



Investment in Real Estate Legal Updates

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1. CPTPP's impact on Vietnam real estate market

- CPTPP promises indirect positive impacts on Vietnam real estate market, though it provides no legal impact on real estate foreign investors.
 - Further details can be found in Baker McKenzie Vietnam's forthcoming April Client Alert.

2. More difficulties in financing residential projects

- Foreign loans are not allowed for residential developments (mixed-use developments with residential component(s) may be eligible for foreign loans).
- State Bank of Vietnam recently requested local credit institutions to restrict lending concentration for the real estate and construction sector. This means domestic loans for real estate will face more scrutiny. As a result, residential developers will experience greater difficulties in financing their projects as foreign loans have also been prohibited.

3. Stricter fines for violations in real estate

- Most fines in the real estate industry have significantly increased under Decree No. 139/2017/ND-CP. New violations such as failure to obtain bank guarantee for sales of housing to be built in the future will also be sanctioned pursuant to this Decree.
- Violations in illegal capital raising (e.g. collecting presale payments before the project's foundation has not been completed whether in the form of “booking” or “deposit”, the project has not been guaranteed by a qualified bank, etc.) will be heavily sanctioned and may result in suspension of real estate business operation for a period of up to 12 months.
 - Further details can be found in Baker McKenzie Vietnam's January Client Alert:
https://f.datasrvr.com/fr1/018/64961/NEW_Sanction_of_Violation_in_Real_Estate_Business.pdf

4. Condotel is soon to be regulated

- In a conference on condotel investment on 16 March 2018 (with the participation of Ministry of Construction (“**MOC**”), Ministry of Natural Resources, Ministry of Sports, Culture and Tourism and Ministry of Justice), MOC confirmed that they are working with relevant ministries to address related legal concerns relating to condotels.
- MOC has also sent their proposals to the Prime Minister to create the legal framework for condotels in Vietnam to help develop the already existing condotel market.

5. Government's efforts in reforming and reducing real estate administrative procedures

- Ministry of Construction is working closely with other authorities including State Bank of Vietnam, Ministry of Natural Resources on proposals for amending major real estate related laws. Notable proposed changes include:
 - Abolishing minimum “legal capital” of VND20 billion (approx. USD875,000) requirement for establishing real estate companies.
 - Removing in-principal approval requirement in Housing Law. Procedures for obtaining in-principal approval for a project should follow Investment Law to avoid confusions.
 - Providing more cases of construction permit exemption (including projects that already have 1/500 masterplan approved and technical design evaluated), and reducing timing for applying for construction permit (from 30 days to 15-20 days).

Our Global Corporate Real Estate Guide

- If you want to learn more information about the frequently asked questions and the answers about Vietnam real estate legal issues, please visit Baker McKenzie's Global Real Estate Guide here: realestate.bakermckenzie.com/guide, then click "Select Jurisdiction" and select "Vietnam".
- You can either view it all online or download a full PDF version.

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Thank you!

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