

HOME  
LOAN



PERSONAL  
LOAN



BUSINESS  
LOAN



BALANCE  
TRANSFER



CREDIT  
CARDS



EDUCATION  
LOAN



CAR  
LOAN



WORKING  
CAPITAL



CHILD  
PLANS



HOME  
INSURANCE



ENDOWMENT  
PLAN



VEHICLE  
INSURANCE



TERM  
INSURANCE



FIRE  
INSURANCE



PERSONAL  
ACCIDENT



TRAVEL  
INSURANCE



HEALTH  
INSURANCE



PENSION  
PLANS

Willkommen Bienvenue  
**Welcome**  
yôkoso welkom  
Benvenuto  
Bienvenida tervetuloa  
รับเสด็จ 欢迎

# Home LOAN

SECURED PRODUCT



# By End Of This Session, You Will Be Able To Understand...



What is it all about?

## MEANING

# What is Home Loan?

A loan given by a bank, Mortgage Company or other financial institution for the purchase of a primary or investment residence. In a home mortgage, the owner of the property (the borrower) transfers the title to the lender on the condition that the title will be transferred back to the owner once the payment has been made and other terms of the mortgage have been met. Whether the house you are hoping to purchase is ready for possession or are you buying a plot to construct a house. Home Loan is offered to individuals who wish to purchase or construct a house.



# How home loan will help you?

## Advantages

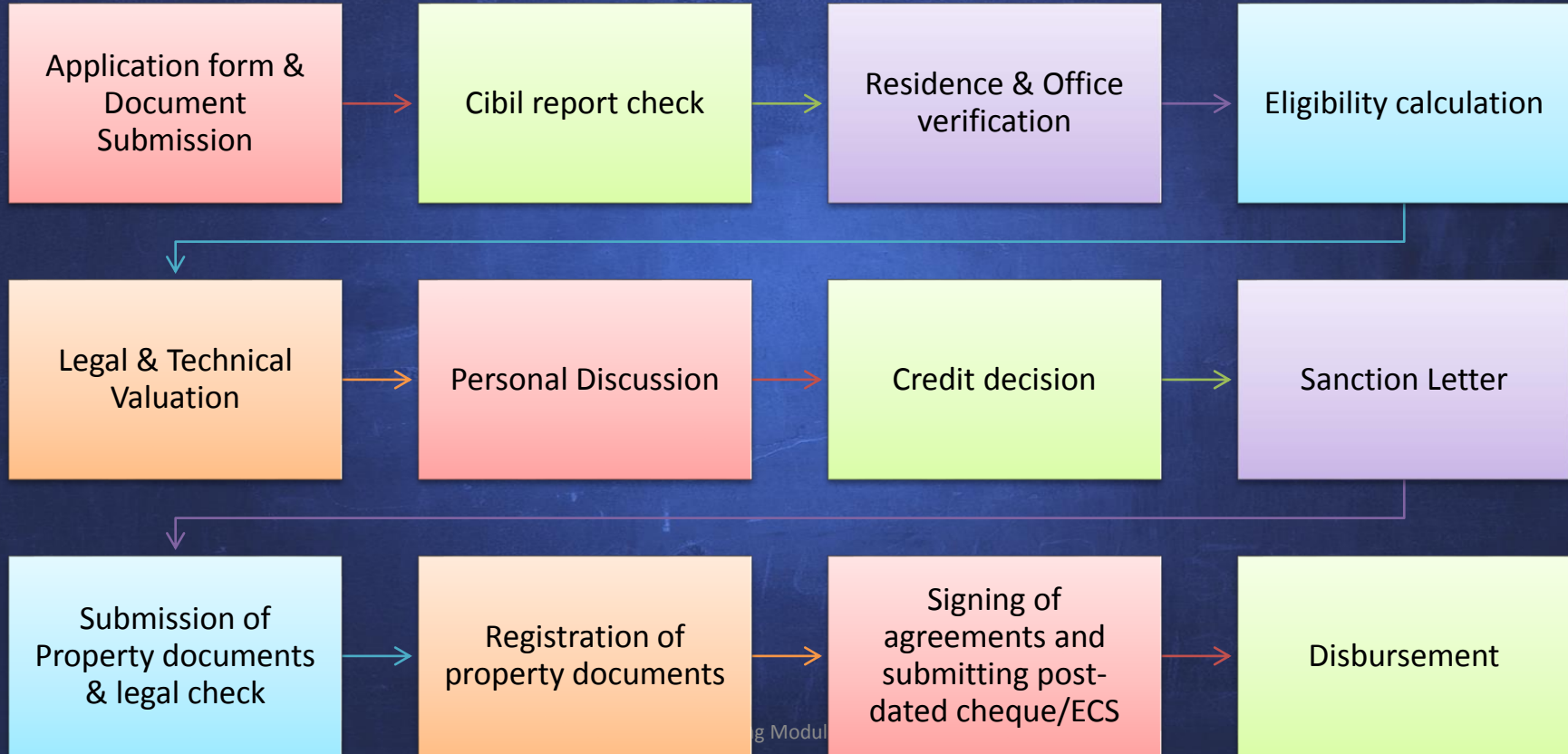
- ✓ Funding to buy a home of your own
- ✓ Capital Appreciation
- ✓ Low interest rate than LAP
- ✓ Tax Benefit: Interest paid --As per Section 24(b) of the Income Tax Act, 1961 a deduction up to Rs. 1.5 lakh towards the total interest payable

## Uses

- ❖ Self occupied residential property



# Home Loan Process





# CONSTRUCTION ACTIVITIES ELIGIBLE FOR BANK CREDIT AS HOUSING FINANCE – as per RBI guidelines



*The following types of bank credit will be eligible for being treated as housing finance:*

- (i) Loans to individuals for purchase/construction of dwelling unit per family and loans given for repairs to the damaged dwelling units of families;
- (ii) Finance provided for construction of residential houses to be constructed by public housing agencies like HUDCO, Housing Boards, local bodies, individuals, co-operative societies, employers, priority being accorded for financing construction of houses meant for economically weaker sections, low income group and middle income group;
- (iii) Finance for construction of educational, health, social, cultural or other institutions/centers, which are part of a housing project and which are necessary for the development of settlements or townships;
- (iv) Finance for shopping complexes, markets and such other centers catering to the day to day needs of the residents of the housing colonies and forming part of a housing project;
- (v) Finance for construction meant for improving the conditions in slum areas for which credit may be extended directly to the slum-dwellers on the guarantee of the Government, or indirectly to them through the State Governments;

(vi) Bank credit given for slum improvement schemes to be implemented by Slum Clearance Boards and other public agencies;

(vii) Finance provided to –

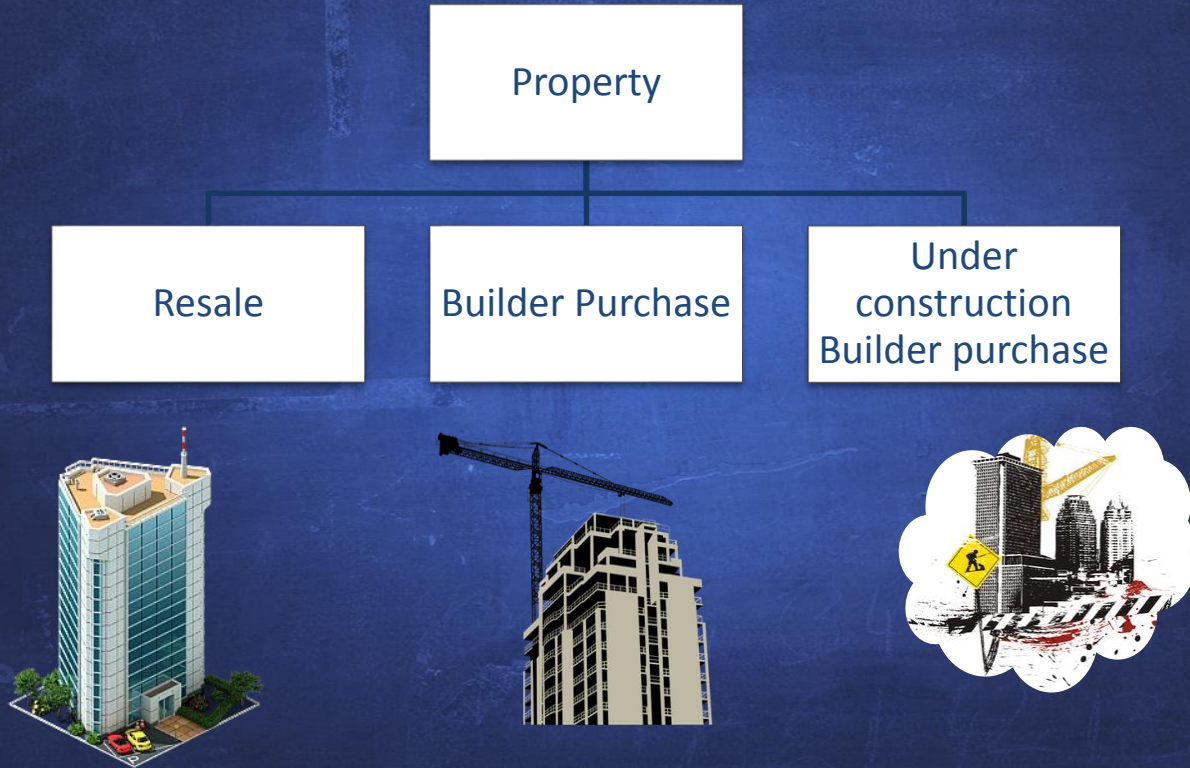
- a. the bodies constituted for undertaking repairs to houses, and
- b. the owners of building/house/flat, whether occupied by themselves or by tenants, to meet the need-based requirements for their repairs/additions, after satisfying themselves regarding the estimated cost (for which requisite certificate should be obtained from an Engineer/Architect, wherever necessary) and obtaining such security as deemed appropriate;

(viii) Housing finance provided by banks for which refinance is availed of from National Housing Bank (NHB);

(ix) Investment in the guarantee/non-guaranteed bonds and debentures of NHB/HUDCO in the primary market, provided investment in non-guaranteed bonds is made only if guaranteed bonds are not available.



# Types of Purchase





# Approved Project Financial (APF)

## What is an APF Number/ Code?

Every project of a developer is expected to have a valid APF number or a code. The APF Number is provided by banks or housing finance companies (HFCs). The APF Number/Code denotes that the project has received all necessary approvals, and that homebuyers can invest in the project without any fear about the credibility of the developer.

Most developers have tie-ups with banks or Housing Finance Corporations (HFCs) who offer home loans to the customers. The APF number makes it convenient for home loan buyers to get home loans and saves them from the horror of collecting legal documents of the project from the developer.

It is important to ask for the APF number or code because it is one of the easiest ways of checking if the project/property is registered, and approved by an accredited bank or Housing Finance Corporation.

# Smart Home Loan Overview



- This product is for the individuals with good average balances maintained in the bank account
- Banks offers you the unique Smart Credit loan, where you decide what interest you pay. Smart Credit power packs your loan with transactional features that not only allow you to save on interest, but also help you repay your loan much faster. So, now you can make your every rupee work as hard as you do. In Smart Credit account deposit your excess savings rather than keeping it idle. In Smart Credit you will have the flexibility to withdraw the surplus money deposited in Smart Credit account. **Deposit your excess funds** in Smart Credit and **save the interest on your Loan**. In Smart Credit *interest is calculated on daily outstanding balance*. In Smart Credit you can use this account like current account.
- To avail this product, you have to link a current or a savings account to your home loan at the same bank. You can deposit any surplus funds in this linked account. Whenever you deposit a surplus amount in the account, the bank considers this amount and deducts it from the principal of your home loan while calculating the interest on the outstanding home loan.
- Smart home loan helps borrowers in two ways. First, it reduces your interest outgo resulting in reduced EMI. In Smart Home Loan your interest liability is lower and principal amount outgo is higher. In broader outlook customers not only save the tenure but also saves on interest.
- While smart home loan saves money, borrowers must evaluate the complete picture of the cost associated with it.



# Benefits

- First, it reduces your interest outgo resulting in reduced EMI.
- Second, since your interest liability is low, your principal outgo is higher. This reduces the tenure of repayment.
- You save not only on interest but also on time.
- The deposit is used only to lower your interest liability.



What do I need to submit?

## DOCUMENTATION

# Salaried Individual



Customer KYC	Valid Passport
	Voter ID Card
	Aadhaar Card
	Valid Driving Licence
Proof of income	Last 3 months' Salary Slips
	Last 6 months' Bank Statements, showing salary credits
	Last 2 financial years Form-16 and IT returns
Other documents	Employment Contract / Appointment Letter in case current employment is less than 1 year old
	Last 6 months' Bank Statements showing repayment of any ongoing loans
	Passport size photograph of all the applicants / co-applicants to be affixed on the Application Form and signed across
	Cheque for processing fee

# Self Employed



Customer and Company  
KYC

Valid Passport

(Partners/Directors KYC  
wherever applicable)

Voter ID Card

Aadhaar Card

Valid Driving Licence

Certificate/Proof  
Business Existence

Gumasta, PAN , sales tax/ excise/ VAT/ service tax registration,  
Copy of partnership deed, Trade license, certificate of practice,  
registration certificate issued by RBI, SEBI

Proof of income

Income Tax Returns along with computation of income for the  
last 3 Assessment Years - 2 year ITR gap should be more than 6  
months

Last 3 years' Balance Sheet and Profit & Loss A/c Statements,  
with Annexures/Schedules (Points 2 & 3 should be of both the  
individual and the business entity and attested by a CA)



Last 6 months' Current A/c Statements of the business entity and Savings Account Statement in case of Proprietary firm.

Education qualification certificate

Other documents

Business Profile

Latest Form 26 AS

List of Directors and Shareholders with their individual shareholding certified by a CA / CS in case of the business entity being a company

Memorandum and Articles of Association of the Company

Partnership Deed in case of the business entity being a partnership firm

Details of ongoing loans of the individual and the business entity including the outstanding amount, instalments, security, purpose, balance loan term, etc.

Passport size photograph of all the applicants / co-applicants to be affixed on the Application Form and signed across

Cheque for processing fee

# Self Employed Professional – Doctors, CAs and Architects



## Customer KYC

- Valid Passport
- Voter ID Card
- Aadhaar Card
- Valid Driving Licence

## Proof of income and other documents

- Last 1 year bank statement

- Brief Business Profile on the Letter Head of the firm by the applicant

- Education qualification certificate and proof of practice existence

- Last 2 years Income Tax Returns of the applicant along with computation of income duly attested by a Chartered Accountant.

- Last 2 Years Balance Sheet and Profit & Loss Account of the firm duly attested by a Chartered Accountant

- Last 6 months' Bank Statements showing repayment of any ongoing loans

- Copy of either Shop & Establishment License / VAT Registration or any other mandatory license / registration

- Copy Professional Practice Certificate



# Property documents

If purchasing from  
Builder

Copy of latest sale agreement or Draft Agreement Copy  
Approved Plan Copy {If OC is not Available}; CC Copy  
OC Copy {in some cases you may have OC}  
Payment Schedule and receipts of payments from Builder  
Allotment letter from Builder  
Builder NOC in Bank Format on Letter Head  
{CIDCO Area NOC is required in their Format with Bank name or other applicable authority}  
Other as per Legal report of Bank

If Resale Property

Copy of all Previous Chain Agreement  
Copy of latest sale Agreement or Draft Agreement Copy  
Share Certificate Front & Back Side Copy {If Issued}  
In some banks Transfer form will be needed  
Copy of Stamp duty and Registration Recites of all previous Chain Agreement  
OC Copy; Copy of BMC Approved Plan & CC Copy {If OC is not Available}  
Society NOC in Bank Format on Letter Head  
{CIDCO Area NOC is required in their Format with Bank name or other applicable authority}  
Other as per Legal report of Bank



Am I eligible for the loan?

## QUALIFICATION/ELIGIBILITY CRITERIA

# Customer segment

Salaried	Self Employed Non Professional	Self Employed Professional
Private Limited	Proprietorship	Doctors
Limited	Partnership/LLP	Architects
Government companies	Private Limited	Chartered Accountants
	Limited	
	Deemed Limited	

# Determination of Loan amount

Type of  
property

Age of the  
property

Title of the  
property

Current usage  
of the  
property



# AGREEMENT & MARKET VALUE OF PROPERTY



Agreement value	Market Value
70-80%*	65-70%*

# LTV OF AGREEMENT VALUE

Category of Loan	LTV Ratio (%)
Individual Housing Loans	
Upto ` 20 lakh	90
Above ` 20 lakh & upto ` 75 lakh	80
Above ` 75 lakh	75

# FUNDING AS PER INCOME V/S PROPERTY VALUE



- Eligibility calculated as per income and property value
  - Consider which ever is lower
  - LTV ratio applicable to either agreement value or property value whichever is lower



# Balance Transfer

- Home loan balance transfer is an option that allows you to switch from an expensive loan that you availed some years back to a lower interest loan.
- At RB, we have helped many customers save huge amounts by helping them switch to less expensive loans.
- The balance transfer option essentially involves foreclosing the existing loan and taking a new loan for the unpaid principal amount.
- With the charges on foreclosure of floating rate loans waived borrowers can switch to a new loan without having to bear the burden of these charges. However, banks may charge pre-payment penalty.

For how many months and for what rate?

## TENURE & RATE OF INTEREST

# General overview

## Exposure

10 Lacs to 35 Cr

## Collateral

Mortgage of Loan property

## Tenure

Upto 30 years

## Rate of Interest

8.30% to 11.50%\*

## Processing Fees

0.5%\* or Salaried-Rs.10000/-



How to arrive at it?

## ELIGIBILITY CALCULATING METHODS

# Debt servicing coverage ratio

$$\text{DSCR} = \text{Net Operating Income} / \text{Debt service}$$

Net Operating Income – *Net income + Amortization & depreciation + Interest Expense + Non cash items*

Debt Service – *Principal repayment + Interest payments + Lease payments*

The debt service coverage ratio measures a firm's ability to maintain its current debt levels. This is why a higher ratio is always more favourable than a lower ratio. A higher ratio indicates that there is more income available to pay for debt servicing.

- For example, if a company had a ratio of 1, that would mean that the company's net operating profits equals its debt service obligations. In other words, the company generates just enough revenues to pay for its debt servicing. A ratio of less than one means that the company doesn't generate enough operating profits to pay its debt service and must use some of its savings.

Generally, companies with higher service ratios tend to have more cash and are better able to pay their debt obligations on time.

# Financials based income calculation

Self Employed-  
Require Balance  
sheet, Profit & loss  
statement and ITR

## Income based program(Cash Profit method)

**PAT**

**+Depreciation**

**+Remuneration to Directors/Partners**

**+Interest on paid bank loans**

**=Yearly Income/12**

**Monthly income\*DBR**

**(-)Monthly obligation**

**=EMI paying capacity/Per lac**

**=Loan amount compared with property value(Agreement value+ Service tax+ Stamp duty)\*LTV whichever is lower**

Salaried-Require  
Salary slip, Bank  
statement &  
Form 16

## Net Salary

**NET salary per month\*FOIR %**

**(-)Monthly obligation (other EMIs)**

**= EMI serving capacity**

**Divided by per lac EMI**

**= Eligible loan amount**

**\*FOIR and eligibility calculation varies in different Banks and NBFCs**

**\*FOIR varies from bank to bank**



# Surrogate programs

## Banking

BT+ top up- RTR 18 months if doesn't  
fit in Income eligibility - Calculator

# Banks & NBFCs we deal with...

## Bank

AXIS BANK

DBS BANK

DCB BANK

FEDERAL BANK

HDFC LTD

ICICI BANK

IDFC BANK

KOTAK MAHINDRA BANK

RBL BANK

STANDARD CHARTERED BANK

YES BANK

AXIS BANK

## NBFC

ADITYA BIRLA HOUSING FINANCIAL LIMITED

AU HOUSING FINANCE LIMITED

CAPITAL FIRST LIMITED

CHOLAMANDLAM INVESTMENT AND FINANCE COMPANY LTD

DHFL

EDELWEISS FINANCE LIMITED

FULLERTON INDIA CREDIT COMPANY LIMITED

INDIA INFOLINE FINANCE LIMITED (IIFL)

MAGMA HOUSING FINANCE LIMITED

PNB HOUSING

RELIANCE HOME FINANCE

TATA CAPITAL



# FAQs

- **In Home Loan, until when is the sanction letter valid?**
  - For 3 months the sanction letter is valid.
- **What is the collateral required in home loan?**
  - The property which you will be purchasing itself will be mortgage with the bank.
- **Does the property have to be insured in home loan?**
  - Yes , property has to be insured in case of Home Loan.
- **Will the co-applicant's salary or income be included in the eligibility?**
  - Yes, in case of spouse your salaries can be clubbed for the purpose of calculation of the loan amount. This can be done either when the property is jointly held with the spouse or the spouse stands as a guarantor.
  - Even parents income can be added.
- **What is Pre-EMI in home loan?**
  - Where you have availed only a part of Home Loan, you would be required to pay Banks/NBFC only the interest on the amount disbursed till the full loan is availed. This interest is called pre-EMI interest and is payable monthly till the final disbursement of Home Loan is made, after which the EMIs would commence.



# FAQS

- **What is carpet area?**
  - Carpet Area is the area enclosed within the walls, actual area to lay the carpet. This area does not include the thickness of the inner walls. It is the actual useable area of an apartment, office, unit, showroom etc.
- **What is built up area?**
  - Built up Area consists of carpet area, area covered by inner and outer walls and additional areas mandated by the authority such as flower beds, dry balcony etc.
- **What is super built up area?**
  - Super Built Up Area is the built up area plus proportionate area of common facilities such as the lobby, lifts, shaft, stairs, etc. Sometimes it may also include the common areas such, swimming pool, garden, clubhouse, etc. This term is therefore only applicable in the case of multi-dwelling units.
- **What does “Pre approved property” mean?**
  - Pre Approved property Home Loan is also called as APF [Approved Project Finance]. This means that the developer had got the legal aspect of the property approved from various banks and NBFC's, Under such circumstances banks need not required to do technical verification if the customer has selected the property in the said project.

# FAQs

➤ **What is approved plan?**

- The building plan made by the developer which is approved by the Municipal Corporation or the concerned authority is approved plan.

➤ **What is CC and OC?**

- CC means Commencement Certificate. A commencement certificate is issued by the local authorities to allow the builder to begin construction once all norms have been met. Unless the commencement certificate is granted, the construction is illegal. It is subsequent to the approved plan. During Home Loan CC is very much important document required for sanctioning your loan specially when it is under construction project.
- OC means Occupation Certificate. This certificate issued by the local municipal body to the builder /developer once the said building is complete in all respects and fit for occupation. During Home Loan OC is very important document required for sanctioning your loan.

➤ **What is conveyance deed?**

- Conveyance is the act of transferring ownership rights of the property (plot of land where the building is built) from the developer / builder / development authority to the society.



## ➤ What is share certificate?

- In a society share certificate is issued to its members (flat owners); it is a legal document that certifies ownership of a specific distinctive number of shares in a society. Share certificate will bear the seal of the society & will be signed by the Chairman, and the Secretary. During Home Loan Share Certificate is very much important document required for sanctioning your loan.

## ➤ What is Stamp Duty?

- It is a duty collected by the state government. Stamp duty is a government tax, which is levied on all legal property transactions. Stamp duty is, therefore, a tax which is evidence, as it were, of any purchase or sale of a property between two or more parties. It is paid as per the true market value as assessed by the Stamp Office. Stamp duty is decided by the respective State and hence would vary from state to state. When an agreement is to be franked, it needs to be unsigned and undated.

## ➤ Where is the registration done?

- The agreement should be registered with the Sub-Registrar of assurances under the provisions of the Indian Registration Act. Stamp duty is to be paid prior to the Registration.

## ➤ What is chain of agreements in home loan?

- In Home Loan chain Agreements is chain of all the agreement right from its first purchase from the builder to the present owner. During Home Loan process we need to submit the chain of agreements to the banks/NBFC to do technical and valuation of the said property.



## ➤ What is legal and technical verification?

- In Home Loan legal verification is a process where all the agreements & documents related to the concerned property are given to a lawyer to verify the legal and title of the concerned property. It is done by panel of qualified lawyers appointed by the Banks/NBFC.
- In Home Loan technical is a process where the valuator assigned by the BANK/NBFC evaluate the cost of the property, checks its permissions and the condition of the building. It also checks whether the property is mortgagable and free from all legal issues.

## ➤ What is OCR?

- OCR means Own Contribution Receipt. It is the amount paid by the purchaser to his seller and a receipt acquired for the same. It is advisable for the purchaser to pay his own contribution to the builder / seller by cheque and obtain receipts for the same.

## ➤ What is NOC and why is it important?

- NOC means No Objection Certificate. It is asked by the lenders from builders/society on their letter head. In this letter the builder / society mentions that they have noted in their books the charge created by them on the said property. All Banks/NBFC have their own format which builders/society need to oblige. To obtain this all the dues & transfer charges of the society need to be cleared. It is mandatory to the committee to issue the NOC in the prescribed banks format under Maharashtra Co-operative Society Act, 1960 u/s 79(2)(a).

## ➤ **What is Equitable mortgage?**

- An equitable mortgage is the transfer of an interest in property to a lender as a security for a loan of money on the condition that this interest will be returned to the owner when the terms of the mortgage have been satisfied or performed. Bank/NBFC give this loan by deposit of title deeds of the property (interest) with the lender.

## ➤ **What is Residential mortgage?**

- In this case property is registered with sub-registrar and charge is created against the property in Government records.

## ➤ **Can I get a home loan to purchase property overseas?**

- NO! One cannot get Home Loan from banks to purchase property overseas.

## ➤ **Do I get a refund of processing fees if I do not avail the loan?**

- No, the processing fees are non refundable.



## ➤ What does “Agreement to sell” mean?

- The 'Agreement to Sell' in a property transaction is a legal document executed on a stamp paper that records in writing the understanding between the buyer and the seller and all the details of the property such as area, possession, date, price etc. In many Indian states, the Agreement to Sell is required to be registered by law. We suggest that in your own interest you should register the Agreement within four months of the date of the Agreement at the office of the Sub-Registrar appointed by the State Government, under the Indian Registration Act, 1908.

## ➤ How is the home loan disbursal in under-construction project?

- An under construction property refers to a home which is in the process of being constructed and where possession would be handed over to the buyer at a subsequent date. In case of an under construction property, Banks/NBFC will disburse your Home Loan in instalments based on the progress of construction, as assessed by Banks/NBFC and not necessarily according to the developer's agreement. You are advised in your own interest to enter into an agreement with the developer wherein the payments are linked to the construction work and not pre-defined on a time-based schedule.



Questions Please

**THANK YOU**