

# **MORTGAGE INSURANCE PROGRAMME**

## **Starter Homes Pilot Project for Hong Kong Residents eResidence**

Description: Insurance Eligibility Criteria for Floating Rate Mortgages and Fixed Adjustable Rate Mortgages with Loan-to-Value ratio above 60% (or 50%, where applicable) up to and including 90% and secured on properties of Starter Homes Pilot Project for Hong Kong Residents eResidence.

Note:

1. For the avoidance of doubt, all MIP applications must comply with the applicable circulars and requirements of the HKMA. For applicants who cannot meet the stressed DTI ratio, additional adjustment of insurance premium amount will be required based on the relevant risk factor.
2. The MIP is not available to applicants whose income is derived mainly outside Hong Kong unless they can demonstrate that they have a close connection with Hong Kong<sup>#</sup>.

<sup>#</sup>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 HKMCI'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 (i.e. spouse, parents or descendants) is residing in Hong Kong.

### **The Insurance Eligibility Criteria are summarised below:**

Product type	(a) Floating Rate Mortgages (b) Fixed Adjustable Rate Mortgages (except those under Fixed Rate Mortgage Scheme)  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	90%  (may exceed the respective LTV ratio to the extent the Premium is financed by the mortgage loan)  The purchase price must exclude the value of any incentives offered by the relevant vendor or any other third party to the Borrower / Mortgagor in relation to the purchase of the Property.

Maximum debt-to-income (DTI) ratio at origination	<p><b><u>If none of the applicants has borrowed or guaranteed outstanding mortgage loans for one or more properties at the time of applying for MIP Cover<sup>^</sup>, the maximum DTI ratio is:</u></b></p> <p>50%</p> <p><b><u>If any applicant has borrowed or guaranteed outstanding mortgage loans for one or more properties at the time of applying for MIP Cover<sup>^^</sup>, the maximum DTI ratio is:</u></b></p> <p>40%</p> <p><sup>^</sup> 60% LTV Threshold Premium Rate Sheet will apply</p> <p><sup>^^</sup> 50% LTV Threshold Premium Rate Sheet will apply</p>
Maximum original term to maturity	30 years
Maximum sum of “remaining term to maturity” and “age of Property” at origination and throughout the life of the mortgage loan	75 years
Borrower type	Personal customers
Type of property	The property must be a residential property located in Hong Kong under Starter Homes Pilot Project.
Premium rates	<p>Single and annual premium payment option, no premium refund arrangement under annual premium payment option.</p> <p>(Refer to the details of Premium Rate Sheet)</p>
Down payment	The down payment for the purchase of the Property must be paid from the Borrower / Mortgagor’s own assets and must not be financed by any loan or banking / credit facility.

January 2022

Note: The Mortgage Insurance Programme is operated by HKMC Insurance Limited (Enquiry hotline: 2536 0136).