

Suggested Language for Line of Credit Mortgage Agreement

The collateral provider _____ (*Signature*) hereby furnishes this collateral to mortgagee ○○○○ Bank (including its head office and all branches) for the creation of a line of credit mortgage. The collateral provider also acknowledges that the mortgage created covers all **present (including debts incurred in the past that have not been paid off) and future** debts and obligations of the debtor to the mortgagee, up to the maximum amount as agreed in this agreement, including _____, _____, _____ **and** _____, which include principal, interest, default interest, penalty, expenses incurred in obtaining a ground for enforcement against the debtor, expenses associated with compulsory enforcement, expenses associated with participation in allocation of proceeds, other expenses agreed by the parties (including but not limited to insurance expenses of the collateral paid by the mortgagee on behalf of the collateral provider), and damages incurred by the mortgagee due to non-performance of debt by the debtor). **(Note: The blanks will be filled out after the bank has discussed and agreed with the client the types of debts to be covered. However banks shall observe the newly amended Article 881-1 of the Civil Code on line of credit mortgage that claims secured by line of credit mortgages shall be limited to claims deriving from specific legal relationships or to rights deriving from negotiable instruments. Hence banks may no longer use unspecific wording such as "other credit-related debts" in the agreement).**