

Frequently Asked Question

HSBC Home Loan

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1. Product Information

1.1. What is a home loan?

A home loan is a loan taken for the purchase or construction of residential property for your own use. A fixed charge (pledge) will be taken on the property as security for the loan.

1.2. What are the different types of home loans available?

Our home loans are capital and interest repayment home loans and can be paid on a fortnightly or monthly basis.

We do not provide Interest only Home Loans. If you have taken a home loan to construct your property, then we may allow a moratorium on capital repayment for up to 24 months. This allows you to inject maximum funds into completing your project. After the moratorium period, you will automatically start paying capital and interest.

1.3. Which loan is best for me?

Usually the single biggest purchase you will make in your lifetime is your home. Choosing the right home loan therefore becomes that much more important. Our staff are trained to listen and understand your personal circumstances before guiding you with the best options to suit your needs. Please call at any branch or contact us for an appointment.

1.4. What are the benefits of home loan from HSBC?

- Fast approval and disbursement service
- Competitive Interest rates
- Unique fortnightly Repayment option, where you can save up to 17% in terms of interest paid over your loan term
- No monthly or half yearly service/ledger fees
- No valuation fee

1.5. How much can I borrow?

The Loan to Value Ratio is used to calculate what percentage of your property value can be financed by the bank. Depending on your circumstances and project, the Loan to Value ratio may range from 70% to 80%.

As an example, if the maximum Loan to Value Ratio applicable to your circumstance is 80%, and you are purchasing a property valued at and costing Rs.1million, the bank would finance 80% of this, effectively Rs800, 000 and you would need to provide funding for the remaining Rs200, 000 to complete the purchase.

As a responsible lender, we will also review and assess each file individually. As a guide, your total monthly credit repayments for all of your loans, leasing etc should not exceed 40% of your gross monthly salary. This is in line with Bank of Mauritius Macroprudential Policy.

As part of the assessment, a credit check will be conducted with the Mauritius Credit Information Bureau. The amount available to you will also be capped to a percentage of the property value or purchase price (whichever is the lower). Please call at any branch or contact us for free illustrations.

1.6. What is the interest rate on my home loan?

Our home loan rates are variable and are linked to the HSBC Base Lending Rate available on our website. You may wish to check your home loan statement or facility offer letter for the rate applicable on your loan or contact your Personal Banker/Relationship Manager.

1.7. What would be my repayment?

The key factors that will affect your repayments are, the loan amount, the actual interest rate being charged, and the term of the loan.

There is no monthly service or ledger fees. Once your Home Loan has been set up, you will only need to pay the capital and interest on your loan.

We offer the standard monthly repayment option, as well as a unique fortnightly repayment option. Our unique fortnightly repayment option can save you up to 17% of the interest payable on your loan (and subsequently shortens the term of your loan).

If you are building your property, you may choose a moratorium on capital for up to 24 months, hence repaying interest only for this period.

1.8. How does the fortnightly repayment option benefit me?

Our unique fortnightly repayment option saves you interest on your loan (and subsequently shortens the term of your loan). This is because the outstanding balance on your loan reduces more frequently as you would be making payments on a rolling fortnightly basis (26 payments would be made within the year), as opposed to waiting 30 days for any reduction in capital on a standard loan.

Please note that we do not offer bi-monthly repayments (i.e. 2 payments per month).

1.9. What is the maximum tenor for a home loan?

The maximum loan tenor is 25 years, subject to this not exceeding age 65 or your retirement age (whichever is the earlier).

1.10. Can I use an existing property for a home loan?

Yes, the property should be a residential one and not used for commercial or rental activities. However there may be circumstances whereby we may still be able to finance your project. Please speak to your Relationship Manager or Personal Banker for more information.

1.11. What security is required?

We will require a first ranked fixed charge on your residential property.

1.12. What insurance is required if I take up a home loan?

We do not require life Insurance to be assigned in favour of the HSBC when you apply for a home loan. However, we strongly recommend that you have adequate protection for you and your family in case of unforeseen circumstances. Life insurance/ decreasing term assurance including total and permanent disability are commonly taken as a means to protect against death/permanent disability. In the event of death, the outstanding loan amount becomes fully repayable.

However building insurance covering the replacement value of the property is **mandatory** as condition of a home loan. The building insurance should be a fully comprehensive policy which covers against damage, destruction (i.e. fire and

allied perils) for an amount representing the replacement building cost. You should contact your insurance company / agent for quotations and ensure that the policy is assigned in favour of HSBC.

Failure to provide cover assigned to HSBC will lead to an increase in the interest rate being charged on your home loan.

Last but not least, we recommend that you seek quotations from various insurance suppliers to enable you to make an informed decision.

1.13. I am not a resident of Mauritius. Can I apply for a home loan?

Unfortunately no. Our home loans are only available to Mauritian and Non-Mauritian Nationals permanently resident in Mauritius.

1.14. Are home loans in foreign currency offered by HSBC?

No, we are currently providing home loans in Mauritian rupee only.

2. Application

2.1. How do I apply for a home loan?

Please call at any branch or contact us for an appointment with our Personal Bankers and /or Relationship Managers.

2.2. Which documents should I provide to submit a home loan application?

Please bring with you:

- Proof of identity - National identity card or valid passport
- Latest utility bill – e.g. Central Electricity Board (CEB), Central Water Authority (CWA) or Mauritius Telecom (MT)
- For fixed income: last 3 months' salary slips (or latest month salary slip if salary is credited to an HSBC account). For variable income: last 12 months' salary slips.
- Letter of employment including salary status may be required
- Birth certificate (and marriage certificate if applicable)
- Property title deed, site and location plan
- Evidence of own funds
- Construction plan building permit (if applicable)
- Bank Statements (if applicable)

If you are self employed, there are additional documents to provide:

- Income Tax return of the borrower for last 2 years
- Last 12 months' bank statements for the borrower (if customer does not bank with HSBC)

Non-Mauritian Nationals permanently resident in Mauritius:

- Certified true copy of valid Occupational Permit. (Combination of Residence and Work permit)
- Last 3 months' salary slips

For individual professional:

- Certificate of registration and financials of company
- Declared income as per income tax return cross verified against credit turnover for last 12 months as per bank statement

2.3. What happens after I have submitted my completed home loan application?

As a responsible lender, your application will be assessed by our Credit Team. Upon approval, we shall issue a Facility Offer Letter which provides the full terms and conditions of the facility. Once the offer is accepted, valuation on the property provided as security will be effected and a fixed charge document on the property will be issued.

Your Relationship Manager or Personal Banker will keep you informed on the status of the application, of any further documents that may be required and when disbursement can be expected.

2.4. How long does it take to process a home loan?

We will need to have information about you and your project in order to complete an application, which should take less than 1 hour of your time.

Once your application has been approved and you have accepted our offer, we will require a valuation on the property being provided as security as well as a contract for the Fixed Charge to be placed on the property.

2.5. What fees are charged?

Applying for a home loan is free. Once your home loan has been approved and you have accepted our offer, a Handling Fee, usually 1% of the loan amount, is payable to HSBC upon 1st disbursement.

For construction loans, a disbursement fee is payable for each subsequent disbursement. We do not charge valuation, legal or monthly ledger / service fees.

Please refer to our Tariff of Charges for the latest fees and charges or contact us for information on any promotional offers that may be available.

2.6. Can I apply for a home loan in joint names?

Yes, we shall require the documents listed in 2.2 for each applicant.

3. Servicing Information

3.1. How can I access my home loan statements and find out the balance on my home loan?

You may access your loan statements anytime through our Internet Banking Service or if you have chosen to receive paper statements, these will be issued twice yearly by mail.

For online statements:

- First register to our Internet Banking services online on hsbc.co.mu or contact us.
- Click on options: Statement/Advices > Select E-Statement/E-advice in the drop down menu. You will be then prompted to select an option.
- Click on Submit to confirm your request

3.2. How can I make payments for my home loan?

Repayments are taken directly from your current or savings account at HSBC.

3.3. How can I amend the repayment account, amount, or date of my home loan?

Please contact your Relationship Manager or Personal Banker. We will require the authority of all parties if the account to be debited is a joint account. You may be required to provide additional documents in certain cases.

Note, however changing the date of your repayment may result in additional interest accruing on your loan.

3.4. Why has my repayment amount changed?

Since the interest rate on your home loan is a variable rate, and linked to the bank's Base Lending Rate (BLR), any changes to the BLR will impact on repayments.

3.5. What happens if I miss a payment?

We will try to obtain the payment from your account automatically within 3 working days of your due repayment date (in case your salary came in a day late or so). If the payment has not been received, then we will contact you to discuss how the loan will be brought back up to date. You will be charged excess interest on the amount overdue and therefore we advise that you ensure that your payments are received on time. Should you be encountering any difficulties repaying your Home Loan, please contact us urgently and we will work with you to find a solution.

Your home may be repossessed if you fail to keep up with your home loan repayments.

3.6. What should I do if I am having problems meeting my repayment?

We understand that life is not always easy and that is why we are here to help you. Losing a job, divorce, an illness or a death in the family are just some of the things that can cause a delay in paying your loan. If you are experiencing any difficulty and unable to keep up with your loan payments, contact us as soon as possible and we will work with you to try to make the best of a difficult situation.

Please remember that your home may be repossessed if you fail to keep up with your home loan repayments.

3.7. Can I make extra or early repayments?

Extra or early payments can be made however a fee may be applicable should you wish to pay part or the whole of your home loan prior to its normal maturity date.

3.8. Do I need to have a Valuation or can I provide my own?

HSBC will request a valuation on your property to be conducted by a Certified Independent Valuer from our panel prior to your Home Loan being disbursed. A copy of this report will be provided to you and may assist you in completing your project.

If you are constructing, progress reports will be required for each disbursement, and a final valuation is required once the property is completed.

3.9. Can I take out a second HSBC home loan?

Yes. All applications are subject to status and assessment. Please contact your Relationship Manager / Personal Banker who will guide you through the process.

3.10. How do I change my personal details?

Simply call in our branches to meet with your Relationship Manager or Personal Banker. (Additional supporting documents may be required).

3.11. Is it worth refinancing my home loan to HSBC?

There are many factors to consider when refinancing your loan. Generally the main reason for refinancing is to save money on your total home loan cost. Some lenders may charge high early repayment penalties or other upfront costs and monthly fees which may negate any benefits of refinancing. In the majority of cases, refinancing to HSBC will bring you more benefits. Call at our branches and our staff will work with you to see if it would be beneficial for you to move from your existing lender. It may be helpful to bring with you, your existing facility offer letter from your current Bank.

3.12. What if I want to pay off my loan early or move my loan to another bank?

You should provide 1 month notice. As a general rule, for loans taken after 2014, there are no early repayment penalties if the loan is repaid early. In addition, you will need to pay the cost for the erasure of the Fixed Charge(s).

3.13. Can I keep my home loan if I move overseas permanently?

If you are planning on moving overseas, please call at any branch or contact us for an appointment so that we may discuss the options available. You may be required to provide additional documentation and we shall advise you accordingly.

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