Press Release

The Hong Kong Mortgage Corporation Limited

Widespread Adoption of the Model Mortgage Origination Documents

The Hong Kong Mortgage Corporation Limited (the HKMC), the convener of the Steering Committee for Standardization of Mortgage Origination Documents, has recently conducted a survey of 34 mortgage lending institutions in Hong Kong. The HKMC is pleased to announce that 22 banks have confirmed their intention to adopt the Model Mortgage Origination Documents for their mortgage transactions (see Annex A) and another 8 institutions are giving serious consideration to adoption.

The two Model Documents are the products of a project launched by the HKMC in 2000 that aims to raise the industry standards in mortgage origination by developing a set of model mortgage origination documents that represents the best market practice. The project has two main objectives:

(a) to develop a set of model documents that clearly prescribes balanced rights and obligations between the banks and the homebuyers and is easily understood by the contracting parties through the use of user-friendly language in drafting the documents; and

(b) to reduce the lead time and cost for the issuance of mortgage-backed securities by removing the need for investors and credit rating agencies to conduct due diligence on the mortgage origination documents.

The Model Mortgage Origination Documents was introduced by the Steering Committee in 2001 after extensive consultation with the banking industry and the legal profession. Dah Sing Bank, Hang Seng Bank Group, HSBC, Orix Asia Limited and Standard Chartered Bank have already adopted the Model Mortgage Deed since March 2002. The survey findings show that the majority of banks will soon adopt the Model Documents for the benefit of mortgage borrowers. In addition to raising industry standards in mortgage origination, a widespread adoption of the Model Documents will also facilitate the development of an efficient MBS Market in Hong Kong.

The Hong Kong Mortgage Corporation Limited

24 May 2002

Annex A

Banks that have adopted the Model Mortgage Documents

Dah Sing Bank, Limited
Hang Seng Bank Limited
Hang Seng Credit Limited
Hang Seng Finance Limited
The Hongkong and Shanghai Banking Corporation Limited
Orix Asia Limited
Standard Chartered Bank

Banks that intend to adopt the Model Mortgage Documents

ABN AMRO Bank N.V.
AIG Finance (Hong Kong) Limited
American Express Bank Ltd.
Asia Commercial Bank Limited
Bank of China (Hong Kong) Limited
Bank of Communications
Chekiang First Bank Limited
Chiyu Banking Corporation Limited
The Bank of East Asia, Limited
Dao Heng Bank Limited
DBS Kwong On Bank Limited
First Pacific Bank Limited (merged with BEA on 1 April 2002)
Overseas Trust Bank, Limited
Shanghai Commercial Bank Limited
Wing Hang Bank, Limited