Press Release

Revisions to the Mortgage Insurance Programme

The Hong Kong Mortgage Corporation Limited (HKMC) announced today (Friday) the following revisions to the Mortgage Insurance Programme (MIP):

(a) Suspending applications of mortgage loans exceeding 90% loan-to-value (LTV) ratio;

(b) Lowering the maximum amount for mortgage loans of 90% or below LTV from HK$12 million to HK$7.2 million[1]; and

(c) Capping the maximum debt-to-income ratio at 50% for all income groups.

The revisions will apply to MIP applications with provisional sale and purchase agreement signed on or after 14 August 2010. For homebuyers who have executed the provisional sale and purchase agreement on or before 13 August 2010, their mortgage loan applications may be submitted by the MIP participating banks for processing in accordance with the existing scope and criteria of the MIP.

The Executive Director of the HKMC and the Deputy Chief Executive of the Hong Kong Monetary Authority, Mr Peter Pang, said, "Taking into account the current market conditions, these revisions aim to ensure that the HKMC is taking a prudent approach to risk management on its exposure to high LTV mortgage lending. Homebuyers are reminded that they should consider their repayment capability more prudently and avoid overstretching themselves which could lead to repayment difficulties."

For enquiries, please call the MIP Hotline (Tel: 2536 0136).

The Hong Kong Mortgage Corporation Limited
13 August 2010

[1] The limit is applicable to loans with mortgage insurance cover starting from 70% LTV threshold. For loans with mortgage insurance cover starting from 60% LTV threshold, the current maximum loan at HK$6 million will remain unchanged.