

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

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 principal place of residence); or
- the regulations that apply to consumer credit contracts which we have to comply with 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 in relation to the credit contract, and your financial situation, and take reasonable steps to verify your financial situation. We must make an assessment about whether the credit contract, or the credit limit increase, will be unsuitable for you.

What if we approve your credit?

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.
- ✓ By calling 1300 308 188 (toll free) or +61 2 9005 8181 (from overseas, you may be charged by the telephone provider).

- ✓ Hearing or speech impaired?

If you are d/Deaf, hard of hearing or have a speech communication difficulty you can contact HSBC Australia through the National Relay Service (NRS) and provide 1300 308 008. More information about the NRS and their services can be found at <https://www.accesshub.gov.au>.

Please note, you will need to be an Australian resident and have registered with NRS prior to using the service. International call charges will apply if you are calling NRS from overseas.

- ✓ By emailing our Customer Relations Team at customerrelationsaustralia@hsbc.com.au or by mail at HSBC Bank Australia Limited, GPO Box 5302, Sydney NSW 2001.

We aim to resolve most issues within 5 days of receiving your complaint. If we're unable to resolve your complaint within 30 days or in some cases 21 days (depending on what the complaint is about) of receiving it, we'll write to you and inform you of the reasons for the delay. Please refer to clause 55 ("Complaints 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 (AFCA). 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; and online at www.afca.org.au

Home Loan Terms and Offset Savings Account and Home Loan Transaction (Non Offset) Account Terms

These Home Loan Terms contain terms for your home loan and Appendix 3 contains the terms for the Offset Savings and Home Loan Transaction (Non Offset) Account.

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; and
- 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 exchange rates for you. It's your responsibility. You should consider getting independent financial advice before considering a foreign currency loan, or consider hedging options.

We're also required to provide you with an important information statement. This is set out in Part D of these Home Loan Terms. Please read it carefully.

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 home loan works.

In summary, we'll lend money to you and you'll give us security in the form of a mortgage over your residential property (unless we agree to another form of security). The "mortgage" is an interest you give us over your property as 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 account 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: $\frac{\text{the balance of your loan accounts}}{\text{the total value of all the property or interests in property that we have security over.}}$

1. Joint Borrowers

If more than one of you is borrowing from us, clause 24 (“Joint accounts”) in the Personal Banking Booklet applies and these Product Terms apply 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 this agreement and that each of you will be liable individually for the full amount of all you owe. It also means that if there is more than one of you, any one of you can instruct us about your loan account, 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 sub-accounts.

2. What are the Product Terms?

These Home Loan Terms apply to our home loan products.

The table below lists the documents that make up the “Product Terms” and form part of your agreement with us for the purpose of your home loan. Please refer to the Personal Banking Booklet for what constitutes the “agreement”.

Document	Type of information
These Home Loan Terms	Terms specific to your home loan.
Your letter of offer	Important precontractual information about fees, charges, interest rates and other details.
The Fixed Rate Handout (Home Loans)	If you have a Fixed Rate Home Loan, the Fixed Rate Handout provides information about Break Costs and the Fixed Rate Lock.

This agreement will start from 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. If you are outside of Australia, this agreement does not commence until the signed offer (which includes the corresponding legal documents) is received by us in Australia.

Depending on your specific home loan product, certain clauses that are identified as being relevant to your product in the Appendices to these Home Loan Terms will apply. You should read this entire document.

How can we change this agreement?

Here we tell you how we may change parts of this agreement as it applies to your home loan. We'll act reasonably when we make changes.

If you have an Offset Savings or Home Loan Transaction (Non Offset) Account with your home loan, see the section "Changes to your agreement" in the Personal Banking Booklet for what we can change in respect of the terms of those accounts, our reasons for making changes, and how and when we will tell you.

3. What changes can we make and how will we tell you about them?

We may make changes to your home loan acting reasonably. The following table describes the changes we can make to your home loan, our reasons for making changes and how and when we'll notify you about the change. Information on current standard fees, charges and any interest rates is available on request. If a change is sufficiently important or numerous, we will give you a single document that explains the changes.

If you do not wish to accept a change or variation that we make, you can exit this agreement without additional charge. You will need to repay all you owe in accordance with the early repayment provisions in this agreement. If you have a Fixed Rate, break costs and discharge fees may apply – see your letter of offer and the Fixed Rate Handout.

Type of change	Our reasons for making changes and when we'll tell you about the changes:
<p>Changes to your underlying Reference Rate, or a margin, which creates a change to your Variable Rate</p>	<p>We can reduce your Variable Rate for any reason. 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"> • our underlying costs to our way of doing business, including the introduction of new technology; • a change to the Reserve Bank Cash Rate; • laws and regulations, for example, to meet the laws or regulations, we may need to change your rate; • 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; or • it is otherwise reasonably necessary to protect our legitimate interests. <p>We will tell you as soon as we can and no later than the day that we are changing your Variable Rate.</p>
<p>Changes to increase your periodic payment amount (other than interest only loans)</p>	<p>We can change your periodic payment amount so that the loan is paid off by the end of its term – see clause 9 (“When can we change your periodic payments?”) of these Home Loan Terms for the reasons for doing this.</p> <p>If we increase your periodic payment amount, we will tell you as soon as reasonably possible and:</p> <ul style="list-style-type: none"> • we'll give you at least 20 days' notice before it happens if we change it because of an interest rate increase; and • we'll give you at least 30 days' notice before it happens if we change it for any other reason.

Type of change	Our reasons for making changes and when we'll tell you about the changes:
Changes in your favour (including extending the period of your home loan)	<p>We can make changes that we reasonably consider are favourable to you for any reason.</p> <p>We will tell you as soon as reasonably possible and we will give you particulars of any such change no later than when the next statement of account is sent to you after the change takes effect.</p>
Other changes	<p>We may change any of the other terms of this agreement (i.e. that are not otherwise listed above in this table) including:</p> <ul style="list-style-type: none"> • introducing or changing a fee or charge in a way that is unfavourable to you; and • changing the features of your home loan in a way that is unfavourable to you. <p>Acting reasonably, we can make these changes for any of the following reasons:</p> <ul style="list-style-type: none"> • to reflect a change to the underlying method of calculating or charging interest; • to reflect a change to the underlying method of calculating break costs (but we won't change this during a Fixed Rate period unless the change is favourable to you); • to reflect a change to how fees are calculated or applied; • to reflect a change, or to remove, package discounts; • to reflect changes to our technology; • to comply with changes in laws and regulations or the requirements of a regulator; or

Type of change	Our reasons for making changes and when we'll tell you about the changes:
Other changes cont.	<ul style="list-style-type: none"> • where it is otherwise reasonably necessary to protect our legitimate interests, including being able to continue to provide and service your home loan. <p>We'll tell you as soon as reasonably possible and 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>When we say "Reference Rate" we mean the benchmark annual interest rate last published by us for the relevant home loan product. 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 Base Rate is published on our website; on the first day of the interest period as our Market Linked Rate.
- If we don't publish any rates that day, the most recent rate published as is our Market Linked Base Rate.

How we'll tell you about changes?

For changes to your interest rate or fees and charges, or where we reasonably believe that the change is favourable to you, we'll tell you about changes by writing to you or by publishing them. We will also publish the changes on our website.

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.

For any other changes, we'll notify you in writing which, if you have consented, includes sending the notice electronically where we are permitted to do so by law.

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

4. 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);
- completed and returned all the forms we need to open your loan account;
- given us:
 - the security documents (properly completed and signed); and
 - any documentation we require from any guarantor (if applicable);

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”;
- 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);
- any other document we reasonably request in connection with the loan, the security, or to verify a regulatory obligation of ours;
- 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;
- met any conditions that are specific to your loan product in an appendix to these terms;
- 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;
- if you’re required to have Lender’s Mortgage Insurance and you haven’t arranged it through us, provided 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).

5. When may we not give you the loan?

We may not 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 to you;
- we reasonably consider that lending, or lending further may cause harm, or place you in a financial hardship position;

- you or anyone you are jointly borrowing with advises us that they do not want any further credit under this loan;
- you're in default under this agreement and you haven't fixed it to our reasonable satisfaction yet or we're still deciding if we want to take enforcement action;
- something material has happened that would lead to a default event that can't be fixed or has led to a default event;
- lending, or lending further would likely cause us to not comply with our internal standard policies, or an applicable law or regulation;
- you do not meet any other condition in a product specific appendix to these Home Loan Terms;
- any guarantor or other security provider withdraws from a guarantee or stops any other security taken;
- there is a death of any guarantor or other security provider;
- any guarantor or other security provider is insolvent or under administration; or
- acting reasonably, we consider it is necessary to protect our legitimate interests.

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

6. 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 (including reasonable enforcement expenses where applicable).

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 or does not clear, we'll treat the payment as not being made.

We may also treat a payment as not having been made when we determine the payment was a result of mistake or fraud, or if we refuse to accept a payment into your account – see clause 7 (“Incorrect, unauthorised and mistaken internet payments”) and clause 10 (“When we will and won't act”) of the Personal Banking Booklet.

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.

If you have more than one loan account, each will have its own balance and will be debited and credited separately.

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.

Other costs

There might be further costs that you have to pay – see your letter of offer.

7. Your periodic payment amounts

Your periodic payment amount is your scheduled repayment as set out in your letter of offer. The periodic payment amount includes the repayment of the interest charges in that periodic payment period and you authorise us to deduct this amount on each periodic payment date.

The following table describes the options for periodic payments:

Principal and Interest home loan	Interest-only home loan	
	Interest-only to Principal and Interest	Home Equity Repayment
You pay off your loan over the loan term by making principal and interest 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"> 1. You decide to pay the loan back; or 2. we demand you repay all you owe, whichever happens first.

8. 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 tell you on what day of each month you need to pay us – this is your periodic payment date.

If you split your loan into two or more loan accounts, a new periodic payment 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 dates if your loan is split into two or more loan sub-accounts.

You cannot change your periodic payment date(s).

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 date falls on a non-Business Day, that amount will instead be due on the next Business Day. Please see clause 11 ("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;
- by direct credit, online banking or phone banking from an HSBC account;
- by direct credit from an account held with someone else (but only if it's held in Australian dollars);
- by direct debit authorising us to deduct funds from an account with another financial institution (not available for HOME SMART® loan accounts);
- by salary credit.

See the Personal Banking Booklet for the applicable terms that apply to these types of transactions.

9. When we can change your periodic payments

We may need to adjust your periodic payment amounts so that all you owe is paid off by the end of its term. This may occur, for example, if:

- your interest rate changes;
- we change how we work out interest;
- you are late making a payment or only pay part of it;
- we lend you more money;
- you have to pay fees or charges;
- there is a change to your loan term;
- we have allowed you, temporarily, to stop or reduce your periodic payments; or

- you switch to or from an interest-only home loan.

We will notify you if we change your periodic payment amount in accordance with clause 3 (“3 What changes can we make and how will we tell you about them?”) in these Home Loan Terms.

10. 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. However, redraw is not available to you if you have a loan with a Fixed Rate, a bridging loan or a construction loan.

The table below explains when and how you can request a redraw:

If your interest rate is:	When?	How?	Restrictions
A Variable Rate	At any time	You can only redraw the amount you can that is available for redraw, and there’s no charge.	You can’t 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		

You must not draw more than the amount you have available for redraw. If you do, you must immediately repay the overdrawn amount and, if you don’t, we may charge you default interest in respect of that amount until you pay us – see clause 19 (“Default interest”) of these Home Loan Terms.

We may cancel your access to any redraw feature where:

- you’re in default under this agreement, we’ve told you about this and you’ve not fixed it in the timeframe notified to you;
- we consider that it is reasonably necessary to protect us or you from loss, fraud, or other risks;
- we are required to comply with law or regulations applicable to us or we are directed to by a regulator; or

- it is otherwise reasonably necessary to do so to protect our legitimate interests.

If we cancel your access to any redraw feature, we will try to tell you in advance but this may not always be possible in which case we will tell you as soon as practicable afterwards (if we're allowed to). If we do this, we may take the amount of your next periodic payment(s) from the amount you have available for redraw.

11. What happens if you miss a periodic payment?

If you miss a periodic payment:

- you'll need to pay any amount of the periodic payment that is missed, and is therefore overdue, immediately (or come to another arrangement with us);
- you will be in default of your payment obligations under this agreement until you have paid the overdue amount;
- we may take any action available to us under this agreement including under clause 28 ("What happens if you're in default under this agreement?") of these Home Loan Terms, or at law; and
- we may need to adjust the amount of your periodic payments – see clause 9 ("When we can change your periodic payments") of these Home Loan Terms.

12. What happens if you exceed your credit limit?

Where all you owe exceeds your credit limit at any time, even if it is due to interest, fees or charges capitalising, you must repay the amount exceeding your credit limit and any interest charged. All you owe must always be within your credit limit.

If you do not repay the part of all you owe exceeding your credit limit (or come to another arrangement with us):

- you will be in default of your payment obligations under this agreement until you have paid the overdue amount; and
- we may take any action available to us under this agreement including under clause 28 ("What happens when you're in default under this agreement?") of these Home Loan Terms, or at law.

Credit limit

This is the maximum amount of credit we agree to lend you. Your credit limit will decrease over the life of your loan whenever you are making principal and interest repayments. You can find your current credit limit on online banking or on your statement.

What do we calculate interest on and how do we work out interest?

13. 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 interest will not be charged. If you have more than one loan account, interest is calculated separately on each loan account.

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

14. How do we work out interest?

Interest starts to accrue on 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, clause 30 ("Interest calculations and interest rates") of the Personal Banking Booklet does not apply; instead 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. This may occur even if your letter of offer specifies a Fixed Rate unless you have opted for the Fixed Rate

Lock (see the Fixed Rate Handout (Home Loans) for the terms that apply to this feature).

See clause 3 (“3 What changes can we make and how will we tell you about them?”) in these Home Loan Terms for more information about how we can change any interest rates that apply under to your home loan.

How we calculate interest on Non-Business Days

When you open a loan account or an offset account on a non-Business Day, we will treat your account as though it has been opened on the next Business Day.

Any payments received or balances deposited into the account on the non-Business Day will not accrue interest or reduce the amount of interest that you may owe us until the next Business Day.

Generally, transactions that occur and payments made or received after business hours of the last Business Day of the week will be treated as though they have occurred on the first Business Day of the following week. For the purposes of calculating the interest payable to us, we will use your end of day balance on the last Business Day of the week as the end of day balance for each day until the first Business Day of the following week.

15. Capitalising interest, fees and charges

We will add any unpaid interest (including any default interest – see clause 19 (“Default interest”), and any fees and charges to your loan account. If we do this, these amounts form part of all you owe and are treated as part of your principal sum, and attract interest at the applicable annual interest rate. We refer to this as capitalising interest, fees and charges.

Capitalising interest, fees and charges

This is where interest, fees and charges are added to your loan account, forming part of your principal sum, and accrue 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.

16. When do we charge interest?

For most loan accounts, we'll charge interest (calculated up to and including the day before we charge it) to your loan account 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.

You repay interest charged to your loan account by making your periodic payments. 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 11 ("Making payments on business days") of the Personal Banking Booklet for what is a 'Business Day'.

17. 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:

If your interest rate is:	When?	How?	Restrictions
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"> • interest rate and when it takes effect; • Fixed Rate period; and • repayments and when they are due.

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;
- want to repay more than the minimum amount allowed during a Fixed Rate period; or
- want to repay your home loan early.

Please see the Fixed Rate Handout (Home Loans) for more information.

18. Changes in periodic payment amounts 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 periodic payment amounts in order to ensure that the loan and interest on it is still paid off over the same term. However, we will not do this if you have a Home Equity loan or a 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 3 ("3 What changes can we make and how will we tell you about them?") 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.

19. Default Interest

If you fail to pay your required periodic payment amount in full on the due date, we may charge you default interest on the overdue amount.

 For example, if you don't make your periodic payment of \$2,000 and you only pay \$1,800, then default interest will apply on the \$200. 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 you pay the overdue amount. We charge the calculated default interest to your loan account in accordance with clause 16 ("When do we charge interest?") of these Home Loan Terms.

20. Changing to an investment property rate

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 an owner occupied interest rate. We may ask you for evidence such as certified copies of your tax returns for the relevant period you claim you were living there.

21. Where can you find information on interest rates?

Your letter of offer sets out your interest rate, which is made up of a Reference Rate plus or minus any margins.

Unless your letter of offer says otherwise, we'll tell you about our current Reference Rates on our website or by publishing them.

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

Fees and charges

As well as paying us interest on your loan and repaying your loan, you will 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 you can pay them to us directly.

22. 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. Additional fees may apply in connection with payments into and out of your home loan account or the use of your Offset Savings Account or Home Loan Transaction (Non Offset) Account. See Part B of the Personal Banking Booklet for these fees. We may change, and introduce fees and charges but we'll tell you if we do, see clause 3 ("What changes can we make and how will we tell you about them?") of these Home Loan Terms and the section 'Changes to your agreement' in the Personal Banking Booklet.

23. What else could you have to pay extra for?

In managing your loan and to protect our legitimate interests in the secured property, we may incur or have to pay certain fees and charges which you must reimburse us for. Some common examples are:

- our reasonable enforcement expenses; and
- the costs of us discharging your obligations relating to your property when you fail to 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 specifically 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, and you've already paid the charge, we'll credit the difference to your loan account. If we 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.

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.

We won't charge you where the cost has come about because we or someone acting for us has been negligent, made an error, fraudulent, engaged in willful misconduct, or has broken the law.

24. Valuation

We may obtain a valuation or a report of the security property at any time we reasonably consider necessary to protect our legitimate interests in the security property. 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 that you have told us to charge.

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.

25. Insurance

You must maintain any insurance required under the mortgage you give to us to secure your obligations under this agreement.

You can arrange insurance in relation to your security yourself or ask us to arrange it (but we do not have to agree to do so and, if we do so, we'll be acting as the agent of the insurer). If you arrange for the insurance, you must make sure the policy is noted with "HSBC Bank Australia Limited as mortgagee for its respective rights and interests".

If we believe that you do not maintain insurance as required under the mortgage you give to us, we may take it out to protect our security interest.

Insurance premiums

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.

You must deal with the proceeds of any insurance policy in accordance with the Mortgage Memorandum.

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 refundable if you repay early. Lender's mortgage insurance protects us and not you. For more information, please refer to the document "Understanding LMI" which we give you.

26. When and how must you pay fees and charges?

When must you pay a charge?

We can add a charge to your loan account, or ask that 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, acting reasonably, choose to add it to any particular sub-account.

If we add a charge to your loan account:

- we will do so on the date that we have incurred the relevant charge (e.g, if we are paying another person) or have completed the work that relates to the charge;
- we will tell you in the next account statement; and
- you will accrue interest on it from the day we add the charge to your loan account and at the same interest rate as you pay on your loan (unless agreed otherwise).

If we ask you to pay the charge separately:

- we will tell you and you must pay it on the date it becomes payable; and
- if you don't pay the charge, we can add it to your loan account, and it will accrue interest as described above.

You must make sure that you repay all you owe by the end of your loan term.

Repaying your loan before the end of the home loan term

27. Paying off what you owe early

For all home loans except Fixed Rate loans

You can pay off all you owe or make early additional payments at any time without penalty.

For Fixed Rate loans

If you pay off your Fixed Rate loan early or make extra repayments over the maximum amount we allow, we may charge you break costs.

Your letter of offer sets out the maximum amount of extra repayments we allow if you have a Fixed Rate loan account. Your letter of offer and the Fixed Rate Handout (Home Loans) contains the terms about break costs, including how we calculate it and when it's payable.

When you don't follow this agreement

28. What happens when you're in default under this agreement?

Events of default

You will be in default under this agreement while any of the following things occur or continue to occur:

- You haven't made a required payment under this loan agreement.
- You or a guarantor are insolvent, go into bankruptcy, voluntary administration, other insolvency process or arrangement, or you no longer have legal capacity.
- Another lender (or other creditor) 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.
- Early repayment is required under a separate financing arrangement that you or a guarantor have with us.
- You are in default under a separate financing arrangement you or a guarantor have with us and we have commenced enforcement action.

- 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.
- It becomes unlawful for you or us to continue under this agreement.
- You or a guarantor give us information or make a representation or warranty which is materially incorrect or misleading (including by omission). This includes where we reasonably believe you or a guarantor has fraudulently entered into this loan or a mortgage. Importantly, an omission can arise where you do not provide information we request.
- You use the loan for a purpose not approved by us.
- 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.
- You or a guarantor do not provide financial information required by us.
- You or a guarantor do not maintain a licence or permit necessary to conduct your business.
- You or a guarantor do not maintain insurance required by us.
- Legal or beneficial ownership, or management control of a borrower or guarantor or their business changes without our consent.
- The status, capacity or composition of you or a guarantor changes without our consent (not to be unreasonably withheld).

If you are **not** a small business, you will also be in default under this agreement while any of the following things occur or continue to occur:

- There's a material change to your financial situation that is not already covered above, and which we reasonably believe will affect your ability to meet your obligations under this agreement.
- You're in default under the mortgage you give us as security for your home loan.
- You don't meet any of your other obligations under this agreement that are not already covered above (eg the obligation to pay money which is addressed above) and we reasonably consider that this puts our interests under the mortgage or this agreement at serious risk.

Consequences of default

We will generally write to you 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.

If after 30 days from the date of the notice you have not fixed the default, we can do any of the following:

- Acting reasonably, block or suspend your home loan account.
- Call up your loan and require you to pay all you owe immediately and on demand.
- Stop any further lending or redrawing.
- Take any action available to us at law, including ending this agreement.
- Enforce any rights we have under the security or at law.
- Take money in any one or more of your accounts to pay us what we're owed, as permitted under clause 38 ("Combining accounts and setting-off") of the Personal Banking Booklet.
- 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.
- 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.

Materiality

Except where you've missed a payment, we'll only act on any of the above events of default if it's material, or we reasonably consider the event has had, or is likely to have, a material impact on your 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.

Obligation to give notice

If you are a small business, we don't have to give you any notice or wait for the expiry of a notice period if:

- you or a guarantor is insolvent, goes into bankruptcy, voluntary administration, other insolvency process or arrangement, or no longer has legal capacity; or

- it is reasonable for us to do so to manage a material and immediate risk relating to the nature of the relevant default, your particular circumstances, or the value of the property.

If you are not a small business, we don't have to give you any notice or wait for the expiry of a notice period if:

- we reasonably believe that we were induced by fraud by you or the mortgagor to enter into this agreement;
- we have failed, after making reasonable attempts, to locate you or the mortgagor;
- a court authorises us to begin enforcement proceedings; or
- we reasonably believe that urgent action is necessary to protect the security property.

Small Business

You are a small business if you meet the definition of "small business" under the Banking Code of Practice.

Blocking or suspending your loan account

We may block or suspend your loan account or not process a transaction:

- in accordance with the default provisions set out above; and/or
- for the reasons and with the consequences set out in clause 10 ("When we will and won't act") and clause 16 ("Blocking payments, payment devices, services and accounts and temporary transaction limits") of the Personal Banking Booklet.

We do not have to give you any notice or wait for the expiry of a notice period before blocking or suspending your loan account where we take such action in connection with an event of default and:

- the circumstances set out under the heading "Obligation to give notice" for when we do not provide notice apply; and/or
- the event of default is material or we reasonably consider the event has had, or is likely to have, a material impact on your 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.

Where we block or suspend your loan account, this will not itself affect your ability to make payments under this loan agreement.

What you tell us by entering into the agreement

29. 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
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 have notified us in a reasonable time of any threatened, pending or actual litigation or anything else we reasonably require notice of.	✓	✓
If you're joint borrowers, you each tell us that you have not coerced or otherwise unduly compelled any other joint borrower to enter into this agreement, and that each of you do not intend to deprive any other joint borrower of 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
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 agree you're liable as the trustee for the trust and personally if you have acted outside your authority as trustee.	✓	✓
If you're a trustee for a trust, you confirm that the loan is 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, any mortgage and redraw on the loan account.	✓	✓
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 each other

30. How can we contact each other?

For more information about how to contact us or give us notice, or how we may contact you, see clause 40 (“How do we communicate?”) of the Personal Banking Booklet.

We’ll send you a statement at least every six months. If you are in default, you may also request a statement. However, if you are in default and we have commenced enforcement proceedings, we are not required to send you a statement.

If you are experiencing hardship

You should contact us as soon as possible if you are experiencing financial difficulty. The sooner you contact us; the sooner we can help. If your credit is regulated under the National Credit Code, you have a right to apply for hardship relief. For more information about financial hardship, please see [hsbc.com.au/help/money-worries](https://www.hsbc.com.au/help/money-worries).

Other terms

National Credit Code

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

Additional Documents

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

Providing us with Information

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. Also see clause 42 (“Information we need from you and when we can disclose information about you”) of the Personal Banking Booklet.

Transferring your agreement and the mortgage

We may assign or transfer your agreement and the mortgage – see clause 48 (“Transferring your agreement and the security”) of the Personal Banking Booklet and your mortgage.

Second or subsequent mortgages

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 charge 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.

Jurisdiction

This agreement is governed by the laws and regulations of the State or Territory in Australia you have told us you reside in. We also take the laws and regulations of that State or Territory in Australia as the basis for the establishment of the relationship with you before this agreement is entered into. You accept the non-exclusive jurisdiction of courts exercising jurisdiction in that State or Territory in Australia.

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.

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 (other than those retained by us and not passed on or retained by us in reimbursement of an amount we paid to a third party) that may apply to your home 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), have an Offset Savings Account or Home Loan Transaction (Non Offset) Account or use another service. If these are directly related to your home loan they are also disclosed in your letter of offer.

All fees and charges shown are in Australian dollars (AUD) unless otherwise stated. Our fees and charges are for the provision of our services.

Break costs – Fixed Rate home loans only

Break costs are the costs you pay us to compensate us for loss caused when you choose to pay more than what you're allowed to under a Fixed Rate home loan.

We will calculate and charge you break costs in accordance with your letter of offer. We provide more information about break costs in the Fixed Rate Handout.

Other fees and charges

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

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 at your request

HSBC Home Loan Terms

Fee or charge	Amount (\$)	When it's payable
Discharge	\$395	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 www.hsbc.com.au/premier)

*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

31. Advance Interest Payments

What does this clause apply to?

- ✓ Loans that:
- 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 make not comments about any tax effects of an advanced interest payment, and recommend 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 paid more than all you owe into that loan account.

32. 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 21 ("Foreign currencies") in the Personal Banking Booklet.

33. 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;
- 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 or market linked 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.

34. 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 sub-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 sub-account, unless you have a Bridging Loan account where we'll use your separate loan sub-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 sub-account or the account you nominate, and if it's not clear which split loan sub-account the fee or charge relates to or you haven't nominated an account, we'll choose a sub-account acting reasonably.

35. 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. If you believe this may happen, contact us to discuss your options.
- (d) Before we make the final progress payment, you must give us:
 - evidence of an insurance policy 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

- (e) We must approve any changes to the building contract:
 - which increase the total contract price by 10% or more; or
 - replacing the specified builder.

- (f) You consent to us or our agents having access to the property when reasonably required to perform inspections.
- (g) 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 must contact us to discuss your options as soon as you become aware that the above may not occur and you must obtain our agreement to any changes to these approvals, plans or specifications.

- (h) 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.

36. 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.

37. Home Equity Loan Repayments

What does this clause apply to?

✓ Home Equity Loan

This is an on-demand facility, which means that at any time, acting reasonably, 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 your loan account balance at the applicable interest rate.

38. 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 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.

Appendix 2

Transaction terms

What does this appendix apply to?

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

This Appendix sets out important information about making transactions with your HOME SMART®, Home Equity, Home Value and Standard Variable Rate loan accounts.

1. Granting security over your account

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

2. How deposits and withdrawals can be made

HOME SMART® and Home Equity

HOME SMART® and Home Equity provide you access to a Visa Debit card to access your account.

You can make the following deposits and withdrawals using HOME SMART® and Home Equity - see the Personal Banking Booklet for the terms relating to each of these transaction types:

Payments	HOME SMART®		Home Equity	
	Deposit	Withdrawal	Deposit	Withdrawal
In person at HSBC branches	✓	✓	✓	✓
Online Banking ¹	✓	✓	✓	✓
Mobile Banking ¹	✓	✓	✓	✓

HSBC Home Loan Terms

Payments	HOME SMART®		Home Equity	
	Deposit	Withdrawal	Deposit	Withdrawal
Phone Banking ²	✓	✓	✓	✓
ATM (Australia)	✓ ³	✓	✓ ³	✓
ATM (Overseas)	✗	✓ ⁴	✗	✓ ⁴
EFTPOS	✗	✓ ⁴	✗	✓
Direct debit	✗	✓ ⁴	✗	✓
Direct credit (e.g. from your salary)	✓	✗	✓	✗
By cheque	✓ ⁵	✓ ⁶	✓ ⁵	✓ ⁶
Written instructions to us to make regular payments to third parties on your behalf (periodical payments)	✗	✓	✗	✓

¹ You must register for online banking. See our Online Banking Terms

² You must register for phone banking. See our Personal Banking Booklet.

³ Only available at HSBC branch ATMs in Australia.

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

⁵ Generally, cheques will be cleared in 3 business days - please see clause 11 ("Making payments on business days") in the Personal Banking Booklet for what we mean by 'business day' and the clause 15 ("Payments into your account by cheque") in the Personal Banking Booklet for more information on cheques.

⁶ Cheque books are no longer available for new accounts or for existing accounts that don't already have a cheque book.

Home Value and Standard Variable Rate home loans

You can make the following deposits and withdrawals using Home Value and Standard Variable Rate home loans - see the Personal Banking Booklet for the terms relating to each of these transaction types:

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

¹ You must register for online banking. See our Online Banking Terms

² You must register for phone banking. See our Personal Banking Booklet.

³ Generally, cheques will be cleared in 3 business days - please see clause 11 (“Making payments on business days”) in the Personal Banking Booklet for what we mean by ‘business day’ and the clause 15 (“Payments into your account by cheque”) in the Personal Banking Booklet for more information on cheques.

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.

If your account allows transactions or redraw, you can't use the money until a cheque has cleared. see clause 15 ("Payments into your account by cheque") in the Personal Banking Booklet for cheque clearing times.

3. Fees and charges

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

Appendix 3

Offset Savings Account and Home Loan Transaction (Non Offset) Account

This appendix and the personal banking booklet comprise the terms for the offset savings account and the home loan transaction (non offset) account.

Any information we give you about these accounts is factual information only, and is not advice. You must make your own inquiries about whether these accounts are suitable for your own needs.

Where you have a Fixed Rate Loan or a Construction Loan, your Offset Savings Account won't offset against your loan account. This means that while 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 (Non Offset) Account".

Summary of key risks

Credit and operational risk	<p>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.</p> <p>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 which may result in you incurring fees that are charged by third parties (for example, the person you are trying to pay) – we don't control this.</p>
Liquidity risk	<p>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.</p>

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. Our Home Loan Transaction (Non Offset) Account is a transaction account that is linked to your Fixed Rate or Construction Loan account.

These accounts have 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.

These accounts are only available for personal customers.

2. Key features

- For the Offset Savings Account: linked to your Standard Variable Rate loan account, to offset the interest you pay to us.
- For the Home Loan Transaction (Non Offset) Account: linked to your Fixed Rate loan account or construction loan.

Key features of these accounts are set out below:

- No monthly account service fee.
- Visa Debit card to access your money via ATMs and when shopping in-store, online and overseas.
- Access via online banking, mobile banking and phone banking.

3. How deposits and withdrawals can be made

See the Personal Banking Booklet for the terms relating to each of these transaction types:

Payments	Offset Savings Account and Home Loan Transaction (Non Offset) Account	
	Deposit	Withdrawal
In person at HSBC branches	✓	✓
Online Banking ¹	✓	✓
Mobile Banking ¹	✓	✓
Phone Banking ²	✓	✓
ATM (Australia)	✓ ³	✓
ATM (Overseas)	✗	✓ ⁴
EFTPOS	✗	✓
Direct debit	✗	✓
Direct credit (e.g. from your salary)	✓	✗
By cheque	✓ ⁵	✓ ⁶
Written instructions to us to make regular payments to third parties on your behalf (periodical payments)	✗	✓

- ¹ You must register for online banking. See our Online Banking Terms
- ² You must register for phone banking. See our Personal Banking Booklet.
- ³ Only available at HSBC branch ATMs in Australia.
- ⁴ You may only use ATMs outside Australia with your Visa Debit card where the ATM displays the Visa or Visa PLUS logo.
- ⁵ Generally, cheques will be cleared in 3 business days - please see clause 11 (“Making payments on business days”) in the Personal Banking Booklet for what we mean by ‘business day’ and the clause 15 (“Payments into your account by cheque”) in the Personal Banking Booklet for more information on cheques.
- ⁶ Cheque books are no longer available for new accounts or for existing accounts that don’t already have a cheque book.

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.

If your account allows transactions or redraw, you can't use the money until a cheque has cleared. See clause 15 ("Payments into your account by cheque") in the Personal Banking Booklet for cheque clearing times.

EFTPOS means an electronic funds transfer at point of sale.

4. Granting security over your account

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

5. Linking to your standard variable rate, fixed rate or construction loan account

We will provide you with an Offset Savings Account or Home Loan Transaction (Non Offset) Account only if you have a Standard Variable Rate, Fixed Rate or Construction loan account as applicable. 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 linked Standard Variable Rate, Fixed Rate or Construction loan account is closed or you move to another product, we will terminate your Offset Savings Account or Home Loan Transaction (Non Offset) Account (as applicable) and transfer any funds to your nominated account. Fees may apply – see the Personal Banking Booklet.

6. Credit Interest

You won't earn interest on credit balances.

7. 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:

Reduction in interest on your loan account:	Example:
$\frac{\text{offset savings account balance}}{\text{rate}} \times \text{loan interest}$ <hr style="width: 50%; margin: 0 auto;"/> <p style="text-align: center;">365</p>	$\frac{\$50,000 \times 6.7\%}{365}$ <p style="text-align: center;">Offset amount for that day = \$9.17</p>

8. Fees and charges

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

9. 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 or the Financial Claims Scheme hotline 1300 55 88 49.

Part D: National Credit Code Information Statement

IMPORTANT: If you have a credit card, home loan or personal loan that is regulated under the National Credit Code, we are required to provide you with the following information statement. This information is for your benefit and you should ensure you take the time to read it.

Form 5 – Information statement

- paragraph 16(1)(b) of the Code
- regulation 70 of the Regulations

Things you should know about your proposed credit contract

This statement tells you about some of the rights and obligations of yourself and your credit provider. It does not state the terms and conditions of your contract.

If you have any concerns about your contract, contact the credit provider and, if you still have concerns, the AFCA scheme, or get legal advice.

The contract

1. How can I get details of my proposed credit contract?

Your credit provider must give you a pre-contractual statement containing certain information about your contract. The pre-contractual statement, and this document, must be given to you before:

- your contract is entered into; or
- you make an offer to enter into the contract; whichever happens first.

2. How can I get a copy of the final contract?

If the contract document is to be signed by you and returned to your credit provider, you must be given a copy to keep. Also, the credit provider must give you a copy of the final contract within 14 days after it is made. This rule does not, however, apply if the credit provider has previously given you a copy of the contract document to keep.

If you want another copy of your contract, write to your credit provider and ask for one. Your credit provider may charge you a fee. Your credit provider has to give you a copy:

- within 14 days of your written request if the original contract came into existence 1 year or less before your request; or
- otherwise within 30 days of your written request.

3. Can I terminate the contract?

Yes. You can terminate the contract by writing to the credit provider so long as:

- you have not obtained any credit under the contract; or
- a card or other means of obtaining credit given to you by your credit provider has not been used to acquire goods or services for which credit is to be provided under the contract.

However, you will still have to pay any fees or charges incurred before you terminated the contract.

4. Can I pay my credit contract out early?

Yes. Pay your credit provider the amount required to pay out your credit contract on the day you wish to end your contract.

5. How can I find out the pay out figure?

You can write to your credit provider at any time and ask for a statement of the payout figure as at any date you specify. You can also ask for details of how the amount is made up.

Your credit provider must give you the statement within 7 days after you give your request to the credit provider. You may be charged a fee for the statement.

6. Will I pay less interest if I pay out my contract early?

Yes. The interest you can be charged depends on the actual time money is owing. However, you may have to pay an early termination charge (if your contract permits your credit provider to charge one) and other fees.

7. Can my contract be changed by my credit provider?

Yes, but only if your contract says so.

8. Will I be told in advance if my credit provider is going to make a change in the contract?

That depends on the type of change. For example:

- you get at least same day notice for a change to an annual percentage rate. That notice may be a written notice to you or a notice published by your credit provider.
- you get 20 days advance written notice for:
 - a change in the way in which interest is calculated; or
 - a change in credit fees and charges; or
 - any other changes by your credit provider;

except where the change reduces what you have to pay or the change happens automatically under the contract.

9. Is there anything I can do if I think that my contract is unjust?

Yes. You should first talk to your credit provider. Discuss the matter and see if you can come to some arrangement.

If that is not successful, you may contact the AFCA scheme. The AFCA scheme is a free service established to provide you with an independent mechanism to resolve specific complaints. The AFCA scheme can be contacted at 1800 931 678, info@afca.org.au, www.afca.org.au or GPO Box 3 MELBOURNE VIC 3001.

Alternatively, you can go to court. You may wish to get legal advice, for example from your community legal centre or Legal Aid.

You can also contact ASIC, the regulator, for information on 1300 300 630 or through ASIC's website at www.asic.gov.au

Insurance

10. Do I have to take out insurance?

Your credit provider can insist you take out or pay the cost of types of insurance specifically allowed by law. These are compulsory third party personal injury insurance, mortgage indemnity insurance or insurance over property covered by any mortgage. Otherwise, you can decide if you want to take out insurance or not. If you take out insurance, the credit provider cannot insist that you use any particular insurance company.

11. Will I get details of my insurance cover?

Yes, if you have taken out insurance over mortgaged property or consumer credit insurance and the premium is financed by your credit provider. In that case the insurer must give you a copy of the policy within 14 days after the insurer has accepted the insurance proposal.

Also, if you acquire an interest in any such insurance policy which is taken out by your credit provider then, within 14 days of that happening, your credit provider must ensure you have a written notice of the particulars of that insurance.

You can always ask the insurer for details of your insurance contract. If you ask in writing, your insurer must give you a statement containing all the provisions of the contract.

12. If the Insurer does not accept my proposal, will I be told?

Yes, if the insurance was to be financed by the credit contract. The insurer will inform you if the proposal is rejected.

13. In that case, what happens to the premiums?

Your credit provider must give you a refund or credit unless the insurance is to be arranged with another insurer.

14. What happens if my credit contract ends before any insurance contract over mortgaged property?

You can end the insurance contract and get a proportionate rebate of any premium from the insurer.

Mortgages

15. If my contract says I have to give a mortgage, what does this mean?

A mortgage means that you give your credit provider certain rights over any property you mortgage. If you default under your contract, you can lose that property and you might still owe money to the credit provider.

16. Should I get a copy of my mortgage?

Yes. It can be part of your credit contract or, if it is a separate document, you will be given a copy of the mortgage within 14 days after your mortgage is entered into.

However, you need not be given a copy if the credit provider has previously given you a copy of the mortgage document to keep.

17. Is there anything that I am not allowed to do with the property I have mortgaged?

The law says you cannot assign or dispose of the property unless you have your credit provider's, or the court's, permission. You must also look after the property. Read the mortgage document as well. It will usually have other terms and conditions about what you can or cannot do with the property.

18. What can I do if I find that I cannot afford my repayments and there is a mortgage over property?

See the answers to questions 22 and 23.

Otherwise you may:

- if the mortgaged property is goods — give the property back to your credit provider, together with a letter saying you want the credit provider to sell the property for you;
- sell the property, but only if your credit provider gives permission first;

OR

- give the property to someone who may then take over the repayments, but only if your credit provider gives permission first.

If your credit provider won't give permission, you can contact the AFCA scheme for help.

If you have a guarantor, talk to the guarantor who may be able to help you.

You should understand that you may owe money to your credit provider even after the mortgaged property is sold.

19. Can my credit provider take or sell the mortgaged property?

Yes, if you have not carried out all of your obligations under your contract

20. If my credit provider writes asking me where the mortgaged goods are, do I have to say where they are?

Yes. You have 7 days after receiving your credit provider's request to tell your credit provider. If you do not have the goods you must give your credit provider all the information you have so they can be traced.

21. When can my credit provider or its agent come into a residence to take possession of mortgaged goods?

Your credit provider can only do so if it has the court's approval or the written consent of the occupier which is given after the occupier is informed in writing of the relevant section in the National Credit Code.

General

22. What do I do if I cannot make a repayment?

Get in touch with your credit provider immediately. Discuss the matter and see if you can come to some arrangement. You can ask your credit provider to change your contract in a number of ways:

- to extend the term of your contract and reduce payments; or
- to extend the term of your contract and delay payments for a set time; or
- to delay payments for a set time.

23. What if my credit provider and I cannot agree on a suitable arrangement?

If the credit provider refuses your request to change the repayments, you can ask the credit provider to review this decision if you think it is wrong.

If the credit provider still refuses your request you can complain to the AFCA scheme. Further details about this scheme are set out below in question 25.

24. Can my credit provider take action against me?

Yes, if you are in default under your contract. But the law says that you cannot be unduly harassed or threatened for repayments. If you think you are being unduly harassed or threatened, contact the AFCA scheme or ASIC, or get legal advice.

25. Do I have any other rights and obligations?

Yes. The law will give you other rights and obligations. You should also read your contract carefully.

If you have any complaints about your credit contract, or want more information, contact your credit provider. You must attempt to resolve your complaint with your credit provider before contacting the AFCA Scheme. If you have a complaint which remains unresolved after speaking to your credit provider, you can contact the AFCA Scheme or get legal advice.

The AFCA Scheme is a free service established to provide you with an independent mechanism to resolve specific complaints. The AFCA Scheme can be contacted:

- By phone on 1800 931 678; or
- Website at afca.org.au or
- By email at info@afca.org.au; or
- By mailing to GPO Box 3 Melbourne VIC 3001

Please keep this information statement. You may want some information from it at a later date.

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