Buying Property in South Korea as a Foreigner: What You Must Know

by Soyool Park

Chapter Index

Chapter 1 – Why Korea's Real Estate System Is So Different To Others In The World

Chapter 2 – Understanding Korean Houising Types

Chapter 3 – The Rental System Explained

Chapter 4 – Can Foreigners Rent In Korea?

Chapter 5 – The Step-By-Step Renting Process

Chapter 6 – Staying Safe — Avoiding Scams and Financial Loss

Chapter 7 – Buying Property in Korea as a Foreigner

Chapter 8 – Financing & Loans for Foreigners

Chapter 9 – Taxes, Fees & Hidden Costs

Chapter 10 – Life After Moving In

Chapter 11 – Real Stories and Case Examples

Chapter 12 – Useful Korean Terms and Phrases

Chapter 13 – Practical Advice for First-Timers

Chapter 1 – Why Korea's Real Estate System Is So Different To Others In The World



Korea's real estate system may be confusing for foreign visitors due to its reliance on completely different assumptions than those used in western housing markets. For example, payment of a substantial one-time deposit rather than monthly rental payments, extreme volatility of prices in the market, and a great deal of social pressure to purchase property all appear to be irrational at first. However, these characteristics have roots within Korea's culture and history. Following the end of the Korean War, the country was plagued by extreme housing shortages, poor development of the financial markets and limited access to long term mortgages. Thus, the mutual agreement of trust-based, lump sum based agreements between landlord and tenant formed as the most viable solution to address the lack of adequate financing options. Specifically, jeonse evolved into a mutually beneficial arrangement, where tenants paid no monthly rent, while landlords utilized the funds they received as investments during a period when bank loan availability was extremely low, and interest rates were extremely high. Although, as the financial industry has improved, the institutionalization and socialization of jeonse has continued.

In addition, housing is typically viewed as a source of both shelter and wealth creation. The rapid rate of economic growth in Korea, the limited availability of land in South Korea (specifically in Seoul and the 수도권), and the frequent experience of long periods of appreciation in home prices, have created a widespread perception that investing in real estate is a safe, reliable and the best way to accumulate wealth. Therefore, it is possible to understand the willingness of households to assume significant amounts of debt and/or to place nearly all of their household wealth in a single asset class (i.e., real estate). Therefore, many of the common myths held by foreigners regarding jeonse (e.g., jeonse is a scam; Koreans are irrationally obsessed with property; the system will eventually collapse) miss the logical rationale developed by the interactions of history, policy and social expectations that currently shape how housing is produced, consumed and invested in today. Therefore, Korea's real estate system is not random or an anomaly, but it is a rational response to specific economic conditions and cultural values that continue to shape the production, consumption and investment of housing in today's society.

Chapter 2 – Understanding Korean Housing Types

The various housing options available in South Korea can seem quite daunting to foreign residents, primarily due to the fact that many Korean housing terms and definitions do not clearly correspond to Western-style housing designations, nor reflect the exact same forms of legal, social, and/or investment-based logic.



Apartment Buildings (아파트) are large, high-rise apartment developments constructed by top South Korean builders and provide the most standardized, best quality, and most desirable housing option in South Korea. They have an exceptionally good record for security, professionally managed property, and long-term investment potential. However, there are numerous negative factors associated with purchasing or renting apartment properties in South Korea. In particular, apartments are generally priced at much higher levels than comparable housing options available elsewhere in the world, requiring foreign buyers to pay extremely high prices for both purchases and Jeonse deposits. Additionally, many of these units are highly sought after by locals who compete with foreign buyers on a first-come-first-served basis, thereby limiting accessibility for foreign homebuyers and renters alike.



Villa Properties (빌라) are typically low-rise multi-unit apartment style residential buildings located throughout a neighborhood area; villa properties are generally less expensive than comparable apartment-style housing, making it easier for foreign residents to rent them. Although villa properties may appear to be well-built and maintained in some cases, the quality of construction, soundproofing capabilities, and overall maintenance may vary greatly depending upon the specific developer or builder. Furthermore, villa properties generally provide little to no long-term investment potential.



Officetel Properties (오피스텔) are mixed-use residential office buildings that are technically defined as office buildings in Korea, however are widely used as residential properties, particularly by single working professionals. Due to flexible lease terms, modern designs, and frequently having fully-furnished rentals, officetel properties are very appealing to foreign residents. While officetel properties have several benefits for foreign residents, such as flexibility, modern amenities, and short-term rentals, they tend to have significantly higher costs than other options, including higher monthly rental costs, and higher management fees. Officetel properties also tend to have lower long-term appreciation values.



One-Room Apartment (원룸) and Studio Style Apartment Rentals are small, compact, single room residential properties that were developed specifically for low-income students and young working professionals. These properties are ideal for foreign students and exchange residents due to the minimal upfront cost and the extreme flexibility offered for short-term stays. However, the small size, lack of adequate storage space, and excessive noise levels associated with one-room and studio style properties can make them unattractive for long-term living arrangements.



Multi-Family Housing Options (다가구) and Multi-Unit Residential Buildings (다세대) are a common type of housing in older residential areas, and although similar to villas in appearance, they are actually multi-owner residential buildings where each unit is owned separately. The two types of multi-family housing options are relatively affordable and often open to negotiation. However, the complexity associated with individual ownerships, and inconsistencies with respect to maintenance, increase the risk of legal and financial complications for foreign residents unfamiliar with the complexities of Korean contracts and the protection systems provided for deposits made on residential properties.

In general, apartment and officetel housing styles tend to prioritize providing a level of comfort, convenience, and peace of mind for a premium price, whereas villa, one-room, and multi-family housing options are designed to provide a greater degree of flexibility and affordability, but in doing so, they sacrifice aspects of comfort, safety, and security. Ultimately, the choice between these housing options will depend on an individual's preference with regard to comfort, security, affordability, and flexibility, and ultimately, whether or not an individual understands how deeply South Korea's real estate market interrelates daily living activities with risk, legality, and expectations related to investments.

Chapter 3 – The Rental System Explained



Korea's rental systems differ from many Western systems in that the deposit is used in conjunction with the monthly rent; however, the deposit serves as much more than a security method. The three primary forms of rental agreements include Jeonse, Wolse, and Ban-jeonse.

Jeonse is a form of rental agreement where a large sum of money — typically ranging from 50% to 80% of the actual price of the home — is paid to the owner as a deposit to live in the home without paying rent for a set time period, which is normally two years. During this time, the owner will invest the deposit and upon expiration of the contract, he/she is obligated to return all of the money invested.

For example, if there is an apartment worth ₩700 million, you could give ₩500 million in a Jeonse deposit and then pay zero rent while residing in the apartment. Your only costs would be your utility bills and/or maintenance expenses. At the end of two years, you should receive back your entire ₩500 million Jeonse deposit. There is, however, some level of risk involved. If the real estate market declines, if the landlord has too high of a mortgage debt load, or if the landlord fails to return the Jeonse deposit, you may incur financial losses. As such, you should consider taking legal measures such as registering your residence (전입신고), securing a date-stamped document (확정일자) that indicates when your lease will expire, verify the property's outstanding debts, and look into purchasing deposit insurance through companies such as HUG or SGI.

Wolse operates similarly to how most Western countries' rental markets operate. It consists of a relatively small deposit with accompanying rent payments made each month. A common scenario would be to provide a ₩20 million deposit and subsequently make ₩900,000 per month in rent payments. In two years, you would have paid a total of ₩21.6 million in rent along with being able to use the deposited funds temporarily. Deposits for Wolse rentals vary widely; they tend to be in the ₩5 million to ₩50 million range based on the type of property and its location. Due to the flexibility inherent in negotiating terms, tenants often try to increase the deposit so as to decrease their monthly rent. Some other methods of negotiation include entering into a lease quickly, attempting to sign a lease during periods of slow leasing activity (i.e., winter months), or asking for repairs prior to completing your lease.

The middle ground between Jeonse and Wolse is Ban-jeonse. Ban-jeonse allows you to combine a significant portion of your Jeonse deposit (but not necessarily all of it) with monthly rent. For example, rather than providing a full ₩500 million in Jeonse deposits, you might provide ₩300 million and then pay ₩700,000 per month. Ban-jeonse permits owners to benefit from both investments and regular income streams. In recent times, due to volatility in interest rates and residential property values, Ban-jeonse has grown in popularity among renters.

When comparing these three options, Jeonse requires the largest initial capital investment but also completely eliminates monthly rent payments. Ban-jeonse requires you to contribute significant capital as well as reasonable monthly payments. Finally, Wolse requires minimal up-front funding but ultimately produces the greatest cumulative expense over time. Therefore, if you elect to enter into a Jeonse rental arrangement you assume increased deposit-related risk and potentially reduced long-term rental costs if you successfully recover your deposit at lease termination. Conversely, while Wolse presents more predictable cash flows and lower foreigner-specific legal risks for temporary residents than Jeonse does; therefore, it is generally viewed as safer for those renting short term. Therefore, only individuals possessing ample capital and a solid grasp of Korea's related protective laws will find Jeonse financially beneficial.

Chapter 4 – Can Foreigners Rent In Korea?



Many expats have asked about renting houses in Korea upon arrival. Generally speaking, yes, foreigners can rent housing in Korea; however, there are some formalities you need to follow when looking at properties that will vary depending upon your country of origin. As you may expect, this information will help you avoid potential issues that could cost you money down the road.

Generally, you will need to have a valid long term visa prior to signing a contract for housing. Tourist visas typically limit your ability to register your residency, which is critical to protect your rental deposit. Landlords generally like to have students (with D-2 visas), workers (with E-series) and people with long term residency visas (F-series) as tenants since these visas give them both more security and more clarity regarding their rights and obligations under the contract. As such, being sure that you meet the requirements for obtaining a visa prior to starting your housing search is very important.



As mentioned above, the Alien Registration Card, better known as the ARC, is perhaps the most important document for a resident alien. In fact, the ARC serves two main purposes: it is used as an ID card by foreigners living in South Korea and it is required for all financial dealings that include opening a bank account, buying a house, and even getting a credit card. Importantly, the ARC is needed for completing 전입신고 (residency registration), which gives a tenant precedence over other claimants to recover his/her deposit if financial disputes develop. Without completion of residency registration using an ARC, the deposit protection offered to a tenant is greatly diminished. Consequently, many landlords will not finalize a lease agreement until they know that the tenant has obtained his/her ARC or can present documentation showing that he/she has applied for one.

In addition to having a valid visa and ARC, almost every rental transaction requires that you obtain a Korean phone number and a domestic Korean bank account. Your Korean phone number will likely be needed to establish your identity with the landlord or agent; to communicate with them; and to set up utilities for your home. A Korean bank account is typically required so that you can make electronic transfers of funds for your monthly rent and deposit. Also, large amounts of money are usually transferred via bank wire and/or traceable methods; therefore, cash payments are rarely accepted due to the lack of transparency they provide for legal purposes. Establishing these financial and communication tools as soon as possible will undoubtedly ease the process of finding a place to live in Korea.

While some contracts are available in English, it is usually the Korean language version of a lease agreement in Korea that is considered authoritative. That is, if a dispute arises between the parties, the Korean version will prevail regardless of whether an English version was presented to you. Thus, tenants should not rely on oral representations made by landlords or agents regarding a lease agreement. Instead, if you are unable to read and understand Korean fluently, it would be wise to obtain assistance from a bilingual professional, trusted friend or legal advisor prior to signing anything. Misunderstanding any part of a contract can result in costly financial errors; however, where deposits are large and/or subject to high penalties, misinterpreting even one sentence can cause major problems.



Due to the size of deposits associated with Korean rental contracts, signing anything without knowing what you are committing yourself to represents great financial risk. Therefore, before signing any type of rental agreement, tenants should always verify the title of the property owner through legitimate registration records; confirm that there are no mortgages against the unit; and verify that the terms of the contract clearly outline each of the elements that were discussed including: (1) the amount of the deposit; (2) length of time the contract is effective; (3) payment schedule; and (4) conditions related to renewals. If there are any unclear terms in a proposed rental contract, you should clarify them in writing prior to signing. Since large deposits associated with Korean rental agreements may equal a considerable percentage of a tenant's overall life savings, reviewing these matters carefully is not simply optional -- it is mandatory.

Chapter 5 – The Step-By-Step Renting Process

To find a place to live in Korea, you have to go to the local neighborhood real estate agency called 부동산. They don't do everything online like we do; instead, most rentals are done by licensed real estate brokers.

You'll see these agencies in residential areas. Most of them have listings displayed in their windows. While there are online platforms to use, going into the one near your new home and meeting the broker face-to-face is usually the best way to get started — especially for people renting for the first time. Since each agent generally specializes in the same geographic region, they tend to know about the availability of apartments, what has been selling lately, and what landlords expect.



Before selecting a broker, you should verify that he/she is a licensed broker and determine if he/she has worked with international clients since language could possibly become a problem.

If you plan to visit an agent's office, be prepared and clear. Typically, they will want to know what your maximum budget is (both for the deposit and for the monthly rent), where you'd prefer to live (neighborhood/building type), and when you'd like to move in. Having this information ready to share will help the agent narrow down potential options right away. If you tell the agent "I'm looking for something with a deposit of ₩20 million and I am willing to spend no more than ₩900,000 a month in Wolse," then he/she can immediately begin showing you properties. If you mention your visa status and expected duration of your stay in Korea, this may also alleviate concerns from landlords regarding tenancy stability. As opposed to some Western countries, negotiations concerning pricing in Korea typically occur prior to or while drafting the rental contract rather than during lengthy bidding processes. Thus, by being candid and realistic about your financial limitations, you will expedite the entire rental process.

The brokerage commission charged to the buyer/tenant in Korea is referred to as 중개수수료. This charge is mandated by law and computed based upon either a percentage of the purchase price/deposit or the gross revenue of the sale/lease. Depending upon both the total dollar volume of the transaction and whether the agreement is Jeonse or Wolse, the actual brokerage commission rate varies. Generally speaking, although varying depending upon the province/locality in which you're transacting business, brokerage fees in Korea are usually somewhere in the range of 0.3% to 0.9% of the total transaction value. There are provincial/local limits established for the brokerage commissions allowed, but again, these are generally non-negotiable beyond the limits established by law. Tenants should confirm the actual amount prior to signing a rental agreement to ensure accuracy.

Once you've identified a property, a relatively minor portion of the total deposit is usually paid by the tenant at closing to secure the property. This is usually a fraction of the total deposit, commonly ranging between 5% to 10%. Once this deposit is paid, the property is removed from public listings until such time as the remaining deposit balance is paid on the tenant's move-in date. On that date, after transferring funds via bank transfer (which creates a verifiable paper trail), the tenant takes receipt of the keys and gains legitimate possession of the subject property. Prior to receiving the keys, however, it is crucial that tenants thoroughly examine the premises. Documenting any pre-existing damages, defective appliances or needed repairs in writing or photographically can assist in avoiding disputes when returning deposits at the end of leases.



Upon occupying a rented dwelling in Korea, two very important legal actions must be taken to protect the tenant's interest in their deposit:

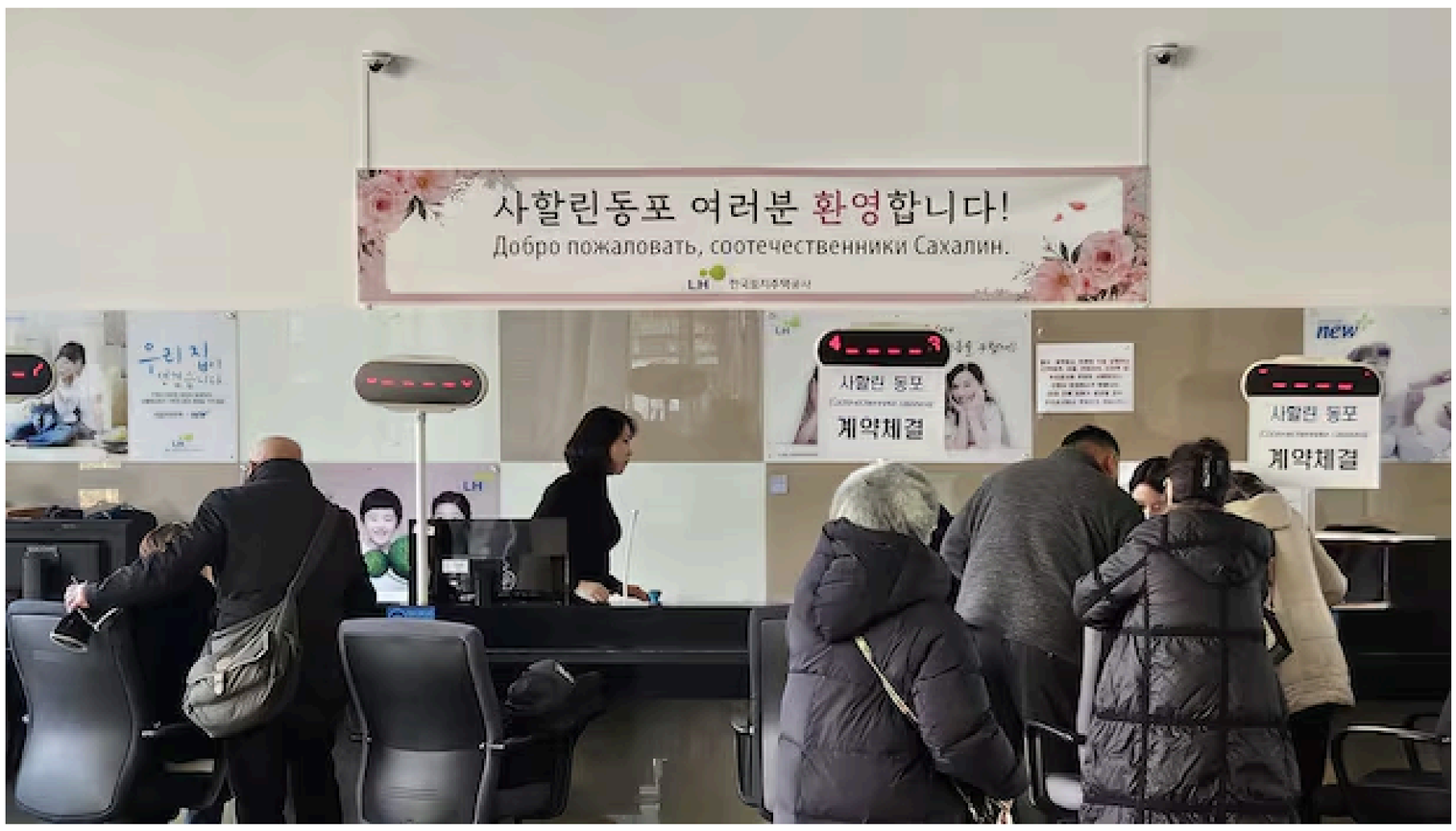
전입신고 (residency registration): A procedure whereby the tenant registers his/her address with the relevant municipal/governmental authority.

확정일자 (fixed-date stamp): A document issued by a governmental entity evidencing a legally-recognized date associated with a particular transaction (in this instance, the commencement of a rental agreement). This affords tenants priority over other parties claiming against the deposit in event of landlord insolvency/bankruptcy or foreclosure proceedings. Both procedures are accomplished at the nearest 주민센터 (community service center) and are mandatory (not optional) so as to provide maximum protection for tenants' interests.

Chapter 6 – Staying Safe — Avoiding Scams and Financial Loss

As noted previously, because of the size of many Korean rental deposits, financial safety cannot be considered lightly – it is a fundamental issue. Transfers by tenants prior to moving into a rented unit may include several hundred million KRW in total; therefore, knowledge of how scams take place and how deposits are lost is of paramount importance to foreign residents, among others, as they will likely be unacquainted with many aspects of Korean legal procedure.

Generally speaking, issues tend to arise in the event a tenant fails to check ownership documents, ignores previous debt obligations or misinterprets how the system protects deposits.



1. Fraudulent Tenants

Another common fraud scheme exists in which an individual falsely represents him/herself as being the property's owner. A person may claim to be the landlord and receive deposits for a unit he/she does not legally own.

Tenants can avoid these fraudulent schemes by verifying the identity of the landlord, checking that the landlord's name is also found in the official property register (as well as comparing them to each other), and requiring that the names on the lease agreement coincide with each other. However, if someone is signing on behalf of the actual landlord, then a properly notarized power of attorney must be available.

Regardless of whether a real estate agency handles the transaction, the tenant should still review the documentation showing proof of ownership individually and separately from verbal representations made by an agency employee.

2. Double Pledging Properties

Yet another major problem concerns double pledged homes. These exist when landlords have secured numerous substantial loans against their properties, and use those properties as collateral. When a landlord defaults on his/her loan obligation(s), the lender (bank) gets first priority to recover its funds via foreclosure. If there is not enough money generated from the sale of the home to satisfy both the bank's foreclosure obligation (i.e., mortgage balance) AND the Jeonse deposit obligation owed to the tenant, then the tenant could potentially lose either a partial or full portion of his/her deposit. The likelihood of losing your deposit increases during times when housing prices are declining. As housing prices decline, so too do the values of homes that have been used as collateral in loans. Therefore, the total number of lenders competing for the proceeds from the foreclosure sale of one home will increase.

3. Losses Due To Tenant Deposits

There are three ways that losses generally result due to tenant deposits:

a.) The landlord files for bankruptcy/insolvency;

b.) Foreclosure results from delinquency regarding payment of outstanding mortgage obligations;

c.) There are multiple tenants claiming conflicting interests in regard to the same property.

Because of the potential severity of a small error in high priced Jeonse contracts, it would be prudent for tenants to develop a systematic approach toward managing risk.

등기사항전부증명서(말소사항 포함)
- 집합건물 -

[redacted]

【 표 제 부 】 (1동의 건물의 표시)

표시번호	접 수	소재지번,건물명칭 및 번호	건 물 내 역	등기원인 및 기타사항
1	2022년5월26일	[redacted]	철근콘크리트구조 평지붕 11층 업무시설(오피스텔) 다세대주택 지1층 376.4㎡ 1층 84.34㎡ 2층 260.79㎡ 3층 260.79㎡ 4층 260.79㎡ 5층 250.31㎡ 6층 250.31㎡ 7층 250.31㎡ 8층 250.31㎡ 9층 211.173㎡ 10층 211.173㎡ 11층 216.77㎡ 옥탑1층 12.77㎡	

(대지권의 목적인 토지의 표시)

표시번호	소 재 지 번	지 목	면 적	등기원인 및 기타사항
1	[redacted]	대	714.7㎡	2022년5월26일 등기

【 표 제 부 】 (전유부분의 건물의 표시)

표시번호	접 수	건 물 번 호	건 물 내 역	등기원인 및 기타사항
1	2022년5월26일	[redacted]	철근콘크리트구조 14.09㎡	

열람일시 : 2024년06월17일 11시32분30초 1/3

4. Verifying The Property Registry Document (등기부등본)

A primary method for preventing loss is obtaining access to view the property registry document entitled 등기부등본. This official government document contains information about:

Legal titleholder

Mortgages/Liens recorded

Court ordered seizure/Dispute/Litigation

Registered Financial Claims/Objections

Tenants can obtain a copy of this document for a relatively low cost via either an internet search or visiting a local registry office. By viewing this document, tenants can assess whether the property has excessive amounts of debt compared to its market value.

A basic tenet related to safety would be that no combination of the sum total of outstanding mortgage debt PLUS the Jeonse deposit should approximate OR surpass the value of said property in question. If it does so then tenants are exposed to a greater degree of financial vulnerability.



5. Deposit Protection Programs

Korea provides two types of deposit protection insurance products: through entities such as Housing & Urban Guarantee Corp. (HUG); and through Seoul Guarantee Ins. Co. (SGI). Both HUG and SGI provide renters with the ability to purchase insurance covering their Jeonse deposit. If the landlord refuses to return the renter's deposit upon expiration of a rental contract (lease), then the insurance company pays compensation to the renter and subsequently pursues reimbursement from the landlord.

By purchasing insurance coverage related to tenant deposits, renters minimize their exposure to a catastrophic loss, especially for foreign renters who lack familiarity with markets.

Chapter 7 – Buying Property in Korea as a Foreigner

While short-term renters often have options to renew their leases in Korea, long term residents will eventually reach the same decision point: can a foreigner buy property in Korea? The short answer is yes. Allowing foreigners to own property in Korea is governed by the Foreign Land Acquisition Act. While generally, foreigners are allowed to buy residential and commercial property in Korea, the process for buying property is regulated, requires additional documentation and reporting compared to a Korean citizen. Therefore, understanding the regulatory requirements involved with buying property is essential as the purchaser is not only making a significant financial commitment, but is also responsible for complying with the laws of real estate and foreign property ownership in Korea.

Can Foreigners Purchase Property in Korea?



Foreigners are allowed to purchase property in Korea according to the Foreign Land Acquisition Act. There are no restrictions in place prohibiting foreign ownership of residential property in Korea. Additionally, foreign purchasers are subject to the same property taxes, registration processes, and financing requirements as a Korean citizen.
However, while foreign purchasers are able to purchase property in Korea, there are several other factors affecting the purchasing process.

Limitations/Approvals

There are several practical limitations that may affect the ability of a foreign buyer to purchase property in Korea. First, some areas require additional government approvals prior to allowing foreign ownership. These are typically located near borders or are deemed sensitive due to environmental concerns. Second, foreign buyers are unlikely to be approved for a mortgage by Korean lenders. To obtain a mortgage from a Korean lender, the borrower must demonstrate proof of stable income earned in Korea; the borrower must possess a valid long-term visa; and the borrower's credit must exist in the Korean financial system. Therefore, many foreign buyers rely upon cash payment or international financing.
Lastly, purchasing property as a foreigner does not automatically grant residency rights. Purchasing property in Korea does not replace visa requirements, therefore, the foreign buyer must continue to possess a valid visa.

Documents Required



When a foreign buyer purchases property in Korea, he/she will need to prepare and submit various documents. The types of documents required will depend upon the nature of the transaction. Generally, however, documents required include:
Valid Passport
Alien Registration Card (ARC)
Proof of Address
Personal Identification Documents
Report of foreign land acquisition submitted to local government
Registration documents filed with Court Registry Office
Additionally, financial documentation may be required if the buyer intends to seek a mortgage or needs to verify the origin of the funds used for the purchase.

Purchasing Property Independently as a Single Foreign National

Single foreign nationals may purchase property individually. However, single foreign nationals must follow the proper reporting procedures and provide all necessary personal identification documents. Many long-term resident workers in Korea choose this option once they have established themselves financially and have obtained employment in Korea.
However, because single foreign nationals may encounter difficulty in obtaining a mortgage from Korean lenders, single foreign nationals may face stricter lending requirements than married couples. Lenders may request additional documentation from single foreign nationals and/or increase the amount of money required for a down-payment to minimize risk in lending.
Therefore, many foreign nationals consider building their financial credibility prior to attempting to purchase a home.

Purchasing Property Jointly With a Korean Spouse

Many foreign nationals that are married to a Korean citizen do not experience significant difficulties in purchasing property in Korea. Frequently, the property will be registered under the joint name(s) of both spouses.
Registering property jointly may make certain aspects of banking easier for example when seeking a mortgage through one of the large Korean banks. Since the Korean spouse has likely developed sufficient credit history and maintains residency status in Korea, the bank may view the loan application as less of a risk.
However, it is essential that you and your spouse understand how ownership interests are divided among yourselves and what potential tax liabilities each party may incur prior to executing the sale agreement.

Purchasing Property as a Permanent Resident

Generally speaking, individuals holding long-term or permanent residence visas (e.g., certain F-series visas) will encounter few restrictions on acquiring property. As a permanent resident in Korea, you are viewed similarly to a Korean citizen for purposes of property ownership. Thus, you should experience fewer problems accessing financial services (such as opening bank accounts), securing financing and meeting governmental regulatory requirements associated with owning property.
As mentioned above, permanent residents are still required to file reports regarding foreign acquisitions of property.

Chapter 8 – Financing & Loans for Foreigners

Financing is by far the greatest challenge faced by foreign residents wishing to purchase a property in South Korea. Although foreigners are permitted to acquire property under the law, securing financing through a Korean financial institution is much more difficult than acquiring a mortgage from a domestic lender. The reason lies primarily in the manner by which Korean banks assess risk. Specifically, Korean banks assess the level of risk associated with lending to individuals without lengthy residence in Korea, steady domestic earnings, or a well-established credit history in Korea. Knowledge about how Korean financial institutions extend home equity loans will assist foreign purchasers to establish realistic expectations and develop the necessary supporting financial documents.



Theoretically, foreigners can get home equity loans in Korea. However, approval is dependent upon the applicant's immigration status; his/her length of stay in Korea (i.e., the nature of their visa); and/or his/her history of earning and paying taxes in Korea. As such, applicants meeting the above-mentioned requirements may qualify for funding, albeit at less favorable terms than those extended to Korean citizens. Generally speaking, foreign purchasers with no domestic income or documentation regarding their residency status in Korea face difficulties qualifying for approval. Lenders may regard these applicants as being at greater risk due to uncertainty related to their potential future stay in Korea and ability to fulfill their financial obligations.

When seeking home equity loan financing, foreign buyers have essentially two primary alternatives available to them: loans from Korean financial institutions or financing made possible via international lenders (foreign banks). Home equity loan products for the domestic South Korean residential real estate marketplace are available through Korean-based financial institutions. The interest rate on home equity loans provided through Korean financial institutions is generally lower and structurally aligned with the regulatory framework governing home ownership within Korea. However, Korean financial institutions also employ more restrictive qualification standards when evaluating loan applications. To this end, prospective borrowers must, among other things, document their employment stability in Korea; produce their tax returns; and/or demonstrate an existing credit history within Korea. International financial institutions or international lenders may occasionally provide financing to buyers of real estate located overseas. Home equity loan financing made possible through international financial institutions may be based more so on the purchaser's global financial history versus the purchaser's credit history in Korea. However, interest rates are generally higher than what can be secured via a traditional Korean home equity loan arrangement. Additionally, loan structures may differ significantly from typical South Korean home equity loan arrangements. Consequently, some foreign buyers opt to finance all or part of their home purchase using their own funds rather than seek out financing solely through institutional sources.



Interest rates on mortgage loans in Korea vary according to changing economic conditions; government programs aimed at stimulating housing demand; and/or the quality of the applicant's financial profile. In general, interest rates on mortgage loans in Korea move with changes in national interest rates as well as the overall trend in interest rates across the broader financial markets. Prospective borrowers who possess good credit histories; are employed in stable positions; and/or have significant down payments generally qualify for lower interest rates on mortgage loans. Conversely, prospective borrowers viewed as higher risk may face higher interest rates on mortgage loans or experience restrictions placed upon the terms of their mortgage loan agreements. Although specific rates fluctuate regularly, home equity loans provided by Korean lenders typically utilize either fixed-rate or variable-rate interest rate structures, with many lenders providing hybrid interest rate structures combining elements of both.

Banks use various financial metrics to evaluate the qualifications of mortgage applicants. Generally speaking, the most critical components of a loan application evaluation are stable income/employment verification and/or documented credit history within Korea. Korean-based financial institutions may verify a borrower's income levels by reviewing tax returns; verifying a borrower's employment contract/salary statement(s); and assessing a borrower's debt-to-income ratio to ensure that a borrower possesses sufficient disposable income to service long-term mortgage loan debt obligations. Domestic credit history within Korea is especially important. Even though a foreign buyer may have excellent credit histories within another country, Korean-based lenders may still require proof of financial transactions conducted within the domestic Korean financial system. Such proof may consist of having maintained a bank account within Korea; having used a credit card issued within Korea; and/or establishing a domestic payment history.



A number of foreign applicants are denied funding not because they do not have sufficient assets/resources for repayment purposes. Rather, foreign applicants are denied funding because they do not have the requisite documentation and/or financial history required by Korean-based lenders.

Examples of common reasons for denial of funding include:

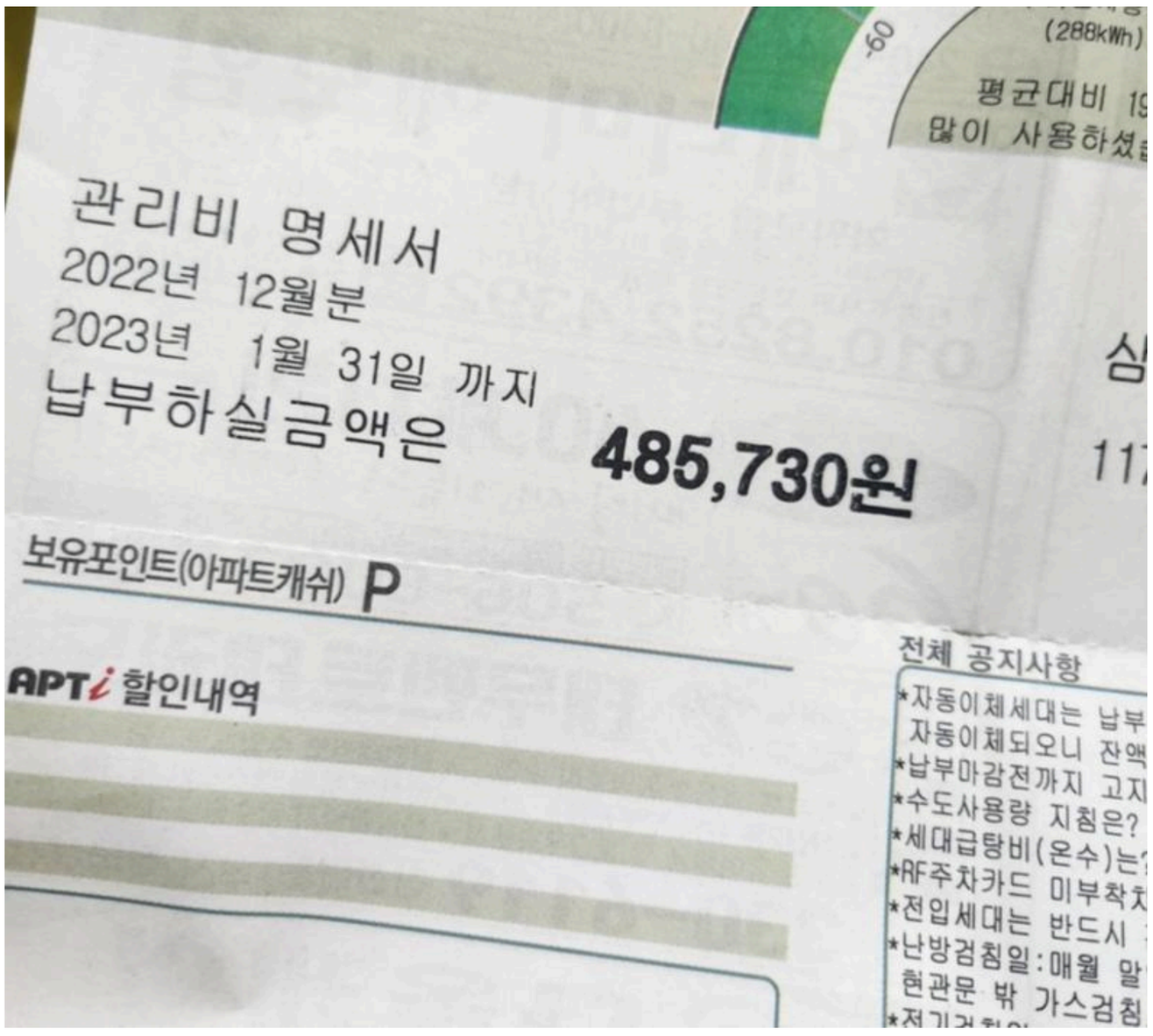
* Short-term visas
* Insufficient credit history within Korea
* Unstable employment contract
* Domestic income that is generated/taxed outside of Korea

From a lender's perspective, each of these factors represents a degree of uncertainty relative to assessing long-term repayment reliability.

However, prior preparation and building a financial profile within Korea over-time can increase an applicant's probability of receiving approved funding. Examples of methods that foreign residents can use to build a financial profile within Korea include:

* Maintaining continuous employment within Korea
* Consistently utilizing domestic banking services within Korea
* Filing tax returns
* Demonstrating a consistent pattern of responsible financial behavior during their period of residency within Korea

Chapter 9 – Taxes, Fees & Hidden Costs



The price you pay for a house in South Korea doesn't include every expense associated with being a homeowner. When buying a home in Korea, in addition to your purchase price there will be numerous taxes, fees and regular expenditures. Foreign investors especially should understand what each of these expenses mean since they could impact your overall bottom line. As mentioned previously, while investing in Korean real estate is seen by many as a stable method of creating wealth, the actual cost of homeownership is not truly understood until all of the above-mentioned expenses are accounted for.

Acquisition tax is a one-time tax charged to the buyer upon the completion of the purchase. It is calculated as a percentage of the total price of the property and is usually required to be paid shortly after the transaction has closed. There are several variables which determine the specific acquisition tax rate; i.e., the value of the property, the total number of homes owned by the buyer, current government housing regulations etc. Generally speaking, larger dollar value properties or multi-unit home purchases would likely require a greater tax rate. Since acquisition tax must be paid promptly upon close of sale, it is critical that the buyer plans accordingly so that he/she/it has adequate cash flow available prior to closing. Failure to do so may create unforeseen financial pressure on the buyer during closing.

Property tax is an annual fee levied against property owners. The basis for taxation is typically the assessed value assigned to a property by the local government. Korea has a two-tiered system of property tax. First, there is the general property tax applicable to all real estate owners. Second, there is a comprehensive real estate holding tax applied to owners of very expensive properties or those that own multiple homes. While property taxes in Korea are generally less than those found in many developed countries, they are nevertheless an ongoing expenditure that must be factored into an investor's decision-making regarding long-term affordability.

A capital gains tax is incurred when a seller realizes a gain from the sale of a property. The tax liability is determined by subtracting the original purchase price from the sales price (after adjusting for allowable deductions). The rate of capital gains tax depends upon how long the property was held, whether the property was used as the owner's primary residence, and the total number of properties owned. If the period of ownership was short or if the owner owned multiple properties, a higher tax liability may exist. Additionally, foreign owners' tax liabilities may also depend upon any existing tax treaties entered into between their country of citizenship/residence and Korea. Therefore, it is prudent for sellers to consult with qualified professionals before finalizing their sale.


우리집 에너지 소비현황은? Code : No.

동일면적평균(365kWh)

-60 -20 0 +20 +60

우리집사용량(850kWh)
평균대비 133 %
많이 사용하셨습니다.

우리집 에너지 소비현황은 단지내 동일면적세대의 전기사용량만을 기준으로 작성되었습니다. (가구인원수, 가전제품수 등 반영안됨)

구분	고 객 번 호	업체 년도
전기	06221	01
난방	3110	70
가스		

[34011] 대전광역시 유성구 [redacted]

관리비 명세서
2019년 6월분
2019년 7월 31일까지
납부하실금액은 **301,610원**

[redacted]동 [redacted]호 귀하

보유포인트(아파트캐쉬) P
※ 포인트현황은 2019.7.17일 기준으로 작성되었습니다.
※ 자세한 사항은

전년동월과 당월 비교

항 목	전월지침	당월지침	당월사용량	전월사용량	전년사용량
전기	3610	4460	850	454	224
온수	1256	1258	2	5	6
수도	4160	4164	6	14	19
난방	47664	47664	0	21	0

전년도 동월대비 관리비 합계 비교표

2018.04	245,360원	2019.04	261,440원
2018.05	202,720원	2019.05	243,220원
2018.06	179,170원	2019.06	301,610원

전체 공지사항

전자납부번호 : 0403-60261[redacted]

▣납기내에 관리비를 납부하여 주십시오.
▣이주시 관리사무소에 연락후 방문하여 주십시오.
▣이주시 전기차단기를 내리면 난방비가 과다 부과됩니다.
▣온라인 입금시 반드시 동,호수를 기입하여 주십시오.
▣수도요금은 수도사용량(냉수+온수사용량)의 금액입니다.
▣자동이체세대는 3시30분전까지 관리비를 입금하시기 바랍니다.

Living in Korea
Photo by Richard Moore

세대 감면내역

항 목	금 액
감 면 총 계	

세대 공지사항

전기에너지 174,327원

우리집 [redacted]	174,327원	세대전기료	165,540	공동전기료	-1,075
동일면적 [redacted]	48,662원	승강기전기	2,031	TV수신료	5,000
		난방동력비	2,831		

열에너지 11,131원

우리집 [redacted]	11,131원	세대급탕비	6,200	기본난방비	4,931
동일면적 [redacted]	20,021원				

관리비 납입의뢰서 (은행용)

2019년 6월분 [redacted]동 [redacted]호

당월부과액	301,610
할 인 총 계	
미 납 액	
미납연체료	
납기내금액	301,610
납 부 기 한	2019년 7월 31일까지

☞연체료는 납부시점에 일할 재계산되어 다음달 관리비에 포함됩니다.

수 납 은 행

위 금액을 은행(지점)에서 수납하여 주시기 바랍니다.

신한 대덕테[redacted](140-002-[redacted])
농협 북[redacted](453131-51-[redacted])
국민 대덕테[redacted](770001-01-[redacted])
신협 송[redacted](131-015-[redacted])

수납인

관리비 납입영수증 (입주자용)

2019년 6월분 [redacted]동 [redacted]호 106.683㎡

일반관리비	32,943	전기 850Kwh	165,540	당월부과액	301,610
경비비	20,654	공동전기료	-1,075	할 인 총 계	
청소비	16,903	승강기전기	2,031	미 납 액	
소독비	1,112	TV수신료	5,000	미납연체료	
승강기유지비	3,656				
수선유지비	2,910	수도 6㎥	2,760		
장기수선충당금	28,620	물이용부담금	1,020		
생활폐기물수수	1,465	하수도료	2,220		
위탁관리수수료	938	공동수도료	275		
건물보험료	1,246				
대표회의운영비	770	기본난방비	4,931		
선거관리운영비	31				
공청유지보수비	4,400	온수 2㎥	6,200		
난방동력비	2,831				
가스사용료	12	관리비차감	-3,670		
일자리안정자금	-2,114				

납기내 2019년7월31일 301,610원

납기후
☞연체료는 납부시점에 일할 재계산되어 다음달 관리비에 포함됩니다.

관리사무소전화번호
☎ 042-933-[redacted]

수납인

In addition to taxes, nearly all condominium owners must pay monthly maintenance fees, referred to as 관리비. These monthly fees fund shared expenses of maintaining the building, e.g., cleaning, security, operating elevators, heating buildings and facilities, and managing facilities. Management fees vary based upon the unit size, age of the building and variety of amenities offered. For example, newer condominiums built with modern amenities like indoor pools, automated parking systems and electronic security systems will have higher management fees. Tenants also pay 관리비 when leasing a condo but even when units are unoccupied owners must continue paying management fees. Management fees thus become an additional item to calculate in determining ongoing ownership expenses.

Determining which option is better in Korea -- owning or renting -- can sometimes be difficult. While ownership entails substantial up-front costs (acquisition tax) plus periodic ongoing costs (property tax and management fees), ownership also exposes investors to market risks (e.g., fluctuating property prices and/or interest rates).

Chapter 10 – Life After Moving In

When you first move into your apartment, some of the basic utilities (electricity/gas/water) have probably been pre-installed. However, you must take over paying for these utilities yourself. Electricity is charged based on your consumption each month. Gas charges may vary depending on what season you use it most – gas is used the most during winter, as you heat your home. Water is often included in your 관리비, however this can vary greatly. Before renting an apartment you should always ask what utilities are included in 관리비 and what ones you will need to pay separately. Paying bills online using a Korean bank account makes it much easier to remember to pay your bills.



There is reliable, high-speed Internet service available almost anywhere in Korea. However, it usually has to be contracted separately from your utilities. Most major telecommunications companies offer bundles with Internet, TV and/or mobile phone services. When you sign-up for service, they will schedule an appointment at your home to install your service. A majority of contracts offered by telecommunications companies are for a specific amount of time. Prior to signing any contract, make sure to review how long the contract is and what penalties exist for terminating the contract early. Foreigners who wish to purchase Internet/TV service may require their alien registration card and a Korean phone number.



Who is responsible for maintenance varies. In general, minor issues such as changing a light bulb or doing routine maintenance tasks are typically the responsibility of the tenant. More serious issues like a leaky pipe, malfunctioning heating system or structural damage are usually the responsibility of the landlord. Communication regarding maintenance in Korea is usually made directly with the landlord. This is true regardless of whether you live in a small complex or larger condominium. Reporting maintenance concerns quickly and keeping a paper trail of communication whenever possible can help to resolve disputes quickly and make the repair process smoother.

The relationships between landlords and tenants in Korea tend to be very informal compared to those found in many Western countries. Many Landlords will want you to communicate with them directly concerning any issues related to payments, repairs etc. While most interactions will be friendly and uncomplicated, miscommunication can easily happen because of language barriers or misunderstanding of expectations. Communicating clearly and politely with your landlord is crucial. Keeping track of every agreement, every bill and all correspondence via e-mail/text message/phone call etc. Can also protect you against future potential disputes.



Leaving an apartment in Korea requires good planning and coordination with your landlord. Typically, tenants are required to inform their landlord ahead of time about their intention to vacate their apartment (usually 1-3 months prior to the end date of lease). At least 30 days prior to the last day of your tenancy, you should provide your landlord with a detailed list of any damages incurred during your tenancy. If you leave any damages on the property after you have left your unit, your landlord reserves the right to deduct these damages from your deposit. On the final day, the landlord will inspect the property prior to releasing your deposit back to you. Your deposit will be released entirely unless there were valid reasons why deductions needed to be taken. Additionally, ensuring that all your utility bills and maintenance fees are paid off prior to departure is essential in avoiding delayed refunds.

Chapter 11 – Real Stories and Case Examples

Real life stories about people who have rented or bought homes in Korea help us understand how Korea's rental/buying system works in reality. Below are some real life scenarios of the experiences of various types of foreign residents in Korea, including what we can learn from their cases.

Case 1 – An international student rents a room

An international student moved to Korea to attend school and signed a Wolse contract to rent a small one-room apartment. Since he did not have much money, his deposit and monthly rent payments were lower than many others. However, initially, the focus of the international student was primarily upon location and cost; he didn't think too much about reading the contract thoroughly to see if there were any potential problems that could arise during his stay. After moving into the apartment, he began to realize that the maintenance responsibilities for the building weren't clearly defined. As a result, when he needed to do a little bit of repair work at the beginning of his tenancy, he had no idea who would cover those expenses. Takeaway Lesson: In even the smallest apartments with lower prices, tenants need to read contracts thoroughly and clarify all of their responsibilities as early as possible so they don’t get confused later.

Case 2 — A foreign worker purchases a home using an E-7 visa

The foreign worker purchased a Jeonse contract as a means to minimize the cost of housing over time. He received a very favorable interest rate due to having enough savings. Using this money, he found a high-deposit Jeonse in a highly desirable location. Before signing anything however, he spent considerable time researching the deed to ensure that the landlord owned the property outright and also made sure he got deposit insurance. All of this extra research took him longer than expected but greatly minimized his financial exposure. Takeaway lesson: When making larger financial decisions (such as high-deposit jeonses), it is vital that you take your time and do as much research as you possibly can. This includes researching property records, ensuring that the seller owns the property free and clear and obtaining deposit insurance.

Chapter 12 – Useful Korean Terms and Phrases



One of the major barriers to foreign residents successfully accessing Korea's housing market is the fact that all communication about renting an apartment is in Korean. Even though there is usually at least some English spoken by the people involved in the transaction, there will be a lot of written communication such as contracts, receipts and other forms and paperwork in Korean. Knowing how to speak a few sentences in Korean can greatly decrease frustration caused by not knowing what something means and allow renters to have better relationships with landlords.

1. Major rental/leasing terms

There are several terms commonly used in leasing/renting in Korea. Below is information about those common terms:

전세 (Jeonse)

This type of leasing does not require a payment each month but requires a significant down-payment. 월세 (Wolse)

This type of leasing involves a small down-payment along with regular payments each month 보증금 (Deposit)

The initial fee that you pay to secure your rental agreement. Both Jeonse and Wolse involve a deposit. 등기부등본 (property registry document)

Official document outlining who owns the property; whether there are any mortgages; if anyone has filed any claims against the property etc... This document is very important because it helps determine if a rental contract is valid. 확정일자 (Fixed-Date Stamp)

A legal stamp that indicates a certain date was agreed upon for the signing of the rental agreement. This allows a tenant to recover their deposit after they move out. 관리비 (management fee)

Each month, you must pay money to cover building management costs and utility charges for things like electricity and water.

2. Useful phrases when visiting a realty office or speaking with a landlord

As stated above, learning a couple of words or short phrases in Korean can go a long way toward making the rental experience easier. Listed below are some short phrases that visitors can ask when talking to a landlord or visiting a realty office:

“이 집 아직 있어요?”

(“does this home still exist?”)

“보증금은 얼마예요?”

(“what is the cost of the security deposit?”)

“월세는 얼마예요?”

(“how much is the monthly rental charge?”)

“관리비 포함인가요?”

(“are management fees included?”)

“계약 기간은 얼마나 되나요?”

(“for how long is the rental agreement good?”)

“전입신고 가능해요?”

(“may i register my residency here?”)

“확정일자 받을 수 있나요?”

(“will i receive a fixed date stamp for this rental agreement?”)

“등기부등본 볼 수 있을까요?”

(“could i see the property registry document?”)

“조금 더 낮출 수 있나요?”

(“is the rent negotiable?”)

Speaking even a little bit of Korean can let potential landlords know you are serious about finding a place to live, and possibly show them that you care enough about living in Korea to try and learn a few words of Korean.

Chapter 13 – Practical Advice for First-Timers

Once one understands how Korean Rental Systems work, Legal Requirements, Financial Considerations; The last stage is making use of that knowledge to make decisions based on what you have learned in your daily life. Whether you are renting for the very first time or buying a home, the difference between having a smooth experience vs. an expensive mistake will be determined by how well prepared you were and how much attention to detail you gave each task.

1. To Rent Or To Own

The decision to rent vs. own will depend on your financial situation, your planned length of stay in Korea and your willingness to take on risk.

Generally speaking, when you plan to be living in Korea for less than a year or if you don't know how long you'll be staying then renting will most likely be the best option. It allows you to move around and protects you from some of the financial risks associated with owning a home i.e. changes in housing prices.

On the other hand, if you are going to be living in Korea for a number of years and/or you have a steady income and enough money saved up to purchase a home, then buying might be a good option for you. In addition to being able to live wherever you want, homeownership can potentially allow you to earn money from your investment, however it also brings its own set of expenses including paying taxes, maintaining the property and taking on market risks.

It's essential to develop an understanding of your personal financial objectives before making a decision about which path to follow.

2. Signs That Indicate Trouble Ahead

There are certain red flags that appear frequently during the rental/purchasing process that indicate trouble ahead and should never be ignored:

Landlord does not produce proof of their ownership

Deposit amount appears too small given current market values

Property has an excessive amount of mortgage debt

The landlord tries to get you to sign quickly without reviewing anything.

You're asked to pay in cash without receiving any documentation

If any of these occur, they usually represent increased risk. If you ignore them, it could result in losing money.

3. Questions to Always Ask

Before signing any lease or sales contract, it is beneficial for both renters and buyers to ask the following questions:

Who is the legal owner of this property?

Is there any loan/lien/mortgage against this property?

Exactly what services are included within the monthly fee paid by me as part of my rental agreement?

What are the requirements in order to renew or terminate the lease/sales contract?

Are there any penalties I'm liable for or extra charges added beyond the initial amount agreed upon?

Understanding these factors will minimize the possibility of confusion once you begin living at the property.

4. A Final Checklist Before You Sign

Prior to signing a contract, it is highly recommended that you conduct one final check:

Verify the property registry document (등기부등본)

Confirm landlord's identity

Ensure all terms and conditions are outlined clearly within the contract

Review deposit amount, payment schedule and length of contract

Complete residency registration eligibility (전입신고)

Plan to obtain a fixed date stamp (확정일자)

Save copies of all contracts/agreements and receipts

Although performing these tasks may add additional time to your transaction, completing them will greatly decrease the likelihood of experiencing problems financially or legally.