

# Loan Policy Document

## 1. Introduction / Purpose

This Loan Policy outlines the principles, procedures, and risk assessment rules for providing loans to customers. It ensures transparency, responsible lending, and compliance with regulatory requirements.

## 2. Eligibility Criteria

Applicants must meet the minimum eligibility criteria, including: - Valid identity and address proof. - Stable source of income. - Minimum age of 21 years at the time of application. - Acceptable credit score and repayment history.

## 3. Loan Terms & Conditions

The loan shall be provided under the following terms: - Loan Tenure: Up to 25 years. - Interest Rate: Based on prevailing market conditions and risk profile. - Repayment: Through equated monthly installments (EMIs). - Prepayment: Allowed as per policy guidelines. - Documentation: Signed loan agreement, KYC documents, and income proof.

## 4. Risk Assessment Rules

The following rules determine customer risk levels: • Critical Risk - Multiple Missed EMIs: Customers are flagged as RED when they miss 3 or more EMI payments. • Credit Score Drop Alert: Customers are flagged as RED when their credit score drops by more than 50 points. • Payment Dispute Detection: Customers are flagged as RED when they raise payment disputes. • Moderate Risk - EMI Pattern: Customers are flagged as AMBER when they miss 1-2 EMI payments. • Credit Score Watch: Customers are flagged as AMBER when their credit score drops by 25-50 points. • Early Warning - Single EMI Miss: Customers are flagged as YELLOW when they miss their first EMI payment.

## 5. Default & Recovery Policy

In case of default, the following measures shall be taken: - Reminder notices to customers. - Late payment penalties. - Reporting to credit bureaus. - Legal action and asset recovery if necessary.

## 6. Customer Obligations

Borrowers are required to: - Provide accurate and complete information. - Ensure timely EMI payments. - Notify the lender of any financial difficulties. - Maintain updated contact details.

## 7. Lender Rights

The lender reserves the right to: - Assess eligibility and approve/reject loan applications. - Revise interest rates as per policy. - Report defaults to credit bureaus. - Recover dues through legal means.

## **8. Policy Review**

This policy will be reviewed periodically to ensure compliance with regulatory requirements and market practices. Changes to the policy will be communicated to all stakeholders.