



FSC TIGHTENS MORTGAGE RULES TO CURB SPECULATIVE DEMAND IN HOUSING MARKET

The government announced a package of measures that designate some “overheated” or “bubble-prone areas” in Seoul, Busan and other major cities and discourage speculative buying in the designated areas. As part of the government’s effort, the FSC will tighten loan-to-value (LTV) and debt-to-income (DTI) rules to curb speculative demand in the housing market.

MORTGAGE RULES TO BE TIGHTENED IN BUBBLE-PRONE AREAS

LTV and DTI ratios will be tightened to 40% for home buyers in the designated regions, regardless of types of housing, amount and maturity of such mortgages.

- ※ To protect real demand for housing, the ratios of both LTV and DTI will be relaxed to 50% for first-home buyers, low-income households with annual income of less than KRW 60 million, or low-price housing of less than KRW 600 million.

TIGHTER MORTGAGE RULES FOR MULTIPLE HOME OWNERS

For mortgage borrowing by a household to own multiple homes, LTV will be tightened by a further 10%p across the country, while DTI will be tightened by 10%p for home buyers in the designated areas.

FSC Chairman Choi Jongku immediately convened an extraordinary session with FSC commissioners to discuss needed revisions to relevant regulations so that new mortgage rules could become effective as soon as possible. Chairman Choi also held a meeting with heads of the FSS and financial institutions to ask closer monitoring to make sure expected tightening of mortgage rules should not result in a sudden surge in borrowing before the new rules take effect.

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