

HSBC Savings Bank Home Loan

Terms and Conditions

Section 1: General Conditions of Mortgage/Home Loan

1.1 Definitions and interpretation

Terms used in this document (including the Appendices) are defined in Appendix 1. The rules for interpreting the provisions of this document are also set out in Appendix 1.

1.2 Available Features and Benefits

We may offer a Home Loan with such features and on such terms and conditions as we may specify from time to time. We may introduce new types of loans, or withdraw any existing type of loans or vary their respective features and scope from time to time.

Effective 1 June 2018, HSBC Home Loans is exclusive for Premier and Advance banking depositors only.

1.3 Classifications

1.3.1 We may set Classifications of loans with different Features. The Features may include enhanced services, preferential terms, preferential interest rates or special promotions.

1.3.2 We may introduce new Classifications, vary or withdraw any existing Classifications, or vary the Features of a Classification of loan from time to time.

1.4 Account Classification

1.4.1 Premier

For accounts opened prior 1 June 2018: You are classified under the Premier Tier if you availed of a Home Loan of at least PHP6 Million. In order to remain in the tier and enjoy the full benefits under such, which includes discount on your Home Loan roll-over rate, you must maintain the required Total Relationship Balance of at least Php4 Million within two (2) years from date of avilment of your Home Loan. Otherwise, you will be reclassified to an Advance Tier.

1.4.2 Advance

For accounts opened prior 1 June 2018: You are classified under the Advance Tier if you availed of a Home Loan of at least PHP2 Million and not exceeding Php5.99M. Since you are required to open an HSBC Account, you will be bound by the related HSBC Account/Tier Terms and Conditions.

1.4.3. Classic Home Loan

For accounts opened prior 1 June 2018: You are classified under the Classic Tier if you availed of a Home Loan in the amount of at least Php500,00 (for construction loans), or Php700,000 (for all other types of home loan), and not exceeding Php1,999,999.

HSBC does not offer home loan below Php500,000

1.5 Tier Pricing / Special Offers

1.5.1 We may set or vary the criteria that you have to fulfil in order to remain in a Tier or to enjoy the Features associated with that Tier. The criteria may include the value of the property used as collateral by you with us or the amount of credit facilities granted by us to you. The updated criteria and other details about the Tiers are available

from us upon request. Your use or enjoyment of a Feature may also be governed by further terms and conditions applicable to that Feature.

1.5.2 The Features available to you and the fees and charges payable by you may vary.

1.5.3 We will notify you of an allocation, variation or withdrawal of a Tier through best possible and reasonable means. Upon allocation of a new or varied Tier by us, you become bound by all the terms and conditions governing the use or enjoyment of the Features associated with that Tier.

1.5.4 The terms and conditions relating to a Feature or Tier prevail over the provisions of these Terms and Conditions if there is any inconsistency between them concerning that Feature or Tier.

1.6 Bank-customer relationship

In respect of a loan availed by you from us, we are the Lender/Mortgagee and you are the Borrower/Mortgagor. Other types of relationship may arise between us depending on the Services provided.

1.7 Loan with co-borrower/s

If you will have co-borrower/s, your obligations shall be joint and several with each other. Words denoting the masculine shall include the feminine and vice versa, and words denoting the singular shall include the plural and vice versa. Words denoting persons shall include corporations, partnerships or other organizations.

1.8 Termination of Loan

1.8.1 Subject to the provisions of the Loan/Mortgage contract/s between us, you may terminate the loan by giving us prior written notice of such period as we may accept subject to costs of pre-terminating the loan, as applicable, which shall be for your account.

1.8.2 Without limiting or reducing our termination right under Clause 1.8.1, we may suspend or terminate all or any part of the Services and the loan if any of the following events occurs or continues, for which you will be duly notified:

- a. you fail to pay any amount due and payable by you or perform any other obligations in relation to the Loan/Mortgage or you breach any of the provisions of these Terms and Conditions or the Applicable Regulations;
- b. a petition/action for bankruptcy, insolvency, receivership or liquidation or any analogous petition/action/proceeding is filed by/against you;
- c. a legal order or request is binding on the Loan/Mortgage maintained by you with us;
- d. (where the loan is provided to two or more persons) there is any dispute or proceedings between you with respect to the loan
- e. any other event (including any Applicable Regulations) which, in our opinion, renders suspension or termination of the loan

1.8.3 If all or any part of the loan is suspended or terminated for any reason whether by you or by us, we have the right to do any of the following:

- a. cancel any Instruction that we have not executed at the time of suspension or termination;
- b. complete any transaction that we have effected on your behalf before suspension or termination;
- c. exercise any of our rights under Clause 1.9.; or
- d. suspend or cancel your other credit facilities with us, or with any member of the HSBC Group

1.8.4 Except where the loan is terminated by you or by us, you may retain any one or more Accounts with our agreement and will continue to be bound by the Accounts Terms and Conditions.

1.8.5 Termination of the loan will for all purposes terminate the Tier and all the Features associated with that Tier that you enjoyed prior to termination.

1.8.6 Even after the suspension or termination of all or any part of the loan, you remain responsible for performing and discharging any of your obligations or liabilities created or accrued before suspension or termination.

1.9 Our right to debit your accounts; set-off

1.9.1 In addition to and without limiting or reducing any of our rights at law, in equity or under any agreement, we are entitled without prior notice:

- a. to debit any amount payable by you to us (including any fees or expenses) from any Account or any other account maintained by you with us. If any debit causes the relevant account to be overdrawn, you are liable to repay the outstanding amount to us on demand together with interest accruing on the outstanding amount at such rate as we may specify;
- b. to withhold, combine or consolidate the balance on any or all of your accounts maintained with us and set off or transfer any moneys towards settlement of any amount whether actual or contingent, present or future (including any fees or expenses) owing by you (and whether owing by you solely or jointly with any other person) to us in connection with the loan or otherwise under these Terms and Conditions; and
- c. to refuse to repay you any moneys in any currency standing to the credit of any or all of your accounts maintained with us (including any Account) when due or on demand by you if and to the extent that such moneys are less than such amount owing by you to us.

1.9.2 Our rights under Clause 1.9.1 will not, subject to Applicable Regulations, be limited or reduced by your death or legal incapacity.

1.10 Your data and information

Terms used in this Clause 1.10 shall have the following meanings:

“Authorities” includes any judicial, administrative, public or regulatory body, any government, any Tax Authority, securities or futures exchange, court, central bank or law enforcement body, or any of their agents with jurisdiction over any part of the HSBC Group.

“Compliance Obligations” means obligations of the HSBC Group to comply with: (a) Laws or international guidance and internal policies or procedures, (b) any demand from Authorities or reporting, disclosure or other obligations under Laws, and (c) Laws requiring us to verify the identity of our customers.

“Connected Person” means a person or entity (other than you) whose information (including Personal Data or Tax Information) you provide, or which is provided on your behalf, to any member of the HSBC Group or which is otherwise received by any member of the HSBC Group in connection with the provision of the Services. A Connected Person may include, but is not limited to, any guarantor, a director or officer of a company, partners or members of a partnership, any “substantial owner”, “controlling person”, or beneficial owner, trustee, settler or protector of a trust, account holder of a designated account, payee of a designated payment, your representative, agent or nominee, or any other persons or entities with whom you have a relationship that is relevant to your relationship with the HSBC Group.

“Controlling Persons” means individuals who exercise control over an entity. For a trust, these are the settlor, the trustees, the protector, the beneficiaries or class of beneficiaries, and anybody else who exercises ultimate effective control over the trust, and for entities other than a trust, these are persons in equivalent or similar positions of control.

“Customer Information” means your Personal Data, confidential information, account information, and/or Tax Information, or that of a Connected Person, including relevant information about you, or that of a Connected Person, your transactions, your use of our products and services, and your relationships with the HSBC Group.

“Financial Crime” means money laundering, terrorist financing, bribery, corruption, tax evasion, fraud, evasion of economic or trade sanctions, and/or any acts or attempts to circumvent or violate any Laws relating to these matters.

“**HSBC Group**” means The Hongkong and Shanghai Banking Corporation Limited, its affiliates, subsidiaries, associated entities and any of their branches and offices (together or individually), and “member of the HSBC Group” has the same meaning.

“**Laws**” include any local or foreign law, regulation, judgment or court order, voluntary code, sanctions regime, agreement between any member of the HSBC Group and an Authority, or agreement or treaty between Authorities and applicable to HSBC or a member of the HSBC Group.

“**Personal Data**” means any information, whether recorded in a material form or not, (a) from which the identify of an individual is apparent or can be reasonably and directly ascertained by the entity holding the information, or when put together with other information would directly and certainly identify an individual, (b) about an individual’s race, ethnic origin, marital status, age, color, gender, health, education and religious affiliations, (c) referring to any proceeding for any offense committed or alleged to have been committed by such individual, the disposal of such proceedings, or the sentence of any court in such proceedings, and (d) issued by government agencies peculiar to an individual which includes, but not limited to, social security numbers and licenses.

“**Services**” includes (a) the opening, maintaining and closing of your bank accounts, (b) providing you with credit facilities and other banking products and services, processing applications, credit and eligibility assessment, and (c) maintaining our overall relationship with you, including marketing services or products to you, market research, insurance, audit and administrative purposes.

“**Substantial Owners**” means any individuals entitled to more than 10% of the profits of or with an interest of more than 10% in an entity either directly or indirectly.

“**Tax Authorities**” means Philippine or foreign tax, revenue or monetary authorities (for example, Her Majesty’s Revenue and Customs).

“**Tax Certification Forms**” means any forms or other documentation as may be issued or required by a Tax Authority or by us from time to time to confirm your tax status [or the tax status of a Connected Person].

“**Tax Information**” means documentation or information about your tax status and the tax status of any owner, “controlling person”, “substantial owner” or beneficial owner.

“**We**”, “**Our**” and “**Us**” refer to The Hongkong and Shanghai Banking Corporation Limited and/or any member of the HSBC Group. Reference to the singular includes the plural (and vice versa).

1.10.1 Collection, Processing and Sharing of Customer Information

These clauses explain how we will use your information and that of Connected Persons. By using the Services, you agree that we and members of the HSBC Group shall use Customer Information in accordance with such clauses. Customer Information will not be disclosed to anyone (including other members of the HSBC Group), other than where:

- We are legally required to disclose;
- We have a public duty to disclose;
- Our or a third party’s legitimate business purposes require disclosure;
- The disclosure is made with your consent; or
- It is disclosed as set out in this clause.

COLLECTION

We and other members of the HSBC Group may collect, use and share Customer Information. Customer Information may be requested by us or on our behalf or that of the HSBC Group, and may be collected from you directly, from a person acting on your behalf, from other sources (including from publically available information), and it may be generated or combined with other information available to us or any member of the HSBC Group.

PROCESSING

Customer Information will be processed, transferred and disclosed by us and/or members of the HSBC Group in connection with the following Purposes:

- a. the provision of Services and to approve, manage, administer or effect any transactions that you request or authorize,
- b. meeting Compliance Obligations,
- c. conducting Financial Crime Risk Management Activity,
- d. collecting any amounts due and outstanding from you,
- e. conducting credit checks and obtaining or providing credit references,
- f. enforcing or defending our rights, or those of a member of the HSBC Group,
- g. for our internal operational requirements or those of the HSBC Group (including credit and risk management, system or product development and planning, insurance, audit and administrative purposes),
- h. maintaining our overall relationship with you including marketing or promoting financial services or related products and market research (the "Purposes").

SHARING

By using the Services, you agree that we may, as necessary and appropriate for the Purposes, transfer and disclose any Customer Information to the following recipients globally (who may also process, transfer and disclose such Customer Information for the Purposes):

- a. any member of the HSBC Group;
- b. any sub-contractors, agents, service providers, or associates of the HSBC Group (including their employees, directors and officers);
- c. any Authorities, in response to their requests;
- d. persons acting on your behalf, payment recipients, beneficiaries, account
- e. nominees, intermediary, correspondent and agent banks, clearing houses, clearing or settlement systems, market counterparties, upstream withholding agents, swap or trade repositories, stock exchanges, companies in which you have an interest in securities (where such securities are held by us for you);
- f. any party to a transaction acquiring interest in, or assuming risk in, or in connection with, the Services;
- g. other financial institutions, credit reference agencies or credit bureaus and their subscribers/members, for the purposes of obtaining or providing credit references;
- h. any third party fund manager who provides asset management services to you;
- i. any introducing broker to whom we provide introductions or referrals;
- j. any party in connection with any HSBC business transfer, disposal, merger or acquisition,

wherever located, including in jurisdictions which do not have data protection laws that provide the same level of protection as the jurisdiction in which the Services are supplied.

CUSTOMER/CLIENT OBLIGATIONS

You agree to inform us promptly, and in any event, within 30 days, in writing if there are any changes to Customer Information supplied to us or a member of the HSBC Group from time to time, and to respond promptly to any request from us or a member of the HSBC Group.

You must ensure that every Connected Person whose information (including Personal Data or Tax Information) you (or anyone else on your behalf) provided, or will from time to time provide, to us or a member of the HSBC Group has been notified of and agreed to the processing, disclosure and transfer of their information as set out in these Terms before their information is provided. You must at the same time advise them that they have rights of access to, and correction of, their Personal Data.

Where:

- you fail to provide promptly Customer Information that we reasonably requested, or

- you withhold or withdraw any consents that we may need to process, transfer or disclose Customer Information for the Purposes (except for purposes connected with marketing or promoting products and services to you), or
- we have, or a member of the HSBC Group has, suspicions regarding Financial Crime or an associated risk,

we may:

- a. be unable to provide new, or continue to provide all or part of the, Services to you and reserve the right to terminate our relationship with you;
- b. take actions necessary for us or a member of the HSBC Group to meet the Compliance Obligations; and/or
- c. block, transfer or close your account(s) where permitted under local Laws.

In addition, if you fail to supply promptly your, or a Connected Person's, Tax Information and accompanying statements, waivers and consents, as may be requested, then we may make our own judgment with respect to your status, including whether you are reportable to a Tax Authority, and may require us or other persons to withhold amounts as may be legally required by any Tax Authority and paying such amounts to the appropriate Tax Authority.

You agree that We shall not be liable for any loss or damage arising from or incidental to our use, collection, processing and sharing of Customer Information, and any action we have taken in relation to this Clause 1.10.

1.10.2 Data protection

Whether it is processed in a home jurisdiction or overseas, in accordance with data protection legislation, Customer Information will be protected by a strict code of secrecy and security which all members of the HSBC Group, their staff and third parties are subject to.

1.10.3 Financial crime risk management activity

We, and members of the HSBC Group, are required, and may take any action to meet Compliance Obligations relating to or in connection with the detection, investigation and prevention of Financial Crime ("Financial Crime Risk Management Activity").

Such action may include, but is not limited to: (a) screening, intercepting and investigating any instruction, communication, drawdown request, application for Services, or any payment sent to or by you, or on your behalf, (b) investigating the source of or intended recipient of funds (c) combining Customer Information with other related information in the possession of the HSBC Group, and/or (d) making further enquiries as to the status of a person or entity, whether they are subject to a sanctions regime, or confirming your identity and status.

Exceptionally, our Financial Crime Risk Management Activity may lead to us delaying, blocking or refusing the making or clearing of any payment, the processing of your instructions or application for Services or the provision of all or part of the Services. To the extent permissible by law, neither we nor any other member of HSBC Group shall be liable to you or any third party in respect of any loss (however it arose) that was suffered or incurred by you or a third party, caused in whole or in part in connection with the undertaking of Financial Crime Risk Management Activity.

1.10.4. Tax compliance

You acknowledge that you are solely responsible for understanding and complying with your tax obligations (including but not limited to, tax payment or filing of returns or other required documentation relating to the payment of all relevant taxes) in all jurisdictions in which those obligations arise and relating to the opening and use of account(s) and/or Services provided by us and/or members of the HSBC Group. [Each Connected Person acting in their capacity as a Connected Person (and not in their personal capacity) also makes the same acknowledgement in their own regard.] Certain countries may have tax legislation with extra-territorial effect regardless of your [or Connected Person's] place of domicile, residence, citizenship or incorporation. Neither we nor any member of the HSBC Group provide tax advice. You are advised to seek independent legal and/or tax advice. Neither we nor any member of the HSBC Group have responsibility in respect of your tax obligations in any jurisdiction which they may arise including any that may relate specifically to the opening and use of account(s) and/or Services provided by us and/or members of the HSBC Group.

1.10.5. Miscellaneous

In the event of any conflict or inconsistency between any of these Terms under Clause V and those in any other service, product, business relationship, account or agreement between you and us, these Terms shall prevail. Any consents, authorisations, HSBC requested waivers and permissions that already exist from you in relation to Customer Information shall continue to apply in full force and effect, to the extent permissible by applicable local law.

If all or any part of the provisions of these Terms become illegal, invalid or unenforceable in any respect under the law of any jurisdiction, that shall not affect or impair the legality, validity or enforceability of such provision in any other jurisdictions or the remainder of these Terms in that jurisdiction.

1.10.6. Survival upon termination

These Terms shall continue to apply notwithstanding their termination, any termination by us or a member of the HSBC Group of the provision of any Services to you or the closure of any account.

1.11 Communications

You agree that we may make use of any contact information provided by you and kept on our records (including address, telephone number and email address) from time to time to communicate with you (whether through letters, telephone calls, SMS, fax, email or other

1.12 Variation of terms

We have the right to vary these Terms and Conditions (including fees and charges) and any other terms and conditions governing any Services, Features, Tiers, the Loan or any Account from time to time by notice to you by way of display at our premises or in any manner we consider appropriate.

1.13 Limitation on our liability

If you use any service (which may include any Service) provided by any other person not being our agent or nominee, we are not liable in any way for the quality of the relevant service or any action, claim, loss, damage or liability of any nature which you may suffer or incur arising from or in connection with any act or omission of that other person providing the service or any agent or third party service provider appointed by it.

1.14 Miscellaneous general provisions

1.14.1 Currency conversion

Unless we specify otherwise in these Terms and Conditions, where conversion of one currency into another currency is required or appropriate under these Terms and Conditions, such conversion will be effected at our prevailing exchange rate at the time of drawdown. Any exchange rate provided by us at any other time is for reference only which may differ from the rate at which we effect the conversion.

1.14.2 Collection and recovering of debts

We have the right to employ any person to assist us in collecting and recovering any outstanding or overdue amount owing by you to us, including collection agent or any other service provider.

1.14.3 Recording

In the course of providing the loan, we (or any of our agents) may record Instructions or communications with you by tape, video or other means. We have the right to destroy these recording after such period of time as we consider appropriate.

1.14.4 Microfilming or scanning

We have the right to destroy any document or record relating to you, the loan or any of the Services after microfilming or scanning it. We also have the right to destroy any microfilm or scanned document or record after such period of time as we consider appropriate.

1.14.5 Our by-laws and practices

In addition to these Terms and Conditions, the Loan/Mortgage, the Services, the Features, the Tiers and other related matters are governed by the rules of Bangko Sentral ng Pilipinas (BSP) and our by-laws, regulations and practices. We may draw your attention to them by way of display at our premises, advertisement or in any manner.

1.14.6 Annual submission of documents

In compliance with the Bangko Sentral ng Pilipinas (BSP) regulations, clients with existing Home Loan whose outstanding loan balance (for the Home Loan alone or combined with other loans, Assetlink limit and/or credit card limit) is greater than Three Million Pesos (PHP 3M) must submit their Income Tax Return (ITR) every year for the duration of the loan. In addition to ITR, clients should also submit their Real Estate Tax Receipts (RETR) and/or Tax Declaration of the property/ies securing the home loan every year while the same is outstanding.

If you have previously submitted a Sworn Statement/Affidavit claiming exemption from Philippine Tax, please submit your latest ITR once the said sworn statement is no longer relevant due to a change in circumstance.

1.14.7 Waivers and remedies

No failure or delay by us in exercising any right, power or remedy will operate as a waiver of that right, power or remedy. Nor will any single or partial exercise preclude any other or further exercise of a right, power or remedy. Any right, power or remedy under these Terms and Conditions is intended to be cumulative and in addition to any other right, power or remedy we have at law or in equity.

1.14.8 Partial invalidity

If any provision of these Terms and Conditions is or becomes illegal, invalid or unenforceable under any Applicable Regulations or upon order/judgment of a competent court, such illegality, invalidity or unenforceability does not affect any other provision which remains in full force, validity and effect.

1.14.9 Appointment of agent or nominee

We may appoint any other person (such as service provider or sub-contractor) as our nominee or agent to perform any of the Services for us. For that purpose, we may delegate any of our powers to and you authorize us to disclose or transfer any information relating to you, the loan or the Services to that person. Subject to Clause 1.14, we remain liable to you for the negligence or wilful default of any person appointed by us under this clause as if we performed the relevant Services ourselves.

1.14.10 Assignment by us or by you

We may at any time assign or transfer any or all of our rights and obligations to any person without your agreement. You are not allowed to assign or transfer any of your rights or obligations to any person unless with our prior written agreement.

1.14.11 Governing law

These Terms and Conditions are governed by and will be construed according to Philippine laws.

1.14.12 Jurisdiction

You submit to the exclusive jurisdiction of the courts of the Philippines regarding any matter arising from and/or incidental to these Terms and Conditions.

Section 2: Operations of Mortgage/Loan

2.1 Mortgage Security

2.1.1 Security over property/ies

In consideration of our providing the loan and granting or continuing to grant the loan to you, you as beneficial owner charge, pledge and assign the property to us as a continuing security for the payment by you of the loan.

You undertake to pay us the loan in accordance with the agreed Terms and Conditions. You agree that a Promissory Note and/or Facility Offer Letter signed as correct by an officer duly authorized by us is conclusive evidence of the Secured Indebtedness at the relevant time.

You irrevocably and by way of security appoint us to be your attorney to execute all documents and to do all acts and things without notice to you in your name and on your behalf and as your act or deed or in any other manner for the purpose of exercising (fully or partly) all or any of our rights or powers under this Clause or as we may consider appropriate or useful in connection with the property as long as any loan remains outstanding including the sale of your mortgage security through public auction. You ratify and confirm and agree to ratify and confirm each document, act or thing which we may lawfully execute, seal, deliver or do.

You undertake, as long as the security created under Clause 2.1.1(a) exists:

- i. to maintain the value of the property or amount (as conclusively determined by us) not less than the value or amount determined by us to be appropriate to secure the loan from time to time in accordance with the loan-to-asset ratio we set and notify you from time to time; and
- ii. to maintain absolute title to the property and not, without our prior written consent, to withdraw, sell, dispose of or deal with, or charge, pledge, assign, or encumber in any other manner, or grant or permit to arise any third party right over or against, the property, except in our favor.

2.1.2 Enforcement of security

- a. If any of the events set out in paragraph (b) below occurs, we have the right to realize or sell any of the property/ies at any time and in any way which we consider appropriate, free and discharged from any trust, claim, right of redemption and equities which you may have, in or towards settlement of the loan.
- b. The events referred to in paragraph (a) above are:
 - i. you fail to pay the loan on demand or to comply with any provisions of these Terms and Conditions;
 - ii. you are unable or admit to being unable to pay debts as they become due;
 - iii. you are subject to any proceedings relating to your bankruptcy, insolvency, winding-up, liquidation or composition in favor of creditors or other proceedings with similar effect (whether started by you or any other person); or
 - iv. any legal process is levied or enforced against any of your assets or property.
- c. We have the right to hold the proceeds of the realization or sale of property/ies in a suspense account with the intention to preserve and prove our rights against you in any proceedings relating to your bankruptcy, insolvency, winding-up, liquidation or composition in favor of creditors or other proceedings with similar effect. We also have the right to apply those proceeds to settle any of your accounts, obligations or liabilities as we may determine at our discretion from time to time.
- d. If the loan is in a currency other than the currency of the property, we may convert the currency as we consider appropriate at our prevailing buying exchange rate.
- e. A payment to us (whether or not pursuant to a judgment or order of a court) will not discharge your obligation in connection with the loan unless we have received the full amount in the currency in which that obligation was incurred. To the extent that the amount of a payment after actual conversion falls short of the obligation in that currency, we have an additional cause of action against you and are entitled to enforce the security created by Clause 2.1.1(a) to recover the shortfall amount.

2.1.3 Nature of security

- a. The security created by Clause 2.1.1(a) is a continuing security. It covers and secures the ultimate balance of the loan owing by you to us and is not limited or reduced by your death, bankruptcy, insolvency, winding-up, liquidation or incapacity (whether or not known to us) or settlement of any indebtedness or any other circumstance.
- b. The security created by Clause 2.1.1(a) is in addition to and may be enforced notwithstanding any guarantee, indemnity, assurance, pledge, lien, bill, note, mortgage, charge, debenture, security or other right, power or remedy held by or available to us.
- c. Any release, discharge or settlement by us of your obligation in connection with the loan is conditional upon no security, disposition or payment to us by you or any other person having been avoided, reduced or repaid pursuant to any provision or enactment relating to bankruptcy, insolvency, winding-up,

liquidation or other circumstances with similar effect. For this purpose, we are entitled to retain the account opening form signed by you creating the security for such period as we may consider appropriate. If the condition is not satisfied, we are entitled to enforce the security created by Clause 2.1.1(a) as if the release, discharge or settlement had not occurred.

- d. If the loan is in the joint names of two or more persons, Clause 2.1.1(a) creates a security in the property/ies to the full extent of the interest held by each of you and none of you is entitled to any rights or remedies of a surety as regards your obligations in connection with the loan.
- e. To the extent permitted by law, any restriction on our right of consolidating security contained in any law in force in the Philippines does not apply to the security created by Clause 2.1.1(a).

2.2 Interest

2.2.1 We have the right to set or vary the interest rate at which interest on a credit facility accrues from time to time.

2.2.2 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.

2.2.3. The interest rate that will initially apply to you is the prevailing rate at the time of loan drawdown. And subsequently, it will be the Repricing rate after your loan is repriced.

For construction loans, the interest rate that will initially apply to you is the prevailing rate at time of each loan tranche drawdown, and may differ for each tranche. Subsequently, the prevailing rate at time of loan repricing will apply to all outstanding loans.

2.3 Repricing

2.3.1 The loan shall be repriced at the end of each repricing period, subject to the proportionate upward or downward adjustment if an extra ordinary inflation or deflation, official or unofficial appreciation or depreciation of the Philippine currency occurs, or in any case of any increase or decrease in the prevailing market interest rate for the same or similar type of loan, or if government laws or regulations which have the effect of increasing or decreasing the Bank's cost of funds are enacted, or in any case of extraordinary increase or decrease of the effective value or the purchasing power of the Philippine currency or similar events.

2.3.2 In the event that no interest adjustment takes place during the subsequent Interest Period, it is understood that the interest rate and the instalment for the said period shall be the same as the rate and amount in force and in effect during the immediately preceding Interest Period.

2.4 Fees, expenses and commissions

2.4.1 There are corresponding fees for providing the loan, requesting a Service or effecting an Instruction or from time to time which shall be for your account. A list of our fees is available on our website and upon request from your Home Loan Specialist.

2.4.2 For every failure to pay fully each instalment on or before the due date, a penalty of 20% p.a. shall be charged against all overdue amounts (principal and interest) for every Instalment Period or fraction thereof that an instalment remains overdue. A fraction of an Instalment Period shall be considered one (1) full Instalment Period.

2.4.3 Should you prepay, pre-terminate, restructure the loan term or change the interest rate fixing date or repricing period a Service Fee and a Break Funding Cost shall be charged to you.

2.4.4 The fees for the registration of the Promissory Note, Real Estate Mortgage, its amendments or supplements and other related instruments, as well as the costs of documentary stamp taxes, including the notarial fee, handling fee, amendment fee, realty tax, insurance premium and other related documentation charges/ fees incident to the ownership of the real estate property relative to the granting of the Loan, penalties and other related charges/ fees, and other expenses in connection therewith shall be for your account.

2.4.5 We may set or vary the basis for calculating any fee charged in relation to a credit facility or financial accommodation.

2.4.6 If a suit is commenced for collection, the Borrower shall, jointly and severally, pay us the actual amount of attorney's fees, expenses of collection and costs of suit

2.5 Amortization Schedule

An Amortization Schedule will be provided on the drawdown date which will state the loan maturity date, the first instalment due date and the number of consecutive principal and interest instalments.

2.6 Property insurance

2.6.1 During the existence of the Loan/Mortgage, you shall secure:

Mortgage Redemption Insurance with initial coverage equivalent to the approved loan facility mentioned herein, and with succeeding annual coverage thereafter based on the outstanding principal balance, the premium of which shall be for your account and shall be paid in full upon drawdown and every year thereafter until this Loan/Mortgage is discharged, and insurance coverage of all the buildings, improvements and other properties on the Mortgaged Property covered thereby against fire, earthquake, typhoon and other risks, constituting HSBC as Loss Payee or Beneficiary thereof to the extent of its insurable interest, with such company and in such amount as may be acceptable and satisfactory to the bank, endorsing and delivering to the bank the corresponding policies; Provided, that, whether or not HSBC is constituted as Loss Payee or Beneficiary in the insurance policies, you agree to maintain said policies for the benefit of the bank and further agrees that, in the event of any loss of or damage to any or all of the Mortgaged Property arising from any of the contingencies insured against, you shall enforce a claim under the said insurance policies and shall remit to the bank the funds received from said claim for the payment of the Secured Obligations; Provided further, that, your failure to perform herein described obligations shall be considered a material breach of this Note, as a result of which the bank shall have the right to cancel the Loan and declare as due and payable the outstanding balance of the Loan, including accrued interest and charges.

Without prejudice to your foregoing obligations, at any time during the life of the Loan/Mortgage, the bank may, at its option, secure insurance coverage for not less than its insurable interest and debit the premium and other expenses incurred therein against any fund or your account and until repaid, any amount so paid shall be charged with interest as herein stipulated and shall form part of the Secured Obligations. In the event the risk insured against should occur, the bank shall, by these presents, be authorized to file or liquidate all claims pertaining to the said policy and apply the proceeds thereof to the Secured Obligations.

The Terms and Conditions in the Promissory Note, Loan Agreement, Facility Offer Letter, Real Estate Mortgage Contract and such other documents executed by you and your co-borrower/s and co-mortgagor/s shall prevail over the provisions of these Terms and Conditions if there is/are any inconsistency/ies between them.

2.7 Foreign Currency Loans

Exchange Rate Warning

If at any time your mortgage is in a currency that is different from the currency in which you are paid or from which you repay your mortgage, then there is a risk that changes in the exchange rate will affect the amount you owe and the amount of your interest and principal payments. If this applies to you, you should regularly check the exchange rate to ensure that you are still comfortable with the amount you owe and with the amount of interest and principal you pay. If you are not comfortable then you may want to consider reducing the amount of your mortgage, re-financing the mortgage or repaying it early. You should consider speaking with an independent financial adviser before making changes to your mortgage arrangements.

Section 3: Definitions and Interpretations

1. Interpretation

- a. Unless the context requires otherwise, in these Terms and Conditions:

- i. any reference to a "Section", "Clause" or "Appendix" is a reference to a section, clause or appendix of these Terms and Conditions;
 - ii. any reference to these Terms and Conditions, an agreement or document is a reference to the same as amended, varied or supplemented from time to time;
 - iii. any references to an Applicable Regulation is a reference to the same as amended, re-enacted or in effect from time to time; and
 - iv. a singular expression includes the plural and vice versa, and reference to a gender includes any gender.
- b. All Appendices form part of these Terms and Conditions.
- c. Headings in these Terms and Conditions are for ease of reference only and do not affect the interpretation of these Terms and Conditions.

2. Definitions

Unless we specify or the context requires otherwise, the following terms in these Terms and Conditions have the meanings set out below.

"Account" means any Savings Account, Current Account, Time Deposit Account and any other bank account.

"Applicable Regulation" means any law, regulation or court order, or any rule, direction, guideline, code, notice or restriction (whether or not having the force of law) issued by any Authority or industry or self-regulatory body, whether in or outside the Philippines, to which we or you are subject or with which we or you are expected to comply from time to time.

"Authority" means any regulatory authority, governmental agency (including tax authority), clearing or settlement bank or exchange.

"Features" mean any Services, rewards, benefits, privileges, promotions and the like associated with a Tier.

"HSBC Advance" or **"HSBC Premier"** is a Tier.

"HSBC Group" means The Hongkong and Shanghai Banking Corporation Limited, its affiliates, subsidiaries, associated entities and any of their branches and offices (together or individually), and "member of the HSBC Group" has the same meaning.

"Instruction" means any instruction in relation to the Loan/Mortgage, any Account or Service given in any form or by any means accepted by us from time to time which may include fax, telex, telephone, ATM etc

"Person" includes an individual, sole proprietorship, partnership, firm, company, corporation or unincorporated body of persons.

"Secured Obligations" mean any secured banking or credit facility or financial accommodation made available by us to you or at your request.

"Service" means any service which we may provide or procure in relation to your Loan/Mortgage.

"Tier" means a tier which we may designate and allocate to you which allows you to enjoy the Features associated with that tier.

"You" or **"Your"** means each person in whose name a loan is maintained or to whom a Service is provided and, where the context permits, includes any individual authorized by you to give Instructions relating to the Loan/Mortgage.

IMPORTANT NOTE:


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

Speak to your Relationship Manager or Home Loan Specialist or visit our website at www.hsbc.com.ph to get more information on HSBC Home Loan.

Customer Acknowledgment

I hereby affirm and acknowledge that I carefully read and understood all the stipulations on this Note. I signify my agreement to be bound by the Terms and Conditions stated above and acknowledge receipt of a copy of these Terms and Conditions.

BORROWER / MORTGAGOR

Customer signature over printed name Date signed		Customer signature over printed name Date signed	
Customer signature over printed name Date signed		Customer signature over printed name Date signed	
Customer signature over printed name Date signed		Customer signature over printed name Date signed	

For inquiries or complaints, please call HSBC's Customer Services at +63(2) 8858-0000 from Metro Manila, +1-800-1-888-8555 PLDT domestic toll-free, +63(2) 7976-8000 from overseas (country code) + 800-100-85-800 international toll-free for selected countries, or send an email to hsbc@hsbc.com.ph. If you want to find out more about HSBC's customer feedback procedures, please visit hsbc.com.ph/feedback.

HSBC Savings Bank (Philippines) Inc is an entity regulated by the Bangko Sentral ng Pilipinas (Bangko Sentral). You may also get in touch with the Bangko Sentral Financial Consumer Protection Department through their email: consumeraffairs@bsp.gov.ph.