

## AUTHORITIES TO EASE LTV RULES AND ENHANCE SUPPORT FOR RENT TO HELP STRENGTHEN HOUSING LADDER

The FSC announced its plan to ease the loan-to-value (LTV) rules on mortgage loans and expand support for rent payments while taking steps to ensure an effective implementation of the household debt management plan introduced on April 29.<sup>1</sup> The following measures are aimed at expanding financial support available to lower income households as well as young adults and newly married couples who are in actual need of housing.

### **I. MORTGAGE LOANS**

- a) The non-homeowners' annual income qualification to be given a preferential consideration will be increased from the current level of KRW80 million to KRW90 million for married couples and from KRW90 million to KRW100 million for first-time homebuyers.
- b) The maximum value of homes for which the annual income qualified individuals may apply will be increased from the currently level of KRW600 million to KRW900 million for homes located in "overheated speculative areas" and from the current level of KRW500 million to KRW 800 million for homes located in the areas that are subject to price adjustments.
- c) The additional benefit of maximum 10 percentage points in LTV ratio will also be increased to maximum 20 percentage points.<sup>2</sup>

### **II. SUPPORT FOR VULNERABLE GROUPS**

- a) For young adults, the maximum loan amount available for rent deposit will be increased from KRW70 million to KRW100 million per borrower through a housing guarantee program offered by the Korea Housing Finance Corporation.
- b) The maximum jeonse<sup>3</sup> amount for which jeonse loans can be issued with a housing guarantee provided by the Korea Housing Finance Corporation at low interest rates and fees will be increased from KRW500 million to KRW700 million for Seoul metropolitan areas and from KRW300 million to KRW500 million for other regions. The maximum amount of jeonse loan a household can receive will

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<sup>1</sup> Please click [here](#) to see the press release dated April 29, 2021.

<sup>2</sup> The maximum amount for a mortgage loan is set at KRW400 million which is subject to the individual debt service ratio (DSR) rules.

<sup>3</sup> A lump sum deposit with no monthly payment for rent

remain at the same level of KRW220 million.

- c) The maximum loan amount available per borrower for long-term mortgage loan offered by the Korea Housing Finance Corporation for homes valued at KRW600 million or less for households with annual income levels of KRW70 million or below will be increased from KRW300 million to KRW360 million.

The easing of mortgage rules, boosting rent support for young adults and increasing the maximum loan amount available for lower income groups will go into effect from July 1, while the increase in the maximum jeonse amount will take effect in the third quarter this year.

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