

Home Loan Approval – Detailed Process Guide

1. Overview

Home loan approval is the process through which a financial institution evaluates whether an applicant is eligible for a housing loan. This involves assessment of the applicant's creditworthiness and the legal and technical status of the property.

2. Key Stages of Loan Approval

a. Application Submission

The applicant fills out the loan application form and submits basic KYC, income, and property documents either online or offline.

b. Preliminary Assessment

The bank reviews the credit score, verifies income documents, and checks basic eligibility to estimate the loan amount that can be sanctioned.

c. Document Verification

The lender thoroughly checks all submitted documents including PAN, Aadhaar, salary slips, bank statements, tax returns, and property papers.

d. Legal and Technical Evaluation

The property is evaluated by technical experts for its construction status and market value. Legal teams verify ownership, approvals, and encumbrances.

e. Personal Discussion (PD)

For higher loan amounts or self-employed profiles, a telephonic or physical discussion may be conducted to confirm applicant details and intent.

f. Loan Sanction

A sanction letter is issued stating loan amount, interest rate, tenure, EMI, and conditions. This is a formal offer subject to final disbursement.

g. Loan Disbursement

Funds are disbursed in full or in stages based on the type of property. Ready-to-move homes get full disbursement; under-construction homes receive stage-wise disbursement.

3. Factors Affecting Approval

- Age and employment type
- Credit score and financial discipline
- Property location and legal status
- Income stability and co-applicant profile

4. Common Sanction Conditions

- Title clearance certificate
- Approved building plans
- Submission of pending documents
- Insurance of property or borrower

5. Validity and Rejection

The sanction letter is usually valid for 3 to 6 months. Rejection may happen due to low credit score, legal property issues, or high debt obligations.