

# Mortgage Loans for Uncompleted Residential Properties Vary Greatly

## Assess Your Repayment Ability Carefully

To attract purchasers, property developers, in partnership with financing companies, may offer a variety of mortgage loan plans for first-hand residential property purchasers (mortgage loans offered by developers). Their selling points are usually high loan-to-value ratios, lenient approval and even interest and repayment holidays in the first few years. For prospective purchasers who are unable to secure mortgage loans from banks due to stress test or insufficient proof of income, such plans which do not require vetting by banks are highly attractive.



### Is it really that easy to obtain mortgage loans offered by developers?

Prospective purchasers should study details of the payment plans and mortgage loan plans as well as disclaimers set out in the price list. Attention should be paid to whether there are any conditions attached to the discounts offered by developers. Before signing a preliminary agreement for sale and purchase, prospective purchasers should clarify directly with developers or financing companies the terms and conditions, approval conditions, application procedures, etc. of the mortgage loan plans. ***Be cautious about verbal promises. Always ask for written confirmation.***



### Is it really good to obtain this kind of mortgage loans?

Although the mortgage loans offered by developers may allow purchasers to pay less down payment or enjoy repayment or interest holidays in the first few years, purchasers usually have to pay more interests for their mortgage loans after the end of the promotion period. In the face of the interest rate hike cycle, their burdens will be even heavier.



### Is it possible to switch to a bank for mortgage loan after the promotion period ends?

If the latest market value of the property falls below the original purchase price, the purchaser may not be able to borrow enough money from a bank. If there is no additional funding to complete the transaction, the down payment made will be forfeited.

#### Sales of First-hand Residential Properties Authority



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