Mainland Chinese authorities reportedly held an emergency meeting to address concerns regarding a growing refusal by clients to make mortgage payments on stalled projects.

An emergency meeting was held this week with China’s Ministry of Housing and Urban-Rural Development, financial regulators, and major banks to discuss apparent client mortgage boycotts, according to a «Bloomberg» report citing unnamed sources, given increased worries that more house purchasers may follow suit.

The news agency did not provide an exact date when the talks were held and indicated that authorities did not arrive at any conclusion on the issue during the meeting. The intention is for local authorities to more promptly report affected projects while some banks plan to tighten mortgage lending requirements in high-risk cities.
Chinese Banks Hold Emergency Meeting on Mortgage Crisis
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Nationwide Boycotts

Meanwhile, China’s property crisis appears to be escalating as a rapidly growing number of homebuyers refuse to pay mortgages for unfinished properties.

According to research firm China Real Estate Information Corp, homebuyers stopped making mortgage payments on at least 100 projects in more than 50 cities as of Wednesday. This is up from 58 projects on Tuesday and 28 projects on Monday, according to Jefferies which estimates that a full default would result in 388 billion yuan ($58 billion) of non-performing loans, or 1 percent of China’s total mortgage balance.

Several major lenders have responded to the concerns, with the Agricultural Bank of China announcing that it held 660 million yuan of overdue loans on unfinished projects while Industrial Bank said 1.6 billion yuan of mortgages had been impacted, including 384 million yuan that subsequently turned delinquent.