Appendix

**Notes[[1]](#footnote-1)\* on the Amendments to the *Regulations Governing the Extension of Mortgage Loans by Financial Institutions***

**March 18, 2021**

1. Among corporate entity home-buyers, there has been a more pronounced hoarding of home properties and short-lived ownership. In this light, the loan-to-value (LTV) ratio cap on housing loans extended to corporate entities is lowered to 40%.
2. Considering that multiple mortgage loans taken out by natural persons could have adverse implications for banks' management of credit risk associated with real estate lending, the LTV ratio cap on such loans is adjusted, with different caps applicable depending on how many housing loans the borrower has taken out.
3. High-value housing could drive up the prices of neighboring housing, and its volatile price changes pose greater credit risk to banks. In this view, the LTV ratio ceiling is also lowered.
4. To promote land utilization in industrial districts, new restrictions on mortgage loans for idle land in such districts are introduced as an official guideline for banks.

(See comparison table on next page)

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| Effective date: March 19, 2021 |
| **Loans** | **Criteria** |
| **Current provisions** | **Amendments** |
| Corporate entity | First housing loan | LTV ratio capped at 60%; no grace period. | LTV ratio capped at 40%; no grace period. |
| Second housing loan  | LTV ratio capped at 50%; no grace period. | LTV ratio capped at 40%; no grace period. |
| Natural person | Third housing loan  | LTV ratio capped at 60%; no grace period. | LTV ratio capped at 55%; no grace period. |
| Fourth housing loan  | (Applying the same rules as a third housing loan) | LTV ratio capped at 50%; no grace period. |
| High-value housing loan | LTV ratio capped at 60%; no grace period. | * Borrower with two or less (including zero) outstanding housing loans: LTV ratio capped at 55%; no grace period.
* Borrower with three or more outstanding housing loans: LTV ratio capped at 40%; no grace period.
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| Land loans | * LTV ratio capped at 65%, with 10% withheld for disbursement until construction commences.
* Requiring borrower to submit a substantive development plan for the land purchased
 | (No amendments) |
| Unsold housing unit loans  | LTV ratio capped at 50% | (No amendments) |
| Mortgage loans for idle land in industrial districts  | Internal rules of banks  | LTV ratio capped at 55%\* |
| \* Not applicable when (1) construction on the collateralized land has already commenced, or (2) the borrower has  submitted a substantive development plan for the land purchased and an affidavit stating that construction would  take place within a well-defined period of time. |

1. \* The translated version of this Appendix is to serve as a reference for English readers. In the event of any inconsistency or ambiguity, the official Chinese version shall prevail. [↑](#footnote-ref-1)