

HA relaxes mortgage arrangements for subsidised sale flats

The Hong Kong Housing Authority (HA) Subsidised Housing Committee (SHC) endorsed on 17 November 2023 the relaxation of the mortgage arrangements for subsidised sale flats (“SSFs”) by extending the maximum mortgage default guarantee period and mortgage repayment period under the Deeds of Guarantee (DoGs) being provided to purchasers of SSFs and authorised financial institutions participating in the provision of mortgage loans for such flats (participating financial institutions).

Primary market

- the maximum mortgage default guarantee period will be extended from 25 years to 30 years for Tenants Purchase Scheme (TPS) flats;
- the maximum mortgage repayment period from 25 years to 30 years for new Home Ownership Scheme (HOS)/Green Form Subsidised Home Ownership Scheme (GSH) projects and TPS flats sold in the primary market; and
- applicable to new HOS and GSH projects and TPS flats sold in the primary market with completion date of the sale and purchase and the relevant legal charge falling on or after 1 January 2024. New HOS/GSH projects refer to the HOS/GSH projects with occupation permit issued on or after 1 December 2023.

Secondary Market

- the maximum mortgage default guarantee period will be extended from 30 years to 50 years for HOS/GSH flats; and from 25 years to 50 years for TPS flats, counting from the date of the first assignment of individual flats;
 - for the first 40 years, HA will provide mortgage default guarantee to participating financial institutions for mortgage loan up to 95% and 90% of the assessed value or purchase price of the flat (whichever is the lower) respectively for Green Form (“GF”) and White Form (WF) applicants;
 - from 40 years onwards to 50 years, the mortgage default guarantee provided to participating financial institutions for mortgage loans will be up to 80% of the assessed value or purchase price of the flat (whichever is the lower) across all types of SSFs for GF and WF purchasers alike;
 - in case the loan-to-value (“LTV”) ratio required is above 80%, the prospective mortgagor may apply for and join the Mortgage Insurance Programme (MIP) of the HKMC Insurance Limited (HKMCI). To this end, HA has reached an agreement with HKMCI that the latter will allow SSF purchasers in the Secondary Market to join MIP to obtain mortgage loans up to an LTV ratio of 90% for WF applicants and 95% for GF applicants. The detailed arrangements will be announced later.

- the maximum mortgage repayment period for HOS/GSH/TPS flats sold in the Secondary Market will be extended from 25 years to 30 years; and
- the extension of the maximum mortgage default guarantee period and repayment period regarding the SSFs sold in the Secondary Market is scheduled to take effect on 1 March 2024. It will be applicable to all new mortgage loans drawn down on or after the launch date to finance the purchase of HOS/GSH/TPS flats transacted in the Secondary Market.

Mortgage Arrangements for Subsidised Sale Flats

	Existing Arrangement		New Arrangement	
	Maximum Guarantee Period* (maximum guarantee amount)	Maximum Repayment Period	Maximum Guarantee Period* (maximum guarantee amount)	Maximum Repayment Period
Primary Market			(from 1 January 2024) [@]	
HOS/GSH	<u>30 years</u> (GF: 95%; WF: 90%)	25 years	<u>30 years</u> (GF: 95%; WF: 90%)	30 years
TPS	<u>25 years</u> (GF: 95%#)	25 years	<u>30 years</u> (GF: 95%#)	
Secondary Market			(from 1 March 2024) [@]	
HOS/GSH	<u>30 years</u> (GF: 95%; WF: 90%)	25 years	<u>First 40 years</u> (GF: 95%; WF: 90%)	30 years
TPS	<u>25 years</u> (GF: 95%; WF: 90%)	25 years	<u>from more than 40 to 50 years</u> (GF: 80%; WF: 80%)	

* The maximum guarantee period is counting from the date of the first assignment of individual flats.

For sale of TPS flats to sitting tenants, the maximum guarantee amount is the balance of the purchase price after payment of the intention money (\$2,500) to the HA. For sale of recovered TPS flats to GF purchasers in HOS/GSH sale exercises, the maximum guarantee amount is the balance of the purchase price after payment of a deposit (not less than 5% of purchase price) to the HA.

@ The mortgage arrangements will be applicable to new HOS/GSH projects and TPS flats sold in the primary market with completion date of sale and purchase and the relevant legal charge falling on or after 1 January 2024. New HOS/GSH projects refer to the HOS/GSH projects with occupation permit issued on or after 1 December 2023. For the Secondary Market, the mortgage arrangements will be applicable to HOS/GSH/TPS flats sold with completion date of sale and purchase and the relevant legal charge falling on or after 1 March 2024.

GF: Green Form; WF: White Form