

## Economy

# China cuts discount to mortgage rates - media

(Agencies)

Updated: 2010-11-01 09:36

BEIJING - Beijing has taken a fresh step to discourage property buying by ordering banks to charge higher mortgage interest rates for first home buyers, local media reported over the weekend.

Lenders were told by China's banking regulator that they can offer at most 15 percent, versus the previous 30 percent, discount to the benchmark interest rates to new mortgage loan applicants, the Beijing News reported.

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The newspaper quoted banking executives as saying that China Banking Regulatory Commission has notified banks the new rule by telephone, and the new rule will come into effect on November 1.

China has already taken a flurry of policies to cool its red-hot property sector in this year, including increasing downpayment requirements and raising interest rates.

China allowed banks to offer up to 30 percent discounts of interest rates to home buyers in late 2008 as part of Beijing's policy package to bolster economic growth.

The end of that 30 percent discount will put China's bank loan policies unprecedentedly harsh to mortgagers.

At present, banks are told to charge second home buyers at least 110 percent of benchmark interest rates; and to stop lending to buyers of a third apartment.