Appendix

**Notes[[1]](#footnote-1)\* on the Amendments to the *Regulations Governing the Extension of Mortgage Loans by Financial Institutions***

**September 23, 2021**

1. In light of a continuous buildup in second home loans taken out by natural persons, particularly for housing in certain areas, an amendment is introduced to prohibit grace periods for such loans in the stipulated specific areas, with the aim of helping to contain over-leveraged borrowing and to reinforce banks' credit risk management.
2. Considering that the recent uptrend in the annual growth rate of construction loans was chiefly due to a surge in land loans, an amendment is introduced to lower the LTV ratio cap on land loans from 65% to 60% (with 10% thereof to be withheld for disbursement until construction commences), in order to tamp down unwarranted growth in such loans.
3. In line with the above-mentioned LTV ratio tightening, an amendment is introduced to lower the LTV ratio cap on mortgage loans for idle land in industrial districts from 55% to 50%. In addition, the "well-defined period of time" for the relevant exemptions to apply would now be clearly and uniformly stipulated as "one year." This is aimed at galvanizing meaningful progress in the construction and development of those collateralized industrial idle land.

(See comparison table on the following pages.)

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| --- | --- | --- | --- | --- |
| Effective date: September 24, 2021 | | | | |
| **Loans** | | **Criteria** | |
| **Current provisions** | **Amendments** |
| Housing loan, taken out by a corporate entity | | LTV ratio capped at 40%; no grace period | (Unchanged) |
| Natural person | High-value housing loan for a borrower with two or less outstanding housing loans | LTV ratio capped at 55%; no grace period | (Unchanged) |
| High-value housing loan for a borrower with three or more outstanding housing loans | LTV ratio capped at 40%; no grace period | (Unchanged) |
| **Second home loan for housing in "specific areas" \*** | (Nil) | **No grace periods allowed** |
| Third home loan | LTV ratio capped at 55%; no grace period | (Unchanged) |
| Fourth (and more) home loan | LTV ratio capped at 50%; no grace period | (Unchanged) |
| Land loans | | * LTV ratio capped at 65%, with 10% withheld for disbursement until construction commences * Requiring the borrower to submit a substantive development plan for the land purchased | * LTV ratio lowered to 60%, with 10% withheld for disbursement until construction commences * Requiring the borrower to submit a substantive development plan for the land purchased |
| Unsold housing unit loans | | LTV ratio capped at 50% | (Unchanged) |
| Mortgage loans for idle land in industrial districts | | LTV ratio capped at 55%, with the following exemptions applicable when:   * Construction on the collateralized land has already commenced, or * The borrower has submitted a substantive development plan for the land purchased and an affidavit stating that construction would take place within a well-defined period of time | LTV ratio capped at 50%, with the following exemptions applicable when:   * Construction on the collateralized land has already commenced, or * The borrower has submitted a substantive development plan for the land purchased and an affidavit stating that construction would take place within one year |
| \* The "specific areas" prescribed herein refer to Taipei City, New Taipei City, Taoyuan City, Taichung City, Tainan City, Kaohsiung City, Hsinchu County, and Hsinchu City. | | | | |

1. \* The translated version of this Appendix is to serve as a reference for English readers. In the event of any inconsistency or ambiguity, the official Chinese version shall prevail. [↑](#footnote-ref-1)