

Prudential Measures for Property Mortgage Loans introduced on 22 February 2013

For the avoidance of doubt, in cases where more than one of the prudential measures are applicable, AIs should adopt the lowest loan amount as dictated by the relevant measures.

(I) Increase the mortgage rate upward adjustment for stress testing property mortgage loan applicants' debt servicing ability from at least 2 percentage points to at least 3 percentage points

The new measure is applicable to both residential and non-residential property mortgage loans.

(II) Lower the applicable loan-to-value (LTV) ratio limits for non-residential property mortgage loans by 10 percentage points

(a) For applicants without outstanding property under mortgage:

- (i) Lower the LTV ratio limit from 50% to 40% for applicants whose income is mainly derived in Hong Kong;
- (ii) Lower the LTV ratio limit from 40% to 30% for applicants whose income is mainly derived from outside Hong Kong; and
- (iii) Lower the LTV ratio limit from 40% to 30% for loans assessed based on the net worth of mortgage applicants.

(b) For applicants with one or more outstanding properties under mortgage:

- (i) Lower the LTV ratio limit from 50% to 40% for applicants whose income is mainly derived in Hong Kong;
- (ii) Lower the LTV ratio limit from 30% to 20% for applicants whose income is mainly derived from outside Hong Kong; and
- (iii) Lower the LTV ratio limit from 30% to 20% for loans assessed based on the net worth of mortgage applicants.

(III) Limit the maximum LTV ratio and debt-servicing ratio (DSR) for standalone car park space mortgage loans to the levels applicable to non-residential property mortgage loans, and the maximum loan tenor to 15 years

For the avoidance of doubt, mortgage loans for residential or non-residential properties with car park space under the same title deed are not subject to this prudential requirement. Instead, such loans should be subject to the applicable LTV and DSR requirements with respect to the nature and total value of the properties and car park space concerned.