Press Release

Enhancements to the Reverse Mortgage Programme to Come Into Effect

The Hong Kong Mortgage Corporation Limited (HKMC) today (Wednesday) announced that three enhancements to the Reverse Mortgage Programme will come into effect on 16 November 2012, bringing greater flexibility and benefits to both existing and prospective reverse mortgage borrowers. These enhancements include:

(a) increasing the maximum specified property value for payout calculation from HK$8 million to HK$15 million. For properties worth over HK$8 million, a discount will be applied in computing the specified property value (see Annex A). Eligible existing borrowers with original property value over HK$10 million[1] may opt to receive a higher monthly payout;

(b) lowering the minimum age of borrowers from 60 to 55 in response to requests from potential applicants below the age of 60, e.g. early retirees and couples with one spouse younger than 60 (see Annex B for the relevant monthly payout table); and

(c) increasing the maximum lump-sum payout amount. For borrowers drawing a larger lump sum, there will be correspondingly a lowering of the monthly payout amount. Borrowers who opt to withdraw the maximum amount of lump-sum payout and forgo the monthly payouts will still be entitled to live in their property for the rest of their life.

[1] For any property worth between HK$8 million and HK$10 million, the maximum specified property value for payout calculation will be capped at HK$8 million.

Mr Peter Pang, Executive Director of the HKMC and Deputy Chief Executive of the Hong Kong Monetary Authority, said, "These enhancements were developed after consultation with stakeholders on how the HKMC's Reverse Mortgage Programme can better meet the need for quality life among the elderly in Hong Kong. With these improvements to the reverse mortgage product, more people in Hong Kong will become eligible to take out a reverse mortgage, thereby availing themselves of more flexibility in their financial planning after the age of 55."

The banks will be informing the existing reverse mortgage borrowers of the enhancements and the arrangement if they should wish to apply for changes to their existing terms of the reverse mortgage. For more details, please visit the HKMC website (www.hkmc.com.hk). For public enquiries, please call the Reverse Mortgage Programme Hotline (2536 0136) or contact any of the following banks: Bank of China (Hong Kong), Bank of Communications Hong Kong Branch, Bank of East Asia, Nanyang Commercial Bank, Shanghai Commercial Bank, and Wing Lung Bank.

The Hong Kong Mortgage Corporation Limited
14 November 2012

Annex A

Maximum Specified Property Value for Payout Calculation

Appraised Property Value	Maximum Specified Property Value for Payout Calculation
HK$8 million or less	100% of appraised property value (maximum HK$8 million)
Over HK$8 million to HK$12 million	80% of appraised property value (HK$8 million – HK$9.6 million)
Over HK$12 million to HK$16 million	70% of appraised property value (HK$9.6 million – HK$11.2 million)
Over HK$16 million	60% of appraised property value (HK$11.2 million – HK$15 million*)

* For any property valued at HK$25 million or above, the maximum specified property value for payout calculation will be capped at HK$15 million.

Annex B

Table of Monthly Payout for Borrowers Aged 55 and 60

Payment Term	Monthly Payout Per HK$1 Million Specified Property Value			
	One Borrower		Two Borrowers	
	55 years old	60 years old	55 years old	60 years old
10 years	$3,200	$3,700	$2,800	$3,300
15 years	$2,400	$2,800	$2,150	$2,500
20 years	$2,050	$2,400	$1,800	$2,100
Life	$1,650	$2,000	$1,450	$1,800