

**Project on Standardization of Mortgage Origination Documents in Hong Kong
(the “Project”)**

**Guidance Notes to the Recommended Core Provisions
for Mortgage Loan Application Form**

1. The Steering Committee of the Project, and each member of the Steering Committee, expressly disclaims any liability to the fullest extent possible for the contents of the Recommended Provisions (as defined below), or for any loss, damage or claim suffered or incurred by any mortgage lender or any other person in connection with, or in reliance on, the whole or any part of the Recommended Provisions. Any mortgage lender or any other person proposing to use the Recommended Provisions must seek its own legal advice as to the suitability of the Recommended Provisions for its intended purposes.
2. It is acknowledged that each mortgage lender will have its individual preferences regarding the format of its mortgage loan application form and accordingly, it may not be appropriate to prescribe a standard application form for general adoption by the banking industry. The Steering Committee has therefore developed a set of recommended core provisions for the mortgage loan application form (“Recommended Provisions”) covering the following main issues for incorporation by mortgage lenders into their standard forms:
 - (a) authorization given to the mortgage lender by the loan applicant to use and disclose the personal data and financial information of the loan applicant;
 - (b) reliance on such information by the mortgage lender;
 - (c) assignment of the loan by the mortgage lender; and
 - (d) representations by the loan applicant on the accuracy and completeness of the information given.
3. The Recommended Provisions are only a set of recommended core provisions and are not exhaustive. In deciding whether to adopt any of the Recommended Provisions, the mortgage lender should consider whether the Recommended Provisions are compatible with its operational procedures and the requirements of the loan transaction. The incorporation of the Recommended Provisions into the mortgage loan application form for any mortgage transaction is entirely voluntary.
4. It is recommended that the loan applicants should include the borrower, the mortgagor and the guarantor, if any, and all the loan applicants should be required to sign the completed mortgage loan application form. The Recommended Provisions have been designed to contain the personal particulars of all such parties.
5. In order to comply with the **Personal Data (Privacy) Ordinance** (Chapter 486 of the Laws of Hong Kong), the mortgage lender should (to the extent it has not already done so):
 - (a) supply each loan applicant with a leaflet containing the latest data privacy statement adopted by the mortgage lender before each loan applicant signs the mortgage application form; **and**

(b) (i) ensure that the mortgage application form contains a provision referring to the latest data privacy statement adopted by the mortgage lender and advise each loan applicant to read through the data privacy statement before signing the mortgage application form; or

(ii) take each loan applicant through the latest data privacy statement adopted by the mortgage lender before the loan applicant signs the mortgage application form.

6. In addition, in view of the revised **Code of Practice on Consumer Credit Data** which came into effect on 2 June 2003, the authorizations to be given by the loan applicant to the mortgage lender on the disclosure of its personal and financial information need to be widened to cater for the following purposes:

- (a) credit assessment including credit scoring;
- (b) obtaining references from the applicant's employer, accountant, bank or other similar sources;
- (c) credit reference purposes, including searching the files of a credit reference agency and disclosure to a credit reference agency, in which case it may be used by other lenders for credit assessment purposes and for debt tracing;
- (d) disclosure to any proposed guarantor of the loan, to the mortgage lender's insurers, auditors, professional advisors, sub-contractors or any person providing services to the mortgage lender who have agreed to treat the personal information as confidential; and
- (e) disclosure to any assignees, transferees, or successors of the mortgage lender.

However, the extent of the disclosure should not be greater than what is required for the purpose agreed to by the loan applicant, and the collection of such data must be necessary for, or directly related to, such purpose.

7. **Before the loan applicant signs the mortgage application form**, the mortgage lender should advise the loan applicant to read through the mortgage application form. The mortgage lender should advise the loan applicant that it is entitled to seek separate independent legal advice from solicitors of its choice if it wishes to understand the legal implications of signing the mortgage application form.

8. The mortgage lender should alert the loan applicant that all relevant information should be disclosed to the mortgage lender when making the application. Any material misstatement and withholding of relevant information by the loan applicant may trigger off the mortgage lender's demand for immediate repayment of the loan.

**The Steering Committee of the Project on
Standardization of Mortgage Origination Documents in Hong Kong**

November 2003

Recommended Core Provisions for Mortgage Loan Application Form

Personal Particulars	Mortgagor	Borrower	Guarantor (if any)
Name			
Hong Kong Identity Card Number			
Marital Status			
Date of Birth			
Current Home Address If rented/mortgaged, monthly payment:			
Ownership of other properties			
Telephone Numbers			
Relationship with Borrower			
Employment Information	Mortgagor	Borrower	Guarantor (if any)
Employment Type Regular salaried Non-regular salaried Self-employed (professional) Self-employed (non-professional) Others			
Current Employer			
Office Address			
Occupation and Position			
Monthly Salary			
Previous Employment (if current employment is less than [1] year)			
Other Regular Monthly Income Per Month			
Outstanding Liabilities	Mortgagor	Borrower	Guarantor (if any)
Personal/Tax Loan			
Overdraft Facilities			

Credit Card Full Settlement of monthly outstanding: Yes/No If No: Please specify the aggregate minimum monthly payment amounts of all credit cards																																							
Other debts, please specify																																							
<table border="1"> <thead> <tr> <th>Assets</th> <th>Mortgagor</th> <th>Borrower</th> <th>Guarantor (if any)</th> </tr> </thead> <tbody> <tr> <td>Cash/deposits</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Shares</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Cars</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Others, please specify</td> <td></td> <td></td> <td></td> </tr> </tbody> </table>				Assets	Mortgagor	Borrower	Guarantor (if any)	Cash/deposits				Shares				Cars				Others, please specify																			
Assets	Mortgagor	Borrower	Guarantor (if any)																																				
Cash/deposits																																							
Shares																																							
Cars																																							
Others, please specify																																							
<table border="1"> <thead> <tr> <th colspan="4">Property Details</th> </tr> </thead> <tbody> <tr> <td>Address</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Other Particulars</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Expected Drawdown / Restructuring Date</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Appraised Value of Property</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Date of Valuation</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Fire Insurance Information</td> <td></td> <td></td> <td></td> </tr> </tbody> </table>				Property Details				Address				Other Particulars				Expected Drawdown / Restructuring Date				Appraised Value of Property				Date of Valuation				Fire Insurance Information											
Property Details																																							
Address																																							
Other Particulars																																							
Expected Drawdown / Restructuring Date																																							
Appraised Value of Property																																							
Date of Valuation																																							
Fire Insurance Information																																							
<table border="1"> <thead> <tr> <th colspan="4">Mortgage Loan</th> </tr> </thead> <tbody> <tr> <td>Loan Amount</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Mortgage Rate</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Floating Interest Rate</td> <td></td> <td></td> <td></td> </tr> <tr> <td> Fixed term</td> <td></td> <td></td> <td></td> </tr> <tr> <td> Fixed instalment payment</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Length of Instalment Period</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Monthly Instalment Payment (Principal and Interest)</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Early Redemption Charges</td> <td></td> <td></td> <td></td> </tr> </tbody> </table>				Mortgage Loan				Loan Amount				Mortgage Rate				Floating Interest Rate				Fixed term				Fixed instalment payment				Length of Instalment Period				Monthly Instalment Payment (Principal and Interest)				Early Redemption Charges			
Mortgage Loan																																							
Loan Amount																																							
Mortgage Rate																																							
Floating Interest Rate																																							
Fixed term																																							
Fixed instalment payment																																							
Length of Instalment Period																																							
Monthly Instalment Payment (Principal and Interest)																																							
Early Redemption Charges																																							

Other Special Terms

Specify if there are any other special conditions to the Mortgage Loan

Fees Payable by [the Mortgage Lender/the Applicant]

Handling Fee [non-refundable]

Valuation Fee

Solicitors and Contact Person

Solicitors' Fee

[Notes to the Mortgage Lender: In compliance with the relevant data protection principles, please specify for the information of the loan applicant which items of the information sought are essential to your decision on approval of the loan and which items (if any) are not material for such purpose and are therefore voluntary.]

DECLARATIONS AND AUTHORIZATIONS

I/We¹ hereby apply to [•] ("Mortgage Lender") for a mortgage loan ("Mortgage Loan") relating to the property named in section [•] of this Application Form ("Property"). I/We hereby agree, declare and acknowledge that:

1. the information in this Application Form and any documents attached to this form or provided by me/us is true, correct, updated and complete, and the Mortgage Lender and its agents, successors and assigns (the "related bodies") may verify the same directly or through any credit reference agency or from any source as the Mortgage Lender and/or the related bodies may choose;
2. the original Application Form and documents provided by me/us may be retained by the Mortgage Lender and/or the related bodies for their records, even if the application is not approved by the Mortgage Lender, for such period but no longer than is necessary for the fulfilment of the statutory or regulatory requirement to which the Mortgage Lender and/or the related bodies are subject;
3. this application is made subject to the terms and conditions set out in this Application Form, the facility agreement and/or such other terms and conditions as the Mortgage Lender may stipulate and provide to me/us prior to my/our signing of the facility agreement;
4. I/we am/are not subject to any judgment or court/tribunal order in relation to any debt or insolvency, nor have I/we been declared bankrupt within the past four years;
5. I/we have not been a mortgagor or borrower under any legal charge/mortgage of any property in respect of which the mortgagee has exercised its powers;
6. no legal proceedings which may affect my/our ability to repay any loan lent to me/us or to fulfill my/our obligations under the facility agreement relating to such loan have been brought to my/our attention;
7. I/we am/are not in default under any mortgage, guarantee or other loan agreement(s);
8. except as disclosed in this Application Form, I/we do not have any other outstanding loans;
9. the Mortgage Lender (or its successors and assigns) may transfer or assign the Mortgage Loan, the mortgage over the Property, insurance policy, guarantee or any other security given in respect of the Mortgage Loan, to any third party without notice to or consent from me/us. I/We also consent to the disclosure, transfer and assignment of my/our personal and credit information, including any credit report relating to me/us, for such purposes by the Mortgage Lender or any subsequent assignee;
10. I/we have been supplied with a copy of the Mortgage Lender's data privacy statement and I/we have read and understood the data privacy statement, or have had the data privacy statement explained to me/us;

¹ Includes the Borrower, the Mortgagor and the Guarantor (if any)

11. any information held by the Mortgage Lender (or its successors and assigns) about me/us may be used or disclosed, in particular (in addition to any other fair and lawful purpose such as disclosure to the relevant regulatory bodies and law enforcement agencies in Hong Kong), in relation to the following purposes:

- (i) credit assessment, including credit scoring and credit review;
- (ii) obtaining references from my/our employers, accountant, bank or other similar sources;
- (iii) credit reference purposes, including searching the files of a credit reference agency;
- (iv) disclosure to and be held by a credit reference agency, in which case it be may used by other lenders for credit assessment purposes and may be used for debt collection;
- (v) disclosure to any service provider engaged by the Mortgage Lender in respect of the Mortgage Loan who has agreed to treat such information as confidential;
- (vi) disclosure to any proposed guarantor or surety of the Mortgage Loan, to the Mortgage Lender's insurers, auditors or professional advisors who have agreed to treat the personal information as confidential;
- (vii) marketing or product development purposes by related companies in the Mortgage Lender's group (if you do not wish to receive such information please inform the Mortgage Lender immediately);
- (viii) disclosure to any agent of the Mortgage Lender for collection of overdue payments and only to the extent permitted under the applicable laws and codes of practice; and
- (ix) securitisation of loans;

[Notes to the Mortgage Lender: In compliance with the relevant data protection principles, please provide to the applicant(s) the following information:

1. *how the Mortgage Lender protects the credit and other personal data of the applicant(s); and*
2. *notification to the applicant(s) of its/their right to check what data is held by the Mortgage Lender, how to gain access to such data and how to require the Mortgage Lender to correct inaccurate data.]*

12. I/we also authorize the Mortgage Lender to give a credit reference agency the following information about me/us at any time if payment owing by me/us under the Mortgage Loan has been overdue for more than 60 days:

- (i) my/our personal particulars;
- (ii) that the Mortgage Loan has been applied for and the amount;
- (iii) that the Mortgage Lender is a current credit provider to me/us;
- (iv) details of payments under the Mortgage Loan which has become overdue for more than 60 days and for which collection action has commenced;
- (v) that payments are no longer overdue;

- (vi) that the credit provided to me/us by the Mortgage Lender has been paid or discharged; and
- (vii) any updated information of the above;

13. the Mortgage Lender may refuse to lend any sum as a result of any false or misleading declaration or my/our failure to provide any relevant information. I/We understand any representation or misstatements in, or omission from, the information given by me/us, may result in the Mortgage Lender demanding the immediate repayment of the Mortgage Loan and enforcing its rights under the mortgage;

14. I/we consent to the Mortgage Lender giving to any mortgagor(s), guarantor(s) or indemnifier(s) my/our credit information, including credit reports, financial information and copies of documents relating to the Mortgage Loan and other credit facilities to be secured by the Property, which the Mortgage Lender sees fit;

15. I/we shall as soon as reasonably practicable inform the Mortgage Lender of any change in the information given by me/us in this form. I understand that I/we may access (subject to permitted exceptions), correct or update my/our information held by the Mortgage Lender by contacting *[specify contact details of the relevant department of the Mortgage Lender]*. I/we agree to pay reasonable charges to the Mortgage Lender for providing me/us with the requested information; and

16. I/we understand that the Mortgage Lender (or its successors and assigns) may send my/our information overseas if the Mortgage Lender out-sources its functions or procedures using overseas agents or contractors.

Signed by:	Signed by:	Signed by:
The Borrower Date	*The Mortgagor Date	*The Guarantor Date
Name:	Name:	Name:

* Please complete and sign if applicable