Press Release

The Hong Kong Mortgage Corporation Limited

Mortgage Insurance Programme

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The Hong Kong Mortgage Corporation Limited (HKMC) announced today (23 October 2009) certain refinements to the Insurance Eligibility Criteria of the Mortgage Insurance Programme (MIP).

The MIP was launched in March 1999 and has helped over 65,600 families to purchase their homes with reduced down payment. In view of the recent sharp rise in the prices of the high-end residential property market, the HKMC sees a need to make suitable adjustments to the MIP in order to enhance its risk management.

The HKMC has decided to implement the following changes to the insurance eligibility criteria under MIP:

(a) for mortgage loans with MIP coverage from over 70% to 90% loan-to-value (LTV) ratio, the maximum mortgage loan size will be lowered to HK$12 million;

(b) for mortgage loans with MIP coverage from over 70% to 95% LTV ratio, the maximum mortgage loan size will be lowered to HK$6 million; and

(c) for mortgage loans with MIP coverage from over 60% to 90%, the maximum mortgage loan size will also be lowered to HK$6 million.

The above changes in the scope of the MIP will also apply to the products under the Fixed Adjustment Rate Mortgage Programme announced on 21 October 2009.

In addition, non owner-occupied properties will be suspended from coverage under the MIP for the time being.

Mr Peter Pang, Executive Director of the HKMC and Deputy Chief Executive of the Hong Kong Monetary Authority, said, "Given the prevailing market conditions, the changes to the Mortgage Insurance Programme are necessary in order to better manage the increased risks."

The above changes will apply to MIP applications with provisional sale and purchase agreement signed on or after 24 October 2009. For those MIP applications with provisional sale and purchase agreement signed before 24 October 2009, the applications to the MIP participating banks will need to be submitted by 23 November 2009 if the purchasers wish to seek insurance cover under the existing ceilings.

Enquiries may be made to the Corporation's MIP Hotline (telephone no. 2536 0136).

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