

## **Remarks by Mr. Xaysy Santivong, Minister of Justice**

In implementing of the Party's Comprehensive Renovation Policy, since 1986, Lao PDR has adopted and promulgated more than 20 laws and regulations related to civil matters, these laws are the fundamental as foundation of the Rule of Law in Lao PDR, contributing to economic and social development and ensuring of maintenance of peaceful and public order in society, as well as responding to needs of all Lao ethnic groups in materials and mental supports to improve their lives with upholding and ensuring protection of legitimate rights and benefits of all Lao citizen by laws and regulations.

The Civil Code is a type of laws that addresses the civil relations of the "Person" in which the rights and obligations are regulated from point of birth to point of after death. The essence of the Civil Code is aimed at defining "Private" relationship in valuable property and non-valuable properties that attach to Person; this means that "the State" defines or provides the scopes of civil rights and obligations for the citizens to enjoy their Private rights and benefits in legitimate valuable and non-valuable properties. The Civil Code as the fundamental law for civil relationship has played the greater role to lift the Lao legal system up to regional and international legal systems along with other modernized or developed legal system countries.

In accordance with the 7<sup>th</sup> National Socio-Economic Development Plan and the 5 year Plan on Adoptions of Laws of the VIII Legislature of National Assembly (2011-2015), the Government had tasked the Ministry of Justice, in collaboration with relevant organizations to draft the First even Lao Civil Code. To carry out this assignment the Ministry of Justice issued officially two Minister's Directives on Civil Code Drafting Committee in 2012 and 2016; the drafting committee includes the legal experts from the Ministry of Justice, the People's Supreme Court, the Office of the Supreme People's Prosecutor, National Assembly, Ministry of Foreign Affairs, Ministry of Industry and Commerce, Faculty of Law and Political Science, National University of Laos. Since then the committee had been drafting the Lao Civil Code until 2016, the first draft of Lao Civil Code had completed for public consultations. The draft of Lao Civil Code was introduced and discussed with almost all Lao citizens widely and extensively in different levels and in several times. After such consultations, the 2<sup>nd</sup> draft of Lao Civil Code was submitted to the Extraordinary Meeting of the Government on 15 February 2017 for consideration to be submitted to the National Assembly, then after endorsement by the Government, the 2<sup>nd</sup> draft was agreed to be submitted to the First Reading of the 3<sup>rd</sup> Ordinary Session of the VIII Legislature of National Assembly in 2017. After the First Reading, the drafting

committee had continued to improve and accommodate the concerns of the Members of the National Assembly raised in mentioned Session and several public consultations were held for some public and private interested groups such as banking and finance sectors, villages in two different districts in Vientiane Capital and then after taking all concerns and feedbacks on the 2<sup>nd</sup> draft of Lao Civil Code were taken into account, the 3<sup>rd</sup> draft of Lao Civil Code was resubmitted to the Ordinary Meeting of the Government in August 2018, then after endorsement by the Government the 3<sup>rd</sup> draft of Lao Civil Code was resubmitted to the 6<sup>th</sup> Ordinary Session of the VIII Legislature of National Assembly for consideration and adoption. On 6<sup>th</sup> December 2018, the National Assembly adopted the 3<sup>rd</sup> draft of Lao Civil Code by majority votes, and it was promulgated by President in accordance with the Presidential Decree dated on 18 January 2019; Pursuant to Article 630 of this Civil Code and Article 80 of Law on Legislation, it was published on the Lao Official Gazette on 11 May 2020, later after 15 days from the date of such publication, the Lao Civil Code became effective on 27 May 2020.

This Civil Code is incorporated the most and the must objectives and aspirations of all Lao ethnic groups, as it reflects and weights the balancing of fundamental principles of laws and economic-social conditions of all Lao citizens; the Lao Civil Code is also the remarkable outcomes of the research and studies of civil codes of different countries by drafting committee under supervise by Professor Mr. Davone Vangvichit, Professor Mr. Ket Kietisack and various of Lao senior legal practitioners. The Lao Civil Code is also a result of the evolution, legal development from the lessons of regional and international Civil Code, which is an invaluable contribution from professors and foreign experts from neighboring countries especially from Japan International Cooperation Agency (JICA). In this occasion, I, on behalf of the legal and justice sectors, would like to express my sincere gratitude to all sectors for providing financial and technical assistance to develop and promote the work of Rule of Law in Lao PDR particularly to develop the Lao Civil Code.

I sincerely hope that the government officials, military, police, judges, prosecutors and law enforcement officials, students, intellectuals and people of all ethnic groups have raised awareness of respect for laws and compliance with the Civil Code strictly, and to contribute to the management of the state and the society by law strongly in the direction of **“Make the people be prosperous, the nation be prosperous and strong, the society be harmonious, democratic, just and civilized.”**

**Minister**

**Xaysy Santivong**



Lao People's Democratic Republic  
Peace Independence Democracy Unity Prosperity

National Assembly

No. 109/NA  
Vientiane Capital, 06 December 2018

**Resolution**  
**Of the National Assembly**  
**On the Adoption of the Civil Code**

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Pursuant to Article 53, Point 1 of the Constitution of the Lao People's Democratic Republic (amended in 2015) and Article 11, Point 1 of the Law on National Assembly of Lao People's Democratic Republic (amended in 2015).

After a comprehensive and in-depth examination by the National Assembly of the contents of the Civil Code during the 6<sup>th</sup> Ordinary Session of the National Assembly's eight legislature on 6<sup>th</sup> December 2018.

**The National Assembly decided:**

Article 1 To adopt the Civil Code by majority votes.

Article 2: This Resolution shall enter into force from the date it is signed.

President of the National Assembly

[Seal and Signature]

Pany YATHOTU



Lao People's Democratic Republic  
Peace Independence Democracy Unity Prosperity

President of the State

No. 144/PO  
Vientiane Capital, 18 January 2019

**DECREE**

Of the

**PRESIDENT**

Of the

**LAO PEOPLE'S DEMOCRATIC REPUBLIC**

**On the Promulgation of the Civil Code**

- Pursuant to Chapter VI Article 67 point 1 of the Constitution of the Lao People's Democratic Republic, (amended in 2015);
- Pursuant to Resolution No. 109/NA, dated 06 December 2018, of the National Assembly of the Lao People's Democratic Republic, on the adoption of the Civil Code;
- Pursuant to Letter No, 01/SC, dated 04 January 2019, of the Standing Committee of the National Assembly.

**The President of the Lao People's Democratic Republic**

**Decrees That:**

Article 1 The Civil Code is hereby promulgated.

Article 2 This decree shall enter to force on the date it is signed.

President of the Lao People's Democratic Republic

[Seal and Signature of the President]

Bounngang Vorachit

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**LAO PEOPLE'S DEMOCRATIC REPUBLIC**  
**PEACE INDEPENDENCE DEMOCRACY UNITY PROSPERITY**

National Assembly

No.55 / NA  
Vientiane capital, Dated 6<sup>th</sup> December 2018

**(Unofficial Translation)**  
**CIVIL CODE**

**PART I**  
**GENERAL PROVISIONS**

**CHAPTER 1**  
**PURPOSES AND SCOPE OF APPLICATION OF THE CIVIL CODE**

**Article 1 Purpose**

This Civil Code defines principles, regulations and measures related to establishment, variation and termination of rights and obligations of individuals, juristic persons and organisations in order to ensure equality, justice, legality, peacefulness and social orders by aiming at the protection of rights and the legitimated interests of individuals, juristic persons, organisations, State and collectives; contributing to respond the needs of tangible and intangible materials of citizens; maintaining of the unity of all Lao ethnics and fine national customary practices, and strengthening the social-economic development.

**Article 2 Civil Code**

The Civil Code refers to a systematic code combining with several provisions of laws related to establishment, variations, cessation of rights and obligations of individuals, juristic persons, organisations in the civil relationships that relate to things, ownerships, family, contracts and non-contractual obligations, inheritance and other civil relationships.

**Article 3 Definition of Terms**

Terms using in this Civil Code shall have the following meanings:

1. **Civil relationship** refers to the property's valued and non-valued relationship between individuals, a juristic persons and organisations.
2. **Emergency** refers to a situation that occurs suddenly and unexpectedly such as suddenly and seriously feeling sick, a coincidence causing a debtor is unable to perform his/her obligations.

3. **Force majeure** refers to an unexpected and uncontrolled event, such as flood, thunderstorm, earthquake, a war causing a debtor is unable to perform his/her obligations .
4. **Compensation for Damage** refers to an amount of money or things paid by a liable person to compensate others for damages caused by such person.
5. **Commission** refers to an amount of money or things paid by a liable person to compensate the considered earnings or time loss of the victims;
6. **Reimbursement** refers to an amount of money paid by the debtor to compensate the creditor for damages occurred due to the non-performance of obligations by that debtor;
7. **Compensation for Mental Anguish** refers to an amount of money that the victim or victim's family is entitled to be compensated due to their mental anguish [ suffering that may include distress, anxiety, fright, depression, grief, or trauma] or mental impact of death of their family members;
8. **Creditor** refers to a person who is entitled to claim the debtor to perform any obligations;
9. **Debtor** refers to a person who is obligated to perform any task, such as to deliver a thing, to carry out any activities, payment and others or not to do any things for the benefit of the creditor;
10. **Juristic Act** refers to a civil juristic act.
11. **Unavoidable Circumstance** refers to a needed act of an individual that is suitable to prevent the risks or the dangers threatening the interests of the State or other persons, providing that damage resulting from such act shall be less serious damage than the damage could be occurred from such risk or danger;
12. **Solliciter** refers to a person request or demand another person who is under administration of that solliciter to conduct his/her instructions or suggestions;
13. **Claim** refers to a rights of a person to require another person to perform his/her contractual obligations or laws.

**Article 4. Government Policy on the Civil Code**

The government encourages, supports, respects the exercise of the rights and performs obligations of citizens including equality before the Laws, freedom and voluntary, rights in assets, ownership, rights and obligations created based on civil relationship; including the protection of rights and interests as a result of the civil relationship as provided by Constitution and Laws.

Government creates favourable conditions to facilitate the conduct of civil relationship by issuing rules, conducting campaigns to raise the law awareness among citizen to raise the common acknowledge and understanding of Civil Code in order to ensure that legitimated interests and benefits as well as obligations of individuals, juristic persons, and organisations are properly protected and exercised.

**Article 5      The Application of Civil Code and Other Laws**

The Civil Code defines the fundamental principles as basic principles which layouts in relevant laws regarding civil relationships.

In case related laws are contravene to this Civil Code, this Civil Code shall prevail.

If there is no provision on specific matter related to the civil relationship under this Civil Code, the specific provisions of the relevant laws can apply.

**Article 6      Application of Customary Practices and Analogy of Law**

Customary Practices refer to the practices in the civil relationship which had been used for long period of time and are well-known and acknowledged in the communities, ethnic groups or in any civil relationships.

In case where a civil relationship issue rises which is neither provided by this Civil Code nor agreed upon by the parties, the customary practices can be applied but it shall not contradict with the Constitution and laws.

Analogy of law refer to any provisions of any law that can be applied to solve the legal argument that not specifies in this Civil Code.

Analogy can be applied when there is no customary practice.

**Article 7      Scope of Application of the Civil Code**

This Civil Code applies to the civil relationships between Lao citizens, foreigners, aliens and stateless, juristic persons or domestic and foreign organisations in territory of Lao PDR, unless a treaty or international agreement with the Lao PDR is a Party to otherwise provided .

In the event of any difference appearing by between any provisions of the Civil Code and provisions of international treaties or agreements that Lao PDR is Party to, the provision of treaties or international agreements shall prevail.

**CHAPTER 2  
FUNDAMENTAL PRINCIPLES OF THE CIVIL CODE**

**Article 8      Fundamental Principles of Civil Relationship**

Parties to the civil relationship must exercise their rights and obligations in accordance with the following fundamental principles:

1. Respect of freedom and voluntary basis;
2. Equality before the Law;
3. Good faith and honesty;
4. Respect and implement laws;
5. Respect fine customary rules and practices
6. Civil Responsibility

**Article9      Respect of Freedom and Voluntary Basis**

Parties to the civil relationship have rights to freedom to act based on their voluntarily basis to create rights and obligations on their owns based upon fairness, and in consistence with laws, regulations and national customary practices.

**Article 10      Equality Before the Law**

Parties to the civil relationship have an equal right before the Law regardless of genders, ages, occupations, economic positions, society, levels of education, belief, religions and ethnics.

**Article 11      Good Faith and Honesty**

Parties to the civil relationship must act in good faith and honestly in their creation, variation or cessation of rights and obligations.

**Article 12      Respect and Implementation of Law**

Parties to the civil relationship shall ensure that all his/her acts in the civil relationship are in compliance with laws without prejudice to interests of State, collectives and legitimate interests of other persons.

**Article 13      Respect fine customary rules and practices**

Parties to the civil relationship shall perform his/her rights and obligations in line with fine customary rules and practices.

**Article 14      Civil Responsibility**

Parties to civil relationship shall be responsible for damages resulting from his/her acts or illegal acts by remedy by compensating, performing other civil obligations.

**CHAPTER 3  
JURISTIC ACTS**

**Article 15      Juristic Acts**

Juristic acts refer to acts that express explicitly intentions of individuals, juristic persons and organisations to voluntarily create, vary or cease civil rights and obligations.

**Article 16      Types of Juristic Acts**

Juristic Acts are divided into unilateral, bilateral and multilateral juristic acts.

Unilateral juristic acts refer to acts in which are caused by one party's intention including remission by creditors, the creation of testament.



Bilateral juristic acts refer to consistent acts in which are caused by two parties' intention including buying and selling and rental.

Multilateral juristic acts refer to acts in which are caused by multi-parties' intention, including partnerships, the establishment of associations.

**Article 17 Criteria for Juristic Acts**

Juristic acts which are established shall have the following completed criteria

1. Objective
2. Voluntary
3. Capacity to Act
4. Forms

**Article 18 Objective**

Objectives refer to intentional objectives of juristic persons.

Objectives of Juristic acts shall be explicit, truth, compliance with laws or comply with social orders and practical.

**Article 19 Voluntary**

Voluntary of juristic persons refers to contentment in creating juristic acts without inadvertence, inducement, extortion or violence or prejudice to any parties

Inadvertence refers to the creation of juristic acts which are contrary to the actual intention of juristic persons.

Inducement refers to when a person uses chicanery or other methods to encourage other juristic persons to wrongfully believe in the creation of juristic acts.

Extortion or violence refers to when a person obtains juristic acts from others through using force, coercion or any acts causing appended dangers to lives, health, assets, freedom, reputation, prestige, family, relatives.

Prejudice to any parties refers to where the interests of juristic acts are injustice.

**Article 20 Capacity to Act**

Capacity to act of juristic persons refers to individuals, juristic persons or organisations personal capacity to act, which creates his/her rights and obligations.

**Article 21 Forms**

Juristic acts may be created in written, oral or other forms which are provided in this Civil Code or other related laws.

**Article 22 Null Justice Act**

Null juristic acts are acts which are inconsistent with the criteria as provided under Article 17 of this Civil Code.

Null juristic acts may be relatively null or absolutely null, in whole or in part.

**Article 23 Absolutely Null Juristic Act**

Absolutely null juristic acts are acts which are inconsistent with rights and interests of State or society as follows:

1. Juristic acts are created by prejudicing the national security, peace and social orders;
2. Juristic acts are created by a juristic person who is inconsistent with rules of organisations and his/her activities;
3. Juristic acts are created in concealment;
4. Juristic acts which are created by breaching the provided forms of juristic acts

Absolutely null juristic acts refer to juristic acts in which are completely unenforceable and juristic persons cannot endorse such juristic acts.

**Article 24 Relatively Null Juristic Act**

Relatively null juristic acts refer to juristic acts which are created in a manner inconsistent with the rights and obligations of persons as follows:

1. Juristic acts which are created without voluntary including inadvertence, inducement, coercion or violence or disadvantage to any parties;
2. Juristic acts which are created without the capacity to act;
3. Juristic acts which are created by unconscious or heavily intoxicated persons;
4. Juristic acts which are created by misrepresentation
5. Juristic acts which are created by necessity in an extreme context

If relatively null juristic acts are endorsed by the parties whose rights and interests are disadvantaged, such relatively null juristic acts shall be deemed to be valid.

**Article 25 Null Juristic Acts in Whole or In Part**

Null juristic acts in whole refer to juristic acts of which all the content is null and void.

Null juristic acts in part refer to juristic acts of which some parts are valid and some other parts are null and void.

**Article 26 Certification of Absolutely Null Juristic Act**

The Court is a body which certifies whether juristic acts are absolutely null in accordance with the proposal of related juristic persons or the chief prosecutor.

**Article 27 Abrogation of Relatively Null Juristic Act**

Parties who are prejudiced by relatively null juristic acts shall immediately notify other parties for ceasing such juristic acts. In case the related parties disagree to the cessation, prejudiced parties shall have rights to proceed to the Courts for the determination of the cessation of such juristic acts.

**Article 28 Consequences of Null Juristic Act**

In case juristic acts are created in a manner of inconsistent with national security, peace and social order, the applied assets of both parties shall be confiscated and transferred to the property of State.

For absolute null juristic acts provided in Article 23 sub-Article 2, 3 and 4 of this Civil Code, the applied assets or applied interests shall be transferred back to both parties.

Relatively null juristic acts do not have legal effects since the creation date onwards but shall not have effects on the third party who has honesty.

**Article 29 Juristic Acts Which Have an Event as a Criterion**

Juristic acts which have an event as a criterion refer to juristic acts of which specify any uncertain events as a criterion giving rise to the validity of or the abrogation of juristic acts.

**Article 30 Juristic Acts Which Have Time as a Criterion**

Juristic acts which have time as a criterion refers to juristic acts of which specify a certain time as a criterion giving rise to the validity of or the cessation of juristic acts.

**CHAPTER 4  
REPRESENTATION**

**Article 31 Representation**

Representation refers to any person who is called a "Representative" engaging with the third party or and on behalf of the principal for the principal's interests.

**Article 32 Legal Representative**

A legal representative refers to representation which is provided by Law and rules or is established by related authorities based on the primary Law.

A legal representative may be father, mother, parents, guardian or other persons.

**Article 33 Representative by Contract**

A representative by contract refers to a person who obtains rights and obligations from the principal to become a representative for the creation of juristic acts or any acts with the third party in accordance with the contract.

**Article 34 Criteria and Consequences of Juristic Acts to the Principal**

Juristic acts created by a representative have effects on the principal as long as a representative has representative rights and has notified the third party that he/she is acting on behalf of the principal.

**Article 35     Juristic Acts Created with Representative's Name**

In case a representative has used his/her name to create juristic acts with the third party and does not notify intention of representation, then such juristic acts shall be representative personal juris acts, unless the third party has known or has been able to know that the representative is creating juristic acts on behalf of the principal.

**Article 36     Rights and Obligations of Representation**

A representation shall have rights and obligations in accordance with the contract or as provided by laws.

A representative shall not have rights to create juristic acts with himself/herself or with the third party which himself/herself and third party share common interests or become a representative for the third party.

**Article 37     Rights and Obligations of the Principal**

A Principal shall have rights and obligations in accordance with the contract or as provided by laws.

**Article 38     Authorised Representative**

A legal representative shall have rights to assign other persons to become his/her authorised representative, but shall be responsible for consequences of his/her authorised representative's acts.

In case objective circumstances are inevitable, a representative by contract has rights to assign or allocate a person to become his/her authorised representative, but a representative by contract needs to immediately notify characteristics, the ability of the authorised representative for related parties' approval, otherwise, a representative by contract shall also be responsible for damages to the principal as a result of authorised representative's actions.

**Article 39     Rights and Obligations of an Authorized Representative**

An authorised representative has rights and obligations to the principal and third parties as similar to his/her own; and an authorised representative must use rights and obligations within the assigned scope.

**Article 40     Consequences of Juristic acts done by an Unauthorised Representative**

If an unauthorised representative creates rights and obligations on behalf of the principal, he/she shall be responsible for such juristic acts, unless the principal agrees to such juristic acts.

In case the principal has known or should have known about any juristic acts of an unauthorised representative, but the principal fails to warn or fails to oppose or supports, it shall be deemed that such justice acts are endorsed by the principal. If any damages occur, the principal shall also be responsible.

If a third party has known that juristic acts are created with an unauthorised representative, he/she shall notify in a written form to the principal or the unauthorised representative for responses in accordance to provided time periods. If there is no response when the provided time period is due, it shall be deemed that such juristic acts are not endorsed by the principal. Under this circumstance, a third party can anticipatorily repudiate the juristic acts and if any damages occur, compensation shall be available unless a third party has known or should have known at the time of the creation of juristic acts.

**Article 41 Consequences of Excessive Juristic Acts by a Representative**

A representative who excessively creates juristic acts outside his/her right scope shall be responsible for such juristic acts unless the principal agrees to endorse.

In case a third party reasonably believes that the juristic acts between him/her and a representative are within representative rights, it shall be deemed that the juristic acts are validity.

If a third party has known that juristic acts created between him/her and a representative are excessive the scope of representative rights, a third party can notify in a written form to the principal for responses as provided time periods. If there is no response when the provided time period is due, it shall be deemed that the juristic acts are not endorsed by the principal. In case a third party is eligible to anticipatory repudiation and if there are any damages, compensation shall be available, unless a third party has known or should have known about such matters.

In case a representative and a third party intentionally create juristic acts outside the scope which cause damages to the principal, related parties shall be jointly responsible for such damages.

**Article 42 Cessation of Representation**

Legal Representation shall cease in the following circumstances:

1. Guardianship of minor ceases;
2. Protection of controlled person or lost capacity to act person ceases;
3. Rights and obligations of parents to immaturity children ceases;
4. A Principal or a representative dies or dissolves or bankrupts;
5. Otherwise provided under the laws.

Representation by contract ceases in the following circumstances.

1. Contract of representation ceases.
2. Other events as provided under the laws

## **CHAPTER 5 PERIODS OF TIME**

### **Article 43     Periods of Time**

Periods of time are a specific time period that determines the commencement time to cessation time for the parties to a civil relationship to use his/her rights and obligations.

### **Article 44     Periods of Time Determination**

Periods of time determination refers to the determination time frame, usage and calculation of time periods, commencement time and cessation time.

### **Article 45     Determination of a Time Frame**

Determination of a time frame refers to the determination of specific time period of which is determined into seconds, minutes, hours, days, weeks, months, years or any events.

In case determination of time period is agreed to be determined by at the beginning of a week, in middle of a week, at the end of a week, at the beginning of a month, in middle of a month, at the end of a month, at the beginning of a year, in middle of a year, at the end of a year shall be practised as follows:

1. The beginning of a week refers to Monday to Tuesday of a week;
2. In the middle of a week refers to Wednesday to Thursday of a week;
3. At the end of a week refers to Friday to Sunday of a week;
4. At the beginning of a month refers to date 1 to date 10 of a month;
5. In the middle of a month refers to date 11 to date 20 of a month;
6. At the end of a month refers to date 21 to the last day of a month;
7. At the beginning of a year refers to January to April;
8. In the middle of a year refers to May to August;
9. At the end of the year September to December.

### **Article 46     Practice and calculation of time period**

Practice and calculation of time period shall be practised as provided under Article 45 of this Civil Code unless provided otherwise under laws, agreements of People's Court or contracts.

### **Article 47     Commencement**

Periods of time shall commence in any of the following events:

1. If periods of time are determined by minutes or hours, then the calculation commences when the action commences unless provided otherwise under laws, rules, agreements of People's Court or contracts;
2. If periods of time are determined by days, weeks, months, years, then the calculation commences on the following day;

3. If periods of time are not able to be determined by date, then it shall determine date 1 of the following month as a commencement date;
4. If periods of time is determined by any occurred events including natural disasters, then the calculation commences on the day of occurrence onwards.

In case there is an extension of time without determining the commencement day of extended time, then the following day of the last day of the original time determination shall be the commencement day.

**Article 48 Cessation of Periods of Time**

Periods of time shall cease in any following events:

1. If periods of time are calculated by minutes or hours, time shall cease after last the minute of provided time has passed;
2. If periods of time are calculated by numbers of days, weeks, months, years, time shall cease after the last day has passed;
3. If the last day is a public holiday, in case the operation is on such a day, then it shall deem to be the last period of time; if the operation is not on such a day, then the following day of the public holiday shall be deemed as the last period of time.
4. Cessation of any events time period including natural disasters shall be practised in accordance with State's announcements. In case there is no State's announcement,

**CHAPTER 6  
PRESCRIPTION  
A. PRESCRIPTION**

**Article 49 Prescription**

A Prescription refers to the period of time of which grants rights or prejudices rights in the civil relationship as provided under laws.

**Article 50 Forms of Prescription**

A prescription is divided into two following forms:

1. Acquisitive prescription
2. Extinctive prescription

**Article 51 Acquisitive Prescription**

Acquisitive prescription refers to the reasons that any persons gain rights over assets by possession and utilisation of other persons with honesty, openness, consistency and peace as if he/she is an owner; twenty years for immovable property, five years for movable property.

**Article 52 Extinctive Prescription**

Extinctive prescription refers to reasons that any persons cease rights as a result of the right owner not enforcing his/or rights within ten years for construction contract; 3 years for other types of contract or compensation and other claims, unless it is provided otherwise under the laws.

**Article 53 Consideration of Prescription**

Courts are unable to consider the prescription if litigants do not rise the prescription as a topic of argument.

**Article 54 Disallowance Variation to Prescription**

Prescription, as provided in this Civil Code, is not permitted to variations.

**Article 55 Recognition of Debts or other Obligations after Ceased Prescription**

If a debtor recognises debts or other obligations after ceased prescription, such debts and other obligations shall be continuedly recognised commencing on the recognition date<sup>1</sup>.

The first section of this Article will not be applicable to a third-party, including guarantors.

An agreement of ownership reinstatement to an original owner after the ceased prescription, such assets will belong to an original owner.

**Article 56 No Prescription**

The following circumstances have no prescription periods:

1. Reclamation of assets by State;
2. Reclamation for undertaking State's obligations, unless provided under Laws;
3. Reclamation for protecting intangible individual rights.

**B. CALCULATION OF PRESCRIPTION**

**Article 57 Calculation of Prescription**

A prescription shall be calculated as follows:

1. Acquisition of rights shall commence on possession state until the ceased period of prescription;
2. Loss of rights shall commence on implementation of claim right date until the ceased period of prescription;
3. In case an obligated party escapes, the prescription shall commence on the notice date or possibly know, see or a possible notice or knowing the latest address of the party.

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<sup>1</sup> The context of this Article cannot be directly translated into English. The context has been changed to allow the translation from Lao to English.



**Article 58 Calculation of A Successor Prescription**

A successor prescription shall commence on the possession date or the first possessor.

**C. SUSPENSION AND HALT**

**Article 59 Suspension of Prescription**

Suspension of the prescription means the temporary suspension of prescription due to some circumstances obstructs reclamation or claims including the escape of a debtor, floods, earthquakes.

Suspension of prescription commences on the date of the occurrence until the ceased date or in accordance with related State's announcement.

Periods of suspension shall not be included into prescription, while periods prior to suspension shall be included into periods after ceased suspension.

**Article 60 Reasons for Suspension**

Prescription shall be suspended due to the following events:

1. Emergency event or force majeure;
2. A Person without the capacity to act who does not have a representative yet

**Article 61 Halt of Prescription**

The halt of prescription refers to not including prior periods into the prescription of claims.

Prescription shall be halt due to any following circumstances:

1. Reclamation or claims of a person who has rights;
2. Debt recognition or other obligations of an obligated person.

If there is any circumstance of the second section of this Article prescription shall be recalculated.

**Article 62 Consequences of A Halt of Prescription**

The halt of prescription merely has consequences on disputing parties and successors of related parties.

Reclamation, joint-claims to any person, shall also cause the suspension to the prescription of other joint-right persons.

Reclamation, a joint claim to a debtor shall also cause the suspension to guarantor's prescription.

Recognition or reimbursement of any joint-debtors shall cause the suspension to the prescription of all joint-debtors.

Reclaiming inheritance of any joint- inheritors or recognising rights of any inheritors shall cause the suspension to the prescription of other joint-inheritors.

**PART II**  
**INDIVIDUAL AND JURISTIC PERSON**

**CHAPTER 1**  
**INDIVIDUAL**

**A. LEGAL CAPACITY OF A PERSON**

**Article 63     Legal Capacity of a Person**

Legal capacity of a person refers to the capacity of a person to have rights and obligations as provided under Laws commencing on the birth date and ceasing when a person dies.

All Lao citizens have equal legal capacity.

Foreigners, aliens and persons without nationality also have the legal capacity as similar as Lao citizens, unless officially provided otherwise under Laws or treaties.

**Article 64     Content of The Legal Capacity of a Person**

Content of the legal capacity of a person refers to rights and obligations as provided under Laws.

**B. INDIVIDUAL RIGHTS**

**Article 65     Individual Rights**

Individual rights refer to specific rights of any individuals which can not be consigned or transferred to other persons including right to live, receiving the protection of physical and health, freedom, reputation, prestige, characteristic, privacy and other interests which are individual's rights of that person.

**Article 66     Protection of Individual Rights**

Protection of individual rights refers to the protection of rights following the Constitution and Laws which cannot be infringed by any person unless provided otherwise under Laws.

When individual rights are infringed such a person can restore his/her rights by claiming or reclaiming the infringed party to cease the infringement and restore such rights; if there is no resolution, such a person has rights to propose authorised organisations for the resolution. In addition to the restoration of rights, a person also has rights to claim compensations as provided under Laws.

**C. CAPACITY TO ACT OF A PERSON**

**Article 67     Capacity to Act of a Person**

Capacity to act of a person refers to the capacity to enforce rights and perform his/her obligations.

**Article 68 A Person Without Capacity to Act**

A person without capacity to act refers to an immature person, a person who is restricted or loses the capacity to act.

**Article 69 Sui Juris and Alieni juris**

A sui juris person refers to a person who is eighteen years of age and above.

A sui juris person has full capacity to act unless a person who is restricted or loses the capacity to act.

An *Alieni juris* refers to a minor who is below eighteen years of age and has an incompetent capacity to act.

**Article 70 A Person with the Restricted Capacity to Act**

A person with the restricted capacity to act refers to a person who cannot control or speculate consequences of his/her action; that may cause danger or damages to his/her or other personal rights and interests due to addictive substances, psychotropic substances or other causes which the Courts recognise such a person as a person with the restricted capacity to act.

**Article 71 Loss Capacity to Act Person**

Loss capacity to act person refers to a person is incapable of acting or knowing the consequences of his/her acts due to his/her mental state which the Courts recognise such a person as loss capacity to act person.

**Article 72 Involvement of Minors in the Civil Relationship**

A minor involving in the civil relationship shall obtain consent from father, mother or guardians, except daily activities that are suitable with ages of a minor.

Juristic act of minors which has no consent from father, mother or guardians shall be voidable.

**Article 73 A Minor Doing Businesses**

A minor has the capacity to do businesses including commerce, services, productions based on the consent of father, mother or guardians and consistency with Laws. A minor has the capacity to act in doing business as similar to sui juris.

**Article 74 Labouring of a minor**

A minor has the capacity to labour following the consent of father, mother or parents based on basics of Law on Labour and other related Laws.

**Article 75 Claims for the recognition of a restricted or lost capacity to act person**

A father, a mother, guardian, a chief prosecutor or related organisations has/have rights to proceed claims to the Courts for considering the recognition of a person in his/her guardianship as a restricted or lost capacity to act person.

In an even that the Courts recognise any person as a restricted or lost capacity to act person, the Court shall assign a guardian for such a person although there is no request.

**Article 76 Consequences of The Recognition of a Restricted Capacity to Act Person**

When the Courts decide to recognise any persons as a person with the restricted capacity to act then the juristic act which is not consented by guardians or representatives of guardians shall be voidable, excepts the juristic acts related to daily activities.

When a person with the restricted capacity to act has become competent, such a person or a person with rights and related interests also has right to bring claims to the Courts for revoking the recognition of a restricted capacity person.

**Article 77 Consequences of the Recognition of a Loss Capacity to Act Person**

When the Court decisions recognise any person as a loss capacity to act person, such a person shall be unable to create juristic acts by his/her own, guardians are legal representatives in the creation of juristic acts for such a person's interests.

**D. PROTECTION OF A PERSON WITH RESTRICTED OR LOSS CAPACITY TO ACT**

**Article 78 Protection of a person with restricted or lost capacity to act**

A person with restricted or lost capacity to act in accordance with the Court decisions shall be entitled to the protection of rights and interests by guardians as provided under this Civil Code and other Laws.

**Article 79 Criteria of a guardian by the Court decision**

A guardian by the Court decision refers to a person who is assigned by the Court decision to become a caretaker and protector of rights and interests of a person with restricted or lost capacity to act.

A person who is assigned as a guardian by the Courts shall have the following criteria:

1. Having the capacity to act;
2. Has never been imprisonment due to intentionally guilty acts;
3. Has never been declared bankrupt;
4. Never been barred from being a guardian.

**Article 80 Rights and Obligations of a Guardian**

A guardian of a person with restricted or lost capacity to act has basic rights as follows:

1. Utilising assets of a person with the restricted or lost capacity to act for taking care of such a person;

2. Essential expenditures for the guardianship of assets;
3. Providing an opinion on the creation of important or high-value juristic acts of a person with restricted or lost capacity to act;
4. Representing the creation of juristic acts in order to protect the interests of a person with restricted or lost capacity to act;

A guardian of a person with restricted or lost capacity to act has basic obligations as follows:

1. Take care of and ensure the treatment for a person with restricted or lost capacity to act;
2. Being a representative for performing the juristic acts;
3. Guardianship and protection of such a person's assets
4. Protecting the lawful rights and interests of such a person
5. Being responsible for damages caused by the actions of a person with restricted or lost capacity to act as provided under Article 487 of this Civil Code.

#### **Article 81 Revocation, Withdrawal or Substitution**

A guardian may be revoked, withdrew or substituted in the following circumstances:

1. Inconsistency criteria as provided under Article 79 of this Civil Code;
2. Death or declared disappearance by the Court
3. In case a guardian is an organisation and such an organisation has ceased;
4. Incapable of performing his/her duties or inappropriate performance or serious breach of obligations by the guardian;
5. Requesting a withdrawal of a guardian due to necessary circumstances.

#### **Article 82 Assignment of Guardianship**

When there is a withdrawal or substitution of a guardian, an original guardian shall transfer the guardianship to a new guardian within fifteen days commencing on the date the assignment of a new guardian. Assignment of guardianship shall be memorandum.

Assignment of guardianship memorandum has the following content:

1. Reasons for assignment;
2. Asset accounts of a ward at the time of assignment.

A Village Chief or the Court shall be a body which verifies the memorandum of guardianship assignment.

The Court shall be a body which confirms the assignment of a new a guardian in an even of withdrawal or substitution of a guardian as provided under Article 81 of this Civil Code.

#### **Article 83 Cessation of Guardianship**

Guardianship shall cease in the following circumstances:

1. A ward has competent capacity to act following the Court decision;

2. A ward dies.

**Article 84 Consequences of Guardianship Cessation**

When a ward has competent capacity to act following the Court decision, a guardian shall restore the remaining assets to a ward within three months commencing ceased guardianship date.

In case a ward dies, a guardian shall restore remaining assets to an inheritor of the ward within three months commencing ceased guardianship date. Inheritance of a dead ward shall perform as provided under Part VIII of this Civil Code.

**E. ADDRESS**

**Article 85 Address**

Address of a person refers to a place where a person registers family registration or an actual address of such a person.

In case an address of any person cannot be determined the latest residence shall be the address of such a person.

**Article 86 Address of an Alieni juris**

An address of an *Alieni juris* refers to an address of a father, a mother if a father and a mother have different address the address of children is the address of a father or a mother where children reside.

An *Alieni juris* may have a different address as consented by a father, a mother or a father or a mother.

**Article 87 Address of a Ward**

An address of a ward refers to an address of guardian.

A ward may have a different address as consented by parents or as provided under Laws

**Article 88 Address of a Spouse**

Address of a spouse refers to an address where both parties live together.

A spouse may have a different address as agreed by both parties.

**Article 89 Address of Military Personnel, a Police Officer**

An address of military personnel, a police officer and a permanent officer in national defence and peace protection refers to an address where such a person works or stations, unless in an even that a person has a normal address.

**Article 90 Address of a Prisoner**

An address of a prisoner who is imprisoned by the Court refers to a correctional-Rehabilitation centre of which he/she is rehabilitated.

**Article 91 Address of a Foreigner, An Alien or a Person without Nationality**

An address of a foreigner travelling or working in Lao People's Democratic Republic shall be an address of which is declared to immigrations officers and/or police for foreign national.

An address of an alien or a person without nationality shall be an address of family registration.

**F. DISAPPEARANCE AND DEATH FOLLOWING THE COURT DECISION**

**Article 92 Disappearance**

Disappearance refers to a person being disappeared from family or his/her address without knowing for over two years or disappears in wars, natural disasters for over six months, such a person shall be deemed as a missing person if and only if there is the Court decision.

Determination of the time of disappearance shall commence counting from the date of the latest news about such a person, if such a date cannot be determined the first date of the following month shall be considered and if a month cannot be determined from first of January of the following year shall be considered.

Determination of the time of disappearance in the event of an accident shall commence counting on the date of an accident. In the event of wars or natural disasters, it shall commence counting on the end date of such events.

**Article 93 A person who has Rights to Require a Disappeared Person Declaration**

A husband or a wife, a father, a mother, cousins, an organisation or a person with rights and interests related to such a person has/have rights to apply to the Courts for declaring a person as a missing person.

**Article 94 Registration of Disappearance**

When there is the Court declares a person as a missing person, the claimant shall register disappearance with district justice office regarding an address of a missing person family registration.

In case a missing person has not registered the family registration, the disappearance registration shall be applied at the District Justice Office where such a person permanently lived.

**Article 95      Consequences of the Disappearance Declaration**

The Court decision declaring a person as a missing person has the following consequences:

1. A guardian of a person's assets shall be assigned;
2. A husband or a wife has rights to file for a divorce and a division of acquired assets;
3. A creditor of a missing person has rights to file to the Courts for claiming the payment of debts;
4. A guardian of a person's assets has rights and obligation as provided under Laws, including determination of assets for alimony or interests of a missing person.

**Article 96      Abrogation of the Disappearance Declaration**

When a person who is declared by the Court as a missing person has returned, or there is reasonable evidence that such a person is alive, such a person, a person with rights or a person with related interests has rights to file to the Court for considering the abrogation of the Court decision regarding the disappearance declaration.

If the Court abrogates such a decision, rights and obligations of such a person as provided under Laws shall be restored unless a court decision related to a divorce or assets has legally determined as provided under Laws.

**Article 97      Death by the Court decision**

Death by the Court decision refers to a person has disappeared from family or his/her address without knowing for over three years or disappears in wars, natural disasters or accidents for over two years, such a person shall be deemed death if and only if there is a court decision.

Determination of the time of death shall be performed in accordance with Article 92 sub-Article two and three of this Civil Code.

**Article 98      A person with rights to file for the death declaration**

A person with rights to file for the death declaration refers to an individual and an organisation as provided under Article 93 of this Civil Code.

**Article 99      Registration of death by the Court Decision**

When there is a death declaration by the Court decision, the claimant shall register the death with District Home Affair Office where a dead person registers his/her family registration.



In case a dead person has not registered his/her family registration, the death registration shall be applied at the District Home Affairs Office where such a person permanently lived.

**Article 100 Consequences of Death Declaration by the Court decision**

A court decision on the death declaration of a person has following consequences:

1. A spousal relationship shall cease;
2. Inheritance shall be available.

**Article 101 Abrogation of the Death Declaration**

When a person who is declared by the Court as a dead person has returned or there is reasonable evidence that such a person is alive, such a person, a person with rights or a person with related interests has rights to file to the Court for considering the abrogation of the Court decision regarding the death declaration.

If the Court abrogates such a decision, rights and obligations of such a person as provided under Laws shall be restored unless a husband or a wife remarries or assets are determined as legally provided under Laws.

**CHAPTER 2  
JURISTIC PERSON  
A. GENERAL PROVISIONS**

**Article 102 Juristic Person**

A juristic person refers to an organisation [of which is legally established as provided under Laws], is capable of involving in the civil relationship, has rights and obligations, has the capacity to be a plaintiff and a defendant as similar as an individual as provided under Laws

A juristic person shall have the following elements:

1. Having Articles of Association;
2. Being legally registered as provided under Laws;
3. Having a systematic hierarchy including representatives, management;
4. Owning assets and having the responsibility to debts;
5. Being independent in involving the legal relationship on its behalf.

**Article 103 Legal Capacity of a Juristic Person.**

Legal capacity of a juristic person refers to a capacity to have rights and obligations of which are consistent to provided purposes of rules of a juristic person, provided Laws and related rules.

Legal capacity of a juristic person arises from the date of which is legally established.

A foreign juristic person recognised under Laws of Lao People's Democratic Republic has rights and obligations as similar as a local juristic person unless provided otherwise under Laws.

**Article 104 Capacity to Act of a Juristic Person**

Capacity to act of a juristic person refers to a capacity to use rights and perform obligations by itself.

A juristic person has the capacity to act commencing on the date of which is legally established until the ceased date of being a juristic person.

**Article 105 Establishment of a Juristic Person**

A juristic person may be established by the following circumstances:

1. By integration of an individual;
2. By integration of assets;

A juristic person may be established by an individual who is called a sole limited company.

**Article 106 A Juristic Person Established by Integration of an Individual**

A juristic person established by integration of an individual refers to two or more individuals join with shared intention and purposes in order to establish and perform with the expectation of profits in the form of an enterprise or non-profit in the form of an association.

**Article 107 A Juristic Person Established by Integration of Assets**

A juristic person established by integration of assets refers to an investment of capital, assets or materials of an individual or a group with shared intention and purposes in order to establish and perform without expectation of profits in the form of a foundation.

**Article 108 Rules of a Juristic Person**

Rules of a juristic person refer to provisions related to purposes, establishment and performance which are determined for members or individuals who are related to the juristic person to perform; rules of a juristic person shall be agreed and endorsed by members of a juristic person and shall be verified by related departments as provided by Laws.

Rules of a juristic person have the following content:

1. A name of a juristic person;
2. A Purpose and scope of a juristic person's performance;
3. An address of a juristic person;
4. Registered capital (if available);
5. Organisational chart and management of a juristic person;
6. Improvement and variations of the content of rules;

7. Control, separation or cessation of a juristic person;
8. Membership, rights and obligations of a member of a Juristic person established by integration of an individual;
9. Contributors, list of assets and value of assets of a Juristic person established by integration of assets;
10. Dispute resolution.

Improvement or variation of the content of rules shall be noticed to related departments as provided under Laws.

#### **Article 109 Name of a Juristic Person**

A name of a juristic person shall be written in Lao and/or foreign languages, of which clearly specify an organisational type of a juristic person as provided under related Laws.

A name of a juristic person of which is endorsed or recognised shall be protected by Laws.

A juristic person shall use the name of a juristic person in performing activities.

#### **Article 110 Address of a Juristic Person**

An address of a juristic person refers to the location of a juristic person's headquarter.

An address of a juristic person shall be an address for contacting works of a juristic person.

A juristic person may choose other addresses as a contact address, including a branch or an office of a representative.

#### **Article 111 Organisational Components and Management of a Juristic Person**

A juristic person shall have organisational components.

Organisational components and management of a juristic person shall be determined in the rules of a juristic person or juristic acts for establishing a juristic person.

#### **Article 112 Agent of a Juristic Person**

An agent of a juristic person refers to a representative of a juristic person who performs on behalf of a juristic person including a chairman or a chief executive officer as provided under the rules of a juristic person or Laws.

In the event of a chairman or a chief executive officer delegates a person to represent on a juristic person behalf, such a person shall be deemed as a representative.

A juristic person can have one or more agents as provided under its rules.

In case interests of an agent and a juristic person have a conflict of interest, a related agent shall not have rights to perform on a juristic person behalf in the conflicted area, unless there is an agreement or official determination in the rules of a juristic person.

**Article 113 Variation of a Juristic Person’s Agent**

Variation of an agent, elimination of rights or variation of rights of a juristic person shall have legal effects if and only if the performance is carried out in accordance to the provided rules of a juristic person and Laws but shall not have effects on a third party who is honesty.

**Article 114 Cessation of a Juristic Person’s Agent**

Cessation of a juristic person’s agent shall occur in the following circumstances:

1. Completion of the term;
2. Being deposed;
3. Violation of election procedures, being a person without capacity to act or being a bankrupt following a court decision;
4. Death, resign, being lack of criteria to become a juristic person agent.

**Article 115 Responsibility of a Juristic Person**

A juristic person shall have responsibilities for the performance of its agent. If an agent excessively performs outside the scope of rights Article 41 of this Civil Code shall be applied.

A juristic person shall not be responsible for its member's action, who is not an agent.

A juristic person of all types shall be responsible for the payment of debts as provided under related Laws.

**Article 116 Variation of a Juristic Person**

A juristic person legally established and registered under Laws can be varied by merging or separation of multi-juristic persons as agreed or as provided under the rules of a juristic person or as provided under related Laws.

**Article 117 Merger of a Juristic Person**

Juristic persons can be merged together as provided under its rules, as agreed under the agreement of juristic persons related to mergers and as consented by related parties.

**Article 118 Separation of a Juristic Person**

Any juristic person can be separated into multi-juristic persons as provided under the rules of such a juristic person as consented by related parties.

**Article 119 Cessation of a Juristic Person**

A juristic person shall cease in any following circumstances:

1. Having any basics of which cause the cessation as provided under its rules;

2. Having completed purposes of a juristic person or being unable to continue its performance;
3. Being declared as a bankrupt by a court decision;
4. Being ceased by a court decision;
5. Having other circumstances as provided under Laws.

**Article 120 Settlement**

When a juristic person is ceased as provided under Article 119 of this Civil Code the settlement shall be completed in accordance to provided Laws

**B. ASSOCIATION**

**Article 121 Association**

An association refers to a social organisation of which is established with voluntary, non-revenue or non-profit and permanent performance in order to protect rights and rightful interests of an association, members or a community.

**Article 122 Juristic Person Status of An Association**

An association of which is established as provided under this Civil Code or other Laws has a status as a juristic person.

**Article 123 Types and Scope of Performance of an Association**

Types of an association include as following:

1. An association of economics;
2. An association of vocations, technical professions and innovations;
3. An association of charities and others.

An association has the scope of performance as follows:

1. An association of which performs national-wide;
2. An association of which performs in provincial regions, capital;
3. An association of which performs in district regions, municipal regions, city regions
4. An association of which performs in village regions.

An association can have a branch or an office of a representative in accordance with the consented scope.

**Article 124 Criteria for the Establishment of an Association**

Establishment of an association shall have the following criteria:

1. Having purposes of which are not contradicted to the Constitution, Laws, rules and good customs of the nation, local and tribes; are not danger to national stability, public orders and freedom of individuals;
2. Having a pioneer who is an individual or a juristic person with the capacity to act as provided under this Civil Code;

3. Having rules, organisational components, an office and assets in order to ensure the completion of the association's purposes;
4. Having numbers of members who voluntarily register for joining the performance of an association.

**Article 125 Proposal for the Establishment of an Association**

A proposal for the establishment of an association shall be carried out in accordance with criteria, rules and procedures as provided under Laws and related rules.

**Article 126 Rules of an Association**

An association shall have rules which include a name of an association and other content as provided under Article 108 of this Civil Code and other related rules.

**Article 127 Organisational Components and Management of an Association**

An association shall have organisational components.

Organisational components and management of an association shall be included in rules of an association or provisions of the agreement for the establishment of an association.

**Article 128 General Meeting of an Association**

A general meeting of an association refers to the supreme organisation of an association which is held as provided under related rules of an association.

**Article 129 Management, Separation and Cessation of an Association**

Management, separation and cessation of an association shall be performed as provided under Article 117, 118, 119 of this Civil Code.

## **C. FOUNDATIONS**

**Article 130 Foundations**

A foundation refers to a social organisation which has a status of a juristic person, capital, specific assets for public interests in the area of culture, education, environment, public welfare, sports-gymnastic, science, charities, humanity and others while being non-profitable.

Assets utilisation of a foundation shall not be self-enrichment of any individuals unless it is for performing in accordance with the purposes of a foundation.

**Article 131 Performance Scope of a Foundation**

A foundation has the following performance scope:

1. A foundation of which performs national-wide;
2. A foundation of which performs in provincial regions, capital regions;
3. A foundation of which performs in district regions, municipal regions, city-regions.

**Article 132 Criteria for the Establishment of a Foundation**

Establishment of a foundation shall have complete criteria as follows:

1. Having purposes of which are not contradicted to the Constitution, Laws, rules and good customs of the nation, local and tribes; are not danger to national stability, public orders and freedom of individuals;
2. Having a pioneer who is an individual or a juristic person with the capacity to act as provided under this Civil Code;
3. Having rules, organisational components, an office and assets in order to ensure the completion of the foundation's purposes;

**Article 133 Proposal for the Establishment of a Foundation**

A proposal for the establishment of a foundation shall be carried out in accordance with criteria, rules and procedures as provided under Laws and related rules.

**Article 134 Rules of an Association**

A foundation shall have rules which include a name of a foundation and other content as provided under Article 108 of this Civil Code and other related rules.

**Article 135 Organisational Components and Management of an Association**

A foundation shall have organisational components.

Organisational components and management of a foundation shall be included in rules of a foundation or provisions of the agreement for the establishment of a foundation.

**Article 136 Merger, Separation and Cessation of a Foundation**

Merger, separation and cessation of a foundation shall be done in accordance with the objective of the foundation.

Merger, separation and cessation of a foundation shall be performed as provided under Article 117, 118, 119 of this Civil Code.

**PART III**  
**FAMILY**  
**CHAPTER 1**  
**GENERAL PRINCIPLES**

**Article 137 Family**

Family is a micro unit of society which consists of husband, wife and children or other member of the family, which have a relationship to each other and live together by having a certified family book.

**Article 138 Family Relationship**

Family Relationship is a relation which arises from marriage registration, having children together and adoption of another child to be adoptive children which causing family rights and obligations to each other.

Family Relationship Independently arises regardless origin, social-economic status, nationality, ethnicity, educational level, occupation, religions, place of residence and other.

**Article 139 Relatives and Relatives Order**

Relatives in a family relationship consist of blood relatives and related relatives.

1. Biological relatives are divided into two types including relatives of direct lineage and relative of horizontal lineage.
  - 1.1 Relatives of direct lineage consist of older relatives of direct lineage and younger relatives of direct lineage.

Older relatives of direct lineage divided as the following order:

- Father, mother;
- Grandfather, grandmother, father-in-law, mother-in-law;
- Great-grandparent.

Younger relatives of direct lineage divided as the following order:

- Child;
- Grandchild;
- Great-grandchild.

For the adopted child has the same status with the offspring.

- 1.2 Relative of horizontal lineage divided as the following order:
  - Older brother, older sister, younger brother-sister;
  - Child of brother, older sister, younger brother-sister;
  - Uncle, aunt, paternal uncles and aunts, maternal uncles and aunts.

2. Related relatives divided as the following order:



- Aunt's child;
- Father, mother of husband or wife;
- Older brother, older sister, younger brother-sister of husband or wife.

**Article 140 Equality between Men and Women in Family Relationship**

Men and women have equal rights in all aspect pertaining to family relationships.

**Article 141 Freedom to Marry**

Men and women who have attained the age of marriage have rights to marry on the basis of mutual consent.

Person, family or organization have no rights to force or hinder the marriage of its child, grandchild, or another member of the family, staff and officer under its management.

**Article 142 Monogamy**

Marriage is governed by the system of monogamy.

**Article 143 Protection of Interests of Mothers and Children**

The state and society protect the interests of mothers and children as the privilege when the spouse live together, no longer live together or divorced.

**Article 144 Family Development**

The state promotes every state organizations, society, enterprises and population to develop their family to be happiness, to be a model family, a cultural family, have a progressive, harmony, warming, fair and civilized.

**CHAPTER 2  
ENGAGEMENT AND PROPOSALS**

**Article 145 Engagement**

As a young couple enter the relationships of love without preparedness, both sides shall make the memorandum of engagement in according to the culture, which the men will or will not bring the assets, valuable thing to the women.

The engagement may be done or not but shall not cause any legal impact.

**Article 146 Non-Compliance with the engagement**

In case of have an engagement as provided under Article 145 of this civil code. If the men have defaulted the engagement without being reasonable, the assets or valuable things which was given to the women as mutual agreed shall belong to the women. In case those [the assets and valuable things] have not been given to the women yet, the men shall bring the assets or valuable things for giving to the women as mutual agreed.

In case of the women has defaulted the engagement without being reasonable, the assets or valuable things which was given by the men shall be returned. In case of the men have not given to the women yet as mutual agreed shall be rejected.

**Article 147 Proposals**

As a young couple enter relationships of love and decide to marry, the men's parents, elder relatives or his organization will ask for the women to make a proposal with her parents and elder relatives according to the customs and decide the amount of bride-price and the wedding ceremony as ability and condition of the women and men by making memorandum properly.

**Article 148 Compensation of damages due to the non-implementation of proposals**

In case of any party not implement with the proposals without being reasonable and cause damaging to the man's or women's honor or in case expenses were incurred for wedding preparations, the party which does not implement the proposals will be responsible for the compensation of such damages.

**Article 149 Sexual relations before marriage**

As sexual relations occurred before marriage and the man does not marry the woman, he shall have to make an offer to bring the spirit of the woman or of her family back according to the customs. In case of the woman does not marry the man, she does not have to bring the spirit of the man or of his family.

In case the woman is pregnant, the man shall compensate the woman for the labor and delivery fees or stillbirth, postpartum and other related expenditures as additional compensation to compensation for mental anguish

The man shall be obliged to foster the child until the child has become sui juris

**CHAPTER 3**

**A. MARRIAGE CONDITIONS AND REGULATIONS OF MARRIAGE**

**Article 150 Criteria of marriage**

Man and woman that want to marry shall have conditions as following:

1. Be 18 years of and above;
2. Having love, agreement and willingness of a couple;
3. Be single, divorce or widow by having certified document.

**Article 151 Prohibition of marriage**

Marriage will be prohibited in the following cases:

1. The couple is the same gender;

2. Individuals from the same bloodline such as parents, paternal and maternal grandparents upwards with children, grandchildren downwards, between adoptive parents and adopted children, between stepparents and stepchildren, between adoptive children and offspring's, between siblings, between uncles or aunts with nieces and nephews.  
For stepchildren and stepchildren can be marry in case of parents has already been divorced.

**Article 152 Marriage registration**

Woman and man having the intention to marry, shall submit a written request to the registrar officer at the district office of which the couple is living or living place of one of them.

If the couple has satisfied all the requirements the registrar officer will invite the concerned persons to register their act of marriage in the presence of three witnesses.

Woman and man shall have a marriage status from day the marriage is registered.

**Article 153 Wedding ceremony**

Wedding ceremony may be done or not, simultaneously or subsequently to the marriage registration but shall not cause any legal impact.

In case of having wedding ceremony, should be comply with a good traditional of nation and be economical.

**B. MARRIAGE RELATED TO FOREIGNER**

**Article 154 Marriage between Lao citizens and aliens, foreigner, a stateless person and among aliens, foreigner and stateless person in the Lao People's Democratic Republic**

Aliens, foreigner, a stateless person have the same rights and obligations as Lao citizens in wedlock and family relations.

Marriage between Lao citizens and aliens, foreigner, a stateless person and among aliens, foreigner and stateless person in the Lao People's Democratic Republic is to comply with the article 150 to 152 of this civil code.

Registration of marriage between aliens, foreigner, and stateless person in the Lao People's Democratic Republic may take place at the province office where the couple is living or living place of one of them as defined in the Family Registration Law.

**Article 155 Registration of marriage between Lao citizens and foreigner, aliens, a stateless person in the Lao People's Democratic Republic**

Registration of marriage between foreigner, aliens and stateless person in the Lao People's Democratic Republic shall be performed in accordance with Lao PDR Laws or Law of one marriage couple.

If the registration of marriage is performed in accordance with the laws of the country of any parties to the marriage, then such the performance shall be performed at the embassy or consulate of the concerned country.

Registration of marriage between foreigner, aliens and stateless person in the Lao People's Democratic Republic may take place at the province office where the couple is living or living place of one of them or the embassy or consulate of the concerned country to Lao People's Democratic Republic as defined in the Family Registration Law.

**Article 156 Marriage of Lao citizen in oversea.**

The state acknowledges marriage of Lao citizen in oversea which comply with Law of Lao PDR.

Registration of marriage of Lao citizen in oversea may take place at representative office of Family registration in oversea as defined in the Family Registration Law.

**Article 157 Marriage between Lao citizens and aliens, foreigner, a stateless person and among aliens, foreigner and stateless person in oversea**

The state acknowledge marriage between Lao citizens and aliens, foreigner, a stateless person in oversea to comply with the law of marriage couple is living in accordance to the Law of Lao PDR and shall notify to the embassy or consulate of Lao PDR to concerned country to acknowledge.

For the registration of marriage between Lao citizens and aliens, foreigner, a stateless person in oversea may take place at representative office of Family registration in oversea or executing to comply with the law of marriage couple is living in accordance to the Law on Family Register.

**C. NULLITY OF MARRIAGE**

**Article 158 Nullity of marriage**

Nullity of marriage is a marriage which violates:

1. The conditions of marriage as mentioned in Article 150 of this civil code;
2. Prohibition of marriage as mentioned in Article 151 of this civil code.

**Article 159 Dissolution of null marriage**

The people's prosecutor, the registrar officer, the parents-in-law, the husband or wife themselves have the right to request the dissolution of a null marriage.

The dissolution of a null marriage is the jurisdiction of the people's Court.

**Article 160 Consequence of null marriage**

When the court has been dissolved a marriage, matrimonial links will cease but children carried in their mothers' wombs and born during marriage life will be considered as legal.

Acquired assets during the marriage before its dissolution are joint ownership and shall sharing as defined in the article 290 of this civil code.

**CHAPTER 4  
MATRIMONIAL RELATIONS**

**Article 161 Rights of the spouse.**

Husband and wife have equal rights in all aspects within the family, Husband and wife jointly decide on internal family matters.

Husband and wife have rights to be a representative of each other as provided under the Laws.

**Article 162 Activity rights of the spouse**

Husband and wife have the right to perform political, economic, cultural and social activities.

The selection of the family's place of residence is commonly decided by the spouse.

**Article 163 Right in the selection of family name**

Husband and wife have the right to choose either the husband's or the wife's family name or may keep their respective initial family names.

**Article 164 Obligations of spouse**

Spouse have the duty to love, respect, cares and assist each other, to jointly care for and educate the children, and build the family into a solidary, happy and progressive family.

**Article 165 Obligations of husband and wife to liability**

Husband and wife shall responsible to liability in case of following:

1. Husband and wife are indebted together;
2. Husband or wife is one-sided indebted for the family expenditures;
3. Husband or wife is one-sided indebted for his/her personal interests. In case of husband or wife has used his/her personal money or acquired assets to pay for such debts, the repayment shall be available in accordance with the Laws.

For the liability occurred after the separation of husband and wife for the benefit of family or by mutual agreement, husband and wife have to response for such liability together. If the liability occurred for one-sided benefit by have no any mutual agreement, husband or wife whom be indebted shall response for such liability.

## **CHAPTER 5 ESTATES OF THE SPOUSE**

### **Article 166    Estates of the spouse**

Estates of the spouse consist of initial and acquired assets.

### **Article 167    Initial assets**

Initial assets are properties owned by the husband or wife prior to marriage or acquired through inheritance or bequeath or bestow to specifically either the husband or the wife after marriage and existing in their original forms or transformed into other assets.

### **Article 168    Acquired assets**

Acquired assets are properties acquired by the spouse in common during their married life except for low value assets of personal use.

### **Article 169    Use of acquired assets**

Husband and wife have equal rights over marriage properties independently from the fact whether the estate was acquired by the husband or the wife. Husband and wife have the right to use marriage properties in accordance with the requirements of the family, Prior mutual consent shall be obtained on the right of usufruct and of decision over acquired assets.

## **CHAPTER 6 DISSOLUTION OF MATRIMONIAL LINKS**

### **Article 170    Dissolution of matrimonial links**

Dissolution of matrimonial links is caused by the following circumstances:

1. Divorce;
2. by the acknowledgement of the marriage's nullity by the court decision;
3. By the death of husband or wife.

### **A. DIVORCE**

### **Article 171    Divorce**

Divorce is dissolving of marriage by any causes as provided under Article 176 of this Civil Code.

Regardless of circumstances, paying money for a divorce or using force for a divorce shall not be permitted.

**Article 172 Type of divorce**

There are two types of divorce as following:

1. Divorce by wilfulness;
2. Divorce by court decision.

**Article 173 Divorce by wilfulness**

Divorce by wilfulness is a divorce by mutual agreement of husband and wife.

Divorce by wilfulness shall have completed conditions as following:

1. Non-disagreement of child such as child take caring;
2. Non-disagreement of Acquired assets;
3. Non-disagreement of liability.

Divorce by wilfulness shall have effect after the registration at the District Home Office where the couple is living together as defined in the law of Family Registration.

**Article 174 Procedures of divorce by wilfulness**

Husband and wife having a propose to divorce by wilfulness shall submit an application for divorce to the head of village where the couple is living by meeting face to face with the both couple's parents and shall have at least three witnesses. When the head of village has received the application for the divorce, the head of village shall give guidance to the couple to restore relation, in case of non-immediate reconciliation, an additional time for consideration not exceeding three months will be given.

As the spouse have been considered and may not reconcile, the head of village shall make a memorandum of divorce and forwarding to family registrar officer of district, province, capital for divorce registration and issuing divorce certificate to each of the couple to be witness.

**Article 175 Divorce by the court decision.**

Divorce by court decision is the consideration of court to divorce in accordance to application or request of husband or wife.

Divorce by court decision shall have the following conditions:

1. Have complaints or requests to divorce of husband or wife;
2. Have causes of divorce as defined in the article 176 of this civil code;
3. Have disagreement of child take caring, acquired assets, liabilities and other problem of the couple.

Divorce by court decision is effective from the date of the pronouncement by the court.

**Article 176 Causes of Divorce**

Husband or wife may propose divorce for the following reasons:

1. Adultery;
2. Use of violence or gross insults against each other or against parents or relatives, or of seriously inappropriate attitude, such as regular drinking, be addicted to drugs or gambling, spending money for no reason;
3. Abandoning the family without warning nor without sending news or goods for the family's living for more than three years;
4. One of the couples is definitely ordained priest or novitiate or as white nun over three years without any mutual agreement;
5. Being a missing person as defined in the article 95 of this civil code;
6. Being prosecuted by the court of justice for five years of custody and above;
7. Dangerous serious disease making common life impossible;
8. Being Mentally ill which cannot continue to a normal life;
9. Incapacity of sexual act;
10. Impossibility for spouses to live together because of non-honesty or torturing.

**Article 177 Procedures of Divorce Consideration by the Court Decision**

When the court has already received the complaint or the request for a divorce, the court shall provide guidance to the couple to restore relation. In case of non-immediate reconciliation, an additional time for consideration not exceeding three months will be given.

As the spouse have considered and have been unable to reconcile, the Court shall determine the divorce for the married If there are any reasons as provided under Article 176 of this Civil Code. The Court shall apply the measures for protecting the interests of minors and of husband or wife unable to work to ensure their subsistence.

After the pronouncement of the divorce by the Court, the Court decision shall be copied which is completely enforceable, then such copies shall be sent to the registrar officer for the registration of the divorce, and a copy of certificate of divorce shall be provided to the husband and the wife.

**Article 178 Non-authorization of divorce**

A husband does not have the right to ask for divorce during his wife's pregnancy or when a newly born child has not yet reached the age of one year, except when the wife request for a divorce.

**Article 179 Guardianship of Children**

Husband and wife have obligations to take care of, foster and educate their children.

If husband and wife do not agree on the guardianship of children after divorce, the Court shall decide whether the father or mother will take care of them by taking into



consideration the children's interest in accordance to the laws, and specify the child alimony to be provided until their maturity.

**Article 180 Demand for Alimony**

In the consideration of divorce or after registration of divorce, a sick wife or husband from their former matrimonial relations and be unable to meet their own needs, has the right to request the court to decide the attribution of an alimony by the wife or husband in case the solicited party possesses economic potentials, but such alimony will not exceed the period of two year.

**Article 181 Share of Initial and Acquired Assets**

The share of initial and acquired assets between husband and wife is to be implemented as follows:

1. Initial assets of either parties shall belong to their original owners;
2. Acquired assets shall be equally shared between the parties, unless there is a Court decision ruling that the husband or the wife has committed adultery, a fraud or misappropriation of acquired assets, the wrongful party shall be merely entitled to one-third of acquired assets.

In case an underage child is remaining with either parties such a party shall be entitled to the one-third share of such acquired assets for the fostering of the child. In case the alimony is insufficient as provided under the Article 217 of this Civil Code, the father or the mother of which the child does not live with shall continue performing the obligations until the child becomes sui juris. For the rest of acquired assets shall divided in half.

Acquired assets shall be dived after the couple is divorce.

Acquired assets can be divided before divorce as the complaints or the requests of either parties as provided under the above paragraph in the following circumstances:

1. Husband and wife are separated;
2. Husband or wife has taken acquired assets for the wrongful usage or without faithfulness;
3. Husband or wife has become a missing person following the Court decision.

**Article 182 Pending dowry**

A pending dowry refers to the amount of money or object which has not been fully given yet as provided under the memorandum of engagement.

In the event of divorce, the man's party shall be responsible for the payment of a pending dowry to the woman's party unless the man's party is a wrongful actor. In case the woman's party has been wrongful a pending dowry shall be voidable.

## **B. DIVORCE RELATED TO REREIGNS**

### **Article 183 Divorce between Lao citizen and foreigner, alien and a stateless person in Lao People's Democratic Republic**

Divorce between Lao citizen and foreigner, alien and a stateless person in the Lao People's Democratic Republic shall be performed in accordance with this Civil Code.

### **Article 184 Divorce Between Foreigner, Alien and A Stateless Person in The Lao People's Democratic Republic**

Divorce between foreigner, aliens and stateless person in the Lao People's Democratic Republic shall be performed in accordance with the Article 171 to 182 of this Civil Code.

### **Article 185 Divorce Between Lao Citizens in Abroad**

Divorce between Lao citizens abroad shall be subjected to the Laws of Lao People's Democratic Republic or the laws of their country of residence.

Divorce between Lao citizens abroad shall be notified to the embassy or consulate of Lao PDR for the recognition.

### **Article 186 Divorce Between Lao Citizen and Foreigner, Aliens and a Stateless Person in Abroad**

Divorce between Lao citizen and foreigner, aliens and a stateless person in abroad can be performed in accordance with the Laws of Lao PDR or the laws of their country of residence or the laws of the couple's country.

Divorce between Lao citizens and foreigner, alien and a stateless person in abroad shall notify to the embassy or consulate of Lao PDR to acknowledge.

### **Article 187 Divorce Registration Between Lao Citizens and Foreigner, Alien or a Stateless Person**

Divorce registration between Lao citizens and foreigner, alien or a stateless person may take place at the department of province where the couple is living prior to divorce.

Divorce registration between Lao citizens or Lao citizens and aliens, foreigner or a stateless person in oversea shall be performed at the representative office of Family registration in oversea or shall be performed in accordance with the law of marriage couple is living.

## **C. DEATH**

### **Article 188 Death of husband or wife**

The death of husband or wife is a death by natural or as the court decision.

**Article 189 Death of husband or wife by natural**

The death of husband or wife by natural is a death by diseases, oldness, accident, murdered and other cause of death in the actual circumstances.

**Article 190 Death of husband or wife by court decision**

The death of husband or wife by court decision is a death as defined in the article 97 of this civil code.

**D. RESULTS OF DISSOLUTION OF MATRIMONIAL LINKS**

**Article 191 Results of Dissolution of Matrimonial Links**

Results of dissolution of matrimonial links is following:

1. Matrimonial properties shall be divided;
2. Have obligations to take care of underage children;
3. Being jointly responsible for liabilities occurring during the course of marriage.

**Article 192 Cessation of Using the Same Family Name**

Husband or wife which have married, if they have changed their own family name to be the family name of husband or wife, after dissolution of matrimonial links by divorce or by null marriage as the court decision shall be entitled to use their own original family name or shall be able to maintain the family name as well if there is no any objection from another party.

**Article 193 Remarriage**

Divorced husband and wife wishing to remarry shall register a new marriage and Perform in accordance with this Civil Code.

**CHAPTER 7  
CONNECTION OF FATHER, MOTHER AND CHILDREN  
A. OFFSPRING**

**Article 194 Acquisition of Parental and Filial Rights and Obligations**

Parental and filial rights and obligations arise on the basis of the birth of children as provided under the Laws.

**Article 195 Notification and Registration of Birth**

When there is a birth of a child in the family, medical station or hospital, head of family or representative of family shall notify and register the birth as provided under the Laws on Family Register.

**Article 196 Name and Family Name of a Child**

Parents is the name chooser of a child as they like and mutual agreed, If a child has become sui juris a child have rights to alter his/her name in accordance with the regulations.

Family name of children shall be the family name of their parents, if the parents use the same family name.

If parents have the different family name, a child shall be entitled to use family name of father or mother or both of them by mutual agreed of parents. If there is no agreement, the children shall use the family name as the court decision.

When having divorcement or acknowledged null of marriage as the court decision, the family name of the children shall not be altered. If father or mother staying with children who desire the children to use their family name, shall have rights to permit an underage child to alter his/her family name to the father's or mother's family name.

In case there is any desire for the alteration of a name or a family name such alteration shall be performed in accordance with the related Laws.

**Article 197 Affiliation**

Affiliation arises in case a child is born to unmarried parents.

When there is an affiliation, the father-child relationship arises commencing at the time of birth.

Voluntary affiliation requires the child's parents to submit a common request whereby the child's father acknowledges his parenthood and the mother agrees to such request. If the mother is deceased, such affiliation may be done on a unilateral basis.

In case the child has become sui juris, the affiliation can be proceeded if and only if a child agrees. The father's marriage to another woman it shall not obstruct the affiliation.

When the father has rejected the affiliation, the child's mother, guardian or sui juris shall have rights to submit the proposal for the consideration of the affiliation.

The court is able to provide the recognition of an affiliation if and only if there are following circumstances:

1. Common life and estates between the child's mother and the affiliating father;
2. Common care and education of the child;

3. There is evidence proving the parentage including biological evidence.

**Article 198 A Father's Rejection**

When the husband can prove that the children are not his, such a person shall have rights to submit a petition to the Court for the rejection of an affiliation. The petition for an affiliation shall be proceeded within one year commencing on the recognized date of the birth of a child.

**B. ADOPTIVE CHILDREN**

**Article 199 Adoption of Children**

Adoptive parents and relatives shall consider an adopted child as adopted children born to others as their offspring, siblings and grandchildren. Whereas such children shall cease his/her rights and obligations from their own parents and relatives.

Being an adopted child shall have certified documents as provided under this Civil Code.

**Article 200 Conditions for Adoption**

Lao citizens wishing to have adoptive children shall have the following conditions:

1. Shall be over 18 years of age at the time of submitting documents for the adoption and shall have age gaps of at least eighteen years between the adopter and the adopted child.
2. Shall have full of consciousness;
3. Shall have stability of financial status;
4. Shall have permanent resident;
5. Shall have a permanent occupation;
6. Shall having a good health, no epidemic, no drug addiction;
7. Shall never have been imprisoned by the court due to intentionally wrongful acts and been withdrawn the parental rights.
8. Shall satisfy the estimation of the district committees and be in the list of a qualified and suitable person for adoption.

In case of wife or husband need to adopt children, shall have a consent of husband or wife.

**Article 201 Conditions for Adoption**

Adopted children shall have the conditions as following:

1. Shall be underage;
2. Shall be lack of care or shall be unable to live with the family or be unable to return to his/her family;
3. Shall have a written consent of the children, if such the children reach the age of ten years, the consent shall be without any coercion;

4. Shall have a written consent of the father or the mother or the guardian of a child or the department taking care of children, their consent shall have no forcing;
5. Shall satisfy the estimation from the committees of considering for adoption and be in list of qualified children for adoption.

**Article 202 Adoption Procedures**

A proposal and a consideration for adoption shall be separately performed as provided under the regulations.

**Article 203 Adoption Registration**

An adoption registration for Lao citizen and Lao citizen, shall be executed at the district justice office where the stepfather, stepmother is living as defined in the Law on Family register.

For an adoption registration for foreign resident, shall be executed at the department responsible for family registration works of Ministry of Justice as defined in the Law on Family register.

**Article 204 Confidentiality of Adoption**

Any individuals disclosing the confidential information of the adopted child without the adoptive parents' consent or in case of the latter's decease, if there is no consent from the registrar officer, such individuals shall be liable under the criminal laws.

**Article 205 Implications from Adoption**

Relations between adoptive parents and adopted children arise from the day of the adoption is registered and relations between parents and the children to be adopted children shall be simultaneously ceased.

Adopted children shall use their stepfather' family name or stepmother' family name.

For the children has been giving named already, an Adoptive parent shall be able to alter the child's first name if such a name is deemed inappropriate. In case such children have reached the age of ten years, their name can only be altered with their approval.

**Article 206 Expiration of the Status of Adopted Children**

The status of an adopted child shall cease in accordance with the court's decision as the recognition of the adoption has become invalid or the adoption has been withdrawn.

The adoption shall be invalid if it is arising by using counterfeit documents or by ineligible adoptive parents or by violating conditions for the adoption as provided under the Article 200 of this Civil Code.

An adoption which does not serve the interest of the adopted child, shall be withdrawn. Parents, adoptive parents or other individuals and head of prosecutor with concerned interest shall have the right to request to indicate or to withdraw the adoption.

### **C. ADOPTION OF CHILDREN BY FOREIGN RESIDENT**

#### **Article 207 Conditions for Aliens, Foreign Resident Step Parents**

Aliens, foreign resident wishing to have adoptive children shall satisfy conditions as defined in the article 200 of this Civil Code, except clause 1. The adopter shall be 30-50 years of age at the time of submitting documents for adoption.

For a foreign resident's adopter but having Lao origin, shall be executed as defined in the article 200 of this Civil Code.

#### **Article 208 Conditions for Adoption**

Conditions for adoption to be adoptive children of aliens, foreigner shall have conditions as defined in the article 201 of this Civil Code, except clause 1. The children shall not over 8 years of age.

For the children who are the relative of the adopter, exceptional children or brother-sister of the adoptive children who are over 8 years of age, shall be considered as a special case.

#### **Article 209 Adoption in Oversea**

Lao citizen in oversea need to adopt Lao children living in oversea to be adoptive children, shall submit application and shall register at the Embassy of Laos or the relevant authorities in Lao PDR, by executing to comply with regulations and laws of Lao PDR.

If the step parents is not the citizen of Lao PDR, an adoption shall be subjected to the authorization of the concerned relevant authorities of Lao PDR.

Foreigner, alien, a stateless person living in Lao PDR or in oversea need to adopt Lao children in Lao PDR to be adoptive children, shall be performed in accordance with regulations and laws of Lao PDR.

#### **Article 210 Adoption in Lao PDR**

Lao citizen wishing to adopt foreign children to be adoptive children in Lao PDR, shall perform in accordance with the regulations of the children's country if the regulations and such the regulations shall not be contrary to the Laws of Lao PDR.

Adoption a foreign child to be adoptive children, shall be notified to the embassy or consular of Lao PDR for the recognition.

**Article 211 Adoption Procedures for Foreigner, Alien or a Stateless Person**

Foreigner, aliens or a stateless person wishing to adopt a Lao child to be adoptive children, shall submit application to the Ministry of Justice for the consideration on basic of incorporation and agreement of the relevant authorities in accordance with provided procedures under the regulations before submitting to the Prime Minister office for the consideration.

**Article 212 Implications from Adoption of Foreigner, Aliens or a Stateless Person**

An adoption of foreigner, aliens or a stateless person, shall have the same at the same implications as defined in the article 205 of this Civil Code.

**D. STEP CHILD**

**Article 213 Step Child**

Step child is the children from the previous marriage of husband or wife.  
A Step child has the same status with the offspring and adopted children, except the Laws defined in otherwise.

**Article 214 Expiration of the Status of Step Child**

Being a step child will be ceased in the following cases:

1. Step father or step mother has been divorced to its mother or father;
2. The marriage of Step father or step mother with its mother or father is a null marriage.

**CHAPTER 8**

**RIGHTS AND OBLIGATIONS OF PARENTS AND CHILDREN**

**Article 215 Parental Rights and Obligations for The Protection of The Child's Rights and Interests**

Parents have equal rights and obligations to protect their children's rights and interest. They are the legal representatives of their children who remain underage, and have the obligation to protect their rights and interest at the court, work place, school and others.

**Article 216 Parental Obligations for The Education of Children**

Parents shall educate their children on patriotism, progressiveness, be a good person, be grateful, pure livelihood and create conditions for children to be educated and to lead activities useful for family and society.

**Article 217 Parental Obligations for Child Care**

Parents have the obligation to care for their children who remain underage or become sui juris but has no capacity to act or work such as be insane or disabled.



Obligations to care for children shall be furthered notwithstanding the fact whether parents are still living together or divorced or nulled of marriage, father or mother taking care children shall have rights to request for the alimony in the period of the children are underage.

The alimony for a child shall be referred to cost of living in each period by taking half of the lowest state officer's salary to be the basis of calculating.

Parents have the rights to request the court to reduce child the alimony when encountering economic difficulties.

**Article 218 Children's Obligations to Care and Assist Parents**

Children have the obligations to care and assist their parents in their old age, when ill, unable to work and in need of assistance. Allowances to parents will be agreed between parents and children. In case the agreement cannot be finalized, it shall be left to the court to decide on the basis of the children's economic potentials and such allowance will be paid on a monthly basis.

Children may transcend from such obligation as the court decision if their parents are involved in wrongdoing such as using the parental rights immoderately, be savage to children, doing bad things and terrible in front of children.

**Article 219 Property of Parents and Children**

Children have no ownership in parents' properties and parents have no ownership in children's properties at the time of being alive.

Parents have rights to manage the assets of underage children.

**Article 220 Disqualification of Being Parents and Children**

Disqualification of being parents of the children or disqualification of being children as the proposal of mother, father, children, relatives or the head of people prosecutor to be a complainant to the court as the conditions defined in second paragraph in this article.

If parents do not perform their obligations in educating of children, using parental rights immoderately, be savage to children, doing bad things and terrible to children or children be ungrateful to parents such as abusing, forcing, then the parents shall be disqualified from being parent or children.

The disqualified parents shall continually perform obligations in taking care of children until the children have become sui juris.

**Article 221 Reinstating Rights of Being Parents and Children**

In case of disqualified parents or children is improving itself to be a better person, the court shall be reinstating rights of being parents and children as the requesting of its.

**CHAPTER 9  
APPOINTMENT OF GUARDIANS FOR CHILDREN**

**Article 222 Regulation for the Nomination of Guardians for Children or Incapable Individuals**

After receipt of notice on abandoned children from the death of parents, being disqualified of being parents, illness or other causes, the village chief shall appoint guardians for children within at least one month among their close relatives.

If such close relatives do not accept to be guardians or has exhibited the behaviour which is contradicted the interest of children, the village chief have to propose to the court to appoint other person to be the guardian of children.

The village chief has the duty to permanently control their activities.

The underage, incapable persons, persons who have been withdrawn parental rights or with inappropriate behaviour cannot be able to be appointed as a guardian of children.

**Article 223 Rights and Obligations of Guardians for Children or Incapable Individuals**

The guardians have the obligation take care, educate, take care of health, studying and to protect the rights and interest of such children.

Guardians of children have the rights to be representatives of such children in entering a contract or in other activities.

**Article 224 Disqualification or Changing Guardian of Children**

When notice that the guardian of children has a bad behaviour, no ability to execute duties or obligations in properly, shall be able to be disqualified or changed the guardian as the court decision.

**Article 225 Expiration of Being the Child's Guardian**

Being the child's guardian will be expired in any case of following:

1. When the children have become sui juris;
2. The guardian is death;
3. The guardian has lost the capacity to act;

**Article 226 Conditions, expiration and result of expiration of being child's guardian**

Conditions, expiration and result of expiration of being child's guardian can perform in accordance with the article 79, 83 and 84 of this civil code depend on each case.

**PART IV**

**ASSET, OWNERSHIP AND OTHER ASSET RELATED RIGHTS**

**CHAPTER 1**

**ASSET**

**Article 227 Asset**

Asset is object and valuable thing that comprises of intangible and tangible assets.

Tangible assets are property that encompass movable assets and immovable assets.

Intangible assets are non-physical in nature such as demanding, intellectual property rights namely copyright, patent rights, and trademark rights.

**Article 228 Immovable Assets**

Immovable assets are fixed property that compass lands and assets fixed to land permanently such as house, trees, or buildings.

**Article 229 Movable Assets**

Movable assets are movable assets such as clocks, tables, chairs, necklaces, rings, animals.

**Article 230 Usufruct**

Usufruct is fruit [profit] which originate from both natural sources and legal transactions.

Fructus naturales are the natural fruits they arise and are separated from original natural sources such as crops, baby animal, furs.

Fruit Civil [fructus cavils] are incomes [profits] obtained through legal transactions rental fee, interest of loan, dividend.

**Article 231 Principal Assets and Accessories Assets**

Principal Asset is an independent asset of which can be utilized according to usefulness of such Assets.

An accessory asset is an asset that serves directly to the exploitation of the utilization of the principal asset, it is a part of the principal asset, but can be separated from the principal asset.

In case of disposal of a principal asset [,] it deems that accessory asset [of such principal asset] is also disposed unless otherwise agreed upon.

**Article 232 Divisible Assets and Indivisible Assets**

A divisible asset is an object that when it is divided it still retains its original physical characteristic and functions such as rice, sugar.

An indivisible is an asset that when it is divided, it cannot retain its original physical characteristic and functions or it could be damaged or defeated or caused highly unnecessary costs in case of necessity to divide an indivisible asset such as body of guitar and guitar strings, unless otherwise provided in the Law or contract [,] if it is necessary to divide the indivisible asset shall be calculated as the value for divided.

**Article 233 Interchangeable Assets and Incompatible Assets**

Interchangeable asset is the general asset that has same physical, characteristic, trade name, type, kind, quantity, quality, serial, and value such as Mobile phone, Computer.

Incompatible asset is an asset that has different characteristics from others in special contexts related to its figure, corporal, color, and rare items such as painting, ritual things, historical objects.

In case interchangeable asset which is a purposed of contract or juristic act has irregularly, damaged that unable to perform the obligations as provided in contract and juristic act [,] shall be substituted by other assets, unless otherwise as agreed.

**Article 234 Integrative Assets**

An integrative asset is an asset comprising components which fit together and are connected with each other to form a complete whole in which. If any component or part is missing, it cannot be used or its utility value will be decreased such as machine, bamboo mouth organ.

An integrative asset may not be separated at the time of disposal of such object.

**CHAPTER 2  
POSSESSION**

**Article 235 Possession**

Possession refers to a state of holding and controlling an asset.

Possession is categorized as follows:

1. Direct or indirect possession of asset;
2. Possession in good faith or non-in good faith;
3. Possession with legal basis and without legal basis.

**Article 236 Direct or Indirect Possession of Asset**

Where an individual grants other individual possesses [his/her] assets such as rental, lending the owner of such asset shall deem as having indirect possession and that individual who takes such asset shall deem as having direct possession of such asset.

**Article 237 Possession in Good Faith and Non-in Good Faith**

Possession in good faith is a possession that a possessor of an asset has not known that the asset under [his/her] possession is not belong to another individual which proven by the virtue that [he/she] has used such asset in open, continuous [without interruption] and peaceful manner.

Possession non-in good faith is a possession that a possessor of an asset has known or should have known that such asset under [his/her] possession is belong to another individual which proven by the virtue that [he/she] has used such asset in secret, discontinuous and peaceful manner.

**Article 238 Possession with Legal Basis and without Legal Basis**

Possession with legal basis is a possession that a possessor of an asset has possessed with legal basics.

Legal basis refers to as follows:

1. The juristic act such as contract, testament;
2. The provision of laws such as keep of asset with unidentified owners, collection of lost items, carry of unattended animals and found value objects;
3. Other cases as provided by the laws.

Possession without legal basis is a possession of an asset by any person without any legal basic as provided in above paragraph.

**Article 239 Presuming Status of Possessions or Possessors**

When an individual possesses any property, it shall be deemed that such possession is open and peaceful.

When any individual possesses a property in two periods of time such as from the commencement point of time of possession and [until] the last point of time of possession, it shall be presumed as the continuous possession.

Any individual has possessed any property, it shall be presumed that such possession with legal basis, in case a property that requires to be registered, it shall be presumed that an individual whose name placed on the registration is a lawful possessor.

**Article 240 Possession of Objects by Special Authorizations**

A distinctive object such as weapon, poison, value rare materials can be possessed merely by a possessor based upon a special authorization by the relevant competent authority.

**Article 241 Usufruct of Illegally Possessed Assets**

A possessor who possesses without legal basic in good faith will not return the usufruct of that asset to the real owner of such asset, unless it is the usufruct of State's or collective property, such usufruct shall be returned in full.

Regard to usufruct of asset in possession without legal basic with non-in good faith under possession of an individual shall be returned in full to the owner of such asset, including usufruct from exploitation of such asset. In case that such usufruct had utilized, sold [deposited] and so on by a possessor, [he/she] shall pay for the damage or value [accordingly] to the owner of such asset.

**Article 242 Maintenance of Possession without Legal Basis of Asset in Good condition and/or Better Conditions.**

Any individual [,] who had possessed an asset without legal basic but in good faith [,] had repaired that defected or damaged in its original condition, is entitled to receive the compensation for the cost that used to reparation of such asset from its owner.

Any individual [,] who had possessed an asset without legal basic but in good faith [,] in to its good condition, is entitled to take [new] improvement part of such asset in his/her possession if the new improvement part can be divided without causing damages or causing defects to the original asset . In case of new improvement part to original asset cannot be divided, that possessor of asset without legal basic is entitled to claim for expenses of such improvement from the owner of the asset based upon the actual expenses, but shall not be over the value of new improvement part of such asset.

For the asset that under possessor without legal basic [and] non-in-good faith shall belong to the owner of such asset without any compensation.

**Article 243 Return of Illegal Assets**

A possessor of illegal movable assets in good faith shall return such movable assets to its owner if the owner has claim it. But the owner shall reimburse for all costs including expends [first] then the owner shall claim such payments from the giver of such movable assets.

A possessor of illegal immovable assets in good faith shall return such immovable assets to its owner if the owner has claim it without reimbursement except. For the maintenances or improvement of such immovable assets can be claimed of reimbursement as provided in article 242, paragraph 1 and paragraph 2 of this Civil

Code, the possessor has right to claim the payments and compensations from the giver of such asset.

For a possessor of asset has received from assignment or inheritances shall not be reimbursement.

A possessor of asset without legal basic in non-good faith shall return all assets to the owner. Such possessor may claim the compensations for the damages from the giver of the asset without legal basic but has no right to bring the action against him/her to the court.

**Article 244 Responsibilities of Possessors of Asset without Legal Basis**

A possessor of illegal assets in good faith, shall not be liable to any damages or defection of asset under his/her possession. In case of he/she has enjoyed the benefits arising from such damage or defect, such remaining benefits shall be returned to the owner of the asset. [The possessor] shall be liable for the damage or defect of State's or collective property.

A possessor of asset without legal basic in non-good faith shall be liable to compensate for all damages or defects to owner of asset including usufruct including the repaired part of asset by that possessor due to his/her act causing damage or defect to such asset.

**Article 245 Transfer [change] of Possession**

Possession is changed in the following circumstances:

1. When a new possessor had received actual asset from the earlier possessor;
2. Based upon agreement made between the earlier possessor and new possessor as following cases:
  - When the asset has been under the possession of new possessor;
  - When the asset is still under the possession of the earlier possessor;
  - When the asset is still under the possession of the third individual, but shall inform to the new possessor.

**Article 246 Protection of Possession**

A possessor of asset with or without legal basic but in good faith has right to claim for bringing of asset back to his/her possession, discontinuation of disturbance, of occurred or future disturbance.

Such possessor can claim to the competent authorities to consider about his/her protection of possession within one year after acts of unlawful interference or act of claim.

The future disturbance can be claimed to discontinue in any time.

**Article 247 Termination of Possession**

Possession of asset as provided in article 235 of this Civil Code shall be ended in any following circumstance:

1. A possessor of asset as abstention from his/her possession, released or uncontrolled possession;
2. A possessor has not claimed when possession is disturbed by unlawful interference or claim of others as provided in Article 246, paragraph two and paragraph three of this Civil Code.
3. A possessor has shown his/her intention to possess the asset for him/herself or third individual;
4. A possession of asset had damages and lost.

**Article 248 Possession of Intangible Assets**

The principles of possession of asset can be applied to the possession of intangible assets.

**CHAPTER 3  
OWNERSHIP**

**Article 249 Ownership**

Ownership is the full and absolute right of an owner to possess, use, enjoy the usufruct, and dispose of any property within the limits provided in the laws.

**Article 250 Rights in Ownership**

Rights in ownership comprise of as follows:

1. Possession Right;
2. Use Right;
3. Right to enjoy the usufruct;
4. Right to dispose.

**A. POSSESSION RIGHT**

**Article 251 Possession Right**

Possession right refers to occupy right or management over an asset.

An owner has right to freely hold his/her assets, but there shall not be any damages or effects to the interests of the State, the public or the legal rights and interests of other individuals, unless otherwise provided in the laws.



**Article 252 Acquiring Possession Right**

A person who legally occupies or manages an asset for his/her interests or for the interests of other persons shall be deemed that such a person has acquired possession right.

**Article 253 Possession Right of Non-Owner**

A person who is not an owner of property has the possession right over an asset which is not his/her ownership as provided under the laws or the contract.

**B. USE RIGHT**

**Article 254 Use Right**

Use right refers to the right of an owner or other persons who is not the owner in exploiting the usage of the assets in his/her possession in accordance with the laws or the contract.

**Article 255 Use Right of the Ownership**

The owner has the use right his/her property, but there shall not be any damages or effects to the interests of the State, the collective or the legal rights and interests of other individuals, unless otherwise provided in the laws.

**Article 256 Use Right of Non-Owners**

A person who is not the owners has the use right over an asset which is not his/her ownership as provided under the laws or the contract.

**C. RIGHT TO USUFRUCT**

**Article 257 Right to Usufruct**

Right to usufruct refers to the right of the owner or non-owner to enjoy the usufruct arising from assets or usage of his/her assets or of which such a person legally possesses in according with the laws or the contract.

**D. RIGHT TO DISPOSE**

**Article 258 Right to Dispose**

Right to dispose refers to the right of ownership to sell, exchange, give, donate, transfer, waiver or destroy of his/her assets.

**Article 259 Restriction of Right to Dispose**

The right to dispose about assets shall be restricted only in cases in provided by law.

In event that the owner is willing to dispose his/her assets which is a historical or cultural relic, by sale and purchase, the State shall have the first right to purchase such asset.

**Article 260 Right to Dispose of Non-Owner**

A person who is not the owners has the right to dispose over an asset which is not his/her ownership in according to the owner’s agreement or provided under the laws.

**CHAPTER 4  
FORMS OF OWNERSHIP**

**Article 261 Forms of Ownership**

Ownership is categorized in 4 forms as follows:

1. State property;
2. Collective property;
3. Individual property<sup>2</sup>;
4. Private property.

**A. STATE PROPERTY**

**Article 262 [Concept of] State Property**

State has sole ownership rights on all properties belong to State which shall be administrated and managed by the State organizations.

State organizations shall exercise the rights to possession, use, usufruct, and dispositions, [and] maybe assign such rights to collectives or individuals to lease the State properties within the scopes of laws and in accordance with State planning.

**Article 263 Purpose of State Property**

State property comprise of two following types:

1. all public infrastructures which are managed by the State such as factories, land, air and water transportation vehicles, communications vehicles, post, [commercial] banks, State owner enterprises and other similar kinds belong to State;
2. government assets for carrying out activities of the governmental organizations such as buildings, vehicles, tables, chairs, intellectual properties and so on.

Lands, minerals, water resources, airs, forest products, wildlife, aquatic animals, mineral resources, and other natural resources are also properties under State ownership that State is a representative that exercise the ownership rights and manages centrally and unity throughout the country by laws.

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<sup>2</sup> In Lao language is called ‘ek-ka-thed’ ownership, which refers to the ownership rights of small business owners, farmers, as describes in Articles 266 and 267

**Article 264 Acquisitions of State Property**

State property derives from:

1. Nationalization;
2. The construction [of such property by] State organizations and State own enterprises;
3. State tax and duty collection;
4. The purchase of assets out of necessity;
5. The confiscation of assets and objects;
6. The acquisition of unowned assets;
7. Collection of lost items;
8. The discovery of valuable materials;
9. The acquisition of unattended animals;
10. Purchase and exchange;
11. The donation of assets to the State;
12. Inheritance;
13. Other cases as provided by the laws.

**Article 265 Rules on Disposition of State's Fixed Property**

Rules on disposition of enterprises, buildings, equipment and other State properties by one State organization to another State organizations will be defined in specifically [ in laws or regulations].

The aforementioned fixed property may not be transferred to an individual as private ownership, except for curtained assets which could be [allowed and] sold in accordance with regulations.

**Article 266 Rules on Disposition of Working Property and Products**

State organizations have sole right to disposition [in respect of their] raw materials, equipment, money and other working assets and [their] processed products in accordance with their functions and issued plans.

No individual shall have right to use of State property for individual's interests and benefits.

**Article 267 Rules on Confiscation or Seized of State Property**

[State own] enterprises, buildings, facilities, equipment, and other fixed property of State organizations may not be confiscated or seized, except for negotiable instruments and State Property provided by the laws.

State property in any foreign country shall be treated in the same manner as State property in the country.

State may claim for State property which is under possession without legal basic of individuals at any time with no prescription period for civil claims.

## **B. COLLECTIVE PROPERTY**

### **Article 268 Collective Property**

The collective property includes production facilities and other necessary property for the implementation of their tasks, such as machinery, transportation vehicles, bulldozers, tractors, animals, buildings, constructed items, enterprises, living quarters, fixed capital, working capital, and others.

A collective property is divided into cooperatives and other collective organizations.

### **Article 269 Content of Property by Cooperatives or Other Collective Organizations**

Cooperative or other collective organizations have rights to possession, use, usufruct, and disposition of their properties within scopes by laws and exercise such rights in accordance with its regulations.

Cooperative or other collective organization have sole right to disposition of such properties freely and no individuals can dispose such properties.

### **Article 270 Acquisition of Ownership by Cooperatives or Other Collective Organizations**

Ownership by cooperatives or other collective organizations derive from:

1. Contributions of property by each member;
2. Production and services;
3. Purchase and exchange;
4. Material and financial support from the State, organizations, individuals and other.

### **Article 271 Use of Land held by Cooperative or other Collective Organizations**

Collective or other collective organizations shall use the lands in their possession by them correctly, if they cannot use that lands productively, the collective or other collective organizations will be fined in accordance with management and use of agricultural lands or State may take back such land and grant [it] to other economic units or individual without any liability to compensation.

## **C. INDIVIDUAL PROPERTY**

### **Article 272 Objectives of Individual [Property]**

Individual property includes productive equipment, products and goods which are ownership of individuals with small property such as farmers, technicians, craftsmen and others.

**Article 273 Rights and Obligations of Owners of Individual Property**

Owners individual property have right to undertake production activities, to provide services and to freely sell their products in accordance with the laws.

Owners of individual property shall abide by economic, by other State's policies, and by the law

**D. PRIVATE OWNERSHIP**

**Article 274 Private Ownership**

Private ownership has the ownership of private sector economic and personal ownership.

Private ownership includes production vehicles, products, goods and funds for operating a business unit's business undertakings which [items] are individually owned by an enterprise owner.

**Article 275 Rights and Obligations of Private Sector Economic Units**

Private sector economic units have the right to undertake production, construction, transport, commerce, services and undertakings to make contracts, use foreign currencies for ordering the purchase of raw materials, materials and others from abroad, freely and legally distribute [sell] one's own products, [and enter into] business co-operations both domestically and abroad.

These economic units shall undertake business within their enterprise registrations, they shall strictly adhere to the law, [and adhere to] economic and other policies established by the State, be obligated to completely pay taxes to the State and to keep accounts in compliance with the law on accounting.

These economic units administer and resolve issues related to business and production, [and] are themselves liable for income, expenses, profits or losses.

**Article 276 Measures Against Private Sector Economic Units**

In case a private sector economic unit undertakes business outside of its objectives as provided for in its regulations [charter], or [commits] a violation of rules such as: fails to keep accounts in conformity with the accounting law, fails to timely pay fees, forges or hands over its enterprise registration for someone else's use or rental, the owner of such enterprise shall have imposed upon them certain measures as provided in the relevant laws.

**Article 277 Personal Ownership**

Personal ownership includes consumables, items for personal use, facilities, houses, household effects, livestock and other income.

**Article 278 Content of Personal Ownership**

The owner has the right of possession, use, usufruct and disposition over his assets and income as needed, but may not make use of his assets to adversely affect the legitimate interests of the State, collectives, organizations and other individuals

**Article 279 Personal Assets Belonging to Member Families in Cooperatives and Other Collective Organizations**

Personal assets of member families in cooperatives or other collective organizations include personal income generated by the labor of the member family in the cooperative and the property which that member itself acquired or received by means of inheritance or a grant that was not to the cooperative or other collective.

Property which is specifically owned by a cooperative or other collective according to established regulations may not become personal asset of a member family in a cooperative or other collective organization.

**CHAPTER 5  
JOINT PROPERTY**

**Article 280 Joint Property**

Joint Property refers to property of an asset that held by more than one owner.

Joint property is acquired by agreement between owners or as provided for by the laws.

Joint property consists of:

1. Joint property by parts, by portions, or by shares;
2. Joint property by non- parts, non-portions, non- shares;

**Article 281 Joint Property by Parts, by Portions or by Shares**

Joint property by parts, portions or shares refer to joint property that property right can be determined by parts, portions or shares of each owner of that joint property.

**Article 282 Joint Property by Non-part, Non-portion or Non-shares**

Joint property by non-parts, non-portions or non-shares refers to joint property that property right cannot be determined by parts, portions or shares, in such case it shall be deemed that each owner have the same part, portion or shares.

Joint property by non-parts, non-portions or non-shares comprises of:

1. Joint property by indivisible;
2. Joint property by divisible by;

**Article 283 Community Common Property**

Community common property refers to common property by non-parts, non- portions or non-shares such as village's property, village cluster's property, famer's group as provided for by the laws.

Community common property is obtained by traditional use of property, contributions by the members of community, donation or give by individuals, entities or organizations and other resources in accordance with the laws.

Members of community have right to possess, use, enjoy usufruct arising from community common property in accordance with [their] traditions [customary rules], [their] agreements or laws.

Community common property can be disposed by the mutual agreement by its members in according to the laws.

**Article 284 Possession Right by Owners of Joint Property**

Co-owners of joint property have jointly right to possession of their property or [they] may give right to possession to a co-owner to possess but this shall not be infringed the rights of other owners of such joint property.

**Article 285 Use Right of Owners by Joint Property**

A co-owner of joint property has right to use the joint property by his/her part, portion or shares without infringement of right of other owners of such joint property.

**Article 286 Right to Usufruct by Owners of Joint Property**

Co-owners of joint property have jointly right to enjoy the usufruct airing of the use of joint property.

Each owner of joint property has right to enjoy the usufruct by his/her part, portion or shares of such joint property.

**Article 287 Right to Dispose by Co-owners of Joint Property**

Co-owners of joint property have jointly right to dispose the joint property by their parts, portions or shares of such joint property but the disposition to outsiders shall be mutually agreed by all owners of joint property.

If a co-owner of joint property wants to sell his/her part, portion or shares, other co-owners of joint property shall have priority buy and inform such co-owners within three months for immovable assets or one month for movable assets. In case where no co-owner of joint property intends to buy the offering [part, portion, share of] joint

property [;] [such] owner [who is willing to sell] can sell his/her part, portion, or shares of joint property to others.

In the event of the infringement of aforementioned paragraph 2 of this Article, other co-owners of joint property have right to claim to the court in order to transfer the part, portion or shares of joint property within three months from the date of knowing of such infringement. In case where there are damages that occurred, the infringer shall be responsible for such damages to disadvantaged co-owners of joint property.

In cases where one of the co-owners abandons his/her part, portion or share of joint property or where such individual dies without any heir(s), such part, portion, or share of joint property shall belong to [all] co-owners of joint property.

**Article 288 Management and Maintenance of Joint Property**

Co-owners shall commonly be responsible for management and maintenance of joint property.

A co-owner of joint property can maintain, repair, fix the joint property which the cost for it is not high-priced in usual without any consent in writing from other co-owner, if the cost for maintenance, reparation, or fixing is high-priced the co-workers is agreed by major part [more than haft].

In case of emergency a co-worker has right to take any action as necessary to maintain the joint property without consents by other co-owners, but later on shall inform them.

Co-Owner shall jointly pay for costs for management, and maintenance in accordance with their parts.

**Article 289 Effect on Next Beneficiary**

An agreement by all co-owners regarding possession, use, usufruct, and dispose of joint property shall have a united effect on the next beneficiary.

**Article 290 Division of Joint Property**

Any co-owner has right to claim for division of joint property at any time, unless otherwise agreed or provided in the laws.

In such division, if joint property is cannot be divided into a part, such joint property shall be assessed its value in accordance with his/her part in order to divide to each other.

**Article 291 Termination of Joint Ownership**

A joint ownership with any property will terminate in the following cases:



1. The joint property has been divided;
2. All co-owners have been disposed the joint property to one [of the co-owners and he/she] is entitled to the entire joint property;
3. In any certain circumstance as specifies in Articles 315 to 319 of this Civil Code.

## **CHAPTER 6 ACQUISITION OF OWNERSHIP**

### **Article 292 Acquisition of Ownership**

The acquisition of ownership of property takes place when the property is given and/or received property in accordance with the laws.

The ownership may be acquired under contracts concluded before the act of granting and/or receiving such property.

If that property is required to be registered, the ownership is acquired from the property has been registered, even though the property has already been given.

### **Article 293 Basics of Acquisitions of Ownership**

Ownership is acquired from any following legal basics:

1. Contract;
2. Inheritance;
3. Property without owner;
4. Collection of lost property;
5. Unattended animal;
6. Discovery of valuable objects;
7. Mixed Property;
8. Prescriptions;
9. Any legal basic as provided in the laws;

### **Article 294 Handing Over Assets**

Handing over of asset is to give property to an individual or organization which called receiver.

Handing over of asset or document through a carrier or postal service so as to forward [such asset or document] to the receiver shall be considered as act of giving asset to the receiver.

### **Article 295 Handing Over Assets to be Ownership of Possessor**

Asset which had been under the possession already, if there is agreement regarding to the transfer of ownership of the asset from the original owner to the possessor [,] it shall be deemed as act of giving asset to the receiver.

### **Article 296 Handing Over Asset under Possession of the Owner**

Asset which has still been under the possession of owner of asset [,] if there is agreement regarding to the transfer of ownership of the asset from the original owner

to the new owner [,] it shall be deemed as act of giving asset to each other, but the original owner is still take [good] care of such asset without the defects or losses until the new owner will take it [in his/her possession].

**Article 297 Handing Over Asset under Possession of Third person**

Asset which has still been under the possession of third person [,] if there is agreement regarding to the transfer of ownership of the asset from the original owner to the new owner [,] it shall be deemed as act of giving asset to each other, but the original owner shall inform the third person who has possessed in respect of changing ownership in such asset.

**Article 298 Acquisition of Ownership over Usufruct**

Usufruct gaining from use of any asset shall belong to the owner of such asset unless otherwise provided in the laws or the contract.

**Article 299 Acquisition of Ownership from Inheritance**

A [deceased's] asset shall be recognized as inheritance assets or joint property of heirs in accordance with the laws or under a will from the date of death of deceased.

Heirs will have ownership from inheritance by their proportions when they take over such inheritance.

**Article 300 Acquisition of Ownership Unowned Assets**

Unowned asset refers to an asset in respect of which the owner has openly withdrawn his right of possession.

Any possessor of the unowned assets for his/her benefits shall have ownership of such assets.

**Article 301 Acquisition of Ownership due to Collect Lost Assets**

Lost asset refers to a property which had drop on the ground.

Any person who find lost assets [the finder,] shall have obligation to inform immediately, if their identity is known [,] shall return them to the persons who have lost such assets or declare such discoveries and hand them over to the police authorities or village chiefs or other organization to safekeeping of [,] if that such lost assets are collected [in the premises] of any relevant organization in order to announcement for the owner to take such assets.

In case the owners of such items cannot be identified, the person found the lost assets has obligation and give such assets to the police authorities, [or] village chiefs or other organizations to make a public announcement for the owners.

In case there is difficulty to keep or maintain the lost assets due to their degradation of quality, defectiveness and other causes [,] the police authorities, village

chiefs or other organizations may sell such assets after announcement but money gaining from such sell shall be kept for the owners of assets.

In case their owners of lost items had claimed their assets within a period of three months from the day announcement [,] such lost items shall be returned to the owners.

If the lost assets are not claimed by their owners within [the aforementioned], such lost items may become the property of the finders or of the State.

In case the finders have not informed about such assets [,] the finders are not titled to take the ownership at all.

#### **Article 302 Bonuses or Rewards and Compensations regarding Lost Assets**

Any finder of lost assets is entitled to receive the bonuses [or] reward not more than fifty percent of the valued of such assets from the owners of lost assets.

In case a finder has not informed [regarding the fund assets] in suitable time, they are not entitled to receive such prizes or rewards unless he/she has reasons.

Finders and organizations [who keeps the lost items] are entitled to receive the compensation for keeping or maintenance of lost assets from the owners if any expense occurred.

#### **Article 303 Acquisition Right Over Unattended Animals**

Any person getting hold of unattended or stray animals shall immediately inform the owners if [they have] known the owners and immediately return them to their owners, if do not know shall inform the police authorities or village chiefs within three days of their capture in order to announce to the owner.

If the owners of unattended animals have unclaimed [,] the animals shall be given to the finders to care for, feed and use. In case the owners of unattended animals have identified within three months from the date of announcement [,] such animals shall be returned to the owners but the owners shall compensate the expenses incurred in tending and feeding the animals and to present rewards to the finders as provided in Article 302 of this Civil Code.

If the finders face difficulties in tending or feeding them or if an animal disease epidemic starts [,] the finders may sell them after informing and being authorized by the police authorities or village chief but the money gaining from the sell shall kept for that owners of unattended animals.

In case the owners of unattended animals have not identified within a period of three months the finders are entitled to ownership of such animals.

**Article 304 Acquisitions of Ownership from Discovery of Valuable Objects**

Valuable objects refer to gold, silver or metal and valuable minerals and other objects hidden or buried under the land, under river or hidden by any other method [,] where the identity of their owners cannot be determined except for the valuable objects which are a historical, cultural relic or natural that are national treasures, [or] heritage shall belong to whole nation.

Any individual discovering the valuable objects in anywhere has obligation to declare and give such valuable objects to the village chiefs or police authorities in order to make announcement for owner to reclaim. If there is difficulty in moving the valuable objects the finder can keep it.

In case the owners of the valuable objects have reclaimed within a period of three months from the date of announcement [,] the valuable objects shall be returned to the owners.

If the owners of the valuable objects have not reclaimed within a said period [,] the finder is entitled to ownership of such objects, if the finder refuses to take it, such objects shall belong to the State.

In case the finders are not the owners of the lands where the valuable objects are discovered [and] the owners of such objects have not reclaimed within aforementioned period [,] the finders and the landlords are entitled to share the ownership right of such objects in half.

In case the finder has not informed about discovery, [he/she] is not entitled to obtain the ownership of such object at all.

**Article 305 Bonuses or Rewards and Compensations regarding Discovery of Valuable Objects**

The finder of discovery of valuable objects is entitled to receive the bonuses or awards not more than fifty percent of the valued of such objects from the owners or the relevant organization, except for the case of finder's duty or responsibility.

In case a finder has not informed [regarding the discovery valuable objects] in suitable time, [He/she] is not entitled to receive such bounces, [or rewards unless [he/she] has reasons.

The Finders and organizations [who keeps the lost items] are entitled to receive the compensation for keeping or maintenance of discovery valuable objects from the owners.

**Article 306 Acquisition of Ownership over Mixed Assets**

Mixed asset refers to the asset form two assets or various things mixed together by merging, mixing or manufacturing into a new asset.

Ownership over mixed assets is acquired in any following:

1. Merging of movable asset and immovable asset;
2. Merging of movable asset;
3. Merging of immovable asset;
4. Mixing of movable asset;
5. Manufacturing of asset.

**Article 307 Merging of Movable Asset and Immovable Asset**

Merging of movable asset and immovable asset are merging the immovable asset with immovable asset into a new indivisible property [,] the owners of immovable asset shall have the ownership over such properties, unless otherwise provided in the laws or contracts.

**Article 308 Merging of Immovable Assets**

Merging of immovable asset is merging an immovable asset with another immovable asset into a new indivisible asset.

Ownership over such merging of immovable asset shall be divided by proportions or values of [each] immovable asset which is contributed by owner of such property unless otherwise agreed upon.

In case that the aforementioned proportions cannot be identified [,] the merged immovable assets shall be deemed as joint property and all owners shall have ownership right equally.

**Article 309 Merging of Movable Assets**

Merging of movable assets is merging a movable asset with another movable asset into a new indivisible asset.

The ownership of that new asset shall be the joint property of such owner's asset [and] shall be depended on the values of [primary] movable asset as basic as from the time of mixture.

In case where the primary movable asset has its values higher than auxiliary movable asset [,] the owner of the primary movable asset shall have sole ownership over such merged new asset, unless otherwise agreed upon.

**Article 310 Mixing of movable Asset**

Mixing of movable asset refers mixing a movable asset with another movable assets into a new indivisible asset.

The ownership of mixing of movable assets shall be the same as principles for merging of movable assets as provided in Article 309 of this Civil Code.

**Article 311 Manufacturing**

A manufacturing is processing of one or more assets to create a new asset, the owner of the processing asset shall become the owner of such new asset.

In case where the value of the processing [asset] is higher than the asset brought in processing, the new processing asset shall become the asset of the processor, unless otherwise agreed upon.

In case where the processor uses its assets as input to processing of assets and value of such processing compared to the input properties is higher than the other properties in processing of such new asset [,] the ownership right over processing asset shall become to the processor.

**Article 312 Termination of Rights of Third Person**

If the ownership of owners as provided in Articles 307 to Article 311 of this Civil Code are terminated, other [related] rights of third person shall also be terminated. If such owners became the co-owners of joint property, the third person may continue to have the rights retaining in parts of property of such owners. If an owner of property becomes the sole owner, the ownership shall cover all Assets.

**Article 313 Compensations of Values of Assets**

Any person who losses its [ownership] right as provided in Articles 307 to 311 of this Civil Code, has right to claim for compensation for values of his/her assets from the new owner.

**Article 314 Acquisition Ownership by Virtue of prescriptions**

Any person who has possessed the assets of others with good faith until the period of prescriptions had passed as provided in Article 51 of this Civil Code, shall have become owner of such assets and original owner will loss his/her ownership over such assets.

**CHAPTER 7  
TERMINATIONS OF OWNERSHIP**

**Article 315 Terminations of Ownership**

Termination of ownership shall follow:

1. The owner has been completely disposed the assets;

2. A person has the ownership by virtue of prescriptions;
3. The asset has been seized for auction or confiscated by the State;
4. The asset has been destroyed or lost;

**Article 316 Disposition of Property**

When the owners had disposed [their] properties by sell, exchange, grant, give, abundance, destroy, and other acts [,] the ownership over assets shall terminated.

**Article 317 Acquisition of Ownership by Virtue of Prescriptions**

When any person has acquired the ownership by virtue of prescriptions the ownership right over such assets of original owner shall be terminated.

**Article 318 [The Asset has been] Seized for auction or confiscated by the State**

When the asset has been seized for auction or confiscated by the State in accordance with a court decision, the ownership of the owner over such asset shall be terminated.

**Article 319 Destroyed or Lost Assets**

When the asset has been destroyed or lost due to any cause by any force majeure such as lightning, flood, earthquake, the ownership of the owner shall be terminated.

**CHAPTER 8  
SCOPES OF USE OF OWNERSHIP**

**Article 320 Scope of Use of Ownership**

The use of ownership refers to the use by an owner of his things that facilitate daily life or other certain purposes as desired but such use should not undermine or hinder the rights and interests of the State, the society or other persons.

Use of land includes surface space above the land and underground shall be in the certain scope and purposes, unless otherwise described in the laws.

**Article 321 Obligations of Owners in Emergency Situations**

In emergency situation the owners shall not create any obstacle to use of assets by others or to create any damage to the assets by others in order to prevent or reduce the occurring or possible danger.

The compensation for emergency situation shall comply with Article 483 of this Civil Code.

**Article 322 Protection of Environment**

In using of the ownership [,] the owner shall ensure and manage [the use of ownership] not to create the impacts on environment such as contamination, toxic

chemical substances, radiation, vibration, light, noise, sound and odour pollutions that cause danger to life, health, and property of others or create the impact for society.

In case create the impacts on environment, the damager shall immediately stop its action and shall response for such impacted.

**Article 323 Determining Boundary of Lands**

Boundary between connected pieces of lands shall be determined by agreement between that landowners verified by the relevant Nature Resource and Environment Section.

Expense for installation of boundary markers shall be borne equally or based upon agreement [between landowners].

**Article 324 Installation of Fences**

A landowner may install fences on the boundary of his/her piece of land but the installation of fences shall not be created any obstacle to the traffic or into any neighboring piece of land and any passageway previously granted through land as provided by the law.

In case such piece of land has passageway previously grated through land, the landowner has received the land ownership, shall keep for suitable passageway or change other passageway, before starting installation of fences, but shall install in such land.

**Article 325 Co-ownership of Assets on Boundary**

Fences, walls, water drainage conduits or trees are located on boundary shall be presumed to be co-owners between the owner of the connected pieces of lands and shall comply with the principles of co-owner as provided in this Civil Code unless otherwise verifies.

**Article 326 Restrictions on Building of House or Planting of Trees**

Any person [,] who has granted license to construct the building or other kinds of constructions [,] shall have not rights to the rain waters or waste waters flow into the neighboring lands [,] including installation of raise the roof that should not be over to adjacent house or land or neighboring houses.

Plantation of trees, fruit trees, climbing trees or other kinds of trees shall not cause damage to the owners of neighboring houses or hamper traffic.

**Article 327 Rights of the Damaged Persons by the Misuse of Ownership**

Any damaged person from the causes mentioned in Article 326 of this Civil Code may lop off branches, vines or cut off roots projecting into [his/her] land if such



damaged party has given at least seven days' notice to the owner but is ignored or the damaged party may protect his interests as provided in Articles 336 of this Civil Code.

In addition, the damaged party has the right to claim for compensation [for the damage sustained].

**Article 328 Authorizations for Road Passage, Electric Cables**

Any person who has a house that is surrounded by houses or land which other persons have right to use without any passageway to the road, that person has the right to request a passage from the neighbor possessing the land closest to the road. The requested neighbor shall grant a passageway but is entitled to ask for reasonable compensation for any damage incurred to plants or structures from the use of his land for such passageway in appropriate state.

In case electric cables, telephone lines, drains, water pipes, drinking water pipes which shall pass through the land possessor [, and] in doing so destroy or damage trees or crops of its possessor, such possessor may request an indemnity for any damages arising from such passage. If the land possessor also benefits from such passage [, he] will not be entitled to any indemnity.

**Article 329 Authorizations of Drains**

Any person who need to drain water from their place of residence have the right to request the passage of drains through the land of their neighbors living adjacent to or near canals. Requested parties shall authorize such work but are entitled to request an indemnity for any damage incurred to plants or structures from such drains. The persons who requested the drains shall maintain the drains in a sanitary and appropriate state.

**Article 330 Distance for Construction of Houses, Buildings**

In order to construct a house, a building shall be distanced fifty centimeters away from the boundary line, unless otherwise provided in the laws.

In case that the construction is not comply with the aforementioned paragraph, the owner of land neighboring has right to claim to suspend and move out such construction.

After one year of construction has been lapsed from the time of commencement of construction or the construction had been completed [,] the owner of neighboring land may only claim for damages.

**Article 331 Authorization for Use of Neighboring Lands**

An owner of land may request to use of neighboring lands when it is necessary for construction, reparation, renovation of house, building, fence, wall or other constructions of such owner.

In case that use of neighboring lands has caused damages, [owner of land] shall repair or compensate such damages.

**Article 332 Digging of Wells, Ponds, Ground Waters**

An owner of land may dig the well, pond, groundwater in [his/her] land but shall be distanced away two meters of the boundary line and shall [take all necessary actions to] prevent the land slide or falling that may impact on the neighboring lands.

In case that such digging or excavation has created damages to properties of others, shall stop immediately [and the owner of land] shall restore the damaged property to its original condition or compensate such occurred damages.

**CHAPTER 9  
PROTECTION OF OWNERSHIP**

**Article 333 Protection of Ownership**

Protection of ownership refers to the exercise of measures specified in the laws against individuals violating the ownership rights of other individuals in order to restore the violated rights and interests of the owners.

**Article 334 Claim for Restitution**

An owner has right to claim his/her asset which is under another's possession without legal basis.

For a claim for usufruct, expenses, damages from possession of such assets [,] shall comply with Articles from 241 to 244 of this Civil Code.

**Article 335 Claim for Recognition of Ownership**

If an individual is claiming rights over another's asset, even though no right of asset has yet been [actually] violated, the owner has the right to lodge a complaint before the court for the recognition of his/her assets.

**Article 336 Claim for Removal or Injunction**

When an individual has interfered or created obstacle to the possession, use, usufruct or disposition of owner's property, the owner has right to request the disturber to remove the interference or stop such obstacle or cancel such injunction.

Provisions in Articles from 241 to 244 of this Civil Code shall be applied for a claim for usufruct, expenses, damages from such interference or injunction.

**Article 337 Protection of Ownership from Possible Obstacle**

When it is deemed that it will be danger from the interference or obstacle to the assets [,] the property owner can demand the owner of such assets [which can potentially cause the danger] to take necessary actions as appropriate and immediately.

**Article 338 Claim for Compensation of Damages Incurred from the Use of Water Streams, Ponds, Lakes or Canals**

The land possessor whose crops or rice are flooded or who cannot make use of water [on his land] because of obstructed, filled or blocked water streams, ponds, lakes or canals has the right to lodge a complaint [before the court claiming] for the termination of such acts and demanding compensation for the damage he has suffered from such acts.

**CHAPTER 10  
SERVITUDES**

**Article 339 Servitudes**

A servitude refers to an actual situation that shall be accepted, which arise from the natural and it was provided in the law or contract or other legislations.

Servitude from natural, law has provided in Article 328 and 329 of this Civil Code and other laws.

**Article 340 Servitudes from Contract or Other Legislation**

A servitude from contract refers to the use or use of lands of others to make available for the benefits of their own lands in accordance with contract or other legislations.

The land of others that makes available for the benefits for other lands is referred to as servitude land and the owner of the land is referred to as the owner of servitude land. servient land.

The land that enjoys the benefits of servitude land is referred to as the dominant land and the owner of such land is referred to as servient of dominant land.

**Article 341 Acquisition of Servitude from Contract or Other Legislations**

A servitude from contract and other legislations can be properly perfected from the time it is registered in accordance with laws.

A servitude from contract and other legislations can be acquired by prescription as provided for in Article 51 of this Civil Code, as so long as it is continuously exercised and can be externally recognized.

If acquisition of servitude from contract and other legislations by one of co-owners of land acquires a servitude [,] other co-owners shall also acquire the same.

A registration of servitude from contract and other legislations shall be conducted properly in accordance with the specific regulation regarding the registration of transactions over the land.

**Article 342 Servitude from Contract or Other Legislations and Right to Use of Dominant Land**

A servitude from contract and other legislations and right to use the dominant land cannot be separated [from the dominant land], the transfer of the dominant land to others [,] the servitude in accordance with contract and other legislations shall also be affixed together with that dominant land, unless otherwise agreed upon or by other juristic acts regarding such servitude.

**Article 343 Use of Servitude from Contract or Other Legislations**

An owner of the dominant land shall use the servitude in accordance with the laws regarding servitude but such use should not undermine or hinder the rights and interests of the State, the society or other individuals.

**Article 344 Obligations of Owner of Servient Land**

An owner of servient land must ensure that the servient land make fully available for the benefits of the dominant land as agreed in the contract, other legislations or by laws.

**Article 345 Obligations of Owner of Dominant Land**

An owner of dominant land has obligation to pay for benefits incurred from servitude as agreed in the contract [regarding such servitude] in the contract, other legislations or by laws.

**Article 346 Protection of Servitude in accordance with Contract and other Legislations**

An owner of dominant land has right to apply the provisions of laws to protect its the rights and legitimate benefits as an owner as stipulates in Articles 3366 and 337 of this Civil Code.

**Article 347 Extinguishment of Servitude in accordance with Contract and other Legislations**

A servitude in accordance with contract and other legislations shall extinguish in any of the following instances:

1. At the expiry of terms of the contract or other legislations regarding servitude;

2. At the expiry of the prescription terms of twenty year in case where there is no terms in the contract or other legislations regarding servitude;
3. Loss of objectives of servitude, dominant land or servient land;
4. If the servitude is not exercised continuously in period of ten years.

**Article 348 Cancellation of Servitude Registration in accordance with Contract and Legislations**

When a servitude extinguishes the owner of dominant land shall request [to land authority] to remove the servitude registration [from the records] in accordance with the relevant regulation.

**Article 349 Effect of Extinguishment of Servitude in accordance with Contract and other Legislations**

When a servitude in accordance with Contract and other Legislations extinguishes, the owner of dominant land shall be responsible to restore the servient land into its original condition, unless otherwise agreed upon.

## **CHAPTER 11 SUPERFICIES**

**Article 350 Superficies**

Superficies refer to right of an individual to use the land of others to make available for own benefits to build the structures, plan trees and other activities in such land in accordance with the contract and other legislations.

Benefits incurred from the use of land [shall] become the property of the individual who is using the land which refers to as superficiary.

**Article 351 Purpose of Superficies**

Purpose Superficies include right to surface, underground and air above the land which its use can be measured in sizes, scales and volumes.

In case that the land which is subject of superficies is occupied by others such as rent or possession, such land will be subject to superficies if such possessor agreed with.

**Article 352 Acquisition of Superficies**

Acquisition of superficies can be properly perfected from the time it is registered in accordance with laws.

An individual [,] who has exercised the right as superficiary [,] is entitled to acquire the superficies as provided in Article 51 of the Civil Code.

A registration of superficies shall be conducted properly in accordance with the specific regulation regarding the registration of transactions over the land.

**Article 353 Use of Superficies**

A superficiesary can use [his/her] right in superficies in accordance with the contracts or legislations regarding superficies but such use should not undermine or hinder the rights and interests of the State, the society or other individuals.

**Article 354 Obligations of Owner of Land**

An owner of land shall ensure that the superficiesary use the land of owner to make fully available for the benefits as agreed in the contract and legislation.

**Article 355 Obligation of Superficies**

A superficiesary is bound to pay for use of land of others as agreed in the contract or legislation and other obligations as provided in the laws.

**Article 356 Protection of Superficies**

A superficiesary has rights to apply the measures as provided in the laws to protect the rights and legitimate benefits as an owner as stipulated in Articles 336 to 338 of this Civil Code.

**Article 357 Transfer of Right of Superficies**

A superficiesary can transfer [his/her] rights of superficies to others.

**Article 358 Transmission of Right of Superficies**

Right of superficies is transmissible, unless contract or legislation provided otherwise.

**Article 359 Extinguishment of Right of Superficies**

Superficies shall extinguish in any of the following instances:

1. At the expiry of terms of the contract or legislation regarding superficies;
2. A superficiesary does abandon his right [of superficies] if the contract or legislation to create it does not determine the period for its duration to notify the owner of a piece of land in advance one year or pay the rent of superficies more than one year;
3. At the expiry of the prescription terms of twenty years to thirty years depending on the kinds and objectives of use [of a piece of land of others] and conditions of terms about contract and legislation did not determine the period of use.

**Article 360 Cancellation of Servitude Registration**

When the superficies extinguish the superficiesary shall request [to land authority] to remove the superficies registration [from the records] in accordance with the relevant regulation.

**Article 361 Effect of Extinguishment of Superficies**

When the superficies extinguish the superfiary shall be responsible to restore the used land into its original condition, unless the contract and legislation otherwise agreed upon.

**PART V**

**CONTRACTUAL OBLIGATIONS**

**CHAPTER 1**

**GENERAL PRINCIPLES**

**Article 362 Contractual Obligations**

A contractual obligation is a legal relationship which is arisen from the agreement that empowers the contracting parties have civil rights and obligations which shall be mutually performed.

**Article 363 Principles on Contract**

The principles on contractual obligations shall comply as defined in Article 8 of this Civil Code.

**CHAPTER 2**

**ESTABLISHMENT OF A CONTRACT**

**Article 364 Contract**

A contract is an agreement between the contracting parties which causes civil rights and obligations to arise, to be modified, or to be terminated.

A contract may be established between:

1. State organizations or collectives themselves;
2. State organizations or collectives with other legal entities or individuals;
3. Legal entities or individuals themselves;
4. Legal entities and individuals.

**Article 365 Nature of Contracts**

A contract may be made by one, two or multiple parties.

A unilateral contract is one party's agreement that causes obligations to arise for that party without reciprocal performance.

A two-party [bilateral] contract is an agreement which causes mutual obligations between the contracting parties.

**Article 366 Conditions of Contracts**

The conditions of contracts shall be performed as the conditions of legislations as stipulated in Article 17 of this Civil Code.

However, the basis of the contract must be legalized.

**Article 367 Voluntary Act of Contracting Parties**

The voluntary act of contracting parties is the assent of the parties as defined in Article 8 of this Civil Code.

**Article 368 Basis of the Contract**

The basis of a contract is that which motivates the parties to enter into the contract and to exercise their rights and perform their obligations.

The basis of a contract must be existed and legalized.

**Article 369 Form of Contracts**

Form of contracts shall be followed the form as defined in Article 21 of this Civil Code.

A written contract may be either written by hand, typewritten or by electronic printer device among the contracting parties themselves or their representatives and must stipulate the date, month, year and the signatures of the contracting parties or their representatives of contracting parties or the contracting parties may affix their thumbprints on the contract.

A written contract may have a participation of witnesses or village chief to certify such contract establishment.

The contracting parties shall bring the written contract to be certified the establishment and lawfulness of the contract with the notary public officers.

**Article 370 Contents of Contracts**

A contract may consist of the following main contents:

1. Date, time and place of contract establishment;
2. Name, Surname and residences of the contracting parties;
3. The objective, price, period for performance, methods of payment, details of delivery;
4. Scope, quantity and quality of targets;
5. The place for performance of contractual obligations and the duty to notify;
6. The consequences arising from the breach of contract;
7. Form and organization for resolving disputes;
8. The conditions for modification and termination of contracts before their term's expiration.

**Article 371 Offer and Acceptance of Contracts**

In an oral contract where the offeror does not stipulate a period for acceptance when the offeree receives the offer, the beneficiary may accept the offer at any time and place, and at that time and place, the contract shall be deemed to have been entered into.



In a written contract where the offeror has not stipulated a period for acceptance, the offeree must respond to the offeror within fifteen days from the day the offer is received and the offeror does not have right to withdraw the offer within such time.

If the offeror stipulates a period for acceptance, the contract shall be deemed to have been entered into on the date that the acceptance reaches the offeror within the stipulated period of time, and the offeror does not have the right to withdraw the offer.

If the acceptance is made within the stipulated period or the stipulated period of time as defined in clause 2 of this Article but the acceptance reaches the hand of the offeror later than such stipulated period, in case the offeror (subsequently) accepts (the acceptance), that contract shall be deemed to have entered into.

If the acceptance includes an addendum, deletions, or alterations, which are (subsequently) accepted by the offeror, the contract shall be deemed to have been entered into.

#### **Article 372 Rewards Offer**

Any individuals which offer the rewards in writing or oral offer by advertisement, notices or other means of advertising legally, shall have obligations to give such rewards to such individuals who have succeeded in according to such offer.

Any individuals which offer the rewards without certain period of time, have the right to withdraw the offers in according to the forms which were offered prior any persons succeed such offer.

Rewards offer with certain period of time are not allowed to withdraw prior such time offer.

#### **Article 373 Offer for Competition**

Offer for competition means advertisement, notices or other means of advertisement legally, to offer such rewards to the winner of such competition activities or tasks in according to the decision of the committee or the rewards offeror.

Rewards competition shall be defined the period of time and not allowed to withdraw within such time offer.

#### **Article 374 Contract Interpretation**

If the contracting parties have any dispute on contents of contract, the contracting parties or the courts shall interpret such contract as intention of such contracting parties or common practices that not breach the laws.

#### **Article 375 Effects of Contracts**

The contract shall be enforceable to contracting parties as the detail agreed only.

In addition, the contract shall be complied to the laws, justice principles and common practices in accordance with the aspect of types of contracts.

## **CHAPTER 3 NULL CONTACTS**

### **Article 376 Null Contracts.**

A null contract is a contract which is inconsistent with the conditions of the contract.

A contract may be relatively or absolutely null, in whole or in part.

The certifying of absolutely null contract shall perform as defined in Article 26 of this Civil Code.

For request of the nullification of relatively null contract shall be performed as defined in Article 27 of this Civil Code.

### **Article 377 Consequences of Null Contract**

When a contract has been acknowledged as null shall comply as follows:

1. Consequences of Null Contract shall perform as defined in Article 28 of this Civil Code.
2. In case where a contract is made which is not beneficial to one party, the assets shall be returned to such party;

## **CHAPTER 4 CONTRACT PERFORMANCE**

### **Article 378 Contract Performance**

Contracting parties must perform a concluded contract in good faith, completely within the period for performance and at the place as specified by the contract or by the laws.

Contracting parties have no right to refuse performance of a contract or to unilaterally change the conditions of a contract, except it is allowed by the laws.

Contracting parties have the rights to reject incomplete, incorrect, and inconsistent with contracts (contractual obligations) or laws, unless otherwise stipulated by the contract or by the laws.

### **Article 379 Additional Performance of Contract**

In case the contract does not stipulate or define unclearly regarding the required quality, it shall perform in accordance with Law on Standardization or laws and other relevant regulations or a recognized standard which is a common practice that is consistent with the objectives of the contract.

In case contract has defined unclear price or remuneration, it shall be followed with the market price at the place or at the price defined by the State.

**Article 380 Period of the Performance**

A contract shall be executed in according to the period of the performance and in compliance with laws.

In case that the contract is not provided the period of the performance of contract, the creditor has the right to demand performance and the debtor has the right to render performance at any time. In case the creditor demands performance, the debtor is obligated to perform such contractual obligations within fifteen days from the day the creditor makes the demand.

The debtor may perform its obligations before the period of performance if such performance does not conflict with the contract or the laws and the creditor also agree with.

**Article 381 Place of Contracts Performance**

Contract shall be performed at a place determined by the contract or by the laws. If such place is not determined, the contract shall be performed at the following places:

1. The hand over a constructed building shall be performed at the construction site;
2. The debts repayment shall be performed at the residence of creditor at the time of contract establishment, unless the debt repayment of State organizations, collectives, and social organizations; If the creditor has moved to another residence during the performance of contract and the debtor had been notified, shall be performed at the creditor's new residence, while all the expenses of the contract performance shall be the burden of the creditor;
3. Other contractual obligations shall be performed at the debtor's residence at the time of contract establishment. If the debtor is a legal entity, the performance shall be at the office of that legal entity.

**Article 382 Settlements**

The settlement may be made in cash, money transfer, cheques, in kind or labour as agreed by the creditor.

The settlement shall be occurred only when there is invoice issuance.

In such settlement the creditor must make a receipt or other documents by himself or by the request letter of the debtor. The receipt or other relevant documents shall be made immediately or at least within fifteen days after the performance of the contract.

In the case of settlement by cheque, the date of payment shall be deemed as the date that the creditor can withdraw the money. For payment by money transfer, the date

of payment shall be deemed as the date of money was transferred to the creditor's account. For settlement by mail, the settlement date shall be deemed as the date that the debtor has given money or things by post.

**Article 383 Priority of Debt Repayment**

The debt repayment shall be performed as agreed.

If there is any dispute regarding priority of debt repayment shall follow the priority as follows:

1. Expenses;
2. Penalties or interests of loan agreement;
3. Debt or principal of loan agreement.

**Article 384 Releasing of Debt or Obligations**

Releasing of debt or obligations are the performance that the creditor intentionally performs his/her expression to release the debt or obligations of the debtor.

Releasing of debt or obligations shall be made in writing.

**Article 385 Set-off Debt or Obligations**

Set-off debt or obligations are the debt calculation debts or obligations, which the contracting parties are bound to each other by debt or obligations, unless otherwise defined by the laws.

Set-off debt or obligations shall be made in writing.

**Article 386 Notification of Difficulties in Contract Performance**

When difficulties arise in the performance of a contract, however the contract party had tried the best efforts, but cannot perform its contractual obligations in the regular manner, such party [he/she] must inform the other party the cause of such difficulties within an appropriate time, prior to the expiration of the performance period.

Notification of such difficulties shall not constitute the cause to release the debtor from its responsibilities. After such difficulties have ended, the debtor shall perform its contractual obligations accordingly.

**Article 387 Suspension of a Contract Performance**

If contracting party has performed his/her contractual obligations partially, may suspend his/her performance immediately by notifying to the other contracting party. If it is found that the contracting party which is notified is under some situation that may incur damages as follows:

1. Being sued or requested to be bankruptcy;
2. Lack of confidence on business operations that may not perform the contract;
3. Be in the situation that lead to such party cannot perform such contract.

The contracting party who suspends the contract performance, shall be liable to another contracting party on the occurred damages if such suspension is made without the situations as above mentioned.

If the notified contracting party on the suspension of the contract performance, he/she can certify or provide guarantee of the appropriate performance of the contract on the capacity to perform his/her contractual obligations. The contracting party who suspends shall continue to perform his/her obligations. In case that he/she cannot certify or provide an appropriate guarantee, the contracting party who suspends may terminate the contract. Concerning the performance of obligations in the past, the notified contracting party shall compensate to the contracting party who terminates the contract.

The suspension of contract performance may be made in all types of contract, except the unilateral contract.

## **CHAPTER 5 MEASURES TO ENSURE CONTRACT PERFORMANCE**

### **Article 388 Measures to Ensure Contract Performance**

In ensuring the effectiveness of contract performance, the law allows the application of various measures such as: deposit for guarantee, penalties, pledge, mortgage, individual or legal entities guarantee.

Pledge, mortgage, individual or legal entities guarantee shall comply as stipulated in Part VII of this Civil Code.

### **Article 389 Deposit for Guarantee**

Deposit guarantee is an agreement between contracting parties which the depositor has brought some money to keep with deposit recipient to be the evidence that the contract had been made and to ensure the contract performance.

If the depositor breaches a contract, such deposit money shall not be returned to him/her, unless otherwise agreed.

If the deposit recipient breaches a contract, he/she shall return deposit money with two times of the penalty to such depositor, unless otherwise agreed.

### **Article 390 Penalties**

A penalty is a measure applied against a person of non-performance of contract.

A penalty shall be complied as an agreement between the contracting parties without breaching laws and relevant regulations.

## **CHAPTER 6 NON-PERFORMANCE OF CONTRACT**

### **Article 391 Non-Performance of Contract**

Non-performance of contract means a breach of contract in whole or in part, or unreasonable contract performance by any contracting party such as: low-quality performance of contract, untimely performance, performance not in according to place as specified by the contract.

### **Article 392 Effects of Non-Performance of Contract**

If a contracting party does not perform the contract, the being breached contracting party has the rights to demand the contract performance, to compensate for damages or to terminate the contract.

### **Article 393 Demand for Contract Performance**

The contract which has the legal binding to the contracting parties, shall perform in according to the contents as agreed strictly. If a contracting party does not perform the contract, other contracting party has the rights to demand the contract performance or to file the claim to the courts.

### **Article 394 Compensation for Damages**

If either contracting party does not perform the contract, the such contracting party shall compensate for the occurred damages, unless the breach of contract occurred due to force majeure.

Damage calculation shall comply as stipulated in Article 481 of this Civil Code.

### **Article 395 Termination Due to Non-Performance of Contract**

In the event, there is a breach on important content of the contract, the disadvantaged contracting party may terminate the contract unilaterally. Unless otherwise the contracting parties agreed.

A contracting party who has the right to terminate a contract, shall inform other contracting party accordingly.

Termination of a written contract must be made in writing.

When a contract is terminated, all obligations performed to each other shall be considerate as completed. If one party has already performed its obligations, the party with reciprocal obligations must make performance. For unperformed obligations to each other shall be terminated.

**Article 396 Right to Operate in a Place of Debtor**

In case the debtor does not demand debts from his/her debtor which causes disadvantages to the creditor, the creditor has the right to sue to court in place of the debtor to claim the debts, unless otherwise the right of debtor is required to perform by himself/herself.

The expenses in the undertaking in place by the creditor will be the responsibility of the debtor.

**Article 397 Right of Creditor to Third Party**

A creditor has the right to propose to relevant organizations or request to the court to cancel the legislations which the debtor had been made with third party in bad faith and intentionally to avoid debt repayment that caused damages to the creditor.

**CHAPTER 7  
MODIFICATION, TERMINATION, AND EXPIRATION OF CONTRACTS**

**Article 398 Modification of a Contract**

A contract can be modified as the agreement of the contracting parties.  
Modification of a written contract must be made in writing.

**Article 399 Contract Termination by Agreement**

A contract can be terminated as the agreement of the contracting parties.  
Termination of a written contract must be made in writing.

**Article 400 Expiration of a Contract**

A contract shall expire in the following cases:

1. The contract is correctly and fully performed;
2. The contracting parties have merged into one party;
3. The contracting parties have agreed;
4. The contract cannot be performed;
5. The contract is terminated;
6. Any of the contracting parties have died and the other person cannot continue performance;
7. A contracting party that is a legal entity has been dissolved or becomes bankrupt.

In case any legal entity is dissolved or becomes bankrupt, the party contracting with legal entity has the right to demand expenses and compensation for damages from the person responsible for the assets of the dissolved or bankrupted legal entity.

## **CHAPTER 8 CHANGING OF CREDITOR AND DEBTOR**

### **Article 401 Changing of Creditor**

A creditor has the rights to transfer his/her rights to the new creditor, unless the rights which are granted from laws or contract is not allowed to be transferred.

A creditor shall deliver the title documents to a new creditor and shall be responsible for a new creditor if the transferred right is untrue/does not exist.

### **Article 402 Changing of Debtor**

A debtor has the rights to transfer his/her obligations to the new debtor to be performed in place of him/her, but it shall be first agreed by the creditor.

### **Article 403 Rights and Obligations Transferring**

A contracting party can transfer all rights and obligations as defined in the contract to a third party in written consent of the contracting parties and such third party accordingly.

## **CHAPTER 9 EFFECTS OF CONTRACT TO A THIRD PARTY**

### **Article 404 Effect of Contract to a Third Party**

A contract may be effect to a third party when such contract is made for a third party.

### **Article 405 Contract for a Third Party**

A contract for a third party is a contract which make for benefits of other persons who are not the contracting parties.

A third party shall be protected the rights and legitimate benefits as defined in the contract, unless he/she accepts such benefits and such benefits shall not be withdrawn.

## **CHAPTER 10 TYPES OF CONTRACTS**

### **A. SALE-PURCHASE CONTRACTS**

### **Article 406 Sale-Purchase Contracts**

A sale-purchase contract is an agreement between contracting parties whereby the seller must transfer assets to the ownership of the buyer, and the buyer must accept such assets and must pay an agreed price.



A seller may sell any assets that (he/she) owns if the assets sold to the buyer are confiscated by the decision of a court, the seller must compensate the buyer for damages.

In making a sale-purchase contract, the seller must inform the buyer regarding any other person's rights to the sold assets, such as whether such asset have been rented to another person. Failure to do so shall give the buyer the right to request termination of the contract and demand compensation for damages or a reduction of the sale price.

When ownership rights pass to the buyer prior to the delivery of the assets, the seller shall have the obligation to protect such assets from loss or damage until the buyer takes delivery.

The buyer becomes the owner of assets that (he/she) has purchased:

1. From the time that the buyer pays money to the seller and the seller delivers the assets to the buyer;
2. From the time that the buyer has fully paid money, whether or not the seller has delivered such assets, or from the time that the seller has delivered such assets, whether or not the buyer has paid money to the seller as agreed;
3. For the assets require registration, the buyer shall acquire the ownership from the time that such assets have been registered accordingly, however such asset has been delivered or paid money to each other.

#### **Article 407    Quality of Sold Assets**

The quality of sold assets must conform to the contents of the contract. In case the contract is not defined or unclearly provided regarding such demand quality, shall comply with Law on Standard or relevant laws or accepted standards which are accepted as common practice such as: quality to be fit the price of product in compliance with objectives of the contract.

If the sold assets are substandard (are not of the quality) provided as defined in paragraph 1 above of this Article, the seller must be liable to compensate for the occurred damages to the buyer.

In case the buyer knows that such assets are of poor quality, the buyer has the right to request to fix, to change the assets with the same kind of quality assets or to request a price reduction or to terminate the contract while also demanding compensation for damages.

The buyer has the obligation to inspect the purchased assets and must inform the seller urgently in case defects are discovered in the purchased assets. Otherwise, the buyer must be responsible for such defects. Unless otherwise contract or laws stipulated such as quality warranty of goods specified as compliance with the standard.

**Article 408 An Instalment Sales of Goods**

An instalment sale of goods is the sale of goods whereby the buyer pays the goods price in instalments. The buyer acquires ownership to purchased goods (goods being purchased) from the time that the seller delivers such goods. If such goods require registration, the buyer shall acquire the ownership from time of registration.

In case that the buyer fails to fully pay and untimely performance for a period of three consecutive instalments, the seller has the right to terminate the contract or claims fully unpaid money from the buyer.

An instalment sale of goods must be performed in conformity with prices agreed on the time of sale. Any subsequent change to the price of an instalment sale of goods shall not change the agreed upon price.

**Article 409 Sale-Purchase of Illegal Acquired Moveable Assets**

A person who buys moveable assets in good faith is the person who believes that he/she legally buys moveable assets which demonstrates that buying at the reasonable market price at that time, buys and uses such moveable assets openly, continuously and peacefully manners, the owner of the assets shall only be able to seek returned of those moveable assets when he/she reimburses the buyer at the buyer's purchase price, but he/she shall have the right to subsequently sue the seller who illegally sells such assets.

A person who buys moveable assets in bad faith is the person who buys moveable assets that knows or should know that he/she has illegally bought the moveable assets which demonstrates that buying at unreasonable market price at that time, buys and uses the moveable assets secretly, discontinuously, being notified, then the owner of the moveable assets has the right to seek to return of those assets without any reimbursement to the buyer. The buyer may demand reimbursement of the purchase price of such moveable assets from the seller, but he/she shall not have the right to file a claim to the court.

**Article 410 Delivery of Goods or Sold Assets**

A seller and a buyer shall agree on goods or sold assets delivery. In case there is not an agreement that the seller delivers goods or sold assets to the address of the buyer or to any other location as agreed and the buyer has to accept the goods or sold assets delivered to him/her. But the payment for transportation costs shall be subject to agreement between the contracting parties.

If a seller fails to deliver the goods or sold assets at the agreed upon time, the buyer may reject delivery of such goods or sold assets.

In the case where a buyer has paid the goods, delivery costs, the buyer may require the seller to pay the property prejudice as deemed reasonable.

If a seller delivers goods or sold assets that are incomplete as to quantity, incomplete as a set, lacking in quality as agreed between buyer and seller, the buyer may reject to accept goods and may refuse to pay for such goods. If the buyer has already paid for the goods, the seller shall have to return the money and may again have to compensate the buyer for damages.

## **B. EXCHANGE CONTRACT**

### **Article 411 Exchange Contract**

An exchange contract is an agreement between contracting parties whereby a party gives assets which are under his/her ownership to another party and that party gives other assets which are under his/her ownership in return.

### **Article 412 Adding of Money into the Exchange**

In the exchange a contracting party may add his/her money into the exchange when the value of his/her exchanged assets is lower than the value of exchanged assets of another party.

### **Article 413 Regulation on Exchange Contract**

Regulation on exchange contract shall be similarly performed in accordance with the regulation governing on sale-purchase contracts.

An exchange contract shall be valid only when the contracting parties hand over their assets to each other.

## **C. HIRE PURCHASE CONTRACT**

### **Article 414 Hire Purchase Contract**

A hire purchase contract is an agreement between contracting parties whereby a hire vendor gives his/her assets to a hire purchaser and the hire purchaser shall acquire ownership of such assets when he/she has fully paid the instalments as agreed.

Hire purchase price shall be performed as agreed at time of hire purchase contract is made accordingly.

A hire purchase contract shall be made in writing.

**Article 415 Rights and Obligations of Hire Vendor**

A hire vendor has the rights as follows:

1. To demand rental payment for hire purchase assets in accordance with the instalments as agreed;
2. To terminate the contract and to demand such assets in return. In case that the buyer fails to fully pay for a period of three consecutive instalments and subsequent the hire vendor has sent the demanding letter and the hire purchaser fails to perform within thirty days from the date of demanding letter was received, the paid money of assets shall not be returned; In case that such assets are loss and damage due to the failure of the hire purchaser, the hire vendor has the right to demand compensation for damages.

A hire vendor has the obligations as follows:

1. To deliver the assets to hire purchaser as agreed;
2. To transfer ownership of such assets to hire purchaser when he/she has fully paid;
3. To be responsible on quality of hire purchased assets as defined in Article 407 of this Civil Code.

**Article 416 Rights and Obligations of Hire Purchaser**

A hire purchaser has the rights as follows:

1. To demand hire purchase assets from the hire vendor as agreed;
2. To acquire the benefits which occurred from hire purchase assets from the time of acquisition;
3. To acquire the ownership of hire purchase assets when the payment was paid completely;
4. To demand a hire vendor to be responsible on quality of hire purchased assets as defined in Article 407 of this Civil Code.
5. To terminate the contract any time as consent of the hire vendor but the hire purchase assets shall be returned with the working condition and be responsible for loss and damages which occurred to such assets.

A hire purchaser has the obligations as follows:

1. To pay the assets into instalments as agreed;
2. To use and maintain the assets in normal condition;
3. To return the assets to the hire vendor, in case that fail to pay three consecutive instalments;
4. Have no rights to sell, transfer, exchange or other means of disposition in part or whole of such assets unless otherwise agreed.

**Article 417 Disposition of Assets**

In case a hire vendor has sold, transferred, exchanged or disposed in part or whole of such assets during the term of such hire purchase contract, he/she shall be

responsible for criminal liabilities. A hire vendor or damaged person has the rights to sue in accordance with laws unless otherwise agreed.

## **D. DONATION CONTRACTS**

### **Article 418 Donation Contract**

A donation contract is a decision of the owner (donor) of the assets voluntary to give the assets that are under his/her ownership to someone without claiming any compensation and the recipient has consented to accept such assets.

Targets of donation contract may be movable assets, immoveable assets or rights of demand.

### **Article 419 Scope of Assets Donation**

Scope of assets donation shall comply the same as the scope of a will establishment as define in Article 592 of this Civil Code.

### **Article 420 Donation of Movable Assets**

A donation of movable assets is the donation of movable assets which the recipient shall become the ownership from the time of receiving.

For the donation of movable assets in writing shall be registered and will be effective from the date of registration.

### **Article 421 Donation of Immoveable Assets**

The donation of immoveable assets is the donation of fixed assets by having certified documents of ownership or a use right document legally.

The donation of immoveable assets shall be made in writing.

The recipient of immoveable assets will become the owner from the date of registration.

### **Article 422 Granting of Right of Demand**

Granting of right of demand is right assignment which occurred from contracts or laws of the assignor to the assignee.

Granting of right of demand shall be made in writing and the assignor shall inform such assignment to other person who has rights and interest regarding such rights of demand.

**Article 423 Obligations to Notify on the Defects of Assets**

The donator shall notify the defects or special nature of donated assets to the recipient. In case of failure the donator shall be liable for damages arisen from the defects or special nature of such assets.

**E. GIFT CONTRACTS**

**Article 424 Gift Contracts**

A gift contract is the decision of the owner (giver) of assets to give his/her assets [with conditions precedents] to someone which the receiver must perform the obligations as agreed before or after the receiving of such assets.

The recipient of the assets shall become the ownership after performing of the obligations completely. In case of failure to complete the conditions or cannot perform of such conditions, the assets giver (the person who gives the assets) has the right to terminate such contract.

**Article 425 Scope of Assets Giving**

The scope of the assets giving shall comply the same as the scope of a will establishment as define in Article 592 of this Civil Code.

**Article 426 Obligations to Notify on the Defects of assets**

A assets giver (the person who gives assets) shall notify the defects or special nature of given assets to the recipient. In case of failure the assets giver (the person who gives assets) shall be liable for damages arisen from the defects or special nature of such assets.

**F. CONSIGNMENT CONTRACTS**

**Article 427 Consignment Contracts**

A consignment contract is an agreement between contracting parties for the sale-purchase of assets which the seller has the right to purchase back within three years for moveable assets and five years for immoveable assets at the same price at which he/she sold such assets.

Upon the expiration of the time mentioned in paragraph one of this Article, the seller has the right to extend the term of the consignment, if such right to extend was previously agreed upon when making the contract, but shall not to exceed one year.

At the expiration of the term, if the seller does not repurchase the assets, the buyer shall become the absolute owner of such assets.

The immovable assets which are the target of consignment contract shall be registered on land use activities. For moveable assets of consignment contract shall be registered in accordance with security interest registration system.

**Article 428 Effects of Consignment Contract**

If the consignment assets generate any benefits, the buyer who has already paid for them in their entirety shall be the owner of such benefit. In case a buyer has not yet made full payment on such assets, the buyer has no right to keep such benefit unless otherwise provided in the contract.

**Article 429 Protection of Consignment Assets**

A buyer must protect consignment assets and a seller must reimburse a buyer for expenses that incurs in protecting such assets. In the case where such expenses are minimal, they shall be borne by the buyer. A buyer may make use of such consigned assets. If a seller repurchases the assets within the stipulated period of time, the buyer must return those assets in their original condition.

## **G. LOAN CONTRACTS**

**Article 430 Loan Contract**

A loan contract is an agreement between contracting parties whereby the lender has provided money or assets to become the assets of the borrower and the borrower must return the borrowed money or assets in the same quantity and quality as that which was borrowed to the lender at the agreed time as stipulated in the contract.

If the demanding time of contract performance is not stipulated in the loan contract, performance shall be in accordance with Article 380 of this Civil Code.

Whether or not loans of money may bear interest, but it shall be stipulated in the contract. In case there is a delay in the debt repayment which caused the disadvantages to the lender, the borrower shall be responsible for Indemnity to property (damage cost of opportunities).

Whether or not loans of assets may have remuneration, but it shall be stipulated in the contract. In case there is a delay in the assets delivery which caused the disadvantages to the lender, the borrower shall be responsible for commission reimbursement.

A loan contract shall be made in writing.

#### **Article 431 Loan Interest**

In case, there is an agreement to calculate the interest, Interest on banks or financial institution loans which are legally established must conform to regulations of the lending banks or the lending financial institutions. For loan out of banks or financial institutions shall be calculated the loan interest not exceed thirty six percent per year.

In the borrowing, it is not allowed to include the interest of loan to be the principal.

When repayment is due as stipulated in the contract, if a lender refuses to accept money or assets from the borrower, there shall be no further calculation of interest.

For loans from abroad or international institution, the interest calculation shall be based on the agreement between the contracting parties.

### **H. CONTRACTS FOR THE BORROWING OF ASSETS FOR USE**

#### **Article 432 Contracts for Borrowing of Assets for Use**

A contract to borrow assets for use is an agreement between contracting parties whereby the lender has handed over assets to the borrower to use free of charge and the borrower must return them to their owner in their original condition at the agreed time.

#### **Article 433 Liabilities of the Borrower**

In case the borrowed assets were suffered loss or damage while being borrowed, the borrower must be liable, unless otherwise agreed.

If a borrower is unable to return the borrowed assets or make such assets be unusable, the borrower may compensate the owner with money or other assets as the lender may agree and at the market price at that time.

The borrower has no right to give another person to borrow the borrowed assets.



## I. CONTRACT FOR RENTAL OF ASSETS

### **Article 434 Contract for Rental of Assets**

A contract for the rental of assets is an agreement between contracting parties whereby the lessor hands over assets that belong to him/her to the lessee for temporary use and the lessee shall properly use and in compliance with the contract and the utilization of the leased assets, must pay rental at the agreed upon price and time.

A contract for rental of assets may be made for an indefinite period. In this case, the lessor or the lessee has the right to terminate the contract at any time, but must notify the other contracting party three months in advance for immovable assets, such as land, houses and buildings and one month in advance for movable assets, such as cars, boats and animals.

For rental of agricultural land shall terminate the contract at the end of the harvest season or before the commencement of the new cultivation season.

Before transferring such rental assets, the lessor must notify the lessee any defects or special characteristics of such assets.

In case the lessor fails to give notice regarding such defects or special characteristics, if loss or damage occurs from such failure, the lessee shall not be liable for such loss or damage.

A contract for rental of assets shall be made in writing.

### **Article 435 Payment for Rental of Assets**

In the rental of assets, the lessee may pay rental on a day, weekly, monthly, annual basis or in advance. In case a lessee pays in advance, if the contract is terminated before its term, the lessor must return the remaining rental from any advance payment to the lessee and the lessor has the right to claim compensation from the lessee due to contract violation.

In case a lessor breaches the contract, the lessee has the right to demand the return of the residual of the advance payment and compensation for damages from the lessor.

### **Article 436 Use and Repair of Rental Assets**

The lessee must use rental assets in compliance with the contract and utilization of the leased assets, manage and maintain them in reasonable condition, and return such assets to lessor in their original condition after expiration of the contract. The lessee must be responsible for loss and damage arising from his/her failure.

During the use of rental assets, if there is a minor repair such as: repairing keys, leakage repair, repair of tires shall be borne by the lessee. For major repair such as: re-roofing and engine overhaul, shall be borne by the lessor.

If the lessee has paid the major repairs by his/her own money as agreed by the lessor, the lessee has the right to demand such expenses from the lessor or be calculated as the rental.

In case the lessee has proposed to have major repairs but the lessor still does not start to repair even he/she has the abilities to do so, the lessee has the right to terminate the contract and demand the advance rental payment in return.

**Article 437 Change of Rental Assets Ownership**

In case the lessor transfers or sells rental assets to other person, the rental contract shall remain effective for receiver or buyer who is the new owner, but the lessor must first inform the new owner that the assets are being used by the lessee.

**Article 438 Sub-Leasing**

The lessee may sub-lease the rental assets to another person with the consent of the lessor, but the sub-lease shall be in the scope of duration and the initial conditions of the rental contract. If there is no consent of the lessor, the lessor may terminate initial rental contract.

**J. CONCESSION AGREEMENT**

**Article 439 Concession Agreement**

Concession agreement is an agreement between state and a legal entity to grant the rights to operate a business or to develop a project under laws of Lao PDR and subject to specific terms and conditions of the agreement.

Concession agreement shall be made in writing.

**Article 440 Rights and Obligations of Contracting parties**

The Contracting parties of concession agreement may define their rights and obligations in accordance with laws and relevant regulations of Lao PDR.

**K. BAILMENT CONTRACTS**

**Article 441 Bailment Contracts**

A bailment contract is an agreement between contracting parties whereby the bailor deposits assets with the bailee to protect and maintenance such assets and the bailee must return those assets in their original condition upon demand.

A bailment may incur a fee or be free of charge, depending on the contracting parties' agreement or relevant regulations.

In case a bailment has a time limit, the bailee does not have the right to return the bailed assets before the end of the term, except in necessary cases, whereas the bailor may demand return of the bailed assets before expiration of the term.

If a bailment has no time limit the bailor may demand the return of the bailed assets at any time and the bailee has the right to demand that the bailor take back his/her bailed asset at any reasonable time.

Payments for bailment shall be calculated according to the actual duration of the bailment, unless otherwise stipulated in the contract.

#### **Article 442 Rights and Obligations of the Bailee**

The bailee has rights as following:

1. To demand the fee if there is an agreement;
2. To demand the expenses in protection and maintenance, if bailor delays to take back the bailed assets.

The bailee has obligations as following:

1. To protect the bailed assets from any loss, damage, or deterioration;
2. To return the bailed assets to the bailor in their original condition;
3. When the bailed assets were suffered loss, damage or deterioration, the bailee must be liable to such damage, except such damage arose due to the force majeure;
4. In case there is an event or some situation that cause damaged to the bailed assets, the bailee must immediately notify the bailor. If the bailee fails to notify him/her, the bailee must be liable for such loss arose;

The bailee does not the right to make use of or transfer such assets into the care of other persons to protect the bailed assets on his/her behalf unless authorized by the bailor. If the bailed assets generate/yield any benefit, the benefit shall belong to the bailor.

#### **Article 443 Rights and Obligations of the Bailor**

The bailor has rights as following:

1. To demand the bailed assets in return at any time;
2. To demand the compensation if the bailee caused such bailed assets any loss, damage, or deterioration.

The bailor has obligations as following:

1. To notify the bailee regarding defects or special characteristic of the bailed assets, upon such notification, the contracting parties are to jointly inspect the actual condition of the bailed assets. If the bailor fails to notify the bailee regarding defects or the special characteristic of the bailed assets and such failure cause damage to the bailee or to the bailed assets, the bailor must be liable for occurred damages;
2. To accept a return of the bailed assets at the scheduled time and pay for the bailment fee if the parties have agreed;
3. If the contracting parties agree to pay bailment fees from the date of agreement, any delay in the handover of bailed assets shall be the responsibility of the bailor;
4. In case that the bailor delays in accepting the return of the bailed assets he/she shall be liable to pay again the bailment according to the number of delayed days;
5. To reimburse the expenses in protecting and maintenance that the bailee has paid.

**Article 444 A Bailment Which May Be a Fungible Nature and Perishable Easily**

Bailed assets may be a fungible nature and perishable easily and the bailor fails to accept a return of the bailed assets at the scheduled time, the bailee has the right to sell such assets and deduct the bailment fees including the expenses of selling if any, the residual money shall be returned to the bailor.

In case, the bailee has sold the bailed assets unfaithfully, he/she shall be responsible for criminal liabilities.

**Article 445 Responsibilities of Hotel or Guesthouse Owner**

The owner of hotel or guesthouse shall be responsible for any damages of guests' vehicles, in case the owner of such vehicle has informed the hotel or guesthouse owner.

For precious such as money, gold or other precious accessories shall be borne by the hotel or guesthouse owner whether the assets owner has informed and keep them with the hotel or guesthouse owner.

**L. CONTRACT OF MANDATE**

**Article 446 Contract of Mandate**

A contract of mandate is an agreement between contracting parties whereby the mandatary must perform an act on behalf of and at the expenses of a mandator. The mandator has the obligation to pay remuneration to the mandatary if specified in the contract or laws.

The mandatary shall perform the acts according to the mandate only if he/she is provided with a power of attorney to do so, except for performing any acts of minor importance.

A mandate shall not exceed three years. If the term of mandate is not specified in the mandate, the mandate shall be effective for a period of one year from the date of making the power of attorney.

#### **Article 447 Rights and Obligations of the Mandator**

The mandator has rights as following:

1. To terminate the contract any time, but such termination causes the damages to the mandatary, he/she shall be responsible;
2. To refuse the works which the mandatary has performed inconsistency with the instructions, content of the contract or beyond the scope of the mandate.

The mandator has obligations as following:

1. To provide necessary assets to the mandatary to perform works on his/her behalf;
2. To acknowledge the works that the mandatary has been performed within the scope of one's mandate;
3. To pay the remuneration to the mandatary if specified in the contract and acknowledge the expenses of the mandatary in the performance of works.

If the mandator refuses to acknowledge the works that the mandatary has been performed in consistency with the mandate including the expenses related to the performance of such works, the mandator shall be liable to compensate all the damages.

#### **Article 448 Rights and Obligations of Mandataries**

The mandatary has rights as following:

1. To terminate the contract any time, but such termination causes the damages to the mandator, he/she shall be responsible;
2. To demand the remuneration from the mandator if specified in the contract.

The mandatary has obligations as following:

1. To perform the mandate by himself in accordance with the instruction of the mandator or content of the contract and faithfully performance as his/her works;
2. To report and hand over the assets, money or the documents received from the performance of the mandate to the mandator immediately;
3. To be responsible for any damages to the mandator, in case the inconsistency performance with the instructions or beyond the scope of the mandate.

## **M. SERVICE CONTRACTS**

### **Article 449 Service Contracts**

A service contract is an agreement between contracting parties whereby the service provider must render services, do, or create something or provide consultancy to the service user and the service user must pay for the services at the agreed upon price.

### **Article 450 Types of Service Contracts**

The service contracts have two types such as:

1. General service contract;
2. Technical service contract.

A general service contract is an agreement between contracting parties whereby the service provider must do or create some certain things such as: repair, hair cutting, clothes tailoring, tourism, foods and drinks services.

A technical service contract is an agreement between contracting parties whereby the service provider must provide service in the research, analysis, data, consultancy, instruction, program, report and other in consistent with the technical principles.

A highly-valued general service contract and a technical service contract shall be made in writing.

### **Article 451 Rights and Obligations of a Service Provider**

A service provider has the rights as follows:

1. To receive service fees as agreed in the contract;
2. To detain the service assets, stop rendering the service, in case the service user fails to pay service fee.

A service provider has the obligations as follows:

1. To provide the services in compliance with technical principles, having good quality which is proper to the requirements of the service user and use good equipment;
2. To protect the material of the service user;
3. To hand over materials or the result of the service that one's has made or finished in due time and with quality to the service user;
4. To keep the confidentiality of the service user;
5. In case the contract is expired, but the service is not completed yet and the service user does not demand anything, the service provider shall continue until completed.

### **Article 452 Rights and Obligations of a Service User**

A service user has the rights as follows:

1. To claim things or material that he/she used for a service;
2. To propose to the service provider to improve and settle the defects;
3. To refuse to accept services which are not correct as agreed;
4. To change the service provider, but he/she must pay the former service provider for the fully completed or created (work or materials).

A service user has the obligations as follows:

1. To provide materials and equipment or necessary data to the service provider;
2. To accept materials and equipment or result of the services of which the service provider has made or fully completed and pay the service fees.

## **N. CONSTRUCTION CONTRACTS**

### **Article 453 Construction Contracts**

A construction contract is an agreement between contracting parties whereby a contractor must build a definite item according to the purpose of the project owner with construction materials or mean provided by the project owner or by himself/herself. The project owner must accept and pay for built items and having mutually certified on the achievement.

### **Article 454 Rights and Obligations of a Project Owner**

A project owner has the rights as follows:

1. To inspect constructed items, If the constructed items are not constructed (at all) or are not constructed according to the specifications in the contract, which causes the constructed item is not met to the technical substandard quality, design or defects, the project owner has the right to demand remedy or repair within an appropriate period of time or to demand compensation for damages if the expenses of such repair involved his/her construction materials or means.

2. A project owner may terminate the contract and to demand compensation for damages if the contractor fails to remedy or repair within the time aforementioned.

A project owner has the obligations as follows:

1. To pay the built items as agreed upon price and time in the contract;
2. To provide the contraction materials or means with reasonable quality, (to meet reasonable) technical standards and be delivered on schedule (time);
3. To perform other obligations as defined by laws.

### **Article 455 Rights and Obligations of a Contractor**

A contractor has the rights as follows:

1. To propose to the project owner that he/she is not capable of performing in according to the project owner's instructions or not be able to use the project owner's construction materials, or means that are technical substandard. If the project owner does not remedy within an appropriate period of time, the contractor has the right to terminate the contract and demand compensation for damages;

2. To demand the completed construction payment as agreed upon price and time.

A contractor has the obligations as follows:

1. To conduct the construction as drawing of the project owner as agreed time;

2. To be responsible to protect and make proper use of the construction materials or means provided by the project owner, if such use is not improper, the contractor shall be liable;

3. To conclude the usage of the construction materials and to return the remaining construction materials to the project owner;

4. To be responsible to the project owner regarding any actions of subcontractors;

5. To be responsible to any damages occurred during period of construction;

6. To perform other obligations as defined by laws.

#### **Article 456 Quality Assurance for Constructed Items**

The contractor must ensure that constructed items, meet all technical standards, laws and relevant regulations.

After the project owner accepts constructed items, but there are still defects in their construction, the project owner has the right to demand that the contractor repair such defects without any additional repair costs to the project owner if the warranty period has not yet expired.

### **O. EMPLOYMENT CONTRACTS**

#### **Article 457 Employment Contracts**

An employment contract is an agreement between an employer and an employee whereby the employee shall perform the conditions of work, the employer shall pay the salary or wages, welfare and other policies to the employee as agreed amount and time in the employment contract.

#### **Article 458 Rights and Obligations of an Employer**

An employer has the rights as follows:

1. To probate the ability of the employee;

2. To demand the employee to work as agreed in the contract;



3. To terminate the employment contract as defined by Law on Labor;
4. To perform other rights as defined by laws.

An employer has the obligations as follows:

1. To pay salary or wages, welfare and other policies in accordance with the employment contract and/or laws;
2. To take care, ensure the safety during the working hour of the employee;
3. To perform other obligations as defined by laws.

#### **Article 459 Rights and Obligations of an Employee**

An employee has the rights as follows:

1. To receive salary or wages, welfare and other policies in accordance with the employment contract and/or laws;
2. To receive the right to relax, health care and safety of working, right to claim and others;
3. To terminate the employment contract as defined by Law on Labour;
4. To perform other rights as defined by laws.

An employee has the obligations as follows:

1. To work as agreed in the employment contract;
2. To perform the duties with responsibilities and honesty;
3. To perform other obligations as defined by laws.

### **P. TRANSPORTATION CONTRACTS**

#### **Article 460 Transportation Contracts**

A transportation contract is an agreement between contracting parties whereby a party is a carrier liable for transporting passengers, personal belongings or cargo, goods to a destination or according to the other's party requirements and another party are passengers or senders of cargo or goods have the obligation to pay the fare or transport fees as agreed.

A transportation contract is valid from the time the carrier accepts the passengers, personal belonging or cargo, goods and be terminated when the passengers reached their destination together with their personal belongings or the owner or the person who has the right to accept such materials or goods.

#### **Article 461 Types of Transportation**

Types of transportation have as follows:

1. Transportation by surface including railway transportation;

2. Transportation by water;
3. Transportation by air.

For the regulations and forms of transportation are defined by relevant laws.

#### **Article 462 Rights and Obligations of a Carrier**

A carrier has the rights as follows:

1. To collect, demand the fare, personal belongings or cargo, goods, documents and others as agreed price or regulations;
2. To refuse to accept the passengers who are lost mind control without guardian, personal belongings or cargo, goods, documents and others which are prohibited or unlawful;
3. To perform other rights as defined by laws.

A carrier has the obligations as follows:

1. To transport passengers, personal belongings or cargo, goods, documents and others to the destination as defined time and to hand over to recipients who have the right to receive such cargo or goods according to the quality as one's has received in the departure.
2. If an accident occurs the carrier must be liable for passengers who are injured or die, for damaged personal belongings or cargo, goods, documents and other loss or damaged during transportation, unless caused by a force majeure;
3. To transport the passengers to the nearest health care places, in case the passengers are immediately injured or to be born the child;
4. To perform other obligations as defined by laws.

#### **Article 463 Rights and Obligations of Passengers or Owners of Cargo or Goods**

A passenger or sender of cargo or goods shall have the following rights to:

1. Being transported to the desired destination in safe and timely manners as agreed;
2. Be received the information, facilitated in the voyage;
3. To claim compensations for damages occurred due to default of the carriers;
4. To exercise other rights as defined by laws.

A passenger or sender of cargo or goods shall have the following obligations to:

1. To pay passenger fees or carrier fees as agreed;
2. To help to keep clean in voyage, be in quiet and peaceful manners, be polite, declare their valued property, danger item, weapons [to the carriers], and pay fees for

overloaded items in accordance with the relevant regulations on transportation and cargo;

3. To perform other obligations as stipulated laws.

**Article 464 Fare and Transport Fees**

Passengers shall pay transport fees in advance or afterwards upon the tariff of each transport route as determined by the State from time to time or as agreed by the contracting parties.

The owner of cargo or goods may pay transport fees in advance or afterwards as agreed.

## **Q. INSURANCE CONTRACT**

**Article 465 Insurance Contract**

Insurance contract is an agreement between the insurer and insured person where the insured person must pay insurance premium [to the insurer] and the insurer must pay insurance annuity or compensations to the insured person or insured beneficiary in case any event occurred as agreed in insurance contract.

Every type of insurance contract that its objectives are insured in the Lao PDR must be only made with the insurers who are established and operated in Lao PDR.

An insurance contract must be made in writing.

**Article 466 Types of Insurance Contracts**

Types of insurance contract shall include:

1. Personal insurance contracts;
2. Property insurance contract;
3. Civil liability insurance contracts.

Each type of insurance contract is [separately] defined in laws and relevant regulations.

## **R. PARTNERSHIP CONTRACTS**

**Article 467 Partnership Contracts**

A partnership contract is an agreement between two or more persons whereby they agree to contribute money or assets or labors, to conduct together business and benefit sharing or liable to debts.

**Article 468 Termination of Partnership Contracts**

A partnership contract may terminate in any of the following cases as defined in Article 400 of this Civil Code or terminate in any of the following cases:

1. The term of the partnership contract is expired;
2. A contracting party is bankrupt or incapacity to act, unless otherwise agreed.

**Article 469 Distribution of Benefits and Liability to Debts**

When the partnership contract terminates if there is not separately specified in the contract the distribution of benefits or liability to debts shall be in accordance with each person's partnership portion.

**PART VI**

**TORT**

**CHAPTER 1**

**GENERAL PRINCIPLES**

**Article 470 Tort**

A tort is a civil relationship which is arisen without a mutual agreement.

**Article 471 Types of Tort**

Tort has three types as follows:

1. Violation/breach;
2. Unsolicited work on behalf of another person without being assigned;
3. Receiving of property or benefits which a person is not entitled.

**CHAPTER 2**

**VIOLATION**

**Article 472 Violation**

Violation is an action or omission intentionally or negligently of any person which breach the laws and regulations and such person shall be liable to compensate for the occurred damages, unless such damages occurred due to the self-defense, the performance of lawful duties or due to the wrongful act of the injured person himself.

**Article 473 Characteristic of Damage**

Damage shall have the characteristic of certainty which has occurred or will certainly occur in the future.

Damage which may occur or may not occur in the future shall not be deemed as certain damage.

**Article 474 Cause and Effect Relationship**

Any individual must be liable to compensate for damage when there is a relationship of cause and effect between the action with damage which has arisen that demonstrate as follows:

1. Cause shall be a necessity leads to cause damage;
2. Cause shall be occurred before the damage result;
3. Cause shall be the direct effect of the damage result.

**Article 475 Types of Damage**

Damage has the types as follows:

1. To property;
2. To health or life;
3. To reputation, honor;
4. To spirit.

**Article 476 Damage to Property**

Damage to property is the damage due to the assets are destroy, loss or deteriorated and out of order in whole or in part and causes the aggrieved person to lose the benefits.

**Article 477 Damage to Health or Life**

Damage to health or life is the occurred damage to any person which causes physical injury or dead.

**Article 478 Damage to Reputation, Honor**

Damage to reputation, honor is the occurred damage to any person which are alleged, libeled, insulted or disclose personal information.

**Article 479 Damage to Spirit**

Damage to spirit is the damage due to sadness, sorrow and depression of any person which causes the effect of one's person action.

**Article 480 Determination of Each Type of Damage**

Determination of ach type of damage shall be pursuant to damaged person's request, an agreement between damaged person and violated person or determined by the court as the damage cost consideration as follows:

1. To property: shall be compensated in according to the value of assets, repair fee and commissionreimbursement;

2. To life: funeral cost and merit making cost, compensation for mental anguish, supported cost for minors or children who are under age of majority but being mental disturbed person or could not work which is under the guidance of deceased person;
3. To health: health care and physical rehabilitation cost, Indemnity, caregiver during treatment cost, Baci ceremony cost and other expenses;
4. To reputation, honor: to rehabilitate reputation, honor by apology, to resolve misunderstanding news through mass media, to pay commission;
5. To spirit: rehabilitation, compensation for mental anguish by money payment, Baci ceremony or the other appropriate methods.

**Article 481 Calculation of Damage Fee**

Calculation of damage fee shall be consistent with the aspects of violation.

In case the damaged person was also engaged in such violation, such person shall also be partially liable for damage.

In case the damaged person was engaged in such violation to the whole occurred damages, such person shall be liable by himself/herself.

The calculation of damage cost shall be in accordance with actual damages.

**A. LIABILITIES DUE TO HIS/HER OWN ACT**

**Article 482 Damage Arising from the Use of Rights beyond Reasonable Limit**

Any individual who intentionally exercises his/her rights in excess of a reasonable limit shall be liable to compensate for damages arising from such exercises of rights beyond a reasonable limit.

**Article 483 Liability for Damage Arising from Necessity**

Damage arising from necessary circumstances shall be compensated, but based on the factual conditions, the courts may order the person acting or a third person who has received benefits from the act of the person causing such damage to undertake the responsibility of compensation for such damage cost.

**Article 484 Liability for Damage Caused by Beyond Self-Defense**

Damage arising from protection interests of state or society, his own or other individual's life, health, legitimate rights and interests which are considered as a legitimate defense, shall not be liable for occurred damages, unless beyond self-defense, such person shall be liable for occurred damage cost.

**Article 485 Liability for Damage Caused by Multiple Persons**

All persons who have jointly caused damage shall be jointly liable for the damage they have caused together. The courts may hold any or several persons among them to be responsible for the entire damages, but such person shall have the right to claim repayment from persons on whose he has paid on behalf.

**B. LIABILITIES DUE TO ACT OF ANOTHER PERSON, ANIMAL OR THING  
UNDER A PERSON'S CONTROL**

**Article 486 Liability of Employers**

An employer shall be liable to compensate for the damages arising from the acts of its employees in their performance of assigned tasks that cause damage to other persons.

In case the damage is caused by the serious wrongful act of the employees, they shall be liable to compensate for such damage; however, the employer shall first pay compensation to the damaged person(s) before making claim for reimbursement of such payment from the employees.

The seeking of another person to work for one's benefits shall be performed in accordance with the paragraph one of this article.

**Article 487 Liability of Parents, Guardians and Administrators**

Parents, guardians, or administrators, such as: schools, hospitals, and others, are liable for damages arising from the acts of minors or those mentally disturbed persons who are under their control.

**Article 488 Liability of Owners or Possessors of Animals**

The owner or possessor of an animal shall be liable for damage caused by such animal due to the fault of the owner or such possessor of animal, unless the owner or possessor of animal may prove that he/she had been careful to protect the animals in according to kinds, types, habit or behaviors of such animals or due to the failures of damaged person(s).

In case third person has caused a disturbance or caused the animals to make any damages to other person, the owner or possessor of animal shall be firstly liable to compensate for damages, then to demand such damages from such third person.

**Article 489 Liability for Damage Arising from Objects**

If damage arises from any object due to the fault of the owner or possessor, the concerned person shall compensate for such damages.

**Article 490 Liability for Damage of Owners or Possessors of Tress**

The owner or possessor of a tree shall be liable for damage caused by such tress such as: broken tree branch, falling fruits, broken tree and others.

**Article 491 Liability for Damage of House or Buildings Owners**

The owner or administrator, to protect, maintain or use the house or buildings if they abandoned such house or buildings or under their responsibilities be broken down, collapsing due to lack of maintenance which cause the damages to other person, shall be liable for occurred damages.

**Article 492 Liability for Damage of Contractors**

The contractors shall be liable for occurred damages due to the defects of construction or their management and protection such as: the broken buildings, substandard materials, wrongful technical, watercourse digging, holes digging, barrier placement which may not ensure safety.

**Article 493 Liability for Damage Arising from Products or Goods**

Any individual, legal entities or organizations which conduct manufacturing, operate businesses shall be responsible for damages due to the products or goods are substandard, which cause the damages to consumers or user.

**Article 494 Liability for Damage Arising from Dangerous Objects**

The owner or possessor of dangerous objects such vehicles running by machine, electric transmission lines system, manufacturing industrial plants, weapons, bomb, fire objects, poison chemical, radioactivity, chemical or other dangerous objects, shall be liable for occurred damages, unless such damages are not occurred due to his/her failure.

**Article 495 Liability for Damage to Environment**

Any individual, legal entities or organizations which cause the pollutions and damages to the environment, individual, legal entities or organizations shall immediately stop such actions and liable for such occurred damages.

**CHAPTER 3**

**UNSOLICITED WORK ON BEHALF OF ANOTHER PERSON WITHOUT BEING ASSIGNED**

**Article 496 Unsolicited Work on Behalf of another Person Without Being Assigned**

Unsolicited work on behalf of another person refers to any work conducted by a person for the benefits of another person without being assigned by such person, such as: repairing a house for such person in his/her absence or possessor, debt repayment and others.



**Article 497 Conditions of Unsolicited Work on Behalf of another Person Without Being Assigned**

Conditions of unsolicited work on behalf of another person without being assigned are as follows;

1. Without being assigned by the owner or possessor;
2. Shall be conducted in good faith;
3. For the benefits of the owner or possessor;
4. Shall be performed in accordance with his/her own capacity and conditions;
5. Shall be performed such work as his/her own work as well;
6. Shall be performed in accordance with intention of the owner or possessor if he/she may know or could assume.

**Article 498 Obligations of a Person Undertaking Unsolicited Work on Behalf of another Person Without Being Assigned**

A person undertakes an unsolicited work on behalf of another person without being assigned has the obligations as follows:

1. Shall inform immediately an unsolicited work on behalf and result to the owner or possessor;
2. Shall continue to complete the work or until the owner or possessor is able to continue by himself/herself;
3. Shall be responsible for all occurred damages during such work performance.

In addition, it shall be performed as the obligations of assignee as defined in Article 448 of this Civil Code.

**Article 499 Obligations of the Owner or Possessor**

The owner or possessor has the obligations to compensate for necessary costs and benefits if such unsolicited work has been conducted in a good manner or if the owner or possessor agreed to accept that unsolicited work.

**Article 500 Protection of Life, Reputation, Assets of Another Person**

Any individual who acts to protect life, reputation or assets of another person from dangerous incident immediately, such person shall not be liable to compensate the occurred damages, unless such occurred damages due to his/her intentionally or seriously action.

**CHAPTER 4**  
**RECEIVING PROPERTY OR BENEFITS WHICH A PERSON IS NOT ENTITLED**

**Article 501 Receiving of Property or Benefits Which a Person is not Entitled**

Receiving of property or benefits which a person is not entitled means acquiring property or benefits of another person to be his/her own without basic of law which causes decreasing of the property or benefits of another person, the receiver shall return such property or benefits to a person is entitled.

In case the received of property or benefits which cause from the void contract, shall be performed as defined in paragraph one of this article.

**Article 502 Receiving of Property or Benefits Which a Person is not Entitled by Mistake**

If any person receives the property of another person by mistake, such person shall return such property or benefits of such property to the owner with produces or income, from the time of receiving and he/she may demand for maintaining cost of such property and produces, including increased value of such property.

Property or benefits which are fully used, damage or loss, shall be determined the value of property or benefits again to the owner, unless such loss or damage due to force majeure.

In case there is repairing, modification or supplement which cause increased value of property, the owner of such property shall compensate the increased value to the receiver of such property.

In case the interests if all are used, damage or loss shall be deemed as nothing.

**Article 503 Receiving of Property or Benefits Which a Person is not Entitled by Intention**

If any person intentionally receives property of another person, despite knowing that he/she has no right to receive such property, that person shall return such property or the benefits of such property to the owner, including the produces from the date of receiving of such property.

Property or benefits, including produces which are fully used, damage or loss, shall be determined the value of property or benefits again to the owner.

**Article 504 Property Giving which Donator Has no Rights to Demand**

If any person has given the property to other person, shall not have the rights to demand the property or benefits in the following cases:

1. Obligations performance prior the terms;
2. Obligations performance after prescription period;
3. Performance of something which realizes that there is no any obligation;
4. Performance of other person's obligations;
5. Performance of unlawful obligations.

**Article 505 Obligations Performance Prior the Terms**

If any person has performed the obligations prior terms of the contract or laws, he/she shall not have rights to demand performed items in return, unless he/she forgot the time of such obligation performance.

**Article 506 Obligations Performance after Limitation Period**

If any person has performed the obligations after limitation period, he/she shall not have rights to demand such assets in return.

**Article 507 Performance of Something Which Realize that There is no Any Obligation**

If any person has performed something same as obligations performance to other person which realize that there is no any obligation, he/she shall not have rights to demand what he had already performed in return.

**Article 508 Performance of Other Person's Obligations**

If any person has performed the other person's obligations to the creditor who is not his/her own creditor by mistake that causes the creditor to destroy documents which are the evidences regarding the debt or obligations performance or termination of security interests or beyond prescription period, such creditor shall not return and such person has no rights to demand what he/she already had performed the obligations in return.

A person who had performed other person's obligations, has the rights to demand the original obligated person or guarantor to repay the obligations that he/she had performed.

**Article 509 Performance of Unlawful Obligations.**

If any person has performed the obligations that contrasting with the interests of state, society, custom and tradition or regulations, laws to other person, he/she has no rights to demand and has the responsibilities in front of laws.

**PART VII**  
**SECURED TRANSACTIONS**  
**CHAPTER 1**  
**GENERAL PROVISIONS**

**Article 510 Security**

A security is a guarantee to ensure the performance of contractual obligations as provided under the laws or pursuant to contract.

**Article 511 Types of Security**

There are two types of security:

1. A security pursuant to the law;
2. A security pursuant to Contract.

**Article 512 Order of Preferential Rights of a Security**

The performance of obligations by a Security shall be performed in accordance with the following order of preferential rights:

1. Security pursuant to the Law; and
2. Security pursuant to the Contract.

The above-mentioned preferential rights shall be implemented when debtor fails to perform its obligations or is declared bankrupt by a Court.

**Article 513 Continuation Right of the Creditor to the Security**

A secured Creditor continues to be entitled to the security, including cash and other assets that obtained from the final disposal of the Security until obtaining the performance of the rights and obligations in full in accordance with the secured agreement, although the rights and obligations in fully under the Secured Agreement, though the change in the form of security or Debtor has final disposed with the Security.

**Article 514 Buying or Renting of Security with Honesty**

Buyers and Lessees of the security who honestly perform in accordance with the market value, openly and peacefully use without knowing that such assets have been used to secure any debts or obligations before or without knowing that the security has been registered shall not be responsible for any debts or obligations

**Article 515 Preferential Rights of Asset Purchased with Loan**

The lender whose provide the loan for the purchase of assets has preferential rights over the other lender on such assets within ten days commencing on the date that the debtor has received the possession of asset purchasing with the loan. If the provided time is exceeded and the guarantee is not registered the preferential rights shall cease

**Article 516 Preferential Right of Security by Livestock**

A creditor who accepts the security by livestock shall have preferential rights to the payment of debts prior to other Creditors Including the Lender who provides loans

for the purchase of livestock food or medicine, except for creditors who have registered of the Security.

**Article 517 Preferential Right of Security by Agriculture**

The Debtor Who accepts the security by agriculture shall have the preferential rights to the payment of debts or performance of the obligations prior to other Creditors that receiving the security with a Land Cultivated.

**CHAPTER 2  
SECURITY PURSUANT TO THE LAW**

**Article 518 A Security Pursuant to the Law**

A Security pursuant to the Law is a guarantee that secures the repayment of a debt or other obligations as provided under the law based on reasons of humanities and overall benefit of the nation.

**Article 519 Preferential Rights of a Security Pursuant to the Law**

A preferential right of a Security Pursuant to the Law shall be performed in accordance with following orders:

1. Payment of wages, salary or other benefits as provided as provided under the Law on Labor;
2. Taxation, duties;
3. Other payments to guarantee the national interests, which shall not include debts or other benefits arising from any agreement between the State and another party, or any organization.

**CHAPTER 3  
SECURITY UNDER CONTRACT**

**Article 520 Security Under Contract**

A Security under contract is an agreement to guarantee the payment of a debt between a creditor and a debtor, or an agreement to repay a debt on behalf of the debtor by any individual or juristic entity.

There are two types of Security under Contract:

1. A Security under contract secured with assets;
2. A Security under contract with individual or juristic person.

A security by assets under the contract is an agreement between a creditor and a debtor or third party according to the types of Pledge or Mortgage as provided for under this Civil Code

A security by a juristic person under the contract or A security by a juristic person under the contract whereby individual or a juristic entity agrees to repay the debt or the performance of the debtor's obligations in case the debtor is unable to repay its debts or is unable to perform its obligations.

**Article 521 Assets as security**

An asset as security has movable assets or immovable assets or rights.

Movable assets can be used as Security Including:

1. Valuable thing;
2. Mechanical;
3. Vehicles;
4. Goods in Warehouse [stock] or Raw materials for production;
5. Agricultural products;
6. Consumable goods;
7. Other movable assets by agreement of the Parties;

Immovable assets can use as Security with include:

1. Land use rights of the individual or juristic entity or organization;
2. Ownership in suite, Buildings such as: House, Towel and building;
3. Assets related with the Lease agreement or Land concession as provided under the Law and related Contracts.

Right can use as Security with include:

1. Receivable;
2. Transferable financial documents such as bonds, Letter of guarantee;
3. Intellectual assets;
4. Other rights by agreement of the Parties.

**Article 522 Fixing the Characteristics and Value of Assets**

An asset as Security shall be defined the Characteristics in a contract.

An asset as Security may be defined the value in accordance with the agreement of the parties

**Article 523 An asset used as Security to Multi-creditor**

An asset used as Security to multi-creditor s a guarantee that secures the repayment of debts or many obligations with an asset to multi-creditor which a type of Security Pursuant to the Law such as Pledge and Mortgage as provided in article 525 of this Civil Code.

An asset used as Security to many Creditors with conditions as follow:

1. An asset as security shall be an asset of the debtor or in case such an asset belongs to other persons, there shall be the written agreement of assignment in accordance with the Laws, unless otherwise provided under the related Laws;
2. An asset as security shall have more value than the debts at the time of security including security as agreed measures between the creditor or debtor or in accordance with r according to the valuation of the asset at that time from the organization or relevant institution;
3. Shall be clearly determined or indicated the remaining value of the single asset in the security agreement with the first creditor and the next creditor, unless otherwise agreed in the security agreement;
4. The Debtor Who uses a single asset as security shall inform the first creditor regarding to supplemental security and new debtor for the previous of security in written at least 15 days in advance so that the Creditor consider his/her supplemental security;
5. In event that a single asset is an immovable asset, it shall be first registered as defined in article 562 of this Civil Code to give rise he right to use as a supplement

- security and the next supplement security shall be registered to be able use as a security;
6. Each of the creditors who secure by a single asset shall be entitled to the preferential rights as provided under the Article 524 of this Civil Code.

**Article 524 Preferential Rights of a Security under Contract**

A Security under Contract with a single asset Shall be entitled to preferential rights to repayment of debts or performance of obligations before other secured creditors according to the following circumstances:

1. Among the Creditors who has registered security, possessed or legally occupied the right of security prior to other Creditors shall be entitled to the preferential rights;
2. Among the Creditors who has registered security, who have registered prior to other Creditors shall have the preferential rights;
3. Among the Secured Creditors which an asset not registered security, the person who has possessed or occupied the right of security prior to other Creditors, the person will have preferential;

Among the Secured Creditors, but a security has not been registered, no possessed and occupied the right of security shall be averaged according to the debts of the value of the debts to each creditor to the total assets of the debtor.

**Article 525 Form of a Security under Contract**

There are three forms of the Security under Contract as follow:

1. Pledge;
2. Mortgage;
3. A security by another individual or juristic entity.

**PLEDGE**

**Article 526 Pledge**

Pledge is a guarantee that secures the repayment of a debt or the performance of the other obligations to the Creditor by taking assets into the possession of the Pledgee or another person as agreed.

**Article 527 Types of Pledge**

There are three main types of Pledge as follow:

1. Pledge with movable assets;
2. Pledge with immovable assets;
3. Pledge with rights.

**A 1. PLEDGE WITH MOVABLE ASSETS**

**Article 528 Pledge with Movable Assets**

Pledge with movable assets is a guarantee that secures the repayment of a debt or the performance of obligations the other obligations by movable assets, which a

Pledgor taking the assets in placed in the possession of the Pledgee or another person as agreed.

**Article 529 Conditions of Making a Pledge with Movable Assets**

Pledge with moveable assets shall be consist with the following conditions:

1. An agreement to repay the debt or perform the obligation;
2. To agree with the pledge;
3. The pledge is ownership of Pledgor or another person that has been assigned;
4. To take assets into the possession of the Pledgee or another person as agreed.

**Article 530 Effects of giving Pledge with Movable Assets**

The ownership rights f pledged movable assets remains with the Pledgor, but the movable assets is placed in the possession of the Pledgee or another person as agreed. Pledgee has preferential rights to the pledged movable assets prior to other Creditors, but shall be performed according to defined in article 524 of this Civil Code.

Pledgee or other person are not entitled to use such assets or enjoy their usufruct from the movable assets, except if they are authorized in writing by the Pledgor. The Pledgee or appointed who preserving the movable assets shall be responsible for replacing the movable assets which are damaged or lost because of due to his/her default.

In case the movable assets are lost or stolen, the Pledgee or appointed person preserving the movable assets are entitled to claim and recovery such movable asset.

**Article 531 Return and Sale of Movable Assets**

When the debtor has repaid the debt or performed the obligations is fully, the pledge agreement shall cease. The pledged movable assets shall be returned to the Pledgor.

If the debtor has failed to repay the debt or has not performed the obligations within the agreed period of time, if the pledged movable assets have equal value to the debts, the preferred creditors shall have rights to accept the assets as a substitute for the debt.

If the pledge movable assets have the value exceeded the debt, the creditor may buy out, and the balance must be repaid to the debtor, sell the pledged movable assets as agreed or on auction. After deducting the principal and interest, the balance shall be repaid to the Pledgee. If the sum obtained from the sale of the pledged movable assets is insufficient for the repayment of the debt, the debtor shall contribute the outstanding amount in full.

A person who agrees to pledge his/her assets and the repayment of debt or the performance of obligations on behalf of the debtor with the assets is entitled to refund from the debtor as defined in paragraph 4, article 558 of this Civil Code.



**Article 532 Pledge at the Pawnshop**

Pledge at the Pawnshop shall be the performance of obligations to article 528 to Article 531 of this Civil Code and regulations on Pawnshop.

**Article 533 Pledge with documents**

A pledge with documents is an agreement, whereby the debtor assigns documents certifying rights of ownership over movable assets with the creditor to guarantee the repayment of a debt, but the debtor has the right to retain possession and to use such assets.

If documents are pledged, the debtor holds right of ownership of such asset and right to use, but does not have the right to sell, transfer or further pledge such assets. In addition, a debtor must preserve such asset in their original condition.

If the debtor cannot pay the debt or not performed comply with the agreed time, the creditor has the right to claim a material purpose of the debtor.

Creditor has the right to claim, pursue to take the pledge movable assets, in event that such of movable assets is in the possession of Debtor.

**Article 534 Pledge by Inventory over Goods in Warehouse [stock]**

A pledge by inventory is the debtor places a bond of inventory in a warehouse [stock] with the creditor to guarantee the repayment of a debt or performance of obligations to the Debtor. A bond of inventory may change hands.

Buyers in Inventory can take the goods without liability for the rights and obligations under the Inventory Agreement, even if they know that the goods are related to the Security.

The Inventory is a current asset, goods for sale or rent, raw materials or materials for production or business operations.

**A 2. PLEDGE WITH IMMOVABLE ASSETS**

**Article 535 Pledge with Immovable Assets**

Pledge with immovable assets is a guarantee that secures the repayment of a debt or perform the obligation by the immovable asset, which a Pledgor taking the asset into the possession of the Pledgee or another person as agreed.

**Article 536 Conditions of Making a Pledge with Immovable Assets**

Pledge with immoveable assets shall be consist with the following conditions:

1. Having Debt payment agreement or the performance of obligations;
2. Having the agreement of pledge;
3. The pledge is ownership of Pledgor;
4. Having the period of time, no more than five years, can be renewed as agreed by the parties, each renewal cannot exceed five years;
5. In the possession of the Pledgee;
6. Shall be made in writing and shall be registered at the Registration Office of the at the Natural Resources and Environment Management Office or other relevant organization.

**Article 537 Effects of giving Pledge with Immovable Assets**

The ownership rights of pledged immovable assets remain with the Pledgor, but the immovable assets are placed in the possession of the Pledgee. Pledgee has rights to use them or enjoy their usufruct from the immovable assets, but has no right to charge interests from Pledgor. The Pledgee has preferential rights to the repayment of debts or the performance of obligations prior to other Creditors, but shall be performed according to defined in article 524 of this Civil Code.

**Article 538 The Payment of Immovable Asset Protection Fees**

The Pledgee responsible for paying the management, maintenance, repair, and other expenses relevant to immovable assets, the Pledgee or appointed person preserving the movable assets shall be responsible for replacing the movable assets in event that are damaged or lost because of its fault.

**Article 539 Returns and Sale of Movable Assets**

When the debtor has repaid the debt or performed the obligations in fully, the pledge agreement shall cease, the pledged immovable asset shall be returned to Pledgor in original condition and registration of pledge will be cancelled.

If the debtor fails to repay the debt or does not perform, he obligations within the stipulated period, and the Creditor and the Debtor are unable to reach an agreement, the Creditor has the right to sell or auction of the such asset as the market value at that time. In event that the immovable assets have the value more than the debts, when the Debtor deducts the debt, including all expenses in full, the balance from repayment of the debt shall be repay to the Pledgor. If the sum obtained from the sale of the pledged immovable assets is insufficient to repay the debt, the debtor shall contribute the outstanding amount in full.

A person who agrees to pledge his/her assets and repay the debt or performs the obligations on behalf of the debtor with the assets is entitled to refund from the debtor as defined in paragraph 4, article 558 of this Civil Code.

**A 3. PLEDGE BY RIGHTS**

**Article 540 Pledge with right**

A Pledge with a right is a guarantee that secures the repayment of a debt or the performance of the other obligations by claim other rights, right to any activity or rights or interests of the project.

**Article 541 Pledge with a Demanding**

Pledge with a demanding is pledged with bank account, debenture certificate, bones, right under contract, letter of demand and other rights of demand.

**Article 542 Pledge with other rights**

A pledge with other rights is a pledge with a share certificate, intellectual assets, right of operate any business and other rights.

**Article 543 Pledge with Right to any activity or Rights and Interests of the Project.**

A pledge with the rights to any or all activities of the project or benefits that will arise from the project such as income to be received from the project or agricultural products.

**Article 544 Conditions of Pledge with a Right.**

A pledge with right shall be consist with conditions as follows:

1. Having Debt payment agreement or the performance of obligations;
2. Having the agreement of pledge;
3. The pledge is ownership of Pledgor;
4. Shall be performed as provided in article 401 of this Civil Code if the pledge with demanding;
5. Shall be noted in share register book of company has been paid, if the pledge with the share certificate or debenture is specify the name;
6. Shall be an activity or benefits from the project will arise in the future, if the pledge with any activity or benefits of the project.

**Article 545 Effects of giving Pledge with a Right.**

The effect of giving pledge with a right is as follows:

1. The Pledgee has preferential rights to repay the debt prior to other Creditors, if the pledged rights is placed in the possession of the Pledgee;
2. The pledgee may directly collect the debts;
3. The Pledgee may be reimbursed in proportion to the amount of debts he/she is entitled to claim only, if the rights are in cash;
4. The Pledgee has the claim rights over the pledgor's debtor to obtain the pledgor's debtor due to payment and placed in the possession and protection of the Pledgee or other persons as agreed, if the right pledged to the Pledgee has expired prematurely.

A pledge can be applied as defined in paragraph 4, article 531 of the Civil Code.

## **MORTGAGE**

**Article 546 Mortgage**

A mortgage is a guarantee that secures the repayment of a debt or the performance of the obligation to creditor by the asset registered mortgaged which is placed in the possession of the Pledgee.

**Article 547 Types of Mortgage**

There are two types of Mortgage as follow:

1. Mortgage with movable assets;
2. Mortgage with immovable assets.

## **B 1. MORTGAGE WITH IMMOVABLE ASSETS**

### **Article 548 Mortgage with Immovable Assets**

A mortgage with immovable assets is a guarantee that secures the repayment of a debt or the performance of the obligations to creditor by immovable assets registered of mortgage without transfer the immovable assets to in placed the possession of the Mortgagee.

### **Article 549 Conditions of Mortgage with Immovable Assets**

A mortgage with immovable assets shall be performed according to conditions as follows:

1. Having Debt payment agreement or the performance of obligations;
2. Having the agreement of mortgage;
3. The mortgaged immovable assets are not in the possession of the Mortgagee;
4. The mortgaged immovable assets are ownership of Mortgager;
5. Shall be made in writing and must be registered at the Registration Office of the at the Natural Resources and Environment Management Office or other relevant of the government.

### **Article 550 Effects of giving Mortgage with Immovable Assets**

The right of ownership of mortgaged immovable assets remains with the Mortgage which its right to possession, to use them or enjoy their usufruct from the mortgaged immovable assets registered.

The mortgager shall protect the original condition of the mortgaged assets and shall not cause any devaluation to such assets. If the assets used as mortgage is repaired, improved or if added are made to it, such shall be included in the value of the assets.

The Mortgager has no right to sell, assign or exchange the mortgaged immovable assets. In the event of breach, the Mortgagee is entitled to claim and recover the assets. For expenses incurred in the recovery of the assets, including damages incurred through such breach shall be responsibility of Mortgager.

When the Mortgager has performed the obligations in fully, the mortgage agreement shall cease and registration of mortgage shall cease.

A person who agrees to mortgaged his/her immovable assets and repaid the debt or performs the obligations on behalf of the debtor with the assets is entitled to refund from the debtor as defined in paragraph 4, article 558 of this Civil Code.

### **Article 551 Right of Mortgagee in a mortgaged Immovable Assets**

If the debtor fails to repay the debt within as agreed period, the Mortgagee has the right to sell or auction of the immovable assets for the repayment of debt including interests and performs the other obligations to his/her.

The Mortgagee has preferential rights to the repayment of debts Prior to other mortgaged creditors or other mortgaged creditors who have established a contract of mortgage with the same immovable assets at a later time, except as otherwise provided in Article 512 of this Civil Code.

## **B 2. MORTGAGE WITH MOVABLE ASSETS**

### **Article 552 Mortgage with Movable Assets**

A mortgage with movable assets is a guarantee that secures the repayment of a debt or the performance of the obligations to the Creditor by movable assets registered of mortgage without transferring the movable assets to the mortgagee's possession of the Mortgagee.

The mortgaged movable assets shall be movable assets of which have certificate of ownership.

### **Article 553 Conditions of Mortgage with Movable Assets**

A mortgage with movable assets shall be performed according to conditions as follows:

1. Having Debt payment agreement or the performance of obligations Having the agreement of mortgage;
2. The mortgaged immovable assets are in the possession of the Mortgagee;
3. The mortgaged immovable assets are ownership of Mortgager;
4. Shall be made in writing and must be registered with relevant of the government.

### **Article 554 Effects of giving Mortgage with Movable Assets**

The effects of giving Mortgage with Movable assets is similar as effects of giving Mortgage with Immovable assets as provided in 550 of this Civil Code.

### **Article 555 Right of Mortgagee in a mortgaged Movable Assets**

The rights of Mortgagee on a mortgaged movable asset is similar as the right of Mortgagee in a mortgaged Immovable asset as provided in 551 of this Civil Code.

## **SECURITY SECURED BY ANOTHER INDIVIDUAL OR JURISTIC PERSON [GUARANTOR]**

### **Article 556 A Security secured by another Individual or Juristic Entity [guarantor]**

A security by another individual or juristic entity refers to an individual or juristic person agrees to repay the debt or perform obligations on behalf of the debtor if the Debtor fails to repay the debt or defaults on the performance of its obligations.

### **Article 557 Types of secured by another Individual or Juristic Entity**

A secured by another Individual or Juristic Entity shall be in writing, included in the main contract or separated and shall be certified by the Notary Officer or Chief of village and witnessed.

**Article 558 Scope of Responsibility of a Guarantor**

The guarantor may guarantee to repay the debt or perform the obligations on behalf of Debtor as agreed in the Security Agreement in full or in part. In case of pay the debt, the guarantor has the obligation to repay the principal amount of the debt only, unless otherwise provided in the agreement.

After expiry of the repayment date as provided in the contract, the creditor must first claim repayment from the debtor. If the debtor is unable to repay the debt, only then shall the creditor have the right to claim repayment from the guarantor.

The guarantor and the debtor are obliged to notify each other of any repayment of debts made.

The guarantor who has repaid a debt or any part thereof on behalf of the debtor shall become the creditor of the debtor and has the right to claim repayment of the principal amount paid including interest and also expenses if agreed in the contract.

**Article 559 Joint Guarantors**

Debts may be guaranteed by two or more persons, who shall be called the joint guarantors to a single agreement or multi-agreement.

Joint guarantors may each guarantee a debt to one hundred percent or less as agreed. In the event of a one hundred percent personal guarantee by an individual, the creditor shall have the right to claim the total repayment of a debt from any of the joint guarantors.

In the event of a partial guarantee, the creditor shall have the right to claim repayment from the joint guarantors only on the proportion for which the relevant party is responsible.

When the debtor has partially paid a debt, the creditor shall have the right to claim the balance of the debt from either one of the joint guarantors if the guarantee is for one hundred percent of the debt. If the debt is partially guaranteed, the creditor shall have the right to claim repayment in proportion to which each guarantor is responsible.

**Article 560 Death or Mental Disorder of a Guarantor**

When a guarantor dies, the security shall be succeeded by the heir or administrative.

When guarantor has lost capacity to act the security shall be succeeded by the guardian, except the Creditor require to the Debtor find a new Guarantor.

**Article 561 Release from a Security**

A guarantor shall be released from a Security under any of the following circumstances:

1. The debt or other obligation is completely paid by the debtor;
2. The guarantor has performed its obligation as provided in the agreement;
3. Having Alteration, addition to the content of the agreement between the debtor and the creditor without the approval of the guarantor.

## **CHAPTER 4 REGISTRATION, WAIVER OF PREFERENTIAL RIGHTS AND TRANSFER OF A SECURITY**

### **Article 562 Registration**

The Pledge and mortgage with immovable assets shall be registered at the District Office of Natural Resources and Environment where the assets are located. In event the pledged or mortgaged with a land use right multi-creditor, at the time of registration of a land use right, the owner of the land use right must provide the land title to District Office of Natural Resources and Environment where the assets where the assets are located to be kept in the land registration system.

A pledged with movable assets shall be registered at the Department of Finance or at the other relevant departments.

The registration of pledge and mortgage shall be Transparently conducted. The information of pledge and mortgage of registration shall be able to accessed without any request.

Procedures and methods of registration of pledge and mortgage are set out in separate regulations.

### **Article 563 Nullification of a Security Agreement Registration**

The registration of a Security Agreement will be declared null and void in any of the following cases:

1. The pledgee and mortgagee propose the nullification of the Security registration;
2. The Court has decided to nullify the Security.

### **Article 564 Waiver of Preferential Rights and Transfer of a Security**

The pledgee and mortgagee having preferential rights may give up its preferential rights to another secured creditor has a pledged and mortgaged, but shall not exceed the total value of its debt.

The pledgee and mortgagee have the right to transfer a security to another unsecured creditor of the same debtor, but shall not exceed the value of the security.

The pledgee and mortgagee may transfer its security including its benefit, preferential rights over the security to another party, but this shall not exceed the value of its security.

**PART VIII**  
**INHERITANCE**  
**CHAPTER 1**  
**INHERITANCE PRINCIPLES**

**Article 565 Inheritance**

Inheritance refers to an asset owned by the deceased, including the rights and obligations, except whereby law or a contract provides that the rights and obligations be performed by the deceased while still living.

**Article 566 Inheritance**

Inheritance refers to the passing of assets of the deceased person, to the entitled heirs by the operation of the law or under a Will.

**Article 567 Inheritance of a Person Declared by Court as Deceased**

When an individual is declared deceased by a court, the inheritance will pass to the heir(s). If thereafter the said deceased is found to be still living, the successor<sup>3</sup>(s) shall return the remaining assets so received, but the owner shall compensate the heir for the maintenance costs of such inheritance.

In case the individual so declared deceased by a court and at a later time found to be still living, but does not demand the return of his/her property within three years for moveable assets, and five years for immovable property from the date that he/she became aware of the declaration of the court, such property shall belong to the successor.

**Article 568 Date of Opening Inheritance**

The opening of inheritance commences from the date of the death of the owner of the inheritance/heritage. In case the owner of the inheritance is declared deceased by a court, the date of the issuance of the final decision shall be deemed the commencement date of opening of inheritance.

**Article 569 Place of Opening Inheritance**

The last permanent address of the owner of the inheritance shall be the place of opening of inheritance. If the address of the owner of the inheritance is unclear, the location of major inheritance shall be the place of opening the inheritance.

**Article 570 Inheritance to be Distributed**

Inheritance to be Distributed shall be deducted expenses respectively:

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<sup>3</sup> The translator has used the term 'successor' as the owner of the property has been found to be still living and therefore cannot be a 'heir'. Lao uses the same term for 'heir' and 'successor'.



1. Funeral expenses;
2. Settlement of debts of the owner of the inheritance;
3. Expenses of inherit of inheritance such as protection and administration of heritage, fees and other expenses.

**Article 571 Types of Inheritance**

There are two types of inheritance, namely:

1. Inheritance by operation of law;
2. Inheritance in accordance with a Will.

**CHAPTER 2  
INHERITANCE BY OPERATION OF LAW**

**Article 572 Inheritance by Operation of Law**

Inheritance the operation of law means inheritance of the heir as provided by this law.

**Article 573 In case of Inheritance by Operation of Law**

Inheritance by the operation of law will take place in the following cases:

1. Inheritance/ heritage in the absence of a Will;
2. The Will and Testament is invalid;
3. The heir specified in the Will was died before opening inheritance;
4. The heir specified in the Will fails to collect the inheritance;
5. There remains an outstanding part of heritage from the inheritance by Will.

**Article 574 Inheritance by Operation of Law**

Heirs are as follows:

1. Offspring, adopted children, stepchildren of the owner of inheritance including Unborn children are entitled to their share of inheritance of the deceased. The mother shall manage the inheritance;
2. The surviving spouse of the owner of the inheritance;
3. Parents or paternal grandparents and maternal grandparents or great grandparents of the owner of the heritage;
4. Older and younger brothers and sisters, or paternal uncles and aunts and maternal uncles and aunts, or nephews and nieces of the owner of the heritage;
5. The State, or legal entities and other individuals as specified in this Civil Code.

**Article 575 Order of Inheritance**

In the distribution of inheritance to heirs as provided in Article 574 of this Civil Code, the closest relatives to the owner of the heritage are entitled to receive their share

first. Relatives of the next lower order will only receive a distribution when there remain are no closer relatives of the owner of the heritage.

**Article 576 Distribution of Inheritance/Heritage Among the Surviving Spouse and Children**

In case a spouse dies leaving the other spouse and children behind, the children have the right to inherit the three-quarters of the original assets of the deceased and the one-quarter shall pass to the surviving spouse.

The matrimonial assets shall be divided in half, namely the first half shall pass to the surviving spouse and the other half to be divided into equal parts among the children.

**Article 577 Distribution of Inheritance among the Children of the Deceased**

The distribution of inheritance among the children of the owner of the heritage shall be executed as follows:

1. If the owner of the heritage only has offspring, the total matrimonial assets and original assets shall pass to them and be divided among them equally, otherwise as specified in article 576 of this Civil Code;
2. If the owner of the heritage has offspring, adopted children, and stepchildren, the matrimonial assets of the deceased shall be divided equally in accordance with clause 1 in this article;
3. Adopted children are entitled to receive the original assets of the owner of the heritage in the same manner as offspring. Stepchildren have no right to the original assets of their deceased stepparents; and
4. Adopted children will have no right to inherit from their original parents, unless a Will and Testament of the original parents' states such.

Offspring, adopted children, and stepchildren who took care of their parents until death handled the funeral rites by themselves or contribute to the maintenance and increase the value of assets of the owner of the heritage, shall be entitled to an allocation of the inheritance of the deceased at a greater portion than other heirs.

**Article 578 Distribution of Inheritance/Heritage among the Surviving Spouse and Relatives**

In case a spouse dies having had no offspring, leaving behind only a spouse and relatives of direct lineage, the distribution of heritage shall be executed as follows:

1. The surviving spouse shall receive one-third of the original assets of the owner of the heritage and the remaining two-thirds shall be divided amongst the relatives of direct lineage;
2. The surviving spouse shall receive all the matrimonial property of the deceased.

**Article 579 Distribution of Inheritance among Relatives of Direct Lineage**

In case owner of the heritage having had no children and spouse, all the heritages are to be distributed to the relatives of direct lineage shall be divided equally.

**Article 580 Distribution of Inheritance among Spouse and Relatives of Horizontal Lineage**

If the owner of the heritage has neither offspring nor relatives of direct lineage, but leaves behind a spouse, the relatives of indirect lineage by priority of closeness, will only receive half of the original assets of the owner of the heritage, and the remaining half and all matrimonial property will pass to the surviving spouse.

The distribution of inheritance among relatives of indirect lineage shall be divided equally.

**Article 581 Distribution of Inheritance Among Relatives of Horizontal Lineage**

In case owner of the heritage having had no children, no spouse and no relatives of direct lineage, all the heritages are to be distributed to the relatives of horizontal Lineage shall be divided equally.

**Article 582 Distribution of Inheritance in the case of only spouse**

In case a spouse dies having had no children, no spouse, no relatives of direct lineage and relatives of horizontal Lineage, all the its heritages pass to the Surviving Spouse.

**Article 583 Inheritance Between the Head of the Family and Servants**

If the head of the family dies and having had no spouse, no children, no relatives of direct lineage and relatives of horizontal Lineage, servants who served the family for more than three years will inherit the inheritance.

If the servant dies and has no heirs as defined in paragraph 1 of this article, the head of the family will inherit the servant's inheritance.

If the owner of heritage having had no spouse, no children, no relatives of direct lineage and no relative horizontal lineage, but has a person who took care of the owner of inheritance until death handled the funeral rites, the person may have the rights to receive inheritance in accordance with court decision.

**Article 584 Inheritance of Monks and Novitiates**

A monk or novitiate who acquired assets prior to becoming ordained or after ordination is entitled to give assets unconditionally, conditionally or make a Will and Testament towards other individuals or organizations in accordance with laws and regulations, including has the rights to allow other people to inherit its inheritance.

In case a monk or novitiate dies without heirs as defined in paragraph 1 of article 585 of this Civil Code or without assigning any asset to any person, organization or foundation, all such assets will belong to the temple or religious premises where the relevant party resided.

**Article 585 Inheritance without Heirs**

When a person dies without heirs or the whereabouts of the heir(s) is unknown and no claim is made within six months, the total inheritance will be administered by the State.

If the period of limitation for a lawsuit expires as provided in Article 608 of this civil code, such inheritance will become the property of the State.

The notary public or village head will determine the appropriation of a part of the inheritance for arranging the funeral of the deceased person and repaying the debts of the deceased.

**Article 586 Right to Inheritance of Separated Spouses**

Spouses who have separated, but have not yet legally divorced still have the right to inherit from each other when a spouse dies leaving the other spouse.

**Article 587 Distribution of Compensation for mental anguish and Death benefits**

Compensation for mental anguish and death benefits shall be divided into three equal parts and given to the parents, spouses and children of the deceased individually. In case a person dies having had no parents shall be divided into two equal parts and given to the spouses and children of the deceased individually. In case a person dies having had no parents and children shall be given to the surviving spouse. In others case distribution of compensation for mental anguish and death benefits shall be follow as defined in part VIII of this Civil Code. Prior to the distribution of compensation for mental anguish and death benefits to divided shall be deducted the funeral expenses, merit offering, settle debt and other obligations of the deceased first.

**Article 588 Replacing Heirs**

When a legal heir dies before the owner of the inheritance, the remaining heirs of the deceased have the right to the inheritance in order of priority. If the replacing heir dies, the replacing heirs shall receive the inheritance and so forth.

**Article 589 Conditions for Replacing Heirs**

A replacing heir shall fall under the following conditions:

1. Be an heir by the operation of law;
2. Be a child of the deceased entitled heir to the inheritance.

**CHAPTER 3**  
**INHERITANCE BY OPERATION OF WILL**

**Article 590 Will**

Will is an intention of the owner of the assets to give its assets to an individual or juristic or organization in writing or transmitted verbally.

Will has legal force from the date of asset owner deceased.

**Article 591 Right to Make a Will**

All citizens have the right to make a Will to any single individual or several individuals, or to State organizations, collectives and social organizations, funds and foundations or reserve a part as a place of worship or for donation to the underprivileged by their own intention prior to death as defined in article 593 of this Civil Code.

**Article 592 Scope of Rights in Making a Will**

An owner of assets who is still living who is to make a Will shall perform as follows:

1. If the owner of the inheritance has one child can make a will to other person, it shall not exceed more than half of the total assets;
2. If the owner of the inheritance has two children can make a Will to any children or others, it shall not exceed one-third of the total assets;
3. If the owner of the inheritance has three children or more can make a Will to any children or others, it shall not exceed a quarter of the total assets.

When making a Will in excess in the paragraph 1 of this article, such excess shall be null and void and shall be allocated in accordance with the procedures for inheritance by operation of law.

**Article 593 Forms of Will**

Will may be made in the two following forms:

1. A written Will;
2. A verbal Will.

**Article 594 Written Will**

The establishment of a written Will may be:

1. Will written by the Owner.
2. Will written by another person, at least three witnesses shall be present, but such shall be kept confidential until the opening of inheritance.

The Will shall specify the place and date of the establishment of the Will, the type and quantity of assets to be assigned, the names and surnames of the assignor and assignee(s) and of the writer and witnesses.

The Owner, writer and witnesses shall affix their signatures and thumbprints on the Will and Testament.

Upon establishment, the Will shall be placed in a wax-sealed envelope and then registered with the office of the notary public where the Owner resides or the nearest location or kept with the village authorities for places where an office of the notary public is not located.

**Article 595 Persons not Entitled to Receive Property through Written Will**

Persons not Entitled to Receive Property through written Will as follows:

1. The writer of the Will;
2. Witnesses to the Will;
3. Spouse and children of the relevant party are not entitled to receive property assets through the operation of a Will and Testament.

**Article 596 Verbal Wills**

Any owner of assets who is unable to establish a written will due to being in a critical near-death condition, or due to poor health or other causes, may make a verbal by presence of witnesses acknowledges.

These witnesses shall immediately notify the instructions of the owner to the office of the notary public or the village authority and clarify the reasons why such owner of the assets is unable to make a written Will, the office of the notary public or the village authority shall be made a record of such content.

A verbal Will shall be unenforceable one month from the date that the owner of the assets returns to a state normal health condition.

**Article 597 Reserve Heirs**

The owner of the assets has the right to appoint a reserve heir to replace the heir originally designated in case the original heir becomes deceased prior to the opening of the opening of the inheritance in accordance with the Will.

**Article 598 Rights of Heirs by Operation of Will**

The heir of an inheritance by the operation of a Will still has the right to inheritance by operation of Law.

**Article 599 Inheritance Administrator by operation of Law.**

The owner of the assets has rights to determine an inheritance administrator if he/she wishes to establish a Will in favor of a person who has not reached the age of maturity or has no capacity to act.

Such inheritance administrator may determine another person to replace him/her as the inheritance administrator, unless the owner of the assets provides otherwise in the Will.

**Article 600 Alteration or Cancellation of a Will**

The owner of the assets has the right to alter or cancel a Will that he/she has established at any time by making a new Will.

Such newly established Will shall replace the whole or part of the previous Will where it conflicts with the new Will.

**Article 601 Causes Leading to Cancellation of a Will**

An established Will shall be canceled for the following causes:

1. The heirs by operation of Will become deceased before the Owner;
2. The heirs by operation of Will waive their rights to the inheritance;
3. The Property to be passed down by operation of Will is lost or destroyed by the Owner;
4. Where the Will is recognized as invalid as defined in article 602 of this Civil Code.

**Article 602 Invalid Wills**

A Will shall be invalid in the following cases:

1. The Will is established by a person who has no capacity to act;
2. The intent of the Will is unclear;
3. The Will is established under force, by deceit, or forgery;
4. The Will is established in favor of persons stated in Article 595 of this Civil Code.

**Article 603 Appointment of an Executor of the Wills**

An Executor of a Will may be appointed by:

1. The owner of the property;
2. A person named in the Will or any heir with the right of inheritance;
3. The People's Court in case the owner of the property failed to appoint an Executor of the Will, the appointee becomes deceased, disappears, becomes incapable to act, has no intention to act or is unable to act.

**Article 604 Rights and Obligations of the Executor of the Wills**

The Will may only be executed once the owner of the property has died.

The Executor of the Will has the right to do all that is deemed necessary and suitable in order to execute the Will.

The Executor of the Will shall not receive any bonus for the execution of the Will, but is entitled to compensation for necessary expenses in the preservation and administration of the inheritance.

The Executor of the Will has the obligation to notify the heirs regarding the execution.

**Article 605 Opening the Wills**

After the owner of the inheritance/heritage has deceased within fifteen days the head of village and public notary who kept the will and testaments shall bring the Will to open for the person who has the right to inherit.

**CHAPTER 4**

**ACCEPTANCE, WAIVER AND FORFEITURE OF RIGHT TO INHERITANCE**

**A. ACCEPTANCE AND WAIVER OF INHERITANCE**

**Article 606 Request for Opening of Inheritance**

Any heir may request the open of inheritance at any time from the date of the death of the owner of the inheritance/heritage, except as otherwise provided in the Will or as agreed otherwise.

If there is an heir who has not yet reached the age of maturity, the opening of the heritage may be postponed until such heir reaches the age of maturity. In case the open of the heritage at that time, such shall be attended by an officer of the notary public or the village chief in order to be certified.

In all cases, if a spouse dies and the surviving spouse has remarried, the children may request open of the inheritance.

**Article 607 Making an Inventory of Inheritance**

Prior to distribution of inheritance, an inventory of the property of the owner of the inheritance shall be made as follows:

1. Property that original assets and matrimonial property;
2. Property that the owner of the inheritance has lent, consigned, mortgaged or pledged to others, been embezzled, concealed, or misappropriated by others prior to death;



3. Funeral expenses and repayment of the debts of the owner of the inheritance.  
After settling the list of receivables and expenses, the inheritance may be dividing in their respective parts.

**Article 608 Period of Limitation for Claims on Inheritance**

Claims for inheritance may be made within three years from the date of the death of the owner of the inheritance. After such period has passed, the right to bring a claim will be terminated, except in case the claimant has not reached the age of 18 years after the death of the owner of the inheritance or other sufficient reasons.

**Article 609 Distribution of Inheritance Under the Administration of an Heir**

An heir administering inheritance that has yet to be distributed has the right to request the distribution of such inheritance at any time regardless of whether the period of limitation provided in Article 608 of this Civil Code has passed.

**Article 610 Acceptance of Inheritance**

An heir by operation of law shall be deemed a recipient of the inheritance once he/she expresses his/her intention to accept the inheritance before the village administration authorities where the inheritance was opened.

An heir by operation of a Will shall be deemed a recipient of the inheritance once he/she expresses his/her intention to accept the inheritance before the office of the notary public or village administration authorities where there is no office of the notary public.

Acceptance of the inheritance shall be made within six months of opening the inheritance.

In case an heir waives his/her right to inheritance, the person accepting the inheritance of the waiver shall express his/her intention to accept such inheritance within the remaining period. If the remaining period is less than three months, the person who wishes to accept the inheritance has the right to request the court for an extension of such period but by no more than three months.

An officer of the notary public or the village chief shall issue a certificate of inheritance to the heir(s) as evidence.

**Article 611 Inheritance which is not Accepted within Due Time**

Inheritance which is still in its original form passed down to any heir who has not accepted it within the period stated in Paragraph 3, of Article 610 of this Civil Code, but which has been accepted by another heir or handed over to the State shall be returned to the original heir who failed to accept the inheritance, only if the recipient

heir or the State gives its consent. If consent is not provided, the court will consider a decision in favor of the original heir if there is sufficient reason.

In case an heir by operation of law or by operation of a Will dies after the opening of inheritance, but did not accept his part of the inheritance within the period stated in Paragraph 3, Article 610 of this Civil Code the heirs of the deceased shall be entitled to the inheritance.

#### **Article 612 Waiver of Inheritance**

Heirs by operation of law or by the operation of a Will may waive their inheritance in favor of an individual, State organization, foundation or any fund. Such waiver shall be made within six months from the date of the opening of inheritance.

Persons waiving their inheritance awarded by operation of law shall express their intent in writing to the village administration authorities stating the name of the individual or the organization that has received its favor.

Persons waiving their inheritance awarded by operation of Will shall express their intent in writing to office of the notary public stating the name of the individual or the organization that has received its favor.

In case such persons or organizations are not identified, the inheritance so waived will pass to other heirs by operation of law.

In case heirs have not accepted the inheritance within the period stated in Paragraph 3, of Article 610 of this Civil Code that he/she shall be regard as waiver of their inheritance and such inheritance will pass to other heirs by operation of law.

#### **Article 613 Waiver of Inheritance by Persons Having No Capacity to Act**

Heirs who have not yet reached the age of 18 years or have no capacity to act will not be able to waive their inheritance, unless their parents or their guardians' consent.

#### **Article 614 Right of Persons waiving their inheritance**

Heirs who waiving their inheritance passed down his/her inheritance to other heirs also has the right to inherit inheritance instead, but not the part that he/she has waiver.

### **B. FORFEITURE OF RIGHT TO INHERITANCE**

#### **Article 615 Forfeiture of Right to Inheritance**

Heirs will forfeit their right to inheritance as follows:

1. Fraud or misappropriation of inheritance;

2. Forfeiture of Right to Inheritance of Parents and Children pursuant to a decision of a court;
3. Forfeiture the Right to Inheritance by Operation of Law and by Operation of Will.

**Article 616 Fraud or Misappropriation of Inheritance**

Heirs who defraud, concealing or misappropriate inheritance that exceeds their share of entitlement shall not receive any part of the inheritance and shall also return all the inheritance that was taken.

If the defrauding, concealing or misappropriation is less than or equal their share of entitlement, they shall not receive their share.

This article will not apply to heirs by operation of Will whom the owner of the inheritance has awarded the inheritance to the heirs.

**Article 617 Forfeiture of Right to Inheritance of Parents and Children**

Parents losing their rights of parenthood pursuant to a decision of a court will not have the right to inherit property from their children, similarly, the children will not have the right to inherit from their parents, except where the child has not yet reached maturity.

In case parents are declared by a decision of a court to have not fulfilled their obligations in raising their children, they will not have the right to inherit from their children. Children who reach maturity and are declared by a decision of a court to have not fulfilled their obligations in caring for their parents will similarly not have the right of inheritance from their parents.

**Article 618 Persons Forfeiting the Right to Inheritance by Operation of Law and by Operation of Will**

Persons forfeiting the right to inheritance by operation of law or by operation of Will are as follows:

1. Persons declared by a court decision as having intentionally caused or attempted to cause death or serious injury to the owner of the assets or the entitled heirs in order to gain the assets;
2. Persons destroying, concealing or forging Will in whole or in part;
3. Persons residing in the same province or district as the deceased who, upon learning of the death, fail, without any reason, to either arrange a funeral or to entrust another person to undertake such on their behalf;
4. Persons who force the owner of the assets to make, revoke or alter a Will in whole or in part;

5. Persons concealing or hiding violators who have affected the life or health of the owner of the inheritance by causing serious injury to, disability or Died;
6. Persons whom a court has declared have been unfaithful to the owner of the assets or heirs as provided the Penal Code.

The persons stated above will only lose their right to inheritance when the owner of the inheritance states his/her intention in writing, except where the owner of the inheritance becomes deceased in accordance with Items 1, 3 and 5 of this Article.

If the individuals stated above have acted unjustly, refused to be under the guardianship of their parents, refused to take care of their parents during old-age or in times of sickness and had the capability to do so shall forfeit their right to inheritance and shall perform in accordance with Paragraph 2, Article 617 of this Civil Code.

**Article 619 Cancellation of Forfeiture of Right to Inheritance**

The owner of the inheritance may cancel the forfeiture of right to inheritance as provided in Article 618 by giving its intent under evidence or in the presence of witnesses.

**CHAPTER 5**

**ADMINISTRATION OF INHERITANCE AND RESPONSIBILITIES OF HEIRS TO DEBTS OF THE OWNER OF INHERITANCE**

**A. ADMINISTRATION OF INHERITANCE**

**Article 620 Administration of Inheritance**

Upon a request for the administration of inheritance, creditor or in cases of necessity, the officers of the notary public or the village chief at the place of opening of inheritance takes place or court shall determine measures for the administration of inheritance or appoint an administrator of inheritance in order to ensure the interests of heirs and creditors.

**Article 621 Person not Entitled to be Administrators of Inheritance**

Persons not entitled to be administrators of inheritance are as follows:

1. Persons with no capacity to act;
2. Persons declared bankrupt by the court who are in the period of prohibition;
3. Persons who have had their rights to parenthood withdrawn and persons who have forfeited their right to inheritance as defined in Civil Procedure law and Articles 617 and 618 of this Civil Code.

**Article 622 Rights and Duties of Administrators of Inheritance**

The rights and duties of administrators of inheritance are as follows:

1. To establish an inventory of the inheritance in the presence of the heirs. In the event any heir is unable to attend, the administrator of the inheritance shall be notified, the making of such inventory shall be undertaken in the presence of at least two-thirds of the total heirs and shall be completed within one month of the appointment of the administrator;
2. To receive the claims of creditors and to settle the debts of the Owner debts before the heirs receive the inheritance;
3. To distribute the inheritance to the heirs according to their respective parts.

The administrator of the inheritance has no right to claim for any allowance for the administration of the heritage, unless the heirs are willing award such.

**Article 623 Administration of Inheritance of Persons who has no Capacity to Act**

Administration of Inheritance of Persons who has no capacity to act by operation of Will shall be follow as defined in Article 599 of this Civil Code.

For the administration of Inheritance of Persons who has no capacity to act that accept from inheritance by operation of Law or not defined in Will, shall be given to parents or Guardian shall be administration of his/her Property.

The right of Guardian shall be ended when children reached the age of 18 years or persons with no capacity to act became normal.

**Article 624 Cancellation or Alteration of Administrator of the Inheritance**

Heirs has the right to demand to court for consider to Cancellation or Alteration of Administration of the Inheritance, if measure of the Administration of Inheritance issued by the Officer of the notary public or village Chief are not in accordance with the facts or in conflict with the law and regulation.

Heirs has the right to demand to court to Cancellation of the Appointment of the Administrator of the Inheritance and appoint a new administrator as a replacement if any administrator fails to perform its rights and duties or performs carelessly or without good faith.

**B. RESPONSIBILITIES OF HEIRS TO DEBTS OF THE OWNER OF INHERITANCE**

**Article 625 Settlement of Debts**

Heirs, by operation of law or by operation of Will shall be responsible for the settlement of debts of the owner of the inheritance up to the amount of inheritance received.

If the heritage has not yet been distributed, the creditor has the right to claim for settlement of all debts from the heirs or from the administrator of the inheritance.

If the inheritance has been distributed, the creditor may request any of the heirs to settle the debts. In case any heir settles the debts to the creditor in excess of the part of the inheritance that such heir has received, other heirs shall reimburse such payment to such heir in equal amounts.

If any heir is unable to settle debts according to his/her part, the other heirs shall settle the debts of the creditor on his/her behalf in equal parts.

The settlement of the debts of the owner of the inheritance heritage shall be borne only from the property of the inheritance.

#### **Article 626 Period for Making Claims for the Settlement of Debts**

The creditor has the right to claim for settlement of debts against heirs who have received the inheritance or from the administrator or the executor of the Will or to submit a request for debt settlement to the office of the notary public or the head of the village administration authorities where the opening of inheritance took place, or to the courts within three years of the opening of inheritance.

If the creditor has not made any claim or submitted a request for settlement of debts within six months, the creditor will have no further rights without sufficient reason.

#### **Article 627 Scope of Rights to Decide over Inheritance**

Prior to the opening of inheritance or the receipt of certificates of acceptance of inheritance, the guardian or heir administering the inheritance shall have no right to decide over such inheritance, excepts in instances where expenses have been paid for the following:

1. Care, medical treatment or the funeral expenses of the owner of the inheritance;
2. Care of individuals under the support of the owner of the inheritance;
3. Payment of wages and other obligations of the owner of the inheritance;
4. Preservation and administration of the inheritance.

#### **Article 628 Distribution of Inheritance where no Agreement Can be Reached**

If no agreement can be reached on the distribution of inheritance among heirs, the court will decide if claims are made.

**PART IX**  
**FINAL PROVISIONS**

**Article 629 Implementation**

The Government of the Lao People's Democratic Republic, the People's Supreme Court, the People's Supreme Prosecutor is responsible for the implementation of this Civil Code.

All Lao citizens, foreigners, aliens, and stateless persons who live, run business, do commerce or professional works in the Lao PDR and all organizations must respect and implement this Civil Code.

**Article 630 Effectiveness**

This Civil Code shall be effective from the date after fifteen days of officially published in the Lao Official Gazette which shall be placed on its publication after 365 days from the date of issuance of the Presidential Decree on the Promulgation.

Any provision of legislations adopted prior to effectiveness of this Civil Code shall be still applied, unless otherwise specified by laws.

This Civil Code replaced to Law on Contractual and Non-Contractual Obligations, Law on Family, Law on Ownership, Law on Inheritance and some articles of Law on Secured Transactions and other laws related to civil relationships.

**President of the National Assembly**  
**Pany YATHOTOU**