



Walk into your dream home **#OneStepCloser**

HSBC Home Loan Summary
of Key Terms, Tariff and
Frequently Asked Questions

HSBC 



HSBC Home Loan

Frequently Asked Questions

Section 1. About the Product

1. What are the different types of HSBC Mortgages?

There are two different types of HSBC Mortgages:

a. Home Mortgage Loan (HML)

Purpose:

- Purchase of owner-occupied residential property. Occupants may include applicant(s)' immediate family: spouse, children, parents, siblings, in-laws.
- Refinance of residential mortgage with another financial institution (you have an existing home loan with another financial institution, and you will transfer the loan to HSBC)
- Construction on / renovation of / addition to existing residential property
- Reimbursement of purchased property

b. Home Equity Loan (HEQ)

Purpose:

- Multi-purpose loan
- Refinance of a previous loan from another financial institution used for personal expenditure or for investment
- Loan proceeds will be used for purchase, renovation or construction of a secondary residence which is different from the loan security

2. How much can I borrow?

Below are the minimum and maximum loan amount based on current HSBC policy:

	Minimum	Maximum
HML:	PHP 700,000	Php50 million
HEQ:	PHP 700,000	Php30 million

However, the amount you may avail will depend on the following criteria:

1. Loan amount you applied for
2. The value of the property which will secure the mortgage. This is also known as Loan-to-Value (LTV) Ratio explained below.
3. Your paying-capacity which will be evaluated by the Bank

The lowest amount based on the 3 criteria is what you may avail, subject to final approval of the Bank.
You may also visit our website www.hsbc.com.ph for access to our Home Loan Calculator.

3. How long do I need to pay the loan (full life of the loan)?

Below are the minimum and maximum loan tenor based on current HSBC policy:

	Minimum	Maximum
HML:	12 months	240 months*
HEQ:	12 months	120 months*

*or up to client age 65 (upon loan maturity), whichever is earlier

Please note that loan tenors are subject to final approval.

4. What is Loan-to-Value ratio?

Loan-to-value ratio (LTV) is used to determine the maximum amount that the bank can loan to a client against the value of the collateral/property. This is anywhere between 60% to 80% maximum of the appraised value or selling price of the collateral/ property, whichever is lower. The LTV may change from time to time and vary depending on the particular Home Loan product being availed, purpose, currency of loan etc.

HML: Up to 80%

HEQ: Up to 60%

5. What is the difference between a repricing period and a loan tenor?

Loan Tenor is the full life of the loan within which you will be paying the monthly amortizations. In HSBC, maximum loan tenor is 20 years for Home Mortgage Loan and 10 years for Home Equity Loan.

Repricing Period is the fixing period of your interest. Available repricing periods are quarterly, 1 year, 2 years, 3 years and 5 years which offer different interest rates per repricing period.

For example:

A client was approved for a 10 year loan with a repricing period of 5 years. Although the client's approved loan tenor is 10 years (the full life of the loan), the interest rate is fixed for only 5 years. On the sixth year, client's interest rate will change based on the current roll-over rate of his chosen interest fixing period.

6. What is a Repricing rate (or Roll-over rate)?

Repricing rate (or Roll-over rate) is the interest rate applicable to your mortgage after each repricing period. You will be advised through direct mail or SMS of the repricing rate prior to repricing period. For further discussion and to know our current repricing rates, please contact your Home Loan Specialist. You may set an appointment with your Home Loan Specialist by visiting our Home Loan page at www.hsbc.com.ph.

7. How much interest will be charged to my loan?

- The interest rate that will initially apply to you is the prevailing interest rate at the time of loan drawdown. Note that for construction loans where the loan proceeds are disbursed in tranches, the interest rate that will apply to you may differ for each loan tranche release.
- For subsequent scheduled Repricing Dates, the prevailing Repricing interest rate will apply to all outstanding loans.
- For construction loans, the interest rate that will apply to you is the prevailing rate at time of each loan tranche drawdown, and may differ for each loan tranche release. Subsequently, the prevailing rate at time of scheduled loan repricing will apply to all outstanding loans.

8. How do you compute for the total interest on the loan?

The interest per annum shall be computed on the basis of the actual number of calendar days in a year and the actual number of days elapsed from the date hereof.

9. What is the difference between Add-on Rate and Effective Interest Rate (EIR)?

1. Add-on Rate vs Effective Interest Rate.

Add-on interest rate is a quick way to compute for the total interest to be paid on the loan. When you add this to the principal loan amount, and divide it by the number of repayments, it will give you the amortization amount.

Example:

Loan amount	Php120,000
Loan term	6 months
Add-on interest (annual)	10.63%
Add-on interest (monthly)	0.89%
Monthly amortization	Php21,063.03
Total interest to be paid on the loan	Php6,378.15

Effective interest rate is the rate that exactly discounts estimated future cash flows through the life of the loan to the net amount of loan proceeds. For consistency, methodology and standards for discounted cash flow models shall be prescribed to be used for the purpose.

Loan amount	Php120,000
Loan term	6 months
Effective interest rate (annual)	18%
Effective interest rate (monthly)	1.5%
Monthly amortization	Php21,063.03
Total interest to be paid on the loan	Php6,656.39

For either calculation method, interest shall be computed based on the outstanding balance of the loan at the beginning of an interest period

10. Can I choose my repayment method?

You may choose either the Straight-Line Scheme or Reducing Balance Scheme to be applied on your monthly amortization. For either calculation method, interest shall be computed based on the outstanding balance of the loan at the beginning of an interest period.

Straight-Line Scheme – you can easily forecast your amortization cost along with your other expenses. Your monthly amortization is fixed and allows you to plan and manage your monthly cash flows.

Reducing Balance Scheme – your monthly amortization varies and you can get more savings on your interest payments over the life of the loan since the principal portion is paid off faster at the earlier stages of the loan.

11. What are the features and benefits of HSBC Mortgage?

a. Flexible Repayment Schemes

Opt for our Equal-Principal Scheme which allows you to forecast your amortization cost along with your other expenses easily. Your monthly amortization is fixed and allows you to plan and manage your monthly cash flows. Or go for our Reducing Balance Scheme where your monthly amortization varies and you can get more savings on your interest payments over the life of the loan since the principal portion is paid-off faster at the earlier stages of the loan.

For either calculation method, interest shall be computed based on the outstanding balance of the loan at the beginning of an interest period. You will be provided with a disclosure statement and amortization schedule by loan drawdown.

b. Array of Interest-rate fixing options for new loans and repricing/roll-over.

Select from quarterly, annual, two (2) years, three (3) years, or five (5) year interest rate repricing options. A shorter repricing period will entitle you to a lower interest rate; however, this rate will be subject to change after the first year depending on the market conditions. It can either go up or down. On the other hand, a longer repricing period has a higher interest rate, but secures your amortization payments for the next few years.

Section 2. About You

1. How old should I be to be able to apply for a Home Loan?

You must be at least 21 years old at time of application. The mortgage you are applying for should have been repaid by age 65.

2. How much do I need to earn in order to apply for an HSBC Home Loan?

Your gross household income should be at least Php50,000 per month.

The minimum monthly income requirement for the primary borrower is PHP 50,000. A Co-borrower may be required when the primary applicant does not meet the income requirement and needs supplementary income, for so long as the co-borrowers/guarantors adhere to the same credit and regulatory requirements as the primary borrower. If all borrowers are related by consanguinity or affinity, maximum allowable is up to five (5). If borrowers include at least one person not related by consanguinity or affinity (i.e. friend) to any of the other borrowers, maximum allowable is only three (3).

3. What loan is best for me?

It depends on your need. If you need to purchase a new property, or construct your dream house on your pre-purchased lot, you may avail of a Home Mortgage Loan. If you need funds to put up a business, renovate your home or for any need which you may have, you may avail of our Home Equity Loan.

4. What other factors do I have to consider when availing of a loan?

Taking out a mortgage is a major financial commitment that will influence your finances for the next several years. Therefore, it is important to know the risks associated with a mortgage. Here are some factors to consider before taking out a mortgage: Your current financial situation, your future financial situation, interest rates, possible appreciation or depreciation of your home, stability of your income, potential for higher mortgage payments, other major financial commitments in your life (buying a car, tuition fees of your children, emergencies, etc.), and other additional costs of owning a home (property taxes, home repairs, condominium fees, etc.).

5. Can I avail of an HSBC Home Mortgage Loan even if I am an OFW currently living overseas?

Yes you can subject to HSBC's credit policies. Please visit our website at www.hsbc.com.ph to send us a message. A Home Loan Specialist will get in touch with you to discuss and guide you through the Home Loan application process.

Section 3. About the Property

1. What types of property will be accepted?

The following are acceptable* property types:

- House and lot covered by a Transfer Certificate of Title (TCT)
- Condominium unit covered by a Condominium Certificate of Title (CCT)
- Townhouse covered by either a TCT or CCT
- Vacant lot with undertaking to construct a residential house within one (1) year from first tranche release
- Accredited pre-sell residential properties of accredited developers

*Subject to HSBC's policies on acceptable collaterals. For pre-sell units, HSBC must have a Memorandum of Agreement and/or Deed of Undertaking (DOU) arrangement with the developer; subject to the terms and conditions between the Developer and HSBC.

2. Does HSBC offer overseas mortgages?

No. Currently HSBC can only offer mortgage against properties located within select areas in the Philippines.

Section 4. About the Fees and Amortization Payments

1. What are the applicable fees?

- Late Payment Penalty

20% per annum, computed from the day immediately after each installment due date until fully paid, which shall be charged against all overdue amounts (principal and interest) for every installment period or fraction thereof that an installment remains overdue.

- Documentary Stamp Taxes: Php1.50 for every Php200 or a fraction thereof of loan proceeds
- Other mortgage related fees and charges

All expenses referred to in the Mortgage, and all reasonable costs and expenses incurred by us in connection with the loan and/or Mortgage including but not limited to application processing fee, registration fee, Documentary Stamps, third party appraisal service fee, notarial fee, expenses for appointing debt collection agent if you default in payment, and other expenses for preserving or enforcing our rights are payable by you on demand.

- These fees will be included in the Disclosure Statement to be issued after loan drawdown.
- These fees and charges are subject to change with prior notice.
- If suit is commenced on the delinquent loan, or the same is delivered to any Attorney-at-law for collection, You agree to pay the Bank the actual amount of attorney's fees, expenses of collection and costs of suit.

2. How much is my monthly amortization?

You may check with your Home Loan Specialist regarding your indicative monthly amortization. You may also visit our website: www.hsbc.com.ph for access to our Home Loan Calculator. A disclosure statement and an amortization schedule will be provided to you before and after drawdown.

3. How can I make payments on my HSBC Mortgage?

You can pay your mortgage by Auto Debit Arrangement (ADA). This set-up will be arranged once loan application is approved and account opening requirements agreements have been completed.

4. Are there other charges/ fees which I need to pay?

If you are planning to prepay, pre-terminate, restructure the loan term or change the interest rate fixing date or repricing period, you will have to pay the corresponding service fees and Break Funding Cost, as applicable.

HSBC does not look to profit from your prepayment but simply looks to recover reasonable estimates of our loss, this prepayment loss recovery may also be defined as a Break Funding Cost in your loan agreement. Break funding Costs are typically assessed for loans that are paid before maturity and represent the cost of having to reinvest funds at a lower return.

5. How is this Break Funding Cost computed?

Break Funding Costs apply when HSBC's cost of funding for the time remaining until the end of the agreed fixed rate period is lower than the original cost of funding. How a break cost is typically calculated is outlined in an example below.

For illustration purposes only:

Client takes up PHP1M loan on 04 January 2016 and decides on the one year fixed rate option. On 04 April 2016, he decided to prepay his loan for the amount of PHP300,000. Since 3 months has lapsed since drawdown, the applicable reference rate is the prevailing 9-month market rate.

In the example above, we use 4.05% as HSBC's cost of funds at the time of draw down. At the prepay date, the current applicable reference rate for the time remaining is at 4%.

(A) Booking Date:	4 January 2016
(B) Unwind Date:	4 April 2016
(C) Maturity Date:	4 January 2017
(D) Time to Maturity:	275 days
(E) Amount Prepaid:	Php300,000
(F) Cost of Funds:	4.05%
(G) Current App. Ref. Rate:	4.00%
(H) Difference:	0.05%
(I) Break Funding Cost:	Php113.01

The break funding cost is calculated by multiplying E (Amount prepaid) x H (Difference) X D (Time to Maturity)/365.

You may contact your Home Loan Specialist or Relationship Manager for other fees related to your mortgage pre-termination.

Additional Break Funding Cost for pre-termination on Repricing or Non-repricing Date within five (5) years from date of loan drawdown, where the original maturity date of the loan is more than five (5) years.

The Additional Break Funding Cost will be computed as follows: $\text{Ref 3} \times \text{total loan interest computed from loan value date to loan pre-termination date}$.

Where: Ref 3 - 4% deficiency gross receipts tax imposed on interest of pre-terminated loans as prescribed under Section 121 of the National Internal Revenue Code of 1997, as amended.

For illustration purposes only: Interest on the pre-terminated loan from value date until pre-termination date is PHP1,000.

Additional break funding cost is computed as: $4\% \times \text{PHP1,000} = \text{PHP40}$

This deficiency represents the difference between the 1% Gross Receipts Tax (GRT) initially paid by the LENDER/MORTGAGEE based on the original maturity date of the loan of more than five (5) years (under Sec. 121 of the Philippines Tax Code), and the resulting higher GRT of 5% due to the shortened and actual consummated loan tenor which is five (5) years or less as a result of loan pre-termination by the BORROWER/MORTGAGOR. This deficiency GRT is applicable whenever a loan is pre-terminated whether on repricing date or non-repricing date within five (5) years from loan drawdown.

Section 5. About the Application Process, Documents, Other Requirements, and Terms & Conditions

1. How do I apply?

Effective 1 June 2018, HSBC Home Loan is available to existing HSBC Premier and Advance clients. You may contact your Branch of Account or Relationship Manager to apply.

2. What are the requirements I need in order to complete the HSBC Mortgage application?

Aside from your duly completed Home Loan application form, you also need to submit the following:

a. BASIC REQUIREMENTS

- One photo-bearing Government Issued Identification Card
- Billing Statement addressed to current and permanent residence such as latest 1 month bank statement, credit card statement or utility billing statement (and other Proof of residential address alternatives)
- Tax Identification Number (TIN), or foreign equivalent, or Community Tax Certificate (CTCs) or passport or any other documents allowed for notarization purposes
- Marriage Certificate, if married

b. INCOME DOCUMENTS

EMPLOYED: (Any)

- Latest Income Tax Return (ITR) or BIR Form 2316/1700/1701 or BIR Form 2306 with sworn statement or foreign equivalent, if applicable Latest Certificate of Employment
- Latest Three (3) Months' Pay slips
- Employment Contract or Employer's Affidavit or sworn statement, if applicable

SELF-EMPLOYED: (All)

- Latest three (3) years Income Tax Return (ITR) and latest three (3) years Audited Financial Statements (AFS); or Latest one (1) year ITR with AFS and latest three (3) months bank statements.
- Latest Business/Mayor's Permit
- Latest SEC/DTI Registration
- Latest Articles of incorporation, if part-owner

SELF-EMPLOYED PROFESSIONALS:

(Any of the following)

- Latest three (3) years Income Tax Return (BIR Form 1701)+Latest three (3) years audited financial statements
- Latest three (3) months bank statements
- Latest three (3) years year Income Tax Return (BIR Form 1700)
- Last year Income Tax Return (BIR Form 2316)
- Latest three (3) months' pay slip or certificate of employment

SHAREHOLDER: (All)

- Latest Articles of Incorporation
- Latest three (3) months' pay slips and Certificate of Employment (if employed and shareholder)
- Latest three (3) years Audited Financial Statements; or latest three (3) months bank statements
- Sworn Statement (if only source of income is dividends); or latest BIR Form 1701 (if income is derived from both business and compensation)

c. SECURITY RELATED DOCUMENTS

- TCT (Transfer Certificate of Title), if property is a house and lot, or
- CCT (Condominium Certificate of Title), if property is a condominium

d. INSURANCE-RELATED DOCUMENTS

- Mortgage Redemption Insurance (MRI) secured through HSBC Insurance Brokers Philippines Inc, or Life insurance policy equivalent to the outstanding loan duly endorsed in favor of HSBC.
- For house and lot, fire insurance policy equivalent to the value of the property duly endorsed in favor of HSBC.
- For condominium unit, copy of Master Fire Insurance (MFI) of the condominium building for select projects of HSBC's accredited top developers. For other developers and/or condominium projects, the MFI must also be duly endorsed in favor of HSBC in an amount equal to or more than the value of the unit.
- Every year while the loan is outstanding, you are required to submit the updated life insurance and/or fire insurance policy together with the proof of updated premium payments. You may also avail of Insurance-on-Installment (IOI) whereby HSBC may facilitate securing an insurance policy for you and you can settle the premium in three (3) monthly instalments at zero percent (0%) interest.

3. I'm interested to apply for a Construction Loan. What are the additional documents needed aside from the basic application requirements?

For Construction Loans, here are the additional requirements:

- Building Plan
- Bill of Materials
- Building specifications
- Building Permit
- In the absence the above documents, Letter of Undertaking (LOU) to construct

The Construction loan shall be released in the following manner:

For Construction only (lot is pre-owned):

Tranche Releases	Required completion percentage	Tranche amount
1 st tranche	0%	¼ of the total loan amount
2 nd tranche	30%	¼ of the total loan amount
3 rd tranche	60%	¼ of the total loan amount
4 th tranche (Final)	90%	¼ of the total loan amount

For Lot Purchase and Construction

Tranche Releases	Required completion percentage	LTV	
		With construction documents prior approval	With Letter of Undertaking to construct
1 st tranche	0%	Approved LTV or 70%, whichever is lower, applied to the value of the land*	Approved LTV or 60%, whichever is lower, applied to the value of the land*
2 nd tranche	30%	1/3 of the remaining loan amount after first tranche**	1/3 of the remaining loan amount after first tranche (once construction documents are in place)**
3 rd tranche	60%	1/3 of the remaining loan amount after first tranche**	1/3 of the remaining loan amount after first tranche (once construction documents are in place)**
4 th tranche (Final)	90%	1/3 of the remaining loan amount after first tranche**	1/3 of the remaining loan amount after first tranche (once construction documents are in place)**

*Lower of Appraised value of the land vs. Selling price of the land

** (Total Amount – 1st tranche) / 3

All tranche releases shall be verified and validated by the Bank's accredited property appraisers, the cost of which shall be for your account; provided that the Construction shall not exceed twelve (12) months whichever is shorter and the tranche releases will follow the final maturity date, instalment date and interest repricing period of the initial drawdown.

4. Is there a difference in requirements when availing of a Home Loan to purchase a built property or a pre-selling condominium?

For Completed Properties, you need to forward the following in addition to our basic and income requirements:

- Copy of your Property Title (Transfer Certificate of Title/ Condominium Certificate of Title); the original Title should be endorsed to the Bank when you agree to the terms of the loan, for the Bank to facilitate the annotation.
- Appraisal Report (from Accredited Appraiser). The Bank will facilitate the property appraisal, the cost of which shall be charged to you
- Real Estate Tax Receipt for Land and Improvements
- Tax Clearances for Land and Improvements
- Tax Declaration

For Pre-sell Properties

- Contract to Buy and Sell, or any valid alternative
- Statement of Account from the developer

5. Can I avail of an HSBC Mortgage to buy a vacant lot?

Yes, you may apply for a mortgage provided that the lot will be used for residential purposes only. Furthermore, you must construct a residential house on the same property within one (1) year from the time you have availed of the loan. This will be evidenced by a letter of undertaking (LOU).

6. Why am I being required to build a house and what happens if I am unable to do so within the one (1) year period?

HSBC's policy on mortgages requires that the Bank must only finance properties which are owner-occupied and/or must be used as the borrower's residence/home. If you are unable to construct a house within the agreed period, HSBC has the option to call the loan due and demandable upon due notice.

7. I have an existing home loan with another bank. How can I move my current Mortgage to HSBC?

You may avail a Refinancing Loan whereby HSBC will pay off your existing/ outstanding loan balance with another bank. Please advise your Home Loan Specialist upon application if your loan purpose is to refinance your current mortgage. You will be required to submit the Home Loan Statement of Account (SOA) or other proof of payment history with your other bank, among others.

8. I am having difficulty completing my application form, who can I speak with for assistance?

You may ask assistance from your Home Loan Specialist.

9. What happens after I have submitted my HSBC Mortgage application?

An Account Officer will review your submitted documents to check the completeness of forms and other requirements which you have provided. Your application will then be further reviewed, evaluated and assessed. Please note that we may request for additional requirements from you if the need arises.

10. How long will it take to process my HSBC Mortgage application?

The processing time may vary depending on the type of loan you are applying for. Please contact your Home Loan Specialist for more information.

11. I've submitted my application for an HSBC Mortgage. How can I check on its status?

You can check your application status by calling your Home Loan Specialist.

12. Are there any other requirements, and terms & conditions?

- a. You are required to execute a Promissory Note with Real Estate Mortgage in our favor over the property which will secure all moneys owing by you to us in accordance with the provision/s in the said document. The Loan is secured by the Mortgage on your Property. If you default in repayment, we have the right to take possession of and sell your Property to satisfy all amounts owing to us in connection with the Loan or the Mortgage.
- b. You are required to assign a life insurance policy equivalent to the outstanding loan to HSBC or secure a Mortgage Redemption Insurance (MRI) with initial coverage equivalent to the approved loan facility and Fire Insurance coverage on the mortgaged property.
- c. For condominium unit, copy of Master Fire Insurance (MFI) of the condominium building for select projects of HSBC's accredited top developers. For other developers and/or condominium projects, the MFI must also be duly endorsed in favor of HSBC in an amount equal to or more than the value of the unit.
- d. Set-off right – the Bank has the right, without prior notice, to transfer any money standing to the credit of any account(s) that you maintain with us to satisfy any amount owing to us in connection with the mortgage.
- e. Annual submission of documents – in compliance with Bangko Sentral ng Pilipinas (BSP) regulations, the Bank requires clients with existing Mortgage to submit, as applicable every year, their Income Tax Return (ITR) and their Real Estate Tax Receipts (RETR) and/or Tax Declaration of the property/ies securing the home loan.
- f. Updating of Customer Information – please provide updated contact and other personal information as and when applicable.

13. What is an Insurance-on-Instalment (IOI)?

- Insurance-on-Instalment is an easy on the pocket installment facility offered by HSBC to pay insurance premiums at absolutely no interest.
- IOI is paid via three (3) monthly installments simultaneously with your mortgage amortizations every year upon renewal. To avail of this, you must apply for an insurance coverage thru HSBC's Insurance Brokerage Team and for this you shall be required to provide your personal information as part of the evaluation process. Where applicable, you shall be required to undergo medical examination. For fire insurance coverage, an appraisal of the property may also be required. The cost of appraisal shall be charged to you.
- For more information on IOI, your Home Loan Specialist may refer you to our Insurance Brokerage team.

14. Can I still avail of IOI if I provided my own insurance policy?

Upon expiry of your own insurance policy, you have the option to avail of a new insurance coverage thru our Insurance Brokerage Team and may pay the corresponding premium due via IOI. Please advise your Relationship Manager or Personal Banking Officer prior to expiry of your existing policy if you would like to switch to this option.

15. What if my own insurance policy expires and I am unable to submit updated/renewed documents?

The Bank has the option to secure a new insurance policy in your behalf and the premium due may be enrolled under IOI.

16. I am currently enrolled in IOI, do I need to re-enroll for the succeeding years?

Once you are enrolled, HSBC will proceed to renew the insurance every year via IOI. You must ensure that your Home Loan ADA account is sufficiently funded to cover the loan amortization and the IOI amount due.

Section 6. About the Risks

Taking out a mortgage is a major financial commitment that will influence your finances for the next several years. Therefore, it is important to know the risks associated with a mortgage.

1. What happens if I miss my payments?

A penalty for overdue monthly or fortnightly amortization amount will be charged on all amounts not paid on or before the due date. The penalty rate is indicated in the Promissory Note and/or Disclosure Statement which will be signed by you. Missed payments also affect your internal and external credit rating or history.

2. What happens if I totally default on my mortgage?

Apart from paying the penalty, defaulting has a negative impact on your credit history which will make it more difficult for you to acquire any credit in the future. More importantly, you stand to lose the money you invested in your home if your home is foreclosed.

3. Is there a risk on foreign currency denominated loans*?

- Yes. Due to movements in currency exchange rates, the outstanding amount of your mortgage may be higher in the future. You can discuss this further with your Home Loan Specialist.

**This is applicable to clients with existing foreign currency denominated loans*

4. What is Negative Equity and what are its risks?

As mentioned above, HSBC may only lend up to a certain percentage of the value of your property or Loan-to-Value Ratio (LTV) which is all about how much loan you owe/borrowed in relation to the value of your property. On the other hand, the difference between the amount you owe and the value of your property is called your "Equity".

From a banking perspective, LTV limits are there to ensure that the mortgage is covered in the event of fluctuation in property-value/prices up to foreclosure-sale.

From the customer/borrower's perspective, LTV becomes an important consideration in case you decide to sell or re-finance your property in the future. Even though your loan balance decreases as you amortize every month, property values including yours may suddenly fluctuate or change unexpectedly or worse, unfavorably. As you are probably aware of, market prices of properties can be affected by several factors such as economics, environment, location and demand/supply.

In the event of depreciation, a high LTV becomes a disadvantage as you may end up having a "Negative Equity" wherein the value of your property is already less than the amount of your mortgage. And if you suddenly find a need to sell your property, the same will become very difficult as you or your buyer may have to cough up additional cash to pay-off and release the mortgage. Furthermore, a Re-mortgage under such circumstances may also become improbable as the depreciated value of your property no longer provides any room for a top-up loan without exceeding LTV limits.

5. What is the Risk if I have no insurance coverage?

Mortgage Redemption Insurance (MRI) or a Life insurance assignment is intended to pay-off the loan (up to the extent of the insurance coverage) in the event of death of the borrower and/or co-borrower, whoever is insured. In the absence of a coverage, whether due to waiver or non-renewal, the obligation will simply remain and the remaining borrower must continue to amortize the loan. In the event of default especially if the person who passed away is only one who has the capacity to pay the loan, the property might end up being foreclosed by the Bank.

Fire Insurance, on the other hand, is intended to pay-off the loan (up to the extent of the insurance coverage) in case of property-damage due to fire (or other eligible reasons stated in the policy). In the absence of a fire insurance coverage, the borrower must continue to carry the burden of amortizing the loan even if the property is not usable or destroyed (especially if it is a family home).

Section 7. After-Sales Servicing

1. How can I access my HSBC Mortgage Statements?

For a copy of your mortgage statement of account, please visit or call your branch of account or Home Loan Specialist. It is recommend that you set-up your Online Banking account with HSBC so that you can easily access your loan details.

2. How do I register to Online Banking?

- a. Go to HSBC's website www.hsbc.com.ph and click Register
- b. Register using your Phone Banking number or Credit Card number or ATM/Debit Card Primary Account Number
- c. Create your username
- d. Set your passwords and security questions
- e. Accept the Terms and Conditions
- f. Set your Account Preferences

3. How do I change my personal details?

If you wish to change your personal details, please call our Customer Service Hotline at (02) 8858-0000 or visit your branch of account.

4. I want to change my auto-pay account for mortgage repayment. What should I do?

Please visit your HSBC branch of account. Kindly note that there is an amendment service fee of Php500 if you request for changes in your loan account after the loan has been drawn.

5. Can I change the repayment date on my HSBC Mortgage?

Yes, subject to some amendment fees and credit evaluation and approval.

6. How can I amend the repayment amount, repayment frequency or tenure of payment on my HSBC Mortgage?

Please visit your HSBC branch of account. Kindly note that there is an applicable amendment service fee if you request for changes in your loan account after the loan has been drawn.

7. I want to settle the loan. What should I do?

Please contact your Home Loan Specialist or call our Customer Service hotline at (02) 8858-0000 for details.

IMPORTANT NOTE:

The above terms, conditions and features may change and/or vary at any time for which you will be advised.

For inquiries or complaints, please call HSBC's Customer Service at (02) 8858-0000 or (02)7976-8000 from Metro Manila,

+1-800-1-888-8555 PLDT domestic toll-free, (International Access Code) + 800-100-85-800 international toll-free for selected countries/regions, or send an email to hsbc@hsbc.com.ph to submit an inquiry or complaint. If you want to find out more about HSBC's customer feedback procedures, please visit hsbc.com.ph/feedback to learn more about feedback and complaints.

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Note: Do not provide your account or credit card numbers or disclose any other confidential information or banking instructions through email.