

Practical Legal Guidebook for foreigners

Real estate transactions in Korea



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English

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Table of Contents

PART 1	Real estate and real-estate transactions	02
	Types of residential houses	
	Real-estate transactions	
	Learn more Registration of vested Jeonse rights	
	Learn more Parties to a contract	
PART 2	Purchasing a real estate	05
	Making payments	
	Learn more Cancellation of a contract	
	Transfer of ownership	
PART 3	Leasing a real estate	06
	Before signing a contract	
	Learn more Beware of “villa”- involved fraud crimes	
	When the contract expires	
	Guarantee insurance system	
PART 4	System for protection of lessees	08
	Opposing power	
	Other systems for protecting lessees	
PART 5	Agencies from where you can seek help	09

Real estate and real-estate transactions

Types of residential houses

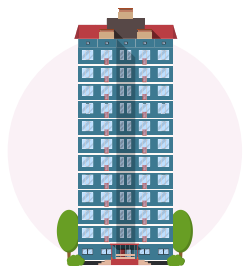
- Residential buildings available in Korea: multiplex housings (called “villas”), apartments, detached houses, officetels, urban-type houses, etc.
- The information on the specific types of houses can be checked from a certified copy of the estate register and the building register.
 - You may get issued a certified copy of the real-estate register at the register office or via online by visiting the internet registration office (www.iros.go.kr).
 - You may get issued a certified copy of the building register at the city hall, the county (gun) office, the district (gu) office or the community (dong) office or online by visiting www.gov.kr/ portal.



multiplex housings (“villas”)



Apartments



Officetels



detached houses

Real-estate transactions

- Types of real-estate transactions
 - In Korea, there are two types of real-estate transactions: Purchasing and leasing.
- Leasing and Jeonse deposit
 - To lease a residential house/apartment, you should typically remit a security deposit in advance and then pay monthly rent to the homeowner.
 - Jeonse (Leasing a residential house/apartment using only lump sum security deposit) The amount of Jeonse deposit (key money) is higher than that of security deposit made for leasing a residential house/apartment.



Learn more

Registration of vested Jeonse rights

A certified copy of the real-estate register – “B” section

[Building] Yangju-si, Gyeonggi-do

Serial No.	Purpose of registration	Application for registration received	Cause of registration	Name of the rightful party and other matters
10	Legally vesting Jeonse rights	No. 72762 (Date: July 16 2020)	The contract that vests the rights was formed on July 16, 2020.	<ul style="list-style-type: none"> Jeonse deposit (key money) : A sum of 40,000,000 won Scope Part (#302/24r) : the east side of the 3rd floor of a residential building Period : Up to July 15, 2023 The party holding Jeonse rights

A blank space follows.

- Unlike in a case of an ordinary residential lease, as for Jeonse deposit, you may ask for the fact of your leasing the house/ apartment to be left on the real-estate register. With registration of Jeonse rights you have the right to use the house during the contract period even if the homeowner changes.
- It is advisable that you have your Jeonse rights registered on the day you pay the balance amount (key money).

Real estate contract

- Make sure to draw up a contract with the homeowner in each real-estate transaction.
- You may check the name of the homeowner from a certified copy of the real-estate registration.
- You may hire a real estate agent to search for a house/apartment for you and draw up a lease contract.

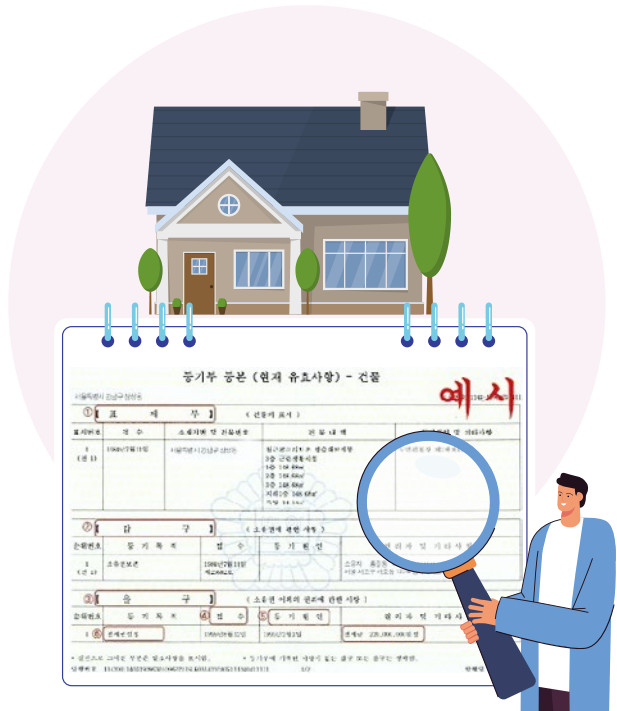
02 PART Purchasing a real estate

Learn more Parties to a contract

No one except for the homeowner has the right to engage in a transaction involving the house/ apartment with you.

In this regard, make sure that the following conditions are met in a residential house/ apartment transaction:

- That the homeowner's name provided in the contract is the same as that in a certified copy of the real-estate registration.
- That the homeowner's name provided in the contract is the same as the name of the person identifying himself/herself to be the homeowner and is making a contract with you.
- That, if you are signing a contract with an agent of the homeowner, you should check whether the homeowner has provided legal authority to this person.
- You should check the agent's legal authority to represent the homeowner's interests with the following: the agent's ID, the homeowner's ID, and the power of attorney to the effect that the homeowner has provided the agent with the legal authority to represent the homeowner's interests.



Making payments

- When selling and buying a house, the buyer usually pays the purchase price of a residential house/apartment to the current homeowner on three installments i.e. initial down payment, interim payment, balance payment.
 - Usually, the initial down payment amounts to 10% of the total price. The initial down payment substantiates an intent to carry out the contract.
 - The interim payment is paid for convenience when the total price is too large to pay at once.
 - The remaining balance is paid upon the current homeowner turning over the house/apartment to you. Beware that if you pay the whole amount in full before the current homeowner hands over the keys to you, there is a potential risk of the current homeowner not acting in good faith.

Learn more Cancellation of a contract

If you have paid only initial down payment to the current homeowner, you may ask for cancellation of the contract. However, you cannot ask the current homeowner to refund initial down payment you already paid. Conversely, if the current homeowner asks for cancellation of the contract, he/she has to pay you twice the amount of initial down payment.

Transfer of ownership

- To become the real owner of the house/apartment you purchased, you need to register yourself with the real-estate register as the homeowner.
- Upon payment of the balance amount, the current homeowner should provide you with the documents needed for the registration along with the house/ apartment key (or passcode for the door lock.)

Before signing a contract

- Make sure to visit the house you want to lease to check its condition.
- Confirm whether the person leasing the house to you is the real owner of the house.
- Get a certified copy of the real-estate registration to check whether the house is encumbered by a mortgage lien, collateral security, or Jeonse rights of another person.

[Learn more](#)

Beware of “villa”- involved fraud crimes



If the homeowner fails to return the Jeonse deposit to you, you may put the house on auction to secure the Jeonse deposit paid by you.

Due to the limited number of villa-related transactions in the market, it can be difficult to predict the amount of Jeonse deposit that can be recovered through auction. There are unscrupulous homeowners asking you for a Jeonse deposit amount greater than its real value. It poses the risk of not recovering the full deposit amount through an auction.

Accordingly, watch out for these red flags in a villa-involved transaction, and make sure to get a guarantee insurance to avoid loss.

When the contract expires

- At the end of the contract period, the homeowner must refund the full Jeonse deposit if no other payments are owed such as monthly rent or costs for house repairs.
- It is advisable to continue to occupy the house until the homeowner returns the Jeonse deposit even after the contract has expired. If you should move out for an unavoidable reason, you may file an application for a leasehold registration order with the court.

Guarantee insurance system

- By purchasing guarantee insurance from the Korea Housing & Urban Guarantee Corporation (HUG) prior to signing a lease contract, you may recover the Jeonse deposit in the event of delinquency.



System for protection of lessees

Opposing power

- If you have reported a change of address to the community (dong) office, you may continue to occupy the house even if the homeowner changes. Under this system, your protection starts on the day following the day of moving in or the day of reporting the change of address, whichever comes later. Thus, it is advisable to report the change of address on the day of moving in.
- By reporting a change of address, you will be given priority over others in getting your security deposit back through an auction.

Other systems for protecting lessees

- Where you have signed a lease contract for a residential house for a period less than two years, you may ask the homeowner to extend the period to two years (the shortest period of leasing stipulated in the law) after signing the contract.
- Unless the homeowner tells you to vacate the house six to two months before the contract expires, you may continue to occupy the house beyond the given contract period. Similarly, even if you do not express your intention to vacate the house two months before the contract expires, you may continue to occupy the house beyond the given contract period (through implied renewal) if the homeowner has not requested to vacate the house by a fixed date.
- You may ask the homeowner just once to extend the current lease contract without changing the conditions.

Agencies from where you can seek help

Korea Legal Aid Corporation (☎132, <https://www.klac.or.kr>)

- Information on how to get legal aid; checking legal forms and consultation cases application for cyber consultation reservation for in-person visits for consultation
- Contact center is opened from 9:00 - 11:50 a.m. and 1:00 - 5:50 p.m. on weekdays

Danuri Call Center (☎1577-1366, www.liveinkorea.kr)

- Provides information on daily life for multicultural families
- Provides interpretation service needed in your daily life as well as interpretation service via 3-way call
- Interpretation services are provided in 13 languages (Korean, English, Chinese, Vietnamese, Tagalog, Cambodian, Mongolian, Russian, Japanese, Thai, Lao, Uzbek, and Nepali)
- Phone consultation service hours: Around the clock

House Lease-related Dispute Arbitration Committee (☎132, <https://hldcc.or.kr/>)

- Service hours: 9:00 - 12:00, 13:00 - 17:00 on weekdays (You may book an appointment by phone or online)