

GPA 101:

# The Good, The Bad, And The Ugly Tales Of The Buy-To-Let Business

By Bart Walters





I've been a landlord in Thailand for more than 20 years, renting out different properties in different parts of the country. I've met some wonderful and not so wonderful people in the past two decades...

## When It's Good, It's Great

Paul was a former hairdresser-to-the-stars in the U.K. and dedicated playboy. The three years he lived in my one-bedroom condo in Jomtien Beach earned him my vote for "most entertaining tenant."

Barney, a jolly old, retired farmer from Perth, Australia, brought me a tenant to replace him when he moved out. We remain friends to this day.

Pat and Dave are a retired couple from Newcastle, U.K. They insisted on paying the rent every month in cash, so I'd come to collect it and leave a little bleary-eyed, as Dave usually had a few beers iced down for the occasion. After three years they moved out of my big three-bedroom condo, leaving it undamaged and hospital clean.

In Bangkok, I had three condos rented out to Japanese people. Japanese tenants are the holy grail of the buy-to-let business. Two were young flight attendants for Thai Airways. Every month they would transfer the rent payment to my account, print the transfer slips, and slide them under my door in an envelope. Usually, it was accompanied by a personal note that read, "Thank you! I love living here!" The other tenant was Mr. Takeshi. His company paid his rent right on time, but I had to go see him every month to make sure everything

was okay. I once visited and found out two of the three air conditioner units weren't working. When I asked why he didn't call me, Mr. Takeshi apologized and said, "I didn't want to complain."

The tenants nearest and dearest to my heart are a Russian family who stayed in my biggest condo for three years. It was a young couple and their three-year-old daughter. Little Kiera had me under her spell immediately. She spoke to me in Russian, and I answered her in English. Somehow, we became best buddies. Kiera learned to swim in our giant pool and she learned English from me using flashcards. When her baby brother arrived, I knew they'd need to find a bigger place. They left my condo in shambles, but they were like family, and I was sad to see them go.

## They Can't All Be Jewels —The Bad

Not all tenants leave me with warm and fuzzy memories. I remember a young Aussie guy who worked on the offshore oil rigs near Indonesia. He moved in with his Thai girlfriend during a time when there was a lot of construction noise near my building. I gave them a discount, and even though I had a feeling they weren't going to be model tenants, I was glad to have the income during a tough time. A year later I started getting complaints from my building manager while I was working in Vietnam.

I came back and found that half of the girlfriend's family had moved in from upcountry while the Aussie guy was working offshore. There must have been ten people



living in my place. I witnessed grandma squatting down and washing, in our luxurious swimming pool, some vegetable she'd just harvested from a tree down the street... I had to throw those tenants out. My place was trashed.

Not long after, I rented the same place to a thirty-something English guy. He seemed like a nice kid and had cash for the deposit. But three months later the rent and utilities were unpaid, and his phone was turned off. When I got to the building, my manager said they hadn't seen him in a few weeks.

I opened the door and let out a long sigh. My place was trashed again. I strolled around the apartment like a CSI detective searching for clues. I found a gym bag full of MMA equipment... boxing gloves and Muay Thai shorts. In the bedroom I found two boxes with DJ turntables. In the fridge, a half dozen bottles of different brands of vodka. There were at least 100 nice wooden hangers in the closet and some on the floor, clothes were everywhere, and at least six pairs of shoes were scattered around the premises.

I sat in the kitchen and put all the clues together. I surmised that the young Englishman had come to Pattaya to do everything he thought was cool. He was training at a local gym to learn Muay Thai (Thai kickboxing), trying to be a DJ in one of the big dance clubs down on Pattaya's walking street, and had been a big spender at the bars with his own bottles reserved.

For whatever reason, he'd left town in a big hurry. I sold the turntables, which fetched enough to cover the rent and utilities. I gave the clothes and shoes to a local shop that sells second-hand clothes, where the proceeds fund an orphanage. I ended up with a closet full of nice wooden hangers.

I'm sure both these tenants intended to honor our written agreement. They had planned on paying rent and utilities, following the condo by-laws, and keeping the place in good repair. But life in the Land of Smiles can be unpredictable. That's when you learn the major downside of being a landlord. People tend to make their problems your problems.

## The Ugly

Earlier this year, I put my big three-bedroom condo up for rent and got an immediate prospect.

A fifty-something Korean American and his Korean mother showed up wearing masks, face shields, and rubber gloves. They said they needed to be extra careful about COVID-19 because the father, who was not present, was 83 years old and in poor health. If he were to contract the virus it would be fatal. The man said they were from Seattle and had lived in Thailand for the past six years. He had chosen Pattaya because he is a serious golfer and there are dozens of great courses in the area. He even knew some of my neighbors and had played golf with them.

The story this guy spun was that he was a millionaire software developer who was retired and taking care of his elderly parents. He said he was bidding on a 55-million-baht house (nearly US\$2 million) but needed a place until the deal was done and the house was completed.

He looked the part. He sounded legit. He had the deposit money with him. I didn't ask any more questions because I'm a sucker for the "I'm taking care of my parents" thing.

As it turns out, this family-loving millionaire is a grifter. When he didn't pay his rent or utilities for two months, I conducted a brief investigation.

The first thing I found was dozens of Facebook posts from different golf clubs and communities in the area. Apparently, he was a golf hustler. He played for money, spun his millionaire story, and borrowed money he never paid back. At least a dozen victims told a similar story about the same guy and had posted warnings.

A little more digging revealed that he had been hit with a big judgement from a lawsuit back in Seattle just before he came to Thailand. It seems he ripped off his business partner and fled the country. The more I dug, the more came out. It became clear to me that he came to Thailand with his elderly parents and was living off his father's pension checks. He wasn't a software millionaire... he was a conman. He had never intended to honor our lease agreement.

Unfortunately for him, he quickly learned that property laws in Thailand favor owners not tenants. I evicted him with only seven days' notice. He tried to lawyer up American style, but when he realized I had the upper hand, the whole family fled in the middle of the night. Because I acted quickly, the deposit more than covered what he owed.

## It's A People Business

There it is... the good, the bad, and the fraudulent. It's important to know, vetting your tenants isn't easy overseas. There's no agency or credit check you can do. You may not have access to any record of the prospect's previous address.

Landlords kind of go by feelings and hunches. I blame the bad tenants on myself. I'm a little too quick to give people the benefit of the doubt. Two out of three times, it backfires.

Most people don't realize, being a landlord is a people business in a very personal way. With most businesses, you could conduct commerce with someone for years and never know how they live. As a landlord, you may end up knowing your customers better than you want to.

If you are considering the buy-to-let business overseas, please remember these four axioms.

1. Learn about the local laws regarding rental property and how they are enforced.
2. Get a good lease rental contract from a local realtor or real estate attorney to use as your base document. Leave no part of the agreement undocumented. Verbal agreements don't carry much weight in most expat havens.
3. Never agree to take less deposit or no deposit at the beginning of the lease. (If the prospect asks, that's a major red flag.)
4. Remember, expat havens all over the world are known for attracting less-than-scrupulous residents and travelers. You should have your BS detectors set to "sensitive." 🏠

