

The objectives of this research are ( 1 ) to study the criteria of loan lending of commercial banks to rental apartment business, ( 2 ) assess the problem and obstacles of rental apartment entrepreneurs when contact and ask for credit from banks, and ( 3 ) to learn the causes of entrepreneurs inability to pay on time. Primary data were used. Questionnaires were employed to interview bankers who work in Muang District, Lamphun Province. A total of 12 bankers from 6 banks were interviewed. The interviewed bankers are divided into the officers who are directly responsible to offer credit, and those who approve credit. Additionally, 214 rental apartment business entrepreneurs who take the credit service from banks in Ban Klang, Muang District, Lamphun Province are also asked to provide their details.

Where the criteria of credit offer in rental apartment business of the banks is concerned, as for the viewpoints of bankers, The accord between the policy of the bank and the objectives of the project asking for credit is considered as the first priority by every banker. Whereas the ability in income earning comes the second. The third priority is the consideration based on the qualifications of borrowers. The rest is considered from the capital of borrower, collateral which are taken for the final risk, and the various conditions likely to influence the trade.

As for the second objective, the results of the study show it takes too long is approved in getting loan, too much document is required, and too many steps involved are the three problems facing borrowers. Other problems found include too little credit is approved, time to pay back credit by installments too short, interest rate derived from loan too much high, and a low evaluation of the assured assets used as collaterals.

The bankers in the sample that causes of entrepreneurs inability to pay on time include ( 1 ) debtors incorrectly spent borrowed money not according to the determined objectives during 1995-1997, ( 2 ) the business borrowers were more competitive during 1998-1999, ( 3 ) economic recession from abroad during 2000-2001.

According to the viewpoints of entrepreneurs towards the unpaid debt, the entrepreneurs believe that the business undergoing with higher increase of competition comes as their first reason. The second one is that economic crisis has resulted in the fall in their income and then inability to pay on time.

The suggestions derived from this independent study are that the officers responsible for credit offer should carefully and seriously analyze when consider credits. Since the collateral used which is "rental apartment" is considered very difficult to sell. After lending service should be carefully taken so problem could be really corrected.