

Dated 2 June 2023

# HSBC Home Loan Terms



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## **PART A: OUR CREDIT GUIDE AND GENERAL INFORMATION**


### **OUR CREDIT GUIDE – HSBC Bank Australia Limited**

#### **What’s this document and what does it apply to?**

This credit guide belongs to HSBC Bank Australia Limited ABN 48 006 434 162 (“we”, “our” or “us”) Australian Credit Licence 232595, and provides important information that applies to all our home loan products where you’re an individual or joint borrower. It doesn’t apply to company borrowers.

If you have questions about this credit guide or our home loan products, you can contact us:

 GPO Box 5302 Sydney NSW 2001

 1300 301 168 for Premier customer or 1300 308 008 for all other customers

 [www.hsbc.com.au](http://www.hsbc.com.au)

#### **What if the credit is unsuitable?**

Then by law we’re not allowed to enter into a credit contract, or increase your existing credit limit, if the credit is ‘unsuitable’.

#### **When will credit be unsuitable?**

The credit contract or credit limit increase will be unsuitable if:

- it doesn’t meet your requirements and objectives; or
- you’re likely to be unable to comply with the financial obligations; or
- you could only comply with your financial obligations with substantial financial hardship (for example, by selling your principle place of residence); or
- the regulations deem the credit contract or credit limit increase to be unsuitable.

#### **How do we assess if the credit will be unsuitable?**

We must make reasonable inquiries about your requirements and objectives, and your financial situation, and take reasonable steps to verify your financial situation.

#### **What if we approve your credit?**

Then you may request a free written copy of your assessment up to seven (7) years after the agreement date or credit limit increase.

### When do we have to give you the written assessment?

If you request a copy of the written assessment:	Then we'll give it to you:
Before you enter into the contract or the limit is increased	Before you enter into the contract or we increase the limit
Within 2 years of you entering into the contract or the limit is increased	Within 7 business days
After 2 years of you entering into the contract or the limit is increased	Within 21 business days

### When don't we have to give you the written assessment?

We don't have to give you a copy of the written assessment if we decline your application, or we don't proceed with lending to you or increasing your limit.

### What if you've got a complaint?

Please let us know and we'll do our best to resolve your complaint efficiently, honestly and fairly to your satisfaction.

You can contact us:

- through a branch; or
- by calling 1300 308 188 (toll free) or +61 2 9005 8181 (from overseas, you may be charged by the telephone provider); or
- if you are hearing impaired, by calling 133 677 and asking for 1300 308 188; or
- if you are a speak and listen (speech to speech relay) user, by calling 1300 555 727 and asking for 1300 308 188; or
- by emailing our Customer Relations Team at [customerrelationsaustralia@hsbc.com.au](mailto:customerrelationsaustralia@hsbc.com.au) or by mail at HSBC Bank Australia Limited, PO BOX 5302, Sydney NSW 2001.

Please refer to the 'Complaints, Disputed Transactions and Investigations' section of the HSBC Personal Banking Booklet for further details about how we deal with complaints and transaction queries.

If you're unsatisfied with our resolution or our complaints process, you may contact the Australian Financial Complaints Authority. This is a free service established to provide you with an independent mechanism to resolve specific complaints. AFCA can be contacted by mail: GPO Box 3 MELBOURNE VIC 3001; by phone 1800 931 678; by email at [info@afca.org.au](mailto:info@afca.org.au); and online at [www.afca.org.au](http://www.afca.org.au)



## Home Loan Terms and Offset Savings Account Terms

Appendix 3 of these Home Loan Terms contains the terms for the Offset Savings Account. It contains important information and must be read with the Personal Banking Booklet.

### Other important information

#### Our investigations and enquiries

When we assess credit applications or during the course of lending, we may carry out searches, inspections, valuations and other enquiries. These are for our own purposes, and you cannot rely on them.

We recommend that you:

- carry out your own enquiries such as valuations and searches;
- seek your own independent professional, financial and legal advice;
- take time to carefully read and understand all documents in connection with your credit and with your purchase.

#### Interest and exchange rate movement risks

Fixing your interest rate, or borrowing in a currency other than Australian dollars can present a unique set of risks. We have no responsibility, and have given no advice, in respect of movements in interest rates or exchange rates.

**IMPORTANT:** If you borrow in a foreign currency, changes in exchange rates may increase the Australian dollar equivalent of your mortgage loan. If this happens, you may need to make an additional payment to reduce the amount of your mortgage.

**We don't monitor movements in interest rates or exchanges rates for you. It's your responsibility. You should consider getting independent financial advice before considering a foreign currency loan, or consider hedging options.**

## PART B: HOME LOAN TERMS

HSBC Bank Australia Limited ABN 48 006 434 162  
GPO Box 5302 Sydney NSW 2000  
Australian Credit Licence 232595

### Your Home Loan – who is this agreement between and what documents form part of this agreement?

This section describes the parties to this agreement, and the documents that make up this agreement. These terms, and the other agreement documents describe how your loan works.

In summary, we'll lend money to you and you'll give us security. This could be a mortgage over your property. The "mortgage" is a form of security for repayment of your loan and for payment of other amounts relating to your loan. You promise to repay your loan and to pay other amounts related to your loan that are described in your letter of offer.

We'll only lend up to a certain percentage of the value of the security you give us. We'll work this out using a loan to value ratio

#### Loan

"Loan" means the total of the money we lend you at the start of this agreement plus any money we lend you at other times under this agreement. It doesn't include interest, fees and charges, unless you don't pay these, and they are added to your loan balance.

Security	Loan to value ratio
Security usually means rights you give us over things you own, to give us extra cover in case you don't keep to your obligations under this agreement.  For example, if you have a home loan, the security could be the mortgage over the property. Your letter of offer will show you what security we take.	We calculate the loan to value ratio as:  the balance of your loan accounts <hr/> the total value of all the property or interests in property that we have security over.

## 1. WHO'S THIS AGREEMENT BETWEEN?

You	We/Us/Our
<p>You means the person (or persons) named in the letter of offer as “the borrower”.</p> <p>This can also include a personal representative, a successor or anyone else who takes over your legal rights or duties.</p>	<p>HSBC Bank Australia Limited ABN 48 006 434 162 GPO Box 5302 Sydney NSW 2000 AFSL/Australian Credit Licence 232595 T: 1300 301 168 <a href="http://www.hsbc.com.au">www.hsbc.com.au</a></p>

If more than one of you is borrowing from us, this agreement applies to all of you together and to each of you on your own. This means that we can, for example, require any one of you to make payments under the loan and that each of you will be liable individually for the full loan balance. It also means that if there is more than one of you, any one of you can instruct us about your loan, including about redraws, and we do not need to get consent from the others.

If one of you doesn't want to be liable for:

- a loan you haven't yet drawn on; or
- future drawings or re-borrowings (where you've already drawn on a loan that isn't a construction loan),

you can write to us to tell us. If you do, we won't give you any further loan amounts or allow you to redraw from your loan account.

### **Loan Account**

Your loan account is the account in your name which was opened for the purposes of your home loan with us. This could be made up of one or more loan accounts.

## 2. WHAT FORMS THE AGREEMENT BETWEEN US?

The documents that contain important information about your loan and form part of this agreement are set out below. This agreement will start when you accept the letter of offer. Please ask your legal adviser to explain anything that you don't understand about this agreement before you sign.

Type of information	Document
Terms specific to your home loan	<p><b>Any variation</b> we make with you, where we don't give you a new letter of offer. For example, where we agree to a change in the amount you pay each month or where you take out a different product in some circumstances.</p> <p>Your <b>letter of offer</b>. This includes the letter of offer we give you before your loan, and any further letter of offer amending this agreement.</p> <p><b>These Home Loan Terms.</b></p>
General terms that apply to all accounts (including home loans where relevant)	The <b>Personal Banking Booklet</b> .
Fees, charges and interest rates	Your letter of offer.

If you are an existing customer, then the terms in this document will replace any home loan terms you have previously agreed to once any agreed notice period ends.

If different parts of this agreement don't work together (for example because one part says something different to another part) then, so far as laws and regulations and any code we have to follow allow, the document that first appears higher in the table above takes priority over a document that first appears lower in the table.

## What are our rights and how can we use them?

### 3. WHAT ARE OUR RIGHTS?

We have rights under this agreement which help us to protect our interests. We may choose whether or not to use a right and which right to use. If we decide not to use a right, we have not given up our right, and can still take action in the future. For example, if we don't charge a fee when we normally would, we're entitled to charge you at another point or ensure that we charge it going forward.

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### 4. HOW CAN WE USE OUR RIGHTS?

We'll act reasonably when we use our rights.

For example, we'll be acting reasonably if we use a right only as far as is needed to protect our legitimate interests, such as to reduce a material risk:

- that you are unable to repay your loan; or
- of us being unable to rely on the mortgage that you gave us as security over your loan; or
- that the mortgage and other security is no longer enough to cover all you owe, for example because your property has lost value.

This clause is about how we can use our rights. It doesn't apply to what other people (for example a receiver) might do, unless they are acting for us.

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## How can we change this agreement?

Here we tell you how we may change parts of this agreement. We'll act reasonably when we make changes.

### 5. WHAT CHANGES CAN WE MAKE?

Acting reasonably, we may make changes to this agreement. Our reasons for making changes are set out in the letter of offer and in the Personal Banking Booklet.

If you do not wish to accept a change or variation that we make, you may repay your loan in accordance with the early repayment provisions in this agreement. If you have a Fixed Rate, break costs may apply.

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### 6. HOW WE'LL TELL YOU ABOUT CHANGES

Acting reasonably, we may need to change rates, payments or other terms in this agreement. The following table describes the changes we can make without your prior approval, and how we'll notify you about the change. Information on current standard fees, charges and any interest rates is available on request.

<b>Type of change</b>	<b>When we'll tell you about the change:</b>
<p>Changes to your underlying Reference Rate, or a margin, which creates a change to your Variable Rate</p>	<p>We can tell you on the day, or before the day that we are changing your Variable Rate.</p> <p>We can reduce your Variable Rate for any reason, but we'll only increase it to take account of actual changes, or changes we reasonably expect, because of a change to any of the following:</p> <ul style="list-style-type: none"> <li>• our underlying costs to our way of doing business, including the introduction of new technology; or</li> <li>• a change to the Reserve Bank Cash Rate; or</li> <li>• laws and regulations, for example, to meet the laws or regulations, we may need to change your rate; or</li> <li>• if our costs change as a result of a change to laws and regulations, we can also change a Variable Rate in proportion to the change in cost.</li> </ul>
<p>Changes to your repayment amount or periodic payment</p>	<p>Where the change results in an increase in your repayment amount or periodic payment and is not caused by an interest rate increase, we'll give you at least 30 days' notice before it happens.</p>
<p>Changes in your favour (including extending the period of your home loan)</p>	<p>Before, or in your next statement after, it happens, unless we are required to give you more notice.</p>
<p>Other changes</p>	<p>We may change this agreement terms, such as by changing the underlying method of calculating or charging interest, changing the underlying method of calculating break costs, changing how fees are calculated or apply, changing or removing package discounts, changing agreement features to meet regulatory or customer needs or aligning us with our competition, changing features to reflect our technology, or making other changes as we reasonably need to be able to continue to provide and service your loan.</p> <p>We'll give you at least 30 days' notice before it happens.</p>

Fixed Rate	Variable Rate	Reference Rate
<p>An interest rate that doesn't go up or down – the interest rate remains the same for the whole Fixed Rate period.</p>	<p>An interest rate that can go up and down because the underlying Reference Rate or the product margin or package margin increases or decreases.</p>	<p>An interest rate may be made up of a Reference Rate and one or more margins. Your letter of offer sets out the Reference Rate and margins applicable to your agreement. If your agreement is split into more than one loan account, each split will have its own Reference Rate and margin. You may contact us to ask us about your applicable Reference Rate or rates and applicable margins.</p>

**Market linked rate**

- A market linked rate is the rate published on the first day of the interest period as our market linked rate on our website or in a national newspaper; or
- if we don't publish any rates that day, the most recent rate published as our market linked base rate.



### How we'll tell you about changes?

We'll tell you about changes by writing to you or by publishing them on our website or a national newspaper. If we publish changes in a national newspaper, we'll also give you details when we send you the next statement of account.

When we tell you about interest rate changes, we'll tell you the Reference Rate for that specific home loan product and whether it applies to owner occupied or investment home loans.

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## What needs to happen before we allow you to draw on the loan?

### 7. BEFORE YOU CAN DRAW ON THE LOAN

You may only request to draw, or redraw on the loan once you've:

- signed and returned the letter of offer and any variation (if applicable); and
- completed and returned all the forms we need to open your loan account; and
- given us:
  - the security documents (properly completed and signed); and
  - any documentation required from a guarantor; and

#### Guarantor

When we say "guarantor", this is someone who commits to meeting your obligations under this agreement if you don't meet them.

- evidence of any insurance we require, including the original insurance policy or certificate of currency for insurance of any security provided on a replacement and reinstatement basis noting "HSBC Bank Australia Limited as mortgagee for its respective rights and interests"; and
- a certified copy of any trust deed (where you or an individual or company providing a guarantee or security is the trustee of a trust); and

- any other document we reasonably request in connection with the loan, the security, or to verify a regulatory obligation of ours; and
  - satisfied our reasonable requirements in relation to security (we'll write to you to tell you what these are), customer identification, and evidence of funds to settle; and
  - met any conditions that are specific to your loan product in an annexure to these terms; and
  - if you are a foreign buyer, received and supplied us any advice from the Commonwealth Government under the Foreign Acquisitions and Takeovers Act 1975, and any condition applied to the security that does not unacceptably impair our interest in the security; and
  - if you're required to have Lender's Mortgage Insurance and you haven't arranged it through us, we'll need confirmation from the insurer that a policy's been taken out; and
  - paid any applicable fees and charges (unless we've agreed these can be taken directly from the loan amount before we give you the loan).
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## **8. WHEN MAY WE NOT GIVE YOU THE LOAN?**

We're not required to let you first draw on the loan, or lend to you further if:

- we reasonably suspect or discover that anything you have, or if applicable, anyone who you've applied through has, told us is materially untrue, or any of the promises you have made under this agreement are materially untrue, and the truth makes it commercially undesirable or potentially harmful to lend, or continue to lend you; or
- we reasonably consider that lending, or lending further may cause harm, or place you in a financial hardship position; or
- there are more than one of you, and one of you advises us that they do not want any further credit under this loan; or
- you're in default under this agreement and you haven't fixed it to our satisfaction or we're still deciding if we want to take enforcement action; or

- something material has happened that would lead to a default event that can't be fixed; or
  - lending, or lending further would likely cause us to not comply with our internal standard policies, or an applicable law or regulation; or
  - you do not meet any other condition in a product specific annexure to these terms; or
  - any guarantor or other security provider withdraws from a guarantee or stops any other security taken; or
  - there is a death of any guarantor or other security provider; or
  - any guarantor or other security provider is insolvent under administration.
- 

## **What will you have to pay us, when and how?**

### **9. WHAT DO YOU HAVE TO PAY US?**

#### **Once we lend to you**

You'll need to pay us back all you owe by the end of your loan term, or a later date if we agree in writing.

#### **All you owe**

This is everything you owe us including your loan, fees, charges and interest and any other amount we're entitled to charge you.

#### **When we treat your payment as being made**

We'll treat a payment as being 'made' when the full payment is received and cleared by us. If your payment method is declined, we'll treat the payment as not being made, and you will be charged interest and fees on any unpaid amount.

**Applying payments**

If you do not tell us how to apply cleared payments, acting reasonably, we may apply them to any part of all you owe in the order that we decide. This is usually in the following order:

- 1.** to pay unpaid or financed insurance on the security property; then
- 2.** to clear arrears; then
- 3.** to pay fees and charges; then
- 4.** to pay interest; then
- 5.** to pay principal.

If you have more than one loan account, each will have its own balance and will be debited and credited separately. If you do not tell us in writing how to apply a payment, we may reasonably decide which account to apply the payment to.

If you pay more than your payment amount, we may apply the additional funds to arrears or fees.

**Court ordered payments**

If an amount you owe becomes subject to a court order, you must pay interest on that amount at the interest rate applicable to the relevant loan account. If that is not possible, you must pay interest at the rate payable under the court order. The interest is added daily and is charged to your loan account.

<b>Principal and Interest home loan</b>	<b>Interest-only home loan</b>	
	<b>Interest-only to Principal and Interest</b>	<b>Home Equity Repayment</b>
You pay off your loan over the loan term by making periodic payments	You only pay interest to us each month for the interest only period, and then make principal and interest periodic payments until the end of your loan term	Your periodic payments only pay interest to us, and then you pay off your whole loan either when: <ol style="list-style-type: none"><li>1. You decide to pay the loan back; or</li><li>2. We demand you repay all you owe, whichever happens first.</li></ol>

There might be further costs that you have to pay, which will be explained in the letter of offer.

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## **10. YOUR PERIODIC PAYMENT AMOUNTS**

Your periodic payment amounts include your scheduled repayment as set out in your letter of offer, and all fees and charges and other amounts that have been added throughout the relevant periodic payment period. You authorise us to deduct this amount each periodic payment date.

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## 11. WHEN AND HOW DO YOU MAKE YOUR PERIODIC PAYMENTS?

You have to make periodic payments at the end of each periodic payment period until you have paid off all you owe. We'll advise you on what day of each month you need to pay us.

If you elect to split your loan into two or more loan accounts, a new periodic payment period date is set for the new loan account that's been created. Therefore, it may be possible to have two or more different periodic payment periods if you loan is split into two or more loan accounts.

If you close any loan account, the next periodic payment date applicable to that account becomes the date after your account closure.

### **Periodic Payment**

When we say "periodic payment" we mean the payment that you have to make for the periodic payment period.

### **Periodic Payment Period**

When we say "periodic payment period", we mean the period that begins on the first day you establish your loan account and ends one calendar month later.

### **No periodic payments on weekends or public holidays**

We'll only ask you to make your periodic payments on business days. If your periodic payment falls on a non-business day, that amount will instead be due on the next business day. Please see clause "Making Payments on Business Days" of the Personal Banking Booklet for what is a business day.

### **How you can make payments**

You can make payments:

- at any HSBC branch in Australia; or
- at a Post Office displaying the Bank@Post™ symbol if you have a Visa Debit card linked to your loan account; or
- by direct credit, online banking or phone banking from an HSBC account; or

- by direct credit from an account held with someone else (but only if it's held in Australian dollars); or
- by direct debit authorising us to deduct funds from an account with another financial institution (not available for HOME SMART® loan accounts); or
- by salary credit.

You cannot change your repayment date for your current loan account.

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## **12. WHEN WE CAN CHANGE YOUR PERIODIC PAYMENTS**

We may need to adjust your periodic payment amounts so that the loan is paid off by the end of its term.

We may do this if, for example:

- your interest rate changes; or
  - we change how we work out interest; or
  - you are late making a payment or only pay part of it; or
  - we lend you more money; or
  - you have to pay a new cost or fee; or
  - there is a change to your loan term; or
  - we have allowed you, temporarily, to stop or reduce your periodic payments; or
  - you switch to or from an interest-only home loan.
-

### 13. REDRAW

If you pay more than your required periodic payment amount, we may, but don't have to, allow you to redraw the extra amounts you've paid, unless you have one of the following loans which don't enable redraw:

<b>Loans with a Fixed Rate</b>	<b>Bridging loan</b>	<b>Construction loan</b>
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The table below explains when and how you can request a redraw:

<b>If your interest rate is:</b>	<b>When?</b>	<b>How?</b>	<b>Restrictions</b>
A Variable Rate	At any time	There's no limit to the amount you can redraw, and there's no charge.	You <b>can't</b> do this if you are in default under this agreement, or if you are in financial hardship.
Market linked rate	On the last day of the interest period stated in your letter of offer or as agreed with us		

If you have available funds to redraw from more than one loan account, and you do not specify which account you wish to redraw from, we may reasonably elect the loan account.

You must not draw more than your available funds. If you do, you must immediately repay the overdrawn amount.

We may cancel any redraw feature, or reduce your available balance by the amount of your next periodic payment.

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## 14. WHAT HAPPENS IF YOU MISS A PERIODIC PAYMENT?

- you'll need to pay the missed periodic payment immediately; and
  - you will be in default of your payment obligations under this agreement until you have paid the overdue amount, and any associated interest, fees and charges; and
  - we may take any action available to us under this agreement, or at law; and
  - we may need to adjust the amount of your periodic payments (see clause 12 of these Home Loan Terms).
- 

## What do we charge interest on and how do we work out interest?

### 15. WHAT DO WE CALCULATE INTEREST ON?

We calculate interest daily on the unpaid balance of your loan account at the end of the day, unless we have told you that we are not charging interest. If you have more than one loan account, interest is calculated separately on each loan account.

We don't pay interest on loan account with a positive credit balance. If your loan account is in a positive credit balance, we may, at our discretion, terminate the loan account, apply the positive balance to any loan closure related fees and charges, release the security and pay you the remaining balance.

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### 16. HOW DO WE WORK OUT INTEREST?

Interest starts to apply to your loan account balance daily, from the date we set up your loan account. Your daily interest rate is calculated by dividing your annual interest rate applicable at the time by 365.

Your annual interest rate is made up of a Reference Rate, plus or minus a product margin (which is specific to your loan product), plus or minus a package margin

(if you have a Home Loan Package). If the annual interest rate is below 0% per annum, it is taken to be 0% per annum.

The interest rates in your letter of offer are current at the disclosure date in your letter of offer, and may change before you draw your loan. See clause 6 above for more information.

When we tell you about annual interest rates, we're telling you about the Reference Rate, which does not include any relevant margins.

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## **17. CAPITALISING INTEREST**

We may add your unpaid overdue interest, fees and charges to your loan balance, such as when we've agreed to vary your agreement for financial hardship reasons, or where you haven't paid us. If we do this, the amounts are no longer treated as overdue amounts. Rather, they are treated as part of your principal sum, and attract interest at the applicable annual interest rate. This is known as capitalising interest.

### **Capitalising interest**

This is where interest is added to your loan balance, forming part of your principal sum, and incurs interest.

If you have a bridging home loan and you've chosen to add interest to the loan rather than repaying it during the loan term, we'll charge interest monthly on the same day your relevant loan account was opened and on the date you repay in full.

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## 18. WHEN DO WE CHARGE INTEREST?

For most loan accounts, we'll charge interest (calculated up to and including the day before we charge it) on the date:

- your periodic payment is due (or, if you've paid interest in advance, on the date you made the payment); and
- you repay in full.

If your loan account is split or is terminated during a payment period, we'll charge interest on that date.

If we're meant to charge interest on a non-business day, we'll charge it on the next business day. Please see clause "Making Payments on Business Days" of the Personal Banking Booklet for what is a business day.

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## 19. CONVERTING TO A FIXED RATE

If we agree, you can convert your Standard Variable Rate loan to a Fixed Rate. The table below explains when and how you can do this:

<b>If your interest rate is:</b>	<b>When?</b>	<b>How?</b>	<b>Restrictions</b>
Standard Variable Rate	At any time	By giving us 5 business days' notice in writing and paying a fee	We'll write to you telling you the new: <ul style="list-style-type: none"><li>• interest rate and when it takes effect;</li><li>• Fixed Rate period; and</li><li>• repayments and when they are due.</li></ul>

If you convert to a Fixed Rate, break costs may apply if you change your mind, want to change how long you have a Fixed Rate or want to repay more than the minimum amount allowed during a Fixed Rate period.

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## 20. CHANGES IN REPAYMENTS OR LOAN TERM FOLLOWING CHANGES IN INTEREST RATE

If the interest rate on your loan changes, we can increase or decrease the amount of your repayments in order to ensure that the loan and interest on it is still paid off over the same term - unless you have one of the following loans:

**Home Equity loan**

**Any loan where repayments don't include the principal**


We'll tell you about the new annual interest rate on or before the date on which the changes take place, as we have described above in clause 6 of these Home Loan Terms.

If we don't immediately change the amount of your repayments in accordance with a varied annual interest rate, we may do so later.

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## 21. DEFAULT INTEREST

If you fail to pay your required payment amount in full on the due date, then, the overdue amount will attract daily default interest.

 For example, if you don't make your periodic payment and this causes you to go over your loan limit then default interest will apply. Your letter of offer contains the default interest rate.

Default interest is calculated as the default interest rate divided by 365 (to obtain the daily default interest rate), multiplied by the overdue amount. This calculation is applied daily until the earlier of:

- you repaying the default amount and all default interest, fees and charges that have been caused by the default amount; or
  - us capitalising the default amount and all default interest, fees and charges caused by the default amount. We would capitalise default interest when you haven't made the required payment to us.
-

## **22. WHERE CAN YOU FIND INFORMATION ON INTEREST RATES?**

Unless your letter of offer says otherwise, we'll tell you about our current Reference Rates on our website or in a national newspaper.

You can also get information about a current Reference Rate or other rates by phoning us on 1300 301 168 from anywhere within Australia.

If a Reference Rate is applicable to your loan, your interest rate is made up of a Reference Rate and one or more margins. Your letter of offer sets out what Reference Rate and margins apply to you.

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## **Fees and charges**

As well as paying us interest on your loan and repaying your loan, you may have to pay us our fees and charges relating to our management of your loan. We can debit our fees and charges to your loan account, or require you to pay them on demand, in addition to your periodic payments.

## **23. WHAT ARE OUR "FEES" AND "CHARGES"?**

You can find the fees and charges that may apply to your loan in your letter of offer, and Part C of these Home Loan Terms. Fees may also separately apply to the use of your Offset Savings Account and if your loan account allows you to make transactions. See the Personal Banking Booklet.

We may change, and introduce fees and charges but we'll tell you if we do. If we tell you we're changing or introducing fees and charges in the Personal Banking Booklet, they will be taken to apply after any notice period.

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## 24. WHAT ELSE COULD YOU HAVE TO PAY EXTRA FOR?

We can't list every type of charge we may have to pay, but here are some common examples:

- the reasonable expenses of taking action (for example, legal action) if you don't keep to this agreement or if there is a dispute or problem relating to the home loan, your property or this agreement; and
- the costs of us having to make payments to other people because you haven't met your obligations relating to your property, for example, if we pay a service charge or rates, taxes or insurance where you have failed to do so; and
- the costs of inspecting, valuing or insuring your property, or other actions where this agreement or the Mortgage Memorandum, allows us to take those actions. (The Mortgage Memorandum sets out in more detail the types of action we can take and when we can take it.)

For some costs, we charge a reasonable estimate of our expected average costs. As well as estimating the costs that are specially for the activity we are estimating for, our estimate can also include other more general costs, such as a reasonable share of our costs in having and using resources (such as offices, staff and computer systems) that we also use for other purposes.

If our costs (whether internal or paid to other people) change, we can re-estimate our standard costs. If we end up paying more, you'll have to pay this to us. If we end up paying less, we'll credit the difference to your loan account. We can also add it directly to all you owe without telling you. If we re-estimate costs or bring in new standard costs, we'll give you notice before you have to pay the relevant cost or it is added to your loan.

We won't charge you where the cost has come about because we or someone acting for us has been careless, made an error or has broken the law.

For example, suppose you don't keep the security property in good repair and we have to arrange the repairs.

- If we have a standard cost to cover our internal costs of dealing with that type of repair, you'll have to pay this.
- Our standard estimate of what we'll have to pay in this situation, but the actual cost might end up being more. This might happen because the cost of materials is higher than we'd estimated, for example. If this is the case, you'll have to pay us our standard cost plus any additional costs on top of that.

## **25. VALUATION**

We may obtain or require you to obtain a valuation or a report of the security property at any time we reasonably consider necessary. This will be for our benefit, and we can charge the cost of the valuation or report to your loan account or any accounts you hold with us.

We are not responsible for the contents of any valuation or report, and are not required to give you a copy unless any law or code we're required to follow says we have to. If you obtain a copy, we are not liable if you chose to rely on it.

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## **26. INSURANCE**

### **Insurance premiums**

If you ask us, we may arrange insurance in relation to your security as required by us under your letter of offer. If we do this, we'll be acting as the agent of the insurer.

If you don't pay a premium for any insurance we reasonably require over the security property, we can pay this on your behalf and charge this to your loan account or any of your transaction or savings accounts.

You can also arrange insurance yourself. If you do, you must make sure the policy is noted with "HSBC Bank Australia Limited as mortgagee for its respective rights and interests" and require the insurer to pay any proceeds of the policy to us. If they don't, you must hold the proceeds for us and pay them to us. Unless the law doesn't allow us to, when we receive those funds we can:

- use them as set out in the Mortgage Memorandum; or
- deposit them into an account (that earns interest) and you can use them (along with any interest earned) to restore the property.

## **Lenders' mortgage insurance**

### **IMPORTANT WARNING: This insurance protects us and not you.**

Before we give you your loan, we may ask you to pay a cost so we can take out lenders' mortgage insurance. Your letter of offer will tell you if this applies.

The cost for lenders' mortgages insurance may be not refundable if you repay early, and protects us and not you. For more information, please refer to the document "Understanding LMI" which we give you.

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## **27. WHEN AND HOW MUST YOU PAY FEES AND CHARGES?**

### **When must you pay a charge?**

We can add a charge to your account on the date it becomes payable, or ask you pay it separately. This is set out in your letter of offer. If you've got sub-accounts, we'll add the charge to whichever sub-account the charge relates to. If the charge doesn't relate to any particular sub-account, then we can choose to add it to any particular sub-account.

Unless described differently, charges are generally 'payable' on the following dates:

- if the charge is used to pay another person, it will be the date by which we have paid that person; or
- for any other charge, it will be the date by which we have finished the work that relates to the charge.

We'll tell you in your account statement after we've added a charge to your account, or ask you for it separately.

### **When must you pay a fee?**

A fee will be payable on the date you have agreed to pay it in this agreement.

If we agree to add a fee to your loan balance, we'll add it on the date it becomes payable. If we haven't agreed to add it to your loan balance, you must pay it separately when it becomes payable - if you don't, we can then add it to your loan balance.



## What happens if we add a charge or fee to your loan balance?

If we add a charge or fee to your loan account then, unless we tell you otherwise, we'll charge interest on it from the day we add it to your loan account at the same interest rate as you pay on your loan (unless we have agreed otherwise, for example in your letter of offer).

You'll also have to pay a charge or fee that we add to your loan account on the same basis as you repay your loan, again unless we have agreed otherwise.

This means that, when we next change your periodic payments, we'll at the same time change them so that:

- for a principal and interest home loan, they pay off the fee or charge (and everything else you owe) by the end of your home loan term; and
- for an interest-only home loan, they pay the extra interest on the fee or charge.

You must make sure that you repay all you owe at the end of your loan term and also cover any fees and charges that are added to your loan balance.

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## Repaying your loan before the end of the home loan term

### 28. PAYING OFF WHAT YOU OWE EARLY

You may choose to make early additional payments at any time without penalty unless your loan account has a Fixed Rate.

Your letter of offer sets out any break costs that may apply if you have a Fixed Rate loan account. Please also refer to our facts sheet on break costs given to you.

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## When you don't follow this agreement

### 29. WHAT HAPPENS WHEN YOU'RE IN DEFAULT UNDER THIS AGREEMENT?

If anything in the left column of the below table happens, you'll be in default under this agreement and we can do anything in the right hand column. If we're required to under a law or code we're required to follow, we'll write to you before we do any of these to tell you that you're in default under this agreement, what you need to do to fix it and what will happen if you don't fix it within 30 days.

<b>If any of the following happens:</b>	<b>We can do any of the following:</b>
You haven't made a required payment under this loan agreement.	Call up your loan and demand that you pay us all you owe, or
We reasonably believe you or a guarantor has fraudulently entered into this loan or a mortgage.	stop any further lending or redrawing, or
You or a guarantor is insolvent, is unable to meet debts as they fall due, go into voluntary administration, is subject to another insolvency process or arrangement, or no longer has legal capacity.	take any action available to us at law, including ending this agreement, or
Another lender takes legal action against you or a guarantor or your or their assets, and we're required to take action to protect our legitimate business interests.	enforce any rights we have under the security or at law, or
We have a reasonable belief that you or a guarantor hasn't complied with the law or a government requirement which potentially materially affects us.	take money in any one or more of your accounts to pay us what we're owed, as permitted under clause "Accounts and Setting-Off" of the Personal Banking Booklet, or
It becomes unlawful for you or us to continue under this agreement.	in the case of a construction loan, we may complete the building works in any way we consider reasonably appropriate. If we choose to take this action, we may change the specifications, and may engage consultants or other builders we consider appropriate, or
You use the loan for a purpose materially different from what we've approved.	if your loan is a foreign currency loan, convert your loan into Australian dollars at the HSBC exchange rate that is applicable at the time.
You give us information or make a representation or warranty to us which is materially incorrect or misleading, including where you've omitted to tell us something, and we've relied on this to our detriment.	
You or a guarantor deal or try to deal with assets against this agreement or a guarantee or mortgage with us without our written permission.	
There's a material change to your financial situation which we reasonably believe will affect your ability to meet your obligations under this agreement, such as your death, incapacity, insolvency, or enforcement action by a creditor over the security property.	

<b>If any of the following happens:</b>	<b>We can do the following:</b>
We reasonably believe that we were induced by fraud by you or the mortgagor to enter into this agreement or the mortgage.	Any of the above, but If we call up your loan and demand payment of all you owe us, we don't have to give you any notice or wait for the expiry of a notice period.
We have failed, after making reasonable attempts, to locate you and the mortgagor.	
A court authorises us to call up the loan without giving notice.	
We reasonably believe you've removed or disposed of the security property, or intend to remove or dispose of the security property, without our permission, or that urgent action is necessary to protect the security property.	
<b>If any of the following happens:</b>	<b>And you're a company borrower, we can do any of the following:</b>
You or a guarantor don't give us financial information, or information about the security that is reasonably necessary for us to protect our legitimate interests.	Any of the above.
You or a guarantor don't maintain a licence or permit reasonably necessary to conduct your business.	
Any ownership or management control of you or a guarantor or of your or their business changes without our permission, which we'll not unreasonably withhold.	
Your or a guarantor's status, capacity or composition changes without our prior consent, and that change presents a material change to your or the guarantor's ability to meet your obligations under this agreement.	
<p>Except where you've missed a payment we'll only act on any of the above events if it's material, or we reasonably consider the event has had, or is likely to have, a material impact on you or your guarantor's ability to meet your or their financial obligations to us, our security risk, or in some cases, our legal or reputational risk.</p>	

## What you tell us by entering into the agreement

### 30. WHAT YOU TELL US BY ENTERING INTO THIS AGREEMENT

By entering into this agreement you're telling us the following statements of fact at the following times:

You tell us the following:	And you tell us those things at the following times:		
	Before you enter the agreement	Through-out the agreement and when you make a redraw	You undertake to tell us in the future
That all information you've given us is true and complete, and isn't materially misleading – information could be materially misleading as a result of something you haven't told us, or as a result of another action you've taken.	✓	✓	✗
You'll always notify us in a reasonable time of any event which would require you to repay immediately (see "When you need to repay immediately"), or any threatened, pending or actual litigation or anything else we reasonably require notice of.	✗	✗	✓
If you're joint borrowers, you tell us that you're not experiencing financial abuse, and that each of you is receiving substantial benefit from this loan.	✓	✓	✗
If you're a resident, or become a resident during the course of your loan, of a country other than Australia, the benefit of your loan won't be brought into, used to support a business in, or be used to buy income producing assets in, that country, unless permitted by law*.	✓	✓	✗

You tell us the following:	And you tell us those things at the following times:		
	Before you enter the agreement	Through-out the agreement and when you make a redraw	You undertake to tell us in the future
If you're a resident, or become a resident during the course of your loan, of a country other than Australia, any interest payable won't be claimed as a deduction (or other relief) against any income tax that you need to pay in any country other than Australia, and any interest payments won't come from income derived by you in that country, or be sent by you from that country, unless permitted by law*.	✓	✓	✗
If you're a trustee for a trust, you confirm you're liable under this agreement both personally and as the trustee for the trust.	✓	✓	✗
If you're a trustee for a trust, you confirm that the loan's for a proper purpose under the trust.	✓	✓	✗
If you're a trustee for a trust, you confirm you've got the power and authority to enter this loan agreement and any mortgage.	✓	✗	✗
If you're a trustee for a trust, you confirm you've got a right under the trust to be fully indemnified out of the trust property before anyone else for all liability under this agreement.	✓	✓	✗

\*You're responsible for obtaining your own tax advice – for more information, see "Tax" in the Personal Banking Booklet.

## Contacting you

### 31. HOW CAN WE CONTACT EACH OTHER?

#### For us to give notice to you

Where this agreement requires us to “give you notice” of something, then (unless laws and regulations say differently) we’ll give you notice in writing. We may, for example, do this by sending an email to an email address you’ve given us, or by writing to you at the last address you gave us, or by sending you a secure e-message through online or mobile banking or by sending you an SMS to your mobile phone which may also have a link to our website in it.

#### Statements

We’ll send you a statement at least every six months (unless other product terms, laws or regulations say we have to send you statements more frequently.) We don’t have to send you a statement if you’re in default under this agreement and we’ve written to you telling you to fix the default and you haven’t. You may also request a statement.

#### Communicating electronically

By entering into this agreement, you consent to us giving you documents and other notices that we are required to give you by electronic communication. By giving written consent, we may no longer give paper documents and notices unless required by law, you will need to regularly check your electronic communications, and you acknowledge that you can withdraw your consent at any time by contacting us.

Depending on your account, the nature of the notice, and other factors, we’ll choose the most appropriate method of electronic communication. For example, sending a notice by email, making a document available online or sending a document to a secure e-message facility on online banking. You must keep your electronic details up to date. We recommend you regularly check your emails and keep a record of important documents.

### **For you to give notice to us**

We may agree with you that you can send us an email and that will count as notice. If we don't you must give us notice by post to the address set out in your letter of offer or to the branch where you arranged your home loan.

Legal notices must be served on us at Level 36, Tower 1 - International Towers Sydney, 100 Barangaroo Avenue, Sydney NSW 2000 Australia and addressed to the HSBC Company Secretary.

If you are a company, communications from you must be signed by a director or any other person you've told us has authority to sign (and given us their specimen signature).

### **Other terms**

Laws and regulations imply some terms which apply to this agreement. For example, as well as our powers under this agreement, we have powers under the general law. We haven't set out the implied terms in these terms, and your legal adviser can tell you about them.

If you have a regulated home loan, our rights and powers under this agreement are limited as required by the National Credit Code.

You agree to sign any document we may need to safeguard the mortgage or our other security or to protect our interests in your property. We'll prepare any documents at your cost.

You must provide any information we reasonably request e.g. tax returns and assessments, financial records and bank statements or, if you're borrowing for business purposes, balance sheets, profit and loss statements or cash flow statements.

## Jurisdiction

This agreement is governed by the laws and regulations of the State or Territory in which the property you mortgage to us is situated. Where you have multiple properties, the laws and regulations of the State or Territory where you reside in one of those properties will apply, or otherwise that State or Territory where the most valuable property is located. We also take the laws and regulations of that State or Territory as the basis for the establishment of relations with you before this agreement is entered into. You accept the non-exclusive jurisdiction of courts exercising jurisdiction in that State or Territory.

If you aren't an Australian resident, you may be required to appoint an agent for service of process in Australia. We may also serve documents by certified or registered airmail postage prepaid to you at your address or to any appointed process agent.

For example, if your mortgaged property in which you also live is in New South Wales, the laws and regulations of New South Wales will apply to this agreement.

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## PART C: FEES AND CHARGES

### Important information about our fees and charges

All fees and charges contained in this part are current as at the date on the front of these Home Loan Terms.

Your letter of offer contains all fees and charges that may apply to your loan and includes the below fees and charges. Part B of the Personal Banking Booklet contains fees and charges that are applicable when you make a transaction (such as a telegraphic transfer or order a bank cheque) or use another service. If these are directly related to your loan they are also disclosed in your letter of offer.

We regularly review our fees and charges so these may change over time. We can also introduce new fees and charges with notice to you.

All fees and charges shown are in Australian dollars (AUD) unless otherwise stated.

Our fees and charges are for the provision of our services.

We'll also provide information on fees and charges on request.



## HSBC Home Loan Terms

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Fee or charge	Amount (\$)	When it's payable
Splitting fee	\$100	When you first draw on the loan (for a fourth loan account or more)
Loan variation fee	\$300	When we agree to vary this agreement
Discharge	\$300	When you ask us to discharge the mortgage over the security property
Home Loan Package fee*	\$390 (\$195 if you are a Premier customer at the time the fee is applied)	The fee is payable when you have selected the home loan package, and you first draw on your loan, or enter the package through a variation; and annually in advance, on the second business day of each settlement anniversary month of your loan. It is payable in addition to your monthly loan repayment (eligible HSBC Premier or Global Premier customers receive a 50% discount to this annual fee subject to the terms at <a href="http://www.hsbc.com.au/premier">www.hsbc.com.au/premier</a> )

\*The Home Loan Package fee is paid annually, in advance, and is not refundable. The fee applies per each borrowing entity which can include individual(s). This means if you have multiple loans with the same borrowing entity, you will pay only one Home Loan Package fee at settlement, and annually thereafter. On the other hand, if you have multiple loans with a different borrowing entity, you will be charged one Home Loan Package fee per borrowing entity at settlement, and annually thereafter.

For example:

- Mr. A and Mrs. A have two home loans in their joint names. They are required to pay only one Home Loan Package fee because both home loans are under the same borrowing entity.
- Mr. B and Mrs. B have one home loan package in joint names, and Mrs. B also has a home loan package in her own name. In this example, Mr. and Mrs. B pay one Home Loan package fee for their joint home loan, and Mrs. B pays another Home Loan Package fee for the home loan in her own name because the borrowing entities are different.

## APPENDIX 1

### Additional terms for home loan accounts

#### 1. CHANGING TO AN INVESTMENT PROPERTY RATE

##### What does this clause apply to?

✓ All home loans

If we give you a home loan on the condition that you live in the property, you must tell us if at any point you don't (if the property is being built, this applies when you've finished construction). We may then switch you to an equivalent investment property interest rate.

If you tell us you're living there again, we'll switch you back from that time to the interest rate that would have applied if you'd stayed in the property. We may ask you for evidence such as certified copies of your tax returns for the relevant period you claim you were living there.

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#### 2. ADVANCE INTEREST PAYMENTS

##### What does this clause apply to?

✓ Loans that:

- are unregulated or are investment loans; and
- have a Fixed Rate period (some or all of which is interest only).

If we agree, and your loan account is interest only on a Fixed Rate, you can voluntarily elect to pay interest in advance for a period of up to 12 months. Once you have made your interest prepayment, you can't change your mind, and can't switch the loan account to principal and interest, or to a variable interest rate.

This advance interest period will end on or before the last day of the relevant:

- Fixed Rate period; or
- interest only period,

whichever is earlier.

We may apply a promotional interest rate during this advance interest period. After your advance interest period, your annual interest rate will revert to your Fixed Rate without the discount.

IMPORTANT: We don't make any comment about any tax effects of an advanced interest payment, and recommend that before you request to make an advanced interest payment, you seek advice from an independent accountant or tax advisor.

### Credit Interest

We don't pay interest on any loan account, even if you've deposited more than your loan amount into that loan account.

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## 3. FOREIGN CURRENCY HOME LOANS

**What does this clause apply to?**

✓ Foreign currency home loans

### Fees and charges

If your loan account is in a foreign currency and our fees and charges (including enforcement expenses) are in Australian dollars, we'll convert them into that currency at the HSBC exchange rate applicable at the date on which the fee is incurred before charging them to your account.

### Converting your loan to Australian dollars

If we have to convert your loan from a foreign currency into Australian dollars, we'll do this:

- on a day that we can change the interest rate – the rate that applies will be the Variable Rate for an equivalent Australian dollar home loan (unless we agree a different rate); and
- using the HSBC daily rate.

We might need to convert your loan because all of your loan must be in the same currency at any time. For example, if your loan is not in Australian dollars and your interest rate is a market linked rate, you can convert your loan to Australian dollars. We'll also convert your loan if you're in default under this agreement.

For details about our exchange rates, please refer to clause "Foreign Currencies" in the Personal Banking Booklet.

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## 4. SECOND OR SUBSEQUENT MORTGAGES

### What does this clause apply to?

✓ All home loans

You're not allowed to enter into a second or subsequent mortgage or charge over any secured property without our permission, which we won't unreasonably withhold. We may require that the other mortgagee or chargee enters into a priority agreement acceptable to us.

### What's a priority agreement?

This is an agreement ranking mortgages in order of priority e.g. who registered the mortgage first and therefore has first claim to the property provided as security.

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## 5. HOW FIXED AND MARKET LINKED RATES WORK

### What does this clause apply to?

✓ Home loans with fixed or market linked rates

We won't change:

- repayments (unless you pay more than you're required to or miss a payment);
- the interest rate; or
- how we calculate fees and charges payable if you repay more than you're required to,

during the period we tell you a Fixed Rate will apply.

This won't apply where your Fixed Rate loan has a package margin discount that expires during the Fixed Rate period.

Your market linked rate will be reviewed every 3 months from the date you first draw on the loan.

---

## 6. SPLIT LOANS

### What does this clause apply to?

✓ Split loans

You can ask us in writing to split your account into sub-accounts. If we agree to this, we'll charge a fee and:

- open a separate loan account for each split (which means you'll have two or more loan account numbers for your home loan);
- give you a separate statement (or separate details on a consolidated statement);
- calculate default interest separately; and
- calculate the loan to security value ratio using the combined balance (or loan account limits) of all your loan accounts, unless you have a Bridging Loan account where we'll use your separate loan account balances. If you have a foreign currency loan, we'll calculate this using the Australian dollar equivalent of your loan.

Fees and charges will be debited to the relevant split loan account or the account you nominate, and if it's not clear which split loan account the fee or charge relates to or you haven't nominated an account, we'll choose an account acting reasonably.

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## 7. CONSTRUCTION LOANS

### What does this clause apply to?

✓ Construction loans

We'll only lend up to the loan to value ratio (as calculated by us) in your letter of offer.

### Progress Payments

Your progress payment schedule is set out in your building contract.

- (a) We won't make a progress payment until we receive a signed progress payment request from you and you have met all the conditions set out in your letter of offer. You'll need to send us the builder's invoice so we can pay the builder, and complete the authorisation form instructing us to make the payment. Our valuer will also need to confirm to us that the building work has been done.

- (b) Your loan can only be used to construct or purchase the land, and construct the building. We may allow you to use it for other purposes if:
- you complete a progress payment request:
    - signed by the builder with details of the invoiced works; and
    - stating you're satisfied with the work carried out and the cost;
  - our assessor certifies they're satisfied with the claim on progress payment, variation to the building, progress and cost of the works.
- (c) At no time should the cost to complete the works ever exceed the unused portion of the overall loan balance.
- (d) Before we make the final progress payment, you must give us:
- an original policy of insurance for the full insurable value of the improvements on a replacement and reinstatement basis noting HSBC as first mortgagee; and
  - a certificate from the local authority of satisfactory completion (where applicable).

### **Other conditions**

- (a) We must approve any changes to the building contract:
- which increase the total contract price by 10% or more; or
  - replacing the specified builder.
- (b) You consent to us or our agents having access to the property when reasonably required to perform inspections.
- (c) You must ensure that all building works are:
- completed to the specifications and within the agreed period; and
  - carried out in accordance with the:
    - council's building approval and conditions;
    - council's approved plans including engineering details; and
    - specifications for the proposed dwellings,
- you're required to provide to us. We must agree to any changes to these approvals, plans or specifications.
- (d) Our assessor must carry out a final inspection on completion to confirm:
- the building works have been completed in accordance with the approved plans and specifications; and
  - the current market value of the property.

### Joint borrowers

Once you've drawn on your loan, you can only ask us to terminate your liability as a joint borrower if we've issued a certificate to say the work you've carried out has been completed to our satisfaction.

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## 8. HOME LOAN PACKAGE

### What does this clause apply to?

✓ Home Loan package

You may lose any promotional interest rates available under this package if you:

- fall behind on your repayments or don't repay any amounts owed to us; or
- don't pay the applicable annual fee

Premier customers may be eligible for additional benefits, please refer to the Premier Service Guide.

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## 9. HOME EQUITY LOAN REPAYMENTS

This is an on-demand facility, which means that at any time and for any reason, we may do any one or more of the following:

- (a) demand that you repay the full amount or any part of all you owe; or
- (b) cancel your Home Equity loan; or
- (c) reduce the limit of credit available for future drawing.

We can do this whether or not you're in default under this agreement. You must pay in full the amount we demand at the time we state in the demand.

Until we demand payment, you must make monthly interest only payments on the same day each month as the day you first drew on the loan. The amount of the monthly interest only payment you have to pay will be equal to the interest for the previous month calculated on the daily balances of the amount you owe us at the applicable interest rate.

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## 10. PACKAGES WE NO LONGER OFFER

### What does this clause apply to?

- ✓ PowerVantage and HSBC Premier Package

The PowerVantage Package and HSBC Premier Package packages are no longer available for new customers.

Customers who currently have PowerVantage and HSBC Premier home loans will maintain their current interest rate discounts.

Current HSBC Premier Package customers are also not eligible for discounted fixed rates should you choose to fix, or re-fix your home loan.

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## APPENDIX 2

### Transaction terms

#### What does this appendix apply to?

- ✓ HOME SMART®, Home Equity, Home Value and Standard Variable Rate loan accounts.

### 1. DEPOSITS AND WITHDRAWALS

We may restrict:

- the minimum and maximum amounts you can pay in; and
- the amount you can withdraw at any one time; and
- how you can make payments into and out of the account.

For more information on deposits and withdrawals, see your letter of offer and the Personal Banking Booklet.

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### 2. MANAGING YOUR ACCOUNT

For information about how we may deal with inactive accounts, and how we may close an account, please see the Personal Banking Booklet.

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### 3. GRANTING SECURITY OVER YOUR ACCOUNT

You must not grant a mortgage, charge or any other security interest over any loan account you hold with us, unless it's in our favour.

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#### 4. HOW DEPOSITS AND WITHDRAWALS CAN BE MADE

Payments	HOME SMART®		Home Equity	
	Deposit	Withdrawal	Deposit	Withdrawal
In person at HSBC branches	✓	✓	✓	✓
Online Banking <sup>1</sup>	✓	✓	✓	✓
Mobile Banking <sup>1</sup>	✓	✓	✓	✓
Phone Banking <sup>2</sup>	✓	✓	✓	✓
ATM (Australia)	✓ <sup>3</sup>	✓	✓ <sup>3</sup>	✓
ATM (Overseas)	✗	✓ <sup>4</sup>	✗	✓ <sup>4</sup>
EFTPOS	✗	✓	✗	✓
Direct debit	✗	✓	✗	✓
Direct credit (e.g. from your salary)	✓	✗	✓	✗
By cheque	✓ <sup>5</sup>	✓	✓ <sup>5</sup>	✓
Bank@Post™	✓	✓	✓	✓
Written instructions to us to make regular payments to third parties on your behalf (periodical payments)	✗	✓	✗	✓

- <sup>1</sup> You must register for online banking. See our Online Banking Terms
- <sup>2</sup> You must register for phone banking. See our Personal Banking Booklet.
- <sup>3</sup> Only available at HSBC branch ATMs in Australia.
- <sup>4</sup> You may only use ATMs outside Australia with your Visa Debit card where the ATM displays the Visa or Visa PLUS logo.
- <sup>5</sup> Generally, cheques will be cleared in 3 business days. If you require faster clearance, known as special clearance, inform the branch staff when you are depositing the cheque into your account. A fee is charged for this service.

Payments	Home Value		Standard Variable	
	Deposit	Withdrawal	Deposit	Withdrawal
In person at HSBC branches	✓	✓	✓	✓
Online Banking <sup>1</sup>	✓	✓	✓	✓
Mobile Banking <sup>1</sup>	✓	✓	✓	✓
Phone Banking <sup>2</sup>	✓	✓	✓	✓
ATM (Australia)	✗	✗	✗	✗
ATM (Overseas)	✗	✗	✗	✗
EFTPOS	✗	✗	✗	✗
Direct debit	✗	✓	✗	✓
Direct credit (e.g. from your salary)	✓	✗	✓	✗
By cheque	✓ <sup>3</sup>	✗	✓ <sup>3</sup>	✗
Bank@Post™	✓	✗	✓	✗
Written instructions to us to make regular payments to third parties on your behalf (periodical payments)	✗	✗	✗	✗

<sup>1</sup> You must register for online banking. See our Online Banking Terms

<sup>2</sup> You must register for phone banking. See our Personal Banking Booklet.

<sup>3</sup> Generally, cheques will be cleared in 3 business days. If you require faster clearance, known as special clearance, inform the branch staff when you are depositing the cheque into your account. A fee is charged for this service.

Withdrawals can be made by you or any authorised signatory.

You can make foreign currency withdrawals on the HOME SMART® Loan Account and Home Equity Loan Account.

Online Banking withdrawals include BPAY® Payments. BPAY® Payments made after 4pm Friday, Sydney time will not be processed until Monday morning.

Telephone Banking withdrawals are either automated (including BPAY® Payments) or staff assisted.

Daily card limits and daily Visa transaction limits may apply. Please see the Personal Banking Booklet.

You should allow up to 10 business days for cheques to be cleared and the money credited to your account. If your account allows transactions or redraw, you can't use the money until a cheque has cleared.

EFTPOS means an electronic funds transfer at point of sale.

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## **5. FEES AND CHARGES**

For information on our fees and charges, please refer to your letter of offer and the Personal Banking Booklet.

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## APPENDIX 3

### Offset Savings Account

This appendix and the Personal Banking Booklet comprise the terms for the Offset Savings Account. Any information we give you about an offset account is factual information only, and is not advice. You must make your own inquiries about whether an offset account is suitable for your own needs.

This appendix contains important information about the Offset Savings Account.

This appendix should be read together with the Personal Banking Booklet, which contains important additional information, fees and charges and terms. The Personal Banking Booklet can be found at <https://www.hsbc.com.au/content/dam/hsbc/au/docs/misc/ways-to-bank/personal-banking-booklet.pdf>

#### Financial Claims Scheme

As a holder of an account, you may be entitled to a payment under the Financial Claims Scheme in the event of our insolvency. Payments under the scheme are subject to a limit for each depositor. Information about the scheme can be obtained from the Financial Claims Scheme website at [www.fcs.gov.au](http://www.fcs.gov.au) or the Financial Claims Scheme hotline 1300 55 88 49.

## Summary of key risks

### Credit and operational risk

Our ability to service the transactions and savings accounts is reliant on our ability to repay your balance to you, and the effectiveness of our systems, processes and procedures to provide the agreed services to you, on time. If there is a system delay, a security risk, or another event, we may be unable to process your transaction in the time you expect, and you may incur a dishonour fee.

### Liquidity risk

Our financial strength impacts our ability to meet our obligations. We are regulated by the Australian Prudential Regulation Authority, and comply with regulatory measures intended to reduce the risk of us being unable to perform our financial obligations.

## 1. WHAT IS IT?

Our Offset Savings Account is a transaction account that offsets the interest you pay on your Standard Variable Rate loan account. It has no monthly service fee, unlimited electronic transactions at any ATM in Australia without charge from HSBC (ATM operator fees may apply), and a Visa Debit card.

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## 2. KEY FEATURES

- Linked to your Standard Variable Rate loan account, to offset the interest you pay to us.
  - No monthly account service fee.
  - Visa Debit card to access your own money when shopping in-store, online and overseas
  - Cheque access.
  - Access via online banking, mobile banking and phone banking.
  - Available for personal customers only.
-

### **3. DEPOSITS AND WITHDRAWALS**

We may restrict:

- the minimum and maximum amounts you can pay in; and
- the amount you can withdraw at any one time; and
- how you can make payments into and out of the account.

For more information on deposits and withdrawals, see the Personal Banking Booklet.

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## 4. HOW DEPOSITS AND WITHDRAWALS CAN BE MADE

Payments	Offset Savings Account	
	Deposit	Withdrawal
In person at HSBC branches	✓	✓
Online Banking <sup>1</sup>	✓	✓
Mobile Banking <sup>1</sup>	✓	✓
Phone Banking <sup>2</sup>	✓	✓
ATM (Australia)	✓ <sup>3</sup>	✓
ATM (Overseas)	✗	✓ <sup>4</sup>
EFTPOS	✗	✓
Direct debit	✗	✓
Direct credit (e.g. from your salary)	✓	✗
By cheque	✓	✓ <sup>5</sup>
Bank@Post™	✓	✓
Written instructions to us to make regular payments to third parties on your behalf (periodical payments)	✗	✓

<sup>1</sup>. You must register for online banking. See our Online Banking Terms

<sup>2</sup>. You must register for phone banking. See our Personal Banking Booklet.

<sup>3</sup>. Only available at HSBC branch ATMs in Australia.

<sup>4</sup>. You may only use ATMs outside Australia with your Visa Debit card where the ATM displays the Visa or Visa PLUS logo.

<sup>5</sup>. Generally, cheques will be cleared in 3 business days. If you require faster clearance, known as special clearance, inform the branch staff when you are depositing the cheque into your account. A fee is charged for this service.



Withdrawals can be made by you or any authorised signatory.

You can make foreign currency withdrawals.

Online Banking withdrawals include BPAY® Payments. BPAY® Payments made after 4pm Friday, Sydney time will not be processed until Monday morning.

Phone Banking withdrawals are either automated (including BPAY® Payments) or staff assisted.

Daily card limits and daily Visa transaction limits may apply. Please see the Personal Banking Booklet.

You should allow up to 10 business days for cheques to be cleared and the money credited to your account. If your account allows transactions or redraw, you can't use the money until a cheque has cleared.

EFTPOS means an electronic funds transfer at point of sale.

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## **5. MANAGING YOUR ACCOUNT**

For information about how we may deal with inactive accounts, and how we may close an account, please see the Personal Banking Booklet.

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## **6. GRANTING SECURITY OVER YOUR ACCOUNT**

You must not grant a mortgage, charge or any other security interest over the Offset Savings Account you hold with us, unless it's in our favour.

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## 7. LINKING TO YOUR STANDARD VARIABLE RATE LOAN ACCOUNT

We will provide you with an Offset Savings Account only if you have a Standard Variable Rate loan account. Your Offset Savings Account must be linked at all times to your Standard Variable Rate loan account.

The Offset Savings Account will only be linked to one Standard Variable Rate loan account and not to any other loan account you might have with us. We won't change the Standard Variable Rate loan account that your Offset Savings Account is first linked to.

If your agreement is terminated for any reason, or your linked Standard Variable Rate loan account is closed we may terminate your Offset Savings Account and transfer any funds to your nominated account or issue you with a bank cheque. Fees may apply.

Where you have a Fixed Rate, your Offset Savings Account won't offset against your loan account. This means that whilst you can still deposit money into the Offset Savings Account and continue to use it as a transaction account, it won't be offset against your loan account. We'll indicate in your statement that the account is no longer offsetting interest on the Standard Variable Account by re-naming the Offset Savings Account as "Home Loan Transaction Account – Non Offset".

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## 8. CREDIT INTEREST

You won't earn interest on credit balances.

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## 9. OFFSET AMOUNT

For each day that your Offset Savings Account balance is in credit, the interest applicable to your linked loan account will be reduced by an offset amount. We explain below how we calculate this amount:

<b>Reduction in interest on your loan account:</b>	<b>Example:</b>
$\frac{\text{offset savings account balance} \times \text{loan account interest rate}}{365}$	$\frac{\$50,000 \times 6.7\%}{365}$ <p>Offset amount for that day = \$9.17</p>

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## 10. FEES AND CHARGES

Please refer to Part B of the Personal Banking Booklet for fees and charges that apply.

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