

Original Article | **Open Access**

Legal Issues Raised and Recommendations for Perfecting Dispute Settlement Over Condominiums between Investors and Apartment Owners in Vietnam

Postgraduate. Lawyer. **Nga Vu Thi**

General Counsel - Cong Ly Viet Law Firm, Vietnam; conglyviet89@gmail.com;
+84 986363199.

Copyright and Permission:

© 2025. The Author(s). This is an open access article distributed under the Creative Commons Attribution 4.0 International License (CC BY 4.0), which permits sharing, adapting, and building upon this work, provided appropriate credit is given to the original author(s). For full license details, visit <https://creativecommons.org/licenses/by/4.0/>.

Address for Correspondence:

Nga Vu Thi; General Counsel - Cong Ly Viet Law Firm, Vietnam.
(conglyviet89@gmail.com; +84 986363199)

Article History:

Received: 23 March 2025; Accepted: 6 May 2025; Published: 7 May 2025

Abstract Not only in Vietnam but in countries around the world, because of the high population density, the demand for housing has increased and the rapid development of urban areas has led to an increasingly narrow land fund, unable to continue to develop private houses but having to build houses according to the height to meet the needs of many people on the same land area. This is the main reason for countries to build condominiums – an inevitable trend with many advantages. However, though condominiums bring many benefits to people, this housing model also has many disputes, in which the first and most common dispute is related to the interests between investors and the apartment owners. For this issue, each country has its own governing law in order to ensure fairness and protect the legitimate interests of stakeholders. Thus, the article focuses on clarifying the inadequacies of Vietnamese law in resolving condominium disputes between investors and apartment owners, thereby providing legal solutions to perfect the law on this issue in Vietnam in the coming time.

Keywords Dispute settlement; Investors and apartment owners; Condominium dispute between investors and apartment owners

Volume 13, 2025

Publisher: The Brooklyn Research and Publishing Institute, 442 Lorimer St, Brooklyn, NY 11206, United States.

DOI: 10.15640/jlcj.vol13p1

Reviewers

Dr. Rajeev Kumar Singh, Assistant Professor of Law (Sr. Scale), Amity Law School, Lucknow (ALS-L), Amity University Uttar Pradesh, Lucknow Campus, India; ORCID iD: <https://orcid.org/0009-0000-6751-280X>; Email: singh.rajeev264@gmail.com; Phone: +91 90264 80959.

Manotar Tampubolon, Universiti Teknologi MARA, Malaysia; ORCID iD: <https://orcid.org/0000-0003-0618-7980>; Email: justitie234@gmail.com; Phone: +62 812 1072 5234.

Citation: Thi, N. V. (2025). Legal Issues Raised and Recommendations for Perfecting Dispute Settlement Over Condominiums between Investors and Apartment Owners in Vietnam. *Journal of Law and Criminal Justice*, 13, 1-6. <https://doi.org/10.15640/jlcj.vol13p1>

1. Statement of the problem

In fact, as of 2022, Vietnam has about 3.000 buildings/ commercial apartment buildings, more than 10% of which are disputed. In which, Hanoi and Ho Chi Minh City are the two cities with the largest proportion of disputes in the country. In Hanoi, there are currently 845 buildings/ commercial apartment buildings, 129 of which have disputes, lawsuits, and potentially complicated ones. Ho Chi Minh City has 935 high-rise apartments, but there are also 105 apartments that are in dispute at different levels (Phan Duong, 2022), etc. The causes of these disputes often come mainly from the investor's side such as related to the project's legal documents; changing the design, use and quality of works, handing over apartments; ownership and use of common and private areas; the issue of handing over the 2% maintenance fund. Besides, there are reasons stemming from the relationship between the apartment owner and the building operation management unit in terms of management and operation fees; quality of management and operation services; the use of maintenance funds; the security and order in the building... The consequences of the dispute affect the rights and interests of the parties. It is the ownership, the quality of life of residents and the prestige and economic interests of the investor. Further stringing is causing a loss of trust for people who want to buy apartments to live in and affecting the real estate market and the economy of Vietnam.

With the above situation, in order to create a transparent real estate investment environment, to create confidence for people in the real estate market in general; to limit risks and disputes about condominiums for a long time; to protect the interests of all parties, including the interests of apartment owners, etc., it is necessary to study the legal system regulating housing and condominiums of Vietnam in general and the mechanism for resolving disputes between subjects about the ownership of the above condominiums in the current context.

2. Literature review and Research methods

2.1 Literature review

Legally, countries as well as Vietnam have fully issued legal corridors regulating disputes and resolving disputes over construction works, housing in general and between apartment investors and apartment owners in particular. For instance, in Japan, the governing legal system includes the Civil Code amended and supplemented in 2017 (JLT, 2017) which stipulates general rules applicable to all contracts, including design and construction contracts for works and related agreements among the parties; 1950 Building Standards Act (BSA) amended and supplemented in 2020 (JLT, 2020) – This Act regulates land use requirements and building standards; The 1949 Construction Business Act (CBA) as amended and supplemented in 2008 and the Construction Business Act and the Promotion of Bidding and Contracting of Appropriate Contracts for Public Works Act 2024 (JLT, 2024) - These acts provide for construction contracts, dispute settlement over construction contracts, assessment of management of construction enterprises. Specially, the 1999 Act on Promotion of Housing Quality Assurance, amended and supplemented in 2023 (JLT, 2023), regulates the system of housing dispute settlement methods in Japan. For Vietnam, the legal basis for regulating the management, use and dispute settlement between construction investors and apartment owners is specified in the Law on Housing 2023; Decree 95/2024/ND-CP of the Government detailing some articles of the Law on Housing dated July 24th, 2024; Decree 98/2024/ND-CP of the Government detailing some articles of the Law on Housing on renovation and reconstruction of apartment buildings; Circular No. 05/2024/TT-BXD dated July 31st, 2024 of the Ministry of Construction detailing some articles of the Law on Housing 2023; Law on Real Estate Business 2023 (stipulating the responsibilities of construction entity investors); Civil Code 2015 (regulations on contracts and civil liability); Law on Commercial Arbitration 2010; Civil Procedure Code 2015, etc. Hence, legally, Vietnam has had a relatively adequate legal system to regulate disputes between investors and apartment owners, but there are still many inadequacies in practice.

In terms of research, in Vietnam, there have been several research works on the law regulating apartments, among which the works focus on researching on: apartment purchase and sale contracts (Ha Hai, 2023); settling disputes over apartment purchase and sale contracts in Vietnam from the perspective of consumer protection (Thuy PPT, 2018), etc. The works have shown that disputes arising from apartment purchase and sale contracts in Vietnam are increasing. In essence, these are consumer disputes arising from housing purchase and sale contracts formed in the future but have not been thoroughly recognized by the relevant parties and competent state agencies and the dispute settlement process has not been effective, leading to a prolonged complaint and frustrated residents, affecting security and order.

2.2 Research methods

Research on dispute settlement between investors and apartment owners is a complex field, involving many legal, economic and social aspects. Thus, in order to ensure objectivity and science, the article needs to apply lots of different research methods. Nevertheless, within the scope of research, the article focuses on main methods such as research and documentary analysis methods, which are legal documents such as Law on Housing, Law on Real estate trading, Law on commercial arbitration, etc.; the method of researching practical situations through several specific disputes, analyzing the dispute resolution process, difficulties encountered and the results achieved. With the use of

the above methods to identify legal loopholes and propose solutions to perfect the dispute settlement mechanism between investors and apartment owners thoroughly.

3. Discussion

3.1 Some raised legal issues on dispute settlement between investors and apartment owners in Vietnam

Firstly, about the subject with jurisdiction to settle disputes.

Currently, the jurisdiction to dispute between apartment building investors and apartment owners is specified in Article 194 (Dispute settlement over housing) of the Law on Housing and concretized in Article 44 (Dispute settlement) of Circular No. 05/2024/TT-BXD dated July 31st, 2024 of the Ministry of Construction detailing some articles of Law on Housing 2023 (referred to as Circular No. 05/2024/TT-BXD). These are regulations helping disputing parties feel secure that the dispute will be resolved in accordance with the provisions of the law, not handled spontaneously and arbitrarily; especially for the disadvantaged parties are residents – owners of apartments. In addition, when clearly stipulating the jurisdiction to resolve disputes, it will reduce the relationship of group interests, making it impossible for related parties to use private relations to influence agencies that do not have the authority to resolve disputes to seek their own interests. In principle, the state stipulates how to determine the competence to settle housing disputes in general and for each type of dispute in particular. For disputes between investors and apartment owners, the State encourages the parties to choose the mediation method, that is, the disputing parties negotiate by themselves or ask a neutral 3rd party to support to reach an agreement before bringing the case to the competent agency for settlement. That means, if the parties fail to mediate, the dispute can be resolved by the competent authorities in accordance with the law. Accordingly, the jurisdiction to settle disputes between the investor of the apartment building and the residents who own the apartment includes the district-level People's Committee of the locality where the apartment building is located or the Court or Commercial Arbitration. The State stipulates that the above three subjects have the authority to settle disputes based on the nature of the dispute and the efficiency of dispute settlement between the parties. Specifically: (1) *The district-level People's Committee* is the local administrative management agency, responsible for supervising the implementation of the law on housing, land and apartment management. Disputes over the handover of maintenance fees, common and private areas, and apartment quality are often administratively managed, not necessarily brought to court. This helps reduce the load on the justice system, avoiding prolonged litigation. (2) *The court* is the agency exercising judicial power, has the highest authority, can issue a binding judgment on the parties and apply coercive measures to enforce the judgment if necessary. In particular, the settlement through the Court always ensures fairness, transparency, and strict compliance with the law. (3) *Commercial arbitration* is a common dispute settlement subject in the real estate sector, helping to handle conflicts more quickly, flexibly and effectively than the Court. Currently, according to the Law on Commercial Arbitration 2010, commercial arbitration only has the authority to settle disputes if the apartment purchase and sale contract has an arbitration clause. If there is no such agreement, the dispute will be settled in Court.

However, in reality, the regulation of the jurisdiction of the district-level People's Committee for disputes between investors and apartment owners is not really effective in Vietnam. Because: (1) The district-level People's Committee mainly performs administrative functions, does not have in-depth expertise in civil disputes, purchase and sale contracts or apartment operation management. When the dispute becomes complicated, related to ownership, contracts, and construction quality, the district-level People's Committee does not have enough authority to issue a judgment to force the parties to perform. (2) Regarding human resources for dispute settlement. According to the Law on Organization of Local Government in 2015, district-level People's Committees usually do not have a specialized department to handle apartment disputes; Receiving officers and civil servants mainly rely on the Law on Housing and Land Law but lack skills in resolving contract disputes, managing and operating apartments. (3) Regarding the legal basis for handling violations of the investor. Currently, many disputes are related to maintenance fees, construction quality, and contract violations, but the district-level People's Committee cannot handle violations of civil contracts. Thus, basically, the settlement at the district-level People's Committee is not really effective, leading to the current situation, the district-level People's Committee must send documents to seek direction and guidance from ministries and branches to resolve.

For example, in 2023, at King Palace apartment building (108 Nguyen Trai, Thuong Dinh ward), the adjustment of detailed planning leads to the incurrence of land use levy that needs to be paid to the state budget. Up to now, the project has not been approved by the competent authority for additional land use levy, so the investor has no basis to pay money into the city budget. Therefore, it is not possible to apply for a certificate of land use rights and house ownership for residents. This gives rise to disputes. Accordingly, the People's Committee of Thanh Xuan district proposed that the competent authorities soon consider and settle the adjustment of the project proposed by the investor, soon consider and approve the dossier to issue certificates to apartment owners; agree on the approval of additional land use levies for investors to pay into the city budget as prescribed, in order to complete the legal basis for the issuance of certificates of land use rights and house ownership at projects (Trung Kien, 2023). The second case is related to a dispute between the investor and residents about the acceptance of fire prevention and fighting at a number of apartments in Bac Tu Liem district. Accordingly, the People's Committee of Bac Tu Liem district

proposed the City People's Committee to take strict measures to handle cases that have not been accepted for fire prevention and fighting, have not yet been accepted and put into use, but the investor deliberately handed over the apartment for residents to live in; strictly handle cases of delay in finalizing data to hand over the maintenance fund or hand over the insufficient (Trung Kien, 2023).

Additionally, according to the experience of adjusting the laws of some countries such as Japan, dispute settlement between investors and apartment owners, in addition to Courts and Arbitration, there is also the Japan Condominium Management Association (JCMA). This association operates under the Japan Condominium Management Act of 1962, amended and supplemented in 2008 (JLT, 2008) and the Act on General Incorporated Associations and General Incorporated Funds (JLT, 2006). Hence, it is necessary to amend and supplement the jurisdiction to settle disputes between investors and apartment owners in the new period in Vietnam today.

Secondly, about the order and procedures for dispute settlement.

According to the provisions of the [Law on Housing 2023](#) and Circular No. 05/2024/TT-BXD stipulating in principle the dispute settlement procedures. Accordingly, in general principle, disputes and complaints related to the management and use of apartment buildings are settled in accordance with the provisions of the Law on Housing; house owners have the right to complain, denounce and initiate lawsuits for acts of infringing upon their lawful ownership rights and other acts of violating the law on housing. Thus, the recognition of the law on the order and procedures for complaints and lawsuits will help investors and apartment owners know how to comply with the law, avoid sending applications in the wrong place, protracted lawsuits without the right results, causing loss of people's trust and instability in the real estate market. Therefore, legally, when there is a dispute between the investor and the owner of the apartment related to the investor's breach of the apartment purchase and sale contract or related to the handover of the maintenance fund, the quality of the work... then the resident who owns the apartment (the Management Board of the apartment building) uses the right to complain. The first complaint shall be sent to the Investor for settlement within 30 days from the date of receipt of the complaint, except for complicated cases that may last 45 days, if the Investor does not settle or exceeds the time limit but is not resolved, the resident who owns the apartment (Management Board of the apartment building) continues to complain to a higher level. The second complaint shall be sent to the Department of Construction/district-level People's Committee for settlement within 45 days from the date of receipt of the complaint, except for complicated cases that may last 60 days, if the Department of Construction/district-level People's Committee does not settle, the apartment owner (Apartment Building Management Board) has the right to initiate a lawsuit to the Court.

In fact, the regulations on the order and procedures for complaints are still cumbersome and complicated. Accordingly, there are many cases that the district-level People's Committee handles slowly, many cases are resolved but the conclusion is not clear, many cases of residents owning apartments (Apartment Building Management Board) have to submit applications many times to be considered and resolved by the district-level People's Committee. For instance, Ho Chi Minh City can mention the dispute between investors and apartment owners in some apartments such as Dream Home Luxury apartment and Dream Home Residence, Go Vap district, both invested by Nha Mo Joint Stock Company; The EverRich Infinity apartment, District 5 of Phat Dat Real Estate Development Joint Stock Company; 4S Riverside Linh Dong apartment, Thu Duc district of Thanh Truong Loc Construction Co., Ltd. (Ho Van, 2020), etc. The causes of the disputes mainly stem from the investor's delay in organizing the apartment building meeting to elect the Board of Directors, the delay in carrying out the procedures for granting the apartment title certificate and the delay in handing over the maintenance fee. Residents have had to send complaints to the People's Committee of Thu Duc District, Go Vap District, District 7 many times, but the settlement is prolonged and has not achieved the desired results. In order to survive the above situations and inadequacies, it has shown the delay and lack of initiative of the authorities in resolving disputes, the process of complaints and denunciations in the management of apartment buildings, leading to ineffective dispute resolution and causing frustration to residents. The consequences of the delay and lack of initiative of the authorities make the dispute prolonged, affecting the management, maintenance and safety services of the apartment (water, electricity, sanitation, elevator, etc.). In addition, it causes internal conflicts when residents are divided into many factions, causing disunity between the Board of Directors, residents and investors.

3.2 Some recommendations for improvement

Firstly, about the jurisdiction to settle disputes.

Currently, it is necessary to amend the [Law on Housing 2023](#) and Circular No. 05/2024/TT-BXD on the competence to settle housing disputes in general and the jurisdiction to settle between investors and apartment owners in particular. Accordingly, the authority of the district-level People's Committee is abolished and the authority of the Apartment Management Association – an organization with legal status, established to ensure the interests of residents, supervise investors, and support the management and operation of apartments in a transparent and professional manner. Accordingly, for district-level People's Committees, based on Conclusion 127-KL/TW of the Politburo, the Secretariat dated February 28th, 2025 on the implementation of research, proposes to continue to rearrange the organizational apparatus of the political system. Specifically, the Politburo and the Secretariat assign

the Government Party Committee to assume the prime responsibility for, and coordinate with the Central Organization Committee, the National Assembly Party Committee, the Fatherland Front Party Committee, central mass organizations and relevant agencies to direct the study and development of schemes and reports to the Politburo on the merger of several provincial-level administrative units, do not organize at the district level, continue to merge commune-level administrative units. Thus, the upcoming local government organization model will be two-level (provincial and commune-level). Therefore, the provisions on the jurisdiction of district-level People's Committees in the Housing Law and Circular No. 05/2024/TT-BXD are no longer consistent with the changes in new guidelines, guidelines and policies. Besides, for the Apartment Management Association, in addition to mediating between residents and investors when there are conflicts and disagreements, they also participate in the process of developing policies and laws related to apartment buildings and apartment building management. This is the authority that Law on Housing and guiding documents on Law on Housing have not yet recognized. For example, in Australia, Strata Community Association (SCA)¹ - a leading professional organization representing the Strata (condominium, multi-owner building) real estate management and operation industry in Australia and New Zealand. This organization regularly recommends amendments to the condominium law, dialogue with the Australian government to promote transparent and effective real estate policies to protect the interests of owners.

Secondly, about the order and procedures for dispute settlement.

Currently, in order to help reduce long-term complaints, ensure the interests of residents and improve the efficiency of dispute settlement between investors and residents who own apartments, it is necessary to implement the following solutions: It is necessary to supplement in Circular No. 05/2024/TT-BXD on the process of receiving and settling complaints. Accordingly, currently Circular No. 05/2024/TT-BXD has not specifically mentioned this issue. If recorded, it will help standardize the receipt and settlement of complaints, ensure the interests of residents and improve the quality of apartment management. Regarding the process of receiving and settling complaints, it is necessary to clearly record the form of receipt; settlement time; process and update the processing progress; processing results; enforcement of complaint settlement decisions. In which, for the form of receiving, in order to overcome the delayed, cumbersome and lack of transparency in receiving complaints, it is necessary to improve the forms of receiving complaints in the direction of modernization, multi-channel and easy access. Specially, each agency competent to settle complaints needs to deploy an online complaint reception portal or deploy an apartment management app so that residents feel that their rights are guaranteed and reduce complaints to a higher and prolonged level.

4. Conclusion

It can be seen that disputes between investors and residents – apartment owners are the most common dispute group in Vietnam, the lack of dispute settlement mechanisms or non-transparent and cumbersome dispute settlement mechanisms will prolong disputes and destabilize residents' lives. Currently, Vietnam has a legal system regulating housing in general and apartments in particular, but issues directly related to dispute settlement between investors and residents - apartment owners still have inadequacies. Particularly, the comparison with countries such as Japan and South Korea has shown that Vietnam still lacks fast dispute settlement mechanisms such as commercial arbitration or professional apartment management associations. Therefore, so that in the coming time, Vietnam will achieve sustainable urban development and a civilized living environment, a transparent, complete, comprehensive and effective legal system for dispute settlement will help the condominium model truly become a modern and sustainable housing model and solve the urgent needs of the people due to the increasingly narrow land fund./

Conflict of Interest: None declared.

Ethical Approval: Not applicable.

Funding: None.

References

The Ministry of Construction. (2024). Circular No. 05/2024/TT-BXD dated July 31st, 2024 of the Ministry of Construction detailing some articles of Law on Housing 2023.

JLT. (2008). Act on Building Unit Ownership. <https://www.japaneselawtranslation.go.jp/en/laws/view/3925/en>.

JLT. (2006). Act on General Incorporated Associations and General Incorporated Foundations. <https://www.japaneselawtranslation.go.jp/en/laws/view/4354>.

¹ STRATA, <https://www.strata.community/>

- JLT. (2017). Civil Code (Part I, Part II and Part III). <https://www.japaneselawtranslation.go.jp/en/laws/view/3494/en>.
- JLT. (2020). Building Standards Act. <https://www.japaneselawtranslation.go.jp/en/laws/view/4024/en>, Construction Business Act, Construction Business Act and the Act to Promote Appropriate Bidding and Contracting for Public Works. (2024). <https://www.japaneselawtranslation.go.jp/en/laws/view/3899/en>,
- JLT. (2023). Act on the Promotion of Housing Quality Assurance. (2023). <https://www.japaneselawtranslation.go.jp/en/laws/view/4729/en>.
- Ho Van (2020). *In the event of an apartment dispute, people need to report to these agencies*. Retrieved July 17th, 2020 from: <https://vietnamnet.vn/xay-ra-tranh-chap-chung-cu-nguoi-dan-can-phan-anh-den-nhung-co-quan-nay-658175.html>.
- Ha Hai. (2023). *Apartment purchase and sale contract according to Vietnamese law from the practice of Ho Chi Minh City*, Doctor of Laws thesis, Academy of Social Sciences.
- The National Assembly. (2023). Law on Housing.
- Phan Thi Thanh Thuy. (2018). *Dispute settlement over apartment purchase and sale contracts in Vietnam from the perspective of consumer protection*, Volume 34, No. 4, pp.103-112, Journal of Science, Hanoi National University.
- Phan Duong. (2022). *About 10% of the condominiums have disputes*. Retrieved December 20th, 2022 from: <https://vneconomy.vn/khoang-10-so-chung-cu-xay-ra-tranh-chap.htm>.
- STRATA, <https://www.strata.community/>.
- Trung Kien. (2023). *Touched by dozens of apartments in Hanoi: worried about disputes between investors and residents*. Retrieved August 26th, 2023 from: <https://vnmedia.vn/kinh-te/202308/bi-so-gay-hang-chuc-chung-cu-o-ha-noi-lo-chuyen-tranh-chap-giua-chu-dau-tu-va-cu-dan-2c325bb/>.

Disclaimer/Publisher's Note: The views, opinions, and data presented in all publications are exclusively those of the individual author(s) and contributor(s) and do not necessarily reflect the position of BRPI or its editorial team. BRPI and the editorial team disclaim any liability for any harm to individuals or property arising from the use of any ideas, methods, instructions, or products mentioned in the content.