

Regulator to step up spot checks of property loans

The banking regulator will step up spot checks on banks in the second half of 2010 to ensure lenders are obeying property loan policies introduced this year, Chinese-language media reports said yesterday.

The China Banking Regulatory Commission (CBRC) will inspect banks' lending and risk management procedures, the Shanghai Securities News reported, quoting an unnamed bank official.

"This indicates there is no relaxing in policies announced in the first half of the year," the official was quoted as saying.

The regulator also called for prevention of "excessive" lending for land purchases, the newspaper reported. The regulator has ordered that bank loans account for at most 50 percent of financing for property developments, according to the report.

The banking regulator called for national policies to be followed strictly, the paper said.

China has issued a series of measures, including higher down payment requirements and mortgage rates for house purchases, to prevent the property market from overheating and causing a bubble that could derail the economy.

Source: Shenzhen Daily

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