

# Mortgage principal moratorium plan and HIBOR Plan for Subsidised Sale Flats Scheme

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

In order to enable banks and authorised financial institutions participating in the provision of mortgage finance for the Subsidised Sale Flats Scheme (SSFS) (participating financial institutions) to allow owners of SSFS flats to defer repayment of the mortgage principal, the Hong Kong Housing Authority (HA) issued today (May 30) a side letter to these participating financial institutions to confirm and agree that they may offer a new round of mortgage principal moratorium plan (moratorium plan) to SSFS flats mortgagors. Repayment of the principal may be deferred by a maximum period of 12 months (the moratorium period). The moratorium period may commence by December 31, 2022, at the latest.

In April 2020, the HA also issued a side letter to the participating financial institutions to inform them that they might offer a similar arrangement under which SSFS flat mortgagors might defer repayment of the principal for a maximum of 12 months and the repayment period of the mortgage loan might be extended correspondingly by a maximum of 12 months. The commencement date of the moratorium period should have started no later than December 31, 2020. The HA subsequently issued two additional side letters in November 2020 and June 2021 to the participating financial institutions to extend the then time-limited arrangement for six months on each occasion, allowing the commencement date to start no later than December 31, 2021.

"Having regard to the economic conditions amidst the COVID-19 epidemic and the views from participating financial institutions, the HA issued a fresh side letter today to the participating financial institutions confirming and agreeing to the new round of the time-limited arrangement. Commencing today, a moratorium period of a maximum period of 12 months can be provided to all mortgagors irrespective of whether the mortgagors have joined the moratorium plan under the previous rounds of the arrangement. The maximum loan period of the mortgage loan can be extended by the total deferred period of the repayment of the principal under the moratorium plan under the previous rounds and the present round," a spokesman for the HA said.

The above moratorium plan is applicable to the SSFS (including Home Ownership Scheme, Private Sector Participation Scheme, Buy or Rent Option Scheme, Tenants Purchase Scheme and Green Form Subsidised Home Ownership Scheme) in the primary market and under the Secondary Market Scheme (SMS).

Considering that a mortgage plan that makes reference to the Hong Kong Interbank Offered Rate (HIBOR Plan) has become a common type of mortgage plan in the market, the HA issued a side letter to participating financial

institutions today, allowing them to offer a HIBOR Plan to mortgagors of SSFS flats, in addition to the prevailing mortgage plan that makes reference to the Best Lending Rate (BLR Plan).

"All participating financial institutions may offer a HIBOR Plan to their existing mortgagors, present owners and new purchasers of SSFS flats in the primary market and under the SMS. The launch date of the new arrangement will be November 1, 2022, which has been set to take into account the time required by the participating financial institutions to undertake the preparatory work," the spokesman said.

If the participating financial institutions approve their existing mortgagors to switch from a BLR Plan to a HIBOR Plan, both parties shall enter into a new legal charge or a deed of variation of legal charge. It is necessary for the mortgagors to submit an application to the Housing Department for change of mortgage arrangement and obtain the relevant consent prior to the execution of the new legal charge or the deed of variation of legal charge.