

HOME  
LOAN



PERSONAL  
LOAN



BUSINESS  
LOAN



BALANCE  
TRANSFER



CREDIT  
CARDS



EDUCATION  
LOAN



CAR  
LOAN



WORKING  
CAPITAL



CHILD  
PLANS



HOME  
INSURANCE



ENDOWMENT  
PLAN



VEHICLE  
INSURANCE



TERM  
INSURANCE



FIRE  
INSURANCE



PERSONAL  
ACCIDENT



TRAVEL  
INSURANCE



HEALTH  
INSURANCE



PENSION  
PLANS












# Product handbook

TRAINING HANDBOOK  
PERSONAL LOAN

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## What is Loan against Property?

**Loan against property** is a Secured Loan, which means that the property acts as security for the loan. In case of loan default, the property can be attached to the bank and could be auctioned or sold to recover the loan amount due.

It is precisely what the name implies a loan which can be availed by keeping a property as security. Banks and financial institutions offer this loan against a property, which can either be a residential/commercial building or a piece of land. The loan can be availed by mortgaging the property with the bank.

## Uses

- ❖ Starting a new business or business expansion via mortgage
- ❖ Wedding
- ❖ Unexpected huge expenses
- ❖ Credit history issues
- ❖ Unstable employment

## Advantages

- ✓ Low interest rates and processing fees than unsecured loans
- ✓ Longer duration loans
- ✓ Higher loan amount since mortgage backed loan
- ✓ Business person can avail tax deduction on interest if end use is proved right

## Documentation

### Proprietorship Firm

Individual KYC

PAN Card (Borrower and Co-Borrower)

Address Proof ( Utility bill, Passport, Aadhar Card, Driving License)

Ownership proof (Electricity bill in name of company or Individual)

Company KYC

Office Proof ( Shop and Establishment Cert /Gumasta or other registered document)

Office Utility bill in the name of office (Phone or Electricity bill)

Other Documents ( VAT, Service Tax, Sales/Purchase)

Business Profile & Latest Form 26 AS

Latest 3 Years Financials (FY 15-16, 14-15, 13-14)

ITR Saral Page and Computation of Income -gap should be more than 6 months between 2 year ITR filing

Tax Audit Report (Form 3CB and 3CD) (42 Points)

Last 3 years Balance sheet and Schedules attested by CA

Last 3 years Profit and Loss and Schedules attested by CA

Latest 6 Months or 1 year Banking for all accounts

Sanction Letters (CC sanction letter Mandatory) and running loan SOA

Contact Details (Mobile no, Landline no, Email ID)

Passport size photograph of all the applicants / co-applicants to be affixed on the Application Form and signed across

Cheque for processing fee

### Partnership Firm

Company Pan Card

Company Utility bill in the name of office (Phone or Electricity bill)

Partnership Deed

PAN Card (All the Partners compulsory)

Address Proof ( Utility bill, Passport, Aadhar Card, Driving License)

Ownership proof (Electricity bill in name of company or Individual)

Other Documents ( VAT, Service Tax, Sales/Purchase)

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## **Partnership Firm**

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Partnership Deed

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Passport size photograph of all the applicants / co-applicants to be affixed on the Application Form and signed across

Cheque for processing fee

## Self Employed Professionals

Individual KYC

PAN Card (Borrower and Co-Borrower)

Address Proof ( Utility bill, Passport, Aadhar Card, Driving License)

Ownership proof (Electricity bill in name of company or Individual)

Education qualification certificate

Certificate of practice

Latest 6 Months or 1 year Banking for all accounts

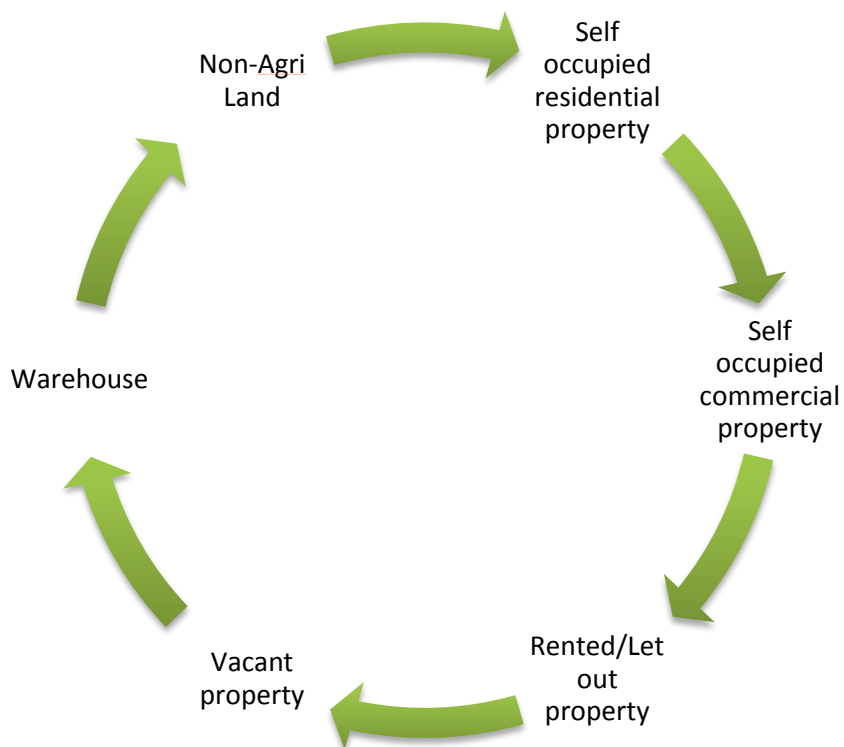
Cash/Income Receipts of a year

Sanction Letters (CC sanction letter Mandatory) and running loan SOA

Passport size photograph of all the applicants / co-applicants to be affixed on the Application Form and signed across

Cheque for processing fee

Salaried	Self Employed Non Professional	Self Employed Professional
Private Limited	Proprietorship	Doctors
Limited	Partnership/LLP	Architects
	Private Limited	Chartered Accountants
	Limited	



Should be Fully Constructed and Clearly Demarcated



Identifiable and Registered



Land needs to be Non Agricultural land to be allotted by collector



Ascertained Geo limit and property location policies vary in different Banks/NBFCs



## Loan amount depends on-

1. Type of property
2. Age of the property
3. Title of the property
4. Current usage of the property
5. Market value of the property

## Property should not be...

Dilapidated property



Load bearing property



## Negative profiles/not eligible property

Heavy machinery or immovable property/industries

Grampanchayat lands

Vacant industrial



Jewellers/Diamond business

Real estate/speculation/Stock brokers

Liquor shops

Lawyers

Media houses

Builders

Slums, Chawls, SRA below 10 years old, community dominated area

*\*\*Some profiles are eligible in certain lending institutions*

## Repayment of loan

- Equated Monthly Instalments (EMI's)
- Post-dated cheques favouring Banks
- Mandate bank to directly debit the same or by ECS (Electronic Clearing Services)

## Conditions Apply\*

1. You can now prepay loan against property (LAP) without any penalty or charges in case your loan meets the following conditions:
  - Your loan has been sanctioned at a floating rate of interest and not a fixed rate. Almost all loans against property are on floating rates and it is highly unlikely that yours is at a fixed rate
  - The loan is sanctioned in the name of one or more individual borrowers and not corporate entities
  - Neither the borrower nor the co-borrower is a corporate entity (ltd. or pvt. ltd. company) or a firm (partnership or AOP)
  - As per RBI guidelines, wherever land is accepted as collateral, valuation of such land should be at the current market price only.

## LTVs

Property	Bank	NBFC
Self-occupied residential property	75%	65%
Self-occupied commercial property	60%	55%
Rented or let out Residential Property	70%	55%
Rented or let out Commercial Property	60%	50%
Vacant Property	Bank specific	45%-55%
Restaurants	65%	55%
Warehouse	Bank specific	45%

### Exposure

- 25 Lacs to 50 Cr

### Collateral

- Self Occupied Vacant or Rented Property

### Tenure (yrs)

- 1-15

### Rate of Interest

- 9.50% to 14%\*

### Processing fees

- 1% to 2%\*

## Eligibility Criteria-

### Debt servicing coverage ratio

$\text{DSCR} = \text{Net Operating Income} / \text{Total Debt Service}$

A DSCR greater than 1 means the entity – whether a person, company or government has sufficient income to pay its current debt obligations, a DSCR less than 1 means it doesn't have the capacity to pay off the debt

## Income Eligibility

Income based program(Cash Profit method)
<b>PAT</b>
<b>+Depreciation</b>
<b>+Remuneration to Directors/Partners</b>
<b>+Interest on paid bank loans</b>
<b>=Yearly Income/12</b>
<b>Monthly income*DBR</b>
<b>(-)Monthly obligation</b>
<b>=EMI paying capacity/Per lac</b>
<b>=Loan amount compared with property value(Market value)*LTV whichever is lower</b>

Turnover program
<b>Turnover* Industrial Margin</b>
<b>compare with Gross profit(whichever is lower)</b>
<b>=Yearly Income/12</b>
<b>=Monthly income*DBR</b>
<b>(-)Monthly obligation</b>
<b>=EMI paying capacity/Per lac</b>
<b>=Loan amount compared with property value(Market value)*LTV whichever is lower</b>

Banking program
<b>balances on 5th, 10th, 15th , 20th , 25th of 6 months</b>
<b>Average balance *DBR</b>
<b>=EMI paying capacity/Per lac</b>
<b>=Loan amount compared with property value(Market value)*LTV whichever is lower</b>

## Glossary

SEP – Self Employed Professional (Doctors, CAs and Architects; Corporate Lawyers in few cases)

SENP – Self Employed Non Professional

FI – Financial Institution (Bank and NBFCs)

FOIR – Fixed Obligation to Income Ratio

LTV – Loan to Value

PAT – Profit after Tax

DSCR – Debt Servicing Coverage Ratio

KYC – Know your customer

SOA - Statement of Account