

# Fixed Rate Mortgage Plan

## Why consider/Why not consider

### Consider it if...

- ✓ you would like to minimise the potential impact of interest rate fluctuations
- ✓ you would like to plan ahead and know your exact monthly financial commitment in advance
- ✓ you would like to have a fixed instalment amount for a certain period of time to make financial planning easier

### Not consider it if...

- × you prefer your mortgage interest rate to closely follow interest rate movements in the money market
- × you are comfortable with the frequent change of your mortgage rate
- × your mortgage loan is under a government housing scheme or will be drawn after the promotion period

### Highlights for your consideration

- For the first year of your mortgage loan term ("fixed rate period"), you will enjoy a fixed mortgage interest rate. After the fixed rate period, you can enjoy a HIBOR-based mortgage interest rate. For loan amount of HKD3,000,000 or above, you can opt for the Deposit-linked mortgage repayment plan\* throughout the whole loan tenor period. For loan amount of HKD1,000,000 or above but below HKD3,000,000, you can opt for the Deposit-linked mortgage repayment plan\* after the fixed rate period. Under a Deposit-linked mortgage repayment plan\*, you will, in addition, enjoy a preferential savings interest rate to lower your net interest expenses. To ensure you choose the plan that best suits to your circumstances, we suggest that you closely review the features and benefits of a HIBOR-based and Deposit-linked Mortgage Repayment Plan by referring to the product fact sheets before you make your decision, as plans chosen cannot be changed during the fixed rate period. Product fact sheets are available from our Branches.
- We will assess your application by making reference to your credit report obtained from the credit reference agency "TransUnion Limited", and your income proof, together with other information submitted.
- To ensure you understand your obligations and commitments during the mortgage loan period, please read and agree to all terms and conditions stated in the mortgage loan facility letter, including but not limited to the mortgage interest rates, frequency of payment, repayment amount, number of instalment and full/partial prepayment term.
- Whenever you face financial difficulty in mortgage repayments, overdue/default interest, on top of normal interest will be levied. If your payment cannot be resumed to normal, we reserve the right to repossess your property to settle the outstanding mortgage loan amount.
- To protect your property from depreciation caused by structural damage resulting from disasters during the mortgage loan period, you are required to arrange fire insurance with an insurance company acceptable by us to provide insurance coverage to reduce the potential loss.
- To minimise the impact of any unfortunate events affecting your home contents and your ability to repay the mortgage, you could contact us to understand more on related protection plan.

\* Deposit-linked mortgage repayment plan only eligible for customers who maintain an HSBC Premier, HSBC Advance or Personal Integrated Account

# Fixed Rate Mortgage Plan

## Product Information

As your trusted mortgage partner, HSBC offers a variety of mortgage repayment plans to suit your needs. We now offer a mortgage plan with a fixed interest rate for the first year of your loan term ("fixed rate period"). This plan allows you to enjoy a stable mortgage instalment in the first year of your mortgage loan term. After the fixed rate period, you can enjoy a HIBOR-based mortgage rate under our HIBOR-based mortgage plan. Additionally, you can opt for a Deposit-linked mortgage repayment plan\* to enjoy a preferential saving interest rate to lower your net interest expenses. For loan amount of HKD3,000,000 or above, you can opt for the Deposit-linked mortgage repayment plan\* throughout the whole tenor period. For loan amount of HKD1,000,000 or above but below HKD3,000,000, you can opt for the Deposit-linked mortgage repayment plan\* after the fixed rate period. This Fixed Rate Mortgage plan offers you the certainty of knowing exactly how much you need to pay over a fixed period, allowing you to have more control of your financial planning.

### Key benefits

#### 1. Fruitful returns on your savings deposit

If you opt for the Deposit-linked mortgage repayment plan, you will enjoy a preferential interest rate same as the mortgage interest rate for your savings deposit balance up to 50% of the outstanding principal amount of your mortgage loan with us. With a much higher interest return, the net interest cost of your mortgage loan can be reduced.

#### 2. Minimising the potential impact of interest rate fluctuations

The fixed interest rate for a specified period of your loan term will help you to maintain repayment stability during potentially turbulent economic situations. Your monthly repayment amount will remain the same throughout the fixed rate period even when interest rates fluctuate in the market. This product is an attractive option if you value certainty in your financial arrangements, helping you plan ahead and predict monthly financial commitments in advance.

Illustrative Example:

The table below is an example to compare the mortgage interest payment for first 12-month period under Fixed Rate mortgage plan and Standard Mortgage Plan in an increasing interest rate environment.

It is assumed that the loan amount is HK\$3,000,000 with a loan tenor of 20 years, 1-month HIBOR (H) rate is 1% p.a. and Best Lending Rate (BLR) is 5.5% p.a.

	Fixed Rate Mortgage	Standard Mortgage Plan
<b>Mortgage interest rate</b>	Fixed interest rate = 1.9% p.a.	H+1.7% cap at BLR-2.85% = 2.65% p.a.
<b>Monthly mortgage instalment</b>	HK\$15,035	HK\$16,117
<b>Mortgage interest payment within the first 12 months</b>	HK\$55,920	HK\$78,106
<b>Comparison results</b>	Under increasing interest rate environment as noted in this example, Fixed Rate mortgage can help you to save 28% interest expenses for the first 12 months.	

Notes:

1. The above example is for reference only. The actual interest expense depends on your loan drawdown date, the first repayment date and the applicable mortgage interest rate at that moment.
2. "HIBOR" means the Hong Kong Interbank Offered Rate (rounded to the nearest 4 decimal places) for the interest period of 1 month for Hong Kong Dollars quoted by the Bank at or about 11:00 a.m. (Hong Kong time) on such date. HIBOR quoted by The Hongkong and Shanghai Banking Corporation Limited is not necessarily the same as Hong Kong Dollar Interest Settlement Rates published by The Hong Kong Association of Banks.
3. "Best Lending Rate" means the Hong Kong dollar Best Lending Rate quoted by us from time to time.

\* Deposit-linked mortgage repayment plan only eligible for customers who maintain an HSBC Premier, HSBC Advance or Personal Integrated Account

### Talk to us now and turn your dream home into reality!

To apply for a mortgage and for more information:

- Go to our website at [www.hsbc.com.hk](http://www.hsbc.com.hk)
- Call our Mortgage Advice Hotline on 2748 8080
- Visit any HSBC Mortgage Centre or HSBC branch

# Fixed Rate Mortgage Plan

## Information Pamphlet

### Important Note

Please read this Information Pamphlet carefully before submitting the mortgage application form. This Information Pamphlet outlines some of the features of the Fixed Rate Mortgage Plan (the "Plan") and is **for your reference only** and does not form part of the loan agreement between you and us and may not necessarily reflect the terms and conditions applicable to your mortgage loan. You should refer to your mortgage loan facility letter for the terms and conditions of the mortgage loan. In the event of any inconsistency between the English and Chinese versions of this Information Pamphlet, the English version shall prevail.

### Eligibility

1. The Plan is available to applicants who successfully apply for an eligible mortgage loan ("the Loan") of HK\$1,000,000 or above and maximum HKD10,000,000.
2. Not all mortgage loans are eligible for the Plan. You should check with your nearest HSBC branch to see if your intended mortgage loan is eligible. Here are some examples of mortgage loans or schemes which are not eligible for the Plan:
  - Government Home Ownership Scheme
  - Green Form Subsidised Home Ownership Pilot Scheme
  - Tenants Purchase Scheme
  - Flat for Sale Scheme
  - Subsidised Sale Flats Projects
  - Sandwich Class Housing Scheme
  - Home Assistance Loan Scheme
  - Home Purchase Loan Scheme
  - Home Starter Loan Scheme
  - Home Loan Interest Subsidy Scheme of the Hospital Authority
  - HSBC's Local Staff Housing Loan Scheme
  - Employee Benefits Programme
  - Mortgages with developer's subsidy plan
  - Home Assist Loan under Urban Renewal Authority's redevelopment scheme
  - All other Government / Urban Renewal Authority related housing schemes
  - Bridging Loan
  - Car Park Loan
  - Loans converted from existing HSBC mortgage loans
  - Top-up Loans / Equity Loan
  - Mortgage loans which are drawn after the date specified in our promotion
3. Loan application is subject to HSBC's final approval. HSBC reserves the absolute right not to accept or process any application at any time without notice to you.

## Mortgage Interest Rate

4. At the time you apply for the loan, you will need to make your choice of fixed rate mortgage plan (i.e. HIBOR-based plan or HIBOR-based Deposit-linked Mortgage Repayment plan) upon application. Once the choice is made, changes are not allowed during the fixed rate period.
5. (i) The period from the Loan drawdown date to the first Instalment Repayment Date, or (ii) each period of one month thereafter from one Instalment Repayment Date to the next is called an "interest period". For each interest period **within the fixed rate period, i.e. the first year of the fixed rate loan term**, the mortgage interest rate will be charged at a Fixed Mortgage Interest Rate (FR) set out in the mortgage loan facility letter.
6. For any interest period after the fixed rate period, the mortgage interest rate will be set at a percentage (which will be set out in the mortgage loan facility letter) over HIBOR (as defined below) as at the beginning of that interest period (the "HIBOR-Based Rate"), but the interest rate will be capped at a prescribed percentage (as set out in the mortgage loan facility letter) below the Hong Kong Dollar Best Lending Rate per annum quoted by us as at the beginning of the relevant interest period (the "BLR-Based Rate Cap"). In other words, the interest rate will be the lower of the HIBOR-Based Rate and the BLR-Based Rate Cap as at the beginning of the interest period.
7. HIBOR (as at a particular date) means the Hong Kong Interbank Offered Rate for the interest period of 1 month for Hong Kong Dollars quoted by The Hongkong and Shanghai Banking Corporation Limited at or about 11:00 a.m. (Hong Kong time) on such date. HIBOR will be rounded to the nearest 4 decimal places.

If HIBOR is not available on the first day of an interest period, then we will use the HIBOR as at the preceding weekday (for the first interest period starting from the Loan drawdown date) or the next weekday (for subsequent interest periods). HIBOR quoted by The Hongkong and Shanghai Banking Corporation Limited may not necessarily be the same as the Hong Kong Dollar Interest Settlement Rates quoted by the Hong Kong Association of Banks.

8. If the HIBOR ceases to be available for whatever reasons for a period of more than 30 days, we may then, for the purpose of calculating the interest, replace HIBOR with another rate at our discretion. Our determination of HIBOR, and as to whether there is effective or available HIBOR, shall be final and conclusive.
9. BLR refers to the Hong Kong Dollar Best Lending Rate quoted by The Hongkong and Shanghai Banking Corporation Limited from time to time.
10. Interest will accrue daily on the outstanding principal amount of the Loan and calculation will be based on the number of days in a calendar year i.e. 365 days (or 366 days in a leap year). Interest shall be paid on the Instalment Repayment Dates as referred to in Clause 13 below.
11. If your last fixed rate instalment payment date falls on a holiday or non-working day (e.g. when typhoon no. 8 is hoisted etc.), the Fixed Mortgage Interest Rate will still be applied on that day. The HIBOR-Based Rate will only be applied from the next working day.
12. If any part of the instalments payable during the mortgage term is not paid in full, the default interest rate will be applied to the overdue amount until the such overdue amount (together with any accrued interest) have been fully settled. The default interest rate is calculated at a percentage over the prevailing mortgage interest rate as stated in the mortgage loan facility letter

## Repayment Date

13. The Loan together with interest thereon is to be repaid by such number of consecutive instalments as stated in the mortgage loan facility letter commencing one month after the date of drawdown. Thereafter, the Instalment Repayment Date will usually be the day of each calendar month numerically corresponding to the Loan drawdown date. The amount of each instalment after the fixed rate period will be as specified in the repayment advices provided to you by us. We will send to you revised repayment advices from time to time to take into account any changes in the interest rate.

## Prepayment Fee

14. If you wish to make any prepayment (whether in full or partial) on a day after the fixed rate period being a non-Instalment Repayment Date or a Saturday (regardless of whether such day is an Instalment Repayment Date), you will need to submit to us a written request in our prescribed form not less than 14 days in advance for approval (which we may or may not give). If we approve the request (with or without further conditions), you may be required to pay us a prepayment fee calculated as follows:

{prepayment amount x [the mortgage Interest rate for the interest period during which prepayment occurs ("Relevant Rate") – prevailing HIBID\* for the date of prepayment] x remaining number of days of the interest period / 365 (or 366 for a leap year)}

\*HIBID means the Hong Kong Interbank Bid Rate quoted by us for the prepayment date for interbank deposit for the remaining number of days of the interest period.

This prepayment fee is only payable if the Relevant Rate is higher than the prevailing HIBID.

This prepayment fee is **in addition to** the administrative fee you need to pay if you make full prepayment.

## Option of Deposit-linked Mortgage Repayment Plan

15. You can also opt for Deposit-linked Mortgage Repayment Plan if you maintain an HSBC Premier, HSBC Advance or Personal Integrated Account. Under this plan, you can enjoy a preferential saving interest rate the same as the mortgage interest rate for your savings deposit balance up to 50% of the outstanding principal amount of your mortgage loan with us.

16. This document is for reference only. You should refer to your mortgage loan facility letter for the terms and conditions applicable to your mortgage loan.

## Terms and Conditions for Fixed Rate Mortgage Promotion (the "Promotion")

1. Subject to Clause 2 below, the Promotion offer will be applicable to customers who successfully apply for a mortgage loan of HK\$1,000,000 to HKD10,000,000, open for application from 14 February to 31 March 2018 (or such other earlier or later date as announced by us). Drawdown must take place within 60 days from the date of issue of the mortgage loan facility letter and during the period from 14 February to 30 June 2018 (both dates inclusive), no exception will be entertained for drawdown after 30 June 2018.
2. The Promotion is a time-limited offer and loan application is subject to HSBC's final approval. HSBC reserves the absolute right not to accept or process any application at any time without prior notice.
3. The Promotion cannot be used in conjunction with other prevailing HSBC mortgage offers.
4. Each mortgage loan is offered subject to the terms and conditions as stated in the related facility letter, which shall prevail in the event of any inconsistency with the terms and conditions stated herein.
5. HSBC reserves the right to change these Terms and Conditions at any time before the issue of a facility letter.
6. In case of any dispute arising from this Promotion, HSBC's decision shall be final and conclusive.
7. In the event of discrepancy or inconsistency between the English and the Chinese versions of these Terms and Conditions, the English version shall prevail.

To borrow or not to borrow? Borrow only if you can repay!