

Residential Mortgage FAQs

Features

- Terms range from 10 to 30 years
- Financing
 - 80% financing for properties valued up to BM \$1.5 million
 - 75% financing for properties valued between BM \$1.5 – \$2 million
 - 70% financing for properties valued between BM \$2 - \$5 million
 - 60% financing for properties valued over \$5 million
- Variable and Fixed rates

What is the interest rate for Residential mortgages?

A residential mortgage is a variable rate facility that will fluctuate on prevailing market rates. Please refer to www.hsbc.bm for the current base rate.

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

Variable Interest Rate and mortgage term length is stated on the Offer to Finance letter signed at the time of closing with either your Personal Banker or Relationship Manager.

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

As long as you provide the Bank with 3 months' written notice there is no penalty for early repayment. However if no notice is given, the Bank has the right to charge an early payment fee of up to 3 months of interest on the outstanding balance. Fixed Rate mortgages do not have the option for pre-payments.

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

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

Who is responsible for the repayments?

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

Can the interest rate change on my mortgage?

The variable base rate can be changed at any time through the term of your mortgage. The spread rate is a contractual agreement and will not change. In the event of the base rate changing the Bank will post the new rate on the Public Website and customers will be notified by letter.

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

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

Do I need to have a home building insurance policy?

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

What is negative equity?

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

How is interest calculated?

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

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