

DETAILED REGULATIONS ON THE RECOVERY OF SECURITY IN NPLs

On 25 November 2025, the Vietnamese Government issued a long-awaited Decree No. 304/2025/ND-CP concerning the conditions for recovery of secured assets pertaining to non-performing loans (“NPLs”) by credit institutions, including foreign bank’s branches (“CIs”) (“**Decree 304**”). Decree 304 specifically addresses the conditions for secured assets of NPLs to be recovered, pursuant to Article 198A.2 of the 2025 Law on Credit Institutions (“LCI”). The secured assets regulated under Decree 304 include: (i) mortgaged real property which is the sole residence (defined hereunder) and (ii) the secured main or sole means of labor which is a movable of the security provider who is individual.

Below is our brief analysis of the provisions of Decree 304 relating to the recovery of mortgaged real property being the sole residence of the security.

1. DEFINITIONS (ARTICLE 3)

- 1.1 “A sole residence” (chỗ ở duy nhất) is defined as the lawful residence of the security provider and satisfies the following conditions:
- (a) It is owned by the security provider;
 - (b) It is the place where the security provider registers permanent or temporary residence; and
 - (c) The security provider has no other residence.
- 1.2 “Regional minimum wage” (mức lương tối thiểu theo vùng) is the minimum wage in the locality where the security provider is actually residing according to the Government’s regulations on minimum wages for employees working under labor contracts.

2. CONDITIONS FOR RECOVERY (ARTICLE 4)

- 2.1 CIs can only seize/recover secured assets that are the sole residence when they meet the conditions specified in Article 198a.2(a), (b), (c), (d) and (e) of the LCI and the following:
- (a) The sole residence has been confirmed and proven (discussed in Item 3.1 below); and
 - (b) CIs have paid an amount equal to 12 months’ salary calculated at the regional minimum wage (specified in Item 1.2 above) to the security provider.
- 2.2 In case the secured assets are not the property specified in Item 2.1(a) above, CIs can seize them when they meet the conditions specified in Article 198a.2(a), (b), (c), (d) and (e) of the LCI.

3. OBLIGATIONS OF A SECURITY PROVIDER (ARTICLE 5)

- 3.1 When CIs request the security provider to confirm and prove whether the secured property is sole residence or not, he/she must do this within 10 working days. (Means of sending CIs' request are based on Article 198a.3(d) or 198a.4(c) of the LCI.) In case the security provider fails to confirm and prove as requested, the secured property will be considered non-sole residence.
- 3.2 The security provider is responsible for the content of the confirmation, and the accuracy and legality of the supporting documents. The supporting documents include:
- (a) Certificate of ownership of the secured property and other assets (if any);
 - (b) Bank account statements recording the security provider's monthly income;
 - (c) Documents proving the performance of the security provider's personal income tax obligations;
 - (d) Electricity or water or Internet bills recording the security provider's permanent or temporary residence address; and
 - (e) Any other documents.

4. OBLIGATIONS OF CREDIT INSTITUTIONS (ARTICLE 6)

- (a) Provide full information to the security provider on his/her rights and obligations (and those of CIs) as prescribed in Decree 304; and
- (b) Pay the amount to the security provider as prescribed in Item 2.1(b) above. This amount will be considered as the cost of enforcement the secured asset.

5. OTHER PROVISIONS

- 5.1 Decree 304 shall take effect on 1 December 2025.
- 5.2 For security agreements executed before 1 December 2025, NPLs' secured assets can only be recovered upon meeting the conditions specified in Decree 304.

We hope our legal news has been helpful to you. Please feel free to contact us if you have any further inquiries.

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