APPLICANT CREDIBILITY PREDICTION FOR LOAN APPROVAL

Getting a home loan from a bank or any other lending institution is not an easy job. There are many other problems faced by home loan seekers such as getting less home loan sanctioned than the expected amount, lenders assigning considerably less value to the property, etc. these problems generally arise due to the limited knowledge of the buyers about loans and its associated entities.

We have pointed out some common problems and their respective remedies associated with home loans which will be of great help for all the Home Loan seekers out there:

**Problem 1: Home loan application rejected by the bank:**  
Many times banks reject your home loan application at the beginning itself. This happens generally because of several discrepancies in your forms and documents.  
Banks may reject your application if your personal information such as age, income and qualification isn’t matching the lender’s terms and conditions.  
   
**How to overcome this problem :**  
Before submitting your home loan application to the bank, always check whether you meet the eligibility criteria set up by the bank. Computing tools such E.M.I. calculator prove to be of great help to check various eligibility conditions.

**Problem 2: Processing fees not refunded by the lender:**  
 Banks charge a processing fee ranging from 0.25 percent to 1 percent of the loan amount for every application form submitted. However, this charge is non-refundable in a majority of the cases.  
   
**How to overcome this problem:**  
If a bank promises to refund the processing fee, then, do take a written declaration from the bank for the same so that if your application gets rejected afterwards, you can still claim the refund of processing fee charged.

**Problem 3: Less amount sanctioned:**  
The loan amount sanctioned by the bank mostly varies then the expected amount of the buyer. Bank calculates the amount a buyer can repay taking into consideration his income, live loans, financial history etc. This calculated amount gets reflected in the sanctioned loan amount.  
   
**How to overcome this problem:**  
The buyer can enhance his eligibility for a home loan by applying on a co-applicant basis.

**Problem 4: Differences in property valuation:**  
A majority of home loan borrowers feel that the bank hasn’t valued their property fairly or way below their expectations. However, these discrepancies arise due to the fact that the banks or NBFCs have their own standard rules and regulations, financial experts for evaluating the value of a specific property.  
   
**How to overcome this problem:**  
To avoid this situation, the home loan borrower should get his property surveyed by a bank approved evaluator.

**Problem 5 : Pressure of paying down payment:**  
Any home loan borrower has to generally pay around 20% of the property value as down payment. If the down payment is not done on time, the bank can reject the loan. The real problem arises when the sanctioned amount of loan is way below the expectation of the borrower. In such situation, the down payment increases resulting in added burden to the borrower.  
  
**How to overcome this problem:**  
By valuing the property in advance, you can plan down payment accordingly. Also, banks do accept LIC policies, PF and national security certificates as down payments