

Content

Title :	Template of Standard Form Contract for Home Loan Ch
Date :	2014.11.12
Legislative :	1. Promulgated on November 12, 2014
Content :	<p>This contract was taken by the borrower on ____ (year) ____ (month) ____ (day) for review (at least five days should be allowed for contract review)</p> <p>Party A (Borrower)</p> <p>Parties to the contract:</p> <p>Party B (Bank)</p> <p>Date: ____ (year) ____ (month) ____ (day)</p> <p>The parties hereto agree to the terms and conditions set forth below:</p> <p>Article 1 (Loan Amount and Disbursement)</p> <p>Party A borrows NT\$ _____ from Party B. Party B will disburse the loan proceeds in one of the manners below:</p> <p><input type="checkbox"/> (1) Pay into a _____ deposit account No. _____ opened by Party A at Party B.</p> <p><input type="checkbox"/> (2) Pay into a _____ deposit account No. _____ at _____ Bank as designated by Party A.</p> <p><input type="checkbox"/> (3) Disburse according to the loan disbursement instruction signed by buyer and seller of the house (see attached).</p> <p><input type="checkbox"/> (4) Disburse in a manner as agreed by Party A and Party B.</p> <p>Article 2 (Term of Loan)</p> <p>This loan shall have a term of ____ (years) ____ (months), starting on ____ (year) ____ (month) ____ (day) and ending on ____ (year) ____ (month) ____ (day).</p> <p>Article 3 (Repayment of Principal and Interest)</p> <p>The loan will be repaid in the following manner as agreed (to be specified by Party B based on the type of loan product):</p> <p><input type="checkbox"/> (1) Starting from the actual date of disbursement, Party A will make monthly amortized payment on principal and interest calculated by annuity method.</p> <p><input type="checkbox"/> (2) Starting from the actual date of disbursement, Party A will make monthly fixed payment on principal and pay interest calculated on a monthly basis.</p> <p><input type="checkbox"/> (3) Starting from the actual 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 ____th year (____th month).</p> <p><input type="checkbox"/> (4) Any other method as agreed by Party A and Party B:</p> <p>Party B should provide Party A with the method of calculating loan principal and interest and repayment schedule, and inform Party A of its website or other methods for inquiry.</p> <p>Party B offers the option of "no prepayment penalty" and "with prepayment penalty" and Party A agrees to choose one of the following:</p>

☐ "No prepayment penalty": Party A agrees to repay loan principal and interest in accordance with Subparagraph ____, Paragraph 1 of Article 4 and has the option to repay the loan or close the account at any time without paying any penalty.

☐ "With prepayment penalty": Party A agrees to repay loan principal and interest in accordance with Subparagraph (4), Paragraph 1 of Article 4 and further agrees to pay a prepayment penalty, provided Party A _____ (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 Party A as evidenced by relevant documents, Party B may not charge Party A prepayment penalty.

Article 4 (Method of Interest Calculation)

Interest on the loan is calculated in the following manner (to be specified by Party B based on the type of loan product):

☐ (1) Calculated by Party B's prime rate (or another 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 another 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 another 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 another benchmark rate) 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: _____ (to be specified by Party B based on the type of loan product).

☐ (5) (Any other manner as agreed by Party A and Party B).

The prime rate (or another benchmark rate) referred to in Paragraph 1 shall be based on _____ (the bank shall indicate whether the prime rate is the discount rate of the Central Bank, average interest rate of the time deposits of major banks, average interbank overnight 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). Interests mentioned in the preceding two paragraphs shall be calculated as follows (to be specified by Party B based on the actual situation):

☐ (1) Interest that is calculated daily will accrue 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 rate and then divided by 12. Interest on the

portion less than a month will be calculated daily, that is, interest will accrue 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.

Article 5 (Notice of Interest Rate Change)

When Party B adjusts its prime rate (or another benchmark rate), Party B shall notify Party A of the adjusted prime rate (or another benchmark rate) within ____ days (no more than 15 days). If Party B fails to make such notification in a timely manner, the interest and default 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 lower. Party B 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 Party A by _____ as agreed by the parties (the agreed methods of notification include 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 notice 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 another benchmark rate), Party A may ask Party B to provide the principal and interest repayment method and repayment schedule calculated based on the adjusted loan rate.

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

Article 6 (Default Interest and Penalty)

Where Party A is late in repaying the principal or paying the interest, Party B may charge penalty only if it calculates default interest during the late payment period at the original loan rate. The aforementioned penalty will be charged by one of the following methods (to be specified by Party B based on the actual situation):

☐ 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 (9) consecutive billing periods.

☐ A fixed-amount penalty of NT\$ _____ will be charged for each billing period, and for each incidence of default, penalty may be charged only up for three (3) consecutive billing periods. (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").

Where Party A is late in repaying the principal or paying the interest, Party B may not charge penalty if it calculates default interest during the late payment period at a rate higher than the original loan rate. Party B will charge default interest during the late payment period at the rate of _____ (based on the default interest rate set out by Party B) up for nine (9) consecutive billing periods for each incidence of default, and calculate interest during the late payment period based on the original

loan rate after the 10th billing period.

Article 7 (Special Clause for Self-use Residential Loan)

If a claim on self-use residential loan arises out of this contract, and this 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), Party B may not invoke the acceleration clause to exercise its right to the collateral when the following conditions are met:

(1) On the day Party A requests debt negotiation or mediation in accordance with Article 151 of the Consumer Debt Clearance Act, Party A proposes at the same time a debt repayment plan in writing indicating that he or she is still willing to make installment payments according to the term of this contract;

(2) The conditions of the repayment plan in the preceding subparagraph are as follows:

- i. The principal, interest, penalties and relevant fees owed are to be amortized over the remaining term of the loan; and
- ii. Interest will be paid on the remaining principal owed based on the originally agreed loan rate; and

(3) Party A has missed no more than two installment payments.

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, extend the repayment period up to six (6) years. During the extended period, Party A is still required to pay interest on principal owed based on the originally agreed loan 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, and agreeing to pay back the loan in installments.

Article 8 (Acceleration Clause)

Party A shall pay off all debts in connection with any of the loans granted by Party B, including principal, interest and fees, according to the agreed terms and conditions.

In case Party A has any of the following situations, Party B has the discretion to shorten the term of loan or call the entire loan due. However when Party B makes the aforementioned claim based on any of the situations provided in Subparagraphs (4) to (7) below, it should notify Party A in writing and give Party A a reasonable period of time before the shortening of loan term or the calling of loan takes effect:

(1) Party A files for debt settlement, declaration of bankruptcy, civil rehabilitation or liquidation under the Bankruptcy Act or the Consumer Debt Clearance Act, or the bill or check drawn by Party A is being denied

service by the clearing house, or Party A is in the process of debt consolidation.

(2) Party A has the obligation to provide security for the loan as agreed but fails to do so.

(3) Party A's major assets are being seized under court order in connection with a criminal case.

(4) Party A fails to pay principle or interest on any debt to Party B as agreed.

(5) The collateral is being seized by court, or the collateral is destroyed, reduced in value, or not sufficient to secure the debt.

(6) The actual use of proceeds from loans granted by Party B is inconsistent with the purpose approved by Party B.

(7) Party A's assets are subject to compulsory enforcement, provisional seizure, provisional disposition or other precautionary measures that it is likely Party B will not be able to receive repayment from Party A.

If Party A passes away during the term of the loan but his/her heirs agree to perform the contract as agreed, Party B agrees not to call the entire loan due. However if Party A's heirs fail to perform the contract as agreed or request limited succession and liquidation with the court, Party B will call the entire loan due.

(Note: If deemed necessary to secure the debt, the bank may add other grounds for acceleration as agreed with the borrower and highlight the agreed items in the contract in bold font or different color, and explicitly state the consequences of acceleration (notified or without notification).

Article 9 (Exercise of Offset Right)

When Party A fails to make amortized payment as agreed, or when Party A's debt becomes due or is deemed due in accordance with the preceding article, Party B has the right to treat the deposits of Party A and Guarantor at Party B and all of Party A's claims over Party B as early payment to Party B and use such early payment to offset Party A's debt to Party B under this contract. However when Party A's deposits at Party B and Party A's other claims over Party B are sufficient to pay off Party A's debts under this contract, Party B shall not exercise offset right against Guarantor.

When Party B plans to carry out offset in accordance with the preceding paragraph, it shall notify Party A and 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. Party B shall carry out offset in the following order:

(1) Party A's claims over Party B will be offset first, and Guarantor's claims over Party B will be offset after Party B's action of compulsory enforcement against Party A 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.

Article 10 (Notice of Address Change)

Where Party A or Guarantor 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.

Article 11 (Use of Personal Information)

Unless it is otherwise provided by law, Party B may gather, process and use the personal information of Party A and Guarantor and their information on dealings with financial institutions only to the extent of serving the purpose of this contract.

Party A and Guarantor:

☐ Disagree (if Party A or Guarantor disagrees, Party B will not be able to provide this loan service).

☐ Agree.

(Check either one; if neither is checked, it is deemed that Party A and Guarantor disagree).

Party B may provide the personal information of Party A and Guarantor and information on their credit-related dealings with Party B to the Joint Credit Information Center (JCIC) and persons commissioned by Party B in compliance with applicable regulations to handle matters on Party B's behalf. However when the data and information of Party A and Guarantor provided to the aforementioned entities under their consent contain error or change, Party B should take the initiative to make correction or supply additional information and ask the aforementioned institutions or units to do the same, and send Party A or Guarantor a notice of the same.

If the information provided by Party A or Guarantor to Party B is stolen, leaked, altered or otherwise infringed by institutions or persons other than Party B, Party B shall notify Party A or Guarantor by an appropriate means as soon as possible, and if Party A or Guarantor asks Party B to furnish the flow of relevant information, promptly provide Party A or Guarantor with the list of institutions or persons that have access to such information.

Article 12 (Outsourcing of Business Operations - General)

Party B 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 in connection with this contract.

Where Party B has outsourced its business operations according to the preceding paragraph, Party B 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 Party B violates the Personal Information Protection Act that results in the personal information of Party A or Guarantor being illegally gathered, processed, or used, or the rights of Party A or Guarantor being otherwise infringed, Party A or Guarantor may seek damages from both Party B and its outsourced service provider in accordance with the Civil Code, Personal Information Protection Act or other applicable regulations.

Article 13 (Outsourcing of Business Operations - Obligation to Inform Outsourcing of Collection Operation)

When Party A is late in repaying principal or interest, Party B may outsource its debt collection operation and notify Party A and 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.

Party B shall post the basic information of the outsourced debt collection service provider at its business places and on its website.

If Party B fails to make notice according to Paragraph 1 hereof or the outsourced service provider fails to perform the collection activities in accordance with applicable regulations, Party B shall be held jointly liable for damages incurred by Party A or Guarantor thereof.

Article 14 (Attachment of Security Interest)

When Party A or a third party provides Party B with a collateral to secure the loan, the security interest (mortgage) attached to the collateral shall be limited to the debt under this contract, unless it is otherwise consented in writing by the collateral provider as needs arise in the future (see attachments for letter of consent and suggested language for line of credit mortgage agreement).

(Note: This clause constitutes an agreement that the security interest attached to the collateral shall be limited to debt under this contract. If it becomes necessary for the borrower to borrow more money at a later date, a new mortgage needs to be created, which will result in additional fees and a delay in fund disbursement.)

Article 15 (Advertisement)

Party B shall ensure the veracity of its advertisements, and Party B's obligations to Party A shall not be less than as stated in the advertisements. All advertisements shall be construed as part of this contract.

Article 16 (Service Information)

Party B's service information is as follows:

- ☐ Telephone: (service hours:)
- ☐ Fax:
- ☐ E-mail:
- ☐ Website:
- ☐ Others:

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

Article 17 (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.

Article 18 (Delivery of Contract)

This contract is executed in ____ counterparts, to be held each by the parties hereto, Guarantor and other related parties. If so requested or agreed by Guarantor and other related parties, Party B may deliver to them a copy of this contract noted with the wording "Identical to the Original" by Party B and affixed with Party B's contract seal.

Party A (Borrower): _____ (Signature)

Citizen ID No.:

Address:

☐ Guarantor: _____(Signature)

Citizen ID No.:

Address:

Party B:

Uniform Business No.:

Address:

Date:

Attachments : Letter of Consent.doc

Home Loan Disbursement Instruction.doc

Suggested Language for Line of Credit Mortgage Agreement.doc

Data Source : Financial Supervisory Commission Laws and Regulations Retrieving System