

Loan Interest Rate Calculation for customer 255345

Customer Profile

Loan ID:	98R4KDHN
Age:	32
Income:	₹51,953
Loan Amount:	₹189,899
Credit Score:	511 (Very Poor)
Months Employed:	14
Number of Credit Lines:	2
Loan Term:	24 months
DTI Ratio:	0.21 (21%)
Education:	High School
Employment:	Part-time
Marital Status:	Divorced
Has Mortgage:	No
Has Dependents:	No
Loan Purpose:	Home
Has Co-Signer:	No

Adjustment Breakdown

Factor	Value/Status	Adjustment (%)
Base Rate	-	6.50
Credit Score (511)	Very Poor	+5.00
Employment	Part-time	+1.25
DTI Ratio (21%)	Good	-0.50
Loan Term (24 mo)	12-24 months	-0.50
Loan Purpose	Home	-1.25
Age (32)	25-40 years	-0.25
Education	High School	0.00
Marital Status	Divorced	+0.75
Dependents	No	0.00
Has Co-Signer	No	0.00
Has Mortgage	No	0.00

Calculation

Final Rate = 6.50
+ 5.00 (Very Poor Credit)
+ 1.25 (Part-time Employment)
- 0.50 (Good DTI)
- 0.50 (Short Term)
- 1.25 (Home Purpose)
- 0.25 (Age)
+ 0.75 (Divorced Status)
= 11.00%

Final Interest Rate

11.00%

Lender Notices and Recommendations

- **Credit Risk Alert:** Extremely poor credit score (511) is the primary concern, contributing +5.00% to the rate.
Requires:
 - Full credit report review
 - Explanation of credit history
 - Evidence of recent credit behavior improvements
- **Income Verification:** Part-time employment with only 14 months tenure raises concerns:
 - Verify consistent income history
 - Assess potential for full-time conversion
 - Require recent pay stubs and employer verification
- **Loan Amount Concern:** ₹189,899 loan on ₹51,953 income is extremely high (3.65x income ratio):
 - Verify home value and loan-to-value ratio
 - Confirm additional income sources if any
 - Consider recommending smaller loan amount
- **Positive Factors:**
 - Good DTI ratio (21%) helps offset other risks
 - Short 24-month term reduces risk exposure
 - Home purpose provides some collateral protection
- **Recommendations:**
 - Require full documentation package (income verification, credit explanation)
 - Consider requiring collateral beyond the home
 - Recommend credit counseling program
 - Potentially require larger down payment
 - Suggest co-signer as condition for approval
- **Loan Decision:** High-risk profile suggests cautious approval at 11.00% only with enhanced verification and potentially revised terms (lower amount or additional collateral).