

FAQ

NOTE: *The following questions and answers are only meant to provide general information about MIP and may not cater for your particular circumstances. All MIP applications are subject to assessment and approval by the HKMCI on case-by-case basis. In case you have any queries, you are advised to contact the MIP banks and/or our customer hotline.*

For Mortgage Insurance Arrangement for Starter Homes Pilot Project, some of the following questions and answers may not be applicable. Please refer to the relevant Insurance Eligibility Criteria for details and /or contact the MIP banks or our customer hotline.

[\(Eligibility Criteria for Mortgage Insurance Arrangement for Starter Homes Pilot Project for Hong Kong Residents eResidence\)](#)

Section A: What does the Mortgage Insurance Programme (MIP) cover?

1. What is the maximum property value¹ for the MIP loan?

The maximum property value for the MIP loan is HK\$19.2 million for completed residential properties and HK\$6 million for properties under construction.

2. What is the maximum tenor¹ for the MIP loan?

The maximum tenor for the MIP loan is 30 years.

3. What are the maximum loan-to-value (LTV) ratio¹ and maximum loan amount¹?

The maximum loan amount is determined by reference to the maximum LTV ratio and the property value.

¹ For the maximum property value, maximum tenor, maximum LTV ratio and maximum loan amount in respect of cash-out refinancing loan, please refer to “Eligibility Criteria for 80% Mortgage Insurance Programme – Cash-out Refinancing” of the HKMCI website for details.

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For completed residential properties with property value below HK\$11.25 million, the maximum loan amount shall either be (a) calculated at the maximum LTV ratio of 80% and up to 90%² or (b) capped at HK\$9 million, whichever is lower. If the property value is at or above HK\$11.25 million (up to the cap of HK\$12 million), the maximum loan amount shall be calculated at the maximum LTV ratio of 80%. For property value above HK\$12 million and up to HK\$19.2 million, the maximum loan amount shall be calculated at the maximum LTV ratio of 80%, subject to a loan cap of HK\$9.6 million.

For properties under construction with property value below HK\$4.5 million, the maximum loan amount shall either be (a) calculated at the maximum LTV ratio of 80% and up to 90%² or (b) capped at HK\$3.6 million, whichever is lower. If the property value is at or above HK\$4.5 million (up to the cap of HK\$6 million), the maximum loan amount shall be calculated at the maximum LTV ratio of 80%.

You can refer to the “Maximum LTV Ratio” of the HKMCI website for details.

https://www.hkmc.com.hk/eng/our_business/mortgage_insurance_programme.html

Section B: Am I eligible for an MIP loan? What are the eligibility criteria?

B1. Eligibility Criteria

4. What are the Eligibility Criteria of MIP?

You can refer to the “Eligibility Criteria for Owner-occupied Residential Properties” of the HKMCI website for the eligibility criteria of the following programmes.

² Refer to Q17 for the eligibility criteria of MIP loan above 80% LTV ratio.

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- (a) 80% Mortgage Insurance Programme (for property value up to HK\$6 million);
- (b) 80% Mortgage Insurance Programme (for property value up to HK\$12 million);
- (c) 80% Mortgage Insurance Programme (for property value up to HK\$19.2 million);
- (d) 80% Mortgage Insurance Programme – Village House (for property value up to HK\$6 million);
- (e) 80% Mortgage Insurance Programme – Village House (for property value up to HK\$12 million);
- (f) 80% Mortgage Insurance Programme – Village House (for property value above HK\$12 million and up to HK\$19.2 million);
- (g) 80% Mortgage Insurance Programme – Cash-out Refinancing;
- (h) Mortgage Insurance Arrangement for Starter Homes Pilot Project;

Please note that if the underlying sale and purchase transaction involves dealing between the related parties or partial transfer of ownership between the seller(s) and buyer(s) resulting in cash-out refinancing arrangement in substance, you can refer to the eligibility criteria of item (g) above. You can also make use of the pre-approval services offered by the HKMCI by submitting your application through the participating banks to assess your eligibility.

B2. Owner Occupancy

5. I intend to buy a property for investment purpose. Can I apply for an MIP loan?

No. The property must be owner-occupied. If you have owned another residential property at the time of MIP loan application, you must disclose in writing the current and intended usage and occupancy of such property upon MIP application.

6. What should I do to support that the property is to be self-occupied?

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You are required to make declaration on the property usage (together with documentary proof if necessary) at the time of MIP loan application and loan drawdown, as well as at certain prescribed point(s) in time to support that the property is for self-occupancy (making false declaration may incur civil and criminal liability). The HKMCI also reserves the right to make such request at any time after the loan drawdown and before the lapse of MIP cover. If you do not fulfil the owner occupancy requirement, the bank has the right to demand full payment of the MIP loan.

B3. Debt-to-Income Ratio

7. What is the maximum debt-to-income (DTI) ratio?

The maximum DTI ratio, in general, is 50%. However, if any one of the obligors has already borrowed or guaranteed outstanding mortgage loans for one or more properties at the time of application, the maximum DTI ratio of the loan at origination is 40% (or 35% for (i) the loan with an LTV ratio above 70% and LTV Threshold at 50%; or (ii) the loan with an LTV ratio above 60% and LTV Threshold at 40%). You can refer to “Eligibility Criteria for Owner-Occupied Residential Properties” of the HKMCI website for details.

https://www.hkmc.com.hk/eng/our_business/mortgage_insurance_programme.html

B3.1 Income

8. I am the owner of another property in Hong Kong. Are rental proceeds received from my tenant deemed as income in the calculation of DTI ratio?

Yes. Subject to the provision of a valid tenancy agreement and rental deposit records, 70% of such rental proceeds are deemed as income for DTI ratio calculation. Since you are owning another property, you will likely be asked to provide additional justifications and/or documentary proof to satisfy both the MIP bank and HKMCI that the MIP property is for self-occupancy.

9. Are discretionary bonuses counted as part of my income in the calculation of DTI ratio?

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Yes. Subject to the provision of sufficient documentary proof, discretionary bonuses are capped at three times of your monthly salary, in general, for DTI ratio calculation.

10. Does my commission income count in calculating DTI ratio?

In general, the monthly average of commission income for the last six months will be taken into consideration, and you are required to provide the latest six months' payroll slips and bank records for verification.

11. Can I have my friend act as my guarantor to support my application?

No. For the purpose of supporting the DTI ratio calculation, the guarantor must be an immediate family member, relative or fiancé/fiancée of the borrower/mortgagor.

B3.2 Debt Repayment

12. What does debt repayment include?

Debt repayment includes all monthly repayments relating to mortgage loans and all other financial obligations. These include, without limitation, repayments for personal loans, co-financing loans provided by property developers, and credit advanced from banks or other financial institutions.

13. If I am the guarantor of another loan, will the monthly instalment be included as debt repayment for calculation of DTI ratio?

Yes, such monthly instalment will be included as debt repayment for DTI ratio calculation.

14. I pay a rental expense for my current residence. Will the expense be included in the amount of debt repayment?

The rental expense of your current residence, in general, will not be included as debt repayment.

B.4 Down Payment

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15. Is there any restriction on the source of the down payment funds? Do I need to provide down payment proof?

The down payment for purchasing the property must be paid from your own assets and must not have been financed by way of any loan or banking/credit facility.

You might be asked to provide evidence of savings or assets as down payment proof if you:

- (a) are currently utilising any overdraft facility;
- (b) have applied for and/or drawn down on any loan facility within three months prior to the MIP loan application; or
- (c) have paid the down payment by credit card.

Apart from the above situations, you might also be asked to provide down payment proof at the request of the HKMCI subject to your particular circumstances.

Section C: Am I eligible for an MIP loan with an LTV ratio above 80%?

16. Can I apply for an MIP loan with an LTV ratio above 80%? If affirmative, what are the maximum loan amount and property value?

Yes, provided that all of the following requirements are fulfilled:

- (a) you are not holding any residential properties in Hong Kong at the time of application; and
- (b) you are a regular-salaried employee.

The maximum loan amount and property value are:

- (i) the property value is below HK\$11.25 million (subject to the maximum loan amount of HK\$9 million) for completed residential properties;
- (ii) the property value is below HK\$4.5 million (subject to the maximum loan amount of HK\$3.6 million) for properties under construction.

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You can refer to the “Eligibility Criteria for Owner-occupied Residential Properties” of the HKMCI website for details.

(http://www.hkmc.com.hk/eng/our_business/mortgage_insurance_programme.html)

17. Am I classified as a regular salaried employee and eligible for an MIP loan with an LTV ratio above 80% if my salary is calculated on a daily basis?

In general, an employee with salary calculated on a daily basis can be classified as a regular salaried employee provided that it is not paid on a commission basis.

To be eligible for an MIP loan with an LTV ratio above 80%, please refer to Q17 for details.

18. My salary includes basic salary and commission; am I eligible for an MIP loan with an LTV ratio above 80%?

Generally speaking, you are eligible for an MIP loan with an LTV ratio above 80% provided that the DTI ratio requirement can be fulfilled based on your basic salary alone.

To be eligible for an MIP loan with an LTV ratio above 80%, please refer to Q17 for details.

19. I have signed a provisional sale and purchase agreement to sell out my existing property at the time of application; am I eligible for an MIP loan with an LTV ratio above 80%?

You are not eligible for an MIP loan with an LTV ratio above 80% unless you can provide the assignment (or such other documents accepted by the HKMCI³) of your existing property to confirm that the sale transaction has been completed at the time of application.

³ Provisional Sale and Purchase Agreement and Formal Sale and Purchase Agreement are not acceptable documents.

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Section D: What are the eligible property types, and how is the property value determined?

20. What are the types of properties eligible for an MIP loan?

To be eligible for an MIP loan, the property (secured by the first legal charge or the equitable mortgage) must be a residential property located in Hong Kong. For village houses, the following are not eligible:

- (a) village houses under construction;
- (b) properties registered in the name of “Tso” or “Tong”; and (c)
village houses with alienation restrictions.

21. Is there any limit on the age of the property?

There is no limit on the age of the property; however, the maximum sum of loan tenor and age of property (except a village house) is 75 years. For a village house, the maximum sum of loan tenor and age of property is 55 years.

22. Can I apply for an MIP loan if my property is registered in the name of a company?

No. To be eligible for an MIP loan, your property must be registered in the name of one or more natural persons.

23. How is the property value determined by the HKMCI?

The HKMCI will conduct valuation for each MIP loan application and compare it with the bank’s valuation and the purchase price. The lowest value will be taken as the property value.

Section E: How to apply?

24. What are required documents for MIP loan application?

In general, the following documents are required from the applicant(s):

- (a) a copy of Hong Kong identity card;

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- (b) a copy of provisional sales and purchase agreement (if available); and
- (c) income proof

25. How to submit my MIP loan application?

You can submit your MIP loan application to the HKMCI through the participating banks. ([List of Participating Banks](#))

26. When should I submit my MIP loan application?

You can submit your application after signing the Provisional Sales and Purchase Agreement.

Subject to the support of individual participating banks, the HKMCI also offers pre-approval services to the prospective homebuyers who can thus know their eligibility for the MIP loan before buying a property. Interested homebuyers can submit their applications and the required documents to the HKMCI through the participating banks before signing the Provisional Sales and Purchase Agreement. You can refer to “Pre-Approval Service” of the HKMCI website for details.

https://www.hkmc.com.hk/eng/our_business/mortgage_insurance_programme.html

27. How can I follow up on the approval status of my MIP loan application?

You can (a) contact the participating banks directly, or (b) call the MIP Enquiry Hotline at 2536 0136 during office hours.

28. How does the HKMCI or bank inform the approval result?

The HKMCI will send the indicative approval result to the participating banks. These banks, in turn, will inform the applicants of the same accordingly.

29. Can I submit the MIP loan application to the HKMCI directly?

No. All the MIP loan applications must be submitted through the participating banks.

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Section F: How much is the mortgage insurance premium?

30. How much is the mortgage insurance premium?

The premium amount payable by you depends on the applicable Eligibility Criteria, applied LTV ratio and the loan tenor. You can refer to the Eligibility Criteria and the Premium Rate Sheet for details.

https://www.hkmc.com.hk/eng/our_business/mortgage_insurance_programme.html

(Premium Rate Sheet - Owner-occupied Residential Property Loans)

31. What are the premium payment options?

There are two premium payment options. Under the first option, Single Premium, the premium can be paid in one lump sum or can be financed by the principal balance of the MIP loan and repaid over the term of the loan as part of the bi-weekly or monthly repayment. With the second option, Annual Premium, the premium can be paid on an annual basis.

Section G: Things I need to know after drawdown

32. Will there be any penalty charge to be imposed by the HKMCI if I make early repayment/prepayment after the drawdown of the MIP loan?

No. The HKMCI will not charge any penalty for early repayment/prepayment. However, the mortgage insurance premium incurred would only be partially refunded under limited circumstances. In addition, you may also want to check if the bank has imposed prepayment penalty clause in respect of the mortgage loan. Please consult your bank representatives for details.

33. Should I live in the subject property during the whole mortgage period?

At least one of the borrower(s)/mortgagor(s)/guarantor(s) must physically live in the property and use the property as his or her primary residence. At any time after the loan drawdown and before the lapse of MIP cover, the

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HKMCI has the right to request the applicant, via the bank, to declare the intended use of the property and provide documentary proof to support that the property is self-occupied. If the applicant does not fulfil the owner occupancy requirement, the bank has the right to demand full payment of the MIP loan. For the relevant topic, please refer to Q6 for details.

34. Is any prior approval required for amendment of loan terms after loan drawdown?

Yes. Prior approval from MIP banks and written consent from the HKMCI must be obtained before the amendment of loan terms after loan drawdown.

35. When will the mortgage insurance cover be terminated?

The mortgage insurance cover will be terminated if (a) the loan is prepaid in full, (b) its outstanding principal balance falls to or below the LTV threshold or (c) the terms of the cover are breached.

Section H: Completed residential properties versus properties under construction

36. Are property development projects under construction eligible for an MIP loan?

The eligible property development projects, in general, must be scheduled for completion within 12 months from the drawdown date and covered by the consent scheme.

Other than that, the HKMCI will only consider individual property development projects on a case-by-case basis. Please consult with the MIP banks to check if any specific project is eligible under the MIP.

37. The HKMCI announced the amendments to the MIP for completed residential properties on 16 October 2019 and 23 February 2022. What is the definition of completed properties?

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For completed properties, the MIP loans should be drawn in the form of first legal charges (FLC). Equitable mortgages (EM) are not eligible for the new/extended coverage.

38. I intend to buy a property under construction and defer my mortgage loan application until the completion of the property construction (i.e. by adopting stage payment method). Will I still be eligible for MIP under the new/extended coverage at that time?

MIP under the new/extended coverage applies to completed properties. Therefore, you are eligible for applying for the MIP loan when the construction of the property is completed. However, the loan amount that can be secured by that time can possibly be smaller than originally planned due to a change in property valuation. Please pay attention to such risk before making a purchase.