

- 1. In connection with members' concern about the absence of any arrangement for sharing of positive credit data on mortgage loans among banks, the Hong Kong Monetary Authority is requested to provide information on past cases involving applicants providing false information on their existing mortgage(s) in applying for mortgage loans.**

Neither the HKMA nor banks keep records of mortgage applicants providing false information on their existing mortgage(s) in applying for mortgage loans. In general, banks have established procedures to ascertain the veracity of information provided by mortgage applicants. Cases of mortgage applicants knowingly providing banks with false information in obtaining mortgage loans were not common in the past. If any mortgage applicants obtain mortgage loans from banks by providing false or incomplete information, they will be subject to the relevant legal responsibility. For example, in *Hong Kong Special Administrative Region vs Cheng Po-yan and Cheng Ka-kiu*, the loan applicants failed to make full disclosure of the other mortgages and loans in the application for a personal loan and subsequently caused the bank to incur a loss. The borrowers were ultimately found guilty of the offence of obtaining pecuniary advantage by deception.

In the absence of positive credit data on mortgage loans, it is difficult to discover cases where the mortgage applicants knowingly provide banks with incomplete mortgage loan information. The HKMA issued a circular on 13 August 2010 instructing banks to ask mortgage applicants to declare all their existing liabilities, including loans they are applying or will shortly apply for. The banks should also remind the applicants that they would be subject to legal responsibility if they try to obtain a loan by knowingly providing false information. Meanwhile, the HKMA and the Office of the Privacy Commissioner for Personal Data have discussed and agreed to work towards the goal of completing a general consultation and the related preparatory work within the first quarter of 2011 with regard to the recommendation of establishing a mortgage credit database to fill the gap.

2. **In relation to members' concern about the adequacy and effectiveness of the measures introduced by the Government to counteract the heated property market, the Hong Kong Monetary Authority is requested to provide information on the measures taken by the governments of other jurisdictions (including Singapore, Brazil and Australia) to forestall the risk of a property market bubble.**

**Summary of Regulatory Measures on the Property Market in Other Jurisdictions
(see Annex for details)**

Australia	<ul style="list-style-type: none"> ■ Discontinue extra assistance for first-time homebuyers ■ Reinstate the review procedure to restrict foreigners from buying properties ■ Disallow foreigners to hold property after leaving Australia
Brazil	<ul style="list-style-type: none"> ■ Introduce transaction tax on capital inflows
Mainland China	<ul style="list-style-type: none"> ■ Impose various types of taxes to combat property and land speculations ■ Impose restrictions on minimum down-payment for property & land purchases ■ Increase land supply for residential properties
South Korea	<ul style="list-style-type: none"> ■ Impose LTV ratio requirements ■ Issue guideline on debt servicing ratio ■ Prudential limits on FX exposure so as to control capital inflows
Singapore	<ul style="list-style-type: none"> ■ Introduce seller's stamp duty ■ Disallow interest-only loans ■ Lower the LTV ratio limit ■ Increase land supply
Taiwan	<ul style="list-style-type: none"> ■ Require credit history verification for mortgage applicants ■ Impose LTV ratio requirements on extra mortgage loans ■ Disallow grace period for loans related to investment purposes ■ Disallow extra loans against the same property for non-mortgage purpose

Annex: Regulatory Measures on the Property Market

	Anti-property speculation measures	Prudential measures for mortgages	Land supply policy	Other measures
Australia	Discontinued the First Home Owner Grant Boost scheme, which assisted first home buyers purchase or build their first home, after its scheduled expiry date.			<ul style="list-style-type: none"> ● Temporary residents have to seek approval from the Foreign Investment Review Board to buy any real estate property in Australia ● Temporary residents are required to sell their Australian property when they leave Australia.
Brazil				<ul style="list-style-type: none"> ● On 21 October 2009, introduced a 2% Imposto sobre Operações Financeiras, or IOF tax on inflows related to foreign purchases of local securities (including bonds and equities) ● On 5 October 2010, doubled the IOF tax on fixed-income investments to 4% (applicable to government bonds, private-sector bonds, fixed income mutual funds, etc.) ● On 18 October 2010, further increased the IOF tax on fixed-income investments to 6%

Mainland China	<ul style="list-style-type: none"> ● Impose value-added taxes on land value appreciation for land and property transactions ● Impose tax on capital gains on advanced payments of housing purchases ● Impose personal income taxes on corporate subsidies received by individuals for purchasing properties ● Extend the business tax exemption holding period for houses from 2 years to 5 years ● Pledge to accelerate the pilot implementation of the property tax 	<ul style="list-style-type: none"> ● Forbid loans for idled land purchases and for idled projects ● Require developers to pay at least 50% as the initial payment for land purchase for residential property development ● Raise the minimum down-payment ratio for the first mortgage to 30%. For first home buyers, banks can at most offer 15% discount to the benchmark lending rate (30% previously) ● Raise the down-payment ratio for the mortgage of the second residential property to 50%, and the minimum rate to 110% of the benchmark lending rate ● Mortgage loans for the third residential property were banned ● Forbid the use of consumption loans for home purchases ● Restrict mortgage lending to non-residents 	<ul style="list-style-type: none"> ● Increase land supply for residential properties ● Local governments are required to designate at least 70% of auctioned land for public housing and small-to medium-sized homes ● Forbid developers which fail to develop land more than a year after acquisition from making bids in other auctions 	<ul style="list-style-type: none"> ● Give tax exemptions for companies involved in constructing and running public housing for rent
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South Korea		<ul style="list-style-type: none"> ● Reduction of the maximum LTV ratio for mortgages on property in Seoul (from 60% to 50%) ● Issued guideline to banks to cap the debt-to-income ratio for mortgages on property in Seoul 		<ul style="list-style-type: none"> ● The FX derivative contracts exposure of domestic and foreign banks should not exceed 50% and 250% of their capital levels in the previous month respectively ● Only small- and medium-sized manufacturers are allowed to borrow foreign currency bank loans to purchase domestic facilities ● Tightening existing regulation on foreign currency liquidity of domestic banks. Foreign banks are also recommended to set up their own liquidity risk management mechanism.
Singapore	<ul style="list-style-type: none"> ● Introduce a Seller's Stamp Duty on all residential properties and residential lands that are bought after 30 August and sold within 3 years from the date of purchase 	<ul style="list-style-type: none"> ● Disallowing the Interest Absorption Scheme and interest-only loans ● Lower the LTV limit to 80% for borrowers who have no outstanding housing loans provided by financial institutions regulated by the Monetary Authority of Singapore (MAS) ● For home buyers who already have one or more outstanding housing loans: <ul style="list-style-type: none"> ➢ Lower the LTV limit to 70% ➢ Increase the minimum cash payment from 5% to 10% of the property valuation 	<ul style="list-style-type: none"> ● Reinstating the Government Land Sale Confirmed List in H1 2010 and replenishing the supply of Reserved List sites in the Government Land Sale Programme ● Non-renewal of assistance measures for property developers announced in the 2009 budget when these expire early next year ● The government might increase land supply in H1 2011, depending on property market conditions 	

Taiwan		<ul style="list-style-type: none"> ● Financial institutions shall verify the borrowers' credit history related to housing loans with the Joint Credit Information Center before approving new loans in Taipei City and 10 other cities in Taipei County ● For housing loans extended to borrowers who have already taken out other outstanding housing loans, financial institutions shall cap the loan-to-value ratio at 70%, remove grace periods related to loans for investment properties and grant no additional loans against the same collateral as working capital for home renovations or for other purposes 		
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**Hong Kong Monetary Authority
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