



## Should you Rent or Buy? (Part One)

By Watermark Capital Management Ltd.

Over the past weeks we have received a number of enquiries with regard to buying real estate property. These have inevitably been from middle-aged (or older) expatriates who have decided to settle in Thailand with the girl of their dreams that they met last month or the month before, who loves them so much that she's leaving her place of work in Soi 6 or Pattayaland Soi 2, to settle down in a nice little house she's found somewhere along Jomtien Beach.

Usually, the enquirer wants to find out why the property cannot be held in his own name, and if it's okay to put it in his girlfriend's name. The next question is 'how do I get a mortgage' to buy said property.

### FOR THE RECORD

At the height of the currency crisis in 1997, Thailand had agreed with the IMF to liberalise its laws with regard to foreigners owning real estate in Thailand.

The matter was debated in parliament and the press at great length, and the usual statements were made that if the laws were amended then farangs would swoop in and buy up all the land and leave nothing for the Thais.

It makes one wonder why the fact that Thais can buy any amount of land and property they want in the UK (and elsewhere) is never used as an argument against this view. Anyway, the result was that foreigners would not be allowed to land in their own names but could lease land for up to 30

years.

Now of course we see some of the local real estate firms trumpeting in their advertisements that foreigners can NOW own their own property. But beware this is just a ploy to get you through their doors. The method used to get around this law has in fact not changed.

### THE FACTS

An expatriate can own a condominium in his own name provided not more than 49% of the apartments in the condominium complex are owned by foreigners.

If the condominium already has its quota of foreign ownership then it will be necessary to set up a legally registered company, which is also the case if you want to buy a house or land.

However, you will also need at least six other shareholders to hold the remaining shares including a minimum of one Thai national. In order to provide protection you need to ensure you are the sole signatory and that the Thai partners sign their undated resignations, share transfer forms and proxies for their voting rights.

You can also place the property in the name of a Thai and then lease it back.

Of course, you could avoid the costs & hassle of the above by simply putting the house in your wife/girlfriend's name. No doubt this will undoubtedly make her extremely happy, probably even happier than the visit to her favourite gold shop, which often is a precursor to the visit to the

estate agent.

However, what happens a year or two down the line when a major disagreement occurs or perhaps a Thai husband shows up (funny how many seem to have one...despite their earlier denials)? Well this is a definite case of history repeating itself, more than likely you, like so many before you, could find yourself standing on Jomtien Beach with your passport in one hand, a bag of clothes in the other and a bank book with nothing in it

Think about it.....

### GETTING A MORTGAGE

In U.K., U.S.A. or Europe, getting a mortgage on a property is basically taken for granted. Property prices being as high as they are, few people are in a position to buy a property for cash on the table.

The relatively low price of property in Thailand, however, means that many expatriates who decide to settle here are tempted to buy a residential property, or a shop-house for their girl-friend to run a travel agency, beauty salon, snooker hall or beer bar on the ground floor, while they live upstairs.

Many imagine that they will simply be able to wander into the local bank and obtain a mortgage on the strength of the property value, their personal guarantee and the last 6 months bank statements unfortunately, that just isn't going to happen.

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### OUR PICK OF THE MONTH

This place was for sale at Kalim Beach. We don't know whether it has been sold but it was being knocked down the last time we checked. It is a renovators dream as the whole inside ground floor was either sucked out to sea or buried somewhere up in the hills. Nice view though.

