

## Home Loan Requirements and Details – Bank Policy Document

This document outlines the eligibility criteria, application process, document requirements, and approval guidelines for home loans issued by the bank. It is designed to support Retrieval-Augmented Generation (RAG) systems used by LLMs for accurate information retrieval.

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### 1. Basic Eligibility Requirements

To qualify for a home loan from the bank, applicants must meet specific demographic and employment criteria: - **Age:** The applicant must be at least 18 years of age at the time of loan application. The maximum permissible age at loan maturity is generally 65 years, or up to 5 years beyond the official retirement age for salaried individuals. This ensures that the loan tenure does not exceed the borrower's financially productive years. - **Residency Status:** The applicant must be an Indian citizen or a Non-Resident Indian (NRI) with valid Indian-origin documentation. NRIs should provide relevant employment and visa documents to establish their eligibility. - **Employment Type and Stability:** - **Salaried Individuals:** Must have a minimum of 2 years of continuous service with the current employer or in the same industry. Employment must be in a registered organization. - **Self-employed Individuals:** Must have been running a stable business or professional practice for at least 2 years, backed by appropriate financial records and tax filings.

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### 2. Loan Amount and Tenure

The bank offers flexible loan amounts and tenures based on the borrower's profile: - **Minimum Loan Amount:** ₹1,00,000. Typically applicable for home improvement or top-up loans. - **Maximum Loan Amount:** Determined based on the borrower's income, repayment capacity, credit score, and the property's market value. The bank uses internal risk assessment models to cap the maximum exposure. - **Loan Tenure:** Ranges between 5 and 30 years. Shorter tenures are recommended for lower interest outgo, while longer tenures may offer lower EMIs, making the loan affordable for applicants with moderate monthly incomes.

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### 3. Loan-to-Value (LTV) Ratio

The Loan-to-Value ratio indicates how much of the property value is being financed by the bank: - **LTV Policy Brackets:** - For property values up to ₹30 lakhs: Maximum LTV allowed is 90% - For property values between ₹30 lakhs and ₹75 lakhs: LTV up to 80% - For property values above ₹75 lakhs: LTV capped at 75% - **Implication:** The remaining percentage must be funded by the borrower as down payment. Lower LTV ratios generally signal lower risk to the bank and may result in better interest rates or faster approval.

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### 4. Credit Score Requirements

A good credit score indicates financial discipline and reliability: - **Minimum Credit Score:** 650, as assessed from credit bureaus like CIBIL, Experian, or Equifax. - **Credit History Evaluation:** Past delinquencies, loan defaults, and high credit utilization ratios can negatively impact eligibility. - **Low Credit Score Cases:** Applicants with scores under the threshold may still be considered if they have stable incomes, co-applicants with better credit, or provide collateral.

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## 5. Income and Debt Obligations

The applicant's income and existing debt burden play a critical role: - **Minimum Monthly Income:** ₹25,000 for applicants in metro and urban areas; ₹15,000 in semi-urban and rural regions. Co-applicant income may be clubbed to meet this criterion. - **Debt-to-Income (DTI) Ratio:** Should not exceed 40% to ensure sustainable EMI payments. For example, if monthly income is ₹50,000, total EMIs (including other loans) should not exceed ₹20,000. - **Self-employed Considerations:** Income is evaluated through ITRs and audited financial statements. Fluctuating or seasonal income streams are averaged over time.

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## 6. Documentation Checklist

Applicants must submit valid documents for verification: - **Proof of Identity:** Any one of Aadhaar Card, PAN Card, Passport, or Voter ID - **Proof of Residence:** Latest utility bill, Aadhaar, or Passport with residential address - **Proof of Income:** - Salaried: Last 3 months' salary slips, last 6 months' bank statements, Form 16 - Self-employed: Last 2 years' ITRs, business registration certificate, P&L statement, and current account bank statements - **Property Documents:** - Sale deed, Title deed, and Encumbrance certificate - Approved building plan or layout - No objection certificate (NOC) from builder or housing society if applicable

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## 7. Co-applicants and Guarantors

- **Co-applicants:** Recommended if the primary applicant's income or credit score is insufficient. Spouse, parents, or children (above 18 years) are commonly accepted.
  - **Guarantors:** Required in special cases such as high-risk profiles, irregular income sources, or absence of adequate collateral. Guarantors must meet all eligibility norms and sign a legal agreement.
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## 8. Interest Rates and Charges

The cost of borrowing is determined based on borrower profile and loan features: - **Interest Rate Types:** - **Floating Rate:** Linked to the bank's MCLR or repo rate. Fluctuates over time. - **Fixed Rate:** Stays constant for a defined period or full loan term. Generally higher than floating rates. - **Interest Rate Range:** 8% to 11.5% depending on credit score, repayment capacity, and tenure. - **Processing Fees:** One-time, non-refundable fee ranging from 0.5% to 1.5% of the loan amount. - **Prepayment Charges:** - Nil for floating-rate loans - Up to 3% for fixed-rate loans if repaid from external sources (non-income)

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## 9. Approval Process

The approval workflow is optimized for both automation and expert decisioning: 1. **Pre-screening by Intake Agent:** Performs eligibility checks like age, income, and loan purpose. 2. **Parallel Agent Checks:** - **Document Validator Agent:** Validates ID, income, and property documents. - **Credit Score Agent:** Pulls score from bureaus and flags risks. - **Property Valuation Agent:** Assesses market value and verifies legal ownership. 3. **Eligibility Agent:** Aggregates results from the above agents and verifies alignment with policy thresholds. 4. **Approval Recommender Agent:** Based on scoring rules, suggests one of: Approve, Reject, or Recommend for manual review. 5. **Audit Logger Agent:** Logs all inputs, results, and final decisions for audit and traceability.

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## 10. Disbursement

- **Full Disbursement:** For ready-to-move properties, after final approval, the entire loan is disbursed directly to the seller.
  - **Part Disbursement:** For under-construction properties, disbursed in stages linked to construction progress. Requires submission of demand letters and inspection reports.
  - **Own Contribution First:** Borrower's down payment is expected to be paid first before any loan disbursement begins.
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## 11. Monitoring and Repayment

- **EMI Start:** Equated Monthly Installments begin from the month following first disbursement.
  - **Repayment Modes:** ECS/auto-debit from designated bank account is mandatory.
  - **Missed Payments:** Tracked and reported to credit bureaus. May attract penalties and affect credit score.
  - **Loan Account Monitoring:** Periodic income or KYC updates may be required during tenure.
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## 12. Special Offers and Subsidies

- **PMAY (Pradhan Mantri Awas Yojana):** Eligible EWS/LIG/MIG applicants can receive subsidies up to ₹2.67 lakhs. The bank applies for the scheme on the borrower's behalf.
  - **Women Borrowers:** Preferential interest rates (typically 0.05% lower) and mandatory co-ownership of the property.
  - **Seasonal Promotions:** Reduced processing fees, faster approvals during festive seasons.
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## 13. Rejection Reasons

A loan application may be rejected due to the following reasons: - Credit score below minimum threshold or poor repayment history - Unverifiable or irregular income sources - Excessive debt obligations leading to high DTI ratio - Legal discrepancies in property documents or encumbrances - Suspicion of document tampering or fraud during verification

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**Note:** The above information is general policy guidance. Exact eligibility and approval terms may vary based on the applicant's profile, changes in regulatory requirements, and internal risk policies.