

MORTGAGE INSURANCE PROGRAMME

85% MIP on Village House with Maximum Loan Amount Up to HK\$5 Million

Description: Insurance Eligibility Criteria for Floating Rate Mortgages up to HK\$5 million with Loan-to-Value ratio above 60% up to and including 85% and secured on completed private residential properties.

Note: With effect from 11 June 2011, the MIP will not be available to applicants whose income is derived mainly from outside Hong Kong unless they can demonstrate that they have a close connection with Hong Kong[#].

[#]For the purpose of processing MIP applications, any application with applicant(s) currently working outside Hong Kong (hereinafter "Overseas Income Applicant(s)") and contributing over 50% of the verified household income (of the application) will not be accepted unless the applicant can provide any one of the following documents:

1. Justification with documentary proof, subject to the HKMC's satisfaction, showing the employment relationship of the Overseas Income Applicant and a local employer;
2. Declaration from the Overseas Income Applicant confirming his/her immediate family member (spouse, parents and descendants only) is residing in Hong Kong.

The Insurance Eligibility Criteria are summarised below:

Product type	Floating Rate Mortgages (Note: Not applicable to Fixed Adjustable Rate Mortgages)
Maximum property value	HK\$6,000,000 (Pursuant to the purchase price of the Property as stated in the sale and purchase agreement. For refinancing mortgages, the property value shall be the appraised value of the Property, if applicable.)
Maximum loan amount at origination	HK\$5,000,000 Only fully amortising mortgage Loans are eligible for Cover. Mortgage loans with balloon payments, payment holidays and Deferred Principal Repayment Loans are not eligible for cover.
Maximum Loan-to-value ("LTV") ratio:	85% (may exceed 85% to the extent the Premium is financed

	<p>by the mortgage loan)</p> <p>The purchase price must exclude the value of any incentives offered by the relevant vendor or any other third party to the Borrower / Mortgagor in relation to the purchase of the Property.</p>
Minimum LTV Threshold	60%
<p>Calculation of Debt-to-Income (DTI) ratio</p> <ul style="list-style-type: none"> Maximum debt-to-income ratio at origination 	50%
Maximum original term to maturity	40 years
Maximum sum of “remaining term to maturity” and “age of Property” at origination and throughout the life of the mortgage loan	<p>55 years</p> <p>(subject to case by case approval where it exceeds 50 years)</p>
Borrower type	Personal customers
Type of property	<p>The property must be a residential properties located in Hong Kong (“Tso”, “Tong” properties or Small Village Houses located in the New Territories with alienation restriction sale are not eligible)</p> <p>Properties under construction are not eligible for coverage.</p>
Owner occupancy	<p>At least one of the income generating Borrower(s)/ Mortgagor(s) / Guarantor(s)* must physically live in the Property and use the Property as his / her primary residence while Cover is maintained, or until such requirement is waived at the discretion of the HKMC and its reinsurers.</p> <p>The occupying Borrower / Mortgagor / Guarantor’s* income must not be less than the sum of monthly mortgage instalment payment and his/her other monthly debt obligations.</p> <p>*Guarantor must be the immediate family member or fiancé of Borrower or Mortgagor.</p>
Refinancing	<p>Eligible for refinancing and cast-out refinancing</p> <p>(for refinanced loans which involve a cash-out element, the application will be considered on a case-by-case basis)</p>
Premium rates	Single and Annual premium payment option, no premium

	<p>refund arrangement for the following products:</p> <ol style="list-style-type: none"> 1. Loan tenor exceeds 30 years; or 2. Under Annual premium payment option.
<p>Down payment</p>	<p>The down payment for the purchase of the Property must be paid from the Borrower / Mortgagor's own assets and must not have been financed by way of any loan or banking / credit facility.</p>

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