

Reverse Mortgage Programme

The Reverse Mortgage Programme is operated by HKMC Insurance Limited (HKMCI), a wholly-owned subsidiary of The Hong Kong Mortgage Corporation Limited (HKMC), which enables people aged 55 or above to use their residential properties in Hong Kong as security to obtain reverse mortgage loans.

Under a reverse mortgage loan, the borrower will receive monthly payouts over a fixed payment term or throughout his entire life. The borrower may also apply for lump-sum payouts to suit personal needs. In general, the borrower does not need to repay the reverse mortgage loan during his lifetime, unless it is terminated under specific circumstances.

When a reverse mortgage loan is terminated, the property owner (or his personal representative) will have the preferential right to redeem the mortgaged property by repaying in full the outstanding loan amount, otherwise the lender will dispose of the mortgaged property to repay the outstanding loan amount. If there is any shortfall, it will be borne by the HKMCI under an insurance arrangement between the lender and the HKMCI. Any surplus will be passed to the property owner (or his personal representative).

Eligibility for Applying a Reverse Mortgage Loan

Joint application for a reverse mortgage loan by up to three borrowers is allowed. The borrower must:

- be aged 55 or above (or aged 60 or above for owners of subsidised sale flats with unpaid land premium) and a holder of a valid Hong Kong identity card; and
- not be an undischarged bankrupt or otherwise subject to bankruptcy petition or individual voluntary arrangement (except if the indebtedness under the relevant individual voluntary arrangement is to be repaid in full at closing by way of lump-sum payout).

In general, the property offered as security for a reverse mortgage loan must:

- be a residential property in Hong Kong (property acquired by deed of gift may be considered);
- be owned by:
 - (i) the borrower as sole and beneficial owner or as joint tenants (if there is more than one borrower); or
 - (ii) a limited company, incorporated in Hong Kong, wholly and directly owned by the borrower (or if there is more than one borrower, all borrowers);
- not exceed 50 years of age (otherwise it will be considered on a case-by-case basis);
- not be subject to any resale restrictions (except for the alienation restriction of subsidised sale flats imposed by the relevant authority provided written consent from the relevant authority is obtained); and
- not be rented out.
 - (The borrower may apply to rent out the mortgaged property if it has been owned for at least one year and all the borrowers have:
 - (i) declared that they have retired; or
 - (ii) moved out to obtain elderly or medical care.

If the property is a subsidised sale flat with unpaid land premium, the borrower must obtain consent from the relevant authority, in addition to the above requirement of property ownership.)

Key Features and Benefits

1. **Flexible payment term** — Monthly payouts over a fixed period of 10, 15 or 20 years or throughout the borrower’s entire life.
2. **Lump-sum payout** — Lump-sum payouts can be applied for at the time of reverse mortgage loan application and/or any time during the selected payment term to suit the borrower’s personal needs.
3. **Flexible arrangement to rent out property** — Mortgaged property can be rented out under specific circumstances for a higher income.
4. **Lifetime home residence** — Property owner is entitled to stay in the property for the rest of his life, even after the payment term (10, 15 or 20 years) is due. However, interest and mortgage insurance premium will be posted to the outstanding loan amount.
5. **No repayment during lifetime** — No repayment of outstanding loan amount is required during the borrower’s lifetime, unless the reverse mortgage loan is terminated under specific circumstances.
6. **No penalty for early repayment of loan** — Full repayment of reverse mortgage loan and redemption of mortgaged property can be made at any time without penalty.
7. **Six-month cooling-off period** — If a reverse mortgage loan is terminated for whatever reason within the first six months, a refund and waiver of mortgage insurance premiums will be given. However, the borrower is still required to bear the accrued interest, financed fees (if any) and the relevant fees in relation to the termination of the reverse mortgage loan.

Monthly Payout Amount

In general, the higher the property value, at the time of reverse mortgage loan application, the higher the monthly payout amount will be. The older the borrower and the shorter the payment term, the higher the monthly payout amount will be. If there is more than one borrower, the entry age of the youngest borrower will be used for calculation of the monthly payout amount.

Table 1 — Maximum amount of specified property value for payout calculation (HK\$)

Appraised property value ^a	Maximum amount of specified property value for payout calculation ^b
\$8 million or less	100% of appraised property value ^c
Over \$8 million	Sum of \$8 million and 50% of portion exceeding \$8 million (capped at \$25 million) ^c

^a For subsidised sale flats with unpaid land premium, the appraised property value is determined by the open market value minus the land premium amount.

^b Determination of the maximum amount of specified property value is subject to the aggregate amount of appraised property value in case of more than one property as security under a reverse mortgage loan.

^c For refinancing property, the maximum amount of the specified property value for payout calculation will be 80% of the appraised property value.

^{*} For refinancing property, the maximum amount of the specified property value for payout calculation will be determined on the basis set out above or 80% of the appraised property value, whichever is lower.

Two Options of Mortgage Plans

The borrower can choose either a floating-rate or a fixed-rate mortgage plan. In general, a fixed-rate mortgage plan offers a higher amount of monthly payout and maximum lump-sum payout than a floating-rate mortgage plan.

Table 2 — Monthly payout amount under floating-rate mortgage plan^a (HK\$) (per \$1 million of specified property value)

Entry age	60 years old			70 years old		
Payment term	One borrower	Two borrowers	Three borrowers	One borrower	Two borrowers	Three borrowers
10-year	\$3,400	\$3,030	\$2,760	\$4,590	\$4,140	\$3,780
15-year	\$2,570	\$2,300	\$2,070	\$3,420	\$3,150	\$2,880
20-year	\$2,200	\$1,930	\$1,740	\$2,970	\$2,700	\$2,430
Life	\$1,840	\$1,650	\$1,420	\$2,790	\$2,520	\$2,160

^a The above monthly payout under the floating-rate mortgage plan is calculated at the interest rate as at 31 January 2025 (i.e. the Hong Kong Prime Rate minus 2% p.a.), and is for reference only. The floating interest rate and the Hong Kong Prime Rate will be determined by the HKMCI and the HKMC from time to time respectively.

Table 3 — Monthly payout amount under fixed-rate mortgage plan^b (HK\$) (per \$1 million of specified property value)

Entry age	60 years old			70 years old		
Payment term	One borrower	Two borrowers	Three borrowers	One borrower	Two borrowers	Three borrowers
10-year	\$3,560	\$3,180	\$2,890	\$4,810	\$4,340	\$3,960
15-year	\$2,700	\$2,410	\$2,170	\$3,590	\$3,300	\$3,020
20-year	\$2,310	\$2,020	\$1,830	\$3,110	\$2,830	\$2,540
Life	\$1,930	\$1,730	\$1,490	\$2,920	\$2,640	\$2,260

^b The above monthly payout under the fixed-rate mortgage plan is calculated at the interest rate of 4.5% p.a. for the first 30 years and the Hong Kong Prime Rate minus 2% p.a. thereafter, and is for reference only. The fixed interest rate and the Hong Kong Prime Rate will be determined by the HKMCI and the HKMC from time to time respectively.

Table 4 — Examples of calculation of monthly payout amount (HK\$)

	Example 1	Example 2	Example 3
Borrower(s) and entry age	Person aged 70	Husband aged 70 and wife aged 60	Husband and wife both aged 70
Payment term	Life	10-year	20-year
Property value	\$2,500,000	\$6,000,000	\$45,000,000*
Monthly payout amount (Floating-rate mortgage plan)	\$2,790 x 2.5 = \$6,975	\$3,030 x 6 = \$18,180	\$2,700 x 25 = \$67,500
Monthly payout amount (Fixed-rate mortgage plan)	\$2,920 x 2.5 = \$7,300	\$3,180 x 6 = \$19,080	\$2,830 x 25 = \$70,750

* Maximum amount of the specified property value for payout calculation is capped at \$25 million.

Costs

1. **Interest Expense** — to be charged on the outstanding loan amount on a compound basis.
2. **Mortgage Insurance Premium** — to be posted to the outstanding loan amount.
 - (i) **Upfront Mortgage Insurance Premium** is 1.96% of the specified property value, payable by seven annual instalments on the 37th, 49th, 61st, 73rd, 85th, 97th and 109th monthly payout dates respectively. Each annual instalment is calculated at 0.28% of the specified property value under the reverse mortgage loan.
 - (ii) **Monthly Mortgage Insurance Premium** is payable on a monthly basis at the annual rate of 1.25% of the outstanding loan amount.
3. **Counselling Fee**^{*} — to be paid to the counsellor for counselling service.
4. **Legal Fees**^{*} — to be paid to the solicitors for discharge of the existing mortgage, execution of mortgage documents and other relevant legal documents.

^{*} The borrower may choose to finance the fees in his reverse mortgage loan.

General Application Flow

Step 1: Pre-application

Enquire with an institution which is participating in the Reverse Mortgage Programme as a lender or referrer (participating institution). The list of participating institutions is available on the website of the HKMC. The participating institution will explain details of the programme and conduct a preliminary eligibility assessment. Under any circumstances, there is no need to apply for a reverse mortgage loan through other intermediaries.

Step 2: Counselling

Make an appointment and meet with an eligible counsellor before making a formal application for a reverse mortgage loan. During the counselling session, the counsellor will explain the general features of a reverse mortgage loan, the major rights and obligations as well as legal consequences of taking out a reverse mortgage loan. The counsellor will issue a Counselling Certificate upon successful completion of counselling.

Step 3: Formal application

After obtaining the Counselling Certificate, a formal application can be submitted. Meanwhile, the borrower is required to complete a health questionnaire before closing. After the application is approved, mortgage documents and other related legal documents will be executed.

Enquiry

For details, please refer to the Reverse Mortgage Programme’s Information Pack. Should there be any enquiries, please call the HKMC Retire 3^o Hotline or email us, or contact a participating institution or an eligible counsellor.

HKMC Retire 3 Hotline: 2536 0833

Email: hkmcretire3@hkmc.com.hk

Website: www.hkmc.com.hk

^o HKMC Retire 3 refers to the Reverse Mortgage Programme and the Policy Reverse Mortgage Programme operated by HKMCI and the HKMC Annuity Plan underwritten by HKMC Annuity Limited (HKMCA). The HKMCI and the HKMCA are the wholly-owned subsidiaries of the HKMC.

The programme is subject to relevant terms and conditions.



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