

MORTGAGE INSURANCE PROGRAMME

80% MIP on Village House

Description: Insurance Eligibility Criteria for Floating Rate Mortgages up to HK\$4.8 million with Loan-to-Value ratio above 60% (or 50%, where applicable) up to and including 80% and secured on completed private residential properties.

Note:

1. For the avoidance of doubt, all MIP applications must comply with the applicable circulars and requirements of the HKMA.
2. The MIP is not 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\$4,800,000 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.

<p>Maximum Loan-to-value (“LTV”) ratio:</p>	<p><u>Property value at or below HK\$4 million:</u> 80% or 85%*, subject to a loan cap of HK\$3.4 million (whichever is lower)</p> <p><u>Property value above HK\$4 million and below HK\$4.5 million:</u> 80% to 85%*, subject to a loan cap of HK\$3.6 million (whichever is lower)</p> <p><u>Property value at or above HK\$4.5 million and up to HK\$6 million:</u> 80% or capped at HK\$4.8 million (whichever is lower)</p> <p>(may exceed the respective LTV ratio to the extent the Premium is financed 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> <p>* only applicable to application with (i) all mortgagors not holding any residential properties in Hong Kong at the time of application; (ii) all applicants being regular salaried persons; (iii) maximum debt-to-income ratio of 45% (subject to maximum debt-to-income ratio as mentioned below)</p>
<p>Calculation of Debt-to-Income (DTI) ratio</p> <ul style="list-style-type: none"> Maximum debt-to-income ratio at origination 	<p><u>If none of the applicants has borrowed or guaranteed outstanding mortgage loans for one or more properties at the time of applying for MIP Cover[^], the maximum DTI ratio is:</u></p> <p>(i) 50% (for LTV ratio up to 80%); or (ii) 45% (for LTV ratio above 80%)</p> <p><u>If any one of the applicants has already borrowed or guaranteed outstanding mortgage loans for one or more properties at the time of applying for MIP Cover^{^^}, the maximum DTI ratio is:</u></p> <p>(iii) 40% (for LTV ratio up to 70%); or (iv) 35% (for LTV ratio above 70%)</p> <p>[^] 60% LTV Threshold Premium Rate Sheet will apply ^{^^} 50% LTV Threshold Premium Rate Sheet will apply</p>

Maximum original term to maturity	30 years
Maximum sum of “remaining term to maturity” and “age of Property” at origination and throughout the life of the mortgage loan	55 years
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 for sale are not eligible)</p> <p>Properties under construction are not eligible for coverage.</p>
Owner occupancy	<p>At least one of the 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 at the time of application.</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	<p>Single and Annual premium payment option, no premium refund arrangement under Annual premium payment option.</p> <p>(Refer to the details of Premium Rate Sheet)</p>
Down payment	<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>

May 2017