

## **Press Release**

### **Mortgage Insurance Programme**

The Hong Kong Mortgage Corporation Limited (HKMC) noticed that The Hong Kong Monetary Authority (HKMA) today (Friday) issued guidelines to banks regarding their property mortgage lending business, including lowering the loan-to-value ratio (LTV) cap by 10 percentage points for property mortgage loans extended to borrowers with one or more pre-existing mortgages.

Following the reduction of the LTV ratio of the relevant mortgage loans by 10 percentage points by the HKMA, it is expected that the LTV ratio for some new mortgage loans will be reduced to 50%. The HKMC will continue to provide mortgage insurance for the relevant eligible mortgage loans. The coverage will start from the LTV ratio of 50% and will be capped at 80%. However, buyers of property priced at HK\$4 million or below who fulfill the existing relevant requirements can still apply for 90% Mortgage Insurance Programme (MIP).

The HKMC will provide the MIP premium rate table (refer to the attachment) and other implementation details for mortgage loans with LTV ratio from 50% to MIP participating banks in due course.

The Hong Kong Mortgage Corporation Limited

19 May 2017

## MORTGAGE INSURANCE PROGRAMME PREMIUM RATE SHEET

(Insurance coverage from 50% LTV to 90% LTV)

### OWNER-OCCUPIED RESIDENTIAL PROPERTY LOANS

<b>Mortgage Insurance Premium</b>					
Mortgage Type	Insurance coverage according to Loan-to-value Ratio (LTV)	Loan Tenor (Years)	Single Premium Payment  (% of the Original Principal Balance)	Annual Premium Payment	
				First Year (% of the Original Principal Balance)	Renewal (% of the Original Principal Balance)
<b>FLOATING RATE</b>	<b>50% up to 80% LTV</b>	10	1.20	0.60	0.29
		15	1.68	0.88	0.29
		20	2.05	1.03	0.29
		25	2.28	1.14	0.29
		30	2.45	1.27	0.29
	<b>50% up to 85% LTV</b>	10	1.88	0.85	0.55
		15	2.48	1.11	0.55
		20	2.90	1.22	0.55
		25	3.18	1.39	0.55
		30	3.35	1.54	0.55
	<b>50% up to 90% LTV</b>	10	2.80	1.18	0.83
		15	3.50	1.53	0.83
		20	4.00	1.72	0.83
		25	4.38	1.91	0.83
		30	4.60	2.14	0.83
<b>FIXED ADJUSTABLE RATE for FARM*</b>	<b>50% up to 80% LTV</b>	10	1.14	0.54	0.29
		15	1.61	0.81	0.29
		20	1.98	0.96	0.29
		25	2.21	1.07	0.29
		30	2.31	1.20	0.29
	<b>50% up to 85% LTV</b>	10	1.70	0.79	0.49
		15	2.35	1.04	0.49
		20	2.64	1.16	0.49
		25	2.84	1.32	0.49
		30	3.08	1.47	0.49
	<b>50% up to 90% LTV</b>	10	2.62	1.11	0.77
		15	3.28	1.45	0.77
		20	3.82	1.62	0.77
		25	4.16	1.72	0.77
		30	4.38	1.95	0.77

\* i.e. Fixed Adjustable Rate Mortgages – Product under the FARM Programme announced by the HKMC