

CHANDLER MHM

Newsletter

JANUARY 2020: STANDARD TERMS REQUIRED TO BE UPDATED

Leasing of Residential Buildings – A Contract Controlled Business

The Contract Committee of The Consumer Protection Board has just launched an updated notification of contract controlled businesses; the Notification of the Contract Committee re: The Stipulation of Residential Property Leasing as a Contract-Controlled Business B.E. 2562 (2019) on 31 October 2019 to repeal and replace the current notification. Please refer to the key summary of the current notification in our newsletter, issued on 4 May 2018¹. The notification provides standard terms of residential leases to be entered between an individual lessee and business operators who lease five or more property units, excluding dormitories and hotels to individual lessees for residential use.

The new notification will come into force on 30 January 2020 and will not be imposed on contracts executed before 30 January 2020. The new notification provides definitions of a business operator, prescribes terms and conditions of business contracts, and imposes responsibilities for the business operator. Most of the concepts, functions and details of the current notification have been maintained in the new notification. Certain portions of rules have been revised in the new notification. In sum, the new notification is more flexible and reasonable to both business operators and lessee.

There are two key important updates on termination rights of the parties as follows:

Termination Rights of the Lessee: One condition has been revised. The lessee is entitled to terminate a building lease before its expiration by submitting a 30-days prior notification to the business operator, provided that the lessee does not default in the payment of rent or other expenses. The amendment adds the condition that the lessee has to have also occupied the leased premises for at least half of the total lease term specified in the contract in favour of business operator.

Termination Rights of the Business Operator: The conditions have been revised to give more flexibility to business operators.

Unlike the current notification, which allows the business operator to rescind a lease in case of lessee's breach (with 30-days prior written notice, and the failure to cure the breach by the lessee), the new

Key Contacts

Tananan Thammakiat
TEL +66-2-266-6485 Ext 412
(tananan.t@chandlermhm.com)

Chaveeporn Vithayanupong
TEL +66-2-266 6485 Ext 412
(chaveeporn.v@chandlermhm.com)

Kobchai Nitungkorn
TEL +66-2-266-6485 Ext 156
(kobchai.n@chandlermhm.com)

Chandler MHM Limited
7th-9th, 12th, and 16th Floors
Bubhajit Building
20 North Sathorn Road
Bangkok 10500, Thailand
www.chandlermhm.com

¹ Link: [Chandler MHM Newsletter re: Leasing of Residential Buildings – A Contract Controlled Business](#) (4 May 2018)

notification still allows the business operator to rescind the lease by serving 30-days prior written notice to the lessee; however, from 30 January 2020 the business operator is entitled to rescind a lease with a shorter notice period in the following events:

- if the lessee commits any acts which directly disturb the peaceful enjoyment of the premises among other lessees, the business operator can rescind the lease by serving the lessee 7-days prior written notice; or
- if the lessee violates laws relating to public order or good morals, the business operator can rescind the lease without any notice.

The new notification also makes changes to the prohibited provisions and other minute amendments. Therefore, business operators who are subject to the new notification should ensure that leases executed from 30 January 2020 comply with these new requirements.

This publication is intended to highlight an overview of key issues for ease of understanding, and not for the provision of legal advice. If you have any questions about this publication, please contact your regular contact person(s) at Mori Hamada & Matsumoto or Chandler MHM Limited, or any of the Key Contacts listed in the far-right column.