

## Beijing acts to limit speculative investing

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SHANGHAI—China's State Council took steps to further restrict speculative property investments, including allowing banks to refuse additional mortgages for home buyers who already own two or more properties.

In an indication that Beijing is increasingly worried about runaway property prices, the State Council, the country's cabinet, said Saturday that local governments can take temporary measures to limit the number of property purchases each investor makes within a certain period.

The steps follow moves by the Chinese central government Thursday to raise minimum down-payment levels and mortgage rates for certain home buyers, after data showed property prices in 70 of China's large and medium-sized cities rose 11.7% in March from a year earlier, the fastest pace since China began releasing the data in July 2005.

The government's notice Saturday appears aimed at encouraging local governments and banks to even more strictly control credit for speculative property transactions.

"Overly high housing prices and overly fast price growth has increased the difficulty for people to seek residence through markets," the State Council said in the notice. "It also increased financial risks, which aren't beneficial to balanced social development."

"Each region's governmental departments should fully realize the threat of overly fast property-price growth and seriously implement the central government's real-estate-market policy adjustments," it said.

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The State Council said banks should "greatly increase" minimum down payments and mortgage rates for those buying third homes or beyond, if a mortgage is to be issued at all, It didn't give concrete targets.

It also said banks should stop issuing mortgages to nonresidents who haven't paid local taxes or welfare-benefit fees for more than a year.

The State Council reiterated the rules unveiled Thursday that banks should raise the minimum down payment for second-home purchases to 50% from 40%, while requiring mortgage rates to be no less than 1.1 times benchmark rates. The State Council also set a 30% minimum down payment for purchases of first homes that are larger than 90 square meters.

The government also reiterated that local governments should increase land supply for residential housing development and expedite construction of government-subsidized housing.

The State Council also said the government will strictly monitor land purchases and fund raising of developers to prevent speculation on land prices.

Local governments need to file reports to the central government on audits of local developers by the end of June, the State Council said.