Press Release

The Hong Kong Mortgage Corporation Limited

Expansion of Mortgage Insurance Programme (MIP) to cover loans with a maximum combined age of property and loan tenor of up to 60 years

The Board of Directors of the Hong Kong Mortgage Corporation Limited (HKMC) approved today (Tuesday) the expansion of the Mortgage Insurance Programme (MIP) to facilitate mortgage financing for old-aged properties. At present the MIP has a limit of 50 years on the sum of the age of property and the tenor of the mortgage loan. Under the expanded MIP, it would cover mortgage loans with a combined age of property and loan tenor of up to a maximum of 55 to 60 years and a maximum loan-to-value ratio of 85% to 95%.

Based on the statistics published by the Rating and Valuation Department, 38% of residential housing stock in the private sector is aged 25 years or above as of the end of 2003. The approved expansion of the MIP will facilitate potential buyers of well-maintained old-aged properties to obtain mortgage loans of a longer tenor and reduce the monthly repayment burden. For instance, with a loan size of HK$2 million and a mortgage rate of Prime–2.8%, an extension in loan tenor by 10 years (from 20 years to 30 years) will reduce the monthly repayment amount by 26% from HK$10,308 to HK$7,594.

This expansion of the MIP will also cover mortgage loans secured on properties rehabilitated under the Building Rehabilitation Trial Scheme and Building Rehabilitation Loan Scheme administered by the Urban Renewal Authority (URA). The combined age of property and loan tenor is capped at 60 years for mortgage loans on URA rehabilitated properties and up to a maximum loan-to-value ratio of 85%.

The HKMC will accept applications under the expanded MIP with effect from 15 December 2004. Each application will be reviewed on a case-by-case basis by the Corporation to determine whether the maximum combined age and tenor or maximum loan-to-value limit is applicable. Interested homebuyers can approach their banks or call the HKMC hotline at 2536-0136 for further enquiries.

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14 December 2004