

## **Bills Committee on the Urban Renewal Authority Bill**

### **Resumption of Mortgaged Properties**

#### **Issue**

At the Bills Committee meeting held on 26 April 2000, Members asked about the rights of the mortgagee and the mortgagor when a mortgaged property is resumed by the Government.

#### **Background**

2. The owner of a property who borrows the money is the mortgagor. The bank which lends the money is the mortgagee. A mortgage gives the mortgagee an interest in the property. This interest is registered on the Land Register.

#### **Compensation**

3. Under section 6(1) of the Lands Resumption Ordinance (Cap. 124), within 28 days from the date on which the land reverts to the Government, the Director of Lands shall:

“(a) write to the former owner and to any person having an estate or interest in the land immediately before reversion under an instrument registered in the Land Registry, making an offer of compensation in respect of the resumption of the land;”.

4. The Director of Lands will write to the former owner and notify the bank if the property is mortgaged. If the offer of statutory compensation and ex-gratia payment is accepted, separate cheques will be sent to the former owner and the bank.

**Hong Kong Association of Banks**

5. As requested by a Member, we have written to the Hong Kong Association of Banks to ask for its views on this matter.

Planning and Lands Bureau

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