

Content

Title :	Mandatory Provisions of Standard Form Contract for Unsecured Consumer Loan Ch
Date :	2013.11.18
Legislative :	1.Promulgated on November 18, 2013
Content :	<p>1. (Loan Amount or Limit)</p> <p>If the loan contract pertains to a “lump-sum disbursement” type of loan, the contract shall specify the “loan amount” ; if the loan contract pertains to a “revolving loan facility” type of loan, the contract shall specify the “loan limit.”</p> <p>The currency of the loan amount or loan limit should be indicated. If the currency is not specified, the loan is assumed to be in NTD.</p> <p>2. (Loan Disbursement)</p> <p>The loan may be classified into the following three types by the method of disbursement. The bank should enter the type of product chosen into the Contract:</p> <p>(1) Lump-sum disbursement</p> <p>The bank’ s loan to the borrower is deemed disbursed when the bank deposits the loan proceeds into the borrower’ s _____ deposit account No. _____ at _____ Bank as instructed by the borrower.</p> <p>(2) Revolving loan facility</p> <p>The bank’ s loan to the borrower is deemed disbursed when loan proceeds are available in a _____ deposit account No. _____ opened by the borrower at the bank (referred to as the “revolving loan drawdown account” hereunder) for drawdown by the borrower and the borrower makes withdrawal from the account with a passbook and a withdrawal slip or makes transfer from the account via phone banking or online banking during the term of loan.</p> <p>(3) Payment into a borrower-designated merchant account</p> <p>The bank’ s loan to the borrower is deemed disbursed when the bank deposits the loan proceeds directly into a merchant’ s _____ deposit account No. _____ at _____ Bank as instructed by the borrower. However if the payment to a merchant pertains to a merchandise or service contract involving a transaction other than a deferred (prepaid) transaction, the borrower may notify the bank to stop payment at any time without giving any reason, and the bank will stop the payment of undisbursed amount upon receiving the borrower’ s notice.</p> <p>3. (Term of Loan)</p> <p>The loan may be classified into the following two types by the term of loan. The bank should enter the type of product chosen into the Contract:</p> <p>(1) Lump-sum disbursement</p> <p>This loan has a term of _____ (years) _____ (months), starting on _____ (year) _____ (month) _____ (day) and ending on _____ (year) _____ (month) _____ (day).</p>

(2) Revolving loan facility

This loan has a term of one year, starting on _____ (year) _____ (month) _____ (day) and ending on _____ (year) _____ (month) _____ (day). If the bank decides not to renew the Contract prior to its expiration, the bank shall, no later than 30 days before the expiration date (excluding the day on which the Contract expires), notify the borrower in writing. Should the bank fails to act according to the preceding provision, the borrower may claim that the loan has been renewed for another year under the same terms and conditions without signing another contract.

4. (Calculation and Payment of Loan Interest)

Loan interest is calculated in the following manner. The bank should enter the type of product chosen into the Contract:

(1) Calculated by the bank's prime rate (or other benchmark rates) at ____ % plus an annual rate of ____ % (totaling ____ % per annum); the interest rate will be adjusted subsequently as the bank'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 the bank's prime rate (or other benchmark rates) at ____ % plus an annual rate of ____ % (totaling ____ % per annum); the interest rate will be adjusted subsequently as the bank'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) Interest on loan with a prepayment penalty clause is calculated as follows: _____.

(5) (Any other manner as agreed by the parties).

The prime rate (or other benchmark rates) referred to in Paragraph 1 shall be based on _____ (the bank shall indicate whether the prime rate is the rediscount rate of the Central Bank, average interest rate of the time deposits of major banks, average call loan rate, money market rate, or other representative and transparent market benchmark rate, plus a certain percentage, that has been publicly announced as required).

Under the interest calculation methods referred to in the preceding two paragraphs, interest may be calculated by either of the two following means based on the bank rules or the type of loan product:

(1) Interest that is calculated daily will be accrued on the basis of 365 days a year (including leap years) where daily interest is the daily _____ (bank should indicate "highest", "average" or "ending") outstanding loan balance multiplied by annual interest rate and then divided by 365.

(2) If interest is calculated monthly, monthly interest is the principal multiplied by annual interest and then divided by 12, and interest on the portion less than a month will be calculated daily, that is, interest will be accrued on the basis of 365 days a year (including leap years) where principal is multiplied by annual interest rate and the number of days elapsed in the partial month and then divided by 365.

5. (Amortization of Principal and Interest and Repayment Method)

The principal and interest of the loan may be repaid by any of the

following methods:

- (1) Starting from the actual date of disbursement, the borrower will make monthly payment on interest and repay the principal in one lump sum on due date (___ (year) ___ (month) ___ (day)).
- (2) Starting from the actual date of disbursement, the borrower will make monthly amortized payment on principal and interest calculated by annuity method.
- (3) Starting from the actual date of disbursement, the borrower will make monthly fixed payment on principal and pay interest calculated on a monthly basis.
- (4) Starting from the date of disbursement, the borrower will make monthly payment on interest in the first _____ years (months) of the loan, and then make monthly amortized payment on principal and interest calculated by annuity method starting from the _____ year (months).
- (5) Interest accrued by the revolving loan drawdown account will be settled once every month and the borrower will make monthly amortized payment on principal and interest.
- (6) Other methods as agreed by the parties: _____

The bank should provide the borrower with the method of calculating loan principal and interest and repayment schedule, and inform the borrower of the method of inquiring loan payment online or by other methods.

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

The bank offers the option of “no prepayment penalty” and “with prepayment penalty” and the borrower agrees to choose one of the following:

- “No prepayment penalty” : The borrower agrees to repay loan principal and interest in accordance with Subparagraph ____, Paragraph 1 of Point 4 and has the option to repay the loan or close the account at any time without paying any penalty.
- “With prepayment penalty” : The borrower agrees to repay loan principal and interest in accordance with Subparagraph (4), Paragraph 1 of Point 4 and further agrees to pay a prepayment penalty, provided the borrower _____ (the bank should indicate whether it is “repays principal” or “repays all principal” or “closes the loan account”) early in the first _____ years (or ___ months) of the loan from the date of loan disbursement (withdrawal). The aforementioned prepayment penalty will be charged in the following manner: _____

(Note: Prepayment penalty should be charged in a scale-down manner in consideration of borrower’ s repayment period, loan balance and other factors. However when early payoff of loan is necessary due to the death or severe disability of the borrower as evidenced by relevant document, the bank may not charge the borrower prepayment penalty).

6. (Notice of Interest Rate Change)

When the bank adjusts its prime rate (or other benchmark rates), the bank shall notify the borrower of the adjusted prime rate (or other benchmark rates) within _____ days (no more than 15 days). If the bank fails to make

such notification in a timely manner, the interest and delay interest will be calculated at the originally agreed rate when interest rate is adjusted higher, and calculated at lower rate when interest rate is adjusted down. The bank shall post the announcement of interest rate change mentioned in the preceding paragraph at its business places and on its website, and in addition, notify the borrower via _____ as mutually agreed by the parties (the agreed method of notification includes notification by short message, in writing, by e-mail, by posting on passbook, on the printout of interest payment receipt, or on the online banking login page). If no such method of notification is agreed on, the bank should notify the borrower 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 the bank adjusts the prime rate (or other benchmark rates), the borrower may ask the bank to provide the principal and interest repayment method and repayment schedule calculated based on the adjusted interest rate.

Where interest is calculated and paid as agreed according to Subparagraph (5), Paragraph 1 of Point 4, the provisions of preceding three paragraphs shall apply when interest rate is adjusted.

7. (Delay Interest and Penalty)

Where the borrower is late in repaying the principal or paying the interest, the bank may charge penalty only if it calculates delay interest during the late payment period based on the amount of principal payable at the original loan rate starting from the date the principal becomes due.

When the bank charges penalty according to the agreement in the preceding paragraph, one of the charge methods below should be entered into the Contract:

(1) If payment is less than six months late, default penalty will be charged by billing period at the rate of 10% of the original loan rate; for the portion of payment over six months late, the penalty will be charged at the rate of 20% of the original loan rate. For each incidence of default, penalty may be charged only up for nine consecutive billing periods.

(2) If a fixed-amount penalty is charged for each billing period, penalty may be charged only up for three consecutive billing periods for each incidence of default. (The bank may charge different fixed amounts of penalty for "different duration of default", but may not charge different fixed-amounts of penalty based on "monthly overdue amount in different brackets").

The bank may not charge additional penalty if it calculates delay interest during the late payment period at a rate higher than the original loan rate. The charge of delay interest during the late payment period should be agreed on in the Contract, and for each incidence of default, delay interest may be charged up for nine consecutive billing periods and interest shall be calculated based on the original loan rate after the 10th billing period.

8. (Fees)

Aside from the fee items and amounts listed in the Contract, the bank may not charge the borrower other fees.

The fees listed in the preceding paragraph may be charged once only.

9. (Exercise of Offset Right)

When the borrower fails to make amortized payment as agreed, or the borrower's debt becomes due or is deemed due in accordance with the acceleration clause, the bank has the right to treat the deposits of the borrower and the guarantor at the bank and all of the borrower's claims over the bank as early payment to the bank and use such early payment to offset the borrower's debt to the bank. However when the borrower's deposits at the bank and the borrower's other claims over the bank are sufficient to pay off the borrower's debts under the Contract, the bank shall not exercise offset right against the guarantor.

When the bank plans to carry out offset in accordance with the preceding paragraph, it shall notify the borrower and the guarantor of its intent in writing. Such notice shall contain information on cause for exercise of offset right, types of offset rights and amounts involved. The bank shall carry out offset in the following order:

- (1) The borrower's claims over the bank will be offset first, and the guarantor's claims over the bank will be offset after the bank's action of compulsory enforcement against the borrower is ineffectual.
- (2) Debts that are due will be offset first and debts that are not yet due will be offset later.
- (3) When deposits are used for offset, deposits with lower interest rate will be offset first.

10. (Notice of Address Change)

Where the borrower or the guarantor changes his or her residence or mailing address, or the bank changes its business place, the changing party shall immediately notify the other party in writing or in a manner as agreed by the parties

11. (Use of Consumer Information)

Unless it is otherwise provided by law, the bank may gather, process and use the personal information of the borrower and the guarantor and their information on dealings with financial institutions only to the extent of serving the purpose of the Contract.

Borrower and guarantor:

- Disagree (if the borrower or the guarantor disagrees, the bank will not be able to provide this loan service).
- Agree.

(Check either one; if neither is checked, it is deemed that the borrower and the guarantor disagree).

The bank may provide the personal information of the borrower and the guarantor and information on their credit-related dealings with the bank to the Joint Credit Information Center (JCIC) and persons commissioned by the bank in compliance with applicable regulations to handle matters on the bank's behalf. However when the data and information of the borrower and the guarantor provided to the aforementioned entities under their consent contains error, the bank should take the initiative to make correction or supply additional information and ask the aforementioned entities to restore the status quo, and send the borrower or the guarantor a notice of the same.

If the information provided by the borrower or the guarantor to the bank is stolen, leaked, altered or otherwise infringed by institutions or persons

other than the bank, the bank shall notify the borrower or the guarantor by an appropriate means as soon as possible, and if the borrower or the guarantor asks the bank to furnish the flow of relevant information, promptly provide the borrower or the guarantor with the list of institutions or persons that have access to such information.

12. (Notice of Outsourcing of Collection Operation)

When the borrower is late in repaying principal or interest, the bank may outsource its debt collection operation and notify the borrower and the guarantor the same in writing before doing so. Such notice shall contain information on the name of outsourced collection service provider, collection amount, period of retention for tape-recorded collection record, and other relevant matters as required by applicable regulations.

The bank shall post the basic information of the outsourced debt collection service provider at its business places or on its website.

If the bank fails to send notice according to Paragraph 1 hereof or the bank's outsourced service provider fails to perform the collection activities in accordance with applicable regulations, the bank shall be held jointly liable for damages incurred by the borrower or the guarantor thereof.

13. (Outsourcing of Business Operations)

The bank may, in accordance with applicable regulations set forth by the competent authorities, commission third parties (institutions) to handle the billing and payment operations, computer processing operation or other operations associated with the Contract.

Where the bank has outsourced its business operations according to the preceding paragraph, the bank shall urge and ensure that outsourced service providers will observe the confidentiality provisions set out in the Banking Act and other applicable regulations without disclosing relevant information to third parties.

When an outsourced service provider commissioned by the bank violates the Personal Information Protection Act that results in the personal information of the borrower or the guarantor being illegally gathered, processed, or used, or the rights of borrower or the guarantor being otherwise infringed, the borrower or the guarantor may seek damages from both the bank and the outsourced service provider.

14. (Service Hotline)

The bank's service hotlines are as follows:

£ Telephone:

£ Fax:

£ E-mail:

£ Website:

£ Others:

If there is any change to the aforementioned information, the bank shall post an announcement at its business places or on its website.

15. (Provision of "Statement on Consumer Loan Handling Mechanism When the Deferred (Prepaid) Merchandise or Service Is No Longer Available", except for other types of consumer loans)

When the bank offers loan for deferred (prepaid) merchandise or service, the bank shall inform the borrower and the guarantor related rules and operating procedure in advance with a "Statement on Consumer Loan Handling

Mechanism When the Deferred (Prepaid) Merchandise or Service Is No Longer Available” (see attached) at the time the borrower applies for a loan, and the statement shall constitute a part of the Contract.

16. (Court of jurisdiction)

If litigation arises out of this contract, the parties agree that Taiwan _____ District Court be the court of jurisdiction for the first instance. However, the application of Article 47 of Consumer Protection Act or Paragraph 2, Article 28 or Article 436-9 of the Code of Civil Procedure on small claim court may not be excluded.

17. (Delivery of Contract)

The Contract is executed in ____ original copies to be held each by the parties hereto, guarantor and other related parties. If so requested or agreed by the guarantor and other related parties, the bank may deliver to them a photocopy of the contract noted with the wording “Identical to the Original” by the bank and affixed with the bank’s contract seal.

Statement on Consumer Loan Handling Mechanism When Deferred (Prepaid) Merchandise or Service Is No Longer Available

_____ Bank (the “Bank”) provides this statement pursuant to Point 15 of the Mandatory Provisions of Standard Form Contract for Unsecured Consumer Loan.

1. When Borrower applies to the Bank for discontinuation of payment on the consumer loan he/she has acquired from the Bank because the deferred (prepaid) merchandise or service he/she has purchased with the loan is no longer available, such application shall meet the following two conditions:

(1) The Bank has had a “strategic alliance” , “joint promotion” or other cooperative relationship with the deferred (prepaid) merchandise or service provider, and the Bank provided consumer loan service to Borrower for purchasing said merchandise or service; and

(2) The loan was disbursed in one of the following manners:

A. The consumer loan proceeds were directly disbursed into an account designated by the deferred (prepaid) merchandise or service provider; or

B. Prior to disbursement of loan proceeds, the Bank asked Borrower to fill out a withdrawal slip and disbursed the proceeds into Borrower’s own account, and then transferred the proceeds into an account designated by the deferred (prepaid) merchandise or service provider based on the previously filled withdrawal slip.

2. Borrower may not apply for discontinuation of payment on consumer loan as provided in the preceding point in case of any of the following situations:

(1) The merchandise or service provided is not the deferred (prepaid) type.

(2) The merchandise or service purchased is investment in nature (e.g. joining a franchise).

(3) The request for discontinuation of payment has to do with a dispute over the defect, gift, warranty or after-sale service of the merchandise or service.

(4) The deferred (prepaid) merchandise or service provider has provided consumers with contract performance guarantee according to law or the mandatory and prohibitory provisions of standard form contract.

3. The term “deferred (prepaid) merchandise or service is no longer available” referred to in Point 1 herein means one of the following

circumstances:

- (1) The deferred (prepaid) merchandise or service provider is declared bankruptcy by court.
- (2) The business registration of the deferred (prepaid) merchandise or service provider has been revoked by the competent authority.
- (3) The deferred (prepaid) merchandise or service provider is out of business as determined by the competent authority.
- (4) The fact that the deferred (prepaid) merchandise or service provider can no longer provide merchandise or service is described in a court ruling.
- (5) Other information or data suffice to show that the merchandise or service is no longer available.

4. Operating procedure for Borrower' s application for discontinuation of payment:

(1) Borrower makes an application:

A. When the fact is established that the deferred (prepaid) merchandise or service provider can no longer provide merchandise or service as agreed, Borrower should prepare the following support documents to apply to the Bank for discontinuation of payment before the payment deadline:

a. The purchase or service contract signed by Borrower and the deferred (prepaid) merchandise or service provider, or proof of purchase or receipt; and

b. Documents evidencing that the merchandise or service is no longer available, e.g. receipt and form indicating merchandise or service use record, membership card or IC card, class pass, phone bill, etc. (not required if Borrower is unable to provide such documents), and a legal attest letter sent by Borrower to the deferred (prepaid) merchandise or service provider, reminding the provider that Borrower has not been receiving the merchandise or service.

B. During the period from the time Borrower makes an application for discontinuation of payment to the time the application is being approved or denied, the Bank shall treat Borrower' s payable as a disputed transaction without submitting Borrower' s late payment record to the Joint Credit Information Center, nor shall the Bank demand payment from Borrower.

(2) Bank review:

The Bank will check and verify based on the written documents and other information furnished by Borrower whether Borrower' s case meets any of the circumstances provided in (1) ~ (5) of Point 3 herein.

A. If the application is approved:

a. The Bank will calculate the amount Borrower is not obligated to pay based on the proportion of undelivered merchandise or service. However Borrower shall still pay for the portion of merchandise or service that he/she has received.

b. When the proportion of undelivered merchandise or service cannot be calculated (e.g. lifetime membership, guaranteed class of learning center, neither Borrower nor the bank is able to provide support documents for calculating the proportion of undelivered merchandise or service, etc.), the time when Borrower makes the application for discontinuation of payment will be used as a reference point, and Borrower is not obligated to pay the unpaid installments after that reference point. However if there is new

evidence later on showing that Borrower has continued to receive the deferred (prepaid) merchandise or service, Borrower is obligated to continue the payment of loan principal and interest.

B. If the application is denied:

a. The Bank shall send Borrower a notice with the valid reason for denying his/her application noted.

b. After receiving the aforementioned notice, Borrower shall forthwith pay the payment due, and pay interest calculated based on the agreed rate provided in the loan contract starting from the next day following the original payment deadline.

c. The Bank can resume the demand for payment. If the Bank sends Borrower a demand letter but Borrower fails to make payment, the Bank may submit Borrower's late payment record to the Joint Credit Information Center.

5. If Borrower's loan is already delinquent or the Bank has taken collection action against Borrower when Borrower applies for discontinuation of payment, Borrower is still entitled to apply to the Bank according to the agreement under this Statement. However Borrower is also obligated to pay overdue loan payments occurred before the merchandise or service becomes unavailable.

6. Borrower understands and declares that unless there is a situation as agreed under this Statement that allows him/her to apply for discontinuation of payment, when Borrower and the deferred merchandise or service provider have dispute over the quality, quantity or amount of the merchandise or service, Borrower should seek resolution with the merchandise or service provider and shall not use such dispute as a defense for not paying the Bank payment due.

7. Where Borrower or the guarantor fails to pay payment due in a timely manner in accordance with the agreement under the loan contract and this Statement, the Bank has the discretion to register relevant information with the Joint Credit Information Center according to law. Borrower and the guarantor understand that this may affect their ability to apply for other loans in the future.

Borrower and the guarantor hereby state that they have received and carefully read this Statement.

Borrower: (signature or seal)

Citizen ID No.:

the guarantor: (signature or seal)

Citizen ID No.:

Date:

(This Statement has ____ counterparts. The Bank will save one copy, and the rest will be given to Borrower and the guarantor for record).