



HONG KONG MONETARY AUTHORITY  
香港金融管理局

Our Ref.: B1/15C  
B9/25C

4 December 2024

The Chief Executive  
All Authorized Institutions

Dear Sir/Madam,

### **Prudential Measures for Property Mortgage Loans**

I am writing to inform you of the introduction of a one-off special scheme to enable authorized institutions (AIs) to be more flexible in providing residential mortgage loans for eligible buyers who had opted for stage payment plans when they bought first-hand uncompleted residential properties during 2021 to 2023.

Official residential property prices fell by over 25% since their peak in 2021. The valuations of many first-hand residential properties sold in the past few years have declined alongside the downward adjustment of residential properties prices. Some buyers who had opted for stage payment plans when they bought first-hand uncompleted residential properties may find that, due to a change in property valuation, the mortgage loan amount that can be secured by the time of mortgage application to be lower than originally planned.

Although such buyers ought to have assessed and planned for the risks associated with stage payment plans, the Hong Kong Monetary Authority (HKMA) is aware that there are some buyers with genuine home ownership needs who have difficulties in finding additional funds for the down payment. The HKMA considers that there is room to assist those cases by introducing a special scheme that will offer AIs the flexibility to provide mortgage loans with a maximum loan-to-value (LTV) ratio of 80% and debt servicing ratio (DSR) limit of 60% for stage payment buyers of first-hand residential properties if:

- (1) the provisional sale and purchase (S&P) agreement was signed during the period from 1 January 2021 to 31 December 2023;
- (2) the date of mortgage application is on 4 December 2024 or after;
- (3) the property is for self-occupation; and
- (4) the valuation of the property at the time of mortgage application is lower than the property purchase price.

The key features of the special scheme are set out at the **Annex**.

When processing applications from eligible mortgage applicants, AIs should obtain a declaration from the mortgage applicant that the property is for self-occupation. AIs should also ensure that they continue to adhere to normal prudent lending criteria. For mortgage applications that are not eligible for the special scheme, the existing maximum LTV ratio of 70% and DSR limit of 50% will continue to apply.

Should your institution have any questions about this circular, please send them to [rml\\_hkma@hkma.gov.hk](mailto:rml_hkma@hkma.gov.hk).

Yours faithfully,

Arthur Yuen  
Deputy Chief Executive

Encl.

**Residential Mortgage Loans for Eligible Buyers of  
First-hand Uncompleted Residential Properties Using Stage Payment Plans**

Special Scheme	Key Features
Maximum loan-to-value (LTV) ratio	80%
Debt servicing ratio (DSR) limit	60%
Eligibility criteria	<ol style="list-style-type: none"> <li>1. First-hand residential properties where:-               <ol style="list-style-type: none"> <li>(a) the provisional sale and purchase (S&amp;P) agreement was signed during the period from 1 January 2021 to 31 December 2023; and</li> <li>(b) the date of mortgage application is on 4 December 2024 or after<sup>1</sup>.</li> </ol> </li> <li>2. The property is for self-occupation<sup>2</sup>.</li> <li>3. The valuation of the property at the time of mortgage application is lower than the property purchase price.</li> </ol>
Mortgage rate	Risk-based pricing

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<sup>1</sup> Where a mortgage application was submitted before 4 December 2024 and the loan has not been approved or drawn down yet, the authorized institution may exercise flexibility to provide a mortgage loan with maximum LTV ratio of 80% and DSR limit of 60%, based on its own assessment of the circumstances of the mortgage applicant and the property in question, and provided that the rest of the eligibility criteria for the special scheme are all met.

<sup>2</sup> “Self-occupation” refers to occupancy by the owners or their immediate family members (which include parents, spouse, children, siblings, grandparents, grandchildren and parents-in-law), or by an individual majority shareholder or his/her immediate family members if the property is held by a shell company.