

Loan Interest Rate Calculation for customer 255348

Customer Profile

Age:	62
Income:	₹22,418
Loan Amount:	₹18,481
Credit Score:	636 (Poor)
Months Employed:	113 (but status: Unemployed)
Number of Credit Lines:	2
Loan Term:	12 months
DTI Ratio:	0.48 (48%)
Education:	Bachelor's
Employment:	Unemployed
Marital Status:	Divorced
Has Mortgage:	Yes
Has Dependents:	No
Loan Purpose:	Education
Has Co-Signer:	Yes

Step-by-Step Adjustment Breakdown

Factor	Value/Status	Adjustment (%)
Base Rate	-	6.50
Credit Score (636)	Poor	+2.50
Employment	Unemployed	+4.50
DTI Ratio (48%)	High	+1.50
Loan Term (12 mo)	12-24 months	-0.50
Loan Purpose	Education	-3.00
Marital Status	Divorced	+0.75
Dependents	No	0.00
Education	Bachelor's	-0.25
Age (62)	60+	+0.50
Co-Signer	Yes	-2.25

Calculation

$$\begin{aligned} \text{Final Rate} &= 6.50 + 2.50 + 4.50 + 1.50 - 0.50 - 3.00 + 0.75 \\ &\quad + 0.00 - 0.25 + 0.50 - 2.25 \\ &= 10.75\% \end{aligned}$$

Final Interest Rate

10.75%

Lender Notices and Recommendations

- Credit Risk Notice:** The customer has a poor credit score (636) and is currently unemployed, which significantly increases default risk despite the co-signer.

- **DTI Warning:** The 48% debt-to-income ratio is high, especially concerning given the unemployment status. Verify all debt obligations.
- **Age Consideration:** At 62 years old, retirement may further impact repayment ability. Confirm retirement plans and other income sources.
- **Co-Signer Verification:** Thoroughly validate the co-signer's creditworthiness since this is a critical mitigating factor.
- **Recommendation:**
 - Require full documentation of the co-signer's income and assets
 - Consider a shorter loan term if possible
 - Recommend credit counseling due to the high DTI ratio
 - Verify the education loan purpose is for dependents (since customer has no dependents listed)
- **Loan Decision:** Approve with caution at 10.75% interest rate given the co-signer presence, but recommend a smaller loan amount if possible.