

Mortgage principal moratorium plan extended to Subsidised Sale Flats Scheme

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

The Hong Kong Housing Authority (HA) issued a letter today (April 24) to banks and financial institutions participating in the provision of mortgage loans for the Subsidised Sale Flats Scheme (SSFS) (participating financial institutions), confirming and agreeing that participating financial institutions may offer a mortgage principal moratorium plan to SSFS flats mortgagors. Repayment of the principal may be deferred for a maximum period of 12 months (the moratorium period) and the repayment period of the mortgage loan may be extended correspondingly by a maximum of 12 months. The principal moratorium period may commence by December 31, 2020, at the latest.

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

"To encourage participating financial institutions to provide mortgage loans and better mortgage terms for purchasers of SSFS flats, the HA provides a mortgage default guarantee for them (i.e. the HA undertakes to meet the shortfall in repayment in the event of default by the borrowers under specified circumstances during the mortgage default guarantee period). The Deed of Guarantee contains requirements on the mortgage loan period and the monthly instalment amount. Owing to these requirements, participating financial institutions may not be able to offer a mortgage principal moratorium plan to owners of SSFS flats," a spokesman for the HA said.

"In light of the economic downturn arising from the outbreak of COVID-19, to reduce the burden of mortgage repayment by owners of SSFS flats, the HA confirmed today that a mortgage principal moratorium plan is applicable for SSFS flats so as to encourage participating financial institutions to offer such a plan to owners of SSFS flats," the spokesman said.