

Fact Sheet

Springboard Mortgage

Features

- Financing of up to 100% of the property purchased price with 20% secured by the Guarantor's property or cash held by the Guarantor within an HSBC account
- Terms range from 10 to 30 years
- Guarantor property or cash security to be held for 5 years
- Variable and Fixed interest rates available
- Unlimited pay downs without penalty for the initial 5 years
- Guarantor has to be aged 65 or younger at the time the security is anticipated to be released

Financing

Variable/Fix Mortgage	Financing Up To	Pricing Prevailing Base Rate
Premier	95% - 100%	+ 2.99%
Premier	85% - 94.99%	+ 2.74%
Premier	84.9%	+ 2.49%

Variable/Fix Mortgage	Financing Up To	Pricing Prevailing Base Rate
Advance	95% - 100%	+ 3.25%
Advance	85% -94.99%	+ 3.00%
Advance	84.9%	+ 2.75%

Variable/Fixed Mortgage	Financing Up To	Pricing Prevailing Base Rate
Personal	95% - 100%	+ 3.50%
Personal	85% - 94.99%	+ 3.25%

Personal	84.9%	+ 3.00%
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FAQ's

1. What is the Family Springboard Mortgage?

HSBC's Family Springboard Mortgage will provide support to clients who are able to demonstrate capacity to repay a home loan but lack the required minimum deposit to complete their purchase. This product will enable customers to borrow up to 100% of the value of their new home using additional security of a Guarantor's cash, which must be held in an HSBC bank account or another property owned by the Guarantor that has sufficient equity.

2. What is the interest rate for Springboard Mortgages?

A Springboard Mortgage can be a variable interest rate facility that will fluctuate on prevailing market rates, or a fixed interest rate which will remain the same for the first 5 years after which the rate will revert to the variable interest rate (outlined above). Please refer to www.hsbc.bm for the current base rate.

3. Where do I find the interest rate and term of my current mortgage loan?

The interest rate and mortgage term length are stated on the Offer to Finance letter signed at the time of closing with either your Personal Banker or Relationship Manager.

4. Can I make early repayments and/or pay my mortgage off early?

For the initial 5 years, unlimited additional payments may be made without penalty. After the initial 5 year period, as long as you provide the Bank with 3 months' written notice, there is no penalty for early repayment. However, if no notice is given after the initial 5 years, the Bank has the right to charge an early payment fee of up to 3 months of interest on the outstanding balance.

5. What will happen if I cannot meet my monthly repayment obligations?

Borrower: Your home is placed as security so that you can borrow funds. If you cannot meet your monthly mortgage payments your home can potentially be repossessed by the Bank. Once all repayments have been made, the Bank will no longer hold a financial interest in the property. Until that period expires, the Bank has the legal right to repossess your home if payments cannot be made.

Guarantor: If the Borrower is unable to meet the monthly mortgage payments, the Guarantor's Guarantee (property or cash) may be held longer than the initial 5 years. In cases where the Bank has moved forward with repossession of the Borrower's property, the Guarantor's guarantee amount may also be in jeopardy of being retained.

6. Who is responsible for the repayments?

All individuals that are on the signed mortgage documentation as Borrowers are legally obligated for the repayment of the mortgage balance.

7. Can the interest rate change on my variable rate mortgage?

The variable interest rate can be changed at any time during the term of your mortgage. There are two components to the interest rate: the base rate and the spread. The base rate is standard generic rate set by the Bank and it is used to determine other interest rates. The spread rate is the difference between the base rate and the agreed interest rate charged and under normal circumstances will not change. In the event the base rate changes, the Bank will provide you with at least thirty (30) days' notice of the new base rate.

8. **Guarantor: I own a property free and clear and would like to assist my loved one, however I am not the only individual on title can I still assist in becoming a Guarantor?**

Yes it is still possible to become a Guarantor however all individuals on title (Guarantor property) will be required to act as Guarantors to assist the borrower

9. **How is interest calculated?**

Interest on a BMD Mortgage is calculated on the basis that there are 365 days in the year. (Except for a leap year where there are 366 days). Interest for USD Mortgage is calculated on the basis that there are 360 days in a year.

10. **If I have a fixed interest rate Mortgage what happens to my interest rate at the end of the 5 year fixed period?**

Upon expiration of your fixed interest rate period, you will have the option to renew for another fixed rate term. If you do not request another fixed term period, your rate will automatically convert to the standing variable interest rate.

11. **Guarantor: How can I ensure that I have a clear understanding of this product?**

All Guarantors must obtain Independent Legal Advice (ILA) prior to financing being provided to the Borrowers. This is to ensure that individuals using collateral (cash or property) have a sound understanding of this product and the obligations associated with it.

12. **Guarantor: Will I be notified in the event that the Borrower has missed or is behind on the mortgage facility?**

Guarantors will be entitled to information about the mortgage facility and the status of it. Guarantors will not be entitled to information related to other products that the Borrower may hold with the Bank.

13. **What are acceptable forms of security that the Guarantor can provide?**

Security can be either cash or property.

Cash Security

1. The Guarantor will be required to sign an attestation confirming that they have sufficient income and/or emergency funds to maintain their lifestyle without needing access to these funds.

Property Security

1. Property must be unencumbered or
2. Have a mortgage associated with it that is held with HSBC Bermuda. When the current mortgage is combined with the new further charge, there has to be a loan to value (LTV) of 65% or less.

14. **Is there a cap on the amount that the Guarantor can use as security whether it be cash or property?**

1. The maximum cash or collateral value that can be provided by a Guarantor is \$500K
2. Total guarantee cannot exceed 50% of the Guarantor's security value or 20% of the requested loan amount
3. Maximum LTV of Guarantor is 65% when combined with the new further charge.

15. **Will credit checks be performed on the Guarantor as part of this product for cash security?**

Credit checks will be mandatory for both the Borrower and Guarantor for both cash and property security scenarios.

16. A full property evaluation on the purchase property is required for all mortgage applications, is this a requirement for the guarantor's property as well?

A full property appraisal will be required for both the purchase property and the Guarantor's property. The appraisals must be completed by one of HSBC's approved appraisers (please contact the Bank to find out what appraisers are on our panel).

17. Do I need to have a home building insurance policy?

The Bank requires all residential mortgages to be accompanied by home building insurance. You are required to adequately insure the property for the full replacement value of the property at all times throughout the term of the contract. It is your responsibility to provide the Bank, on an annual basis, with copies of received premiums and an updated endorsement from your insurance provider confirming that the Bank is listed as the mortgagee.

18. What is negative equity?

Negative equity is a term used when the outstanding mortgage balance is higher than the value of your property. For instance, if your mortgage is \$1,000,000 however your property is valued at \$900,000, your property will have negative equity of \$100,000. With negative equity, your monthly mortgage payments do not change.

19. What out of pocket expenses should I expect to incur?

Borrower: A property valuation must be conducted prior to financing approval being granted. Property valuation costs are the responsibility of the Borrower. Legal and Government fees are also costs that will be incurred and are the responsibility of the Borrower (exact costs should be obtained from external counsel).

Guarantor: If the property is being used as security, a property valuation must be conducted prior to financing approval being granted. Property valuation costs will be the responsibility of the Guarantor. All Guarantors are required to seek Independent Legal Advice without the presence of the Borrower. Costs incurred for receiving Independent Legal Advice are the responsibility of the Guarantor.

If there are any terms that you are not quite sure of their meaning please refer to www.hsbc.bm to see a full list of terms and definitions.