

Building Contracts in Thailand

Your builder may have a building contract that can be modified to fit your situation, or your lawyer can write a contract for you. Many builders prefer not to have any contract at all.

You will likely get a better price quote without a contract. A building contract should specify exactly what is and is not covered by the contract, material quality, approximate time schedule, payment schedule including bonuses or penalties, and guarantees. If the builder provides a contract, have your lawyer check it to make sure your rights are protected. Check that there is a provision for early termination of the contract. In the event that you are not satisfied with the quality or the work, you will want a way out of the contract without having to pay the full amount.

Be very careful about how much money you give before any work is done and materials arrive. Ideally, you will not pay anything until a significant milestone is reached, and the amount you pay is consistent with the value of the work and materials you have acquired.

My builder quit before the house was finished (actually, it was by mutual agreement since I was not satisfied with the quality of the finish). However, I feel I got a fair amount of work for what I paid, which was considerably less than the price had he finished the house. Builders quitting in the middle of a job is quite common, especially during times where there is a high demand for builders. Many builders, especially in busy housing markets, will demand a large deposit before any work begins. Often, the builders will not start building your house for a long time, maybe never; they will just sit on your deposit.

Your building contract should specify the start and completion date of the project, so if your builder misses the start date, in theory you can get your deposit back. You may have to go to court in such a case, and you would incur legal bills. Even if you win the case, it does not mean the builder will simply pay up. You will likely have to go to the police to seize the builder's assets. The police will charge 10-15% for this service. The builder will then probably plead hardship: "Oh, you can't take my truck, I need that for work. You can't take my house, I need somewhere to live." The bottom line is, it may be cheaper to walk away from your deposit and hope for better luck next time!

Do not pay for materials and services until you have received them, and keep contact information of other builders in case you end up needing them to finish your house. Also, remember to get written receipts from the builder to prove you have paid.

The contract should include a warranty. Often, problems will not become obvious until you have lived in the house for a while. Check that the length of the warranty covers at least one rainy season, as problems like doors and windows not fitting, and roof leaks will become far more noticeable in wet weather.