Press Release

Amendments to the Mortgage Insurance Programme

HKMC Insurance Limited (HKMCI), a wholly-owned subsidiary of The Hong Kong Mortgage Corporation Limited (HKMC), announces today that the following amendments will be made to the Mortgage Insurance Programme (MIP) for completed residential properties, in order to provide assistance to homebuyers with immediate housing needs:

1. The maximum property value eligible for mortgage loans up to 80% loan-to-value (LTV) ratio is HK$10 million[1];
2. For mortgage loans up to 90% LTV ratio applicable to first-time homebuyers[2], the maximum property value is HK$8 million[1];
3. For homebuyers taking mortgage loans with property values going beyond the existing caps (i.e. HK$6 million for mortgage loans up to 80% LTV ratio and HK$4 million for mortgage loans up to 90% LTV ratio), an additional 15% premium will be charged which can be paid together with mortgage repayment on a monthly basis; and
4. The maximum debt-to-income (DTI) ratio for both the above-mentioned and existing MIP loans will be set at 50%[3], and borrowers have to meet the stressed DTI ratio. First-time homebuyers will still be eligible for MIP loans up to 80% or 90% LTV ratio even if they cannot meet the stressed DTI ratio, subject to an additional adjustment to the premium based on relevant risk factors.

[1] The maximum property values under the existing MIP arrangement remain applicable for all residential properties, including properties under construction.

[2] All mortgagors are not holding any residential properties in Hong Kong at the time of applying for mortgage insurance.

[3] Similar to existing MIP arrangement, if an applicant is holding or guaranteeing one or more outstanding mortgages when he/she applies for the MIP, the maximum DTI ratio has to be lowered.

Please refer to the Annex for the amendment details. The amendments will take immediate effect from 16 October 2019 (Wednesday).

The MIP is a market-based financial product which operates with its risks managed by setting relevant eligibility criteria and premiums. The HKMCI monitors the need for amending the programme in response to market changes and customer demand, taking into account potential impact on the property market. As influenced by the recent external and domestic factors, the property market sentiment has become more subdued. In light of this, the HKMCI believes that it can provide more solid support to homebuyers by raising the maximum property values of the MIP.

HKMC Insurance Limited
16 October 2019

Annex

Mortgage Insurance Programme (effective from 16 October 2019)
(Text in RED are amended or new criteria)

	Existing MIP			New Coverage		
Maximum loan-to-value (LTV) ratio	**80%**	**80% – 90% (subject to a loan cap of HK$3.6m)**	**90%**	**80%**	**80% – 90% (subject to a loan cap of HK$7.2m)**	**90%**
Property value	**HK$6m or below**	**Above HK$4m and below HK$4.5m**	**HK$4m or below**	**Above HK$6m and up to HK$10m**	**Above HK$8m and below HK$9m**	**Above HK$4m and up to HK$8m**
Type of property	**All (including completed residential properties and properties under construction)**			**Applicable to completed residential properties only**		
First-time homebuyer(1)(4)	**Not required**	**Required**		**Not required**	**Required**	
Regular income(2)	**Not required**	**Required**		**Not required**	**Required**	
Maximum debt-to-income (DTI) ratio(3)	**50%**	**~~45%~~ 50%**		**50%**		
Additional premium	**N/A**			**15% (can be repaid with mortgage repayment on a monthly basis)** - **For example, if the original premium is 1.5% of the loan amount, the additional premium will be 0.225% of the loan amount（1.5% x 15%）**		

(1) All mortgagors are not holding any residential properties in Hong Kong at the time of applying for mortgage insurance

(2) All applicants being regular salaried

(3) Similar to existing MIP arrangement, if an applicant is holding or guaranteeing one or more outstanding mortgages when he/she applies for MIP, the maximum DTI ratio has to be lowered.

(4) Except for scenarios listed at item (3) above, first-time homebuyers will still be eligible for MIP loans up to 80% or 90% LTV ratio even if they cannot meet the stressed DTI, but the DTI ratio should not exceed 50%. There will be an additional adjustment to the premium based on relevant risk factors