Press Release

The Hong Kong Mortgage Corporation Limited

Forum on Implementation of the Model Mortgage Origination Documents

The Hong Kong Mortgage Corporation Limited (HKMC), Convenor of the Steering Committee of the Project on the Standardization of Mortgage Origination Documents in Hong Kong, hosted a Forum today (Thursday) to launch the full set of the model mortgage loan origination documents (Model Documents) and to promote its adoption by mortgage lenders in Hong Kong. The Steering Committee (Annex A) composes of major mortgagee banks, professional bodies, academic institutions and the relevant regulatory authorities.

The full set of Model Documents, representing the final product of Phases I and II of the Project, consists of:

(a) the Model Two-party Mortgage
(b) the Model Three-party Mortgage
(c) the Model Deed of Guarantee and Indemnity
(d) a set of Recommended Core Provisions for the Mortgage Loan Application Form
(e) a set of Recommended Core Provisions for the Facility Agreement
(f) the Model Instructions to Solicitors
(g) the Model Solicitors' Completion Certificate.

Phase I of the Standardization Project was marked by the successful development of the Model Two-party Mortgage and the Model Deed of Guarantee and Indemnity. Since its publication in July 2001, the Model Two-party Mortgage has been adopted by 14 major banks in Hong Kong, which together account for about 84% of the residential mortgage market. The Model Deed of Guarantee and Indemnity embodies important principles of fairness to the third-party surety which have been adopted and replicated in the Code of Banking Practice.

The full set of Model Documents is drafted in plain English to further enhance understanding by their users, i.e. borrowers, mortgagors and the mortgage lenders themselves, while at the same time exemplify the best market practice in mortgage loan origination advocated by the Steering Committee. Equally important,

the Model Documents aim at striking a fair and balanced relationship between the borrowers, the mortgagors and the lenders. These landmark improvements from traditional old-fashioned legal documents were made possible with the constructive comments provided by consultative parties (Annex B) consisting of industry representatives, professional bodies and relevant regulatory authorities.

The Forum was well attended by over 400 attendees from banks, law firms, barristers' chambers, the Hong Kong Monetary Authority (HKMA), the Judiciary, the Department of Justice, the Consumer Council and other interested bodies. The key features and significant improvements to be brought about to the local mortgage loan origination process by the launch of the full set of Model Documents were clearly and enthusiastically expounded by the distinguished speakers in the Forum. The speakers included The Hon. Mr. Justice Barry Mortimer, Judge of the Hong Kong Court of Final Appeal; Mr. Joseph Yam, Deputy Chairman of the HKMC; Mrs. Pamela Chan, Chief Executive of the Consumer Council; Mr. Kim Salkeld, Land Registrar; Mr. Anson Kan, Vice President of The Law Society of Hong Kong; Mr. Ambrose Ho, Vice Chairman of Hong Kong Bar Association and Ms. Susie Cheung, General Counsel and Company Secretary of the HKMC.

Mr. Justice Barry Mortimer commented, "The Model Documents under Phase I of the Project have been well received and widely welcomed. Such has been the success of Phase I that now we have Phase II adhering to the same principles. The documents deserve special acclaim and universal acceptance. These are documents which most people will sign at some time during their lives . . . . for the purchase of their home on mortgage. They are documents of the first importance and they fulfill the aims of those who have drafted them."

Mr. Joseph Yam, Deputy Chairman of the HKMC said, "For the secondary mortgage market, standardized mortgage documents help to shorten the time frame and transaction costs for the sale and purchase of mortgage portfolios and the issuance of mortgage-backed securities." He further said, "We hope that with a full set of the model mortgage origination documents now available, those undecided mortgage lenders will feel confident enough to make a full commitment to adopting the Model Documents by following the example set by some of the larger institutions." In promoting wider adoption of the Model Documents, the HKMA had issued a letter to all authorized institutions on 29 September 2003 to advise them to adopt the Model Documents.

Mrs. Pamela Chan, Chief Executive of the Consumer Council said, "The Mortgage Corporation has set an exemplary model for businesses in Hong Kong in devising a balanced set of mortgage documents in order to promote best market practice, and in championing the use of plain language in legal documents to enhance information disclosure and consumer understanding. I earnestly hope to see industry-

wide adoption of the model documents in due course so that consumers at large can benefit from the commendable efforts of the Mortgage Corporation."

Mr. Anson Kan, Vice President of The Law Society of Hong Kong said, "The introduction of Model Documents also represents the best market practice and raises the industry's standard. The Law Society fully supports the goal of the Steering Committee and believes the further use of such documents will help to promote a prosperous and stable property market which the HKMC can use as a basic stepping stone to enhance the international financial standing of the HKSAR."

The full set of Model Documents is available for public review at the offices of the Consumer Council and at the website of the HKMC (www.hkmc.com.hk).

The Hong Kong Mortgage Corporation Limited
27 November 2003

Annex A

Membership of Steering Committee on
Standardization of Mortgage Origination Documents – Phase II

STEERING COMMITTEE MEMBERS	**REPRESENTED BY**
Convenor	
1. Hong Kong Mortgage Corporation	Mr. Peter Pang, Chief Executive Officer (Chairman of the Steering Committee)
	Ms. Susie Cheung, General Counsel and Company Secretary
	Mr. Nicholas Chan, Counsel
	Ms. Celia Chau, Counsel
	Ms. Alison Leung, Counsel
Members	
2. Bank of America (Asia) Limited	Mr. Simpson Sin, *Vice President, Consumer Credit Processing Unit*
3. Bank of China (Hong Kong) Limited	Ms. Isabelle Tsang, *Legal Counsel, Legal and Compliance Department*
	Ms. Rosa Tse, *Legal Counsel, Legal and Compliance Department*
4. The Bank of East Asia, Limited	Ms. Winnie Chan, *Manager, Strategic Development Section, Property Loans Department*
5. Chekiang First Bank Limited	Ms. Joanne Lai, *Senior Assistant Legal Counsel*
6. DBS Bank (Hong Kong) Limited	Mr. Anthony Somerset, *Head of Legal*
7. Fitch (Hong Kong) Limited	Mr. Ben McCarthy, *Senior Director, Head of Asia-Pacific Structured Finance*
8. Hang Seng Bank Limited	Mr. Godwin Li, *Legal Adviser and Assistant Company Secretary*
9. Hang Seng Insurance Company Limited	Ms. Josephine Tsang, *Senior Manager*

10.	Hong Kong Bar Association	Mr. Ronny Tong, *Senior Counsel*
11.	The Hongkong and Shanghai Banking Corporation Limited	Ms. Suanne Hou, *Legal Adviser* Ms. Caterina Lo, *Senior Mortgage Portfolio Manager, Banking Services, Personal Financial Services*
12.	Faculty of Law, The University of Hong Kong	Professor Christopher Sherrin, *Professor of Law*
13.	The Law Society of Hong Kong	Mr. Peter Aherne, *Partner, Deacons*
14.	Moody's Asia Pacific Limited	Mr. Michael Ye, *Managing Director, Structured Finance*
15.	Standard Chartered Bank	Ms. Doris Ma, *Legal and Compliance Adviser, Legal and Compliance Department* Mr. Vincent Chu, *Manager, Legal and Compliance Risk, Consumer Banking-Risk Management Department*
16.	United Guaranty Mortgage Indemnity Company	Ms. Sandie Kwan, *Director of Insurance Operations and Regional Credit Officer*

Expert Adviser

17. Ms. Judith Sihombing
Training/Professional Support Manager
Simmons & Simmons

Observer

18.	Hong Kong Monetary Authority	Mr. Raymond Chan, *Acting Division Head of Banking Development Department* Ms. Carman Chiu, *Senior Manager of Banking Development Department*

Annex B

List of Consultative Parties

Industry Associations

The Hong Kong Association of Banks
The Hong Kong Association of Restricted Licence Banks and Deposit-taking Companies
The Hong Kong Capital Markets Association

Consumer Council

Regulators

Hong Kong Monetary Authority
Housing, Planning and Lands Bureau
The Land Registry

Professional Bodies

The Law Society of Hong Kong
Hong Kong Bar Association

Financial Institutions

ABN AMRO Bank N.V.
AIG Finance (Hong Kong) Limited
American Express Bank Limited
Asia Commercial Bank Limited
Bank of America (Asia) Limited
Bank of China (Hong Kong) Limited
Bank of Communications
The Bank of East Asia, Limited
Canadian Eastern Finance Limited
Chekiang First Bank Limited
Chiyu Banking Corporation Limited
Citibank, N.A.
CITIC Ka Wah Bank Limited
Dah Sing Bank, Limited
DBS Bank (Hong Kong) Limited
Fortis Bank Asia HK
GE Capital (Hong Kong) Limited
Hang Seng Bank Limited
Hang Seng Credit Limited
Hang Seng Finance Limited
The Hongkong and Shanghai Banking Corporation Limited
Inchroy Credit Corporation Limited
Industrial and Commercial Bank of China (Asia) Limited
International Bank of Asia Limited
Liu Chong Hing Bank Limited
Nanyang Commercial Bank, Limited

ORIX Asia Limited
ORIX Finance Services Hong Kong Limited
Pacific Finance (Hong Kong) Limited
Shanghai Commercial Bank Limited
Standard Chartered Bank
Wing Hang Bank, Limited
Wing Lung Bank, Limited