

## Content

Title : Regulations for Leasing of National Non-public Use Real Estate Ch

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Content : Chapter 1 General Principles

### Article 1

These Regulations are adopted pursuant to Paragraph 4, Article 42, of the National Property Act (hereinafter referred to as this “Act” ).

### Article 2

The administration authority stipulated in these Regulations is the National Property Administration (NPA), Ministry of Finance (MOF).

The Lessor stipulated in these Regulations are the branches of the NPA, MOF.

### Article 3

Unless otherwise specified in other relevant Acts, lease operations may be conducted for non-public use real estate.

Methods of the lease for the above-mentioned estate include lease by tender or lease directly.

The provisions of these Regulations do not apply to national farmland for farming or animal husbandry use. The aforementioned farmland shall be leased in accordance with the Regulations of Leasing National Farmland as stipulated in Paragraph 1, Article 46 of this Act.

### Article 4

If the leasehold relationship of the non-public use real estate has become non-periodic, written notice shall be sent from the Lessor to the lessees, reminding them to apply for a written covenant to be instituted within 3 months. If a lessee fails to institute a covenant in writing within the stipulated period, the administration authority may entrust the Lessor to terminate the leasehold relationship in accordance with Article 68-1 of the Regulation for the Enforcement of this Act.

In case of death of the lessee, the stipulated period mentioned in the preceding Paragraph may be extended to 6 months.

## Article 5

The rental rates stated in these Regulations refer to the rate of annual rent, calculated according to the following standards:

(1) Building lot: current total of the declared land value of the subject land.

(2) Constructional improvements: the current price of house tax

(3) Cultural land and other agricultural land: current total harvest of the principal product, converted into monetary substitution, when the local government makes a public announcement.

Rent calculation and collection for afforestation areas shall be handled in accordance with the regulations stipulated by the central forestry organization governing the timber disposition of forestry products of leased national forests, at the time of felling of the trees or bamboo.

## Chapter 2 Lease by Tender

### Article 6

The procedures for leasing non-public use real estate by tender are as follows:

(1) Select the non-public real estate to be tendered.

(2) Determine the contents of the tender.

(3) Public announcement.

(4) Tender opening.

(5) Lease signing.

The period of the announcement in Subparagraph 3 of the preceding paragraph shall not be less than 14 days.

### Article 7

National non-public use cultural assets without predetermined usage can be handled for lease by tender.

The occupied non-public use real estate may be leased by tender in its current condition if none of the following applies. Compensation for the occupying period shall be collected from the occupant.

(1) The original occupant re-occupies the property after the leasing authority retrieves the non-public use real estate, and settles the leasing of the occupancy.

(2) It is known to the rental authority that the occupant is suspected of committing a crime due to the occupancy, where investigation is completed by the judicial police or judicial authorities, or is currently in the process of being adjudicated, whose investigation has not yet been concluded.

(3) The final and binding judgment or anything with the same effect as a final and binding judgment orders the occupied real estate to be returned, but has not been executed yet.

(4) The original legal use contract has been revoked, terminated, or cancelled by the leasing authority for breach of contract, and has not been returned.

(5) Originally consigned for under a year operation in accordance with the regulations of the Ministry of Finance, the period of consigned operation expired, and the real estate is retrieved without being vacated.

(6) The occupancy caused serious situations such as affecting national land security or public safety.

If the non-public use real estate is occupied after the enforcement of the amendment of this Article on June 10, 2015, and there are no circumstances in the preceding paragraphs, the original legal use of the contractual relationship, the contractual relationship is not revoked, terminated, or cancelled by the leasing authority for breach of contract, and then the lease can only be processed according to the current status.

### Article 8

Contractual royalties and annual rent shall be charged when leasing non-public use land by tender. The tendering will be based on the contractual royalties. The tenderer with the highest tender amount of a valid tender sheet shall be the winner of the tender. If there are two or more tenders with the same highest tender amount, the presiding officer shall draw lots

to determine the winner.

The minimum bid for the contractual royalties mentioned in the preceding Paragraph shall not be less than the total rent of a direct lease (annual rent of a direct lease multiplied by the number of years) as stipulated by the law. The basis of pricing will be stipulated by the MOF.

The contractual royalties and annual rent in Paragraph 1 shall be charged according to the tender winning contractual royalty price, and the annual rent for direct lease as required by law.

#### Article 8-1

For leasing of non-public use land through open tender for solar photovoltaic power generation equipment users, annual rent shall be collected. The tendering will be based on the multiplied product of the installed capacity of the equipment for the tender, and the ratio of the feedback fund. The tenderer with the greatest product of the capacity and feedback fund ratio of a valid tender sheet shall be the winner of the tender. If there are two or more tenders with the same greatest product, the presiding officer shall draw lots to determine the winner, and the provisions of the preceding article shall not apply herein.

The annual rent referred to in the preceding Paragraph shall be calculated based on the product of the feedback fund ratio, multiplied by the income from the power generated from solar photovoltaic power generation equipment. However, if the installation is not completed before the time limit stated in the tender lease announcement, calculations for the rent may be based on the current land value tax, management cost, and other costs of the land.

The basis for setting the base price of the feedback fund ratio referred to in Paragraph 1 shall be determined by the MOF.

For non-public use real estate leased by tender in accordance with Paragraph 1, Article 13 no longer applies. Where the lessee intends to continue the lease, he/she shall submit an application for the lease renewal in writing, 6 months before the expiration of the lease term. Upon approval from the leasing authorities, the lessee may renew the contract and continue the lease.

For the lease continuation mentioned in the preceding Paragraph, the start date of the renewed term would be on the day following the expiration date of the original term. The expiration of the original lease term shall not be subject to the restrictions of Article 14 regarding the return of the leased property and the termination of utilization.

#### Article 8-2

Leasing by tender of non-public land in accordance with Paragraph 1 of Article 8 for afforestation purposes, limited to tenderers meeting specific qualifications, shall not be subject to the provisions of Paragraph 2 of Article 5, as well as Paragraphs 2 and 3 of Article 8, regarding the determination of the royalty base price and the annual rental fee calculation.

For non-public land leased through tendering and designated for afforestation as stipulated in the preceding paragraph, the tenant shall not transfer the leasehold rights. If the tenant intends to renew the lease, they shall submit a written application for contract renewal six months before the expiration of the lease term. Upon approval by the leasing authority and full payment of the contracted royalty for renewal, the lease may be renewed up to three times and shall not be subject to the provisions of Article 13.

For the renewal mentioned in the preceding paragraph, the commencement date of the renewed lease shall be the day following the expiration of the original lease term. Upon expiration of the original lease term, the tenant shall not be subject to the provisions of Article 14 regarding the obligation to return the leased property and cease its use.

The criteria for determining the royalty base price for tendering under Paragraph 1, the annual rental fee calculation, tender qualifications, conditions for the leasing authority's approval of lease renewal under Paragraph 2, and the criteria for calculating the contracted royalty for renewal, shall be prescribed by the Ministry of Finance.

## Article 9

In the event that the non-public use land and constructional improvements are leased together by tender, the lease by tender will be based on the annual rent. The tenderer with the highest annual rent of a valid tender sheet shall be the winner of the tender. If there are two or more tenders with the same highest tender amount, the presiding officer shall draw lots to determine the winner.

The non-public use land and constructional improvements mentioned in the preceding Paragraph may be leased together to Rental Housing Subleasing Business by tender (hereinafter referred to as Subleasing Business) for subleasing to sub-lessee tenants.

The annual rent for the two preceding Paragraphs shall not be lower than the annual rent for direct lease, as required by law. However, in the event that no tenderer bids for the non-public use real estate and constructional improvements, the leasing authority shall consider reducing the offer price for re-tender, thus will not be subject to this restriction. The basis for setting the base price of the annual rent and the method of price reduction shall be determined by the MOF.

The annual rent for the real estate in the first two Paragraphs shall be charged in accordance with the tender winning annual rent price.

If, after the tender is awarded, there is a change in the direct lease rate stipulated by law, annual rent may be charged in accordance with the annual rent for direct lease as required by law, if the annual rent for direct lease is higher than the tender winning annual rent price. However, the annual rent for non-public use real estate and constructional improvements leased to Subleasing Business shall still be charged in accordance with the tender winning annual rent price.

## Article 9-1

For the lease by tendering of non-public use real estate that is a type of cultural heritage, announced in the Cultural Heritage Preservation Act (hereinafter referred to as "cultural heritage"), the leasing authority shall establish an evaluation committee to select the winner of the tender based on the proposals submitted by the tenderers. Matters such as members of the evaluation committee, contents that should be included in the proposals, evaluation method and basis, and the evaluation procedure, etc. shall be determined by the MOF.

The annual rent for the cultural heritage mentioned in the preceding Paragraph shall be charged in accordance with the tender winning annual rent price. However, the annual rent shall not be less than the sum total of the land value tax and house tax payable for the land and constructional improvements of the period as required by law.

During the term of the cultural heritage leasing relationship, application for rent reduction may be made in accordance with the Cultural Heritage Preservation Act and related regulations, for the amount of capital for restoration, management, and maintenance the lessee contributed.

For cultural heritage leased by tender in accordance with Paragraph 1, the regulations of Paragraphs 2 and 3 of Article 7, Article 8, and Article 9 do not apply.

## Article 10

Winner of the tender shall pay a contractor's performance bond for non-public use real estate leased by tender. The charging standard of the performance bond and repayment types shall be determined by the MOF.

## Article 11

The contractor's performance bond mentioned in the preceding Article shall be refunded without interest upon the expiration of the lease term or the termination of the lease, if there is any remaining balance after paying the unpaid rent, restoration of the land, or vacating the leased premises, and compensation for damages, etc. If there is any deficiency, the lessee shall pay it separately.

If the lessee transferred his/her lease rights in accordance with Article 39, the performance bond paid by the lessee shall be refunded without interest after the assignee pays the same amount of performance bond.

## Article 12

If a lessee needs to obtain a Consent Letter for the Land Use Rights for the construction of constructional improvements or facilities on non-public use land leased by tender, the Consent Letter shall be issued by the leasing authority. For constructional improvements or facilities undergoing its first ownership registration of the improvement, the registering party shall file the registration of caution, together with the leasing authority, with the registration agency.

Matters relating to the issuance of a Consent Letter for the Land Use Rights shall be determined by the MOF.

## Article 13

Six months prior to the expiration or termination of the lease by tender of non-public use land, the leasing authority shall, depending on the condition of the aboveground buildings, notify the lessee to proceed in the following manner:

- (1) The ownership of aboveground buildings that still have value in use shall be transferred to the state without compensation.
- (2) Lessees shall demolish aboveground buildings themselves for buildings that have no use value.

For leases conducted in accordance with Subparagraph 1 of the preceding paragraph, lessees shall complete the ownership transfer registration procedure, jointly with the leasing authorities, three months prior to the expiration or termination of the lease. During the period between completion of ownership transfer to the state and the expiration or termination of the lease, the aboveground buildings shall be used and maintained by the lessees, and no additional rent shall be charged for the lease of the aboveground buildings.

For aboveground buildings handled in accordance with Subparagraph 2 of Paragraph 1, leasing authorities will demolish aboveground buildings as regulated in the lease agreement if lessees fail to demolish the aboveground buildings by the expiration or termination of the lease. The lessees will be responsible for the costs incurred.

## Article 13-1

If the leasing authority has no other plans for the disposition and utilization of the non-public use land and constructional improvements that were leased together after the amendment to these Regulations came into effect on December 25, 2013, when the lease is re-tendered and the tender is awarded before the expiration of the current lease term, the lessee may have priority to take the lease and sign a new lease in accordance with the annual rent determined in the tender.

In the case of the aforementioned re-tendering, when the lessee wins the tender or makes the preferential right to accept the lease, the start date of the renewed term would be on the day following the expiration date of the original term. The expiration of the original lease term shall not be subject to the restrictions of Article 14 regarding the return of the leased property and the termination of utilization.

Where the lessee intends to exercise his/her right to preferential lease, he/she shall apply to the leasing authority within the certain period before expiration of the lease term for re-tendering. The certain period shall be decided by the management authority, and shall not be less than six months.

## Article 13-2

The lessee of a cultural heritage leased in accordance with Article 9-1 is not subject to the provisions of the two preceding Articles. Where the lessee intends to continue the lease, he/she shall submit an application for the lease renewal in writing, 6 months before expiration of the lease term. Upon approval from the leasing authorities, the lessee may renew the contract and continue the lease. Such renewal can be made up to 3 times.

The start date of the renewed lease term mentioned in the preceding Paragraph would be on the day following the expiration date of the original term. The expiration of the original lease term shall not be subject to the restrictions of Article 14 regarding the return of the leased property and

the termination of utilization.

#### Article 13-3

Regarding the intended continuing of the lease in the preceding Paragraph, the start date of the renewed term would be on the day following the expiration date of the original term. The expiration of the original lease term shall not be subject to the restrictions of Article 14 regarding the return of the leased property and the termination of utilization.

Regulations in Article 13-1 do not apply to the lessee of non-public use land and constructional improvements that were leased together to a Subleasing Business in accordance with Paragraph 2, Article 9. Where the lessee intends to continue the lease, he/she shall submit an application for the lease renewal in writing, 6 months before expiration of the lease term. Upon approval from the leasing authorities, the lessee may renew the contract and continue the lease. Such renewal can be made once.

#### Article 14

Upon expiration of the lease term or termination of the lease for non-public use real estate, the lessee shall return the leased estate and terminate their utilization of the leased estate, and shall not seek any compensation from the leasing authority.

#### Article 15

The provisions of Article 26, Article 27, and the latter part of Paragraph 1, Article 28, regarding the eligibility for rent reduction can be applied when leasing by tendering.

### Chapter 3 Direct Lease

#### Article 16

The procedures for direct leasing of non-public use real estate are as follows:

- (1) Lease application preparation.
- (2) Receipt of application.
- (3) Inspection.
- (4) Examination.
- (5) Notifying paying up the compensation for years of occupying period.
- (6) Executing the lease.

#### Article 17

In accordance with each of the Subparagraphs in Paragraph 1, Article 42 of this Act, the lessee of direct leasing is as follows:

- (1) Subparagraph 1 applies to the original lessee or the successors of the original lessee. However, if the subjects of the lease are constructional improvements or constructional improvements with the building lots, the successors of the original lessee shall only be his/her inheritor.
- (2) Subparagraph 2 applies to the current user. However, in the event there are non-national constructional improvements on the land, the constructional improvements are deemed to belong to the owner as recorded on the building registration transcript if the first ownership registration was completed. For constructional improvements that have not undergone first ownership registration, the owner of the constructional improvements shall be the original constructor who has contributed capital to construct the improvements, the inheritors, buyers, or donees who inherit the constructional improvements.
- (3) Subparagraph 3 applies to the person who may purchase in accordance with this Act or other laws.

#### Article 18

In accordance with Subparagraphs 2 to 5, Article 2, of the Regulations for the Enforcement of the Agricultural Development Act, for national non-public use lands that are agricultural land or special-use zones for agricultural or animal husbandry purposes already in use for agriculture or animal husbandry, lease agreements for agricultural or animal husbandry lands may be established, and the land may be leased in accordance with Subparagraph 2, Paragraph 1, Article 42 of this Act. If any one of the

following applies, the land shall not be leased:

- (1) Lands Reserved for Indigenous People.
- (2) Location of land is within a designated Soil and Water Conservation Area.
- (3) Location of land is within a Reservoir Storage Area.
- (4) Location of land is within a certain distance from a Drinking Water Source Quality Protection Area or Drinking Water Intake Point.
- (5) Protected forest.
- (6) Location of land is within an Ecological Protection Area, Special Landscape Area, Historical Preservation Area, or a Recreation Area that, recognized by the responsible authority of a National Park, affects the management of the National Park.
- (7) Slope land that is utilized exceeding the Permissible Scope of Land Use.
- (8) The site is in a Nature Reserve approved and announced under a Conservation Plan of Preserving the Natural Environment of Taiwan Coastal Areas.
- (9) Lands that shall not be leased as stipulated by other laws.

Land that has been leased or has formed a leasehold relationship prior to the enforcement of the amendment of these Regulations on December 25, 2013, may be leased to the original lessee or his/her inheritors under the latest lease, if the land is still used for farming or animal husbandry. However, if the law provides otherwise or if the target enterprise authority notifies that the land shall be recovered, the land shall not be leased.

#### Article 19

In accordance with Article 2 of the Regulations for the Enforcement of the Agricultural Development Act, for national non-public use lands that are in a utilization zone or special-use zone for afforestation purposes, and already in use for afforestation, lease agreements for afforestation land may be established and the land may be leased in accordance with Subparagraph 2, Paragraph 1, Article 42 of this Act. If any one of the following applies, the land shall not be leased:

- (1) Lands Reserved for Indigenous People.
- (2) Location of land is within a designated Soil and Water Conservation Area.
- (3) Location of land is within a Reservoir Storage Area.
- (4) Location of land is within a certain distance from a Drinking Water Source Quality Protection Area or Drinking Water Intake Point.
- (5) Protected forest, recognized by the responsible forestry authority that there is a need for protection or there is a risk of safety.
- (6) Location of land is within an Ecological Protection Area, Special Landscape Area, Historical Preservation Area, or a Recreation Area that, recognized by the responsible authority of a National Park, affects the management of the National Park.
- (7) Slope land that is utilized exceeding the Permissible Scope of Land Use.
- (8) The site is in a Nature Reserve approved and announced under a Conservation Plan of Preserving the Natural Environment of Taiwan Coastal Areas.
- (9) Lands that shall not be leased as stipulated by other laws.

Land that has been leased or has formed a leasehold relationship prior to the enforcement of the amendment of these Regulations on December 25, 2013, may be leased to the original lessee or his/her inheritors under the latest lease, if the land is still used for afforestation. However, if the law provides otherwise, or if the target enterprise authority notifies that the land shall be recovered, the land shall not be leased.

#### Article 20

In accordance with Article 2 of the Regulations for the Enforcement of the Agricultural Development Act, for national non-public use lands that are in a utilization zone or special-use zone for aquaculture purposes, and already in use for aquaculture, lease agreements for aquaculture land may be established and the land may be leased in accordance with Subparagraph 2, Paragraph 1, Article 42 of this Act. If any one of the following applies, the land shall not be leased:

- (1) Lands Reserved for Indigenous People.
- (2) Location of land is within a designated Soil and Water Conservation

Area.

- (3) Location of land is within a Reservoir Storage Area.
- (4) Location of land is within a certain distance from a Drinking Water Source Quality Protection Area or Drinking Water Intake Point.
- (5) Protected forest.
- (6) Location of land is within an Ecological Protection Area, Special Landscape Area, Historical Preservation Area, or a Recreation Area that, recognized by the responsible authority of a National Park, affects the management of the National Park.
- (7) Location of land is within the groundwater control zone. This does not apply to those who have been approved by the responsible fishery authority to be designated as aquaculture fishery production areas, or those who have been identified by the responsible authority to use seawater, surface water, or groundwater drawn from groundwater outside the control area.
- (8) Slope land that is utilized exceeding the Permissible Scope of Land Use.
- (9) The site is in a Nature Reserve approved and announced under a Conservation Plan of Preserving the Natural Environment of Taiwan Coastal Areas.
- (10) Lands that shall not be leased as stipulated by other laws.  
Land that has been leased or has formed a leasehold relationship prior to the enforcement of the amendment of these Regulations on December 25, 2013, may be leased to the original lessee or his/her inheritors under the latest lease if the land is still used for aquaculture. However, if the law provides otherwise or if the target enterprise authority notifies that the land shall be recovered, the land shall not be leased.

## Article 21

For national non-public use lands that are in use for buildings, lease agreements for building lots may be established and the land lot may be leased in accordance with Subparagraph 2, Paragraph 1, Article 42 of this Act. If any one of the following applies, the land shall not be leased:

- (1) Lands Reserved for Indigenous People.
- (2) Location of land is within a designated Soil and Water Conservation Area.
- (3) Location of land is within a Reservoir Storage Area.
- (4) Location of land is within a certain distance from a Drinking Water Source Quality Protection Area or Drinking Water Intake Point, , recognized by the responsible authority that there is a need for protection or there is a risk of safety.
- (5) Protected forest.
- (6) Location of land is within an Ecological Protection Area, Special Landscape Area, Historical Preservation Area, or a Recreation Area that, recognized by the responsible authority of a National Park, affects the management of the National Park.
- (7) The site is in a Nature Reserve approved and announced under a Conservation Plan of Preserving the Natural Environment of Taiwan Coastal Areas.
- (8) Lands that shall not be leased as stipulated by other laws.  
Land that has been leased or has formed a leasehold relationship prior to the enforcement of the amendment of these Regulations on December 25, 2013, may be leased to the original lessee or his/her inheritors under the latest lease if the land is still used for buildings. However, if the law provides otherwise or if the target enterprise authority notifies that the land shall be recovered, the land shall not be leased.

## Article 22

In accordance with the provisions of Subparagraph 2, Paragraph 1, Article 42 of this Act, an application for the lease of non-public use real estate shall include the attached following relevant supporting documents, certifying the actual time of use. However, if the actual time of use can be examined and approved by the Lessor, attachment is exempted.

- (1) Leased building lot: Household registration transcript, proof of house tax payment, receipt of water bill or electricity bill, copies of improvement ownership certificates, constructional improvements registration transcript, proof of an official address plate, graphic information taken by government agencies before July 21, 1993, or other

supporting documents issued by other government agencies or government-owned enterprises.

(2) Lease of constructional improvements or constructional improvements with the building lots: Household registration transcript or other supporting documents issued by other government agencies or state-owned enterprises.

(3) Lease applications for other land shall have attached one of the following supporting documents:

i. Proof of agricultural or aquaculture power utilization issued by government-owned enterprises, graphic information taken by government agencies before July 21, 1993, or other certifying documents issued by local farmers' and fishermen's associations, townships, town, city, (and district) offices, or other government agencies.

ii. Certifying documents issued by Chiefs of villages who served before July 21, 1993, owners, or lessees of adjacent land who had the legal capacity to act.

iii. Certifying documents issued by lessees who had the legal capacity to act before July 21, 1993, of adjacent national lands that were in use before July 21, 1993, and were leased by the Lessor by direct lease or leasing.

The supporting documents stated in Item 2 and Item 3 or the preceding Subparagraph shall be published by the Lessor for 30 days, and shall be adopted if no objection is raised or if objection cannot be sustained.

### Article 23

The scope and procedures of the non-public use real estate that may be leased in accordance with the provisions of Subparagraph 3, Paragraph 1, Article 42 of this Act shall be handled in accordance with Article 43-2 of the Regulations for the Enforcement of this Act.

### Article 24

If the application form for the lease of non-public use real estate is not in format, or in the event of supporting documents inadequacy, the applicant shall be notified to make corrections within a limited period.

### Article 25

In the event that one of the following applies to the application for the lease of non-public use real estate, the application may be nullified, and the supporting documents attached to the original application may be returned:

(1) Notifications stated in the preceding Article were sent to notify applicants of the corrections required, yet corrections were not made within the given time.

(2) Real estate that is not handled by the administration authority.

(3) Real estate that shall not be leased, stipulated by the provisions of law.

(4) The utilization of the real estate is in dispute, or the ownership of the estate is not confirmed.

(5) The estate is planned for further specific use, utilization plan, or other handling methods.

(6) Overdue payment of compensation for years occupying period.

(7) Does not meet the criteria required for leasing, as stipulated by law.

(8) Contents of the supporting documents attached to the application form are not in conformity with the facts.

### Article 26

In accordance with the provisions of Paragraph 1, Article 42 of this Act, for the application for the lease of non-public use real estate, compensation for the occupying period shall be retraced and charged for the utilization of the real estate starting from the end of the month when the application is received. The compensation shall be calculated backward for up to five years. Within the period calculated, the rent or compensation for the occupying period already paid shall be deducted. Compensations shall be allowed to be paid in installments.

The aforementioned compensation for the occupying period stated in the preceding Paragraph shall be calculated and charged on the basis of the

current rent for direct lease in accordance with the law, and the provisions of favorable rentals shall not apply. However, if the basis for calculating the compensation is determined by the court, it shall be calculated and collected according to the basis determined by the court.

#### Article 27

The lease agreement shall set forth the following matters:

- (1) The parties.
- (2) The subject matter of the lease.
- (3) The term of the lease.
- (4) Rent and payment method, overdue liquidated damages, and the basis of rent calculation.
- (5) Restrictions of use.
- (6) Conditions of termination of the lease.
- (7) Other contractual matters.

#### Article 28

The rent for real estate for direct lease shall be calculated on the basis of the rent stipulated by law. Favorable rentals shall be applied in accordance with the law. In the event of natural disaster or force majeure that results in reduction in yield, or that the estate is severely damaged and can no longer be used, rental reduction shall apply. The basis of the calculation of rental reduction shall be stipulated by the MOF.

It is stipulated by law that, for the period when the leasehold relation is still in force, in the event of change in the rental rate of direct lease, declared land value, the current announced annual yield of the principal product, or conversion standards for monetary substitution, the rent shall be adjusted accordingly.

For lease agreements for afforestation land signed before the time the amendment of these Regulations came into effect on March 3, 2021, the rent of the afforestation land where the felling of timber and/or bamboo continued after the amendment of these Regulations, up to the expiration of the lease term, may be charged as agreed in the lease agreement or based on rent calculation for afforestation areas as stipulated by the central forestry organization governing the timber disposition of forestry products of leased national forests at the time of felling of the timber or bamboo. The rent calculation method is the lessee's choice.

#### Article 29

The national portion of separate management of jointly owned national and private real estate, managed separately, may be directly leased upon the co-owners' negotiation of the separation of management.

#### Article 30

In the case of an application for the lease of national non-public use real estate in accordance with the provisions of Subparagraph 2, Paragraph 1, Article 42 of this Act, before the Lessor notifies the lessee of the payment of compensation for the occupying period and the lease signing, the application for the purchase of the same subject matter in accordance with Articles 50 to 52, Paragraph 2 of Article 52-1, Subparagraph 3, Paragraph 3 and Paragraph 4, Article 55-1 of the Regulations for the Enforcement of this Act, or other special legal provisions, shall be assessed and handled in priority. In the event that other lease or purchase cases with the same subject matter are competing, the cases will be processed in the order of application reception.

#### Article 31

Upon the expiration of the lease term, unless otherwise provided by law, the leasehold relation shall be extinguished without further notice from the Lessor. The lessee shall return the leased property and terminate utilization of the leased property, in accordance with the lease agreement, and shall not request any compensation from the Lessor.

If the lessee intends to renew the lease, the lessee shall apply for a lease exchange within a certain stipulated time period, before the expiration of the lease.

The aforementioned stipulated time period shall be set by the

administration authority, and shall not be less than three months.

#### Chapter 4 Management of the Lease Agreement

##### Article 32

The Lessor may, depending on the amount of monthly rent payable by the lessee, specify in the lease agreement that the rent shall be paid on a monthly or multi-month basis.

In the event that the aforementioned rent is payment in kind, the lessee shall be notified of the payment after the calculation of the total amount of monetary substitution conversion, based on the conversion basis.

##### Article 33

If the lessee fails to pay the rent in accordance with the agreed time limit, the lessee shall be subject to additional overdue penalties.

The basis for the calculation of overdue penalties shall be stipulated by the administration authority.

##### Article 34

The Lessor shall adhere to the following procedures to demand rent payment from a lessee with cumulative unpaid rent:

- (1) Demand the payment to be paid by the deadline.
- (2) File a motion with the court for the issuance of a payment order.
- (3) File a motion with the court requesting compulsory execution.

##### Article 35

When two or more persons jointly lease non-public use real estate, the lessees shall be jointly and severally liable for the matters specified in the lease agreement.

##### Article 36

The lessee shall use the leased property in accordance with the agreed purpose, and shall not sublease it for others' use. However, if one of the following applies, the lessee may, with the consent of the Lessor, sublease all or part of the leased property to others:

- (1) Non-public use land and constructional improvements that were leased together by tendering to Subleasing Businesses in accordance with the provisions of Paragraph 2, Article 9.
- (2) Cultural heritage that was leased by tendering in accordance with the provisions of Article 9-1.

The lessee and the sub-lessee of the sublease in accordance with the Subparagraph 2 of the preceding proviso shall be jointly and severally liable for the matters stipulated in the lease agreement between the lessor and the lessee, and shall undertake or agree in writing to do so.

If the lessee violates regulations for the sublease in Paragraph 1, the Lessor shall terminate the lease, unless otherwise provided by law or regulation.

##### Article 37

The lessee shall not construct, refurbish, reconstruct, or construct new aboveground constructional improvements, miscellaneous work items, or other facilities on the ground, unless the lessee has obtained a Consent Letter for the Land Use Rights from the Lessor.

In the event of violation of the provisions in the preceding Paragraph, the Lessor shall terminate the lease if the lease is subject to a lease by tender. In the case of a direct lease, the Lessor shall notify the lessee to pay a penalty two times the amount of the monthly rent within one-month time. If the lessee fails to pay the penalty within the time limit, the Lessor shall terminate the lease.

##### Article 38

If the lessee does not need to continue the utilization of the leased property during the term of the lease, the lessee shall apply for termination of the lease and return the leased property.

### Article 39

If the lessee transfers his/her lease rights, or changes the name of the lessee in accordance with Paragraph 1, Article 42 of this Act, unless otherwise provided by law, he/she must obtain consent from the Lessor prior to the transfer or change.

Violations of the provisions in the preceding Paragraph shall be handled in the following manner:

(1) The Lessor of the lease agreements for afforestation land shall notify the lessee to apply for renewal of the lease in accordance with the provisions of Article 42, and if the lessee fails to comply accordingly, the lease shall be terminated.

(2) The lease of constructional improvements or constructional improvements with building lots shall be terminated.

(3) For lease agreements other than the two preceding Subparagraphs, unless otherwise provided by law, the Lessor shall notify the lessee to pay a penalty two times the amount of the monthly rent within one-month time. The lessee may renew the contract and continue the lease with his/her successor. If the lessee fails to comply accordingly, the lease shall be terminated.

For the rearing places that qualify for the 37.5% Arable Rent Reduction Act, the lease may not be transferred, and the name of the lessee may not be changed, unless transferring due to old age and frailty, household separation, or distribution of property rights, the ownership of the lease contract to the lineal blood descendants, or dependents of the common household domicile, who jointly inhabited at the time of the original agreement. However, with the consent of the Lessor, the lease may be renewed and continued by lineal blood descendants currently residing. It is stipulated that the farmland suitable for aquaculture stated in the Enforcement Rules of the Agriculture Development Act shall not be subject to this restriction.

### Article 40

In accordance with Paragraph 1, Article 42 of this Act, the lessee may transfer his/her lease rights or change the name of the lessee to the following parties if the leasehold is granted in accordance with Subparagraph 1 or Subparagraph 2 of the same Paragraph:

(1) For the lease of building lots, the lessee shall be the owner of the non-national constructional improvements on the land after the transfer.

(2) For the lease of land for solar photovoltaic power generation equipment users, in accordance with Article 8-1, the lessee shall be the owner of the solar photovoltaic power generation equipment or the transferee user.

(3) For the lease of cultural heritage or other real estate, in accordance with Article 9-1 or other real estate, the lessee shall be the transferee user.

### Article 41

If a direct lease is granted in accordance with Subparagraph 3, Paragraph 1, Article 42 of this Act, the lessee may transfer his/her lease rights to a person who may also sell in accordance with this Act or other laws.

### Article 42

When the lessee transfers his/her lease rights or changes the name of the lessee in accordance with Articles from Article 39 to the preceding Article, the transferee shall fulfill the obligations under the original lease agreement. Unless otherwise provided by law, the lessee shall apply to the Lessor for renewal of the lease in conjunction with the transferee within one month from the date of the transfer or the change of the lessee's name.

Violations of the provisions in the preceding Paragraph shall be handled in the following manner:

(1) The Lessor of the lease agreements for afforestation land shall notify the lessee to apply for renewal of the lease, in conjunction with the transferee, within one-months' time. If the lessee fails to comply accordingly, the lease shall be terminated.

(2) For leases other than the preceding Paragraph, unless otherwise provided by law, the Lessor shall notify the lessee to pay the overdue

penalties within one-months' time, and apply for the lease renewal in conjunction with the transferee. If the lessee fails to comply accordingly, the lease shall be terminated.

The basis for the calculation of the overdue penalties stated in the preceding Paragraph shall be an additional one-month rent for every month overdue for the transfer of lease rights, or change of the name of the lessee, up to a maximum of five months' rent.

#### Article 43

If the lessee dies during the period when the leasehold relation is still in force, the successor shall apply for a succession renewal of lease within six months from the date of commencement of the succession. However, if the successor cannot be held responsible or approved by the responsible authorities, he or she may apply for an extension of the period.

Violation of the provisions in the preceding Paragraph shall be handled in the following manner:

(1) The Lessor shall notify the successor to apply for succession renewal of lease, within one-months' time, for the lease agreements for afforestation land.

(2) For leases other than the preceding Paragraph, unless otherwise provided by law, the Lessor shall notify the inheritors to pay the overdue penalties, within one-months' time, and all inheritors shall apply for the succession renewal of lease in conjunction. If the inheritors fail to comply accordingly, the lease shall be terminated.

If not all of the inheritors are able to apply for the succession renewal of lease in conjunction, unless otherwise provided by law, some of the inheritors may make the application in the name of all of the inheritors.

The basis for the calculation of the overdue penalties stated in Subparagraph 2, Paragraph 2 shall be an additional one-months' rent of the month the succession commences for every month overdue, up to a maximum of five months' rent.

#### Article 44

When the lease is terminated or extinguished, the lessee shall not demand any compensation for the removal and vacating of the non-national property, and the return of the leased property, unless otherwise provided by law.

#### Article 45

If the lessee applies for a lease and the supporting documents attached are discrepant, the Lessor shall revoke or terminate the lease, and the rent paid and the compensation payment for the occupying period shall not be refunded.

### Chapter 5 Supplementary Provisions

#### Article 46

The format of the application form and lease agreement required by these Regulations shall be determined by the administration authority.

#### Article 47

These Regulations shall take effect as of the date of promulgation. However, Article 22, as amended and published on June 10, 2015, shall take effect on December 27, 2013.