

MORTGAGE INSURANCE PROGRAMME

80% MIP Cash-out Refinancing Loan

Description: Insurance Eligibility Criteria for Floating Rate Mortgages up to HK\$4.8 million with Loan-to-Value ratio above the 60% LTV up to and including 80% and secured on completed private residential properties.

Note: The MIP is not available to applicants whose income is derived mainly from outside Hong Kong unless they can demonstrate that they have a close connection with Hong Kong [#].

[#]For the purpose of processing MIP applications, any application with applicant(s) currently working outside Hong Kong (hereinafter "Overseas Income Applicant(s)") and contributing over 50% of the verified household income (of the application) will not be accepted unless the applicant can provide any one of the following documents:

1. Justification with documentary proof, subject to the HKMC's satisfaction, showing the employment relationship of the Overseas Income Applicant and a local employer;
2. Declaration from the Overseas Income Applicant confirming his/her immediate family member (spouse, parents and descendants only) is residing in Hong Kong.

The Insurance Eligibility Criteria are summarised below:

Product type	Floating Rate Mortgages (Note: Not applicable to Fixed Adjustable Rate Mortgages)
Maximum property value	HK\$6,000,000
Maximum loan amount at origination	HK\$4,800,000 Only fully amortising mortgage Loans are eligible for Cover. Mortgage loans with balloon payments, payment holidays and Deferred Principal Repayment Loans are not eligible for cover.
Maximum Loan-to-value ("LTV") ratio:	80% or capped at HK\$4.8 million (whichever is lower) (may exceed the respective LTV ratio to the extent the Premium is financed by the mortgage loan) The appraised value of the Property [#] will be taken as the value of the Property. However, if the date of the formal sale and purchase agreement falls within 2 years before the

	<p>date of the application, the lower of the purchase price of the Property as stated in (a) the sale and purchase agreement and (b) the relevant assignment will be taken as the value of the Property if it is lower than the appraised value of the Property.</p> <p># The HKMC reserves the right to re-verify the appraised value of the Property.</p>
<p>Calculation of Debt-to-Income (DTI) ratio</p> <ul style="list-style-type: none"> Maximum debt-to-income ratio at origination 	<p>50%</p> <p>If any one of the applicants has already borrowed or guaranteed outstanding mortgage loans for one or more properties at the time of applying for MIP Cover, the maximum DTI ratio is 40%.</p>
Maximum original term to maturity	25 years
Maximum sum of “remaining term to maturity” and “age of Property” at origination and throughout the life of the mortgage loan	75 years (subject to case by case approval where it exceeds 70 years)
Borrower type	Personal customers
Type of property	<p>The property must be a residential properties located in Hong Kong.</p> <p>Properties under construction are not eligible for coverage.</p> <p>Village House (property registered in the name of a “Tso”, “Tong” in New Territories are not eligible for Cover in MIP) may be considered on a case-by-case basis.</p>
Employment Type	Non-regular salaried / self-employed persons are not eligible for cover, except for self-employed and professional persons such as medical practitioners, barristers, solicitors, or certified public accountants qualified to practise in Hong Kong or other professional categories acceptable to the HKMC.

Owner occupancy	<p>At least one of the Borrower(s)/ Mortgagor(s) / Guarantor(s)* must physically live in the Property and use the Property as his / her primary residence while Cover is maintained, or until such requirement is waived at the discretion of the HKMC and its reinsurers.</p> <p>The occupying Borrower / Mortgagor / Guarantor's* income must not be less than the sum of monthly mortgage instalment payment and his/her other monthly debt obligations at the time of application.</p> <p>*Guarantor must be the immediate family member or fiancé of Borrower or Mortgagor.</p>
Premium rates	Single and Annual premium payment option (with no premium refund arrangement).

June 2016