The steps to complete the home loan process are as follows:

1. Fill The Loan Application Form & Attach The Documents
2. Pay The Processing Fee
3. Discussion With The Bank
4. Valuation Of The Documents
5. The Sanction/Approval Process
6. Processing The Offer Letter
7. Processing The Property Papers Followed By A Legal Check
8. Processing A Technical Check & The Site Estimation
9. The Final Loan Deal
10. Signing The Agreement
11. The Loan Disbursal

**1. Fill The Loan Application Form & Attach The Documents**

The procedure to take Home Loan begins with an application form. This loan application will require a few basic information about the applicant. Usually, this includes:

* The **personal details** of the applicant (Name, Phone number, etc.)
* The **residential address** of the applicant
* The **monthly or yearly income** of the applicant
* The **educational information** of the applicant
* The **employment details** of the applicant
* The **property details** on which the loan is applied
* The **estimated cost of the property**
* The **present means of financing the home property**

Once the formal application is filled, the next step is to attach all the valid documents required by the bank with it. Usually, this includes the:

* income proof
* identity (or ID) proof
* Age proof
* Address proof
* Employment details
* Educational proof (school/diploma/degree certificates)
* Bank statements
* Property details on which the loan is applied (if finalized)

Get Details of [Documents For Home Loan](https://www.bankbazaar.com/home-loan/documents-required-for-home-loan.html)

**2. Pay The Processing Fee**

Once the formal application and document submission process is done, the applicant has to pay the processing fee to the bank. This is the amount collected for maintaining the applicant’s loan account. It includes sending some confidential paperwork (like IT certificates, post-dated cheque, etc.) every year.

The processing fee of a bank usually:

* Ranges **from 0.25 % to 0.50 %**of the requested loan amount.

Say, for example, the applicant has applied for a home loan of Rs. 15 lakh, then the processing fee will be Rs. 3,750 (at 0.25%) and Rs. 7,500 (at 0.50%) respectively.

A commission is then generated by the bank to the agent handling the applicant’s home loan process, which to an extent is taken from the processing fee paid by the applicant. Though most banks have a proper fee structure, it can be negotiated. There is no crime in trying to bargain with the processing fee.

**Note**. Every bank will have a [processing fee for a loan](https://www.bankbazaar.com/home-loan/home-loan-processing-fee.html). However, there are banks that offer zero processing fee home loans. Well, don’t fall for this because this advantage can call for a higher rate of interest, [stamp duties](https://www.bankbazaar.com/home-loan/property-registration-fees-and-stamp-duty-charges.html), and other legal charges.

**3. Discussion With The Bank**

Once the applicant has completed the application and documentation process, he or she has to wait until the bank or the respective financial company checks the papers. It usually takes about 1-2 days or even less if the submitted paperwork is correct.

However, there might be times when the bank might want the applicant to pay a visit to the bank for a face-to-face interaction before the loan is sanctioned. This is done to collect more details about the applicant and to make sure if he/she will be able to repay the loan with the interest amount.

Use: [Home Loan Repayment Calculator](https://www.bankbazaar.com/home-loan/home-loan-prepayment-calculator.html)

**4. Valuation Of The Documents**

Keep in mind that millions of people apply for home loans on a daily basis and to ensure that bank approves the paperwork as soon as possible, the applicant has to be genuine in the entire procedure.

Any fake document or fraudulent activity is unacceptable by the bank. It is a criminal offense and can lead to bigger troubles. As soon as the application form & documents are submitted, and the processing fee is paid, the bank authority then evaluates them.

**A bank examines the following details of an applicant:**

* Residential address (previous and current)
* Place where he/she is employed
* Credentials of the employer
* Workplace contact number
* Residence contact number

*Note:* A bank representative pays a visit to the applicant’s residence or workplace to verify his/her details. At times, the references listed by the applicant in the form are also checked. This enables a clear trust between both the parties.

Check out: [Loan to Value Ratio](https://www.bankbazaar.com/home-loan/ltv-loan-to-value-ratio.html)

**5. The Sanction/Approval Process**

The approval or sanction part is one of the most crucial stages of a home loan process. This can either have a fruitful result or can be rejected. It all comes down to the bank. If it is not satisfied with any of the documents provided by the applicant, the probability of approval turns less. However, if everything goes well, the loan will be sanctioned or approved in no time.

**A bank usually deep-checks the applicant’s following documents to approve a home loan:**

* The qualification, age, and experience details.
* The transactions made with the applicant’s bank.
* The monthly and yearly income.
* The current employer and the type of job he/she pursues.
* The nature of the business (applicable only for a self-employed).
* The ability to repay the loan amount with the set interest rate.

Based on the information mentioned above, the bank finalizes and communicates the maximum loan amount the applicant can receive. Finally, this proceeds with an official sanction letter. It can be either unconditional or can contain a few policies, which has to be fulfilled by the applicant before the disbursal.

Check: [Reasons for Home Loan Rejection](https://www.bankbazaar.com/reasons-for-home-loan-rejection.html)

**6. Processing The Offer Letter**

As soon as the loan is sanctioned or approved, the bank then sends a certified offer letter, which mentions the following details:

* The loan amount that is being sanctioned.
* The interest rate on the total loan amount.
* Whether the interest rate is variable or fixed.
* The loan’s tenure details.
* The mode of loan repayments.
* Terms, policies, and conditions of the home loan.

**The Acceptance Copy**

Once the applicant agrees to the offer letter, he or she has to sign a duplicate copy of the offer letter, which is for the bank’s records. Years back, this usually came with a specific administrative fee. However, it is no longer practiced.

*Note:* Make sure to read all the details carefully. Check if the rate of interest is applied as per the percentage discussed and decided with the bank. Remember that the [interest rate on the home loan](https://www.bankbazaar.com/home-loan-interest-rate.html) can be negotiated. Always give it a try and use this as the best for your advantage.

**7. Processing The Property Papers Followed By A Legal Check**

Once the offer letter is officially accepted by the applicant, the bank next concentrates on the home property he/she intends to purchase. Even if it is not finalized, the applicant can request for a time duration to select one.

**Once the property is selected, the applicant has to:**

* Submit all the original property documents to the bank. It remains with them until the loan is repaid. Also, this serves as the security towards the home loan the applicant has applied for.

The original property papers will normally include the following details:

* The name of the seller.
* The identification and address proofs of the seller.
* The name of the property.
* The address of the property.
* The chain of written documents if the seller isn’t the primary or actual owner.
* NOC (No Objection Certificate) from the primary legal owner (if any).
* NOC from the *statutory development board representative* & *cooperative housing society*.
* If the land is already on a lease, the bank will require a NOC from the lessor as well.

*Note:* The original property papers stay with the bank until the home loan is completely repaid.

**Legal Check**

Once the property papers are submitted, the bank then validates them for authentication. This process is termed as “legal check.” In fact, the sale papers between the applicant and the seller are verified.

These original documents are sent to the bank’s lawyer for an in-depth check. Only when the lawyer approves all the submitted documents as clear, then everything related to home loan is good. If not, the applicant will be asked to submit a few more documents for verification.

**8. Processing A Technical Check & The Site Estimation**

Every bank is highly cautious with the loan it lends and the home property it plans to finance. Hence, a technical check or a double check is further done. The bank sends a property expert to check the premises an applicant intends to buy.

Now, this person could either be an employee of the bank or a civil engineer or someone from an architect’s firm.

The visit to the “site property” is basically conducted for verifying the details given below:

* The stage in which the construction is.
* Quality of the construction.
* Work progression.
* The time required to build the house.
* The layout of the house and whether the governing authority has permitted it or not.
* If the builder has valid requisite certificates for construction on the land.
* Property valuation and the environmental areas.

If the construction is already for resale or in a ready stage, then the representative will check for:

* The building’s age.
* The internal or external property maintenance.
* The loan tenure and if the building falls within the applicant’s loan eligibility criteria.
* The quality of the construction.
* The surrounding area.
* The valid requisite certificates to hand over the flat/house’s possession to the buyer.
* The existing mortgage on the home property.
* The property valuation.
* The building’s approval plans, following the government laws, etc.

*Note:* A bank conducts a proper technical check to understand the construction progress and to gain the trust of the applicant. This is an important phase of the *home loan process* and hence, cannot be skipped by the applicant.

Also bear in mind that there will be a fee for this technical check, which may be either charged separately or might be taken from the upfront fee.

**The Site’s Value Estimation**

Once the expert completes the technical inspection of the site, it is then followed by determining and checking the property’s overall value. This is basically done because of the increasing malpractices. There have been multiple cases where the applicants have shown property purchases from the associated entities at extremely inflated rates just to acquire cheap loans.

Thus, the risk for a bank to lend the money to his/her applicant has become high. However, a site’s estimation can help the bank to determine the total loan amount so that the sanction is straightforward.

*Note:*A few banks charge an extra fee for the estimation check as well. It is covered either by the upfront amount or the applicant might be asked to pay separately.

**9. The Final Loan Deal**

Once the technical and site’s estimation is done by the bank, and the lawyer clears all the paperwork, the next step is the final registration of the deal. The lawyer of the bank finalizes the loan documents, drafts them, and have them stamped as well as signed.

**10. Signing The Loan Agreement**

After the paperwork is complete, the applicant has to sign the agreement of the home loan. He/she has to submit the cheques (post-dated) for the initial 36 months or the duration both the parties have agreed upon.

After this, the original property papers have to be handed to the bank. *Some banks can even create a video recording of the applicant handing over these papers to the bank.* This is for the bank’s security, safety, and proof.

This stage is known as the MOE (Memorandum of Execution) and has a stamp duty based on the state the applicant applies at. This duty is paid by the applicant.

**11. The Loan Disbursal**

Once the applicant signs the papers and everything is legally clear, the loan amount is given via cheque. However, prior to this, the applicant has to submit a few essential documents to the bank, as these will serve as his/her personal contribution to the home property.

If the applicant is trying to source some more funds from outside, then the pieces of evidence have to be submitted as well. Only then, the bank releases the loan’s part-disbursement. *The cheque is always under either the seller or development/society authority or builder.*

Nevertheless, there can be a few exceptional cases too. Say, for instance, the applicant has made excess payment from his/her own account, then the cheque is handed to him/her directly from the bank.

*Note:* Make sure not to delay the house loan process after approval because every day counts here. The moment the loan is sanctioned, the interest rates are charged from that day onwards. So, every single day costs! Hence, ensure that the cheque is taken on the mentioned delivery date. Avoid paying additional interests.