

Table 2 - Calculation of monthly payout amount

	Example 1	Example 2	Example 3
Borrower(s) and entry age	Elderly person aged 70	Husband aged 70 and wife aged 60	Husband aged 70 and wife aged 70
Payment term	Life	10-year	20-year
Property value	\$2,500,000	\$6,000,000	\$9,000,000*
Monthly payout amount (HK\$)	\$3,100 × 2.5 = \$7,750	\$3,300 × 6 = \$19,800	\$3,000 × 8 = \$24,000

*There is an upper limit of HK\$8 million on the property value. If the property value exceeds this upper limit, the monthly payout amount will be determined as if the property is valued at HK\$8 million.

Costs

- Interest** - to be charged by your bank on the outstanding loan amount on compound basis.
- Mortgage insurance premium**
 - Upfront Mortgage Insurance Premium** is payable by 7 annual instalments starting from the 4th until the 10th anniversary. Each annual instalment is calculated at 0.28% of the property value.
 - Monthly Mortgage Insurance Premium** is payable on a monthly basis at the annual rate of 1.25% of the outstanding loan amount.
- Counselling fee** - to be paid to your counsellor for the counselling service.

General application flow

Step 1



Pre-application - Please enquire at a participating bank which will provide you with more details and conduct a preliminary eligibility assessment for you.

Step 2



Counselling - Before making a formal application for a reverse mortgage loan, you must first make an appointment with an eligible counsellor. The counsellor will explain to you the general features of a reverse mortgage, the major legal rights and obligations as well as the legal consequence of taking out a reverse mortgage loan. Your counsellor will issue a counselling certificate to you if you successfully completed the counselling session.

Step 3



Formal application - After obtaining the counselling certificate, you may approach any participating bank to make a formal application.

Step 4



Execution of legal documents - If your formal application is approved by the bank, you will be required to execute the mortgage documents.

Further assistance

If you have any enquiry, please contact any participating bank, your counsellor or the HKMC for more information.

Reverse Mortgage Programme Hotline : 2536 0136

HKMC Website : www.hkmc.com.hk

The programme is subject to relevant terms and conditions.



Reverse Mortgage
Brightens Up
Your Retired Life



香港按揭證券有限公司
The Hong Kong Mortgage Corporation Limited

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What is a REVERSE MORTGAGE?



The Reverse Mortgage Programme is launched by The Hong Kong Mortgage Corporation Limited (the *HKMC*) to encourage banks to offer reverse mortgage to elderly people, just like you, who are aged 60 or above.

Reverse mortgage is a loan arrangement. It enables you to use your self-occupied residential property in Hong Kong as security to borrow from a bank. You will remain as the owner of your property and can continue to stay at your property for the rest of your life.

You will receive monthly payouts over a payment term of either a fixed period of 10, 15 or 20 years or your entire life, and you may also borrow lump-sum loan(s) for specific purposes when needed.

In general, you do not need to repay your reverse mortgage loan during your lifetime, unless you move out from your property permanently or the reverse mortgage loan is terminated due to other reasons.

When your reverse mortgage terminates, you (or your inheritors) have the preferential right to redeem your property by repaying to the bank in full the outstanding loan amount owed by you under the reverse mortgage. If you (or your inheritors) choose not to exercise such a right, the bank will sell your property to recover the outstanding loan amount you owe.

If the sale proceeds from your property exceed the outstanding loan amount owed by you, the bank will return the surplus to you (or your inheritors). However, if there is any shortfall, you (or your inheritors) need not worry as the shortfall will be borne by the *HKMC* under an insurance arrangement between the bank and the *HKMC*.

Am I eligible for a reverse mortgage loan?

You must :

- be the holder of a valid Hong Kong Identity Card and aged 60 or above
- not be an undischarged bankrupt or otherwise subject to bankruptcy petition or individual voluntary arrangement

Your property must :

- be held in your own name, or in the joint names with another borrower as joint tenants
- not exceed 50 years of age and must not be subject to any resale restrictions (Property exceeding 50 years of age will be considered only on a case-by-case basis)
- not be rented out and must be occupied by you as your principal residence in Hong Kong

Key product features and benefits

1. **Flexible payment term** - You can choose to receive monthly payouts for either a fixed period of 10, 15 or 20 years or your entire life according to your own needs.
2. **Lump-sum loan** - In addition to monthly payouts, you may also apply to borrow lump-sum loan(s) for specific purposes such as full repayment of an existing mortgage, payment for major repair and maintenance of your property and / or medical expenses.
3. **Residing in your own home** - After taking out a reverse mortgage loan, you are still entitled to continue to stay in your property for the rest of your life.

4. **No repayment during your lifetime** - You do not need to repay the outstanding loan balance you owe to your bank during your life, unless the reverse mortgage loan is terminated under certain specified circumstances.
5. **No penalty for early full repayment** - You may fully repay the outstanding loan amount and redeem your property at any time, and there is no penalty for such full repayment.
6. **Six-month cancellation period** - If you terminate the reverse mortgage loan for whatever reason within the first 6 months, you will be given a refund and waiver of all mortgage insurance premiums upon your request. However, you need to repay in full the outstanding loan balance and bear the relevant legal fee.

Monthly payout amount

In general, the older you are and the shorter the payment term, the higher the amount of the monthly payout. If there are two borrowers, the entry age of the younger borrower will be used for the calculation of the monthly payout amount.

Table 1 - Scale of monthly payout amount

For borrower(s) at the entry age of 60 and 70 (per HK\$1 million of property value) :

Entry age	60 years old		70 years old	
	1 borrower	2 borrowers	1 borrower	2 borrowers
10-Year	\$3,700	\$3,300	\$5,100	\$4,600
15-Year	\$2,800	\$2,500	\$3,800	\$3,500
20-Year	\$2,400	\$2,100	\$3,300	\$3,000
Life	\$2,000	\$1,800	\$3,100	\$2,800