

## REAL ESTATE

# New Building Contract Law in Germany

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On 2 March 2016, the Federal Government in Germany adopted a draft for an “act for the reformation of the building contract law”. It is now most likely that the new act will enter into force before parliamentary elections in Germany in October 2017.

The bill provides for a variety of changes to which consumers, building companies and property need to pay attention. The main objectives are to implement material provisions of the widely used VOB/B (the model standard terms on building contracts) into the German Civil Code (BGB), to establish significant regulations for building contracts for the first time and to adjust existing law with regard to consumer protection.

Most notably, the principal will be entitled by law to demand variations of the concluded services (“Anordnungsrecht”), which he may even enforce by preliminary injunction in cases of assumed urgency and reasonableness. The remuneration will be determined on the basis of the actual costs plus surcharges (so far under the VOB/B



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the contractor had to calculate the payment on the basis of his original calculation).

Additionally, a consumer building contract will be established for the first time. These rules only apply if a contract with a consumer provides for the erection of a complete building or equally substantial construction works. The contractor is then obliged to draft and provide a detailed building description of the promised service. The consumer will have a right of revocation.



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