advance within a reasonable period of time.

The mandator must notify in writing a third party of his/her unilateral termination of the performance of the contract; if not, the contract with the third party shall remain in effect, except in cases where the third party knew or must have known about the termination of the mandate contract.

2. In case of a mandate without remuneration, the mandatary may unilaterally terminate the performance of the contract at any time, but must notify the mandator thereof in advance within a reasonable period of time; if it is a mandate with remuneration, the mandatary may unilaterally terminate the performance of the contract at any time, but must compensate for any damage to the mandator.

***Article 589.*- Termination of mandate contracts**

A mandate contract shall terminate in the following cases:

1. The mandate contract has expired;

2. The mandated task has been fulfilled;

3. The mandator or the mandatary unilaterally terminates the performance of the contract as provided for in Article 588 of this Code;

4. The mandator or the mandatary dies, or is declared by the court as losing his/her civil act capacity, having his/her civil act capacity restricted, missing or dead.

Section 13. PROMISE OF REWARD AND COMPETITION FOR PRIZES

***Article 590.*- Promise of reward**

1. A person who has publicly made a promise for a reward shall have to give the promised reward to the person who has performed the task at the request of the reward promisor.

2. The task for which the reward is promised must be specific and feasible, and is neither prohibited by law nor contrary to social ethics.

***Article 591.*- Withdrawal of the promise of reward**

Before the time set for starting the performance of the task, the reward promisor shall be entitled to withdraw his/her promise of reward. The withdrawal of such promise of reward must be conducted in the manner and by the medium in which the promise of reward was announced.

***Article 592.*- Grant of reward**

1. In cases where a task with a promise of reward is performed by a person, such person shall be entitled to receive the reward once the task is fulfilled.

2. When a task with a promise of reward is performed by several persons simultaneously but independently from one another, then the first to fulfill such task shall be entitled to receive the reward.

3. In cases where many persons fulfill a task with a promise of reward at the same time, the promised reward shall be equally shared among such persons.

4. In cases where many persons collaborate with one another in performing a task with a promise of reward at the reward promisor's request, then each person shall receive one part of the reward corresponding to his/her contribution.

***Article 593.*- Competition for prizes**

1. Organizers of cultural, artistic, sport, scientific, technical competitions and other competitions which are not contrary to law and/or social ethics shall have to announce the conditions for participation, the scale of evaluation points, the prizes and the value of each prize.

2. Any change to the conditions for participation in a competition must be made in accordance with the announced manner within a reasonable period of time before the competition begins.

3. A prize winner shall be entitled to demand the organizer of the competition to grant the prize exactly of the announced value.

Chapter XIX

PERFORMANCE OF TASKS WITHOUT MANDATE

***Article 594.*- Performance of tasks without mandate**

The performance of a task without mandate means the voluntary performance of the task by a person, who is under 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 protest against such performance.

***Article 595.*- Obligations to perform tasks without mandate**

1. The person who performs a task without mandate shall have the obligation to perform the task in accordance with to his/her capacity and conditions.

2. The person who performs a task without mandate shall have to perform such task as if it were his/her own; if he/she knows or can guess the intention of the person for whom the task is performed, he/she must perform the task in accordance with that intention.

3. The person who performs a task without mandate must notify the person for whom the task is performed of the progress and results of the performance of that task, if requested, except for cases where the latter already knew or the person who performs the task without mandate does not know the latter's place of residence.

4. In cases where the person for whom the task is performed dies, the person who performs the task without mandate shall have to continue the performance of that task until the heir or the representative of the person for whom the task is performed takes over it.

5. If for justifiable reasons, the person who performs the task without mandate is unable to continue the performance of the task, he/she must notify the person for whom the task is performed or his/her representative or next of kin thereof, or he/she may ask another person to assume the task in his/her place.

***Article 596.*- Payment obligation of the person for whom the task is performed**

1. The person for whom a task is performed must take over the task from the person who performs the task without mandate and reimburse the reasonable expenses already paid by the latter for the performance of the task, even in cases where the performance of the task has not yielded the result desired by the former.

2. The person for whom a task is performed must pay remuneration to the person who performs the task if the latter has performed the task dutifully to the former's benefit, except in cases where the person who performs the task without mandate refuses to receive it.

***Article 597.*- The obligation to compensate for damage**

1. When the person who performs a task without mandate intentionally causes damage while performing the task, he/she shall have to compensate the person for whom the task is performed.

2. If the person who performs a task without mandate unintentionally causes damage while performing the task, then based on the circumstances under which he/she assumed that task, such person may enjoy a reduction of compensation.

***Article 598.*- Termination of the performance of tasks without mandate**

The performance of a task without mandate shall terminate in the following cases:

1. At the request of the person for whom the task is performed;

2. The person for whom the task is performed, his/her heir or representative takes over the task;

3. The person who performs a task without mandate is unable to continue the performance of the task according to the provisions in Clause 5, Article 595 of this Code;

4. The person who performs the task without mandate dies.

Chapter XX

THE OBLIGATION TO RETURN THE PROPERTY POSSESSED, USED OR BENEFITS ENJOYED THEREFROM WITHOUT A LEGAL BASIS

Article 599.- The obligation to return

1. The possessor or user of another person's property without a legal basis shall have to return such property to its lawful owner or possessor; if the lawful owner or possessor cannot be found, the property shall be handed over to a competent state authority, except for the cases specified in Clause 1, Article 247 of this Code.

2. The person who benefits from a property without a legal basis thus causing damage to another person shall have to return these benefits to the damage sufferer, except for the cases specified in Clause 1, Article 247 of this Code.

Article 600.- Property to be returned

1. A possessor or user of a property without a legal basis must return the entire property he/she has acquired;

2. In cases where the property to be returned is a distinctive object, he/she must return that exact object; if that distinctive object is lost or damaged, he/she must pay pecuniary compensation therefore, unless otherwise agreed upon;

3. In cases where the property to be returned is a fungible object which has been lost or damaged, he/she must return object of the same type or pay pecuniary compensation therefore, unless otherwise agreed upon.

4. The person who enjoys benefits from a property without a legal basis shall have to return these benefits in kind or in money to the person who has sustained the loss of benefits.

Article 601.- The obligation to return yields or profits

1. The person who possesses, uses or enjoys benefits from a property without a legal basis and not in good faith shall have to return the yields or profits gained as from the time of possessing or using the property or enjoying the benefits from the property without a legal basis.

2. The person who possesses, uses or enjoys benefits from a property without a legal basis but in good faith shall have to return the yields or profits gained as from the time he/she knew or should have known that such possession or use of the property, or such enjoyment of benefits from the property lacked a legal basis, except for the cases specified in Clause 1, Article 247 of this Code.

Article 602.- The right to demand return of property from a third person

In cases where the possessor or user of a property without a legal basis has transferred the property to a third person, when the lawful owner or possessor of the property demands the return of the property, the third person shall have to return such property, unless otherwise provided for by this Code; if the property has been paid for in money, or in compensation, the third party shall be entitled to demand the transferor to compensate for damage.

Article 603.- Payment obligation

If the lawful owner, possessor or the damage sufferer recovers the property, he/she shall have to reimburse the necessary expenses paid by the possessor, user or beneficiary of the property without a legal basis but in good faith for preserving or increasing the value of the property.

Chapter XXI

LIABILITY TO COMPENSATE FOR DAMAGE OUTSIDE CONTRACT

Section 1. GENERAL PROVISIONS

Article 604.- Grounds for liability to compensate for damage

1. Those who intentionally or unintentionally infringe upon the life, health, honor, dignity, prestige, property, rights, or other legitimate interests of individuals or infringe upon the honor, prestige and property of legal persons or other subjects and thereby cause damage shall have to compensate.

2. In cases where the law provides that the persons who cause damage must compensate even when they are not at fault, such provision shall apply.

Article 605.- Principles for damage compensation

1. Damage must be compensated in full and in time. The parties may agree on the compensation levels, the form of compensation either in cash, in kind, or by the performance of a task, and on the mode of compensation either in lump sum or in installment, unless otherwise provided for by law.

2. Persons who cause damage may be entitled to reduction of compensation levels, if they unintentionally cause the damage which is too great for their economic capabilities at present and in the future.

3. When the compensation levels are no longer suitable to reality, the persons who suffered from damage or the persons who caused the damage may request the Court or other competent state agencies to change the compensation levels.

***Article 606.*- Liability capacity of individuals to compensate for damage**

1. Persons aged full eighteen years or older who cause damage shall have to compensate by themselves.

2. If a minor under fifteen years old, whose father and/or mother are/is still alive, causes damage, his/her father and/or mother shall have to compensate the whole damage; if the property of his/her parents is not enough for compen-sation while the minor who causes the damage has his/her own property, this property shall be used to make up for the deficit, except for the cases specified in Article 621 of this Code.

If persons aged between full fifteen years and under eighteen years cause damage, they must compensate for the damage with their own property; if their property is not enough for compensation, their parents shall have to make up for the deficit with their own property.

3. If persons who are minors or lose their civil act capacity cause damage but have their guardians, such guardians shall be entitled to use the property of their wards to pay the compensation; if the wards have no property or have not enough property for compensation, the guardians shall have to compensate with their own property; if the guardians can prove that they are not at fault in the guardianship, they shall not have to use their property for compensation.

***Article 607.*- Statute of limitations for initiating lawsuits to demand for damage compensation**

The statute of limitations for initiating lawsuits to demand for damage compensation shall be two years counting from the date the legitimate rights and interests of individuals, legal persons or other subjects are infringed upon.

Section 2. DETERMINATION OF DAMAGE

***Article 608.*- Damage caused by infringement upon property**

In case of infringement upon property, the damage to be compensated for shall cover:

1. The lost property;

2. The destroyed or damaged property;

3. The interests associated with the use or exploitation of such property;

4. The reasonable expenses for preventing, limiting and remedying the damage.

***Article 609.*- Damage caused by infringement upon health**

1. Damage caused by infringement upon health shall cover:

a/ Reasonable expenses for treatment, nursing and the rehabilitation of health and/or lost or impaired functions of the victims;

b/ The loss or reduction of the victims' actual incomes; if the victims' actual incomes are not stable, thus being unable to be determined, the average income earned for the same type of work shall be applied;

c/ Reasonable expenses and the loss of actual incomes of the persons who take care of the victims during the time of treatment; if the victims lose their working capacity and need people to care for them permanently, the damage shall also cover the reasonable expenses for caring for the victims.

2. The persons who infringe upon the health of others must compensate for damage as provided for in Clause 1 of this Article and pay another sum of money as compensation for their mental sufferings, which shall be agreed upon by the parties; if there is no such agreement, the maximum level shall not exceed thirty months' minimum salary set by the State.

***Article 610.*- Damage caused by infringement upon life**

1. Damage caused by infringement upon life shall cover:

a/ Reasonable expenses for the treatment, nursing and taking care of the victims before they die;

b/ Reasonable expenses for funeral;

c/ Support allowances for persons whom the victims have the obligation to support;

2. The persons who infringe upon the lives of others shall have to compensate for damage as provided for in Clause 1 of this Article and pay a sum of money as compensation for the mental sufferings to the victims's next of kin in the first rank of inheritance; if these persons are not available, the persons who the victims have directly nurtured or the persons who have directly nurtured the victims shall enjoy this sum of money. The levels of compensation for mental sufferings shall be agreed upon by the parties; in the absence

of such agreement, the maximum compensation level shall not exceed sixty months' minimum salary set by the State.

***Article 611.*- Damage caused by infringement upon honor, dignity or prestige**

1. Damage caused by infringement upon the honor, dignity or prestige of individuals or damage caused by infringement upon the honor or prestige of legal persons or other subjects shall cover:

a/ The reasonable expenses for limiting and/or remedying the damage;

b/ The actually lost or reduced income.

2. The persons who infringe upon the honor, dignity or prestige of others must compensate for damage as provided for in Clause 1 of this Article and pay a sum of money as compensation for mental sufferings caused to such persons. The levels of compensation for mental sufferings shall be agreed upon by the parties; if there is no such agreement, the maximum compensation level shall not exceed ten months' minimum salary set by the State.

***Article 612.*- Duration for enjoyment of compensation for damage caused by infringement on life or health**

1. In cases where the victims have completely lost their working capacity, they shall be entitled to enjoy compensation until they die.

2. In cases where a victim dies, the persons who were supported by the victim during his/her lifetime shall be entitled to the support money for the following time limit:

a/ Minors or unborns who are the issue of the decedent and still alive after birth shall be entitled to support money until they reach full eighteen years of age, except for cases where the persons who are aged between full fifteen and under eighteen years have already participated in labor and earned incomes enough to support themselves;

b/ Adults who have no working capacity shall be entitled to the support money until they die.

Section 3. COMPENSATION FOR DAMAGE IN A NUMBER OF SPECIFIC CASES

***Article 613.*- Compensation for damage caused by acts beyond the limits of legitimate self-defense**

1. Persons causing damage in case of legitimate self-defense shall not have to compensate the victims.

2. Persons acting beyond the limits of legitimate self-defense and causing damage must compensate the victims.

***Article 614.*- Compensation for damage caused by acts beyond the requirements of emergency circumstances**

1. Persons causing damage in emergency circumstances shall not have to compensate the victims.

2. In cases where damage is caused by acts beyond the requirements of an emergency circumstance, the persons causing such damage must compensate the victims.

3. Persons causing emergency circumstances that resulted in damage must compensate the victims.

***Article 615.*- Compensation for damage caused by persons using stimulants**

1. A person who, due to the consumption of alcohol or the use of other stimulants, falls into a state where he/she is unable to cognize and control his/her own acts and thereby causes damage to another person shall have to compensate.

2. When a person who intentionally uses alcohol or other stimulants to make another person fall into a state of being unable to cognize and control his/her own acts, and thereby causes damage, shall have to compensate the victim.

***Article 616.*- Compensation for damage caused by more than one person**

In cases where many persons jointly cause damage, they shall have to jointly compensate the victim. The compen-sation liability of each of the persons who have jointly caused the damage shall be determined correspon-dingly to each person's fault; if the extent of fault cannot be determined, they shall have to equally pay compensation for the damage.

***Article 617.*- Compensation for damage in cases where victims are at fault**

When a victim is also at fault in causing the damage, the person who causes the damage shall have to pay only the compensation corresponding to his/her fault; if the victim is totally at fault, the person who causes the damage shall not have to compensate.

***Article 618.*- Compensation for damage caused by personnel of a legal person**

Legal persons must compensate for damage caused by their personnel while performing their assigned tasks; if the legal persons have already compensated for the damage, they shall have the right to request the persons who are at fault in causing the damage to refund the amounts of compensation they have already paid to the victims as provided for by law.

***Article 619.*- Compensation for damage caused by public servants**

Agencies or organizations shall have to compensate for damage caused by public servants under their management while performing their public duties.

Agencies or organizations shall have the responsibility to request public servants under their management to refund the amount of money they have paid in compensation to the victims as provided for by law, if the public servants are at fault while performing their public duties.

***Article 620.*- Compensation for damage caused by competent personnel of agencies conducting legal proceedings**

Agencies conducting legal proceedings must compensate for damage caused by their competent personnel while performing tasks in the process of conducting legal proceedings.

Agencies conducting legal proceedings shall have the responsibility to request their competent persons who have caused damage to refund the amounts of money they have paid in compensation to the victims as provided for by law, if that competent persons are at fault while performing their tasks.

***Article 621.*- Compensation for damage caused by persons under fifteen years old, or persons having lost their civil act capacity while under the direct management of schools, hospitals or other organizations**

1. For persons aged under fifteen years who cause damage while at schools, the schools must compensate for the damage caused.

2. For persons having lost their civil act capacity who cause damage to others while being under the direct management of hospitals or other organizations, the hospitals or such organizations shall have to compensate for the damage caused.

3. In the cases specified in Clause 1 and Clause 2 of this Article, if the schools, hospitals or other organizations can prove that they are not at fault in the management thereof, the fathers, mothers or guardians of such under-fifteen persons or persons having lost their civil act capacity shall have to compensate.

***Article 622.*- Compensation for damage caused by employees or apprentices**

Individuals, legal persons and other subjects shall have to compensate for damage caused by their employees or apprentices while performing the assigned tasks and be entitled to request the employees or apprentices at fault to reimburse the amounts of money they have paid in compensation to victims as provided for by law.

***Article 623.*- Compensation for damage caused by sources of extreme danger**

1. Sources of extreme danger include motorized means of transport, power transmission systems, industrial factories in operation, weapons, explosives, inflammables, poisons, radioactive substances, wild beasts and other sources of extreme danger specified by law.

The owner of a source of extreme danger must comply with the regulations on maintenance, keeping, transportation and use of sources of extreme danger in accordance with the provisions of law.

2. The owner of a source of extreme danger shall have to compensate for damage caused by such source of extreme danger; if he/she has assigned the possession or use of such source of extreme danger to another person, such person shall have to compensate, unless otherwise agreed upon.

3. The owner of, or the person assigned by the owner to possess or use, a source of extreme danger shall have to compensate for damage even if he/she is not at fault, except for the following cases:

a/ Where the damage occurred totally due to the intentional fault of the victim;

b/ Where the damage occurred due to *force majeure* or emergency circumstance, unless otherwise provided for by law.

4. In cases where a source of extreme danger is illegally possessed or used, the illegal possessor or user shall have to compensate for the damage.

If the owner of, or person assigned by the owner to possess or use, a source of extreme danger is also at fault in letting the source of extreme danger be illegally possessed or used, he/she shall have to jointly compensate for the damage.

***Article 624.*- Compensation for damage caused by environmental pollution**

Individuals, legal persons or other subjects who pollute the environment and thereby cause damage shall have to compensate as provided for by law, even in cases where the environment polluters are not at fault.

***Article 625.*- Compensation for damage caused by animals**

1. The owner of an animal shall have to compensate for damage caused by the animal to another person; if the victim is completely at fault in letting the animal cause the damage to him/her, the owner of the animal shall not have to compensate.

2. In cases where a third party is completely at fault for the damage caused by an animal to another person, such third party shall have to compensate for damage; if the third party and the owner of the animal are both at fault, they shall have to jointly compensate for the damage.

3. In cases where an animal which is illegally possessed or used causes damage, the illegal possessor or user shall have to compensate.

4. In cases where the animal is allowed to range freely according to practices and causes damage, the owner of such animal shall have to compensate according to practices but not in contravention of law and/or social ethics.

***Article 626.*- Compensation for damage caused by trees**

The owners of trees shall have to compensate for damage caused by their falling or broken trees, except in cases where the damage is caused completely by the victim's fault or a *force majeure* circumstance.

***Article 627.*- Compensation for damage caused by houses or other construction works**

The owners of, or the persons assigned by the owners to manage and/or use, houses or other construction works, shall have to compensate for damage if they let such houses or other construction works collapse, deteriorate or sink and slide, thereby causing damage to other persons, except in cases where the damage is caused completely by the victim's fault or a *force majeure* circumstance.

***Article 628.*- Compensation for damage caused by infringement upon corpses**

1. Individuals, legal persons or other subjects that infringe upon corpses shall have to compensate for circumstance.

2. The damage caused by infringement upon corpses shall cover reasonable expenses for limiting or remedying the damage.

3. Persons infringing upon corpses must pay a pecuniary compensation as provided for in Clause 2 of this Article and another sum of money to make up for the mental sufferings caused to the decedents' next of kin in the first rank of inheritance; if these people are not available, the persons who have directly nurturned the decedents shall be entitled to enjoy these sums of money. The levels of compensation for mental sufferings shall be agreed upon by the parties; if there is no such agreement, the maximum level shall not exceed thirty months' minimum salary set by the State.

***Article 629.*- Compensation for damage caused by infringement upon tombs**

Individuals, legal persons or other subjects that cause damage to tombs of others shall have to compensate for the damage. The damage caused by infringement upon tombs shall cover reasonable expenses for limiting or remedying the damage.

***Article 630.*- Compensation for damage caused by infringement upon consumers' interests**

Individuals, legal persons or other subjects that undertake production and business without ensuring the quality standards of goods, thus causing damage to any consumer, shall have to compensate.

PART FOUR

INHERITANCE

Chapter XXII

GENERAL PROVISIONS

***Article 631.*- Inheritance right of individuals**

Every individual shall have 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 property under a testament or according to law.

***Article 632.*- Individuals' right of equality in inheritance**

Every individual shall be equal in the right to bequeath his/her property to another person and the right to inherit property under a testament or according to law.

***Article 633.*- Time and place for opening inheritance**

1. The time for opening inheritance is the time the owner of property dies. In cases where the Court declares that a person is dead, the time for opening the inheritance shall be the date specified in Clause 2, Article 81 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 shall be the place where all or most of his/her estate is located.

***Article 634.*- Estate**

Estate includes the decedent's own property and his/her shares in property in common with others.

***Article 635.*- Heirs**

If an heir is an individual, he/she must be alive at the time of opening the inheritance, or must be born and still alive after the time of opening the inheritance, but must be conceived before the death of the estate leaver. In cases where a testamentary heir is an agency or organization, such agency or organization must be in existence at the time of opening the inheritance.

***Article 636.*- Time at which the heir's rights and obligations arise**

As from the time of opening the inheritance, the heirs shall have the property rights and obligations left by the decedents.

***Article 637.*- Performance of property obligations left by the decedent**

1. The persons enjoying the inheritance shall have the responsibility to perform the property obligations within the limit of estate left by the decedent, unless otherwise agreed upon.

2. In cases where the estate has not yet been divided, the property obligations left by the decedent shall be performed by the estate administrator in accordance with the agreement among the heirs.

3. In cases where the estate has already been divided, then each of the heirs shall perform the property obligations left by the decedent, which correspond to, but not exceed, the portion of property he/she has received, unless otherwise agreed upon.

4. In cases where the State, an agency or organization enjoys an estate under a testament, it shall also have to perform the property obligations left by the decedent like an individual heir.

***Article 638.*- Estate administrators**

1. An estate administrator is the person who is appointed in the testament or appointed under the agreement among the heirs.

2. In cases where the testament does not appoint an estate administrator and the heirs have not yet appointed an administrator, the person who possesses, uses, or administers the estate shall continue to administer it until the heirs appoint an administrator of the estate.

3. In cases where the heir(s) has/have not been identified and there is still no administrator of the estate, such estate shall be managed by a competent State agency.

***Article 639.*- Obligations of the estate administrator**

1. The estate administrator defined in Clause 1 and Clause 3, Article 638 of this Code shall have the following obligations:

a/ To draw up the list of estate; recover the property of the decedent, which is being possessed by other persons, unless otherwise provided for by law;

b/ To preserve the estate; not to sell, exchange, donate, mortgage, pledge or dispose of it in any other manners, if not so consented in writing by the heirs;

c/ To notify the heirs of the estate;

d/ To compensate for damage, if he/she breaches his/her obligations, thereby causing damage;

e/ To hand back the estate at the request of the heir(s).

2. The person who currently possesses, uses or administers the estate as specified in Clause 2, Article 638 of this Code shall have 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, if he/she breaches his/her obligations, thereby causing damage;

d/ To hand back the estate as agreed upon with the estate leaver in a contract or at the request of the heir(s).

***Article 640.*- Rights of the estate administrator**

1. The estate administrator defined in Clause 1 and Clause 3, Article 638 of this Code shall have the following rights:

a/ To represent the heirs in their relations with a third party concerning the estate;

b/ To enjoy remuneration as agreed upon with the heir(s).

2. The persons who currently possess, use or administer the estate as defined in Clause 2, Article 638 of this Code shall have the following rights:

a/ To continue using the estate as agreed upon in the contract with the estate leaver or consented to by the heirs.

b/ To enjoy remuneration as agreed upon with the heirs.

***Article 641.*- Inheritance by persons entitled to mutually inherit each other's estate who die simultaneously**

In cases where the persons who have the right to inherit each other's estate die simultaneously or are considered to have died simultaneously because it is impossible to determine who dies first, then they shall 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 case of inheritance by substitution as provided for in Article 677 of this Code.

***Article 642.*- Disclaimer of inheritance**

1. An heir shall have the right to disclaim an estate, except for cases where such disclaimer is aimed at shirking his/her property obligations toward another person.

2. A disclaimer of estate must be made in writing; the person who disclaims must notify other heirs, the person tasked to divide the estate, the Notary Public Office or the People's Committee of the commune, ward or township, where such inheritance is opened, of the disclaimer of estate.

3. The time limit for disclaiming an estate shall be six months counting from the date of opening the inheritance. After six months counting from the date of opening the inheritance, if there is no disclaimer of estate, the heirs are considered having accepted the inheritance.

***Article 643.*- Persons not entitled to enjoy estate**

1. The following persons shall not be entitled to enjoy estate:

a/ Persons who are convicted of having intentionally infringed upon the life or health of the estate leavers, or of having maltreated, or physically or mentally abused the estate leavers, or of having seriously infringed upon the honor or dignity of such persons;

b/ Persons who seriously breach their obligations to support the estate leavers;

c/ Persons who are convicted of having intentionally infringed upon the life of other heirs for the purpose of acquiring part or all of the portion of the estate to which such heirs are entitled;

d/ Persons who deceive, coerce or hinder the estate leavers while the latter make their testaments; persons who forge, modify or destroy the testaments in order to acquire part or all of the estates against the will of the estate leavers.

2. The persons defined in Clause 1 of this Article shall still be entitled to enjoy the estate, if the estate leavers, though aware of their acts, still allow them to enjoy the estate under the testaments.

***Article 644.*- Estates without heirs shall belong to the State**

In cases where there is no heir under the testament or at law or where there is an heir who is, however, not entitled to enjoy estate or disclaims his/her estate, the estate left after fulfilling the property obligations and without any heir shall belong to the State.

***Article 645.*- Statute of limitations for initiating inheritance-related lawsuits**

The statute of limitations for an heir to request the division of estate, to determinate his/her rights to inheritance or deny the inheritance rights of another person shall be ten years counting from the time of opening the inheritance.

The statute of limitations for initiating a lawsuit to demand an heir to fulfill the property obligations left by the decedent shall be three years counting from the time of opening the inheritance.

Chapter XXIII

TESTAMENTARY INHERITANCE

***Article 646.*- Testaments**

A testament is the expression of an individual's will to transfer his/her own property to other person(s) after his/her death.

***Article 647.*- Testators**

1. A person who has attained adulthood is entitled to make a testament, except in cases where such person is affected by a mental disease or other ailment, which prevents him/her from being aware of, or controlling his/her acts.

2. A person aged between full fifteen years and under eighteen years may make a testament, if his/her father, mother or guardian so agrees.

***Article 648.*- Rights of the testator**

The testator shall have the following rights:

1. To designate his/her heirs(s); to disinherit an heir;

2. To divide his/her estate for each of his/her heirs;

3. To set aside part of his/her estate for donation and/or worship;

4. To assign obligations to his/her heir(s);

5. To designate a person to keep the testament, the administrator of his/her estate and the distributor of the estate.

***Article 649.*- Forms of testament**

A testament must be made in writing; if the testament cannot be made in writing, it can be made orally.

Ethnic minority people shall be entitled to make their testaments in their own ethnic minority scripts or languages.

***Article 650.*- Written testaments**

A written testament may be:

1. A written testament made without witnesses;

2. A written testament made in the presence of witnesses;

3. A notarized written testament;

4. An authenticated written testament.

***Article 651.*- Oral testaments**

1. In cases where a human life is threatened by a disease or other causes, which prevent him/her from making a written testament, he/she may make an oral testament.

2. After three months counting from the time the oral testament is made, if the testator is still alive and clear-minded, such oral testament shall be automatically annulled.

***Article 652.*- Lawful testaments**

1. A testament shall be considered lawful when it meets all the following conditions:

a/ The testator is clear-minded while making the testament; he/she is not deceived, threatened or forced;

b/ The content of the testament is not contrary to law and/or social ethics; the form of testament is not contrary to the provisions of law.

2. The testament of a person aged between full fifteen years and under eighteen years must be made in writing and such person must get the consent of his/her parents or guardian.

3. The testament of a person who is physically handicapped or who is illiterate must be put into writing by a witness and notarized or authenticated.

4. A written testament without notarization or authentication shall be considered lawful only if it satisfies the conditions specified in Clause 1 of this Article.

5. An oral testament shall be considered lawful if the oral testator expresses his/her last will before at least two witnesses and immediately after that the witnesses write such down and jointly sign or press their fingerprints. Within five days as from the date the oral testator expresses his/her last will, the testament must be notarized or authenticated.

***Article 653.*- Contents of written testaments**

1. A testament must contain:

a/ Day, month, year, on which the testament is made;

b/ Full name and place of residence of the testator;

c/ Full names of the person(s), agency(ies) or organization(s) entitled to the estate or the clear definition of conditions for individuals, agencies or organizations to enjoy the estate;

d/ The inheritance estate bequeathed and the location of such estate;

e/ The person(s) appointed to perform the obligations and the contents of such obligations.

2. No abbreviations or symbols shall be used in testaments; if a testament comprises many pages, then each page must be ordinally numbered and signed or fingerprinted by the testator.

***Article 654.*- Witnesses to the making of testaments**

Every person may serve as a witness to the making of a testament, except the following persons:

1. Heirs under the testament or at law of the testator;

2. Persons with property rights and obligations related to the contents of the testament;

3. Persons who have not yet reached full eighteen years or persons having no civil act capacity.

***Article 655.*- Written testaments made without witnesses**

The testator must himself/herself write and sign the testament.

The making of written testaments without witnesses must comply with the provisions of Article 653 of this Code.

***Article 656.*-Written testaments made in the presence of witnesses**

In cases where a testator is unable to write the testament by himself/herself, he/she may ask another person to write it, but in the presence of at least two witnesses. The testator must sign or fingerprint the testament in the presence of the witnesses; the witnesses shall certify the signature or fingerprint of the testator and sign the testament.

The making of testaments must comply with the provisions of Article 653 and Article 654 of this Code.

***Article 657.*- Testaments notarized or authenticated**

Testators may request the notarization or authentication of their testaments.

***Article 658.*- Procedures for making testaments at public notary offices or People's Committees of communes, wards or townships**

The making of testaments at public notary offices or People's Committees of communes, wards or townships must comply with the following procedures:

1. The testators shall announce the contents of their testaments before the public notaries or persons of commune/ward/township People's Committees, who are competent to authenticate them. The public notaries or the persons competent to authenticate must

record in writing the contents stated by the testators. The testators shall sign or fingerprint the testaments after certifying that their testaments have been accurately recorded and correctly express their will. The public notaries or the persons competent to authenticate of commune/ward/township People's Committees then sign the testaments;

2. In cases where testators cannot read, hear, sign or fingerprint the testaments, they must request the assistance of witnesses who shall have to sign the testaments for certification in the presence of the public notaries or the persons competent to authenticate of commune/ward/township People's Committees. The public notaries or the persons competent to authenticate of commune/ward/township People's Committees shall certify the testaments in the presence of the testators and witnesses.

***Article 659.*- Persons not allowed to notarize or authenticate testaments**

The public notaries or competent persons of commune/ward/township People's Committees must not notarize or authenticate testaments if they are:

1. Testamentary heirs or at-law heirs of the testators;

2. Persons whose fathers, mothers, spouses or children are testamentary heirs or at-law heirs;

3. Persons having their property rights and obligations related to the testaments' contents.

***Article 660.*- Written testaments are as valid as notarized or authenticated testaments**

Written testaments which have the same validity as notarized or authenticated testaments shall include:

1. Testaments of army men in active service, certified by commanders of army units of the company or higher level, if such army men cannot request the notarization or authentication;

2. Testaments of persons traveling on board sea-going vessels or aircraft, certified by the commanders of such means of transport;

3. Testaments of persons undergoing medical treatment at hospitals or other health or convalescent establishments, certified by the persons in charge of such hospitals or establishments;

4. Testaments of persons conducting survey, exploration or research work in mountainous areas or on islands, certified by the persons in charge of their units;

5. Testaments of Vietnamese nationals residing abroad, certified by Vietnamese consular offices or diplomatic missions in those countries;

6. Testaments of persons being held in custody, serving their prison sentences or administrative handling measures at re-education camps or medical establishments, certified by the persons in charge of such establishments.

***Article 661.*- Testaments made by public notaries at places of residence**

1. Testators may request public notaries to come to their places of residence to make their testaments.

2. The procedures for making testaments at places of residence shall comply with the procedures for making testaments at public notary offices under the provisions in Article 658 of this Code.

***Article 662.*- Amendment, supplementation, substitution and annulment of testaments**

1. Testators may amend, supplement, substitute or annul their testaments at any time.

2. In cases where a testator makes any supplement to his/her testament, the already made testament and the supplement shall have equal legal effect; if a part of the already made testament and the supplement are contradictory, only the supplement shall have legal effect.

3. In cases where a testator replaces his/her testament with a new testament, then the previous testament shall be annulled.

***Article 663.*- Joint testament of husband and wife**

Husband and wife may make a joint testament to dispose of their common property.

***Article 664.*- Amendment, supplementation, substitution and annulment of joint testaments**

1. Husband or wife may amend, supplement, substitute or annul their joint testament at any time.

2. When a wife or husband wishes to amend, supplement, substitute or annul their joint testament, she or he must get the consent of the other; if one of them has already died, the other can only amend or supplement the testament related to his/her own part of property.

***Article 665.*- Custody of testaments**

1. A testator may request a public notary office or another person to keep his/her testament in its/his/her custody.

2. In cases where the public notary office keeps the testament, it must maintain and preserve the testament in accordance with the provisions of law on notary public.

3. The individual entrusted to keep the testament shall have the following obligations:

a/ To keep its contents confidential;

b/ To safeguard and preserve the testament; if the testament is lost or damaged, he/she must immediately notify the testator thereof;

c/ To hand back the testament to the testator's heir(s) or to the person competent to announce the testament upon the testator's death. The hand-over of the testament must be made in writing with the signatures of the person who hands it over and the recipient, and in the presence of two witnesses.

***Article 666.*- Lost or damaged testaments**

1. If from the time of opening the inheritance, a testament is lost or damaged to such an extent that it does not fully express the will of the testator nor is there any evidence to demonstrate the true wish of the testator, the testament shall be deemed non-existent and the provisions of law on inheritance at law shall apply.

2. In cases where the testament is found out before the estate is divided, then the estate shall be divided according to the testament.

***Article 667.*- Legal effect of testaments**

1. A testament shall take effect as from the time of opening the inheritance.

2. A testament shall be considered invalid wholly or partially in the following cases:

a/ The testamentary heirs die before or at the same time with the testator;

b/ The agency or organization designated as a heir is no longer in existence at the time of opening the inheritance.

In cases where there are 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 is no longer in existence at the time of opening the inheritance, then only the part of the testament that relates to the person who died before or simultaneously with the testator, or such defunct agency or organization shall be legally ineffective.

3. A testament shall have no legal effect if the estate left to the heir(s) is no longer in existence at the time of opening the inheritance; if only part of such estate is still in existence, then the testamentary part related to the remaining part of the estate shall remain effective.

4. If a part of the testament is unlawful but does not affect the validity of the rest of the testament, then only such part shall have no legal effect.

5. If a person leaves more than one testament regarding a property, then only the latest testament shall take legal effect.

***Article 668.*- Legal effect of joint testament of husband and wife**

A joint testament of husband and wife shall take effect as from the time the last of them dies or at the time both the husband and wife die simultaneously.

***Article 669.*- Heirs independent from contents of testaments**

The following persons shall still be entitled to an estate portion which is equivalent to two-thirds of the portion given to an heir at law, if the estate is divided according to law, in cases where they are not allowed by the testator to enjoy the estate or are allowed to enjoy only a portion less than two-thirds of their due part, unless they disclaim the estate according to the provisions of Article 642 or they are not entitled to the estate according to the provisions of Article 643 of this Code:

1. Minor children, father, mother, wife or husband;

2. Adult children without working capacity.

***Article 670.*- Estate used for worshiping**

1. In cases where a testator has allocated part of the estate for worshiping, that part of his/her estate shall not be divided for inheritance, but shall be entrusted to a person designated in the testament for management to service the worship; if the designated person fails to comply with the testament or with the heirs' agreement, the heirs shall be entitled to entrust such part of the estate to another person for management and use thereof for worshiping.

In cases where the estate leaver does not designate an administrator of the worship estate, the heirs shall designate a person to manage the worship estate.

In cases where all the testamentary heirs have died, the estate portion reserved for worshiping shall belong to the current lawful administrator of such estate among people entitled to inheritance at law.

2. In cases where the whole property of the decedent is not enough for fulfillment of his/her property obligations, no part of the estate shall be reserved for worshiping.

***Article 671.*- Testamentary donation**

1. A testamentary donation means the reserve of part of an estate by a testator as gift to another person. The testamentary donation must be clearly stated in the testament.

2. The testamentary donee shall not have to fulfill any property obligation related to the testamentary donation, except in cases where

the whole estate is not enough for performance of the property obligations of the donor, the testamentary donation shall be also used to perform the remaining part of the obligations of such person.

***Article 672.*- Announcement of testaments**

1. In cases where a written testament is kept at a public notary office, the public notary shall be the person to announce the testament.

2. In cases where the testator appoints a testament announcer, the latter shall have the obligation to announce the testament; if the testator does not appoint or has appointed a testament announcer but the appointee refuses to announce the testament, the surviving heirs shall agree to appoint the testament announcer.

3. After the time of opening the inheritance, the testament announcer must send copies of the testament to all concerned persons related to the contents of the testament.

4. The persons who receive copies of the testament shall be entitled to request the comparison thereof with the original.

5. In cases where the testament is made in a foreign language, it must be translated into Vietnamese and must be notarized.

***Article 673.*- Interpretation of testaments**

In cases where the contents of a testament are unclear leading to different interpretations, then the testament announcer and the heirs must together interprete 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). Where such persons fail to agree on the interpretation of the contents of the testament, such testament shall be deemed non-existent and the estate shall be divided in accordance with the provisions of law on inheritance at law.

In cases where a part of the testament cannot be interpreted but does not affect the rest of the testament, only the uninterpretable part shall be invalid.

Chapter XXIV

INHERITANCE AT LAW

***Article 674.*- Inheritance at law**

Inheritance at law is inheritance in accordance with the ranks, conditions and order of inheritance provided for by law.

***Article 675.*- Cases of inheritance at law**

1. Inheritance at law shall 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; the agency or organization designated as testamentary heir is no longer in existence at the time of opening the inheritance;

d/ The persons designated as testamentary heirs shall not have the right to inherit or have disclaimed their inheritance rights.

2. Inheritance at law shall also apply to the following parts of the estate:

a/ Part of the estate, which is not disposed of in 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, does not have the right to inherit or who has disclaimed his/her inheritance rights, or who dies before or at the same time with the testator; or related to an agency or organization which is designated as testamentary heir, which is, however, no longer in existence at the time of opening the inheritance.

***Article 676.*- Heirs at law**

1. Heirs at law are classified in the following order:

a/ First rank of inheritance shall include wife, husband, biological father, biological mother, adoptive father, adoptive mother, biological children and adopted children of the decedent;

b/ Second rank of inheritance shall include paternal grandfather, paternal grandmother, maternal grandfather, maternal grandmother, natural brother(s) and sister(s) of the decedent; grand-children of whom the decedent is the paternal grandfather or grand-mother, maternal grandfather or grandmother;

c/ Third rank of inheritance shall include paternal and maternal great-grandparents; paternal and maternal uncles and aunts by blood of the decedent; nephews and nieces of whom the decedent is the paternal or maternal uncle or aunt by blood; great grand-children of whom the decedent is the paternal or maternal great grandparents.

2. Heirs belonging to the same rank of inheritance shall be entitled to equal portions in the estate.

3. Heirs belonging to the subsequent rank of inheritance shall be entitled to inheritance only if none of the heirs of the preceding rank

of inheritance is left as they have died, are not entitled to the estate, are disinherited or disclaim the estate.

***Article 677.*- Inheritance by substitution**

In cases where a child of an estate leaver dies before or at the same time with the estate leaver, then his/her grandchild shall be entitled to inherit the part of the estate that his/her father or mother would have inherited if he or she is still alive; if such grandchild also dies before or at the same time with the estate leaver, then the great grandchild of the estate leaver shall be entitled to inherit the part of the estate that his/her father or mother would have inherited if he or she is still alive.

***Article 678.*- Inheritance relation-ship between adopted children and their adoptive fathers, adoptive mothers and their biological parents**

An adopted child and his/her adoptive father and/or mother shall be entitled to inherit each other's estate and also inherit the estate in accordance with the provisions of Articles 676 and 677 of this Code.

***Article 679.*- Inheritance relation-ship between stepchildren and their stepfathers and/or stepmothers**

If a stepchild and his/her stepfather and/or stepmother have a relationship of mutual care and support as between a biological father and a biological child or between a biological mother and a biological child, they shall be entitled to inherit each other's estate and also inherit the estate in accordance with the provisions of Articles 676 and 677 of this Code.

***Article 680.*- Inheritance in cases where wife and husband have divided their common property, are applying for divorce or have married another person**

1. In cases where husband and wife have divided their common property while their marriage still exists and one of the spouses thereafter dies, then the survivor shall still be entitled to inherit the other's estate.

2. In cases where wife and/or husband have/has applied for divorce but the divorce has not yet been approved or has already been approved by a court through a judgment or decision which is not legally effective yet, and one of the spouses thereafter dies, then the survivor shall still be entitled to inherit the other's estate.

3. A person who was still wife or husband of the decedent at the time the latter dies shall still be entitled to inherit the decedent's estate even if he/she later has married another person.

Chapter XXV

PAYMENT AND DIVISION OF ESTATE

***Article 681.*- Meeting of heirs**

1. After the notice on the opening of the inheritance is made or the testament is announced, the heirs may hold a meeting to agree on the following issues:

a/ The appointment of an administrator of the estate, a distributor of the estate and the determination of the rights and obligations of these people, if the estate leaver has failed to make such appointments in the testament;

b/ The method of dividing the estate.

2. Any agreement among the heirs must be made in writing.

***Article 682.*- Estate distributors**

1. The estate distributor may also be the estate administrator designated in the testament or appointed by the heirs under their agreement.

2. The estate distributor must divide the estate in strict accordance with the testament or as agreed upon by the heirs at law.

3. The estate distributor is entitled to remuneration, if so allowed by the estate leaver in the testament or so agreed upon by the heirs.

***Article 683.*- Priority order of payment**

Property obligations and expenses related to the inheritance shall be paid in the following order:

1. Reasonable funeral expenses in accordance with practices;

2. Unpaid support allowance;

3. Support allowances for dependents of the decedent;

4. Labor wage;

5. Compensation for damage;

6. Taxes and other debts owed to the State;

7. Fines;

8. Other debts owed to any individuals, legal persons or other subjects;

9. Expenses for the preservation of the estate;

10. Other expenses.

***Article 684.*- Division of estates in accordance with testaments**

1. The estate shall be divided according to the will of the testator; if the testament does not clearly determine the share of each heir, then the estate shall be divided equally among the persons indicated in the testament, unless otherwise agreed upon.

2. In cases where the testament specifies the division of an estate in kind, the heirs shall be entitled to receive their shares in kind together with the yields or profits gained therefrom or must bear any depreciation in value of such shares in kind up to the time of the division of the estate; if the shares in kind have been destroyed due to another person's fault, the heirs shall be entitled to demand compensation for such damage.

3. In cases where the testament only specifies the division of the estate by percentages of the total value of the estate, then such percentages shall be calculated on the basis of the estate value remaining at the time of estate division.

***Article 685.*- Division of estate by law**

1. If at the time of estate division, an heir of the same rank of inheritance has been conceived but not yet born, then a part of the estate equal to the share which another heir of the same rank is entitled to shall be set aside for inheritance by the unborn heir if he/she is born alive; if this heir is still-born, then the other heirs shall be entitled to his/her share.

2. The heirs shall have the right to demand that the estate be divided in kind; if the estate cannot be divided equally in kind, the heirs may agree on the evaluation of the assets in kind and on the persons who shall receive them; if no agreement can be reached, the assets in kind shall be sold for division.

***Article 686.*- Restrictions on division of estate**

If by the will of the testator or by the agreement of all heirs, the estate can only be divided after a certain period of time, then it shall only be divided after the expiration of that time limit.

In cases where the estate division is requested and will seriously affect the life of the living spouse and his/her family, the living spouse shall have the right to request the Court to determine the estate shares to be enjoyed by the heirs but not to allow the estate division within a certain time limit which, however, shall not exceed three years as from the time of opening the inheritance; if the time limit set by the Court has expired or the living spouse has married another person, the other heirs may request the Court to permit the division of the estate.

***Article 687.*- Division of estates in cases where new heirs appear or where heirs are disinherited**

1. In cases where an estate has been already divided and a new heir has appeared, the estate in kind shall not be re-divided but the heirs who have received their respective shares of estate must pay the new heir a sum of money corresponding to his/her share of estate at the time of estate division in proportion to the received share of estate, unless otherwise agreed upon.

2. In cases where an estate has been already divided and an heir is disinherited, such heir must return his/her share of estate or pay a sum of money corresponding to the value of the estate he/she has enjoyed at the time of dividing the estate to the heirs, unless otherwise agreed upon.

PART FIVE

PROVISIONS ON THE TRANSFER OF LAND USE RIGHTS

Chapter XXVI

GENERAL PROVISIONS

***Article 688.*- Bases for establishment of land use rights**

1. Land is under the State's ownership and the Government's unified management.

2. Land use rights of individuals, legal persons, households and other subjects shall be established upon the land assignment or lease or the land use right recognition by the State.

3. Land use rights of individuals, legal persons, households and other subjects shall also be established upon the transfer thereof by other persons in accordance with the provisions of this Code and the land law.

***Article 689.*- Forms of transfer of land use rights**

1. The transfer of land use rights shall be carried out through contracts, except for the case specified in Clause 3 of this Article.

2. The contracts on land use right transfer must be made in writing, notarized or authenticated in accordance with the provisions of law.

3. The inheritance of land use rights shall comply with the provisions of Articles 733 thru 735 of this Code.

***Article 690.*- Price for transfer of land use rights**

The price for a transfer of land use rights shall be agreed upon by the parties or provided for by law.

***Article 691.*- Principles for transfer of land use rights**

1. Individuals, legal persons, households and other subjects using land shall be entitled to transfer the land use rights only when they are so permitted by law.

2. When transferring the land use rights, the parties shall be entitled to agree on the contents of the contract for the transfer of land use rights but must comply with the provisions of this Code and the land law.

3. The transferee of the land use rights must use the land for the right purposes and within the duration stated in the land use right certificates and in compatibility with land use plannings or plans in the localities at the time of land use right transfer.

***Article 692.*- Effect of transfer of land use rights**

The transfer of land use rights shall take effect as from the time the land use rights are registered in accordance with the provisions of land law.

Chapter XXVII

CONTRACTS FOR EXCHANGE OF LAND USE RIGHTS

***Article 693.*- Contracts for exchange of land use rights**

A contract for exchange of land use rights is an agreement between parties whereby the parties transfer land and land use rights to each other in accordance with the provisions of this Code and the land law.

***Article 694.*- Contents of contracts for exchange of land use rights**

A contract for exchange of land use rights shall contain the following contents:

1. Names and addresses of the parties;

2. Rights and obligations of the parties;

3. Category, grade, acreage, location, code number, boundaries and conditions of the land;

4. Time for the transfer of land;

5. The land use term of the exchanger; the remainder of the land use term for the exchange;

6. The difference in land use right value, if any;

7. Rights of a third party to the exchanged land, if any;

8. The parties' liabilities for breach of the contract.

***Article 695.*- Obligations of parties to the exchange of land use rights**

The parties to an exchange of land use rights shall have the following obligations:

1. To transfer land to each other in strict accordance with the land acreage, grade, category, location, code number and conditions as agreed upon;

2. To use the land for the right purposes and within the prescribed duration;

3. To pay fees for the exchange of land use rights with respect to the area of land received and perform the obligations of a land user as provided for by this Code and the land law;

4. To pay the difference, if the value of the exchanged land use rights of one party is higher than that of the other, unless otherwise agreed upon.

***Article 696.*- Rights of parties to the exchange of land use rights**

The parties to an exchange of land use rights shall have the following rights:

1. To request the other party to transfer the land in strict accordance with the land acreage, grade, category, location, code number and conditions as agreed upon;

2. To request the other party to hand over all the valid papers related to the land use rights;

3. To be granted a land use right certificate for the exchanged land;

4. To use land in strict accordance with the prescribed purpose and duration.

Chapter XXVIII

CONTRACTS FOR ASSIGNMENT OF LAND USE RIGHTS

***Article 697.*- Contracts for assignment of land use rights**

A contract for the assignment of land use rights is an agreement between parties whereby the land use right assignor transfers the land and land use rights to the assignee and the assignee shall pay money to the assignor in accordance with the provisions of this Code and the land law.

***Article 698.*- Contents of contracts for assignment of land use rights**

A contract for the assignment of land use rights shall include the following contents:

1. Names and addresses of the parties;

2. Rights and obligations of the parties;

3. Category, grade, acreage, location, code number, boundaries and conditions of the land;

4. Land use term of the assignor; the remainder of the land use term for the assignee;

5. Assignment price;

6. Mode and time of payment;

7. Rights of a third party to the assigned land;

8. Other information related to the land use rights;

9. The parties' liabilities for breach of the contract.

***Article 699.*- Obligations of the land use right assignor**

The land use right assignor shall have the following obligations:

1. To transfer the land to the assignee in strict accordance with the land acreage, grade, category, location, code number and conditions as agreed upon;

2. To hand over the papers related to the land use rights to the assignee.

***Article 700.*- Rights of the land use right assignor**

The land use right assignor shall have the rights to receive money for the assignment of land use rights; in cases where the assignee is late in making the payment, the provisions of Article 305 of this Code shall apply.

***Article 701.*- Obligations of the land use right assignee**

The land use right assignee shall have the following obligations:

1. To pay money to the land use right assignor in full, on time and by the agreed mode;

2. To register the land use rights as provided for by the land law;

3. To ensure the rights of the third party to the assigned land;

4. To perform other obligations as provided for by the land law.

***Article 702.*- Rights of the land use right assignee**

The land use right assignee shall have the following rights:

1. To request the land use right assignor to hand over all papers related to the land use rights;

2. To request the land use right assignor to transfer the land in strict accordance with the land acreage, grade, category, location, code number and conditions as agreed upon;

3. To be granted a land use right certificate for the assigned land;

4. To use land in accordance with the right purposes and duration.

Chapter XXIX

CONTRACTS FOR LAND USE RIGHT LEASE, SUBLEASE

Section 1. CONTRACTS FOR LAND USE RIGHT LEASE

***Article 703.*- Contracts for land use right lease**

A contract for land use right lease is an agreement between parties whereby the lessor shall transfer the land to the lessee for use in a period of time, and the lessee must use such land for the right purpose, pay the rent and return the land when the lease term expires as provided for by this Code and the land law.

***Article 704.*- Contents of contracts for land use right lease**

A contract for land use right lease shall contain the following contents:

1. Names and addresses of the parties;

2. Rights and obligations of the parties;

3. Category, grade, acreage, location, code number, boundary and conditions of the land;

4. Lease term;

5. Lease price;

6. Mode and time of payment;

7. Rights of a third party to the leased land;

8. The parties' liabilities for breach of the contract;

9. Remedy of consequences when the land use right lease contract expires.

***Article 705.*- Obligations of the land use right lessor**

The land use right lessor shall have the following obligations:

1. To register the lease of land use rights;

2. To transfer land to the lessee in accordance with the land acreage, location, code number, category and conditions as agreed upon;

3. To lease land use rights within the term of land allocation or lease;

4. To check and remind the lessee to protect, preserve and use the land for the right purpose;

5. To pay land use tax, unless otherwise agreed upon;

6. To inform the lessee of the rights of the third party to the leased land.

***Article 706.*- Rights of the land use right lessor**

The land use right lessor shall have the following rights:

1. To request the land use right lessee to pay the rent in full;

2. To request the lessee to immediately stop the use of land not for the right purpose, the destruction of land or the reduction of its use value; if the lessee fails to immediately stop such violations, the lessor shall be entitled to unilaterally terminate the performance of the contract and request the lessee to return such land and compensate for damage;

3. To request the lessee to return the land upon expiration of the lease term.

***Article 707.*- Obligations of the land use right lessee**

The land use right lessee shall have the following obligations:

1. To use land for the right purpose, within the boundary and the lease term;

2. Not to destroy the land or reduce its use value and to fulfill other requirements as agreed upon in the land use right lease contract;

3. To pay the rent in full, on time, at the right place and by the agreed mode; in the event the use of land fails to generate profits, the lessee shall still be obligated to pay the rent in full, unless otherwise agreed upon;

4. To comply with the regulations on environmental protection; not to cause damage to the legitimate rights and interests of the surrounding land users;

5. To return the land in the same conditions as when it was received upon the expiration of the lease term, unless otherwise agreed upon.

***Article 708.*- Rights of the land use right lessee**

The land use right lessee shall have the following rights:

1. To request the lessor to transfer the land in strict accordance with the land acreage, location, code number, grade, category and conditions as agreed upon;

2. To use the leased land in a stable manner within the agreed duration;

3. To enjoy the yields and profits from the use of land;

4. To unilaterally terminate the performance of the contract as provided for in Article 426 of this Code;

5. To request the lessor to reduce or exempt the rent in cases where the yields and/or profits are lost or reduced due to *force majeure* circumstances.

***Article 709.*- Delay in payment of rent**

When the lessee delays in paying the rent for the lease of land use rights as agreed upon, the lessor may grant an extension; if such extension has expired and the lessee fails to fulfill his/her obligations, the lessor shall be entitled to unilaterally terminate the performance of the contract and request the lessee to return the land. The lessor shall be entitled to request the lessee to make the full payment for the time during which the land use rights were leased, including the interest on the amount of delayed payment at the basic interest rate set by the State Bank corresponding to the period of delayed payment at the time of payment.

***Article 710.*- Compensation for damage caused by recovery of land**

1. When the lessor or the lessee intentionally breaches the obligations of the land user, thus leading to the recovery of land by the State, the breaching party must compensate the other party for the damage.

2. In cases where the contract for the land use right lease is still valid, but for the national security, defense requirements, national interests, public interests and economic development, the State recovers the land, then the contract for the land use right lease shall terminate ahead of time.

In cases where the lessee has paid the rent fully in advance, the lessor must reimburse the lessee the remaining rent corresponding to the period of time when the land has not been used; if the lessee has not yet paid the rent, he/she/it must pay only an amount corresponding to the period of time when the land has been used.

The lessor shall be compensated by the State for the damage caused by the recovery of land in accordance with provisions of law, and the lessee shall be compensated by the State for the loss of yields from such land.

***Article 711.*- The right to continue leasing land use rights when one party dies**

1. In cases where the land use right lessor being an individual dies, the lessee shall be entitled to continue leasing land use rights until the lease term expires.

2. In cases where the land use right lessee being an individual dies, the members of his/her household shall be allowed to continue leasing land use rights until the lease term expires, but must notify a competent state agency thereof.

***Article 712.*- Assignment of land use rights during the term of a land use right lease**

When term of a land use right lease remains in effect, the lessor is still entitled to assign land use rights to another person, if so permitted by a competent state agency, but must inform the lessee thereof so that the latter performs his/her obligations to the land use right assignee.

The lessee shall still be entitled to continue the lease until the contractual term of the land use right lease expires.

***Article 713.*- Termination of contracts for land use right lease**

1. A contract for land use right lease shall terminate in the following cases:

a/ The lease term expires and is not extended;

b/ It is so agreed upon by the parties;

c/ The State recovers the land;

d/ One of the parties unilaterally terminates the performance of the contract or cancels the contract as agreed upon or provided for by law;

e/ The land use right lessee being an individual dies without any other members of his/her household or with other members of his/her household but they do not have demand for continued lease;

f) The leased land area is no longer in existence due to a natural calamity;

g) Other cases specified by law.

2. When a land use right lease contract terminates, the lessee must restore the land to its conditions as when it was received, unless otherwise agreed upon or provided for by law. The property attached to the land shall be settled under the parties' agreement.

Section 2. CONTRACTS FOR LAND USE RIGHT SUBLEASE

***Article 714.*- Contracts for land use right sublease**

Unless otherwise provided for by law, the provisions of Articles 703 thru 713 of this Code shall also apply to contracts for land use right sublease.

Chapter XXX

CONTRACTS FOR LAND USE RIGHT MORTGAGE

***Article 715.*-Contracts for land use right mortgage**

A contract for land use right mortgage is an agreement between the parties whereby the land user (hereinafter referred to as the mortgagor) shall use his/her land use rights to secure the performance of civil obligations toward the other party (hereinafter referred to as the mortgagee). The mortgagor may continue to use the land during the mortgage term.

***Article 716.*- Scope of land use right mortgage**

1. Land use rights may be mortgaged in part or in whole.

2. In cases where a land user mortgages his/her land use rights, his/her houses, other construction works, planted forests, tree gardens and other assets which are attached to land, shall belong to the mortgaged property only when it is so agreed upon.

***Article 717.*- Obligations of the land use right mortgagor**

The land use right mortgagor shall have the following obligations:

1. To hand over the land use right certificate to the mortgagee;

2. To fill the mortgage registration procedures; to cancel the mortgage registration when the mortgage contract terminates;

3. To use the land for the right purpose, not to destroy or reduce the value of the mortgaged land;

4. To repay the loan on time and by the mode agreed upon in the contract.

***Article 718.*- Rights of the land use right mortgagor**

The land use right mortgagor shall have the following rights:

1. To use the land within the mortgage term;

2. To receive the loan from the land use right mortgage by the agreed mode;

3. To enjoy the yields and/or profits gained, except in cases where the yields and/or profits also belong to the mortgaged property;

4. To exchange, assign, lease or sublease the mortgaged land use rights if so consented by the mortgagor;

5. To receive back the land use right certificate after the mortgage obligations have been fulfilled.

***Article 719.*- Obligations of the land use right mortgagee**

The land use right mortgagee shall have the following obligations:

1. To register the mortgage together with the mortgagor;

2. To return the land use right certificate when the mortgagor has fulfilled the obligations secured by the mortgage.

***Article 720.*- Rights of the land use right mortgagee**

The land use right mortgagee shall have the following rights:

1. To examine and remind the land use right mortgagor to protect and preserve the land and use it for the right purpose;

2. To enjoy the priority in debt settlement in cases where the mortgaged land use rights are handled.

***Article 721.*- Handling of mortgaged land use rights**

When the term for the performance of the obligations secured by the mortgage of land use rights is due, and the mortgagor has still failed to perform or performed improperly his/her obligations, the mortgaged land use rights shall be handled as agreed upon; if there is no such agreement or the mortgaged land use rights cannot be handled as agreed upon, the mortgagee shall be entitled to initiate a lawsuit at the court.

Chapter XXXI

CONTRACTS FOR LAND USE RIGHT DONATION

***Article 722.*- Contracts for land use right donation**

A contract for the donation of land use rights is an agreement between the parties whereby the donor transfers his/her land use rights to the donee without requesting any compensation, and the donee agrees to receive them in accordance with the provisions of this Code and the land law.

***Article 723.*- Contents of contracts for land use right donation**

A contract for land use right donation shall contain the following contents:

1. Names and addresses of the parties;

2. The reasons for donation of the land use rights;

3. The rights and obligations of the parties;

4. The land category, grade, acreage, location, code number, boundary and conditions;

5. The remaining land use duration of the donor;

6. A third party's rights to the donated land;

7. The parties' liabilities for breach of the contract.

***Article 724.*- Obligations of the land use right donor**

The land use right donor shall have the following obligations:

1. To transfer the land in strict accordance with the agreed land acreage, grade, category, location, code number and conditions;

2. To hand over the papers related to the land use rights to the donee for carrying out the procedures for land use right registration.

***Article 725.*- Obligations of the land use right donee**

The land use right donee shall have the following obligations:

1. To register the land use rights at a competent state agency defined by the land law;

2. To ensure a third party's rights to the donated land;

3. To perform other obligations as provided for by the land law.

***Article 726.*- Rights of the land use right donee**

The land use right donee shall have the following rights:

1. To request the donor to transfer the land in strict accordance with the agreed land acreage, grade, category, location, code number and conditions;

2. To use the land for the right purpose and within the set time limit;

3. To be granted the land use right certificate.

Chapter XXXII

CONTRACTS FOR CAPITAL CONTRIBUTION WITH LAND USE RIGHT VALUE

***Article 727.*- Contracts for capital contribution with the land use right value**

A contract for capital contribution with the land use right value is an agreement between the parties whereby the land user (hereinafter referred to as the capital contributor) contributes his/her capital with the land use right value for production and/or business cooperation with other individuals, legal persons, family households and/or other subjects under the provisions of this Code and the land law.

***Article 728.*- Contents of the contracts for capital contribution with the land use right value**

A contract for capital contribution with the land use right value shall contain the following contents:

1. Names and addresses of the parties;

2. Rights and obligations of the parties;

3. The land category, grade, acreage, location, code number, boundary and conditions;

4. The remaining land use duration of the capital contributor;

5. The time limit for capital contribution;

6. The land use right value contributed as capital;

7. A third party's rights to the land contributed as capital;

8. The parties' liabilities for breach of the contract.

***Article 729.*- Obligations of parties contributing capital with the land use right value**

A party contributing capital with the land use right value shall have the following obligations:

1. To transfer the land in strict accordance with the time limit, the land acreage, grade, category, location, code number and conditions as agreed upon in the contract;

2. To register the land use rights at a competent state agency as provided for by the land law.

***Article 730.*- Rights of parties contributing capital with the land use right value**

A party contributing capital with the land use right value shall have the following rights:

1. To enjoy profits according to the proportion of capital contribution with the land use right value;

2. To assign, bequeath the capital portion contributed with the land use right value, unless otherwise agreed upon or provided for by law;

3. To receive back the land use rights contributed as capital as agreed upon or upon the expiration of the capital contribution time limit;

4. To cancel the contract and demand compensation for damage if the party receiving the contributed capital fails to pay the profits on time or fails to make full payment thereof.

***Article 731.*- Obligations of parties receiving capital contributed with the land use right value**

A party receiving capital contributed with the land use right value shall have the following obligations:

1. To pay profit portion to the party contributing capital with the land use right value on time and by the mode agreed upon in the contract;

2. To ensure a third party's rights to the land contributed as capital;

3. To fulfill other obligations provided for by the land law.

***Article 732.*- Rights of parties receiving capital contributed with the land use right value**

A party receiving capital contributed with the land use right value shall have the following rights:

1. To request the party contributing capital with the land use right value to transfer the land in strict accordance with the time limit, the land acreage, grade, category, location, code number and conditions as agreed upon in the contract;

2. To use the land for the right purposes and within the agreed time limit;

3. To be granted a land use right certificate in cases where the contributed capital-receiving party is a legal person, except for cases of capital contribution in business cooperation contracts.

Chapter XXXIII

INHERITANCE OF LAND USE RIGHTS

***Article 733.*- Inheritance of land use rights**

The inheritance of land use rights means the transfer of land use rights from the decedent to his/her heir(s) under the provisions of this Code and the land law.

***Article 734.*- Individuals entitled to bequeath land use rights**

Individuals who are assigned or leased land by the State or are transferred the land use rights shall have the right to bequeath the land use rights as provided for in Part Four of this Code and the land law.

***Article 735.*- Inheritance of the rights to use land assigned to households by the State**

If a member of a family household assigned land by the State dies, such member's land use rights shall be left to his/her heirs in accordance with the provisions of Part Four of this Code and the land law.

PART SIX

INTELLECTUAL PROPERTY RIGHTS AND TECHNOLOGY TRANSFER

Chapter XXXIV

COPYRIGHT AND RELATED RIGHTS

Section 1. COPYRIGHT

***Article 736.*- The author**

1. A person who has created a literary, artistic or scientific work (hereinafter referred collectively to as works) is the author of such work.

In cases where two or more persons jointly create a work, such persons are co-authors.

2. Persons who have created derivative works from other persons' works, including works translated from one language into another, recreated, transformed, adapted, compiled, annotated or selected works, are authors of such derivative works.

***Article 737.*- Objects of copyright**

Objects of copyright shall include all works created in the literary, artistic or scientific field and expressed in any form and by any means, regardless of their contents and value, and without depending on any procedures.

***Article 738.*- Contents of copyright**

1. Copyright shall include personal rights and property rights to works.

2. Personal rights in copyright shall include the rights:

a/ To name the works;

b/ To put real names or pen names in the works; to have real names or pen names mentioned when the works are publicized, used;

c/ To publicize or to permit other persons to publicize the works;

d/ To protect the integrity of the works, not to permit other persons to amend, garble or distort the works.

3. The property rights in copyright shall include the rights:

a/ To duplicate the works;

b/ To permit the creation of derivative works;

c/ To distribute, import the originals and copies of the works;

d/ To disseminate the works to the public;

e/ To lease the originals or copies of computer programs.

***Article 739.*- Time at which copyright arises and the effect of copyright**

1. Copyright shall arise from the date a work is created and expressed in a given material form.

2. Personal rights in copyright shall exist indefinitely, except the right to publicize or to permit other persons to publicize the works as provided for by the law on intellectual property.

3. Property rights in copyright shall exist within the time limit specified by the law on intellectual property.

***Article 740.*- Owners of copyright**

1. Personal rights belong to the authors.

2. In cases where works are created not on the basis of the performance of assigned tasks or job assignment contracts, the property rights shall belong to the authors.

3. In cases where works are created on the basis of the performance of assigned tasks or job assignment contracts, property rights shall belong to agencies or organizations which have assigned the tasks or the parties that have assigned the contractual jobs, unless otherwise agreed upon.

In cases where property rights do not belong to the authors, the authors shall have the right to receive remuneration or royalties to be paid by the property right owners in accordance with the law on intellectual property.

***Article 741.*- Division of rights of co-authors**

In cases where a work is created by co-authors, in which each part created by each co-author can be separated for independent use, the provisions of Article 740 of this Code shall apply to each part of the work, which is used independently, unless otherwise agreed upon by the co-authors.

***Article 742.*- Transfer of copyright**

1. Personal rights provided for at Points a, b and d, Clause 2, Article 738 of this Code cannot be transferred.

Personal rights specified at Point c, Clause 2, Article 738 of this Code can be transferred under the conditions set by the law on intellectual property.

2. Property rights can be transferred in whole or in part under contracts or be bequeathed, inherited.

***Article 743.*- Contracts for transfer of property rights in copyright**

The transfer of part or whole of the property rights in copyright shall be effected on the contractual basis. The contracts for transfer of copyright must be made in writing.

Section 2. RIGHTS RELATED TO COPYRIGHT

***Article 744.*- Objects of copyright-related rights**

Objects of copyright-related rights (hereinafter referred to as the related rights) shall include performances by performers; audio records, video records; broadcasts by broadcasting organizations and satellite signals carrying coded programs.

***Article 745.*- Owners and contents of the rights to performances**

1. The rights to performances shall include personal rights of performers and property rights of investors for realization of the

performances.

2. Personal rights of performers shall include the right to have their names mentioned in the performances or transmission of audio records, video records of the performances and the right to protect the integrity of the image of the performances.

3. Property rights of investors for realization of performances shall include the right to perform and to forbid other persons to perform the following acts:

a/ Audio recording, video recording the performances;

b/ Duplicating, distributing originals or copies of the audio records or video records of the performances;

c/ Broadcasting or transmitting in other ways the performances to the public.

***Article 746.*- Owners and contents of the rights to audio records, video records**

1. The rights to audio records, video records shall belong to investors in the creation of such audio records or video records.

2. The rights to audio records, video records shall include the right to perform and to forbid other persons to perform the following acts:

a/ Duplicating in whole or part of the audio records, video records;

b/ Distributing, importing the originals or copies of the audio records, video records;

c/ Leasing the originals or copies of audio records, video records for commercial purposes.

***Article 747.*- Owners and contents of the rights to broadcasts**

1. The rights to broadcasts shall belong to the broadcasting organi-zations.

2. The rights to broadcasts shall include the rights to perform or forbid other persons to perform the following acts:

a/ Recording, duplicating the records; broadcasting, re-broadcasting part or whole of a broadcast;

b/ Distributing the records or duplicates of the records of broadcasts.

***Article 748.*- Owners and contents of the rights to satellite signals carrying coded programs**

1. The rights to satellite signals carrying coded programs shall belong to the persons who are the first to transmit the satellite signals carrying such coded programs.

2. The rights to satellite signals carrying coded programs shall include the rights to perform, to permit or forbid other persons to perform the following acts:

a/ Producing, assembling, modifying, importing, selling, leasing equipment or systems for decoding the coded satellite signals;

b/ Receiving, redistributing decoded signals when not so permitted by the holders of the rights to the coded satellite signals.

***Article 749.*- Transfer of related rights**

1. Property rights in the related rights defined in Articles 745, 746, 747 and 748 of this Code can be transferred.

2. The transfer of related rights shall be made in writing under contracts.

Chapter XXXV

INDUSTRIAL PROPERTY RIGHTS AND THE RIGHTS TO PLANT VARIETIES

***Article 750.*- Objects of industrial property rights and the rights to plant varieties**

1. Objects of industrial property rights shall include inventions, industrial designs, semi-conductor integrated circuit layout designs, business secrets, trademarks, trade names, geographical indications.

2. Objects of the rights to plant varieties are propagating materials and plant varieties.

***Article 751.*- Contents of industrial property rights and the rights to plant varieties**

1. Industrial property rights to inventions, industrial designs, semi-conductor integrated circuit layout designs, and the rights to plant varieties shall include the personal rights and the property rights, which are provided for as follows:

a/ Personal rights to inventions, industrial designs, semi-conductor integrated circuit layout designs, plant varieties shall belong to the persons who have directly created their inventions, industrial designs, semi-conductor integrated circuit layout designs or plant varieties with their creative labor, including the right to be named as authors in the protection titles issued by the State, in documents publicizing or introducing such inventions, industrial designs, semi-conductor integrated circuit layout designs or plant varieties;

b/ Property rights to inventions, industrial designs, semi-conductor integrated circuit layout designs or plant varieties shall belong to owners of such objects, including the right to use, to permit or forbid other persons to use such inventions, industrial designs, semi-conductor integrated circuit layout designs or plant varieties.

2. Industrial property rights to business secrets shall belong to the organizations or individuals that obtain the information to be lawfully formed into business secrets and keep confidential such information, including:

a/ Exploiting, using business secrets;

b/ Permitting or forbidding other persons to approach, use or disclose the business secrets.

3. Industrial property rights to trademarks or trade names shall belong to the owners of such trademarks or trade names, including:

a/ Using trademarks, trade names in business;

b/ Permitting or forbidding other persons to use trademarks which are so coincident or similar to the extent of causing confusion with their own trademarks; forbidding other persons to use trade names which cause confusion with their own business activities.

4. The rights to own geographical indications shall belong to the State. The rights to use geographical indications aiming to indicate origins, sources of products shall belong to organizations or individuals that satisfy the conditions set by the law on intellectual property.

5. The rights to fight unfair competition shall belong to organizations or individuals that conduct business activities under competitive conditions.

***Article 752.*- Bases for establishing industrial property rights and the rights to plant varieties**

1. Industrial property rights to inventions, industrial designs, semi-conductor integrated circuit layout designs, trademarks, geographical indications and the rights to plant varieties shall be established on the basis of decisions of competent state agencies when carrying out the registration of such objects in accordance with the provisions of law on intellectual property.

2. Industrial property rights to trade names shall be established on the basis of lawful use of such trade names.

3. Industrial property rights to business secrets shall be established on the basis of acquiring the information to be lawfully formed into business secrets and keeping confidential such information.

4. The rights to fight unfair competition shall be established on the basis of competitive activities in business.

***Article 753.*- Transfer of industrial property rights and the rights to plant varieties**

1. Industrial property rights to inventions, industrial designs, semi-conductor integrated circuit layout designs, business secrets, trademarks, and the rights to plant varieties can be transferred in whole or in part under contracts or be bequeathed or inherited.

2. The rights to trade names can only be transferred together with the transfer of the entire business establishments and business activities under such trade names.

3. The rights to geographical indications must not be transferred.

4. For contracts on transfer of industrial property rights arising on the basis of registration, only when such contracts are registered shall they have the legal validity for a third party.

Chapter XXXVI

TECHNOLOGY TRANSFER

***Article 754.*- Technology transfer rights**

The following organizations and individuals shall be entitled to transfer the rights to use, the rights to own technologies:

1. Technology owners;

2. Organizations or individuals that are permitted by technology owners to transfer the right to use and the right to own the technology.

***Article 755.*- Objects of technology transfer**

1. The objects of technology transfer shall include technical know-hows; technical knowledge of technology in the form of technological schemes, technical solutions, formulas, technical para-meters, technical diagrams or drawings, computer programs, data information on the transferred technologies; solutions to rationalization of production, technological renewal, exclusive business licensing and other objects specified by the law on technology transfer.

2. In cases where technology is an object entitled to intellectual property right protection, the transfer of such technology must be carried out simultanously with the transfer of intellectual property rights in accordance with the provisions of law on intellectual property.

***Article 756.*- Technologies which must not be transferred**

1. Technologies which do not meet the provisions of law on labor safety, labor hygiene, assurance of people's health and environmental protection.

2. Other cases specified by law.

***Article 757.*- Contracts for technology transfer**

1. Technology transfer shall be carried out on the basis of written contracts.

2. Technology transfer contracts must be registered at competent state agencies, if so provided for by law.

3. The amendment, supplementation, extension, cancellation of technology transfer contracts must be made in written contracts; for technology transfer contracts defined in Clause 2 of this Article, the amendment, supplementation, extension, cancellation thereof must be registered at competent state agencies.

PART SEVEN

CIVIL RELATIONS INVOLVING FOREIGN ELEMENTS

***Article 758.*- Civil relations involving foreign elements**

Civil relations involving foreign elements mean civil relations in which at least one party is a foreign agency, organization or individual or overseas Vietnamese or civil relations between the parties being Vietnamese citizens, organizations but the bases for establishing, altering or terminating those relations are foreign laws, arise overseas or assets related to such relations are located overseas.

***Article 759.*- Application of civil law of the Socialist Republic of Vietnam, treaties, foreign laws and international practices**

1. The provisions of the civil law of the Socialist Republic of Vietnam shall apply to civil relations involving foreign elements, unless otherwise provided for by this Code.

2. In cases where a treaty to which the Socialist Republic of Vietnam has signed or acceded contains provisions different from the provisions of this Code, the provisions of such treaty shall apply.

3. In cases where the application of foreign laws is referred to by this Code and other legal documents of the Socialist Republic of Vietnam or by the treaties to which the Socialist Republic of Vietnam is a contracting party, such foreign laws shall apply, provided that such application or the consequence thereof is not contrary to the basic principles of the law of the Socialist Republic of Vietnam; in cases where such foreign laws refer back to the law of the Socialist Republic of Vietnam, then the law of the Socialist Republic of Vietnam shall apply.

Foreign laws shall also apply in cases where the parties have so agreed upon in contracts, if such agreement is not contrary to the provisions of this Code and other legal documents of the Socialist Republic of Vietnam.

4. In cases where the civil relations involving foreign elements are not governed by this Code and other legal documents of the Socialist Republic of Vietnam, the treaties to which the Socialist Republic of Vietnam is a contracting party or civil contracts between the parties, the international practices shall apply, provided that such application or the consequence thereof is not contrary to the basic principles of the law of the Socialist Republic of Vietnam.

***Article 760.*- Bases for the application of laws to stateless persons or foreigners with two or more foreign nationalities**

1. In cases where this Code or other legal documents of the Socialist Republic of Vietnam refer to the application of the laws of foreign countries of which the foreigners are citizens, the laws applicable to stateless persons shall be the laws of the countries where such persons permanently reside; if such persons have no permanent residences, the law of the Socialist Republic of Vietnam shall apply.

2. In cases where this Code or other legal documents of the Socialist Republic of Vietnam refer to the application of laws of countries of which the foreigners are citizens, the laws applicable to foreigners with two or more nationalities shall be the laws of the countries of which such persons bear the nationalities and where they reside at the time when the civil relations arise; if such persons do not reside in one of the countries of which they bear the nationalities, the laws of the countries of which such persons bear their respective nationalities and have the closest relations regarding the civil rights and duties shall apply.

***Article 761.*- Civil legal capacity of foreigners**

1. The civil legal capacity of a foreigner shall be determined according to the law of the country of which he/she bears the nationality.

2. Foreigners shall have the civil legal capacity in Vietnam as Vietnamese citizens, except in cases where the law of the Socialist Republic of Vietnam otherwise provides for.

***Article 762.*- Civil act capacity of foreigners**

1. The civil act capacity of a foreigner shall be determined according to the law of the country where he/she is a citizen, except in cases where the law of the Socialist Republic of Vietnam otherwise provides for.

2. In cases where a foreigner establishes and/or performs civil transactions in Vietnam, his/her civil act capacity shall be determined according to the law of the Socialist Republic of Vietnam.

***Article 763.*- Determination of persons as having no, having lost or having been restricted in, civil act capacity**

1. The determination of persons as having no, having lost or having been restricted in, civil act capacity must comply with the laws of the countries of which such persons bear the nationalities.

2. In cases where foreigners reside in Vietnam, the determination of such persons as having no, having lost or having been restricted in, civil act capacity must comply with the law of the Socialist Republic of Vietnam.

***Article 764.*- Determination of persons as missing or dead**

1. The determination of a person as missing or dead must comply with the law of the country of which such person bears the nationality at the time before acquiring the last information on his/her missing or death.

2. In cases where a foreigner resides in Vietnam, the determination of such person as missing or dead must comply with the law of the Socialist Republic of Vietnam.

***Article 765.*- Civil legal capacity of foreign legal persons**

1. The civil legal capacity of a foreign legal person shall be determined according to the law of the country where such foreign legal person has been established, except for the case specified in Clause 2 of this Article.

2. In cases where a foreign legal person establishes and/or performs civil transactions in Vietnam, the civil legal capacity of such foreign legal person shall be determined in accordance with the law of the Socialist Republic of Vietnam.

***Article 766.*- Property ownership rights**

1. The establishment, implementation, alteration and termination of property ownership rights and the contents of such rights shall be determined according to the law of the country where such property is located, except for the cases specified in Clauses 2 and 4 of this Article.

2. The ownership rights to movable property on the way of transportation shall be determined according to the law of the country of destination, unless otherwise agreed upon.

3. The differentiation between movable and immovable property shall be deter-mined in accordance with the law of the country where such property is located.

4. The determination of the ownership rights to civil aircraft and sea-going vessels in Vietnam must comply with the law on civil aviation and the maritime law of the Socialist Republic of Vietnam.

***Article 767.*- At-law inheritance involving foreign elements**

1. The inheritance at law must comply with the laws of the countries of which the estate leavers bear the nationalities before their death.

2. The inheritance rights to immovables must comply with the laws of the countries where such immovables are located.

3. Heirless estates being immovables shall belong to the States of the countries where such immovables are located.

4. Heirless estates being movables shall belong to the States of the countries of which the estate leavers bear the nationalities.

***Article 768.*- Testamentary inheritance**

1. The capacity to make, change and cancel testaments must comply with the laws of the countries where the testators are citizens.

2. Forms of testament must comply with the laws of the countries where the testaments are made.

***Article 769.*- Civil contracts**

1. The rights and obligations of the parties to a civil contract shall be determined in accordance with the law of the country where the contract is performed, unless otherwise agreed upon.

A civil contract entered into and performed entirely in Vietnam must comply with the law of the Socialist Republic of Vietnam.

In cases where a civil contract does not specify the place of performance, the determination of the place of performance of the contract must comply with the law of the Socialist Republic of Vietnam.

2. Civil contracts relating to immovables in Vietnam must comply with the law of the Socialist Republic of Vietnam.

***Article 770.*- Forms of civil contract**

1. Forms of a contract must comply with the law of the country where the contract is entered into. Where a contract is entered into in a foreign country, which violates the regulations on contractual forms under the law of that country but is not contrary to the contractual form provided for by the law of the Socialist Republic of Vietnam, the form of the contract entered into in the foreign country shall still be recognized in Vietnam.

2. The forms of contracts related to the construction of works or transfer of ownership rights to works, houses and other immovables in the Vietnamese territory must comply with the law of the Socialist Republic of Vietnam.

***Article 771.*- Civil contracts entered in absentia**

In cases where a contract is entered in absentia, the determination of the place where the contract is entered into must comply with the law of the country where the individual resides or where the legal person is headquartered, that has proposed the entry into the contract.

The time for entry into a contract in absentia shall be determined in accordance with the law of the party proposing the entry into the contract if this party receives the reply of acceptance from the party to which the entry is proposed.

***Article 772.*- Unilateral civil transactions**

In unilateral civil transactions, the rights and obligations of the party that voluntarily performs the unilateral civil transactions shall be determined in accordance with the law of the country where such party resides or conducts principal operations.

***Article 773.*- Compensation for damage outside contract**

1. Compensation for damage outside contract shall be determined in accordance with the law of the country where the act causing such damage takes place or where the actual consequences of such act arise.

2. Compensation for damage caused by an aircraft flying in international airspace or by a sea-going ship sailing in international waters shall be determined in accordance with the law of the country of which such aircraft or ship bears the nationality, unless otherwise provided for by the maritime or aviation law of the Socialist Republic of Vietnam.

3. In cases where the act causing damage occurs outside the territory of the Socialist Republic of Vietnam and the person who causes the damage and the victim are both Vietnamese citizens or legal persons, the law of the Socialist Republic of Vietnam shall apply.

***Article 774.*- Copyright involving foreign elements**

The copyright of foreign individuals and/or legal persons over the work that is publicized and disseminated for the first time in Vietnam, or created and performed in a certain form in Vietnam, shall be protected under the provisions of the law of the Socialist Republic of Vietnam and treaties to which the Socialist Republic of Vietnam is a contracting party.

***Article 775.*- Industrial property rights and the rights to plant varieties, which involve foreign elements**

Industrial property rights or the rights to plant varieties of foreign individuals or legal persons to the objects of industrial property rights or objects of the rights to plant varieties that have been granted protection titles or recognized by the Vietnamese State shall be protected under the provisions of the law of the Socialist Republic of Vietnam and treaties to which the Socialist Republic of Vietnam is a contracting party.

***Article 776.*- Technology transfer involving foreign elements**

Technology transfer between Vietnamese individuals or legal persons and foreign individuals or legal persons, and technology transfer from any foreign country into Vietnam and from Vietnam to any foreign country, must comply with the provisions of this Code and other legal documents of Vietnam on techno-logy transfer and with treaties to which Vietnam is a contracting party or the laws of the foreign countries, if the application or the consequence thereof is not contrary to the basic principles of the law of the Socialist Republic of Vietnam.

***Article 777.*- Statute of limitations for lawsuits**

The statute of limitations for lawsuits regarding civil relations involving foreign elements shall be determined in accordance with the laws of the countries which are applied to the corresponding civil relations involving foreign elements.

This Code was passed on June 14, 2005, by the 10lth National Assembly of the Socialist Republic of Vietnam, at its 7th session.

THE NATIONAL ASSEMBLY
CHAIRMAN
(Đã ký)

Nguyen Van An