

BUSINESS THAILAND

CAN I HAVE A MORTGAGE PLEASE?

Article presented by: *Watermark Capital Management Ltd.*

In the UK this wouldn't so much be a question of 'if' you could have a mortgage, but rather 'how much' you would be able to get.

The mortgage business is highly lucrative for the banks and building societies and it runs with an eerie efficiency. It seems like virtually anyone can obtain a loan to buy property and a provisional mortgage offer can be made in less than an hour. Brokers have access to virtually every mortgage company throughout the UK and it's simply a case of entering some details into the computer system and out pops the best rates available.

Here in Thailand, things are a little different. There are no building societies only banks and private institutions and getting a mortgage isn't about 'how much' but 'if'.

To date, we are not aware of any financial institutions outside of Thailand who are willing to lend to purchase property in Thailand. Foreigners attempting to obtain mortgages from Thai banks have found it difficult to say the least, if not impossible.

The question of property ownership is one that prevents institutions outside of Thailand 'taking a charge' over the property and therefore makes the proposition of lending money rather unattractive.

There are currently three options available.

- 0 Take out a loan against an existing property in the UK or in other suitable locations throughout the world (re-mortgage)
- 0 Obtain a mortgage from a Thai bank or institution.
- 0 Obtain a mortgage from a private lender

If you have property in the UK, then it's actually pretty easy to re-mortgage and use the released equity to purchase a property

here. You don't even have to go back to the UK to arrange things, we can do it from here. In fact, we have access to the same systems that are available to brokers in the UK so can quickly give you an answer regarding what is available. The rates are the same as you would obtain in the UK so this is an extremely attractive proposition.

Obtaining a mortgage on property in other parts of the world wasn't so easy.....

UNTIL NOW....

We have an exclusive arrangement with one of the largest mortgage institutions which allows us to offer mortgages on properties located in a wide variety of countries throughout the world, including UK, Australia, Europe, etc.

Rates are marginally higher but there is tremendous flexibility, especially for those with a number of properties in located different countries. In such circumstances, the different properties can be considered as 'one' and a loan obtained against the combined value.

In both, instances above, you obtain an equity release mortgage or re-mortgage against an existing property and then use the proceeds to fund the property purchase here in Thailand.

Obtaining a mortgage to directly purchase property here is not so easy and for some virtually impossible.

A number of property agents are offering mortgages to potential purchasers. These provide much needed assistance to those wishing to buy that 'home in paradise'. Generally speaking the mortgages are only offered against properties that the agent is actually selling and may be either arranged through a Thai bank or directly through the agent themselves, ie a private arrangement. Often, you will find that these are short term loans of say 5 years. In either case, the client must prove suitable and may need to demonstrate ability to make the repayments.

What about obtaining a mortgage directly from the bank?

It's certainly possible, but not easy. There are a number of criteria that have to be met and inevitably quite a bit of paperwork. Is the property in a Thai name or a company? Is it to be a straight forward 'freehold' purchase or leased?

As with most banks and financial institutions, they need to know you will be able to meet the repayments. It is easier if you are married to a Thai and they are currently working. To have your salary taken into account, it's easier if you have a valid work permit. For example, if you are working abroad, have a Thai girlfriend or boyfriend who isn't working, the chances of getting a mortgage are pretty remote.....

UNTIL NOW....

We have managed to secure mortgage facilities through one of the major banks which makes obtaining a mortgage much, much easier. You still have to provide a certain level of paperwork but you don't have to wait weeks to get an answer. Mortgages up to 70% of the value of the property can be obtained. The application process is fairly straight forward and we can generally let you know within a few days whether a mortgage would be available or not.

So, if you are looking to purchase a property in the Land of Smiles and you would like to obtain funding, contact us either by phone or email to arrange an appointment.

For further information or to arrange an appointment, contact Watermark Capital Management either by email at mortgages@wcmlimited.com or call 01 838 0252.

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