

# Mortgage insurance arrangement for Ma Tau Wai Road Starter Homes Pilot Project

The following is issued on behalf of the Hong Kong Monetary Authority:

HKMC Insurance Limited (HKMCI), a wholly-owned subsidiary of The Hong Kong Mortgage Corporation Limited (HKMC), announces that it will provide mortgage insurance to enable buyers of the units of the Starter Homes Pilot Project of the Urban Renewal Authority (URA) at Ma Tau Wai Road, To Kwa Wan (Ma Tau Wai Road SH Project) to apply for mortgage loans of up to 90 per cent loan-to-value (LTV) ratio.

Under the existing Mortgage Insurance Programme (MIP), HKMCI generally provides mortgage insurance for the portion of mortgage loans for residential properties in excess of 60 per cent LTV ratio. For properties of value not exceeding \$6 million and the debt-to-income (DTI) ratio of the borrowers not exceeding 50 per cent, the mortgage loans can be up to 80 per cent LTV ratio. Regular-salaried first time homebuyers with a DTI ratio not exceeding 45 per cent are eligible for mortgage loans up to 90 per cent LTV ratio for properties of value at or below \$4 million.

According to the list of unit prices for the Ma Tau Wai Road SH Project announced by the URA earlier, among the total number of 450 Starter Homes units, only a small number of units are of value above \$6 million (the highest price is around \$6.6 million), and about one-third of the units are of value at or below \$4 million. As the total number of units involved in the Ma Tau Wai Road SH Project is small, and the prices of most of the units are within the existing property value and LTV ratio thresholds for mortgage insurance, HKMCI considers it risk manageable to provide up to 90 per cent LTV ratio mortgage insurance for all the units of the Ma Tau Wai Road SH Project by moderately adjusting the eligibility criteria of the MIP.

In line with the existing MIP, the HKMCI will generally provide mortgage insurance to mortgage loans for the Starter Homes units in the Ma Tau Wai Road SH Project starting from the 60 per cent (Note) LTV ratio threshold. Subject to a DTI ratio cap of 50 per cent (Note) in general, all mortgage loans for the Starter Homes units can be up to an LTV ratio of 90 per cent. If the coverage of the mortgage insurance taken out by a homebuyer will go beyond the existing coverage of the MIP, an extra 10 per cent insurance premium will be charged to compensate for the additional risk borne by HKMCI. The abovementioned arrangement will also be applicable to homebuyers who cannot meet the stressed DTI ratio (but the DTI ratio should still not exceed 50 per cent (Note) in general), subject to an additional adjustment to the premium based on the relevant risk factors. Details of the abovementioned arrangement are available on the HKMC website ([www.hkmc.com.hk](http://www.hkmc.com.hk)).

Potential homebuyers of the Ma Tau Wai Road SH Project who wish to apply

for the MIP should review whether they can fulfil the relevant eligibility criteria and consult banks about the mortgage arrangement in advance.

For enquiries, please call 2536 0136.

Note: 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 mortgage insurance will cover the portion of the applied mortgage loan from 50 per cent to 90 per cent LTV ratio, and the maximum DTI ratio of the applicant has to be lowered to 40 per cent. Besides, whether the income of an applicant is derived from Hong Kong or overseas will also be one of the eligibility criteria of the MIP.