

Residential Lease Is Now a Controlled Contract

On 12th February 2018, the Contract Committee of the Consumer Protection Board issued its Notification Re: Stipulation of Residential Property Leasing as Controlled Contract Business B.E. 2561 (the “**Notification**”). The Notification was published in the Royal Gazette on 16th February 2018. It will become effective on and from 1st May 2018.

The Notification applies to the landlords / lessors who lease or sublease at least five units of residential property in the same or different buildings. The Notification does not apply to dormitories and hotels as they are regulated under other laws.

The major requirements and restrictions under the Notification include the followings:-

1. A residential lease agreement must be made in the Thai language and contain detailed information of the lessor (the business operator), the lessee and the leased property.
2. Details of the lease period, the rental fees, the public utility fees, the service fees and other expenses and their calculations must be specified.
3. A description of the physical condition of the leased property must be attached to the lease agreement and the property must be inspected and acknowledged by the lessee.
4. A security deposit must be immediately returned to the lessee at the end of the agreement, unless the lessee caused damage to the leased property.
5. The lessee can terminate the lease agreement early upon providing a prior written notice of at least 30 days to the lessor.
6. The lessor can terminate the agreement only if the lessee fails to comply with a 30-day written notice to rectify a breach.

It is unlawful if any of the following provisions is included in the residential lease agreement:-

- (1) waiving or limiting the liability of the lessor for a wrongful act or a breach of agreement;
- (2) requiring an advance payment of the rental fees for more than a one-month rental fee;
- (3) allowing the lessor to change rates of the rental fees, the public utilities fees, the service fees, or any other expenses before the end of the term of the agreement;
- (4) requiring a security deposit for more than a one-month rental fee;

- (5) allowing the lessor to forfeit the security deposit or the advance payment of the rental fee;
- (6) allowing inspection of the leased property without informing the lessee in advance;
- (7) charging electricity and water supply charges exceeding the rates charged by the relevant authorities;
- (8) allowing the lessor to block the lessee from using the leased property or to confiscate or remove the property of the lessee if and when the lessee fails to pay the rental fees and other expenses in relation to the leased property;
- (9) allowing the lessor to demand a renewal fee from the lessee;
- (10) allowing the lessor to early terminate the agreement on the grounds other than a material breach of the lessee;
- (11) imposing liability on the lessee for the damage arising from the general usage of the leased property and equipment of the building in which the leased property is located;
- (12) imposing liability on the lessee for the damage to the building, property and equipment which is not caused by the lessee or the damage which is caused by force majeure; and
- (13) imposing liability on the lessee for the defect of the building, property and equipment due to the general usage or its normal wear and tear.

A lessor who violates the Notification can be subject to imprisonment not exceeding one year or a fine not exceeding THB100,000 or both.

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