

# Introduction to U.S. Homebuying



# HSBC's Commitment to Homebuyers

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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 Buyers<sup>1</sup>

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

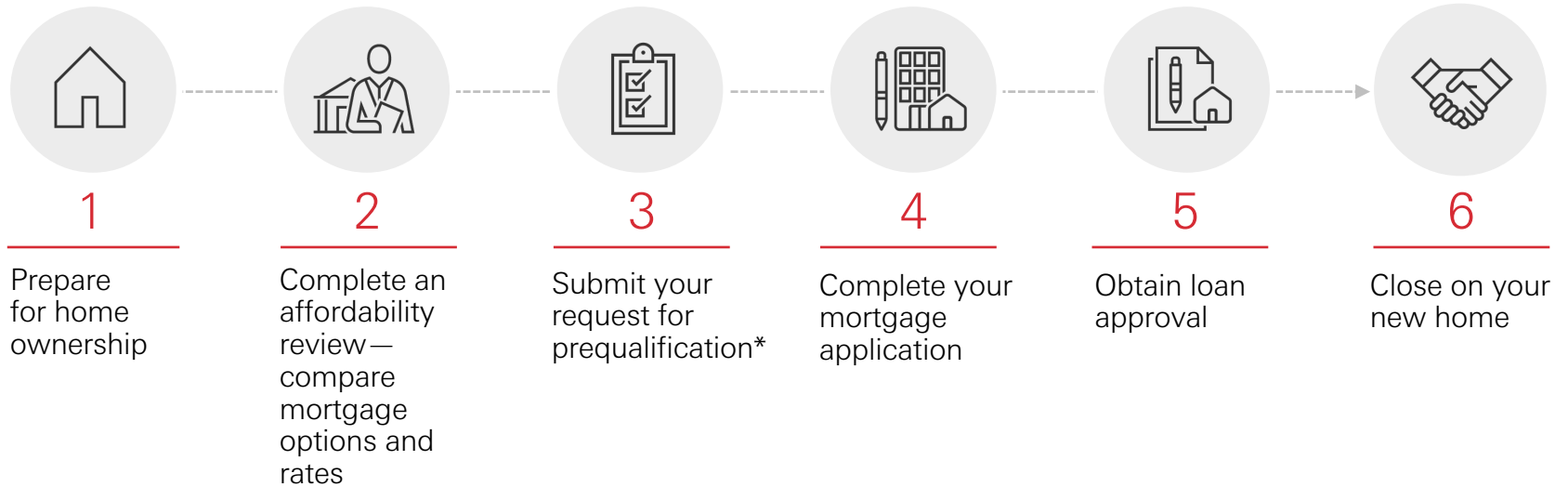
We're here to make your dream of home ownership come true. Buying your first home is a new and exciting adventure and one of the largest financial decisions in your life. At times, it may feel overwhelming—but don't worry, we've included some additional tips to help you along the way.

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

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.

# Step-by-step mortgage process

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**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

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## What to know when deciding to rent vs. own

### Renting

- Missed opportunity to build equity
- No tax deduction advantages
- Monthly payments may increase over time
- Security deposit and/or one month's rent may be required
- Limitations to customize your living space
- Landlord is usually responsible for repairs and maintenance
- Less flexibility to move depending on the lease terms

### Owning

- Potential to build equity, which may increase your personal wealth
- Possible tax deduction advantages<sup>1</sup>
- Option for a fixed principal & interest monthly payment<sup>2</sup>
- Down payment and closing cost funds are required
- Freedom to make your house feel like a home
- Home owner pays for home repairs and maintenance
- Stay in your home as long as you want

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

- HSBC Mortgage consultant
- Trusted realtor
- Real estate attorney(s), closing agents, escrow agents
- 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— compare mortgage options and rates

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

Visit [us.hsbc.com/mortgagecalculator](https://us.hsbc.com/mortgagecalculator) to get started.\*

The screenshot shows the 'How much home can you afford?' calculator. It displays a result: 'You can afford a home worth up to \$492,629.49 with a total monthly payment of \$2,500.00.' A pie chart shows the payment breakdown: Principal & Interest (red), Property taxes (black), Homeowners insurance (grey), and HOA (dark grey). The interface includes input fields for Maximum payment (\$2,500), Down payment (\$80,000), Term (years) (30), and Interest rate (3.500%). A 'Request Financing' section is also visible.

### Tips:

- Create a budget to know your affordability
- HSBC offers loans with a variety of down payment options depending on loan type. Connect with your mortgage consultant to find the best option to fit your needs.
- The Mortgage Calculator tool will show you principal and interest payments on a loan with 20% down payment



\* The accuracy of this tool and its applicability to your circumstances is not guaranteed. You should obtain personal advice from qualified professionals.

## Step 3. Submit your request for prequalification\*

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### Key considerations that lenders look for:

- Income-to-expense ratio
- 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

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## 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

- Mortgage statements, insurance bills, tax bills, Home Owner Association bills on any other properties owned



#### Identification

- Copy of passport or government-issued ID

### Documentation obtained by HSBC



#### Credit Report Authorization

- U.S. Credit Report<sup>1</sup>
- International Credit Report, if applicable<sup>2</sup>

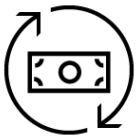
1. International borrowers with qualifying documentation do not need U.S. credit history to apply for an HSBC mortgage. We may order an international credit report for your application.
2. International borrowers must have qualifying documentation to be eligible for an HSBC Preferred Mortgage, HSBC Deluxe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



# Qualify for a loan

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## Income, assets and credit



### Income

- Full time, part time, overtime
- Bonus and commissions
- Self-employment
- Rental income
- 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
- Foreign credit reports may be required
- Credit bureaus
  - Equifax (800.685.1111)
  - Experian (888.397.3742)
  - TransUnion (800.888.4213)



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

\*Speak with your financial advisor or a counseling agency about debt consolidation.



# Qualify for a loan

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## Debts and property value



### Debts

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



### Property Appraisal

HSBC will order an appraisal, which is done by a licensed professional who will compare similar home sales in the neighborhood to establish the value.

#### Condo/COOP/PUDs (Planned Unit Developments)

Documentation from the association or management company is often required and allows the lender to complete the building approval process.<sup>1</sup>

- 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.

1. Mortgage financing on cooperatives is only available in MD, NJ, NY & Washington DC.

# Attend a first-time homebuyer seminar

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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

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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
- Work with your mortgage professional on any additional documentation needed to obtain a final approval



## Step 6. Close on your new home

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

### Mortgage lender

- Loan origination fee
- Commitment fee
- Loan discount / origination points
- Appraisal fee
- Credit report fee
- Other lender-required 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
- Association 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

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Please refer to the links below for additional information.

- Buying a Home: [us.hsbc.com/home](https://us.hsbc.com/home)
- International Buyers: [us.hsbc.com/internationalmortgage](https://us.hsbc.com/internationalmortgage)
- Affordable Mortgages: [us.hsbc.com/affordablemortgages](https://us.hsbc.com/affordablemortgages)
- Mortgage Calculators: [us.hsbc.com/mortgagecalculator](https://us.hsbc.com/mortgagecalculator)
- Mortgage Rates: [us.hsbc.com/mortgagerates](https://us.hsbc.com/mortgagerates)
- Mortgage Products: [us.hsbc.com/mortgageproducts](https://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



# Contact

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Name:

Title:

NMLS #:

Phone:

Email:

Visit HSBC Home Loans at [us.hsbc.com/mortgages](https://us.hsbc.com/mortgages)

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