Press Release

Revisions to the Mortgage Insurance Programme

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

(a) for applicants who have already borrowed or guaranteed outstanding mortgage loans for two or more residential or non-residential properties at the time of applying for MIP cover, including those applying for cash-out refinancing loans, the maximum debt-to-income (DTI) ratio is lowered from 50% to 40%. However, for those applicants who are non-professional self-employed persons applying for mortgages with loan-to-value ratio above 85%, the maximum DTI ratio will be lowered from 45% to 35%. For avoidance of doubt, refinancing loans with no cash-out are exempted from the above measure; and

(b) the maximum term to maturity is shortened from 40 years to 30 years for all MIP applications.

The above revisions are made in light of the prudential measures for property mortgage loans announced on 14 September 2012 by the Hong Kong Monetary Authority (HKMA). The HKMA has tried to minimise the impact on end-users, particularly first-time homebuyers, when introducing measures to tighten the underwriting criteria for mortgage loans. Nevertheless, MIP applicants (who purchase properties for self-use) will be affected if they are currently borrowers or guarantors of outstanding mortgage loans in respect of residential or non-

residential properties. The HKMC revisions apply to MIP applications with provisional sale and purchase agreement signed on or after 15 September 2012. For homebuyers who have executed the provisional sale and purchase agreement on or before 14 September 2012, their mortgage loan applications may be submitted by the MIP participating banks for processing in accordance with the pre-existing scope and criteria of the MIP.

For enquiries, please call the MIP hotline (2536 0136).

The Hong Kong Mortgage Corporation Limited
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