

## Content

Title : Mandatory Provisions To Be Included in Standard Form Contract for Auto Loan and Home Loan **Ch**

Date : 2010.11.30

Legislative : 1.Promulgated on November 24, 2000  
2.Amended on August 29, 2003  
3.Amended on April 02, 2008  
4.Amended on November 30, 2010

Content : (Names of the parties)

Party A (Borrower)

Parties to the contract:

Party B (Financial Institution)

The parties hereto agree to the terms and conditions below:

1. (Loan amount and method of disbursement)

Party A borrows NT\$ \_\_\_\_\_ from Party B. Party B will disburse the loan in one of the manners below:

1. Pay into a \_\_\_\_\_ deposit account No. \_\_\_\_\_ opened by Party A at Party B.

2. Pay into a \_\_\_\_\_ deposit account No. \_\_\_\_\_ designated by Party A.

3. Make payments according to the Authorization Form for Loan Repayment (as attached) provided by the two counterparties of home sales.

2. (Loan period)

This loan has a term of \_\_\_\_\_ (years) \_\_\_\_\_ (months), starting on \_\_\_\_\_ (year) \_\_\_\_\_ (month) \_\_\_\_\_ (day) and ending on \_\_\_\_\_ (year) \_\_\_\_\_ (month) \_\_\_\_\_ (day).

3. (Repayment of principal and interest)

This loan will be repaid in the following manner:

1(1) Starting from the actual date of disbursement, Party A will make monthly payment on interest and repay the principal in one lump sum on expiration date.

1(2) Starting from the actual date of disbursement, Party A will make monthly amortized payment on principal and interest calculated by annuity method.

1(3) Starting from the actual date of disbursement, Party A will make monthly fixed payment on principal and pay interest calculated on a monthly basis.

1(4) Starting from the date of disbursement, Party A will make monthly payment on interest in the first \_\_\_\_\_ years (months), and then make monthly amortized payment on principal and interest calculated by annuity method starting from the \_\_\_\_\_ year (months).

1(5) (As agreed between Party A and Party B)

Party B should provide Party A with the method of calculating loan principal and interest and repayment schedule, and inform Party A of the method of inquiring loan payment, if so requested by Party A.

If none of the options provided in Paragraph 1 hereof is agreed on, Party A will make monthly amortized payment on principal and interest calculated by annuity method starting from the date of actual disbursement. However Party A may request to change to another method of repayment as provided in Paragraph 1 at any time.

#### 4. (Method of interest calculation)

Interest on the loan is calculated in the following manner:

- (1) Calculated by Party B's prime rate (or other benchmark rates) at \_\_\_\_ % plus an annual rate of \_\_\_\_ % (totaling \_\_\_\_ % per annum); the interest rate will be adjusted subsequently as Party B's prime rate (or other benchmark rate) changes, and interest will be calculated at the adjusted annual rate starting from the first payment date after the adjustment.
- (2) Calculated by Party B's prime rate (or other benchmark rates) at \_\_\_\_ % plus an annual rate of \_\_\_\_ % (totaling \_\_\_\_ % per annum); the interest rate will be adjusted subsequently as Party B's prime rate (or other benchmark rates) changes, and interest will be calculated at the adjusted annual rate starting from the date of adjustment.
- (3) Calculated by a fixed rate of \_\_\_\_% per annum.
- (4) (As agreed between Party A and Party B)

If none of the options provided in Paragraph 1 hereof is agreed on, the annual interest rate will be 5%.

The prime rate (or other benchmark rates) referred to in Paragraph 1 should be based on the rediscount rate of the Central Bank, average interest rate of the time deposits of major banks, average call lending rate, money market rate, or other representative and transparent market benchmark rate, plus a certain percentage.

#### 5. (Notice of lending rate adjustment)

When Party B adjusts its prime rate (or other benchmark rates), Party B shall notify Party A of the adjusted prime rate (or other benchmark rates). If Party B did not make such notification, the interest and delay interest will be calculated at the originally agreed rate when lending rate is adjusted higher, or calculated at lower rate when lending rate is adjusted down.

With respect to the method of notification mentioned in the preceding paragraph, Party B shall post the announcement at its business places and on its website, and in addition, notify Party A in a mutually agreed manner (the agreed method of notification includes notification by phone, in writing, by e-mail, by posting on passbook, on the printout of interest payment receipt, by display on automated teller machine (ATM), or announcement on newspaper). If no such method of notification is agreed on, Party B should notify Party A of interest rate change in writing. (There will be a time lag between the date of rate adjustment announcement and the actual date of passbook posting or notice receipt date).

When Party B adjusts the prime rate (or other benchmark rates), Party A may

ask Party B to provide the principal and interest repayment method and repayment schedule calculated based on the adjusted lending rate.

Where interest is calculated and paid as agreed according to Subparagraph (4), Paragraph 1 of Point 4, the provisions of preceding three paragraphs shall apply when lending rate is adjusted.

#### 5-1. (Special clause for self-use residential loan)

If a claim on self-use residential loan arises out of this contract, and the contract contains an acceleration clause (that is, when Party A is late in one installment payment, Party A automatically loses the benefit of the term and the entire balance of the loan is due), and Party A requests debt negotiation in accordance with Article 151 of Consumer Insolvency Act, Party B may not invoke the acceleration clause to exercise its right to the collateral, provided Party A has missed no more than two installment payments on the date Party A requests debt negotiation and Party A proposes a debt repayment plan in writing at the same time of requesting debt negotiation that he or she is still willing to make installment payments according to the term of this contract, that the principal, interest, penalties and relevant expenses owed are to be amortized over the remaining term of the loan, and interest will be paid on the remaining principal based on the originally agreed interest rate.

If it is apparently difficult for Party A to perform the contract for the remaining term of the contract according to the originally agreed terms and conditions, Party A may request an extension of the repayment period. If Party B determines after review that Party A indeed has the aforementioned situation, Party B may, after obtaining the consent of the guarantor, extends the repayment period up to four (4) years. During the extended period, Party A is still required to pay interest on principal owed based on the originally agreed lending rate.

The term "self-use residence" referred to in the first paragraph hereof means a building owned by Party A and in which Party A and his or her family live. If Party A has two or more residences, self-use residence shall mean the principal residence. The term "claim on self-use residential loan" means a claim arising from Party A acquiring a loan from Party B to obtain funds needed for building or purchasing a self-use residence or for its improvement, including funds needed for acquiring the land or the right to use the self-use residence, and using the self-use residence as security for the loan.

#### 6. (Obligation to notify change of residence)

Where Party A changes his or her residence or mailing address, or Party B changes its business place, the changing party shall immediately notify the other party in writing or in a manner as agreed by the parties. In the absence of such notice, a party's notice to the other party sent to the mailing address specified in the contract or last notified by the other party is deemed served after normal delivery time.

#### 7. (Confidentiality of personal data)

Party A agrees that Party B may provide information on his or her dealing with Party B to the Joint Credit Information Center (JCIC). However when such information provided to JCIC contains error, Party B should take the initiative to make correction and restore the status quo.

Party B may use the basic information provided by Party A only for the

purposes of contract performance.

Party B shall comply with the Computer Processing Personal Data Protection Act in processing the personal data mentioned in the preceding paragraph by computer.

8. (Obligation to inform outsourcing of collection operation)

Where Party B has outsourced its loan collection operation due to business needs, Party B shall inform Party A of the aforementioned matter at the time the lending contract is executed; if Party B outsources its collection operation after the execution of the lending contract, Party B shall inform Party A of the same.

If Party B fails to inform Party A as required according to the preceding paragraph, Party B shall be held liable for damages incurred by Party A thereof.

9. (Complaint hotline)

Party B should provide its complaint hotline in the contract (The Bank's complaint hotline is as follows:

Telephone:

Fax:

E-mail:

Others:

10. (Court of jurisdiction)

If litigation arises out of this contract, the parties agree that \_\_\_\_\_ District Court be the court of jurisdiction for the first instance.

However, the application of Article 47 of Consumer Protection Law or Article 436-9 of the Code of Civil Procedure on small claim court may not be excluded.

11. If the clauses of the loan contract entered between the parties hereto are more favorable to the borrower than the mandatory provisions in this standard form contract, the former may prevail.

12. (Delivery of contract)

This contract is executed in two counterparts, to be held each by the parties hereto. A copy of the contract should be delivered to guarantor and other related parties, if any. (The contract delivered to Party A, the guarantor and other related parties may be a duplicate which is noted "Identical to the Original").