



Introduction to U.S. Home Buying



The purpose of this presentation is for HSBC to provide educational information that may be useful in obtaining a mortgage in the U.S. It is important that you consult a trusted advisor or mortgage professional when you decide to start the home loan process as it may differ by lender.

HSBC's Commitment to Homebuyers

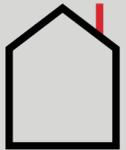
At HSBC, we're committed to helping you finance your home. We offer a variety of mortgage products that include jumbo, conforming, affordable, and regional mortgages to help meet your personal needs. Let an HSBC Mortgage Consultant help find the mortgage that's right for you and guide you through the home-buying process.

A special note for:



International Clients

Whether you're buying a home in the U.S. to live in or use as an investment property, HSBC has home-financing solutions to meet your needs. We understand that financing a home in the U.S. may be different than in your home country. The U.S. home-buying process can be exciting and challenging at the same time—that's why we're here to help.

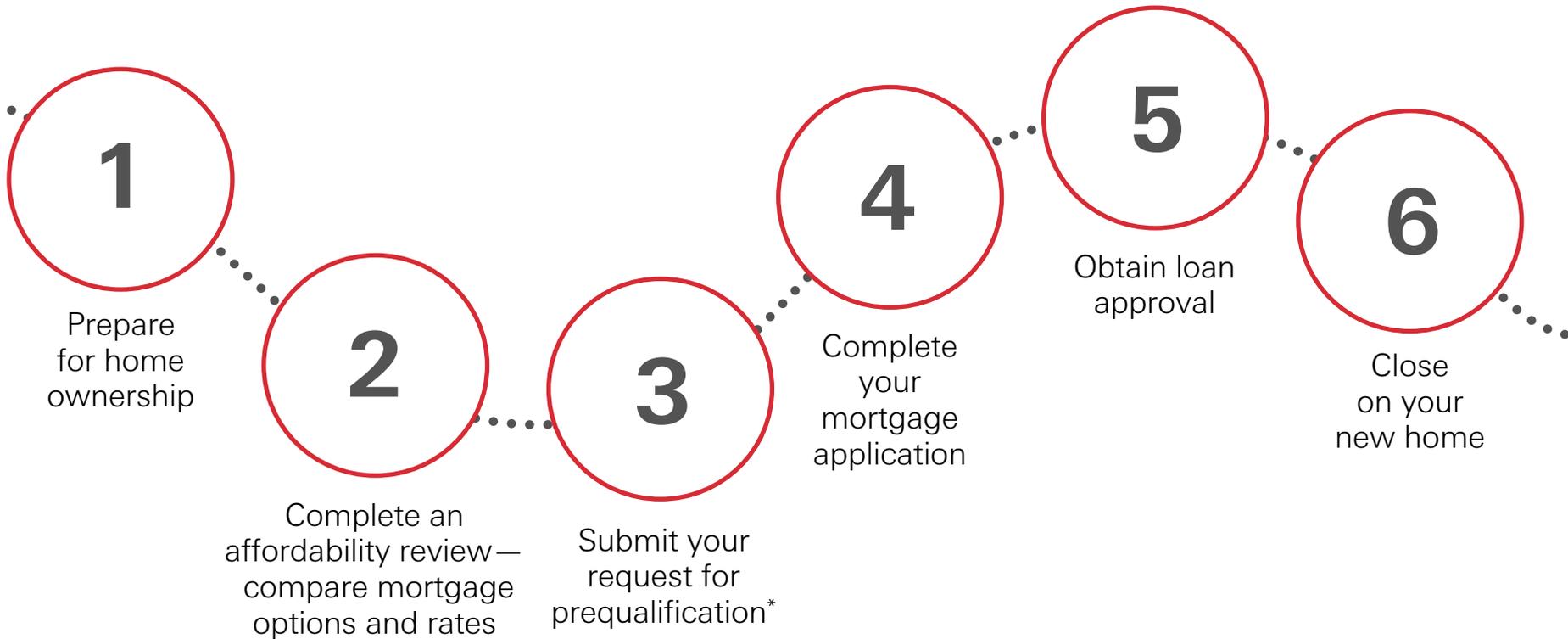


First-Time Homebuyers

We're here to make your dream of home ownership come true. Buying your first home is a new and exciting adventure and one of the largest financial decisions in your life. At times, it may feel overwhelming—but don't worry, we've included some additional tips to help you along the way.

Look for your dedicated icon throughout this presentation to support your home-buying journey.

Step-by-step mortgage process



Tip: During the mortgage process, you may not be required to visit the U.S., depending upon your country of residence and current location.

*Final mortgage approval is subject to receipt of a satisfactory purchase contract by commitment expiration date, satisfactory appraisal and title report and completion of all conditions stated in your commitment letter.

STEP 1. Prepare for home ownership

Is now the time to consider home ownership?

Owning

- ◆ Potential to build equity, which may increase your personal wealth
- ◆ Possible tax deduction advantages¹
- ◆ Option for a fixed principal and interest monthly payment²
- ◆ Down payment and closing costs are required
- ◆ Homeowner pays for home repairs and maintenance

Renting

- ◆ Flexibility to relocate
- ◆ Landlord is responsible for repairs and maintenance
- ◆ Monthly payments may increase over time
- ◆ Security deposit and/or one month's rent may be required
- ◆ Rental agreements are not guaranteed over time

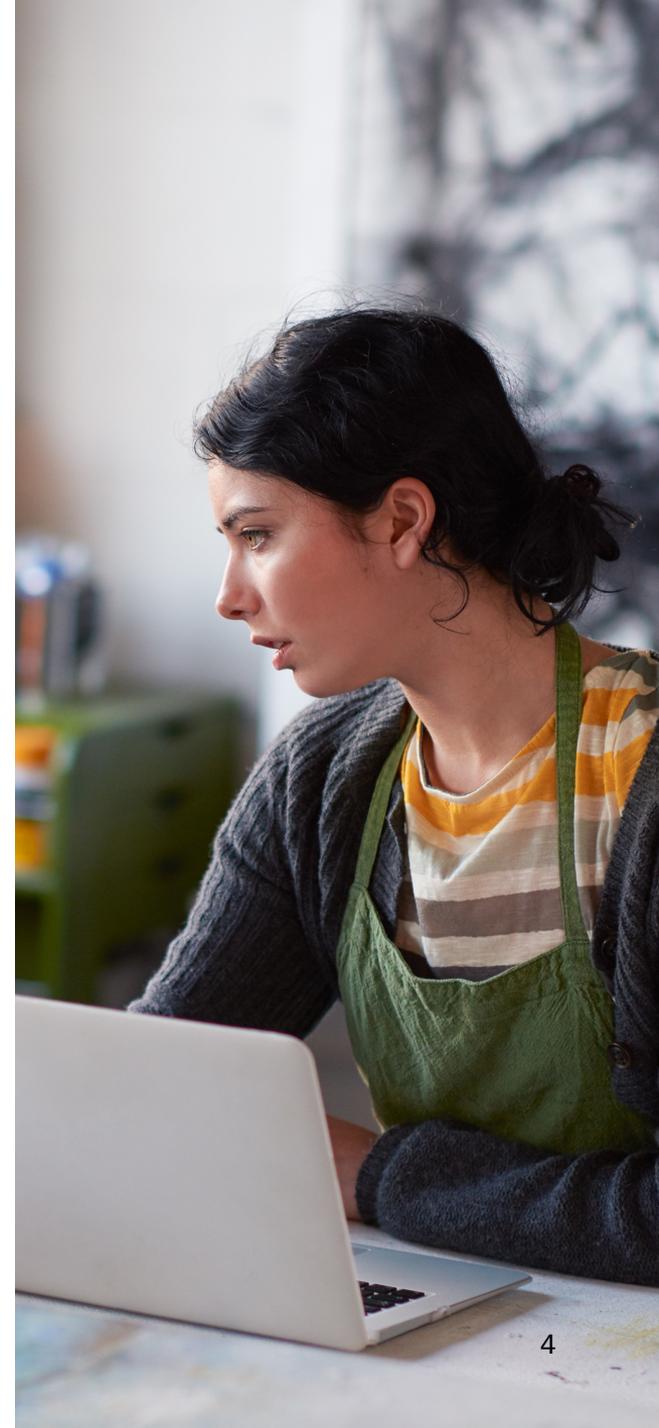
Who might I interact with during the home-buying process?

- ◆ Trusted real estate agent
- ◆ Real estate attorney
- ◆ Mortgage consultant
- ◆ Closing agent
- ◆ Home inspector



Tip: Work with professionals who are familiar with your local market.

1. Consult your tax advisor for details on tax deductibility of interest paid on loans secured by your home.
2. Escrow may be required on certain mortgage products. Taxes and insurance may vary, impacting total monthly mortgage payment.



STEP 2. Complete an affordability review

Mortgage calculators can help you take the next step to determine a monthly mortgage payment you can comfortably afford. Use these interactive tools to find the mortgage that fits your needs.

- ◆ How much home can you afford?
- ◆ View mortgage rates and options built for you
- ◆ Difference between a 15 or 30 year term

Visit us.hsbc.com/mortgagecalculator to get started.*



Tips:

- Create a budget and stick to it.
- Talk to a mortgage consultant about low down payment mortgage programs.



Tip: HSBC offers loans up to 75% of appraised property value or purchase price, whichever is lower.

Definitions

How much home can you afford?

You can afford a home worth up to \$492,629.49 with a total monthly payment of \$2,500.00.

Show details

Get started online

Legend: Principal & Interest, Property taxes, Homeowners insurance, HOA, Private mortgage insurance (PMI)

Payment Breakdown | Amortization

LOAN & BORROWER INFO

Maximum payment: \$ 2,500

Down payment: \$ 80,000

Term (years): 30

Interest rate: 3.500%

TAXES & INSURANCE

Request Financing

Get started online

Or call: 866.731.4722 from within the US
716.841.6820 from overseas

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* The accuracy of these tools and their applicability to your circumstances is not guaranteed. You should obtain personal advice from qualified professionals.

STEP 3. Submit your request for prequalification*

Key considerations that lenders look for:

- ◆ Income-to-expense ratios
- ◆ Creditworthiness and history
- ◆ Assets, such as bank accounts, 401(k), gifts, grants, etc.
- ◆ Appraised value of home (if available)
- ◆ PITIA – Principal, Interest, Taxes, Insurance and Association fees on your home (if applicable)
- ◆ Recurring debts / total debts
- ◆ Gross monthly income
- ◆ Down payment and closing costs
- ◆ Property type

What comes with a Decision Letter?

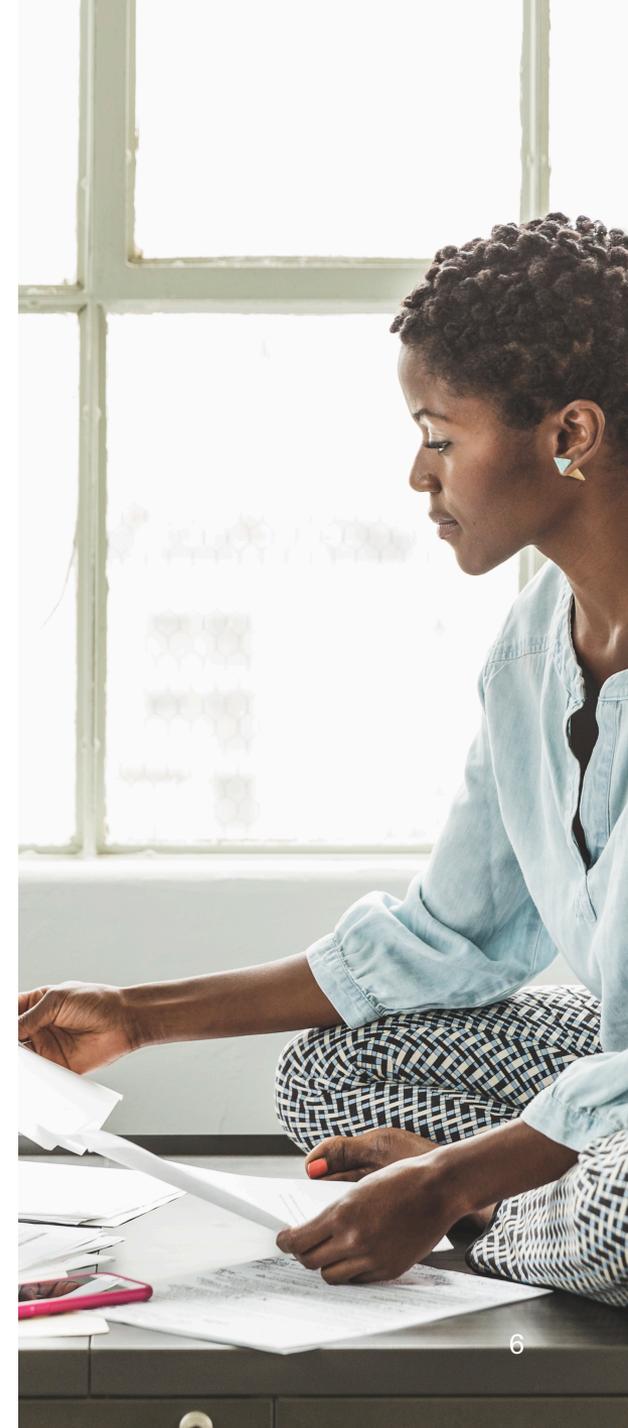
If approved:

- ◆ Details of the transaction
- ◆ Loan amount (could be lower than requested)
- ◆ Interest rate
- ◆ Terms
- ◆ Closing conditions
- ◆ Prequalification expiration date

If declined:

- ◆ Explanation for declination

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STEP 4. Complete your mortgage application

Information and documentation

Here's a list of documents you may be asked to provide for your mortgage application. A common cause for application delays is missing documentation.

Documentation provided by customer

Required Documents

- ◆ 30 days of pay stubs
- ◆ Two years of W-2s
- ◆ Two months of bank statements
- ◆ Contract of sale for purchase transaction
- ◆ Gift letter (if applicable)

Employment Verification

- ◆ Company name
- ◆ Your position
- ◆ Start date
- ◆ Employment letter on company letterhead (if applicable)

Current Residence Details

- ◆ Current property or rental details

Identification

- ◆ Copy of passport or government-issued ID

Documentation obtained by HSBC

Credit Report Authorization

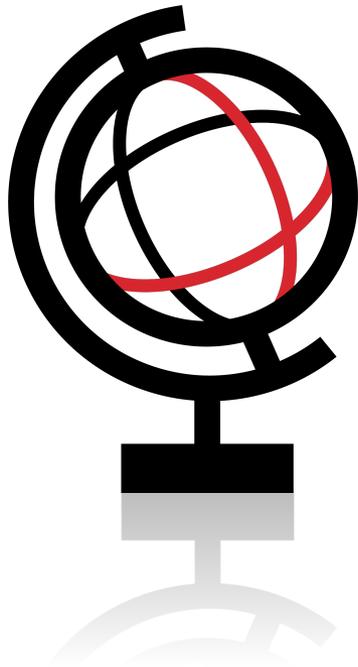
- ◆ U.S. Credit Report
- ◆ International Credit Report



Additional documentation required for international clients

- ◆ Passport
- ◆ U.S. Visa
- ◆ Two years' history of employment with contact information
- ◆ Two years' history of residency

Credit reporting for international clients



HSBC has the experience to provide mortgage solutions for international clients.¹

International Credit Report²

A third-party report that compiles credit information from a client's originating country or any country where they may have credit by providing information such as:

- ◆ Credit history of applicant
- ◆ Property ownership inside and outside the U.S.
- ◆ Property tax and insurance amounts
- ◆ Public records: liens, judgments, foreclosures
- ◆ Verification of two-year employment history
- ◆ Verification of two-year residency history

1. International borrowers must have qualifying documentation to be eligible for an HSBC Preferred Mortgage, HSBC Deluxe Mortgage, HSBC Elite Mortgage or HSBC Summit Mortgage. Monthly mortgage payments must be made in U.S. funds.
2. International borrowers with qualifying documentation do not need U.S. credit history to apply for an HSBC mortgage. We may order an international credit report for your application.

Qualify for a loan

Income, assets and credit

Income

- ◆ Full time, part time, overtime
- ◆ Bonus and commissions
- ◆ Self-employment
- ◆ Salaried employment
- ◆ Seasonal employment
- ◆ Other (Social Security benefits, disability income, annuities, pensions, retirement benefits, interest, dividends, alimony, child support and maintenance)

Assets

- ◆ Checking / savings accounts
- ◆ Investment accounts
- ◆ 401(k) plans / IRAs
- ◆ Insurance policies (cash value)
- ◆ Gifts (from relatives)
- ◆ Sale of assets
- ◆ Grants

Credit

- ◆ Monthly bills paid on time
- ◆ Excessive obligations
- ◆ Slow credit or late payments
- ◆ Judgments, garnishments and collections
- ◆ Bankruptcies
- ◆ Credit bureaus
 - Equifax (800.685.1111)
 - Experian (888.397.3742)
 - TransUnion (800.888.4213)



Tip: Review your credit and ensure your report is accurate.

Qualify for a loan

Debts and property value

Debts

- ◆ Installment loan (auto, personal, student)
- ◆ Revolving credit (credit cards, store card, etc.)
- ◆ Child support / alimony
- ◆ Payroll deductions
- ◆ Lines of credit

Property Value

The appraisal establishes the value of the property based on recent sales of similar houses within the area.

- ◆ Includes a description of the property and the neighborhood
- ◆ Includes photos of the property
- ◆ Compares the property to recently sold homes
- ◆ Maximum loan amount is determined by the lesser of the appraised value or purchase price

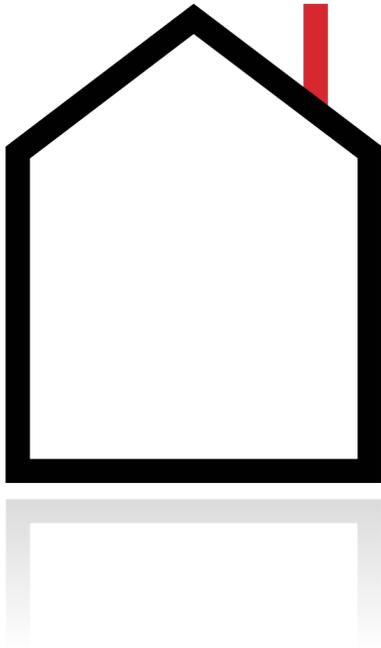


Tip: Avoid taking on new debts and making large purchases.



Tip: Property taxes vary by state and must be paid annually.

Attend a first-time homebuyer seminar



Depending on your mortgage program, a first-time homebuyer seminar may be required. Please check with your mortgage consultant for details.

Topics that may be covered when you attend a first-time homebuyer seminar:

- ◆ Learning how to budget
- ◆ Understanding credit
- ◆ Home ownership readiness
- ◆ Home-financing options
- ◆ Down payment assistance programs and grants
- ◆ Home-buying guidance
- ◆ Maintaining a home and finances

STEP 5. Obtain loan approval

Once you find a home and your offer is accepted, you are under contract.

Next steps:

- ◆ Contact your lender when your offer is accepted
- ◆ Additional documents and conditions are often required to complete your mortgage application
- ◆ Submit remaining documents and clear conditions to obtain final loan approval



STEP 6. Close on your new home

Prior to closing you will receive a Closing Disclosure that outlines the fees and charges you might see.

Mortgage lender fees

- ◆ Loan origination fee
- ◆ Commitment fee
- ◆ Credit report fee
- ◆ Appraisal fee
- ◆ Loan discount points
- ◆ Other lender fees

Prepayments

- ◆ Interest from closing date to first payment
- ◆ Mortgage insurance premium
- ◆ Flood insurance premium
- ◆ Hazard insurance premium (or receipt of payment)
- ◆ Pro-rated property taxes

Additional fees

- ◆ Title charges
- ◆ Recording and transfer fees
- ◆ Attorney fees
- ◆ Termite inspection
- ◆ Home inspection
- ◆ Survey fees

Final Steps

1. Get your Closing Disclosure three business days prior to closing
2. Schedule a closing date with your closing agent
3. Sign documents at mortgage closing
4. Get the keys to your new home

Resources

Please refer to the links below for additional information.

- ◆ Buying a Home: us.hsbc.com/home
- ◆ International Clients: us.hsbc.com/internationalmortgage
- ◆ Affordable Mortgages: us.hsbc.com/affordablemortgages
- ◆ Mortgage Calculators: us.hsbc.com/mortgagecalculator
- ◆ Mortgage Rates: us.hsbc.com/mortgagerates
- ◆ Mortgage Products: us.hsbc.com/mortgageproducts

Mortgage and home equity products are offered in the U.S. by HSBC Bank USA, N.A. and are only available for property located in the U.S. Subject to credit approval. Borrowers must meet program qualifications. Programs are subject to change. Geographic and other restrictions may apply. Discounts can be canceled or are subject to change at any time and cannot be combined with any other offer or discount.

 Equal Housing Lender