

## **Appendix: Explanatory notes on the Guidelines Governing the Extension of High-Value Housing Loans by Financial Institutions<sup>1</sup>**

2012/6/21

The CBC has amended the *Regulations Governing the Extension of Land Collateralized Loans and Housing Loans in Specific Areas by Financial Institutions*, which was enacted on December 31, 2010, to include the *Guidelines Governing the Extension of High-Value Housing Loans by Financial Institutions* (hereinafter the *Guidelines*). The key elements are summarized in the following.

1. The *Guidelines* shall apply to borrowers taking out mortgage loans on properties (including the land where the properties are located) with ownership certificates containing the term “residential” and falling into either one of the following categories:
  - (1) properties located in Taipei City or New Taipei City, valued at NT\$80 million or above based on appraisal or actual sale.
  - (2) properties located anywhere in Taiwan except in the above specified areas, valued at NT\$50 million or above based on appraisal or actual sale.
2. When extending such loans, financial institutions shall
  - (1) Grant no grace period;
  - (2) Limit the amount of loans to no more than 60% of the appraisal or sale value of the property (including the land where the property is located);
  - (3) Approve no additional loans against the same collateral in the form of home renovations, working capital, or other purposes.
3. The *Guidelines* shall take effect on June 22, 2012. Loans already approved by financial institutions on or before June 21, 2012, may be disbursed in accordance with the original terms and conditions granted.
4. Where a bank's internal standards are more rigorous than the *Guidelines*, the financial institution shall adhere to its own standards.

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<sup>1</sup> The English translation here is to serve as a reference. In the event of any inconsistency or ambiguity, the official Chinese version shall prevail.