

Sell Chinese properties: what to do with the mortgage loan?

Description

Though you may think otherwise of Shanghai property market, many people are starting losing confidence and thus selling their properties in China. The biggest sale is made by Asia No. 1 tycoon from Hong Kong, Li Ka Shing. He has sold several properties in Shanghai, indicating that he sensed a turning point to be coming soon.

But for individual foreign property owners, selling Chinese property is a complex process requiring personal attendance (a big headache of travelling multiple times to China) if they don't have an agent to help them. Things are particularly complex if the seller has not paid off the mortgage loan on the property prior to sale. If not properly arranged, an agent may not help in prepaying the mortgage loan and the owner may have to come over to China to do it on their own.

Here in Shanghai, to effect the prepayment of mortgage loan before sale, owners may have to book a date for paying off the loan at the bank counter half to one month in advance. At that date, you may have to carry your bank card and enter the password in order to complete the prepayment. In any case, you don't want to give the card and password to your agent or representative.

You may think that once you wire money into the bank account that has been used for paying the loan, the bank may simply deduct the money from your account and then it is done. But banks don't do this. In other words, you must be present to effect and complete the prepayment of your mortgage loan.

There is one way to save you from having to come to China to attend to the prepayment: get your buyer to help you paying off the loan with the down payment payable under your sale contract.

Sale of properties in China can be time consuming for sellers esp foreigner owners who are no longer living in China. In many cases, you may have to come over to do it your own but it may be more advisable to entrust a local real estate attorney to help you with the process. It is extremely important to prepare a complete and sound power of attorney making sure major steps are covered in the POA.



Date Created
December 2013
Author
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