

## MOST IMPORTANT TERMS AND CONDITIONS (MITC)

This MITC covers following Loan products

1. Home Loans (Home Loan)
2. Smart Home Credit Facility (Smart Home)
3. SmartLap Credit Facility (SmartLap)
4. Term Loan Against Property (LAP)

### 1. Fees and Charges

- The fees and charges for the loan products are set out in the tariff sheet and the application form. The Customer can also make enquiries through any branches of The Hongkong and Shanghai Banking Corporation Limited, India (HSBC) / HSBC Contact centre.
- Tariff structure is subject to change from time to time at the sole discretion of HSBC. Any such change will be made with prospective effect post providing a month's notice. However this would not be applicable to changes in finance charges (interest rates) and any charge levied as a result of regulatory requirements.
- Please be advised that vide Notification No. 8/2009 - ST dated February 24, 2009, a service tax of 10% + 2% education cess + 1% secondary and higher secondary education cess thereon will be applicable on HSBC fees, and other charges.
- Late payment charge will be applicable if the Equated Monthly Instalment (EMI) which is due is not paid by the due date.

| <b>Tariff Sheet</b>   |   |
|---|---|
| <b>Home Loan / SmartHome</b>  |   |
| Processing fees   | 1% of the loan amount applied for, or Rs. 10,000, whichever is higher plus service tax. This fee is payable on application and is not refundable. |
| For Delayed Instalments on account of cheque, ECS or SI (Standing Instruction) dishonours   | Rs. 250 per instance  |
| Duplicate Statements  | Rs. 250 per statement   |
| Copy of Credit Information Report (CIR)   | Rs. 50  |
| Debit card charges  | Rs. 150 per annum   |
| Penal Interest  | 2% over and above the existing interest rate charged on the account   |
| <b>Prepayment Charges</b>   |   |
| Up to 25% of the loan amount sanctioned in every financial year   | Nil   |
| For amount in excess of 25% of the loan amount sanctioned   | 3% of amount prepaid  |
| <b>Note</b>   |   |
| Prepayment is permitted after a minimum of 6 months following the loan disbursement.  |   |
| For processing prepayment requests, Customers are required to send us a written instruction communicating their desire to prepay. |   |
| <b>Switching Charges</b>  |   |
| From Home Loans to Smart Home and vice versa  | 1.5% of the outstanding loan amount   |
| <b>From Floating Rate to Fixed Rate*</b>  |   |
| At the time of annual review of account   | Nil   |
| Any other time during the year  | 1.5% of the outstanding loan amount   |
| Switching from Fixed Rate to Floating Rate is allowed only after completion of fixed term.  |   |
| *Fixed rate is not available under Smart Home.  |   |
| <b>LAP/ SmartLAP</b>  |   |
| Processing fees   | 1% of the loan amount applied for, or Rs. 10000, whichever is higher plus service tax. This fee is payable on application and is not refundable.  |
| For Delayed Installment on account of cheque, ECS or SI (Standing Instruction) dishonours   | Rs. 250 per instance  |
| Duplicate Statements  | Rs. 250 per statement   |
| Copy of Credit Information Report (CIR)   | Rs. 50  |

|   |   |
|---|---|
| Debit card charges  | Rs. 150 per annum   |
| Penal Interest  | 2% over and above the existing interest rate charged on the account |
| <b>Prepayment Charges</b>   |   |
| Up to 25% of the outstanding loan amount once in every financial year                   | Nil   |
| For amount in excess of 25% of the outstanding loan amount or prepayment more than once | 4% of amount prepaid  |

**Note:**

- Prepayment is permitted after a minimum of 6 months following the loan disbursement. For processing prepayment requests, Customers are required to send HSBC a written instruction communicating their desire to prepay.
- Service Tax as applicable would need to be paid over and above the charges mentioned.

**2. Interest**

- Customer would be required to pay interest on the loan monthly at the rate as set out in the agreement.
- Interest accrues on a daily basis and needs to be paid on due dates as set out in the Agreement / facility acceptance letter.
- If the EMI date falls on a Sunday / Public Holiday, the interest will be calculated inclusive of that day.
- Floating rate loans are linked to HSBC's Base Rate (BR) which is subject to change at any point of time at the sole discretion of HSBC. Any revision in the Base Rate would impact your interest rate.
- Interest calculation of Smart Home / SmartLAP Credit Facility:

Your SmartLAP / Smart Home account can be used for other regular banking transactions. Excess funds over and above the EMI deposited by the customer into the account will result in saving of interest as the account will compute interest only on the net debit / ledger balance on a daily basis. This interest offset enables the customer to reduce the interest paid and thereby resulting in a reduced tenure of the loan.

**Changes in the rate of interest**

The Customer's floating rate loans are linked to the HSBC Base Rate (BR). Any change in the BR would also affect the rate of interest of loan of the Customer.

**Date of EMI payment**

The EMI dates of the Customer would be on 1st or 15th of every month following the month of disbursement. For loans disbursed between 1st and 15th, the EMI would fall on the 1st of next month and for loans disbursed between 15th and 31st of the month, the EMI would fall on the 15th of the next month.

**3. Conditions for Disbursement**

- HSBC may disburse the quantum of loan in lump sum or in instalments at its own discretion depending on whether the Flat is under construction or complete in all respects or existing for a certain number of years as acceptable to HSBC.
- HSBC would also be at liberty to disburse the amount directly to the builder / seller / society as the case may be and as requested / specified / directed by the Customer to HSBC at the time of each disbursement. HSBC shall not be responsible / liable in any manner whatsoever for any delay by the Customer in providing such request / specification / direction to HSBC and the Customer shall not claim any costs, charges and expenses in relation to any non-disbursement by HSBC due to any such delay by the Customer.
- If the Customer authorises HSBC to hand over the disbursement to the aforesaid persons directly then HSBC shall be discharged from its liability to make disbursement, once HSBC makes such disbursement as per the instructions of the Customer.
- HSBC would be free to stop disbursements of further instalments on the happening of any of the events which will affect the security created in any way i.e. due to stoppage of construction, delay in construction, litigation, acquisition, requisition, reduction in the value of the security offered, on happening of any events of default as stipulated in clause 6.1 of the Loan Agreement, or for any other reason as deemed fit by HSBC.
- Disbursements under the loan shall be made subject to fulfilment and compliance of the Agreement for Loan and all other standard documents and writings executed by the Customer and as specified by HSBC, including the following:
  - a) No event of Default has occurred or is subsisting.
  - b) The Customer furnishing the evidence that the disbursement requested is required by the Customer for the purpose for which the loan was initially approved.

- c) The Customer furnishing such documents, evidences and writings as may be required in connection with the requested disbursement.
  - d) No circumstances shall have occurred which in the opinion of HSBC may make it impossible for the Customer to fulfil the obligations under documents executed as per Agreement for Loan and other standard documents executed by the Customer for availing the loan.
  - e) The Customer delivering the evidence to HSBC's satisfaction that all consents, approvals and permissions required to avail the loan and to comply with all documentation related to availing of the loan including creation of security is completed.
  - f) The Customer having furnished copy of the Insurance Policy in respect of the property/ies endorsed in favour of HSBC as the financier / mortgagee.
- The disbursement shall be deemed to have been made to the Customer on the date of the Cheque or the Payment advice as the case may be, under which such disbursement shall have been made irrespective of the date on which the disbursement may have been received or in terms of the loan which shall be made by HSBC through a "Pay order" duly crossed and marked "A/C Payee only". Therefore the Interest on the loan shall accrue in favour of HSBC from the date of the cheque / payment advice / pay order / transfer by HSBC as the case may be, irrespective of the time taken for the transit / collection / realisation by the Customer.
  - In cases of under construction property, HSBC shall have the discretion to disburse the loan without any conditions, however HSBC may exercise its discretion to disburse in certain circumstances, only after the construction / improvement of such property has commenced and the Customer produces documentary proof to HSBC. HSBC shall make disbursements in stages as per the progress of work, in terms of its internal norms and guidelines. The Customer shall not hold HSBC responsible for any delay in the construction / giving possession of / completion of the property by the Developer / Builder / Society / to the Customer or for quality, condition, fitness of the property even if HSBC may have approved / sanctioned any facilities to such Developer / Promoter / Builder / Development Authority or given to the Customer any information about such promoter / Property / Builder / Development Authority. The Customer shall have to abide by all its obligations as required in case of availing loan for an under construction property.

#### **4. Draw Down of the loan**

The loan amount should be availed of within 30 days from the date of approval. The loan sanction may be kept open at the sole discretion of HSBC. HSBC may at its sole discretion recall the loan at any point of time.

#### **5. Repayment**

- a. All Loans need to be repaid in Monthly Instalments on the Due Date as mentioned in the Facility Acceptance Letter.
- b. Instalment amount would comprise of principal and interest which are payable in EMIs as set out in the Loan Agreement/Facility Advice Letter.
- c. The Customer would be required to pay outstanding balance, if any, pertaining to his loan account (after payment of all instalments) on the last EMI date as notified by HSBC.
- d. The Customer would be required to pay the instalments, irrespective of whether he / she utilises any of the loan funds as disbursed by HSBC from the loan account as per the disbursal advice signed by the Customer.
- e. The repayment of EMIs will be vide standing instructions to Customer's HSBC account.
- f. The Customer needs to ensure that the repayment instrument / instruction is honoured. Accordingly, Customer must ensure that:
  - Sufficient funds in the Designated account to be debited.
  - Not stop any cheques;
  - Not cancel or vary any payment arrangement (unless required by HSBC)
  - Not close or change the account on which repayment instrument are drawn (unless he / she makes alternate arrangement for the repayment as agreeable to HSBC).
- g. If the Customer does not pay the instalment on or before the relevant due date; outstanding loan amount and all accrued interest would become immediately due and payable. Customer would also be liable to pay the fee as set out in the tariff sheet.

#### **6. Default**

- In the event of default (i.e. if the amount due is not paid by the due date or breach of any clause of the agreement), the Customer will be sent reminders from time to time for payment of any outstanding on his loan account, by post, fax, telephone, e-mail, SMS messaging and / or through third parties appointed for collection purposes to remind, follow-up and collect dues. Any third party so appointed, shall adhere to the Indian Banks Association's (IBA) code of conduct on debt collection.

- A defined process in accordance with HSBC guidelines will be followed for recovery of dues. The process will involve reminding the Customer by sending notice or by making personal visits and / or repossession of security. HSBC collection policy is built on fair treatment and persuasion.
- As per Reserve Bank of India guidelines, HSBC provides credit information relating to any customer who has availed a credit facility, to the Credit Information Bureau (India) Limited (CIBIL) on a monthly basis. The information provided reflects the status as at the previous month-end and includes information regarding whether the loan account is regular or delinquent. In the event a loan account is delinquent as at the date of such reporting and the account is subsequently regularised, the status of the account will only be updated prospectively, at the time of the next monthly reporting. As per CIBIL, all changes in customer status are updated within a maximum of 30 days. To avoid any adverse credit history with CIBIL, Customers should ensure that timely payment of the amount due on the loan amount is duly made.

## **7. Prepayment and Foreclosure**

- The Customer can prepay / foreclose the loan by giving a notice in writing and pays in accordance with the pre payment rules of HSBC along with prepayment charges if any.
- If prepayment / foreclosure is made by cheque, the prepayment takes effect only when the cheque is cleared.
- The prepayment charges applicable are in accordance with the Tariff schedule given.
- The original documents of the Customer submitted to HSBC would be returned within 15 days of satisfactorily closing the loan as per the conditions of the Loan Agreement signed by the Customer.

## **8. Statement of Account**

A request for the physical copy of the statement of accounts can be placed by visiting any HSBC branch or by calling the PhoneBanking numbers. Alternatively the electronic statement can be obtained through internet banking. The Customer would receive half-yearly statements for the loan account on the correspondence address notified to the bank<sup>1</sup>.

## **9. Customer Service**

For any service related issue, Customer can get in touch with HSBC by:

- Calling HSBC PhoneBanking service
- Contacting with the Customer service executive at any of the branches
- Writing to [info@hsbc.co.in](mailto:info@hsbc.co.in).

All grievances escalations should be marked to Mrs. Sathya Srinivasan, Nodal Officer, The Hongkong and Shanghai Banking Corporation Limited, No. 96, Dr. Radhakrishnan Salai, Mylapore, Chennai - 600004. Email: [nodalofficerinm@hsbc.co.in](mailto:nodalofficerinm@hsbc.co.in)

Customer can contact the Nodal Officer Team at the following contact number between 09:30 AM and 06:00 PM, Monday to Friday. Ph: +91 44 - 3911 1217

## **10. Disclosures**

- The Customer acknowledges the right of HSBC to provide details of the Customer's account to third party agencies for the purpose of availing support services of any nature by HSBC, without any specific consent or authorisation from the Customer or any joint applicants / add-on Customers.
- The Customer further acknowledges that HSBC is authorised to share information relating to Customer, including information relating to any default committed by the Customer in discharge of the Customer's obligation, as HSBC may deem appropriate and necessary, with any existing or future credit bureaus / credit reference agencies as determined by HSBC from time to time. Accordingly the Customer herein expressly gives consent to disclose information to such credit bureaus / credit reference agencies. Such entities may further make available processed information or data or products thereof to banks / financial institutions and other credit grantors.
- The Customer further authorises HSBC to use information or data relating to him / her, whether provided by him / her or otherwise, in connection with the offer, sale or distribution of HSBC's products and services to the Customer.
- HSBC may also provide information relating to credit history / repayment record of the Customer to a credit information company (specifically authorised by RBI), in terms of the Credit Information Companies (Regulation) Act, 2005.