



To Borrowers – what you must know before signing a loan agreement



1. A loan with an effective interest rate that exceeds 48% per annum is **illegal**.
2. You can **at any time** by notice in writing to the money lender and by the payment to the money lender of all amounts payable as principal by you which are outstanding under the loan agreement (“the agreement”), together with interest computed up to the date of such payment, to discharge your indebtedness under the agreement, provided that the effective rate of such interest shall not exceed the effective rate at which interest would have been payable under the agreement if you had not exercised such right to discharge your indebtedness.
3. The agreement must contain the following terms:
 - the name and address of the money lender;
 - the name and address of the borrower;
 - the name and address of the surety (if any);
 - the amount of the principal of the loan in words and figures;
 - the date of the making of the agreement;
 - the date of the making of the loan;
 - the terms of repayment of the loan;
 - the form of security for the loan (if any);
 - the rate of interest charged on the loan expressed as a rate per cent per annum, or the rate per cent per annum calculated in accordance with Schedule 2 to the Money Lenders Ordinance, Cap. 163 of the Laws of Hong Kong (“the Ordinance”); and
 - a declaration as to the place of negotiation and completion of the agreement for the loan.
4. A copy of the agreement must be given to you at the time you sign it.
5. A summary of Part III and Part IV of the Ordinance about money lenders’ transactions and excessive interest rates must be included in or attached to your copy of the agreement.
6. The money lender must have explained to you all the terms of the agreement, especially the following repayment terms:
 - the interest rate expressed as a rate per cent per annum and the total amount of interest payable under the agreement;

- amounts of repayments, periodically and in total, under the agreement; and
 - the possible consequences for any default in repayment, including:
 - ✧ the taking into possession and sale of any security involved (including the property charged, if any); and
 - ✧ any overriding right of the money lender to demand an immediate repayment.
7. If you have signed any agreement with any person (“third party”) in relation to the loan, the name and address of the third party and whether the money lender is in any way related to the third party and the nature of such relationship must be stated in the agreement, and a copy of your agreement with the third party must be attached to the agreement.
8. If you have provided any referee for your loan application, the written consent signed by the referee confirming his/her agreement to act as referee for your loan application must be attached to the agreement.

Remember: If you have any question about any term of the agreement,

Don't Sign!



Seek professional or independent legal advice first if necessary.

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