

Appendix

Notes* on the Amendments to the *Regulations Governing the Extension of Mortgage Loans by Financial Institutions*

December 16, 2021

1. The LTV ratio caps on a high-value housing loan and on a third (or more) housing loan is lowered to 40% in order to further strengthen banks' management of credit resources, lower credit risk, and curb credit flows toward property hoarding.
2. The LTV ratio cap on land loans is lowered to 50% (with 10% thereof to be withheld for disbursement until construction commences within the time frame formally promised in writing) in order to urge the borrowers not to stall construction, to help increase housing supply, and to prevent credit resources from being used for land hoarding.
3. The LTV ratio cap on loans for unsold new housing units is lowered to 40% to prompt developers into action to sell their new unsold housing, to help increase housing supply, and to prevent credit resources from being used for property hoarding.
4. In line with the LTV tightening on land loans (including a lower LTV ratio for unconstructed land; see Point 2 above), the LTV ratio cap on mortgage loans for idle land in industrial districts is lowered to 40%.

(See comparison table on the following pages.)

* 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.

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	LTV ratio capped at 40%; no grace period
	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" *	No grace period	(Unchanged)
	Third home loan	LTV ratio capped at 55%; no grace period	LTV ratio capped at 40%; no grace period
	Fourth (and more) home loan	LTV ratio capped at 50%; no grace period	
Land loans		<ul style="list-style-type: none"> ● LTV ratio capped at 60%, with 10% withheld for disbursement until construction commences ● Requiring the borrower to submit a substantive development plan for the land purchased 	<ul style="list-style-type: none"> ● LTV ratio lowered to 50%, with 10% withheld for disbursement until construction commences ● Requiring the borrower to submit a substantive development plan for the land purchased and to undertake in writing a specific time frame to commence construction
Unsold housing unit loans		LTV ratio capped at 50%	LTV ratio capped at 40%
Mortgage loans for idle land in industrial districts		LTV ratio capped at 50%, with the following exemptions applicable when: <ul style="list-style-type: none"> ● Construction on the collateralized land has already commenced, or 	LTV ratio capped at 40%, with the following exemptions applicable when: <ul style="list-style-type: none"> ● Construction on the collateralized land has already commenced, or

	<ul style="list-style-type: none"> ● 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 	<ul style="list-style-type: none"> ● The borrower has submitted a substantive development plan for the land purchased and an affidavit stating that construction would take place within one year
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* 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.