



ANDHRA PRADESH GRAMEENA BANK

(Scheduled bank owned by Government)

Head Office:: GUNTUR

Department:: CREDIT

Circular No: 178

Reference: Credit/54

Date: 29.08.2025

INTRODUCTION OF "APGB MORTGAGE LOAN"

Sub: Introduction and Implementation of "APGB MORTGAGE LOAN" - Reg.

Consequent to the amalgamation of the four Regional Rural Banks operating in Andhra Pradesh – Andhra Pragathi Grameena Bank, Andhra Pradesh Grameena Vikas Bank, Chaitanya Godavari Grameena Bank, and Saptagiri Grameena Bank – into **Andhra Pradesh Grameena Bank (APGB)** under the sponsorship of **Union Bank of India**, with its Head Office at Guntur, the Bank has undertaken several initiatives to standardize and enhance the retail lending framework across all regions.

As part of this initiative, the Bank has formulated a comprehensive and updated **Mortgage Loan Scheme** for implementation across all branches. This scheme aims to provide individuals with access to secured credit facilities against immovable properties for meeting personal and business liquidity needs, while ensuring prudent risk assessment and income-based eligibility norms.

The updated scheme has been approved by the Board vide Resolution No. 219 dated 05.08.2025, and is being rolled out with immediate effect.

Key Highlights of the Scheme

- **Purpose:** Loans under the scheme may be availed to meet various personal needs such as marriage, education, business travel, medical expenses, or other unforeseen requirements. Overdraft facilities may also be granted for liquidity management.

Note: Loans for speculative purposes are not permitted.

- **Eligible Borrowers:**

Indian citizens (resident or non-resident) with a regular source of income, applying individually or jointly with permitted co-applicants. Staff members of APGB who have completed two years of service are also eligible under this scheme.

- **Loan Amount:**

- Minimum: ₹3.00 lakhs
- Maximum: ₹5.00 crores
- Term Loans: Up to 60% of Net Realizable Value (NRV)
- Overdraft (POD): Up to 50% of NRV

- **Nature of Facility:** Term Loan (TL) or Secured Overdraft (SOD)

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- **Repayment Tenure:** Based on income, age, and repayment capacity, with upper age limit of 70 years at loan maturity.
- **Income Assessment:**
Income of the applicant/co-applicants shall be assessed based on latest ITRs, salary slips, and financial statements, with a mandatory sustenance margin to be maintained as per the borrower's income bracket.
- **Co-Applicants:**
Detailed norms defined for male, female (married/unmarried) applicants, including NRIs. All co-owners of mortgaged property must be co-applicants.
- **Sanctioning Authority:**
Proposals without ITRs (up to ₹5.00 lakhs) may be considered based on self-declared income with documented branch-level verification. *In such cases, sanctioning powers are vested exclusively with CPCs. RCAC may exercise sanctioning in exceptional/deviation cases with due approvals.*
- **Compliance Requirements for NRIs:**
Loans to NRIs are permitted for personal needs in India, with mandatory adherence to FEMA guidelines, and execution through close relatives with valid Power of Attorney as per Bank's format.
- **Sustenance Norms:**
Net take-home pay must meet the Bank's prescribed sustenance percentage to ensure repayment capacity.
- **Other Key Parameters:**
 - Property must have a clear title, valid valuation, and adequate insurance.
 - DSRA (Debt Service Reserve Account) norms may be applied, where applicable.
 - Proper legal scrutiny and due diligence are mandatory before sanction.

Instructions to Branches and Controlling Offices

1. Implement the APGB Mortgage Loan Scheme with **immediate effect** across all branches.
2. Ensure **strict compliance** with eligibility, income assessment, co-applicant norms, and documentation requirements.
3. Proposals under the scheme **without ITRs** must be **routed to CPCs** only. RCAC may permit deviations with proper justification and approvals.
4. Adequate scrutiny of income sources, borrower profile, and property details is essential before submitting proposals for sanction.
5. Regional Offices shall monitor the portfolio performance and submit periodic reports to Head Office - Credit Department.

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6. Branches are advised to avoid initiating any loan proposal under this scheme unless all eligibility conditions are satisfied, and prior approvals (where required) are obtained to avoid unnecessary inconvenience to the customer.

For any clarifications, branches may contact the Credit Department, Head Office, Guntur.



KALLUR JANARDHANA RAO
GENERAL MANAGER - CREDIT



Enclosures:

1. Annexure I - Detailed Scheme Guidelines for APGB MORTGAGE LOAN.

Annexure

APGB - MORTGAGE LOANS

1. Purpose

1.1. Loans under the scheme can be availed for any of the following purposes:

1.1.1. The facility to be sanctioned to meet personal needs such as marriages, higher education, business travel, medical emergencies or any unforeseen expenses.

1.1.2. Secured overdraft may be allowed to as liquidity finance.

1.2. Note:

1.2.1. Loans **not to be given** for speculative purposes.

1.2.2. Loan to be given to individual/s in their personal name.

1.2.3. Loans to individual/s can't be sanctioned under the scheme against the properties owned by firm (Proprietorship/partnership) Company/trusts/societies.

1.2.4. Partnership firm where HUF is a partner will not be eligible.

1.2.5. Loan against mortgage of property/ies/ can also be extended in respect of property/ies/ which are already mortgaged to our bank as prime / collateral property/ies/ for housing / any other loan.

2. Nature of facility

2.1. The facility can be sanctioned as term loan (TL) or Secured Overdraft (SOD) limit.

3. Eligible individual/s and permitted applicants/co-applicants

3.1. Indian citizen (both resident and non-resident) having regular source of income.

3.2. Individual may apply singly or jointly with other eligible individual.

3.3. Businesspersons/Professionals/non-salaried, in their individual name. They should be filling income tax returns. This condition need not be insisted for non-earning applicants/co- applicants those are merely joining as co-applicant being a co-owner of the property/ies. Further.

3.4. The following family members are permitted to join as co-applicants.

3.4.1. Permitted co-applicant for male applicant.

- ❖ Father
- ❖ Mother
- ❖ Son



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- ❖ Wife
- ❖ Unmarried daughter
- ❖ Daughter in law

Following additional family members are also permitted subject to the property/ies must be in the joint name.

- ❖ Brother
- ❖ Unmarried sister

3.4.2. Permitted co-applicants for unmarried female applicant.

- ❖ Father
- ❖ Mother

Following additional family members are also permitted subject to the property must be in the joint names.

- ❖ Brother
- ❖ Unmarried sister

3.4.3. Permitted co-applicants for married female applicant.

- ❖ Husband
- ❖ Son
- ❖ Unmarried Daughter
- ❖ Daughter in law
- ❖ Father-in-law
- ❖ Mother-in-law

Following additional family members are also permitted subject to the property must be in the joint name.

- ❖ Brother-in-law.

- 3.5. The income of these co-applicants can be considered for the purpose of calculation of eligible loan amount.
- 3.6. The above is subject to sanctioning authority satisfying itself with regard to regularity of income of the co-applicants.
- 3.7. All the proposed co-owner of the property/ies for which loan is being applied with/without income have to necessarily join as applicant to the loan.
- 3.8. Considering co-applicants other than mentioned above can only be considered as deviation by HCAC and above on the merits of the case.
- 3.9. Staff members of our bank, who have completed 2 years of service are eligible for loan under APGB Mortgage Scheme as terms applicable to general public. This facility is over and above "staff OD" facility.



3.10. Any of the applicant and co-applicant who are jointly availing the loan need to have a minimum score of 50 marks as per investment grade/scoring chart.

3.11. Loans to NRIs: Mortgage Loan can be given to NRIs for their personal needs in India such as marriage, medical emergency or any unforeseen requirements on the terms and conditions as mentioned below:

3.11.1. NRI should own and possess the property (proposed to be mortgaged).

3.11.2. The funds should not be utilized for real estate purpose or for any usage abroad. An undertaking to be obtained from the borrower towards this.

3.11.3. Resident co- applicant/s has to be among the close relatives of the main applicant.

3.11.4. The Power of Attorney would be restricted to close relatives namely Spouse, Father, Mother, Brother, Sister, children, Father-in-Law and Mother-in-Law subject to the compliance of norms stipulated in this regard. In extreme cases the Power of Attorney other than his close relatives may be accepted. The Power of Attorney holder should join as Co-applicant for the loan to be availed.

3.11.5. Power of Attorney for this purpose should be obtained in the format provided by the bank. A certified photo copy of Identity Card should also be attached to the Power of Attorney.

3.11.6. After execution of the document by the duly Constituted Attorney for and on behalf of NRI, a written confirmation to be obtained from the NRI by way of a letter confirming execution of the documents by the Attorney including creation of security by way of Mortgage on the lines of prescribed format.

3.11.7. In cases where NRIs are earning income abroad, they are required to file income tax returns (ITRs) in the respective foreign country. However, if the NRI resides in a country where filing of ITRs is not applicable or not mandated, the applicant must submit the following documents as proof of income:

- Salary slips for the preceding twelve months and/or annual income proof
- These documents must be duly notarized and attested by the Indian Embassy in the respective country, and
- Supported by bank statements for the past twelve months.



- Additionally, the bank statements must be certified by a Chartered Accountant in India.

3.12. Note:

- 3.12.1. FEMA guidelines to be complied with while lending to NRIs.
- 3.12.2. PIOs are not covered under the scheme.
- 3.12.3. Agriculturists are not covered under this scheme.

4. Age Norms for Borrowers

- 4.1. Minimum age of borrower should be 21 years.
- 4.2. Maximum permissible age at end of repayment of borrowers is 70 years.
- 4.3. This is subject to assessment at the time of sanction the adequacy of income to meet repayment obligation till the age of 70 years.
- 4.4. The maximum age and tenure norms are to be considered only in respect of those applicants, whose income is being considered for the purpose of repayment of loan.

For example, father and son are joint applicants to a loan, where only the son's income is being considered to arrive at the repayment capacity/ eligible loan amount. In such a case only, the son's age needs to be considered for arriving at the maximum possible repayment tenure. If both father and son's income considered for sanctioning the loan then father age also to be considered.

5. Quantum of Loan

- 5.1. The minimum and maximum quantum of loan is as shown below:

	<i>Loan Amount</i>
Minimum	Rs.3 Lakh
Maximum	Rs.5 crore

Note:

For Term loans, the maximum loan amount that can be sanctioned is 60 % of the Net Realizable value (NRV) of the property to be mortgaged.

For Over draft facilities, the maximum loan amount that can be sanctioned is 50 % of the Net Realizable value (NRV) of the property to be mortgaged

- 5.2. The above will be based on the repayment capacity of the borrowers, the value of the property/s and the margin norms.



6. Reckoning of income

- 6.1. Income of any of the eligible individual/s and permitted applicants as mentioned in Para 3.4 can be considered for arriving at eligible loan amount provided it is a regular source of income.
- 6.2. Income from capital gains, speculation income, one-time bulk receipts etc. cannot be considered for arriving at eligible loan amount as they are not of regular nature.
- 6.3. All the eligible individual/s, whose income is being considered for arriving at the eligible loan amount, must necessarily join in as applicants/co-applicants to the loan irrespective of whether they are co-owners of the property/ies or not.
- 6.4. **For salaried class:**
 - 6.4.1. Income to be taken as per the latest salary slip/pension slip /latest Form-16/latest ITR for arriving at eligible loan amount/repayment capacity.
 - 6.4.2. ITRs/Form 16 of last 2 years and the salary slip for the immediately preceding three months may also be obtained for corroborating the income as per latest ITR/Form- 16/salary slip. Justification for any abnormal increase in income to be duly documented.
 - 6.4.3. In instances where the applicant has not filed Income Tax Returns (ITR) or does not possess Form 16 for the last two financial years due to being unemployed during that period or due to recent employment, the following process must be followed.
 - ❖ If the sanctioning authority is Branch/AMH/SRK: Prior approval must be obtained from the Regional manager level Credit Approval Committee (RCAC) before proceeding with the proposal, after obtaining approval respective sanctioning authority can sanction the loan.
 - ❖ If the sanctioning authority is RCAC or higher: In order to avoid unnecessary issues and to prevent incurring avoidable expenses to the customer towards legal opinion, property valuation, and other related costs Branches must obtain Prior approval from the respective sanctioning authority, only after obtaining such approval, branches may process the proposal and forward it to the respective sanctioning authority for sanction.



- 6.4.4. While calculating eligibility, regular income (salary / pension) only to be considered for arriving at the eligible loan amount. However, other income which is either appearing in the Salary slip/ Form -16 / IT Return such as bonus, variable pay, performance / production linked incentives, other allowances etc. may be included in the salary income on the basis of average of last two year's Form -16/ IT Return for the purpose of calculation of eligible loan amount.
- 6.4.5. Any other regular source of income such as rental income, agriculture income, etc. can also be considered provided it reflects in ITR and supporting documents are provided for such income. In such case income is from the current financial year, then the same to be duly supported by documents and bank credits.
- 6.4.6. Sanctioning authority may consider regular income sources e.g. pension, income from alternate employment post retirement etc. in case of loans given to individual/s post retirement. However, in case of salaried class, gross pension income should not be more than 50% of present gross income.

6.5. **For Businessperson/Professional/non-salaried class:**

- 6.5.1. ITR for the last three years to be obtained and scrutinized to ascertain the regularity/stability of income level. If the variation in year-on-year income is less than 25% then latest income as per ITR of immediately preceding years to be considered for arriving at eligible loan amount/repayment capacity.
- 6.5.2. However, if the variation in year-on-year income is more than 25% then the average of income as per ITR of the immediately preceding three years to be considered for arriving at eligible loan amount /repayment capacity.
- 6.5.3. Supporting documents like P&L, Balance Sheet and computation of income etc. also to be obtained for assessment.

6.6 **Sanctioning of loans without ITR/proof of income**

- 6.6.1. For proposals where applied loan amount is up to Rs.5.00 Lakh, ITR is not mandatory. However, a self-declaration of income from borrower(s) for the last two to three years must be obtained. Branch shall prepare a self-assessment income sheet and realistically calculate the borrower(s) annual income.



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6.6.2. Wherever loans are processed under provision of 6.6.1, the Branch Manager must independently verify the applicant's income by conducting thorough enquiry into borrower(s) economic activities. This verification and assessment must be documented in the process note.

6.6.3. CPC's (credit processing cells) are only having sanctioning powers for such loans, Branches and Regional manager level Credit Approval Committees (RCACs) shall not exercise sanctioning powers in these cases, However, in case of any deviation to the above, RCAC may exercise its authority to clear the proposal, subject to applicable approvals.

7. Net Take Home Pay (Sustenance)

7.1. While calculating the eligible loan amount/repayment capacity, an amount is to be set aside for the purpose of regular sustenance of the borrower and his/her family. It is to be arrived at as under:

Amount of sustenance = Sustenance Percentage X Income Net of taxes Where,
Income Net of Taxes = (Gross Income - Taxes Paid)

7.2. Sustenance Percentage is to be arrived as per the following table depending on the Gross Income level of the applicants:

Annual Gross Income (Rs.)	Sustenance Percentage
Up to 3 lakhs	45%
> 3 lakhs to 5 lakhs	40%
> 5 lakhs to 8 lakhs	35%
> 8 lakhs to 12 lakhs	30%
> Above 12 lakhs	Lower of the two: 25% or Rs.1.00 Lacs monthly

7.3. In case of Applicants individual/joint sustenance to be calculated separately for the borrowers.

8. Calculating Eligible Loan Amount - Term loan (TL)/Overdraft(POD):

8.1. Borrower's eligible loan amount to be worked out based on the repayment capacity, as shown below:



Sr.	Particulars	Amount in Rs. Lakh
A	Self-employed: Latest/Average of gross annual income as per income tax return (ITR)/s	
	Salaried: Income as per latest salary slip x 12 or income as per latest income tax return (ITR) Wherever applicable, sanctioning authority may also include 50% of bonus component (annual) and 100% of any other regular source of income	
B	Self-employed: Latest/Average of annual tax paid Salaried: Tax as per latest salary slip (as used in A) x 12 or tax as per latest income tax return (ITR)	
C	Income net of taxes (Net of taxes only i.e. A - B)	
D	Total of all the latest installments (including principal & interest) for other loans from institutions/banks etc.	
E	Other outgoes like life insurance premium, contribution to PF etc. which are recurring in nature	
F	Amount for sustenance -% of C	
G	Maximum EMI allowed for the proposed loan [C - (D+E+F)]	
Working of eligible quantum of loan		
H	Loan amount in Rs. Lakh for the maximum EMI allowed in G = (Value in G) / (EMI per lakh for given tenure and applicable interest rate)	
I	60% of net realizable of property proposed to be mortgaged (For TL) Or 50% of net realizable of property proposed to be mortgaged (For POD)	
J	Loan amount requested by the borrower	
Eligible loan quantum = Lower of H, I and J		



Note:

- ❖ For Term loans, the maximum loan amount that can be sanctioned is 60 % of the Net Realizable value (NRV) of the property to be mortgaged.
- ❖ For Over draft facilities, the maximum loan amount that can be sanctioned is 50% of the Net Realizable value (NRV) of the property to be mortgaged

8.2. In case of considering income beyond retirement

For cases where loan is being considered for age beyond retirement using pension income or other income which is at an income level different from the initial income level, the following method for calculating eligible loan amount to be used:

Eligible loan quantum =

Eligible loan amount at an income level, which is lower amongst the two income levels, for full tenure.

+

Eligible loan amount at difference between higher and lower level of income i.e. (Higher income level - lower income level) for tenure for which higher income is considered

For example: A borrower wishes to avail tenure of 10 years at the age of 55 years. Where current income is Rs.70000 per month and expected pension after the age of 60 is Rs. 30000. Thus in this case:

Eligible loan quantum =

Eligible loan amount at an income level of Rs.30000 (lower income level) for 10 years (full tenure)

+

Eligible loan amount at an income level of Rs.40000 (difference between higher and lower level of income) i.e. Rs.70000 - Rs.30000) for tenure of 5 years (i.e. time till which income of Rs.70000 is expected which is up to 60 years.

Property Overdraft (POD)

- 8.3. POD limit is subject to review every year.
- 8.4. Interest on OD limit to be serviced every month on actual basis as and when Debited even though outstanding is within the limit.
- 8.5. Branch head/sanctioning authority to satisfy themselves with regard to cash flow of the borrower in this behalf.



9. Min CIC score

Minimum CIBIL score for availing APGB mortgage loan is 650, new to credit is also eligible

10. Rate of Interest (ROI)

- 10.1. In line with the existing risk-based pricing framework, different rates of interest shall be applied based on the CIC/CIBIL score of the applicant(s)/co-applicant(s) and the nature/type of property.
- 10.2. In case of joint applicant/s, CIC(CIBIL) score of only those joint applicants /s will be considered whose income is taken into account for arriving at eligible loan amount. For the purpose of pricing, least CIC(CIBIL) score of these applicant/s shall be considered.
- 10.3. **Note:** Any further modification in the CIBIL based pricing as well as mapping of eligible CIBIL score with the other CICs will be informed in due course, in case there is change in the subscription to CICs.

CIC (CIBIL Score) based applicable Rate of Interest is as under:

Type of Property/ies	CIBIL Score	Rate of Interest p.a.
(Self-occupied/Tenanted) - Excluding open plots	750 and above	11.00%
	700 to 749 -1& 1 to 5	11.25%
	Below 700	11.75%

11. Fee / Charges

11.1 Processing Charges	Term loan:
	<ul style="list-style-type: none"> Processing fee of 1% of the loan amount at the time of sanction, before disbursement of the loan with minimum of Rs. 3,000/- and maximum of Rs.1,00,000/- (exclusive of GST)
	<ul style="list-style-type: none"> In case of staff members, 0.25% of the loan amount at the time of sanction.
	SOD:
	<ul style="list-style-type: none"> 0.35% p.a. of the loan amount with maximum of Rs.1,00,000/- (exclusive of GST) Nil for staff
11.2 Review charges for Term loan	No charges to be levied during annual review of the term loan.



11.3 Renewal charges for SOD	0.35% of the loan amount at the time of each (annual) renewal. In case of staff members, no fee on renewal.
11.4 Penal charges	In case of default or delayed payment, a penal charge at the rate of 2% on the installment/s that are delayed to be applied.
11.5 Prepayment	No prepayment penalty if closed from their own sources.
11.6 Legal & valuation charges	<ul style="list-style-type: none"> The borrower has to bear the professional fee charged by bank's advocate for title deed verification and professional fee payable to bank's approved valuer for valuation of the property proposed to be mortgaged.
	<ul style="list-style-type: none"> The above charges will not be part of loan amount and has to be paid by the borrower upfront.

- ❖ All field functionaries are advised to ensure that while conveying the terms and conditions of sanction, the borrower/s should be informed about the expenses (all the charges) along with sanction letter so that the borrower/s are not put to inconvenience at a later date.
- ❖ Legal charges & valuation charges to be collected while accepting the application
- ❖ Processing Charges, CERSAI, Vetting & Insurance charges to be collected before disbursement of the loan.
- ❖ All charges other than processing charges mentioned above should be mandatorily recovered from SB account and not from the loan account.
- ❖ Processing charges though debited to loan amount, should be recovered from SB account on same day

12. Repayment

Term Loan (TL)

12.1 The maximum repayment tenure will be lowest of the following three-

- 12.1.1 15 years (180 months).
- 12.1.2 Residual period till the borrower attains the maximum age of 70 years.
- 12.1.3 5 years prior to Residual age of the property.

12.2 The repayment tenure norm to be applicable in respect of individual/s whose income is being considered for the purpose of repayment.

12.3 Loan to be repaid by way of Equated Monthly installments (EMIs).

12.4 NACH mandate/SI for recovery of installments should be compulsorily obtained.

12.5 NRIs to repay the loan by way of



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- 12.5.1 Remittances from abroad through normal banking channels
 - 12.5.2 Out of the funds in his/her NRE/FCNR/NRO account
 - 12.5.3 Any other verifiable legal source of income
- 12.6 The loan repayment must end at least 5 years before the end of the residual life of the property as per valuation report.
- 12.7 The maximum loan amount will be lowest of the following three
- 12.7.1 60% of net realizable of property proposed to be mortgaged.
 - 12.7.2 Loan amount eligible based on the maximum EMI allowed (i.e after deducting sustenance norms and other existing liabilities)/EMI per lakh as per applicable R.O.I
 - 12.7.3 Loan amount requested by the applicant.

Property Overdraft (OD)

- 12.8 Maximum tenor of 15 years (180 months).
- 12.9 The limit will reduce every month with fixed amount so as the total principal is repaid in the tenure of the loan. However, interest will be calculated and debited on the basis of actual use of the limit. Same to be recovered separately as and when charged.
- 12.10 The loan repayment must end at least 5 years before the end of the residual life of the property as per valuation report.

13. Moratorium Period

No moratorium period is allowed under the scheme. The repayment of the loan should commence from the succeeding month of the first disbursement of loan.

14. Guarantee

- 14.1. All the owners of the property/ies proposed to be mortgaged should join as co-applicant(s).
- 14.2. Obtention of third-party guarantee of net worth not less than the loan amount is mandatory
- 14.3. For semi-urban & urban properties wherever sanction authority feels necessary may obtain of third party guarantor of net worth not less than the loan amount.
- 14.4. In case of NRI: third party Guarantee of local resident Indian, acceptable to the bank, worth equivalent to loan amount to be obtained.



15. Security

- 15.1 The loan is to be secured through simple mortgage or equitable mortgage (EM) by way of deposit of original title deeds of the immovable property/ies against which the loan is being granted.
- 15.2 The immovable property/ies can be residential / commercial / located at urban / Semi-urban areas
- 15.3 The properties mortgaged should be SARFAESI compliant.
- 15.4 For property/ies when there is no valid plan approval then only site value to be considered.
- 15.5 The property/ies should be in the name and possession of the applicant / co-applicants and construction of property is completed in all aspects
- 15.6 In case the business person avails loan in individual capacity, then the property should be in his/her name or permitted applicants (not in the name of firm/company).
- 15.7 The property should be unencumbered. However, only in cases property/ies is encumbered /mortgaged with our bank as security for any other loan; then mortgage loan can be considered on the residual value of the property.
- 15.8 Bank shall not accept properties where educational institute/ hospitals/ religious activities are being run, open plots, agricultural Land, industrial property as Security under this scheme.
- 15.9 Loan against rural properties are not accepted under this scheme.

GUIDELINES REGARDING TENANTED PROPERTY/IES

The bank shall, as far as possible, avoid taking tenanted properties as collateral security since it is fraught with risks due to non-eviction of tenants, litigation between the owner and tenant, etc. In case the tenanted properties (with no rent agreements) are accepted, the bank shall exercise extra care as follows:

- 15.10 Approved Valuer in his valuation report should mention whether the property/ies is tenanted or not.
- 15.11 The purchase price of tenanted properties to be clearly indicated which the bank shall cross check.
- 15.12 The branch manager will have to ascertain the status of tenants occupying that premises and also status of rent paid, any ongoing dispute with the owner of property/ies etc., before accepting such securities for advances.
- 15.13 Tenant / Lessee are agreeable to surrender the tenancy, deliver vacant possession & unconditional undertaking to that effect is to be obtained.
- 15.14 Terms of rent agreements are such that, the contract does not fall within the provisions of Rent Controls Act & tenant is not protected tenant.



- 15.15 Rent agreement is vetted by empaneled advocate / Law officer and he has given unambiguous opinion that banks right to obtain vacant possession before sale is in no way hampered by Rent Agreement.
- 15.16 In addition, Guidelines contained in collateral management policy issued by bank from time to time are to be complied.

16. Valuation

- 16.1 Valuation report to be obtained from the approved Valuer of the Bank at the time of sanctioning the loan.
- 16.2 The valuation report should not be older than 6 months if the property is being offered to our bank for the first time.
- 16.3 Under construction /semi-finished building properties are not accepted to sanction the loan.
- 16.4 In case of value of the property/ies more than Rs.1 Crore, two valuations (separately from two empaneled valuers) to be obtained.
- 16.5 Branch Manager / officer to inspect the property/ies and ascertain valuation based on local market rates and his assessment as to whether the valuation is in consonance with the prevailing market rates, to be held on record
- 16.6 If Loan is being availed during the first twelve months from the date of purchase value as per registered sale deed should be considered

Subsequent Valuation

- 16.7 Term Loan: Branch Manager to inspect the property once every year and get it revalued at least once in three years. He should also keep valuation report (as per his/her assessment) on records. This should be done only for the purpose of assessing the value of the security and not for sanctioning any fresh loan.
- 16.8 SOD: Fresh valuation of property to be obtained once in every three years, which can be considered to assess the quantum of eligible loan.

17. Legal Opinion

- 17.1 The title deeds/ sale agreement of the property being financed to be examined by the bank's empaneled lawyer. The seller's title to the property must be clear and transferable. Also, on transfer of title to borrower, it must be possible for bank to create a valid mortgage.
- 17.2 Legal opinion by advocate on bank's panel to be obtained for title verification.
- 17.3 Search Report to be sought as per guidelines in-vogue.
- 17.4 If the applicant holds ownership through a registered GPA-cum-Sale deed, the property shall not be accepted as security.



- 17.5 In respect of any particular property/ies offered as security is valued above Rs.1.00 Crore, title search report / Legal opinion from two individual empaneled advocates to be obtained.
- 17.6 For proposals above Rs.1.00 Crore, title search report / Legal opinions to be vetted by Law Officer posted in Regional Office /Head Office.
- 17.7 For proposals where the property has been transferred to the applicant through a gift deed,
- 17.8 the Title Search Report and Legal Opinion must be vetted by the Law Officer posted at the Regional Office or Head Office.
- 17.9 Bank's charge to be registered with CERSAI before disbursement.

18. Age Norms for Property/ies

- 18.1 Finance can be considered for property/ies not older than 20 years at respective delegated level.
- 18.2 GCAC may permit for finance for properties more than 20 years to 25 years old.
- 18.3 CCAC may permit for finance for properties more than 25 years to 30 years old.
- 18.4 However, the residual life of the property should be at least 5 years more than the repayment tenor of the APGB Mortgage loan.
For example, if the tenor of loan is 10 years, then the residual life of the property should be minimum 15 years at the time of sanctioning the loan.
- 18.5 Certificate of residual age of the house to be obtained from approved valuer before sanctioning the loan.

19. Credit reports

- 19.1 Generation of CIBIL report for the applicant, co-applicant(s) & guarantor(s) mandatory.
- 19.2 CIBIL Score should be 650 and above without any adverse remarks such as settled/suit filed/account purchased/Post (WO) settled/Written off etc.
- 19.3 In cases where the applicant has an adverse credit history, the sanctioning authority shall evaluate the proposal **on a case-to-case basis**, considering the overall merits of the case. Any such approval must be in **accordance with the Bank's Credit Information Company (CIC) policy** and duly documented with justification.
- 19.4 CERSAI search to be carried out and should be free from mortgage to other bank/ FI/ NBFC.

20. Insurance

Insurance of the property offered as security to be obtained at the cost of the borrower with usual bank clause. The total insurance should not be less than the value of the property



excluding component for plot, if any.

21. Additional Mortgage loan

To existing mortgage loan borrower

- 21.1 Additional mortgage loan can be sanctioned on the same property (on which earlier mortgage loan was sanctioned), provided the margin norms are maintained and loan quantum is calculated as per the repayment capacity of the borrower.
- 21.2 Further, the same is subject to regular repayments of the earlier loan.

To existing housing / any other loan borrower

- 21.3. In case a borrower has been sanctioned a housing loan / any other loan by our bank and he/she seeks a mortgage loan on the same property/ies, then mortgage loan can be sanctioned as mentioned below -
- 21.4 The existing immoveable property/ies held as primary/collateral security for a particular credit facility can be accepted for sanctioning APGB Mortgage loan. However, the value of the property/ies to be considered for the purpose of Mortgage loan is to be restricted to the balance of value of property/ies (as per valuation by bank's approved valuer) i.e., the value exceeding the applicable Loan-to-Value (LTV) percentage of the outstanding amount—shall be considered. For existing term loans, the outstanding balance will be considered, while for existing Cash Credit (CC) or Overdraft (OD) facilities, the sanctioned limit will be taken into account. However as per loan policy & its operational guidelines, in case of any specific schematic norms in lending scheme / product in this regard the same should be followed.
- 21.5 The quantum of mortgage loan is subject to the repayment capacity of the borrower(s).
- 21.6 Further, the same is subject to regular repayments of the earlier loan.
- 21.7 In both the cases, Value of the property to be considered as per the valuation report taken anytime during the past three years. However, in case of valuation report beyond three years, fresh valuation to be obtained to provide new mortgage loan.
- 21.8 In both the cases, the loan will be secured through extension of mortgage of the property already mortgaged to our Bank



22. Staff related accounts

- 22.1 All provisions of this scheme are applicable for loans to the Bank's staff & their relatives and they be treated at par with public except for the following aspects.
- 22.1.1 Mortgage loans should be usually processed and controlled at the nearest branch where the property of staff member is located, sanctioning authority for APGB mortgage loans as per the staff housing loan scheme.
- 22.1.2 In case, extension of mortgage of house property/ies is offered as security for availment of mortgage loan, which is already mortgaged towards housing loan of the staff concerned, the sanctioning authority should assess the net value after taking into consideration outstanding balance in housing loan account and to decide about the adequacy of the security while sanctioning mortgage loan, in such cases the loan can be processed in the branch where the initial loan was taken.
- 22.1.3 Other terms and conditions as applicable to staff related advances and as per the Credit Policy should be complied with.

23. List of documents

- 23.1. Application form duly filled by the customer
- 23.2. Credit information form duly filled by the customer
- 23.3. KYC documents for each applicant / co-applicant / guarantor (if any):
- 23.3.1. Pan card
 - 23.3.2. Identity proof (Voters ID / Passport / Aadhaar etc.)
 - 23.3.3. Residence proof (Driving license/ Passport / Aadhaar etc.)
 - 23.3.4. Office / Business address proof
 - 23.3.5. Latest passport size two photographs
 - 23.3.6. Aadhaar card (Optional. However, Mandatory for subsidy schemes)
- 23.4. For salaried class: Income proof i.e. last 2 years ITR/Form 16, Latest 3 months' salary slips and proof of other income if any (In case not reflecting in ITRs/Form16).
- 23.5. For other than salaried: Income proof i.e. last 3 years ITR and proof of other income if any (In case not reflecting in ITRs/form 16).
- 23.6. Bank statement of last 06 months.
- 23.7. Property Documents (based on proposed property):
- 23.8. Copy of Property ownership documents: Title deed / Original Sale Deed/ Sale Agreement/ Share Certificate(s) issued by the society (duly registered) and other link parent documents conveying the ownership (as per report from our empanelled lawyer). It should be ensured that in case of 2nd or onwards sale, all



the original documents must be in the possession of the owner/seller.

- 23.9. Copy of approved plan by local body
- 23.10. NOC/Permission from competent authority (wherever required).
- 23.11. Statutory and regulatory approval of construction of proposed residential/commercial as per state laws
- 23.12. Additional documents in case applicant/co-applicant is NRIs:
 - 23.12.1. Employment contract or offer letter (if the employer contract is in any other language other than English, the same has to be translated into English and attested by the employer /Indian embassy).
 - 23.12.2. Latest work permit.
 - 23.12.3. Copy of passport.
 - 23.12.4. Local address proof, if any.
 - 23.12.5. VISA stamped on the passport.
 - 23.12.6. Identity card issued by current employer
 - 23.12.7. If NRI applicants execute the power of attorney (POA) document abroad, then the same has to be attested by respective Indian Embassy.
- 23.13. Additional documents in case of Take over from other Bank/FI:
 - 23.13.1. Sanction letter
 - 23.13.2. Statement of account for last 12 months.
 - 23.13.3. List of documents held with the Bank/FI (on letter head)
 - 23.13.4. Authority letter from applicant, authorizing the Bank/FI to directly handing over the security documents to our Bank's authorized officials.

NOTE: This is only an indicative list and any other document may be obtained as per the requirement of the specific case and stipulated from time to time.

24. Due Diligence:

Visit of Property

- A.)** In case of property situated in different City, Branches where the loan was sourced should request the nearby branch to the property through proper channel i.e., through Regional Office of processing the proposal Branch to RO of nearby branch to the property.
- B.)** Wherever due diligence of the property is assigned to other than processing the proposal Branch, Timeline for submission of due diligence report is 3 working days from the date of receipt of the request.

Points to Remember:

- 24.1 For loans of up to ₹5 lakh in Rural branches, up to ₹30 lakh in Semi-Urban branches, and up to ₹40 lakh in Urban branches, Branch Heads must mandatorily conduct due diligence verification of both the borrower and the property.



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- 24.2 For loans of above ₹5 lakh in Rural branches, above ₹30 lakh in Semi-Urban branches, and above ₹40 lakh in Urban branches, Branch Heads & CPC/officer from regional office (as per sanctioning powers) should invariably lead the due diligence verification of the borrower and property.
- 24.3 The original title deeds pertaining to the property submitted by the borrower are to be verified with certified copies.
- 24.4 Wherever residential properties are offered as security in big housing complex, enquiry to be made with the builder/secretary of the housing society about ownership/occupation/NOC/earlier charges, if any noted on the stated property/ies. The bank's charge on the property/ies must be noted with the society/builder of the said housing society.
- 24.5 All documents pertaining to the title of the property/ies i.e. sale deed, other link documents, encumbrance certificate etc. should be vetted by empanelled advocate and legal opinion should be held on record.
- 24.6 All necessary approval from the local bodies related to the building to be obtained and verified.
- 24.7 Branches/CPC/RO to obtain and verify the authenticity of Approved map/plan. Services from empanelled valuer may be engaged on this regard.
- 24.8 Branches/ CPC/RO to ensure that the construction is completed in all aspects.
- 24.9 Verification of mortgage with central registry (CERSAI) to address the multiple financing issues: Branches should make use of CERSAI and search for record to know the mortgage history of a property/ies, which is proposed to be mortgaged to us and hold the record on file. Further, registration of data in CERSAI should be done within the stipulated time frame, preferably, immediately after creation of mortgage and before disbursement.
- 24.10 Noting of Owner's mutation in the revenue records should be done and document evidencing the same should be held on record.
- 24.11 Property/ies value at the time of acquisition and distress sales value to be mentioned in addition to the value given by the valuer. Further, Branch to confirm that the valuation given by the valuer is in line with going rate in the area.
- 24.12 Further, branch to ensure compliance of post-disbursement inspection of mortgaged property immediately, say within 30 days of creation of mortgage.
- 24.13 Due diligence certificate in prescribed format for property/ies offered as a security should be held on record. (annexure attached here)
- 24.14 CERSAI search to be carried out and should be free from mortgage to other bank/ FI/



NBFC.

25. Processing and Sanction**The following is a broad outline of the sanction / appraisal process**

- 25.1 Proper precaution to be exercised in accepting properties transferred through gift deeds as security.
- 25.2 Valuation report from the approved valuer on bank's panel to be obtained.
- 25.3 If the applicant is maintaining salary account with other Bank, NACH mandate and 6 security cheques (Blank cheques in the name of bank) prior to disbursement are mandatory to be obtained.

25.4 Verification of Income Tax Return (ITR):

- 25.4.1 Income Tax return is the basic and important document to be obtained mandatorily to ascertain the income and repayment capacity of the borrower. Hence before accepting the income as reported in IT returns for calculation of loan eligibility, proper scrutiny is to be made to confirm genuineness of the IT return. following procedure to check the validity of ITR: -
- 25.4.2 No alteration in any printed figures and the address; PAN no printed in ITR should tally with that reported in the application form/KYC document.
- 25.4.3 Re-verify the last 6 digit of E-filing Acknowledgement Number matches with the date of filing as per ITR forms.
- 25.4.4 ITR-V submitted but not verified contains a barcode, in that case, barcode number is mentioned below barcode image. The barcode starts invariably with PAN followed by ITR form number and 15-digit acknowledgement number. This should be checked and correctness to be ensured.
- 25.4.5 The Status of ITR return should mandatorily be checked in income Tax website <https://www.incometaxindiaefiling.gov.in> by clicking link ITR status-> Enter PAN and ITR Acknowledgement number to ascertain whether the said ITR is at verified stage.
- 25.4.6 As unverified ITR would render the same as invalid. Field functionaries should ensure that the ITR submitted as income proof is in "Verified" status before considering it for assessment of Loan.
- 25.4.7 Verified ITR means, it is processed successfully by Income Tax Department without any further notice to assessee.

26. Delegated Powers for Sanctioning Loans

Sanctioning Authority	Branch Manager		CPC Powers (Wherever Applicable)
	Without CPC	With CPC	



OJM Grade-I	NIL	NIL	NIL
Manager MM Grade-II	NIL	NIL	20
Senior Manager	10	10	50
MM Grade-III			
Chief Manager	10	10	60
SM Grade-IV			
Assistant General Manager SM Grade-V	20	20	60
RCAC			100
HCAC			200
GCAC			400
CCAC			500
Board			Full Powers

27. Disbursement

- 27.1 **Term Loan:** As per the request of the borrower, loan proceeds may be directly credited to the savings /current account (maintained with us) or NRO account in case of NRIs.
- 27.2 **SOD:** Overdraft account to be opened and drawing power to be made available. This account can be used as operative account as per the requirement of the borrower.
- 27.3 Takeover from other Banks/FI:
- 27.3.1 Loan to be disbursed to the extent of outstanding with other Bank/FI as on date of takeover.
- 27.3.2 The outstanding should not contain any overdue amount.
- 27.3.3 The amount outstanding over and above limit sanctioned at our end should be remitted to the Bank/FI by borrower from his account along with amount of limit sanctioned.
- 27.3.4 Amount outstanding as on date of takeover to be obtained officially from Bank/FI from where the account is proposed to be taken over.

28. Post sanction / Follow-up / Monitoring

- 28.1 Credit Process Audit (CPA) to be conducted as per guidelines in vogue.
- 28.2 Simple / Equitable Mortgage of the property to be created as per guidelines in vogue.
- 28.3 Bank's charge to be registered with CERSAI before disbursement of loan.
- 28.4 In case of takeover loans, CERSAI is to be registered immediately after creation of valid EM.
- 28.5 Loans not to be disbursed before completion of mortgage formalities (in-vogue) and execution of documents.



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28.6 Branches/Offices are advised to maintain the quality of advance by diligently conducting pre / post sanction inspections.

28.7 Periodic inspections to be carried out as per guidelines in vogue.

28.8 Monitoring of the accounts at regular intervals ensures timely recovery of loan installments. Besides this, accounts showing signs of EAS/SMA to be identified and corrective steps should be taken by the branches in order to avoid their slippage into NPA category.

29. Review / Renewal of mortgage loans

29.1 All term loans are subject to review every year.

29.2 All existing SOD limits are subject to renew every year.

29.3 Delegation to review the Mortgage loan shall vest with the delegates under whose delegation the outstanding balance in the account as on date of review falls.

29.4 Properties valuations of all existing loans to be done once in 3 years.

30. Finacle codes for the scheme

Parameter	Term Loan	Overdraft
Scheme code	APMGT(Andhra Pradesh Grameena bank Mortgage loan term loan)	APMGS Andhra Pradesh Grameena bank Mortgage loan Secured overdraft)



Annexure I

SCORING

Scoring of application to be carried out as per Investment Grade Scoring Chart Mortgage Model and minimum acceptable score is 50 points for sanctioning the proposal under the scheme.

APGB Mortgage Scoring Model			
Sl. No.	Parameter	Score	Maximum
1	Basic Customer Information:		40
	Age of the borrower (in years)		5
	a. 21 and above and upto 35	5	
	b. above 35 and up to 45	4	
	c. above 45 and up to 55	3	
	d. 55 and above	2	
2	Educational Qualification		5
	a. Doctorate/Post graduate/Professional	5	
	b. Graduate/ Diploma	4	
	c. Higher Secondary	2	
	d. < Higher Secondary	1	
3	Employment/Occupation		5
	a. Govt./Public Sector/MNC	5	
	b. Private Sector Companies	4	
	c. Own business/Professional	3	
	d. Others	2	
4	Number of years in Current Employment/ Occupation/ Business		5
	a. above 10 years	5	
	b. > 7 < 10 years	3	
	c. > 5 < 7 years	2	
	d. < 5 years	1	
5	No. of years of stay at the present location		5
	a. above 10 years	5	
	b. > 5 and < 7 years	3	
	c. > 2 and < 5 years	2	



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	d.<2 years	1	
6	Relationship with Bank		5
	a.Exclusively banking with us for at least 5 years	5	
	b. Good track record of repayment of existing loan	4	
	c. Banking with us 1-5 years	2	
	d. Banking with us < 1 year	1	
7	CIBIL (Trans Union)		10
	a.above 800	10	
	b. >700 and <800	9	
	c. >600 and <700	7	
	d. <600	4	
	e. (-1)	3	
	Loan Details		40
8	Loan to Value		15
	Formula: (Loan amount / value of the property/ies)		
	a.40% or less	15	
	b. >40% to 50%	12	
	c. >50% to 55%	10	
	d. >55%	5	
9	Marketability of property/ies		15
	a) Location- Metro/Urban/ S. Urban owned free hold property/ies by borrower.	15	
	b) Tenanted property/ies with tripartite agreement	10	
	c) Lease hold property/ies from Urban Development Authority having unexpired lease period of at least 5 years more than the repayment period	6	
	d) multiple tenancy	4	
10	Age/ Type of the property/ies		5
	a) age of building up to 5 years	5	
	b) age of building >5 to 15 years	4	
	c) age of building >15 years	3	
11	Joint applicants (as per bank's norms)		5
	a) Joint applicants having means equal to or more than the loan value	5	
	b) Joint applicants with a means of 75% to 100% of loan value	4	



	c) Joint applicants with a means of above 50% and up to 75% of loan value	3	
	d) Joint applicants with a means of < 50% of loan value	2	
	e) No joint applicant	0	
	Repayment Capability		<u>20</u>
12	Loan to income		10
	Formula: (Loan amount / Net annual Income)		
	a) < 100% or lower	10	
	b) >100% to <200%	8	
	c) >200% to <300%	6	
	d) >300% to < 400%	5	
	e) >400% to < 500%	3	
	f) >500% to < 600%	2	
	g) >600%	0	
13	Repayment Tenor (in years)		5
	a) Up to 3 years	5	
	b) >3 and up to 5 years	4	
	c) >5 and up to 10 years	3	
	d) >10 and up to 12 years	2	
14	Fixed Obligations to Income Ratio		5
	Formula: (Total Annual Obligation* /Gross Annual Income)		
	a) up to 0.3	5	
	b) >0.3 and up to 0.5	3	
	c) >0.5 and up to 0.7	2	
	d) >0.7	0	

The Obligations include statutory deductions from the salary like income tax, provident fund, professional tax and deductions for insurance premiums apart from repayment obligations for loans availed including the loan applied for.



Annexure II

CHECK POINTS / DUE DILIGENCE

- ❖ Obtain loan application along with relevant supporting papers / documents.
- ❖ Ensure credit information form is dully filled up with all details.
- ❖ Ascertain whether the borrower conforms to the eligibility criteria.
- ❖ Statement of assets and liabilities of the Borrowers and the guarantors should be obtained and confirmed.
- ❖ Ensure that the investment grade scoring chart is properly worked out and the borrower secures minimum investment grade score of 50.
- ❖ Ensure compliance of KYC guidelines.
- ❖ The credit history reports from credit rating companies such as CIBIL/ Equifax/ Experian should be taken for the applicant, co-applicant(s) & guarantor(s), if any, and should form the part of due diligence / appraisal.
- ❖ Visit the residential / office premises of the borrower to verify the genuineness of applicant / co-applicant and observing his style of living.
- ❖ Have a dialogue with the applicant to ascertain the need for loan, his employment details, salary earned, members in the family; relation with guarantors (if offered), and such related issues.
- ❖ Hold reports of visits to residence / office on record.
- ❖ Get genuineness of Form 16/ Salary Slips/Salary Certificate and IT returns of the borrower (s) verified.
- ❖ Properly assess the repaying capacity of the applicant/ co-applicant.
- ❖ Work out eligible quantum of loan and repayment capacity correctly.
- ❖ Ensure that while calculating the eligible loan amount/repayment capacity, an amount is to be set aside for the purpose of regular sustenance of the borrower and his/her family and the sustenance percentage is reckoned in the range of 25% to 45% as applicable for the relevant income slab i.e. the minimum net take home salary / income after all deductions including EMI of the proposed loan should not be less than 25-45% of the net income after taxes based on income slabs.
- ❖ Check on the valuation through independent inquiries / reference to press reports on rates pertaining to the area.
- ❖ Personally visit the property/ies sought to be mortgaged.



- ❖ Properly peruse the sale agreement to ensure there are no onerous / inconsistent clauses.
- ❖ Borrower should be requested to visit bank personally for execution of documents.
- ❖ Sanction process should be scrutinized by more than one officer (wherever applicable)
- ❖ Title clearance report from the local approved panel of advocates should invariably be obtained before sanction of loan. The branch should also obtain building plan duly approved by the Competent Authority, and necessary mandatory/Govt. approvals should be obtained.
- ❖ Loan to the person other than the salaried class can be granted only to Income tax assesses. IT returns should be carefully verified. Branch should see original assessment order from ITO / the I.T. returns submitted to Income Tax Office duly stamped by I.T.O. if the assessment is not completed.
- ❖ Branch officials should monitor on a monthly basis, whether the installments are being received regularly or not. If default is observed, remedial steps should be taken immediately to prevent such accounts from slipping to EAS/SMA/NPA category.
- ❖ Documentation / Mortgage as per extant guidelines should be completed before disbursement of the loan.
- ❖ Hypothetical future income of an applicant should not be taken into consideration, to inflate the quantum of loan unless the same is supported by valid and satisfactory documentary evidence.
- ❖ Branch officials should not accept photocopies of title deeds of the property/ies for the purpose of mortgage creation, as there have been instances where customers have obtained loans from different banks on the strength of same deeds by depositing photocopies/ colored photocopies.
- ❖ Customers should not be sent directly to the Advocate for handing over documents/obtaining legal opinion.
- ❖ In case of APGB Mortgage loan to an NRI, he / she must be filing income tax returns. In case NRI is residing in a country where ITRs are not filed, Branch should obtain salary slips of preceding twelve months duly notarized or attested by the Indian Embassy, and supported by bank statements of past twelve months.

