

THAILAND LAW ONLINE

PROCESS OF BUYING THAILAND PROPERTY

In Thailand the purchase of property (undeveloped land, land&house or condominium unit) is not a regulated process, the buyer may purchase the property outright from the seller without checking anything, however to ensure that the property you wish to buy is free of debts and clear from encumbrances, it is essential to employ an English-speaking Thai licensed lawyer to protect your own interests. Do not simply rely on the sale agency, seller or the word of a friend. Make sure your lawyer checks the property registry, which will show immediately if the seller legally owns the property and whether there is an outstanding mortgage or other encumbrances. In generally, the process for buying a property in Thailand falls into the following parts:

Stage 1: Legal Structure

Before signing reservation agreement (Stage 2), you should discuss with a lawyer for the legal structure of your purchase. The structure is depending on the property you are about to buy. In Thailand, land is reserved for only Thai individual and Thai legal person (Limited company, partnership, etc.) but the building ownership can be owned by any person including foreigner and ownership title to condominium unit for foreigner is limited not more than 49% of the total combined unit area in a project.

Stage 2: Reservation Agreement or Preliminary Contract

Once the legal structure, purchase price and payment term has been agreed with the seller both parties are best advised to sign a property reservation agreement or a preliminary contract. However, unless you are paying the purchase price in full and in cash immediately, a reservation agreement should be written up containing the details such as a description and identification of the property, purchase price and term of payment, completion date (if you are purchasing a property from a plan), legal due diligence clause, refundable term (In case the property has any legal problem and is not in a position to buy) and timing schedule for entering into the final contract. At this stage you may be expected to pay a deposit of between 5% and 10% of the purchase price, and the seller or sale agent will hold these funds in their account. It is possible to sign the reservation agreement without a deposit. Should the seller decides to withdraw the sale you are entitled to claim for the refund of your paid deposit together with the interest at the rate as agreed in the reservation agreement (Normally between 7%-15%), the interest will be calculated from the date of deposit payment until the date of full refund of the deposit with its accrued interest.

Sample Reservation Agreement

Date _____

Purchaser's Name _____, Copy of passport is attached.

Address _____

Tel. _____ Fax. . _____ E-Mail _____

The Purchaser agrees to purchase and/or lease the property as follow:

Property's particulars/identification: _____

Completion Date _____

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Owner/Developer _____
 Agreed Purchase Price _____ THB
 Deposit _____ THB

Payment Term

- 1. Amount _____ Due Date _____
- 2. Amount _____ Due Date _____
- 3. Amount _____ Due Date _____
- 4. Amount _____ Due Date _____
- 5. Amount _____ Due Date _____

Conditions

- A) All the terms and condition of this purchase shall be set forth in a final contract which shall be provided by the Owner/Developer within 7 (Seven) days from the signing date hereof and to which shall be reviewed and amended by the Purchaser or his/her lawyer within 30 (Thirty) days from the date of receipt of the contract draft from the Owner/Developer.
- B) After the signing hereof and before entering into the agreed final contract, the Purchaser or his/her lawyer shall have the right to conduct a due diligence/title search of the property, for this purpose the Owner/Developer shall render and/or disclose relevant documents and/or information pertaining to the property to the purchaser or his/her lawyer upon request.
- C) Subject to D), within 30 (Thirty) days from the date of receipt of the contract draft from the Owner/Developer, both Parties shall execute and enter into the agreed final contracts.
- D) The Deposit is non-refundable except for the Purchaser’s lawyer with a LEGAL ground that obtained from the due diligence/title search, does not approve the purchase of the property or if the contract drafted by the Developer/Owner is not complied by relevant laws and the Developer/Owner disagrees with the amendment proposed by the Purchaser or his/her lawyer, in this event, the Developer/Owner shall return the deposit to the Purchaser together with the interest at the rate of 15% calculated from the date hereof until the date of full refund.
- E) Subject to D, if the Purchaser fails to execute the agreed final contracts within the period of time as mentioned in C. The Developer/Owner shall be entitled to immediately forfeit the deposit and have the right to dispose the property to other prospective buyers.
- F) Any extension of the period of time for signing the agreed final contracts shall be made in writing and signed by both parties or their representative.

Signed _____ Purchaser

Signed _____ Owner/Developer

Stage 3: Legal Due Diligence

Due diligence in a property should be started in the very most beginning as soon as possible. It is very helpful for buyer if this part can be done before signing the reservation agreement, however, the seller may not give you copy of title deed or disclose any information regarding the property without commitment by the reservation agreement and payment of the deposit, so, due diligence always started after signing the reservation agreement. In this legal part it is important to employ a Thai licensed lawyer to conduct the due diligence and compose the due diligence report for you.

Stage 4: Contract Review Before Signing Final Contract

After completing the due diligence process with verification by lawyer of a clear title, it is recommended that you have a Thailand lawyer to review the contract drafted by the seller to make sure the contract is prepared with proper terms and conditions and meet the standard terms as required by relevant laws and without terms of any hidden cost and pitfalls (such as a passing of tax burden or registration fee to the buyer without legal support). If you have a lawyer when the contract review is done the lawyer will negotiate and discuss with the seller on your behalf for proposed change until both parties meet the final contract for signing.

Stage 5: Property Registration

Thailand lawyer representation is not required, but recommended. The lawyer will make sure that the registration of property (Transfer ownership, land lease registration or others) is properly registered and the registration fees and taxes are correctly calculated and paid by the responsible parties. The lawyer will also make English translation to the registered documents for your information after the registration.
