LAND GPT FAQS:

1. **What to check before buying land?**

   Before buying land, here are a few important things you should check:

   Title and Ownership: Verify the land title and ensure that the seller has clear and undisputed ownership rights. Check for any existing liens, encumbrances, or disputes related to the property. Land Use and Zoning Regulations: Determine the land's designated use according to the local zoning regulations and master plan. Ensure that the intended use of the land aligns with these regulations. Land Size and Boundaries: Physically inspect the land to confirm its size and boundaries. Verify that the land area matches the details mentioned in the property documents. Property Documents: Review all legal documents related to the land, including the sale deed, property tax receipts, and land records (Pahani/Adangal). Cross-check these documents with the information provided by the seller. Encumbrances and Litigation: Inquire about any legal disputes or pending litigations related to the land. Obtain an Encumbrance Certificate from the local sub-registrar's office to check for any mortgages or legal claims on the property. Land History and Chain of Ownership: Investigate the history of land ownership by examining past sale deeds and property records. Ensure that the land has a clear and unbroken chain of ownership. Approvals and Permissions: Verify if the land has obtained the necessary approvals and permissions from local authorities for construction, if applicable. Check for environmental clearances and other regulatory requirements. Infrastructure and Utilities: Assess the availability of essential utilities such as water supply, electricity, sewage, and road access. Determine the cost and process for connecting to these utilities if they are not readily available. Survey and Land Measurement: Consider hiring a professional land surveyor to conduct a survey and confirm the land's boundaries and dimensions. Market Value and Price Analysis: Research the prevailing property prices in the area and evaluate whether the seller's asking price is reasonable. Future Development Plans: Check for any upcoming infrastructure or development projects in the vicinity that could impact the land's value and use. Local Regulations and

Taxes: Understand the local property tax rates, stamp duty, and registration fees applicable to the land purchase. Soil and Environmental Assessment: If planning construction, conduct soil tests and assess the environmental suitability of the land. Neighborhood and Amenities: Consider the proximity to schools, hospitals, markets, and other essential amenities. Evaluate the neighborhood for its livability and future growth potential. Legal Assistance: Seek legal counsel from a qualified real estate attorney or consultant who specializes in property transactions.

2. **How to find survey number?**

Online Method:

State Government Portals: Many Indian states have digitized land records. Check if your state offers online services for land records, usually called Bhulekh, Pahani, Jamabandi, or similar names.
Identification Details: You'll typically need to know the name of the district, taluka (tehsil), and village where the land is located. Some websites may also require the Khasra number.
Search: Use the portal to search for the survey number by providing the required details.
View or Download: Once you find the records, you can view or download them for your reference.

Offline Method:

Visit Tehsil or Revenue Office: Go to the local tehsil, revenue, or land record office where the land is situated.
Application Form: Fill out the necessary forms to request the land details, if required.
Provide Identification and Ownership Details: You'll be required to present identification and potentially some proof of ownership or interest in the land.
Verification and Receipt: After verification, the officials will provide you with the land records containing the survey number.

3. **How to find plot number?**

Online Method:

State Government Portals: Most states have online portals for land records, sometimes referred to as Bhulekh, Pahani, or Jamabandi. Go to the specific portal that caters to the state where the land is located.
Entering Details: You will usually be asked to select the district, taluka (tehsil), and village where the land is situated. Some portals might also require a Khasra or survey number.
Search and Retrieve: Once you've entered the necessary details, search for the land records. The information you get will usually include the plot number along with other details like the landowner's name, the area of the land, etc.
View or Download: The information can usually be downloaded or printed for offline use.

Offline Method:

Local Authority Offices: Go to the local municipal office, tehsil office, or the revenue department that maintains land records for the area in which the land is located.
Submit Request: You might have to fill out forms to request information about the land. Some offices might charge a nominal fee for this service.
Identity Verification: Valid identification and proof of ownership or interest in the land may be required.
Obtain Records: Once the officials have verified your details, you will be given the land records which include the plot number.

4. **What to do about land encroachment?**

Gather Evidence:

- Document the encroachment with photographs, land records, surveys, and any other relevant evidence that shows the extent of the encroachment.

Check Land Records:

- Verify the land records to confirm your ownership and the boundaries of your property.
- Obtain an Encumbrance Certificate to check for any unauthorized transactions or encumbrances on your land.

Report to Local Authorities:

- Contact the local municipal or revenue authorities in Hyderabad, such as the Revenue Department or Municipal Corporation, and report the encroachment.
- Provide them with all the evidence you have collected.

File a Complaint:

- Lodge a formal complaint with the local police, providing them with the evidence and details of the encroachment.
- Ensure that you receive an acknowledgment of your complaint.

Engage Legal Counsel:

- Consult with a real estate attorney or advocate experienced in property disputes.
- Your attorney can guide you on the legal options available and represent your interests.

Legal Action:

- Depending on the situation, you may need to file a civil suit against the encroacher to recover your land.
- Your attorney will help you understand the legal remedies available and the appropriate course of action.

Mediation and Negotiation:

- In some cases, it may be possible to resolve the issue through negotiation or mediation.
- Mediation can be an alternative to a lengthy legal battle, but it depends on the willingness of both parties to cooperate.

Stay Informed:

- Keep in touch with local authorities and your attorney to stay updated on the progress of the case.
- Ensure that any legal notices or summonses are responded to promptly.

Avoid Physical Confrontation:

- Do not engage in any physical confrontation or attempt to remove encroachers yourself, as this can lead to legal issues.

Seek Court Orders:

- If the encroachment continues, your attorney may seek court orders, such as injunctions or eviction orders, to remove the encroachers.

Follow Legal Procedures:

- Adhere to all legal procedures and court orders diligently to avoid any legal complications.

Public Awareness:

- If the encroachment issue garners public attention, it may put additional pressure on the encroachers to vacate the land.

5. **What is a legal opinion?**

A legal opinion is a written statement by a legal expert, usually an attorney or legal scholar, about the legal implications or interpretation of a situation, transaction, or set of facts. This opinion is generally given in response to a request for advice from a client, a court, or another legal entity. Legal opinions can serve various purposes depending on the context in which they are sought.

6. **What to do if my lawyer has misguided me**

Confirm Misguidance:

Second Opinion: Consult another lawyer for a second opinion. This will help you establish whether the advice given by your initial lawyer was genuinely incorrect or misleading.

Communication:

Confront the Lawyer: Speak to your lawyer about your concerns. There may be a reasonable explanation for their advice or actions.

Documentation:

Collect Evidence: Maintain records of all communications, such as emails, text messages, or written correspondence, that indicate the lawyer's guidance. This will be useful if you decide to take legal action.

Formal Complaint:

Bar Council: You can file a formal complaint against the lawyer with your state's Bar Council, which is the body responsible for licensing and regulating lawyers.
Consumer Court: You can also file a complaint in a Consumer Court for professional negligence under the Consumer Protection Act, assuming the relationship is deemed a 'service provider-consumer' relationship.
Civil/Criminal Case: Depending on the severity and impact of the misguided advice, you may have the option of filing a civil or criminal case against the lawyer. Legal malpractice or fraud cases, however, are complex and difficult to prove.

Change Representation:

Terminate Services: If your relationship with the lawyer is untenable, you may need to terminate their services and hire another lawyer.

Financial Settlement:

Negotiate: If your case involves financial losses due to the lawyer's misguided advice, you might want to negotiate a settlement with the lawyer, which could include a refund of any fees paid.

HOUSING.COM FAQS

1. **Is property registration a must?**

   Under the various provisions of the Registration Act, 1908, each time a property changes hands, it must be registered in the name of the new owner. According to the Act, documents that are drafted to ‘create, declare, assign, limit or extinguish’ any right, title or interest of the value of Rs 100 or more, in an immovable property, must be registered. The same is true of documents drafted upon a court order transferring any right, title or interest of the value of Rs 100 or more in an immovable property. Under the law, registration of documents is legally obligatory, when a property changes ownership, because of a gift, or lease if the lease period is one year or more.

2. **What are the charges for property registration?**

At the time of registration, the buyer has to pay stamp duty and registration charges. While stamp duty varies from state to state, property registration typically costs 1% of the transaction value. In some states like Haryana and Maharashtra, there is also a flat fee for property registration.

3. **Do women buyers get a discount in registration charges?**

   While women buyers enjoy discounts in stamp duty across states, no rebate is provided in case of registration charges. In Delhi, for example, women buyers have to pay only 4% as stamp duty, as compared to the 6% that men have to pay for property registration. However, both of them have to pay a 1% registration charge.

4. **Should the seller/buyer be present at the time of registration?**

   The buyer and the seller along with two witnesses each, should be present at the sub-registrar's office at the time of registration. If the buyer or the seller is an NRI and cannot be present in person, then, their legal representatives holding a power of attorney have to be present.

5. **How much time does it take for the documents to get registered?**

   It would take nearly two weeks for the registration process to be completed, after which you can collect the documents from the sub-registrar's office. You will also get a notification on your registered mobile number, once the documents are ready for collection.

6. **Till when can I collect the registration documents?**

   The sub-registrar's office keeps the registered documents in its office for two years after the registration takes place. This is the period within which the buyer must collect these papers. After this period, the documents could be discarded by the office and the sub-registrar's office will not be held responsible for the same. This is, however, not true in the case of a Will. A registered Will can be collected from the sub-registrar's office anytime within the lifetime of the creator.

7. **What if I do not register the property?**

   As unregistered properties hold no legal validity, the owner, in spite of having taken possession of the property, runs the risk of losing the property. Also, an unregistered sale deed will not be admissible as evidence in the court of law.

8. **Can I register my property online?**

In a majority of the states, buyers have to visit the sub-registrar's office to register the properties. Some states have launched services, to help landlords register their properties online. This is done to offer hassle-free and time-bound services. Flats, as well as plots, can be registered using these online facilities.

9. **Can the sub-registrar reject my registration application?**

The sub-registrar can a property registration application on various grounds, including:
Error in the text.
Insufficient stamp duty.
Absence of property-related documents.

10. **What if there are false statements made in the documents?**

If a buyer 'intentionally makes any false statements, presents a false copy or translation of a document or a map or plan or attempts to falsely impersonate other people', then, it is a punishable offence. Such a person could face imprisonment for up to seven years or a fine or both. This is prescribed under Section 82 of the Registration Act.

11. **What are the documents of which registration is optional?**

The registrations of some documents are optional. These are:
Will
Lease agreements, if the period mentioned is less than a year.
If the deal value is less than Rs 100 in an immovable property.
Documents that are created after a court order transferring any right, title or interest of the value of less than Rs 100 in an immovable property.

12. **What property documents need not be registered?**

Since there is no provision to register some documents under the Act, their registration is not required. These include:
Land granted by the government.
Property purchased from a civil or a revenue-officer at a public auction.
Assets granted under the Charitable Endowments Act, 1890.

13. **By when should I register the sale deed after it is created?**

The deed must be registered within four months of getting created. The time is calculated from the date of execution of the deed.

What's the role of Property Valuers?

Property Valuers are experts who carry out a detailed inspection of a property and then present a report with an estimation of the property's value. The services of a property valuer can be availed for residential, industrial, or commercial properties. The professional valuer possesses a vast knowledge of the relative forces that affect the value of a property. The role of a property valuer generally includes:

Property Evaluation

A property valuer is responsible for measuring and recording a property onsite. This includes determining the property's accurate measurements and then clicking relevant images that are date stamped. The valuer evaluates the property as a whole and makes notes on the same.

Property Inspection

The property valuer also inspects and surveys the property's condition. This includes noting any structural faults and identifying the number of rooms, layout, parking, landscaping, amenities, flooring, and more. The valuer inspects all attributes of the property and maintains everything on record

Location Assessment

Location is one of the most important factors while assessing a property's value. A property valuer carefully studies the location, its demand, nearby major parks, and circle rates. The valuer accordingly analyses the present value and future projections of your property.

Property Recommendations

Property valuers can advise clients about effective methods of buying and selling properties. This includes recommending properties that match a client's requirement and assisting them till the end.

Auctioning & Assistance

Property valuers also assist in the auctioning process of your property. This includes conducting marketing to attract the best buyers and completing all paperwork when necessary. A valuer can also assist in resolving disputes related to properties, by advocating his/her clients' rights.

Final Report of Property

Finally, property valuers produce detailed reports outlining their overall findings of a property. When a client is satisfied with the valuation, a valuer can further schedule the sale of a property.

How does a Property Valuer help?

A Property Valuer can help the buyer or seller in the following ways:

- Assess the accurate value of your property (residential, commercial or industrial)
- Make sure you achieve maximum savings on your investment
- Draft a complete report on the property status, specifications, maintenance, etc.
- Offering strategic advice on investment
- Bring your attention to potential disputes
- Conduct property auctions
- Compensation assessment

When should you avail Property Valuation?

Property valuation for buying or selling

Whether you are buying a property or selling one, it's important to get it appraised by professionals. Knowing the fair value of a property can help you better negotiate the deal and save a lot of money.

Property valuation for a loan

Property appraisal is also important when you are applying for a loan against that property. Banks usually approve the loan on the basis of the appraised value of the property, not the listed price.

Property valuation for tax purposes

The taxes you pay on your property are calculated on the basis of the value of the property. Property valuation can help you assess the amount of taxes you should be paying on your property.

Property valuation for stamp duty calculation

When you buy a property, you have to pay stamp duty and registration charges to the government. These charges are determined on the basis of the value of the property. Knowing the fair value of the property can help you save on these charges as well.

What is the process of Property Valuation

In practice, all property Valuers follow a process where the key considerations are the property location, construction quality, maintenance and proximity to major infrastructure developments. In addition, safety and security of the property is another important aspect that is looked at while doing a property valuation. A valuer may employ below valuation methods:

Comparison method- This type of valuation method is best suitable for residential properties where you want to purchase a property for occupation and not just for investment. This takes into account the sales figure and comparative values while working out the property value and rental yields.

Cost Method- This method is commonly used when there are no comparable properties. In this case, the price is calculated by determining the current cost of buying the land and constructing a similar property in that area.

Profits Method- This type of method is employed for types of property that have a trade or a business being run from there. In such cases, this method is the best where the gross earrings are taken into account, the working expenses are deducted and the balance is the amount that can be the rent.

What is a Property Valuation report and how is it important?

A Property valuation report is a document that is given out by a valuer after he conducts an inspection for your property. This report is a comprehensive document with details of each aspect on how the valuer has arrived at the valuation for your property. The report helps buyers and sellers both, with knowing the real value of a property, which gives the right estimation for the price for a property too.

How to calculate the value of a property?
Calculating the value of a property requires expertise. You can hire property valuation experts to give you an accurate value of your property. These expert valuers are equipped with vast knowledge of the property market that helps them arrive at the right value.
What is the fair market value of a property?
As per the Income Tax Act, 1961, the fair market value is the price that you may get for selling an asset in the open market on any particular date. It is either equal to the cost price of the property or the current sale price of the property in the open market (whichever of the two is higher).
Are home valuations free?
Home valuation is a complex process that requires expert knowledge of not just current sale prices but also various other factors related to market conditions. If you hire an expert for home valuation, you will have to pay the charges. These charges depend on the type of property, scope of examination, and certain other factors.
What are the different types of property valuation methods?
There are different methods of calculating the value of a property. Take a lot at some of the most common ones below:

- Sales Comparison approach: Under this method, the valuer finds out the recent sale prices of comparable properties (i.e. the properties with similar area, location, age, no. of bedrooms, etc.). The sale prices of such comparable properties are then used to arrive at a benchmark price for the property being valued.

- Cost approach: This method is used when there are no comparable properties. In this case, the price is calculated by determining the current cost of buying the land and constructing a similar property in that area.

- Discounted value of property rentals: This method involves estimating the future rent of a property. Future rent is determined by analysing the demand and supply in the area. Based on the rental value, experts determine the value of the property.

What are the documents required for Property Valuation ?
Documents Required for Valuation

- Sale deed/ Title document
- Approved/ Sanction map
- Layout Plan
- Utility Bill

- NOC(where required)

can I get a loan for home decor?

You can easily get an instant loan for any home-related expenditure. The best part is that these loans are easy to apply and work on quick approvals. So, ditch the old tiring paperwork, long queues and endless procedures for getting your expenses sorted.

Is there a way I can get my old furniture refurbished?

Yes, you can get your old furniture refurbished with new patterns and inviting woodwork. What more you can do is take modern furniture on rent to keep up with the latest trends, so your space looks no less than a contemporary abode.

Are accent walls (painting one of the walls different) still in trend these days?

Be it accentuating your wall with a bright paint colour, photo collage or a themed wallpaper, creating an accent wall (where one of the walls is coloured different) is moving out of fashion. Instead, many interior experts insist on painting all the 4 walls with the same colour. You can use different decor accessories to add life and vibrancy to your favourite wall.

Why is Vastu important for interiors?

Vastu is very important for home decor. This is because its principles aim at establishing harmony with the use of 5 elements - water, air, fire, earth and space. When interiors, furniture and other decor accessories are placed keeping in mind the Vastu guidelines, it's believed that health, wealth and usher prosperity enters a household.

Why is there a need to hire an interior design firm?

You'll make a smart move if you hire an interior designer for your home. The designer will not only help you with decorating your house the way you want but also make sure that each and every corner of the house speaks for you -- your style and personality. After all, you would want your home to be 'the place' where you can unwind and relax the most!

Can I get just a part of my home designed?

It's not always necessary to get the entire home revisited or designed as far as interiors are concerned. You can always start off with the most important room that you think needs a maximum revamp. You can go one by one to get interiors of all your rooms sorted.

What services does an interior design firm offer?

General Interior Design Consultations, Room Make-Overs, Complete Project Design and Coordination (also called turnkey), Detailed Interiors Concept Designs, and Home Staging are some of the services offered by Interior Design firms for both residential and commercial properties.

What all things should I make a note of before I head to an interior designer?

One of the most important things you can do is to determine the exact scope - like what all areas you want to revamp and what's your realistic budget for the same. Also, you need to figure out - what colour palette speaks well for you, need the space to child-friendly/pet-friendly, what furniture would suit the space etc.

When is the right time for a property legal title check?

The property legal title check must happen at the time when a person plans to purchase a property or take a home loan or when a person is taking a property on a long-term lease for commercial use.

What are the key benefits of a property legal title check?

Nowadays, the cost of properties ranges from lakhs to crores. Hence, it is wise enough to get the property documents verified before you invest. This process lets you enjoy a smooth transition.

What documents to check before buying a property?

Documents that need to be verified before buying a property are - an occupancy certificate, building plan, encumbrance certificate, no objection certificate, sale deed, will, conveyance deed, agreement to sell, power of attorney, and mutation details.

Who conducts the property legal title check?

This procedure is conducted by expert property lawyers who examine the property papers diligently and make sure that you are investing in the right property.

Is hiring a lawyer necessary for a legal title check?

As a layman, one can verify the basic details whereas a legal expert will oversee the in-depth details, conducts research, and provide accurate information. Hence, hiring a legal expert is necessary for the title search.

What are the documents required for Legal Title Check?

Documents Required for Legal Title Check

- Copy of original Conveyance Deed (sale, partition, gift, will) or the latest registered document.
- Patta or Khatha or 7/12 extract or Jamabandi or Mutation Deed.
- Non-Encumbrance Certificate
- Latest Conversion Certificate, Property tax Receipt.
- Fire NOCs, permissions from Water Board/ Electricity Board/ Inspector of Lifts (Additional documents for commercial buildings).
- RERA Approval, if any.
- Electricity Bill and Property Tax Receipts (latest).

- Court documents.

Key Documents to Check Before Buying a Property

Buying a property is an expensive affair. Any mistake in the legal due diligence could land you in serious legal disputes. That's why it's important that you maintain caution and check all the important documents before you sign the deal.
Take a look at some of the most important documents you must verify before buying a property:

Property documents

You must check all the property-related documents, including Title documents (sale deed, gift deed, will, succession certificate) and the nature of title (freehold or leasehold). In addition, you must ensure all the Title documents are duly stamped & registered.

Construction approval

In case you are buying an apartment from a builder, you must check approvals from the local municipal body. Additionally, you should check for approvals for water, sewage, fire safety, environment clearance, etc.

Land use permission

Most states do not permit sale of agricultural land for non-agriculture purposes. It's important that you check the property is built in compliance with such zoning plans.

Encumbrance certificate

A property that has been mortgaged is said to have an 'encumbrance'. This means there is already an outstanding loan against the property. It's best to avoid buying properties which have encumbrances. An Encumbrance Certificate can help clarify whether the property has any encumbrances.

Occupancy certificate

It's a document issued by local government agencies to certify that the project has been completed in compliance with laws and regulations. This certificate must be obtained by the Builder as an indication that the building is safe for occupancy.

Tax payment receipts

Make sure the seller has paid all the property taxes to the municipal authorities. You must also ask for the receipts for the same. If the seller has not paid the taxes before selling the property, the burden may fall on the new buyer.

Home Loan EMI Calculator

An EMI Calculator or Equated Monthly Installment Calculator is a tool which calculates your monthly EMI payments for a Home Loan within a few seconds.

To use the Home Loan EMI Calculator, all you need to do is enter the variables like principal amount, interest rate, tenure, etc. in the calculator and it will give you the EMI amount instantly.

It is a free tool available on Magicbricks 24 X 7. You can use the EMI Calculator to make an informed decision by comparing various loan EMIs before you finalise a Home Loan.

How to Calculate Home Loan EMI Using the Formula?

The classic way of calculating the EMI is by using the formula stated below:

EMI = [P x R x (1+R)^T]/[(1+R)^ (T-1)].

- The variables used here stand for:
  - EMI - Equated Monthly Installments
  - P - Principal Amount of the Loan:
  - R - Rate of Interest on the Loan (monthly)
  - T - Tenure of the Loan or the no. of installments to be paid (monthly)

Let's take an example to understand this clearly. For instance, you have taken a Home Loan of Rs 2 Lakh which is to be paid in 2 years at an interest rate of 20% per annum.

First, convert the yearly interest rate into months. We can obtain the monthly interest rate by dividing the yearly interest rate by no. of months in a year i.e. 12. So, monthly interest will be 20/12 = 1.66%.

- Now, put all the variables in the formula:
  - EMI = [P x R x (1+R)^T]/[(1+R)^T-1]
  - EMI= [2,00,000 x 1.66/100 x (1+1.66/100) ^ 24 / [(1+1.66/100) ^ 24 - 1)
  - EMI= Rs. 10,179

Even, the EMI Calculator uses the same formula to calculate the EMI of Home Loan. We also recommend calculating the EMI via EMI Calculator as it is accurate, requires minimal calculation and can determine the EMI within seconds.

Home Loan Interest Rates

Interest Rate is the cost of borrowing money and is calculated as a percentage of the amount borrowed. Interest rates may vary from bank to bank. As a borrower, you should try to choose a lender that offers a home loan at the lowest interest rate for your specific requirements.

There are two types of home loan interest rates you can choose from:

Fixed Interest Rate: This type of interest rate remains unchanged throughout the loan tenure. Thus, your EMI also remains the same. Choosing Fixed Interest Rate Loan is better if you expect the rates to increase in the future.

Floating Interest Rate: This type of interest rate keeps changing in line with the market rates. Thus, your EMI also keeps fluctuating. Floating interest rate loans are better if you expect interest rates to go down in the future.

Latest Home Loan Interest Rates

Bank/Financial Institute	**Interest Rate**	**Processing Fee (%age of loan amount)**

State Bank of India	From 6.95% p.a.	Upto 0.50% +GST
HDFC ltd.	From 6.95% p.a.	Upto 0.50% +GST
Sundaram Home Finance ltd.	From 7.75% p.a.	Upto 0.50% +GST
L&T Housing Finance Ltd.	From 8.40% p.a.	Upto 0.50% +GST
PNB Housing Finance Ltd	From 8.45% p.a.	Upto 0.50% +GST
Cholamandalam HFL	From 10% p.a.	Upto 1% +GST
Magma Housing Finance	From 11.50% p.a.	0.5% + Other Charges

*Home Loan interest rates updated on 7 Dec 2020.

*The interest rates mentioned above are subject to change at any time without prior notice.

Tips to Reduce Your Home Loan Interest Rate

There are various ways you can reduce your home loan interest and EMI payments.
Choose a shorter tenure: When you choose a shorter tenure home loan, though the EMI is higher, your overall interest payment is reduced drastically.
Apply for a Balance Transfer Loan: With a Balance Transfer home loan, you can transfer your existing home loan to another lender that is offering lower interest rates.
Make loan prepayments: In the initial years of home loan, you pay more towards the interest and less towards the principal amount. Therefore, if you make prepayments regularly, you can reduce your interest burden.
Choose the right EMI calculation method: There are two ways banks can calculate your EMI: Flat Rate method and Reducing Balance method. Under the Flat Rate method, the interest is calculated on the original loan amount for the entire tenure; thus your interest outgo remains equal throughout the tenure and doesn't decrease as the principal

amount reduces. However, in the latter method, the interest is calculated and revised every month based on your outstanding principal amount.

Home Loan Eligibility

All the borrowers are required to meet certain eligibility criteria to get their home loan approved. If you don't meet any of the eligibility criteria set by the bank, your application may get rejected. Understanding the home loan eligibility criteria can help ensure a smooth approval process for you.

Factors Affecting Home Loan Eligibility Criteria

Here are some of the key factors that may affect your home loan eligibility:
Age: It's one of the most important factors to determine the home loan tenure. For instance, getting a home loan with 30-year tenure is easier for a young individual compared to an aged individual.
Income: Whether you are a salaried or self-employed individual, you must meet the minimum income requirement set by the banks. The income requirement may vary from bank to bank.
CIBIL Score or Credit Score: This score is used by lenders to determine your creditworthiness. Higher the score, the better the chances of loan approval. A CIBIL score of above 550 and near 900 is generally considered good. However, if your CIBIL score is not good, you can still apply for a home loan.
Employment/ Business type: Lenders also consider your job type or business type to determine your eligibility. Applicants with a stable job or business income have a higher chance of getting the loan approved.
Check out some of the key home loan eligibility criteria set by major lenders in India:

Bank-wise Home Loan Eligibility Criteria

Bank/Financial Institute	Age (in years)	Resident Type	Min. Monthly	Loan Amount

			Income (primary applicant)	
State Bank of India	18 - 70	Indians and NRIs	₹ 15,000	₹ 10 lakh - ₹ 10 crore
HDFC ltd.	18 - 70	Indians and NRIs	₹ 15,000	₹ 5 lakh - ₹ 5 crore
Sundaram Home Finance ltd.	Salaried: 18 - 60 Self-employed: 18 - 65	Indians and NRIs	₹ 15,000	₹ 2 lakh - ₹ 4 crore
L&T Housing Finance Ltd.	21 - 60	Indians and NRIs	₹ 15,000	₹ 5 lakh - ₹ 20 crore
PNB Housing Finance Ltd	18 - 70	Indians and NRIs	₹ 15,000	₹ 5 lakh - ₹ 3 crore
Cholamandalam HFL	21 - 60	Indians only	₹ 15,000	₹ 5 lakh - ₹ 50 lakh
Magma Housing Finance	21 - 65	Indians only	-	₹ 5 lakh - ₹ 1 crore

*Home Loan interest rates updated on 7 Dec 2020.

*The interest rates mentioned above are subject to change at any time without prior notice.

Documents Required for Home Loan

For successful and faster processing of your Home Loan, you need to furnish a list of documents. Although the complete list of documents required may vary from bank to bank, there are certain documents that are generally required to be submitted with the application.

In order to make your experience hassle-free, here's a document checklist for you:

1. Fully completed application for Home Loan
2. Loan applicant's Passport size photographs
3. Identification Proof (Any of them)
    - Driving License
    - Passport
    - Aadhar Card
    - Voter I Card
4. Age Proof (Any of them)
    - PAN Card
    - Passport
    - Driving License
    - Birth Certificate
    - 10th class Marksheet
    - Bank Passbook
5. Residence Proof
    - Utility Bill (Electricity, Telephone, Water, Gas Bill/Slip)
    - Aadhar card
    - Voter ID card
    - LIC Policy slip
    - Ration card
    - Letter of Public authority verifying the applicant's address
6. Proof of Income
    - (For Salaried Applicants)
    - Last 2 Months Payslip
    - Form 16

- Increment or Promotion Letter
- IT returns of the last 3 years
- Investment proofs such as Fixed Deposits, Shares, etc.
- (For Self-employed)
- Business License details (or any other equivalent document)
- Last 3 years IT returns
- Balance Sheet & Profit and Loss Statement of Firm/Comapny (attested by a CA)
- Professional Practice License (For Doctors, Lawyers, Consultants, etc.)
- Registration Certificate of Establishment (For Shops, Factories, etc.)
- Proof of Business Address

Other Important Documents for Home Loan

1. Occupancy Certificate
2. NOC from Builder/Society
3. Registered Sale Deed, Stamped Agreement of Sale or Allotment Letter obtained from the Builder(original copy)
4. A detailed estimate of the construction cost of the House
5. Receipts of:
    - Advance payments made towards the purchase of flat (original copy)
    - Payment or bank account statements showcasing payments made to the Builder or Seller
    - Land tax/Property Tax
    - Possession certificate issued by the revenue authority (Original copy)
6. Copies of Maintenance and Electricity Bills
7. An approved copy of the building plan (key plan/floor plan in case of purchase of flats)

Home Loan Prepayment Calculator

What is Home Loan Prepayment?

As the name suggests, prepayment signifies the early payment of a Home Loan before its maturity. For e.x. If you have got a big amount in your hand and you want to use it to ease your liability then you can use the prepayment option. This will eventually reduce the tenure or the EMIs to be paid.

What is a Home Loan Prepayment Calculator?

It is a tool that you can use to determine the impact of home loan prepayment. A prepayment usually helps reduce your EMI or tenure or both. With this calculator, you can figure out how much you will save by reducing the tenure.

How to use a Home Loan Prepayment Calculator?

You can easily use the Home Loan prepayment calculator on Magicbricks by following these steps:

1. Enter the required details including:
    a. Loan amount
    b. Tenure
    c. Rate of Interest
    d. Installments paid
    e. Prepayment amount
    f. Once you enter such details, click "Calculate".
2. After that, the calculator will tell you:
   EMI Savings: Amount you have saved on your EMI by reducing it and monthly EMI savings using prepayment option.

Tenure Savings: Reduction in the Tenure of loan as a part of the prepayment option.

Home Loan Balance Transfer

What is Home Loan Balance Transfer?

Home Loan Balance Transfer is the process in which a loan borrower can easily transfer his/her outstanding principal amount to another bank or financial institute to get a better rate of interest as well as better features. The entire process of Home Loan Balance Transfer helps in saving the extra amount to be paid on the interest rates.

Eligibility for Home Loan Balance Transfer

To become eligible for Home Loan Transfer, you need to fulfill the below criteria:

1. Your Property should be ready-to-move-in or already occupied
2. You have already made the payment for at least 12 months EMIs
3. There are no outstanding dues on your existing loan.

Documents Required for Home Loan Balance Transfer

You need to get these documents ready before applying for a Home Loan Balance Transfer:

a) Foreclosure letter:

A letter which is issued by your current bank in which the outstanding principal amount will be mentioned so that you can carry forward from the same amount when you transfer your loan to the new bank.

Other documents:

For Salaried:
1. Identity Proof
(Aadhar Card, PAN Card, Voter ID Card, Driving License, NREGA card, etc.)
2. Address Proof
(Passport, Aadhar Card, Ration Card, Voter ID Card, Driving License, Electricity/Water Bill, etc.)
3. Form 16 or recent salary payslips(last 3 months)
4. Bank account statement(last 6 months)

For Self-employed
1. Identity Proof
(Aadhar Card, PAN Card, Voter ID Card, Driving License, NREGA card, etc.)
2. Address Proof
(Passport, Aadhar Card, Ration Card, Voter ID Card, Driving License, Electricity/Water Bill, etc.)
3. Copy of last year's Income Tax return
4. Previous years' Balance Sheet and P&L statement
5. Copy of registration of the business

Home Loan Processing Fee

Processing fee is a one-time fee charged by lenders for processing your loan application. This fee generally varies from bank to bank and is mostly charged after your home loan application is approved.

The fee is generally calculated as a small percentage of the loan amount. Check out the table below to know more about home loan processing fees charged by various banks and financial institutions in India:

Bank/Financial Institute	**Processing Fee (%age of loan amount)**	**Interest Rate (starting from)**
State Bank of India	Upto 0.50% +GST	6.95% p.a.
HDFC ltd.	Upto 0.50% +GST	6.95% p.a.
Sundaram Home Finance ltd.	Upto 0.50% +GST	7.75% p.a.
L&T Housing Finance Ltd.	Upto 0.50% +GST	8.40% p.a.
PNB Housing Finance Ltd	Upto 0.50% +GST	8.45% p.a.
Cholamandalam HFL	Upto 1% +GST	10% p.a.
Magma Housing Finance	0.5% + Other Charges	11.50% p.a.

*Home Loan interest rates updated on 7 Dec 2020.

*The interest rates mentioned above are subject to change at any time without prior notice.

Zero Processing Fee Home Loans

Most banks charge a processing fee in the range of 0.5% - 1% of the loan amount. However, certain lenders offer processing fee waiver from time to time. You can check with your lender about such offers before you apply for a loan. Please know that even if your processing fee is waived, you may still have to pay other charges involved.

Home Loan Application Status

If you have applied for a home loan, you can check the status of your application through any of the following methods:

View Home Loan Application Status Offline

Call Customer Care: You can call up the customer service department of the bank to check your application status. The customer support executive might ask for your application ID/ reference number.

Visit the bank branch: You can also visit the bank branch to check the status of your application.

View Home Loan Application Status Online

You can also check the status of your application through the bank's website. No matter where you are, simply visit the website and enter the required details like your phone number to know the application status. Some banks might also ask for your Application ID or Reference number along with your Date of Birth.

Home Loan Tax Benefits

Getting a Home Loan often turns out to be an expensive affair but if you are well-informed, a lot of your money can be saved through tax rebates as per Income Tax Act, 1961. Also, in the recent financial budget of 2020, the government has continued to extend tax benefits on home loans. So, let's have a look in detail on how to take the optimum advantage of tax benefits on a Home loan.

Under which sections you can avail Tax benefits?

According to the Income Tax Act, 1961, you can avail tax benefits under:

1. Section 80 C -

- - Rs 1.5 lakh rebate on the principal amount of the Home Loan inclusive of stamp duty and registration fees (for a self-occupied and rented property).
- - You can claim the deduction once you have completed the construction.
- - You can't sell your property for the next 5 years to claim the deduction.
- - In case, you sell the property within the 5 years, the deduction claimed will be automatically revoked at the time of selling it.
- - In case of co-owners or co-borrower, each can claim deduction on the principal amount, upto a maximum of Rs 1.5 Lakh.

2. Section 24 -

- - You can claim a deduction of upto Rs 2 lakhs on your home loan interest if you're residing in that particular property. If you are living in a rented house, the entire interest is waived off.

3. Section 80 EE -

- - The loan must be sanctioned between 1st April 2016 and 31st March 2017
- - If you are buying the house for the first time, you can avail an extra benefit up to Rs 50,000 on the interest amount.
- - Your property is valued less than Rs 50 Lakh.
- - The loan amount taken should not exceed Rs 35 Lakh

Tax Benefits for the Current Financial Year: 2020-21

Here you will know about the yearly rebates on the interest paid on the Home Loan

- - You can claim a rebate of Rs 2 Lakh for a self-occupied home. You can claim this amount only if you complete the construction within 5 years. In case, you fail to do so, you will only get the rebate of Rs 30,000 only.
- - If your property is rented, you can claim any amount you paid as interest as there is no limit of it.
- - In the case of co-owners or co-borrower, each can claim up to a maximum deductible amount
- - If your property is on rent, you can claim any amount spent as interest irrespective of its completion or not.

Home Loan Application Process

Getting a home loan has become very easy these days. In fact, you don't even have to step out of your home to apply for a home loan. With new and advanced home loan portals like Magicbricks Home Loans, you can easily compare home loans right on your smartphone & apply online in just a few minutes.

Take a look at some of the common steps involved in getting a home loan:

Step 1: Fill out the application form

This requires you to provide some basic details about yourself as well as the property you're buying. You can fill the application form online or you can visit a bank branch as well.

Step 2: Documents & Background verification

Once you submit your application along with the supporting documents, the bank will verify all the documents to make sure you're a genuine borrower. In addition, most lenders also conduct a background check to ensure your creditworthiness.

Step 3: Processing fee payment

Once the bank has verified all the details, it starts your home loan process. At this stage, you will have to pay a processing fee. It's a one-time fee charged by most lenders for processing your application. It generally ranges from 0.5% to 1% of loan amount.

Step 4: Loan approval

At this stage, the bank decides whether you approve or reject your application. The decision is made after carefully considering various factors, including your age, income, employment, credit score, etc. It also involves determining loan amount to be approved and the rate of interest.

Step 5: Property documents

Once your loan is approved, you will have to submit your property's original documents to the bank. The lender keeps the documents until you repay the loan in full.

Step 6: Loan disbursement

Finally, the bank disburses the loan amount following registration of the loan deal. The amount is deposited into your account.

Home Loan Types

Different Types of Home Loans Available in India

Banks and financial institutions offer different types of home loans for your unique requirements. Check out some of the popular types of home loans available in India:

Home Purchase Loan

Most commonly available, this loan is offered by banks for purchase of residential property, including flats, apartments, villas, etc. Banks offer a maximum home purchase loan of upto 90% of the property's market value.

Land Purchase Loan

Also known as Plot Purchase Loan, this home loan is available for purchase of land or plot for either construction or for investment purpose.

Home Construction Loan

If you already own land, you can avail home construction loan to pay for the cost of construction of your new home. The loan amount is approved based on the estimated cost of construction.

Home Improvement Loan

This loan is generally available for making renovations or repairs to an existing residential property.

Home Extension Loan

This home loan is preferred when you are planning to expand your home, including adding extra rooms or making any alteration to the existing structure.

Balance Transfer Home Loan

This loan helps you transfer your existing home loan from one bank or financial institution to another. Balance Transfer home loan allows you to take advantage of lower interest rates offered by the new lender.

Bridge Loan

This is generally availed by those who need immediate funds for down payment of the new home. These individuals usually pay for the new home by selling their existing property.

Housing Scheme

PMAY CLSS (Credit Linked Subsidy Scheme): Step to avail Home Loan subsidy

Pradhan Mantri Awas Yojana CLSS is a subsidy scheme launched by the Ministry of Housing & Urban Power Alleviation (MoHUA) to promote 'Housing for All' mission. The scheme caters to the housing needs of:

- - Economically Weaker Section (EWS)
- - Low Income Group (LIG)
- - Middle Income Group 1 (MIG 1)
- - Middle Income Group 2 (MIG 2)

Under this scheme the Govt. provides subsidy on home loan interest rates to the people falling in the above-mentioned categories. The benefits of this scheme can be availed for the purchase of a new/resale house as well as for the construction, improvement/extension of existing Kucha/Semi-pucca houses.

Eligibility criteria for PMAY (CLSS):

To avail the subsidy under PMAY(CLSS), you need to fulfil the following eligibility criteria as per the income groups:

1. Economically Weaker Section (EWS)/ Low Income Group (LIG)
    - a) Annual Income:
      For EWS - Rs 3 lakh
      For LIG - Rs 3 lakh to Rs 6 lakh
    - b) Woman ownership :
      The ownership of a woman has been made mandatory by the Government. Whether the house is new or existing, it should be in the name of an adult female member or in joint ownership with wife (if married). However, if the subsidy is being availed for the construction or extension/renovation of an existing Kucha/semi-pucca house. Also, if there is no adult female member in the family, then only the sole ownership of a male member of a house is acceptable.
    - c) Carpet area:
      The carpet area of a house must be:
      For EWS: Upto 30 square metres.
      For LIG: Upto 60 square metres.
2. MIG (1 & 2)
    - a) Annual Income:
      For MIG-1: Between Rs 6 lakh to Rs 12 lakh
      For MIG-2: Between Rs 12 lakh to Rs 18 lakh
    - b) Woman ownership :
      In this category, the ownership of a woman is not mandatory.

- c) Carpet area:
  The carpet area of the house must be:
  For MIG-1: 160 square metres.
  For MIG-2: 200 square metres.

Along with the eligibility criteria, the applicant must fulfil the below conditions which are stated below:

1. The beneficiary must not own any pucca house in his/her name or his/her family member's name in any part of India.
2. For married couples, either spouse or both in joint ownership are eligible for a single subsidy.
3. The beneficiary family have not availed benefits previously from any other housing scheme

Step-by-step process to claim PMAY subsidy

1. Once the amount of your loan is disbursed, your details will be sent to National Housing Bank (NHB) by your lender for further verification.
2. After verifying the required details, the NHB will approve the subsidy to eligible applicants.
3. After the approval, the subsidy amount will be disbursed to the eligible applicant's lender.
4. Once the lender receives the subsidy amount, the lender will credit the amount in the applicant's account.

Scheme Details for PMAY-CLSS

Details	**EWS**	**LIG**	**MIG 1**	**MIG 2**

Eligible annual household income	Upto Rs. 3 lakh	Rs 3 lakh to Rs 6 lakh	Rs 6 lakh to Rs 12 lakh	Rs 12 lakh to Rs 18 lakh
Carpet area (max.)	30 sq.m.	60 sq.m.	160 sq. m	200 sq. m
Subsidy calculated on a max. loan of	Rs. 6 lakh	Rs. 6 lakh	Upto Rs 9 lakh	Upto Rs 12 lakh
Annual interest rate on subsidy	6.50%	6.50%	4.00 %	3.00 %
Subsidy amount (maximum)	Rs. 2.67 lakh	Rs. 2.67 lakh	Rs 2.35 lakh	Rs 2.30 lakh
Maximum loan tenure (in years)	20 yrs.	20 yrs.	-	-
Discount rate to calculate Net Present Value (NPV) of	9%	9%	-	-

the interest subsidy				
Woman Ownership	Mandatory (except for loan availed for construction)	Mandatory (except for loan availed for construction)	Not Mandatory	Not Mandatory
Scheme validity	31 March 2022	31 March 2022	31 March 2021	31 March 2021

What are the key features and benefits of home loans?

Here are some of the important features and benefits of home loan:

Flexibility to choose a tenure: Most banks give you the flexibility to choose your home loan tenure, which generally ranges from 15 - 30 years. The tenure you choose directly impacts the EMI you pay every month.

Comparatively cheaper than personal loans: The rate of interest on home loans is generally lower in comparison to the personal loans. This is because home loans are generally secured loans whereas personal loans are unsecured loans.

Tax benefits: You get tax benefits on both the interest amount and principal amount you pay. The interest paid can be claimed for a deduction of upto Rs 2 lakhs every year, whereas the principal amount paid can be claimed for a deduction of upto Rs 1.5 lakhs per year.

Home loan balance transfer: This facility allows you to transfer your outstanding loan amount from one lender to another for the purpose of taking advantage of lower interest rates.

What are the different types of home loans available?

Check out some of the most common types of home loans available from banks and financial institutions:

Home loan for purchase: Most commonly available, this type of loan is for purchasing a residential property, whether it is a resale home, a ready-to-move-in home or an under construction home.

Home loan for construction: This loan is available only for construction of a house and is offered to those who own a piece of land.

Home loan for renovation: This can be availed for making renovations or improvements to an existing home.

Bridge home loan: This loan is availed by those who are looking to upgrade their homes to bigger or better ones. Such a loan helps meet shortage of funds that arises due to time lag between sale of existing home and purchase of new one.

Step up home loan: Designed primarily for young salaried professionals, this home loan helps you avail a bigger amount as compared to your eligibility under regular home loans. Also, under these loans, the EMIs are kept lower during initial years.

Balance transfer home loan: This facility allows you to transfer your existing home loan from one lender to another for the purpose of taking advantage of better interest rates.

What are the factors you should know before applying for a home loan?

Here are some key factors that you must consider before applying:

Make sure your credit score is good. Higher the score, the better.

Check if you can afford to pay monthly EMIs from your current income.

Research all the loan options available before finalizing an offer.

Choose a repayment tenure that's convenient for you. Shorter tenure means higher EMI, and vice versa.

Know the prepayment terms of the loan and the charges applicable.

Ask the lender for all the additional charges that may apply to the loan.

Lastly, read all the documents carefully before signing.

What are the different types of home loan fees and charges?

Apart from the interest rates, there are many other types of charges associated with home loans. Take a look at some of the most common home loan fees and charges:

Processing fee: A one-time charge, non-refundable fee charged by the banks for processing your loan application. Although most lenders charge this fee, there are some banks that offer zero processing fee schemes as well. Generally, this fee ranges from 0.5%-1.0% of the loan amount.

Prepayment charges: This is the charge that you may have to pay for early repayment of your loan. As per RBI norms, there is no prepayment penalty on floating rate home loans. However, in case of fixed rate loans, lenders can charge a prepayment penalty of up to 2%.

Loan conversion charges: This fee is charged when you switch your home loan from floating to fixed rate or vice-versa. Loan conversion fee varies from bank to bank. However, most banks charge a conversion fee of 2% of the outstanding amount.

Legal and technical charges: Also known as Administrative charges, these charges are levied by the banks for getting your property and other documents verified. These charges may range from Rs 5,000 to Rs 10,000.

MODT Charges: Memorandum of Deposit of Title Deed (MODT) charge is levied for an undertaking that you are submitting your property documents with the bank at your free will. It generally ranges from 0.1% to 0.5% of the loan amount. Banks usually incur this charge initially, but later on they recover the same from the borrower.

How does Credit score impact your interest rate?

Lenders use your Credit score as an indicator of how likely you are to repay the loan. The higher the score, the lower the interest rate you pay on your loan.
Score below 600: A score below 600 generally indicates high risk. With such a score, it may be a little tough to secure a loan. If your score is below 600, it's best if you try to improve the score before applying for a home loan.
Score between 600 and 749: Although it's not considered a very good score but it gives you at least a chance to get the loan approved. Some lenders might approve your loan with this score after considering your income, your employment/business, etc.
Score of 750 and above: If your score is 750 or above, you are most likely to get your loan approved. Not only that, you are also most likely to secure the loan at an attractive rate of interest.

What's the benefit of having a female co-applicant?

If you are applying for a home loan with a woman as a co-applicant, you can enjoy a concessional rate of interest on your loan. The interest rate in such cases are usually around 0.05% (5 basis points) lower than the standard rates.
To avail this benefit, make sure the woman co-applicant must be either the sole owner or a joint owner of the property.

How can I improve my Credit score?

Here are some of the key factors that can help you improve your Credit score:
Pay your dues on time: You must pay all your dues on time, including your credit card bills as well as other loans you may have. Timely payments indicate your reliability when it comes to loan repayments.
Keep checking your credit report: At times, your score may get hit due to certain errors in your credit report. Keep an eye on the report and if there are any discrepancies, report to the credit bureau for correction.
Optimize the loan tenure: If you are taking a loan, try to choose a longer tenure. This will keep your EMIs low and ensure that you never default on repayments.
Maintain the right mix of loans: To have a right combination of secured and unsecured loans can also help improve your Credit score. Make sure you repay all the loans on time. This will help create a good credit history.
Avoid too many loans: You should not take on too many loans at the same time. Having too many loans may indicate high repayment risk. Additionally, if you fail to repay any of the loans, your credit score may get seriously impacted.

What is pre-EMI interest?

It's an option that allows a borrower to pay only the interest amount on the disbursed home loan until the construction of the property is completed. This means if a borrower opts for pre-EMI, he/she will not have to pay the principal amount until the property is ready for possession. Thus, once the property is ready, the pre-EMI payments will end and the EMI payments will start.
For example: A person takes a home loan with a tenure of 30 years. The construction of the property completes in 5 years. If this person opts for pre-EMI, he will have to pay the interest every month for 5 years. After 5 years, this person will start paying regular EMIs (interest + principal) for 30 years.
Who should opt for pre-EMI?
This option works best for those who are living in a rental home and, therefore, cannot afford to pay the full EMI plus the rent every month. With pre-EMI option, such borrowers will be required to pay "interest only" until the property is ready for possession.

What is the meaning of the Moratorium Period in Home Loans?

Moratorium period is that period during which you don't have to pay any EMIs on your loan. This facility is provided by lenders to help you manage your finances better and ensure that you don't have too much of a financial burden immediately after taking a loan.
For example: If a person gets a moratorium period of 3 months on their home loan, then he/she will not have to pay any EMI for the first three months after getting the loan. The EMIs on the loan will start after 3 months.

What is Pradhan Mantri Awas Yojana?

Launched in 2015, Pradhan Mantri Awas Yojana (PMAY) is a Government of India's initiative that aims to provide affordable housing for certain sections of the society. The scheme targets construction of about 20 million houses at an affordable price by 31 March 2022.
Here are some of the key objectives of this scheme:

- To promote affordable housing for the weaker sections of the society.
- To construct affordable houses in partnership with the public and private sectors.
- To rehabilitate slums with the help of private developers.

- To provide subsidies for beneficiary-led individual house construction.

What is the Procedure for Creating a Rental Agreement in Hyderabad?

Owning a home is a dream to many of us and do justice to it by renting it first and then going about buying it. However, your struggle does not get over once you get the rental flat in Hyderabad of your dreams. Actually, that's when the struggle gets starts. Now, you have to arrange for the deposit, look for packers and movers, and most importantly, have your rental agreement in place.

If you are someone new to the concept of the rental agreement, you may think it as an unimportant document. However, there have been many cases of fraud, wherein a rental agreement has saved tenants from paying a fortune. Below are some of the benefits and rights that a rental agreement offers to a tenant:

Leaves No Room For Conflict
When you are moving into a new place, you may not know how your homeowner is. Later on, you may have some kind of dispute regarding the rent and the repair. In such a case, having a legal document in place can help you keep yourself away from conflicts.
In the rental agreement, you and the landlord jointly discuss the terms and conditions. In such a case, if there is any type of difference in opinion, you can discuss and reach a middle ground. The same things are put on the rental agreement and are drafted.
Protects you from any Additional Cost
Generally, the responsibility for paying for any repair work comes to the homeowner. However, if it is not discussed prior to renting a flat, he may ask you to do so. On the contrary, when you are creating a rental agreement, there are various formats of it, which you can refer and clear all the confusion there itself.
You can have it in writing in the draft that the landlord is liable for such payments. In the future, when there is any type of repair work, you can show the bill and the landlord can reimburse it without any further discrepancy.
You have New Address Proof
You may be moving into Hyderabad to seek a job opportunity. In such a case, you have no address proof in Hyderabad. In such a case, you can simply opt for creating a rental agreement in Hyderabad and show it to your employer. This can act as address proof for you.
Besides this, if there is any type of law that applies to the citizens of Hyderabad, you can present your rental agreement to avail the benefit of it.
Need a Bank Loan? Rental agreement comes to your Rescue
If you are starting a business in Hyderabad or you need a personal loan, the primary interrogation from the bank's end will require you to submit your address proof.
In this scenario, you can hand over your rental agreement and you are one step ahead to getting your loan.

You May be Eligible for a Compensation
Some companies offer compensation to their employees on the rental home if they are new to the city. In such a case, if you do not have a rental agreement, you may miss out on the benefit.
Since the electricity bill is registered under your name, you will need a rental agreement to prove that you are staying on rent.

What is legal assistance/ legal opinion of the property?

The legal opinion is meant to favor the buyer's interest. These legal opinions can tell the buyer if the property is a worthy one or not. A good lawyer can provide the buyer with the best details of the paperwork. A competent lawyer also saves the buyer from future tangles that come with the property investment.

When should I get the property documents verified?

If you are purchasing a home or any other property, then it is important to get the documents verified. When you verify the documents, you can make sure your investment is safe and you're not getting into any scam or property fraud.

Who are these experts for consultation? Can I choose them to talk to?

They are highly experienced Lawyers with hands-on knowledge and expertise on all the key fields of Law in India. No You cannot choose them because they are chosen by Technology Algorithm based on their practice Area and experience; Nobroker ensures you to connect with the best available expert.

What's the Role of a Legal Expert?

A legal expert conducts in-depth research about the property and gathers all the information. They are responsible for searching & verifying titles, examining property records and compiling a list of mortgages, contracts and more. Hence, they ensure that the property in question is free from any kind of legal obligations.

What documents are verified in the Property Verification process?

There are various documents that these experts verify during the verification process. Some of the most common documents include:

-Agreement to Sell.

-Conveyance Deed.
-Power of Attorney.
-Will .
-Relinquishment Deed.
-Partition Deed.
-Mutation Details.

Technical documents like Approved Building Plan / Building plan sanctioned by the Statutory Authority, Approved plan of construction / extension & license for construction, Detailed cost estimate/valuation report from Chartered Engineer/Architect, Sanctioned Layout Approval plan Khata Certificate(For bangalore), Extracts, Commencement & Occupancy Certificates. Tax Paid Receipts, NOC from Society/Association, No-due certificate from the building association

Government approvals like RTC Extracts, Mutations, Joint Development Agreements, Approvals from Electricity, Pollution Control Board, Water Works & Airport Authority, Agreements between Builder & 1st Owner

Why is a property report required?

When you decide to purchase a house or land, you need to make sure that real estate is free from any defects. A property verification report gives a buyer the confidence that he/she is undertaking a transaction with a genuine party with the genuine property. So some of the benefits of a property verification report are:

-A safe investment in property.

-No fear of any hidden litigation or loan on the property.
-Peace of mind at the convenience of your home.
-Transect with complete confidence.

Technical documents like Approved Building Plan / Building plan sanctioned by the Statutory Authority, Approved plan of construction / extension & license for construction, Detailed cost estimate/valuation report from Chartered Engineer/Architect, Sanctioned Layout Approval plan Khata Certificate(For bangalore), Extracts, Commencement & Occupancy Certificates. Tax Paid Receipts, NOC from Society/Association, No-due certificate from the building association

Government approvals like RTC Extracts, Mutations, Joint Development Agreements, Approvals from Electricity, Pollution Control Board, Water Works & Airport Authority, Agreements between Builder & 1st Owner

How long does property verification take?

It usually takes around 6 to 7 working days to verify all the documents and prepare a final report. Once the final report is ready, you will get a call from the lawyer where he/she will walk you through all the findings and answer your doubts (if any).

How is the stamp duty on Property Registration calculated in India?

The stamp duty is the fee charged by the state governments to validate your property registration. This duty is calculated as a percentage of the property's value. In India, the stamp duty charged is generally in the range of 5%-7% of property's value. Also, in some states, women property owners get concessions on stamp duty. For example: In Delhi, if the owner is a woman, the stamp duty is just 4%, as compared to 6% if the owner is a man.

How much does Property Registration cost?

The cost of property registration includes stamp duty and the registration fee. Both the charges are calculated based on the value of your property. Also, the charges may vary from state to state.

Can I do registration in 2 days?

No sir, it is not possible to register the property within 2 days because until you pay the stamp duty charges, once you get the E challan at SRO, you will not get a slot to register the property.

When should I pay stamp duty? Will you help on stamp duty?

Generally before 2 to 3 days of your property registration you have to pay these stamp duty charges, Yes our legal advocate will help you to to pay the stamp duty charges.

What are Home Loan eligibility criteria?

Home loan eligibility differs across lending institutions and loan schemes. However, a common set of housing loan eligibility criteria is given below :

- Nationality: Indian Residents and Non-Resident Indians (NRIs), Person of Indian Origin (PIO)
- Credit Score: Preferably 750 and above
- Age Limit: 18 - 70 years
- Work Experience: At least 2 years (for salaried)
- Business Continuity: At least 3 years (for self-employed)
- Minimum Salary: At least Rs. 25,000 per month
- Loan Amount: Up to 95% of property value

Your home loan eligibility also depends on the type of property you are buying and the location of the property.

What are Home Loan Fees and charges?

NoBroker Home Loan offers free of cost end to end service with a dedicated field relationship manager at your doorstep to assist you. However, depending on the type of loan you are applying for, the lending partners may levy the following charges:

- Processing fees : This is a one-time non-refundable fee that is to be paid to the home loan provider after the loan application has been approved. The processing charge varies depending on the bank and the loan scheme you are applying for
- Prepayment charges : Prepayment penalty is the fee you will have to pay the lender if you plan on repaying your home loan before the completion of the loan tenure.
- Conversion fees : Some banks also charge a conversion fee when you decide to switch to a different loan scheme in order to lower the interest rate associated with your current scheme.
- Legal Fee : It is usually included in the processing fee but some lenders charge it separately when they engage firms to scrutinize borrowers' legal documents.
- Home insurance : The premium should be paid directly to the concerned company during the term to ensure that the insurance policy is running during the home loan tenure.
- Statutory/regulatory charges : The fee includes all charges associated with Central Registry of Securitisation Asset Reconstruction and Security Interest of India (CERSAI), Memorandum of Entry and Deposit, and stamp duty. You can visit www.cersai.org.in to know more about these charges.
- Franking Fee : Commonly referred to as stamp duty fee is a tax levied by the state government on any form of monetary transaction involving the transfer of rights of a property. The amount varies from one state to another and depends on state laws, type of property, etc.

* These are some of the main charges which the Banks might charge a customer going for a Home Loan. There might be some additional charges specific to each banking institution and should be paid directly to the banks themselves.

How to apply for Home Loan at NoBroker?

At Nobroker.com, you can check your eligibility and apply for home loan offers in three simple steps:

Step 1 : Enter your phone/email as well as the details related to your loan needs and validate with OTP

Step 2 : Enter your personal details to provide you best suited offer for your profile

Step 3 : Select a loan offer and submit. After successfully receiving your application, our Loan Experts will process your file explain the rates, processing fee, eligible loan amount and will schedule an appointment for document collection.

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What is a Home Loan balance transfer?

A home loan balance transfer refers to transferring the outstanding home loan amount from one lender to another in order to avail of lower interest rates and additional benefits like better terms or top-up home loans.

When should you consider Home Loan balance transfer?

If you are paying higher interest than the market rates then you may consider home loan balance transfer.

Can I get a top-up loan at the time of balance transfer?

Yes, based on your eligibility you can get a top-up at the time of balance transfer, without any extra documentation.

Can I extend tenure at the time of home loan balance transfer?

Yes, you get the flexibility of choosing your Home Loan repayment tenure at the time of balance transfer.

What is legal assistance/ legal opinion of the property?

The legal opinion is meant to favor the buyer's interest. These legal opinions can tell the buyer if the property is a worthy one or not. A good lawyer can provide the buyer with the best details of the paperwork. A competent lawyer also saves the buyer from future tangles that come with the property investment.

When should I get the property documents verified?

If you are purchasing a home or any other property, then it is important to get the documents verified. When you verify the documents, you can make sure your investment is safe and you're not getting into any scam or property fraud.

Who are these experts for consultation? Can I choose them to talk to?

They are highly experienced Lawyers with hands-on knowledge and expertise on all the key fields of Law in India. No You cannot choose them because they are chosen by Technology Algorithm based on their practice Area and experience; Nobroker ensures you to connect with the best available expert.

What's the Role of a Legal Expert?

A legal expert conducts in-depth research about the property and gathers all the information. They are responsible for searching & verifying titles, examining property records and compiling a list of mortgages, contracts and more. Hence, they ensure that the property in question is free from any kind of legal obligations.

What documents are verified in the Property Verification process?

There are various documents that these experts verify during the verification process. Some of the most common documents include:

-Agreement to Sell.

-Conveyance Deed.
-Power of Attorney.
-Will .
-Relinquishment Deed.
-Partition Deed.
-Mutation Details.

Technical documents like Approved Building Plan / Building plan sanctioned by the Statutory Authority, Approved plan of construction / extension & license for construction, Detailed cost estimate/valuation report from Chartered Engineer/Architect, Sanctioned Layout Approval plan Khata Certificate(For bangalore), Extracts, Commencement & Occupancy Certificates. Tax Paid Receipts, NOC from Society/Association, No-due certificate from the building association
Government approvals like RTC Extracts, Mutations, Joint Development Agreements, Approvals from Electricity, Pollution Control Board, Water Works & Airport Authority, Agreements between Builder & 1st Owner

Why is a property report required?

When you decide to purchase a house or land, you need to make sure that real estate is free from any defects. A property verification report gives a buyer the confidence that he/she is undertaking a transaction with a genuine party with the genuine property. So some of the benefits of a property verification report are:

-A safe investment in property.

-No fear of any hidden litigation or loan on the property.
-Peace of mind at the convenience of your home.
-Transect with complete confidence.

Technical documents like Approved Building Plan / Building plan sanctioned by the Statutory Authority, Approved plan of construction / extension & license for construction, Detailed cost estimate/valuation report from Chartered Engineer/Architect, Sanctioned Layout Approval plan Khata Certificate(For bangalore), Extracts, Commencement & Occupancy Certificates. Tax Paid Receipts, NOC from Society/Association, No-due certificate from the building association

Government approvals like RTC Extracts, Mutations, Joint Development Agreements, Approvals from Electricity, Pollution Control Board, Water Works & Airport Authority, Agreements between Builder & 1st Owner

How long does property verification take?

It usually takes around 6 to 7 working days to verify all the documents and prepare a final report. Once the final report is ready, you will get a call from the lawyer where he/she will walk you through all the findings and answer your doubts (if any).

How is the stamp duty on Property Registration calculated in India?

The stamp duty is the fee charged by the state governments to validate your property registration. This duty is calculated as a percentage of the property's value. In India, the stamp duty charged is generally in the range of 5%-7% of property's value. Also, in some states, women property owners get concessions on stamp duty. For example: In Delhi, if the owner is a woman, the stamp duty is just 4%, as compared to 6% if the owner is a man.

How much does Property Registration cost?

The cost of property registration includes stamp duty and the registration fee. Both the charges are calculated based on the value of your property. Also, the charges may vary from state to state.

Can I do registration in 2 days?

No sir, it is not possible to register the property within 2 days because until you pay the stamp duty charges, once you get the E challan at SRO, you will not get a slot to register the property.

When should I pay stamp duty? Will you help on stamp duty?

Generally before 2 to 3 days of your property registration you have to pay these stamp duty charges, Yes our legal advocate will help you to to pay the stamp duty charges.

What is the best investment for NRI in India?

There are many investment opportunities for NRIs in India such as –

- Direct Equity
- Mutual Funds

- Fixed Deposit
- National Pension Scheme
- Public Provident Fund
- Real Estate.

Of these options, Real Estate is considered most stable and a more rewarding form of investment in India.

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Can a foreigner buy property in India?

No, any person who is not of Indian origin and who resides outside India cannot purchase immovable property in India. The only exception is if they acquire the property by way of inheritance from a person who was a resident in India.

Unless they reside in India for 183 days in a financial year, it is not legal for foreigners to own property in India. Foreigners can't buy property using a tourist visa and a tourist visa will allow them to stay for only 180 days.

A foreigner also can't buy a property jointly, one eligible person with one non-eligible person can't buy property in India.

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How much tax do I pay on the sale of property in India?

If you sell your property within 3 years of acquiring it, it's considered to be a short-term capital gain. If you sell the property anytime after 3 years, it is considered to be a long-term capital gain.

Long term capital gains tax is 20% plus a cess of 3%. The short-term capital gains tax is taxed by including the short-term capital gain along with the total income for the individual and taxed per the applicable slab rate.

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How can I avoid capital gains tax on property sales in India?

The best way to save on capital gains tax is by following what is mentioned under Section 54. Here, it says you can avoid paying tax on long-term capital gains if you reinvest the money you get by buying another property. You will need to buy the new property either one year before or two years after the sale of the old property. The other catch is you can't transfer the newly purchased property within three years of buying it.

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How can I save taxes when I sell my house?

If you want to reinvest the gains you made, then you can follow Section 54. If you do not want to reinvest in property, then you will need to look into section 54EC, this section allows an exemption if the capital gain amount is invested in certain specified bonds. These 54EC bonds are issued by the National Highway Authority of India, Rural Electrification Corporation, and so on.

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Can OCI buy property in India?

If you have an Overseas Citizenship of India, then you can buy ONLY residential and commercial property in India. You will not be allowed to buy agricultural land/plantation property or even a farmhouse in India.

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How many properties NRI can buy in India?

An NRI can buy any number of residential or commercial properties in India there is no limit on this. An NRI, however, can't purchase any agricultural land or plantation land.

What is Carpet Area?

As per Real Estate (Regulation and Development) Act, 2016, “Carpet Area” means the net usable floor area of an apartment, excluding the area covered by the external walls, areas under service shafts, exclusive balcony or veranda area and exclusive open terrace area, but includes the area covered by the internal partition walls of the apartment.

Why is it considered necessary to register Agreement for Sale? What is the purpose of registration?

The Registration Act, 1908, the Transfer of Property Act, 1882 and the Real Estate (Regulation and Development) Act, 2016 mandates the registration of an agreement for sale of an immovable property. By registering the agreement for sale of an immovable property, it becomes a permanent public record. Further, a person is considered as the legal owner of an immovable property only after he gets such property registered in his name.

I have a flat which I want to sell and buy a new flat, bigger in area. What are my tax implications with regard to capital gains?

Capital Gains are exempt if a person purchases a new flat within two years of the date of sale of the original flat and invests the entire amount of capital gained into the new flat. However, the same is subject to the provisions of the Income Tax Act, 1961. Customers are requested to consult his/her Chartered Accountant in this regard.

Buying Tips

The first step towards buying a property starts from being able to identify the one that suits your needs and fits your budget. With best rates and best quality homes, Godrej Properties offers you a perfect home. However, it is important to select the property depending on the following criteria:

Parameter	Questions
PROJECT	

Location of Project	Where is the Project located?
Developer	Does the Developer have a good reputation in the market?
RERA Registration	In case of new and ongoing projects, whether the project has obtained RERA registration
Title	All buyers should examine the Developer's title to the land on which the Project is being constructed.

Approvals	Whether all approvals are in place with respect to the Project
Residential/Commercial	Whether the Project is a residential or commercial, or comprises of both?
Amenities	What are the amenities that the Developer is offering in the Project?
Under construction/ completed Project	Whether the Project is an under construction or a ready possession Project?

Encumbrances/Litigation	Whether there are any encumbrances/ litigation with respect to land on which the Project is being constructed?

Connectivity from the location of the Project	How far is your office from the desired location? Where is the nearest market, school? Are buses/trains easily available from the location? Are Hospital/ Medical services available easily from the location?
FLAT/APARTMENT/UNIT	

Carpet Area, Type of Flat/Apartment/Units	What is the Carpet Area of the Flat/ Apartment/Unit? What are the types of Flats/ Apartments/Units available in the Project?

Payment Plans/ Schemes	What is the Payment Plan for the sale consideration towards the Flat/Apartment/Unit? What are payment schemes offered by the Developer? Which banks are associated with the Project?
Affordability	Does the Flat/Apartment/Unit fit in your budget?

Possession Date	In case of ongoing/ new projects, when will the possession of the Flat/Apartment/Unit be given by the Developer?
Availability of water and electricity	Is there a steady supply of both?
Society expenses	Is the monthly outgo on the society and maintenance a strain on your budget?

Security	Are the security systems in place like a professional guard or electronic systems?
Parking	Is parking facility available in the Project?

In case of a ready/resale property, you need to bear the following additional points in mind while selecting a property

Parameter	Questions to be asked

Chain of title	It is important to have all the proper registered documents from the proposed seller that declares his ownership. These documents are important for you to garner a loan from the bank.
Maintenance	Check the internal as well as the external condition of the building.
Water leakages	A flat with water leakages should be repaired as it can adversely impact the overall condition of the building.

Condition of the flat/apartment/unit	Is the paint peeling off or concrete crumbling?
Occupation Certificate	Whether the building/tower in which the flat/apartment/unit is located has received occupancy certificate.
Society transfer charges	What are to society transfer charges, in case they are too high then you need to consider that in your budget.

The Real Estate (Regulation and Development) Act, 2016 paves way for empowering all stakeholders engaged in the business and consumption of Real Estate, be it consumers, Real Estate Developers, and Real Estate agents amongst others. All commercial and residential real estate including plots, apartments, shops, offices and other such properties are covered under the Act. While consumer interest seems to have been finally addressed by the adoption of the Act, it can’t be ignored that the Government has codified best practices for the first time in this sector and these will go a long way in defining growth from here on.

A few of the overarching themes in the Act are as follows –

1. Regulatory oversight on real estate developers and real estate agents
2. Purchaser’s rights and duties
3. Real estate developers’ function, duties and obligations
4. Real estate agent’s duties and functions

5. Dispute resolution

The Real Estate (Regulations and Development) Act, 2016 and the rules formulated by the State Governments have set up a much needed framework that will not only empower the consumer but also make the industry more competitive and organized.

Below is a list of FAQs pertaining to the Act.

Definitions often used terms in the following FAQs -

Consumer/Buyer: A person who has booked/agreed to purchase for a consideration plot(s), apartment(s), or building(s) from a Real Estate Developer.

Real Estate Developer/Promoter: A person who develops and/or constructs building(s) or a township consisting of residential apartments and/or commercial complexes on an independently or a jointly-owned land, which are partially or completely sold to the consumers. However, a consumer does not include a consumer who has bought goods or who has availed services for commercial purposes.

Project: A Real Estate project undertaken by a real estate developer comprising of apartment(s), unit(s), building(s), wing(s), plot(s) for residential or commercial purposes or both with certain amenities and facilities for the use of the purchaser as specified in their agreement for sale.

Real Estate Agent: A Real Estate agent commonly referred to as brokers or channel partners or property dealers, is a person who is registered with the RERA authorities and the real estate developer. Such Real Estate Agent facilitates the sale or purchase, or acts on behalf of any person to facilitate the sale or purchase of any plot, apartment, unit or building, as the case may be, in a registered real estate project and receives remuneration/fees/ any other charges as commission/brokerage from the real estate developer.

Unit: A single apartment, shop or an office which is a part of a building or township being developed.

Carpet Area: Means the net usable floor area of an apartment, excluding the area covered by the external walls, areas under service shafts, exclusive balcony or veranda area and exclusive open terrace area, but includes the area covered by the internal partition walls of the apartment.

What is Real Estate (Regulation and Development) Act, 2016?

The Real Estate (Regulation and Development) Act, 2016 **("the Act")** is an umbrella legislation designed to provide a framework for both Central and State Government. The Act is a Government of India initiative to bring about the much needed transparency and order in real estate related transactions by creating a systematic and a uniform regulatory environment, thereby protecting consumer interest and making real estate developers accountable for timely completion of projects. The Act paves the way for setting up of Real Estate Regulatory Authority **("Authority")** at every State for regulation and promotion of real estate sector while promoting transparency and equity in real estate transactions.

What was the need for setting up Authority?

a. The real estate sector has grown in the recent years but has largely been unregulated from the perspective of consumer protection. Though, consumer protection laws are available, the recourse available therein is only curative, but not preventive. This has affected the overall potential growth of the sector due to the absence of professionalism and standardization.

b. The functions of the Authority includes promotion of real estate sector, advocacy by creating awareness, imparting training about laws relating to the real estate sector and policies, regulating and registering real estate developers and agents, maintaining website, ensuring compliance of obligations cast upon real estate developers and other such functions provided under the Act and State Rules.

c. The Act brings stakeholders like consumers, real estate developers and the real estate agents- under the purview of the Authority in order to ensure compliance of the Act by the stakeholders. The Act empowers the States to introduce its own rules to accommodate the need of its own unique geographies without diluting the provisions of the Act. The Act also provides for appropriate Government of two or more States or Union Territories (UTs) to establish single Authority.

Which projects are exempted from the ambit of the Act?

As per the relevant provisions of the Act, the following projects do not require registration under the Act:

a. Where area of the land proposed to be developed does not exceed five hundred square meters, or the number of apartments proposed to be developed does not exceed eight inclusive of all phases:
Provided that, the appropriate Government considers it necessary, it may, reduce the threshold below five hundred square meters or eight apartments, as the case may be, inclusive of all phases, for exemption from registration under the Act.

b. Where the real estate developer has received completion certificate for a real estate project prior to commencement of the Act.

c. For the purpose of renovation or repair or re-development which does not involve marketing, advertising selling or new allotment of any apartment, plot or building, as the case may be, under the real estate project.

What are the obligations, functions and responsibilities of a real estate developer as stated in the Act?

The following are few of the obligations, functions and responsibilities of a real estate developer:

a. Register its project with the concerned Authority and obtain a valid registration number for each of its projects.

b. Real estate developers are not permitted to market, advertise, offer, invite, book or sell any plot, apartment or building in any real estate project in any planning area without registering the real estate project with the concerned Authority.

c. The real estate developer is required to submit all documents related to the project, which is considered necessary by the Authority.

d. Agreement between the developer and the buyer/consumer to be registered under the Registration Act, 1908 before exceeding 10% of the sale consideration.

e. The real estate developer must deposit 70% of the amount or such other percent as provided under the Act or the rules, received from the consumers in a separate account from time to time and the real estate developer will be able to withdraw the amounts in accordance to the procedure provided under the Act.

f. Adhere to the project plan at all times.

g. To repair structural defects if any, as defined and provided under the Act.

h. Enable the formation of an association or society or co-operative society, as the case may be, of the buyers/consumers or a federation of the same under the applicable laws.

The Act has mandated real estate developers to specify ‘carpet area’ rather than ‘super built-up area’. How will that help?

To ensure that the consumer knows what he is paying for, it has been made mandatory for the real estate developer to specify the carpet area. Carpet area refers to the net usable floor area of an apartment, excluding the area covered by the external walls, areas under service shafts, exclusive balcony or veranda area and exclusive open terrace area, but includes the area covered by the internal partition walls of the apartment. The Act thereby enacts a straightforward definition to be adopted across the country.

On what grounds can the registration of real estate agent be revoked by the Authority?

The Authority may revoke the registration of the real estate agent in case of breach of any of the conditions laid down by the Act is committed by a real estate agent or the Authority is satisfied that the registration has been secured by the real estate agent through misrepresentation or fraud, breach of any terms and conditions of the Act, and any sort of unfair practice can cause the registration of the real estate agent to be revoked; but not before the real estate agent is given a chance to be heard. The Act makes it tougher for the real estate agents to conduct business in an unprofessional manner and in a way prompts them to adopt ethical means of dealing with consumers.

What are the novel measures taken to secure consumer interest and empower him?

a. The consumer is entitled to receive information about the sanctioned plan, layout plan as approved by the competent authority, stage-wise time schedule of the project completion and the services promised by the real estate developer. After receiving the physical possession of the unit, the consumer has the right to obtain the necessary documents.

b. The consumers can claim possession of the unit and the association of consumers can collectively claim possession of the common areas as declared by the real estate developer as per the provisions prescribed under the Act.

c. If the real estate developer fails to meet the timeline or does not deliver what was promised, the consumer has the right to claim refund of amount paid along with prescribed interest for the same. Also, consumers/buyers will have to be updated about project progress, sales and construction status by the real estate developer.

What are the responsibilities of a consumer?

a. It is mandatory for a consumer to make timely payments to the real estate developer as per the registered agreement for sale. He will also have to pay stamp duty and registration charges along with his share of taxes including but not limited to goods and services tax, maintenance charges, electricity charges, water supply charges, and any other applicable charges, taxes, duties, levies, etc. from time to time.

b. Once the occupancy certificate is issued to the real estate developer by the statutory authority, the consumer is required to take possession within the timelines prescribed under the Act.

c. If the consumer is not able to make timely payments for his purchase, he/she is required to pay interest at the rate prescribed by the competent authority/Government from time to time.

d. It is compulsory for a consumer to exhibit active participation in the formation of an association, a co-operative society, or any federation of consumers.

e. A consumer shall participate towards the registration of the conveyance deed of the unit.

What actions are taken by the Authority after the registration of any real estate developer is revoked? How will the project be completed then?

The Authority may instead of revoking the registration, permit it to remain in force subject to such further terms and conditions as it thinks fit to impose in the interest of the buyers/consumers and any such terms and conditions so imposed shall be binding upon the real estate developer.

Further, in case of revocation of registration, the Authority,

a. Shall debar the real estate developer from accessing the website for the project in which he has defaulted and list him under the defaulters list and also inform Authority in other States and UTs.

b. Shall facilitate the remaining development works to be carried out in accordance with the provisions of the Act.

c. Shall direct the bank to freeze the bank account for the particular project and consequently de-freeze it to facilitate further development of project in terms of the Act.

d. May, to protect the interest of buyers/consumers or in the public interest, issue such directions as it may deem necessary.

At times, getting a home loan to buy a new property can be a daunting task. To make the process easier, we have compiled a comprehensive guide to make the journey of buying a home completely hassle-free.

Home Loans for New Borrowers:

If you have been planning to buy a home for quite some time now, this is the most appropriate time to buy one. Though the interest rates are rising, but the rise may be quite steep in the near future. Thus, all you new home aspirants don't wait. In case you want to opt for a home loan to buy your dream home, the best thing to do now is to take the teaser loan being offered by some of the banks.

These involve fixed EMIs for the initial 13 to 36 months, depending on the bank.Earlier, many banks were offering teaser loans, but most of the banks have discontinued offering them in the recent past.

Other popular home loan products include Floating and Fixed home loan interest rates. As the name suggests, Floating rates fluctuate in accordance with base rates or the BPLR (whatever the case maybe). As far as fixed home loan interest rate products go, you can avail of two types - fixed for the entire tenure or fixed for a certain period of time.But if the interest rate is fixed for the entire tenure of the loan, then the EMI of your housing loan will be fixed for the entire tenure of the loan. But in case the interest rate is fixed only for a specific tenure say 5 years, the bank can change its interest rate every 5 years.

Home Loans for Existing Borrowers:

If you are an existing home loan borrower with a good track record, you may consider shifting to a teaser rate scheme. The time and effort you will devote on shifting your existing loan to the new teaser home loan will definitely be worth it. Along with that, the first thing to do is to shift from the old BPLR system to the new base rate regime, which is not automatically applicable to the existing users and requires a separate application. For this you will have to lodge an application with the concerned bank. The banks will change the base rate, and this system of setting up the base rate is more transparent than the system of fixing up BPLR. Thus consider converting your existing home loan to a base rate system which will be much more beneficial to you than to stay in the old BPLR system.

Home Loan Application Process:

From applying for a home loan to getting it approved, involves various stages:

Step 1: Filling the application form

Step 2: Personal discussion

Step 3: Bank's Field Investigation

Step 4: Credit appraisal by the bank and loan sanction

Step 5: Offer letter

Step 6: Submission of legal documents & legal check

Step 7: Technical / Valuation check

Step 8: Valuation

Step 9: Registration of property documents

Step 10: Signing of agreements and submitting post-dated cheques

Step 11: Disbursement

Applying for a loan:

Filling up the application form is the first step. The type of the application form may differ from bank to bank, but nearly 80 percent of the information they need is similar. Most of this is basically your personal and professional information, details of your financial assets and liabilities and the details of the property (if finalized) including the estimated cost and the means of financing the same.

Documents to submit:

While submitting the application form, every bank asks for several documents. Most banks these days offer doorstep service, however, some banks still insist on a personal visit to their office at least once.

1. **Proof of income:**

   This needs to be backed up by copies of last three years' Income Tax returns (along with copies of Computation of Income/Annual accounts, if any), Form 16/Form 16A, last three months' salary slips, copies of the last six months' statements of all your active bank accounts in which your salary/business income details are reflected, etc. Other documents that you need to provide with your application form include age proof, address proof and identification proof. You may also be asked to provide your employment details.

2. **Age proof:**

   Copy of your school leaving certificate/Driver’s license/Passport/Ration card/PAN card/Election Commission's card/etc.

3. **Address proof:**

   Similar documents need to be provided to prove that you are actually staying at your current address.

4. **Identification proof:**

   Same as above, but with photograph. Sometimes, the same document if it contains a photograph, the current residential address and the age can be used.

5. **Your employment details:**

   If your company is not well-known, then a short summary about the nature of the company, its business lines, its main customers, its competitors, number of offices, number of employees, turnover, profit, etc may be needed. Usually, the company profile that is available on the standard website of the company is sufficient.

6. **Financial check:**

   All the income-related documents you submit serve a specific purpose. The lending institution uses them to study your financial status.

The bank statements you submit are scrutinized for:

1. **Level of activity**

   In the case of self-employed individuals, this gives a very good clue about the extent of business activities.

2. **Average bank balance**

   A cursory glance at the average bank balances maintained in a savings bank account speaks volumes about the spending/saving habits of any individual.

3. **Cheque returns**

   A small charge debited by your bank in the statement indicates that a cheque issued by you was returned by your bank. Many such cheque returns can have a negative impact on your loan sanction.

4. **Cheque bounces**

   If cheques deposited by you are returned by the issuer's bank, they will be visible in your bank statement and again, banks have specific norms as to how many such returns are acceptable in a period of one year.

5. **Regular periodic payments**

   The existence of periodic payments to other finance companies/banks etc.

indicate an existing liability and you will need to provide full details to the lender.

6. **Your investments also come under the scanner.**
   This helps the bank to estimate your ability to pay the down payment as well as your savings habit.

Processing Fee:

Along with the application form and the credit documents, banks ask for a processing fee. This fee varies from bank to bank, but is usually around 0.25% to 0.50% of the total loan amount. For instance, if you take a loan of Rs. 10 lakh, you will have to pay around Rs. 2,500 to Rs. 5,000 as processing fee. The agent dealing with you earns a commission from the bank, which to some extent is also affected by the amount of fees paid by you.

Most banks have flexible fee structures, and it is advisable that you negotiate hard to find out the bank's minimum possible fees though it is unlikely that a bank will agree to provide a loan without any upfront fee at all. Some banks have zero upfront fee loans, but that advantage may be negated as their other charges such as "legal charges" and "stamp duty" are normally higher. This fee is collected to maintain your loan account, and includes work like sending Income Tax certificates every year, maintaining post-dated cheques, etc.

Quick Tips:

1. **When applying for a loan, it will help to keep copies of your income proof handy:**
   For self-employed persons, if the income has increased dramatically in the past year, have your explanation ready as to why you think this is a permanent increase in your income rather than just a one-off aberration which might be reversed in later years. If the bank is convinced with your

explanation, then the loan eligibility can be considered in relation to the latest income rather than considering the much lower average income.

2. **Face to face personal discussion:**

   After you've formally and successfully completed the application process, all you have to do is wait till the home finance institution evaluates your papers. The wait normally lasts only a day or two or sometimes even less. However, some banks insist on meeting you after receiving the application form, and before the loan sanction. This is to gather more details about you that may not be mentioned in the application form and to reassure them of your repayment capacity. Again, this stage is insisted upon only in very few cases these days.

   While going for the personal discussion, carry all the original documents pertaining to the information provided on the application form for the personal discussion. Avoid submitting any fake documents and do not provide any incorrect financial information: banks process home loans only after they are convinced about your credentials.

3. **Field Investigation:**

   Thousands of people apply for loans every day. And however eager a bank is to complete its targets, every loan is a risk. So, it is only natural that it confirms or validates the details you provide. The bank checks all your information including your existing residential address, your place of employment, employer credentials (if you are employed in a small organization), residence and work telephone numbers. Representatives are sent to your workplace or residence to verify the details.

Even the references you have provided in the application form are verified. While this may seem invasive, banks are forced to undertake validation in the absence of any credit bureau. Once your credentials are validated, it helps establish trust between you and the bank.

The address and telephone number verification work is usually outsourced to small firms as the ability of the representatives is often uneven. Hence, interaction with them may not always be smooth. When the validation process starts, expect to reschedule some of your other work for being available to furnish the details required.

4. **Credit appraisal and loan sanction - Getting the nod:**

   This is the make-or-break stage. If the bank is not convinced about your credentials, your application may get rejected. If it is satisfied, your loan is sanctioned.

   The bank or the home financier establishes your repayment capacity based on your income, age, qualifications, experience, employer, nature of business (if self-employed), etc., and based on these, works out your maximum loan eligibility, and the final loan amount is communicated to you. The bank then issues a sanction letter. This letter may either be an unconditional letter, or may have certain terms and conditions mentioned, which you have to fulfill before the loan disbursement.

Final loan amount and your loan eligibility are two different things. Once you know what you are eligible to get, you can decide on the loan amount. Just because you are eligible for a huge sum does not mean you should borrow heavily. The sanction letter is an important piece of document and you should keep it safely.

5. **Offer letter:**

   Once the loan is sanctioned, the bank sends you an offer letter mentioning the following details:

   1. Loan amount
   2. Rate of Interest
   3. Whether fixed or variable rate of interest linked to a reference rate
   4. Tenure of the loan
   5. Mode of repayment
   6. If the loan is under some special scheme, then the details of the scheme
   7. General terms and conditions of the loan

8. Special conditions, if any

Acceptance copy

If you agree with what is mentioned in the offer letter from the bank, you will have to sign a duplicate letter of the same for the bank's records. Earlier, banks used to charge administrative fees along with the offer letter. However, with rising competition, administrative fees have virtually disappeared from the home loan market.

Check if the rate of interest mentioned and the loan amount on the letter is the same that was discussed and agreed upon. Home loan rate of interests can be negotiated, use the fact to your advantage.

1. **The legal angle - Property and papers**:

   Now, the focus of the bank's activities shifts from you to the property you intend to buy. Once you select your property, you need to hand over the entire set of original documents pertaining to your property to the bank so that it can keep them as security for the loan amount given to you. These normally include:

1. The title documents of your seller, which prove the seller's title including the chain of title documents if s/he is not the first owner.

2. NOCs from the legal owners such as cooperative housing societies, statutory development authorities, the lessor of the land in the case of leasehold land, etc. NOCs are not required where the property is situated on freehold land and the entire land is being transferred along with the structure.

3. These documents remain in the bank's custody until the loan is fully repaid.

Legal check:

Every bank conducts a legal check on your documents to validate their authenticity. Even the draft sale documents that you will be entering into with your seller will be scrutinized.

The documents are sent to a lawyer on their panel (either in-house or outsourced) for a thorough scrutiny. The lawyer's report either gives a go-ahead if documents are clear, or it may ask for a further set of documents. In the latter case, you are expected to hand over the additional documents to the bank for a clear title.

So, if a bank decides to disburse your housing loan, you can safely assume that your property documents are clear and the transaction is safe. Sometimes the bank may ask you to pay for the legal verification. However, most banks cover the costs in the upfront (processing) fee that you pay. Property documentation in India is non-standard and, in certain cases, non-transparent. Hence, it helps to buy property from a reputed developer since they know the process inside out, and keep all the documents ready. Due to the heavy transfer charges on sale of property and/or very heavy stamp duties, some people conduct sale of property by showing "lower consideration" than agreed for, with the balance being paid either on an amenities agreement or in cash. Also the concept of sale by executing "irrevocable power of attorney" has gained ground especially in the National Capital Region. All this could restrict the choice of your lenders and may therefore increase the cost of the loan, which you might want to keep in mind while finalizing such properties.

1. **Technical / Valuation check - Making Double Sure:**

   Banks are extremely careful about the property they plan to finance. They send an expert to visit the premises you intend to purchase. This expert could either be a bank employee or s/he could belong to a firm of architects or civil engineers.

Site visit:

The site visits to your property are conducted to verify the following:

In case of under construction property:

1. Stage of construction is the same as that mentioned in the payment notice given to you by the builder.
2. Quality of construction.
3. Satisfactory progress of work.
4. Layout of flats and area of the property is within permissions granted by the governing authority.
5. The builder has the requisite certificates to start construction at the site. Valuation of the property in relation to other deals in the surrounding areas.

2. **Site visit:**

The site visits to your property are conducted to verify the following:

In case of under construction property is ready/resale construction :

1. External / internal maintenance of the property.

2. The age of the building.

3. Will the building last the loan tenure- This has a direct bearing on your loan eligibility, since the loan tenure will be restricted to the maximum age of the property as decided by the bank's engineer and this will impact your loan eligibility.

4. Quality of construction.

5. Surrounding area (development).

6. Whether the builder has received the requisite certificates for handing over possession of the flat.

7. There is no existing lien or mortgage on the property.

8. Valuation of the property in relation to other deals in the surrounding areas.

9. These inspections are carried out to protect consumer interests in terms of construction quality, adherence to local laws, approved building plans, etc. A technical inspection also lets the bank

understand the progress of construction so as to release the staggered disbursements.

3.

Quick tip

Do not circumvent or skip this stage and ensure that it is completed as early as possible. As a buyer, it gives you confidence that your property has been inspected by experts and that you are buying an asset that is legally clear and technically sound. The fee for this service, like the legal check, may either be absorbed into your upfront fee or be charged separately by the Bank.

Valuation - A Reality check:

Since housing loans are cheaper than other loans, there have been cases where individuals have shown purchase of properties from related entities at inflated prices to obtain loans at a cheaper rate.

Since the risk associated with the diversion of funds is higher than if the loan was used for genuine purposes, banks carry out an independent valuation to find out whether the transaction is in line with the existing market price of the area.

Valuation has become a key parameter in determining the loan amount that can be sanctioned by the bank. The valuation process is quite subjective and depends on the quality and ability of the person sent by the bank for valuation.

Valuation of real estate as a profession is still in its infancy in India and is still non-standardized. In many cases, the valuer determines the value of the property at an amount that is lower than the documented cost of the property and this would result in the loan amount being lowered, since the bank funds a certain percentage of the cost or valuation of the property, whichever is lower.

This practice has led to severe consumer issues in an increasing number of cases, as the valuation is normally done only after the consumer takes a sanction (by paying a fee) and after identifying and committing to buy the property.

The valuation issue rarely arises when a property is purchased through a reputed builder directly or if the property is pre-approved. In both the cases, the banks would have already completed the valuation and therefore, you can safely assume that there is no difference between the documented cost of the property and the bank's valuation amount.

Some banks will charge a special fee to cover these costs or may ask you to pay the valuer directly, though for most banks, the upfront fee covers these fees as well.

Approach banks which are willing to do the valuation even before the sanction process and before you pay any fee to the bank.

Registration: Sealing the deal

After the legal and technical / valuation check, the draft documents as cleared by the lawyer need to be finalized and signed and the stamping and registration of the documents need to be done. Also, if any NOCs are pending, these need to be obtained in the format approved by the bank's lawyer.

Signing the home loan agreement- In black & white:

All borrowers need to sign the home loan agreement. You also need to submit post-dated cheques for the first 36 months (if that is the agreed mode of repayment). The original property documents have to be handed over to the bank at this stage. Some banks also create a document recording the handing over of the property documents to them as security for the due repayment of the home loan.

This document is also called a memorandum of entry and attracts significant stamp duty depending on the amount of the loan in some states. The stamp duty payable on such a memorandum is naturally recovered from you.

Not all banks create this memorandum and hence the stamp duty may or may not be payable, depending on the practice of the specific bank. However, even where no such memorandum of entry is created, the State Government concerned may, in the future, demand a stamp duty on the loan transaction, which naturally is recoverable from you as per the home loan agreement signed by you.

Disbursement:

After the bank has ensured that the property is legally and technically clear, all the original documents pertaining to transfer of ownership of property in your favor have been submitted and all the necessary loan agreements have been executed, it is time for disbursement. Before this, you need to submit documents to prove that you have paid your personal contribution towards the property, since banks normally finance only up to 85-90 percent of the total cost of the house. In case you are expecting money from other sources to fund your own contribution, you need to provide sufficient evidence for the same. It is only after submitting this proof that the bank will release part-disbursement of the loan.

The cheque will be in the name of the reseller (for resale flats), builder, society or the development authority. It is only in exceptional circumstances, that is, if you provide documents to support that you have made an excess payment from your own account that the cheque will be handed over to you directly by the bank.

All banks charge interest on the loan amount from the day on which the cheque has been made and not from the day on which the cheque is handed over to you/seller. So, take delivery of the cheque the same day or the very next day to avoid paying extra interest on money.

Disbursement in stages

Usually, loans are disbursed on the basis of the stage of construction of the property. So, in case of resale or ready possession properties, the disbursement is full and final. However, in case of under-construction properties, the payment is made in parts, also known as part-disbursement. Each option would have different disbursement processes.

Part disbursement:

When a loan is partly disbursed, the bank does not start EMIs immediately, since it is calculated on the total loan amount at a particular rate of interest and for a given tenure. Moreover, it normally does not start breaking up the installments into its principal and interest components until the entire loan amount is disbursed.

To overcome this difficulty, banks charge simple interest on the partly disbursed loan amount. For instance, if you have a sanctioned loan of INR. 10 lakh, but the property is under construction and the bank has disbursed only Rs. 4 lakh, you will be charged a simple interest only on the disbursed amount. This process continues until the final disbursement takes place. The simple interest paid is called Pre-EMI interest or Pre-EMI. At this stage, banks may take only around three to six post-dated cheques on account of Pre-EMI.

1. Always ensure that the amount of simple interest is available in your bank account to avoid dishonor of the cheque.

2. The systems of most banks do not track pre-EMI payments as effectively as EMI payments. However, as per the loan agreement, your liability to pay pre-EMI is absolute and without receiving any reminder from the bank. You may have to pay a delayed payment charge if your pre-EMI is delayed. So, it is in your own interest to keep track of the number of postdated cheques given to the bank for pre-EMI and replenish them, should the need arise.

3. Submit the demand letter from the builder as and when raised, to ensure that the balance disbursement can take place.

4. Collect the receipt from the builder for the part-disbursement and hand it over to the bank.

5. Ensure all the above are complied with till the final disbursement of the loan.

Full and final disbursement:

If it is a ready-possession property, the bank disburses the entire loan amount in favor of either the reseller or the builder.

Take your time to fill in the loan documents before you sign them. Some columns may have to be kept blank as the exact amounts may not be known, but this should be limited.

The bank is supposed to return a copy of the loan documents signed by its authorized signatory but that rarely happens in practice without sustained follow-up.

Keep photocopies of all documents/agreements/letters submitted to the bank to avoid any misunderstandings later.

The relationship continues…

The final disbursement does not end your relationship with the bank. In fact, it is just the beginning. And there are various issues / situations that arise in between the beginning of the relationship and its end. These include:

1. Post-disbursement documents
2. Repayment
3. Income tax certificate
4. Prepayment
5. Loan pre-closure/satisfaction
6. Post-disbursement documents

Payment receipt:

Once the bank hands over the payment order to you, you in turn are expected to hand it over to the reseller or the builder. You should get a receipt from them for the payment and hand it back to the bank, as it will become part of your mortgage documentation.

Share certificates: In case your property is part of a society, you will need to get the flat transferred to your name by asking the society to issue the share certificate in your name and recording the transfer of ownership in their books.

This normally happens at the first AGM/EGM after the sale transaction. This transferred share certificate also happens to be a part of the mortgage documentation and has, therefore, to be handed over to the bank after the transfer takes place.

Repayment:

The loan is generally repaid by equated monthly installments, using post-dated cheques. Banks usually ask for 12, 24 or 36 postdated cheques, after which you need to repeat the process until you have repaid the loan. Some banks may also insist on a cheque for an amount equivalent to the loan outstanding at the end of PDC period to ensure timely replenishment of PDCs for the next 12, 24 or 36 months as the case may be.

In case your installments are to be deducted against your salary, you need a letter from your employer accepting this arrangement and directly remitting the amount to the bank every month. This is possible only if your organization has an arrangement with the bank for all employees.

Some banks allow you to give standing instructions to the bank where you have your savings/current account to deduct money each month crediting your home loan account.

Some banks allow the monthly installments to be paid by convenient ECS facility. Another possible mode of payment is by cash or demand draft (not all banks offer this). You can deposit the EMI every month at the bank's office.

Income Tax certificate:

Every bank issues an income tax certificate that serves as requisite proof to let you avail of tax benefits that accrue on repayment of a home loan. This will typically contain the total amount of interest and capital repaid during the year. This is mandatory to claim the tax benefit in respect of self-occupied property. You will have to file this with your tax returns and submit this to your employer or chartered accountant to calculate your tax liability.

Prepayment:

You can prepay a loan either in part or in full at any given point of time. You can also prepay it even when it is only partly disbursed. However, most banks have an upper limit on the number of times a person can prepay his loan in a year as well as on the minimum amount you can prepay each time. Until recently, banks charged a penalty for part or full pre-payment. But increased competition has forced most banks to allow partial pre-payment free of charge. Most banks levy a pre-payment charge if you make full repayment and ask for the release of your property documents.

Loan pre - closure/satisfaction:

You also have the option of completely repaying the loan at any time. Of course, each bank has its conditions for pre-closure. Also, the loan will get completely paid off on the expiry of the tenure of the loan if you have paid all your installments on time.

Once you have completely repaid your loan, ensure that the entire set of original property documents is handed back to you. You should also ask the bank for a No-Objection Certificate saying the account has been cleared. As an option, the bank may issue a consent letter stating that the property is now free from mortgage. If you have guarantors, the bank will issue a separate letter to each of the guarantors stating that their liability has come to an end. Only after you receive these documents can you say that the property is now completely free of mortgage.

At this stage, in some cases, you may discover that the original documents have not yet been received by the bank from the registrar. In such cases, you will need to follow up with the registrar and get the documents from them directly by showing them a copy of the bank's clearance certificate.

Sometimes, (and we must stress only sometimes) the bank may misplace your original property documents leading to unavoidable stress. In fact, the bank may claim that these documents were never given to them at all. Hence the importance of insisting on a proper receipt of the title documents while handing them over to the bank.

Remember that receipt will come in very useful when the loan is fully paid off. Also, it is extremely useful when you want to shift your loan to a new lender.

Home Loan: New borrowers   If you have been planning to buy a home from quite sometime now, this is the most appropriate time to buy one. Though the interest rates are rising, but rise may be quite steep in the near future. Thus, all you new home aspirants don't wait. In case you want to opt for a home loan to buy your dream home, the best thing to do now is to take the teaser loan being offered by some of the banks. The teaser loans offer you fixed EMI for the initial 13 to 36 months depending on bank to bank. Earlier many banks were offering teaser loans, but most of these banks have discontinued them recently. . Other than that, banks have normal home loan products - Floating home loan interest rate and Fixed home loan interest rate product. Floating home loan interest rates, as the name suggests,   keep on changing as the in accordance with the change in base rates or the BPLR(whatever the case maybe). There are two types of fixed home loan interest rate products, fixed for the entire tenure or fixed for a certain period of time. In case the interest rate is fixed for the entire tenure of the loan, then the EMI of your housing loan will be fixed for the entire tenure of the loan. But in case the interest rate is fixed only for a specific tenure say 5 years, this means, the bank can change its interest rate every 5 years. Home Loan: Existing borrowers If you are an existing home loan borrower with a good track record, you should think about shifting to a teaser rate scheme. The time and effort you will devote on shifting your existing loan to the new teaser home loan will be worth every effort. Along with that the first thing you should do is to shift from the old BPLR system to the new base rate regime. This base rate system is not automatically applicable to the existing users and for this you will have to apply to the concerned bank. The banks will change the base rate and this system of setting up the base rate is more transparent than the system of fixing up BPLR. Thus consider converting your existing home loan to a base rate system which will be much more beneficial to you then to stay in the old BPLR system.   Home

Loan Application Process The process of taking a home loan can be daunting, especially if you have never applied for any loan earlier. And ignorance on your part can not only make it an unpleasant experience, but also prove to be costly. Here is a step- by-step guide to equip you with the right info, so you know what to expect.   From applying for a home loan to getting it involves various stages. These are: Step 1: Application form Step 2: Personal Discussion Step 3: Bank's Field Investigation Step 4: Credit appraisal by the bank and loan sanction Step 5: Offer Letter Step 6: Submission of legal documents & legal check Step 7: Technical / Valuation check   Step 8: Valuation Step 9: Registration of property documents Step 10: Signing of agreements and submitting post-dated cheques Step 11: Disbursement 1. Applying for a loan Filling up the application form is the first step. The look of an application form may differ from bank to bank, but nearly 80 per cent of the information they need is similar. Most of this is basically your personal and professional information, details of your financial assets and liabilities and the details of the property (if finalised) including the estimated cost and the means of financing the same.   Documents to submit   While submitting the application form, every bank asks for several documents. And most banks these days provide doorstep service, so that you don't have to spend time visiting their office to submit the documents. However, some banks still insist on the customer visiting their offices at least once.   Proof of income: This will need to be backed up by proof such as copies of last three years' Income Tax returns (along with copies of Computation of Income/Annual accounts, if any), Form 16/Form 16A, last three months' salary slips, copies of the last 6 months' statements of all your active bank accounts in which your salary/business income details are reflected, etc. Other documents that you need to provide with your application form include age proof, address proof and identification proof. You may also be asked to give your employment details.   Age proof: Copy of your school leaving certificate/Driving licence/Passport/ration card/PAN card/Election Commission's card/etc. Address proof: Similar documents need to be provided to prove that you are actually staying at your current address.   Identification proof: Same as above, but with photograph. Sometimes, the same document if it contains a photograph, the current residential address and the correct age can be the proof for all 3 things.   Your employment details: If your company is not well-known, then a short summary about the nature of the company, its business lines, its main customers, its competitors, number of offices, number of employees, turnover, profit, etc may be needed. Usually, the company profile that is available on the standard website of the company is enough.   Financial check All the income-related documents you submit serve a specific purpose. The lending institution uses them to study your financial status.   The bank statements you submit are scrutinised for: Level of activity in the case of self-employed persons, this gives a very good clue about the extent of business activities.   Average bank balance a cursory glance at the average bank balances maintained in a savings bank account speaks volumes about the spending/saving habits of any individual. Cheque returns a small charge debited by your bank in the statement indicates that a cheque issued by you was returned by your bank. Many such cheque returns can have a negative impact on your loan sanction.   Cheque bounces if cheques deposited by you are returned by the issuer's bank, they will be visible in your bank statement and again, banks have specific norms as to how many such returns are acceptable in a period of one year.   Regular periodic payments the existence of periodic payments to other finance companies/banks etc. indicate an existing liability and you will need to provide full details to the lender. Your investments also come under the scanner. This helps the bank to estimate your ability to pay the down payment as well as your savings habit.   Processing Fee Along with the application form and the credit documents, banks ask for a processing fee. This fee varies from bank to bank, but is usually around 0.25% to 0.50% of the total loan amount. For instance, if you take a loan of Rs 10 lakh, you will have to pay around Rs 2,500 to Rs 5,000 as processing fee. The agent dealing with you earns a commission from the bank, which to some extent is also affected by the amount of fees paid by you.   Most banks have flexible fee structures, and it is advisable that you negotiate hard to find out the bank's minimum possible fees though it is unlikely that a bank will agree to provide a loan without any upfront fee at all. Some banks have zero upfront fee loans, but that advantage may be negated as their other charges such as "legal charges" and "stamp duty" are normally higher.   This fee is collected to maintain your loan account, and includes work like sending Income Tax certificates every year, maintaining post-dated cheques, etc.   Quick tips   When applying for a loan, it will help to keep copies of your income proof handy.   For self-employed persons, if the income has increased dramatically in the past year, have your explanation ready as to why you think this is a permanent increase in your income rather than just a one-time aberration which might be reversed in later years. If the bank is convinced with your explanation, then the loan eligibility can be considered in relation to the latest income rather than considering the much lower average income.   2. Personal discussion: Face to face   After you\'ve formally and successfully completed the application process, all you have to do is wait till the home finance institution evaluates your papers. The wait normally lasts only a day or two or sometimes even less. However, some banks insist on meeting you after receiving the application form, and before the loan sanction. This is to gather more details about you that may not be mentioned in the application form and to reassure them of your repayment capacity.   Again, this stage is insisted upon only in very few cases these days.   Quick tips While going for the personal discussion, carry all the original documents pertaining to the information provided on the application form for the personal discussion.   Avoid submitting any fake documents and do not lie about the financial details requested; banks process home loans only after they are convinced about your credentials.   3. Field Investigation: Checking you out   Thousands of people apply for loans everyday. And however eager a bank is to complete its targets, every loan is a risk. So, it is only natural that it confirms or validates the details you provide. The bank checks all your information including your existing residential address, your place of employment, employer credentials (if you work for a small organisation), residence and work telephone numbers. Representatives are sent to your workplace or residence to verify the details.   Even the references you have provided in the application form are checked out. While this may sound irritating and an invasion of your privacy, banks are forced to undertake validation in the absence of any credit bureau. Once your credentials are validated, it helps establish trust between you and the bank.   Quick tips The address and telephone number verification work is usually outsourced to small firms and the ability of the representatives is often uneven. Hence, interaction with them may not always be smooth. When the validation process starts, expect to reschedule some of your other work for being available to furnish details required. 4. Credit appraisal and loan sanction: Getting the nod This is the make-or-break stage. If the bank is not convinced about your credentials, your application may get rejected. If it is satisfied, it sanctions your loan. The bank or the home financier establishes your repayment capacity based on your income, age, qualifications, experience, employer, nature of business (if self employed), etc, and based on these, works out your maximum loan eligibility, and the final loan amount is communicated to you. The bank then issues a sanction letter. This letter may either be an unconditional letter, or may have certain terms and conditions mentioned, which you have to fulfill before the loan disbursal. Quick tips Final loan amount and your loan eligibility are two different things. Once you know what you are eligible to get, you can decide on the loan amount. Just because you are eligible for a huge sum does not mean you should borrow heavily. The sanction letter is an important piece of document and you should keep it safely. 5. Offer letter: I do... Once the loan is sanctioned, the banks sends you an offer letter mentioning the following details: • Loan amount • Rate of Interest • Whether fixed or variable rate of interest linked to a reference rate • Tenure of the loan • Mode of repayment • If the loan is under some special scheme, then the details of the scheme • General terms and conditions of the loan • Special conditions, if any Acceptance copy If you agree with what is mentioned in the offer letter from the bank, you will have to sign a duplicate letter of the same for the bank's records. Earlier, banks used to charge administrative fees along with the offer letter. However, with rising competition, administrative fees have virtually disappeared from the home loan market. Quick tips Check if the rate of interest mentioned and the loan amount on the letter is the same that was discussed and agreed upon. Home loan rate of interests can be negotiated, use the fact to your advantage. 6. 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Site visit The site visits to your property are conducted to verify the following: In case of under construction property • Stage of construction is the same as that mentioned in the payment notice given to you by the builder. • Quality of construction • Satisfactory progress of work. • Layout of flats and area of property is within permissions granted by the governing authority. • The builder has the requisite certificates to start construction at the site. • Valuation of the property in relation to other deals in the surrounding areas. In case of ready/resale construction • External / internal maintenance of the property. • The age of the building. • Will the building last the loan tenure? This has a direct bearing on your loan eligibility, since the loan tenure will be restricted to the maximum age of the property as decided by the bank's engineer and this will impact your loan eligibility. • Quality of construction. • Surrounding area (development). • Whether the builder has received the requisite certificates for handing over possession of the flat. • There is no existing lien or mortgage on the property. • Valuation of the property in relation to other deals in the surrounding areas. • These inspections are carried out to protect consumer interests in terms of construction quality, adherence to local laws, approved building plans, etc. A technical inspection also lets the bank understand the progress of construction so as to release the staggered disbursements. Quick tip Do not circumvent or skip this stage and ensure that it is completed as early as possible. As a buyer, it gives you confidence that your property has been inspected by experts and that you are buying an asset that is legally clear and technically sound. The fee for this service, like the legal check, may either be built into your upfront fee or be charged separately by the Bank 8. Valuation: Reality check Since housing loans are cheaper than other loans, there have been cases where individuals have shown purchase of properties from related entities at inflated prices to obtain cheap loans. Since the risk associated with diversion of funds is higher than if the loan was used for genuine purposes, banks carry out an independent valuation to find out whether the transaction is in line with the existing market price of the area. Valuation has become a key parameter in determining the loan amount that can be sanctioned by the bank. The valuation process is quite subjective and depends on the quality and ability of the person sent by the bank for valuation.   Valuation of real estate as a profession is still in its infancy in India and is still non-standardised. In many cases, the valuer determines the value of the property at an amount that is lower than the documented cost of the property and this would result in the loan amount being lower, since the bank funds a certain percentage of the cost or valuation of the property, whichever is lower.   This practice has led to severe consumer issues in an increasing number of cases, as the valuation is normally done only after the consumer takes a sanction (by paying a fee) and after identifying and committing to buy the property.   The valuation issue rarely arises when a property is purchased through a reputed builder directly or if the property is pre approved. In both the cases, the banks would have already completed the valuation and therefore, you can safely assume that there is no difference between the documented cost of the property and the bank's valuation amount.   Quick tip   Some banks will charge a special fee to cover these costs or may ask you to pay the valuer directly, though for most banks, the upfront fee covers these fees as well.   Approach banks which are willing to do the valuation even before the sanction process and before you pay any fee to the bank.   9. Registration: Sealing the deal   After the legal and technical / valuation check, the draft documents as cleared by the lawyer need to be finalised and signed and the stamping and registration of the documents need to be done. Also, if any NOCs are pending, these need to be obtained in the format approved by the bank's lawyer.   10. Signing the home loan agreement: In black & white All borrowers need to sign the home loan agreement. You also need to submit post-dated cheques for the first 36 months (if that is the agreed mode of repayment). The original property documents have to be handed over to the bank at this stage. Some banks also create a document recording the handing over of the property documents to them as security for the due repayment of the home loan.   This document is also called a memorandum of entry and attracts significant stamp duty depending on the amount of the loan in some states. The stamp duty payable on such a memorandum is naturally recovered from you.   Not all banks create this memorandum and hence the stamp duty may or may not be payable, depending on the practice of the specific bank. However, even where no such memorandum of entry is created, the state government concerned may, in the future, demand a stamp duty on the loan transaction, which naturally is recoverable from you as per the home loan agreement signed by you.   11. Disbursement: The big payout   After the bank has ensured that the property is legally and technically clear, all the original documents pertaining to transfer of ownership of property in your favour have been submitted and all the necessary loan agreements have been executed, finally, it is payment time! You will now actually receive the cheque in your hand. Time to celebrate! But hold on a second. Before the big moment arrives, you need to submit documents to prove that you have paid your personal contribution towards the property, since banks normally finance only up to 85-90 per cent of the total cost of the house.   In case you are expecting money from other sources to fund your own contribution, you need to provide sufficient evidence for the same. It is only after submitting this proof that the bank will release part-disbursement of the loan.   The cheque will be in the name of the reseller (for resale flats), builder, society or the development authority. It is only in exceptional circumstances, that is, if you provide documents to support that you have made an excess payment from your own account that the cheque will be handed over to you directly by the bank. Quick tips All banks charge interest on the loan amount from the day on which the cheque has been made and not from the day on which the cheque is handed over to you/seller. So, take delivery of the cheque the same day or the very next day to avoid paying extra interest on money. Disbursement in stages Usually, loans are disbursed on the basis of the stage of construction of the property. So, in case of resale or ready possession properties, the disbursement is full and final. However, in case of under-construction properties, the payment is made in parts, also known as part-disbursement. Each option would have different disbursement processes. Part disbursement: When a loan is partly disbursed, the bank does not start EMIs immediately, since it is calculated on the total loan amount at a particular rate of interest and for a given tenure. Moreover, it normally does not start breaking up the installments into its principal and interest components until the entire loan amount is disbursed. To overcome this difficulty, banks charge simple interest on the partly disbursed loan amount. For instance, if you have a sanctioned loan of Rs10 lakh, but the property is under construction and the bank has disbursed only Rs4 lakh, you will be charged a simple interest only on the disbursed amount. This process continues until the final disbursement takes place. The simple interest paid is called Pre-EMI interest or Pre-EMI. At this stage, banks may take only around three to six post-dated cheques on account of Pre-EMI. Quick tips • Always ensure that the amount of simple interest is available in your bank account to avoid dishonour of the cheque. • The systems of most banks do not track Pre-EMI payments as effectively as EMI payments. However, as per the loan agreement, your liability to pay Pre-EMI is absolute and without receiving any reminder from the bank. You may have to pay a delayed payment charge if your Pre-EMI is delayed. So, it is in your own interest to keep track of the number of PDCs given to the bank for Pre-EMI and replenish them, should the need arise. • Submit the demand letter from the builder as and when raised, to ensure that the balance disbursement can take place. • Collect the receipt from the builder for the part-disbursement and hand it over to the bank. • Ensure all the above are complied with till the final disbursement of the loan. Full and final disbursement: If it is a ready-possession property, the bank disburses the entire loan amount in favour of either the reseller or the builder. Quick tips Take time to fill in the loan documents before you sign them. Some columns may have to be kept blank as the exact amounts may not be known, but this should be limited. The bank is supposed to return a copy of the loan documents signed by its authorised signatory but that rarely happens in practice without sustained follow-up. Keep photocopies of all documents/agreements/letters submitted to the bank to avoid any misunderstandings later. The relationship continues... The final disbursement does not end your relationship with the bank. In fact, it is just the beginning. And there are various issues / situations that arise in between the beginning of the relationship and its end. These include: • Post-disbursement documents • Repayment • Income tax certificate • Prepayment • Loan preclosure/satisfaction • Post-disbursement documents Payment receipt: Once the bank hands over the pay order to you, you in turn are expected to hand it over to the reseller or the builder. You should get a receipt from them for the payment and hand it back to the bank, as it will become part of your mortgage documentation. Share certificates: In case your property is part of a society, you will need to get the flat transferred to your name by asking the society to issue the share certificate in your name and recording the transfer of ownership in their books. This normally happens at the first AGM/EGM after the sale transaction. This transferred share certificate also happens to be a part of the mortgage documentation and has, therefore, to be handed over to the bank after the transfer takes place. Repayment The loan is generally repaid by equated monthly installments, using post-dated cheques. Banks usually ask for 12, 24 or 36 PDCs, after which you need to repeat the process until you have repaid the loan. Some banks may also insist on a cheque for an amount equivalent to the loan outstanding at the end of PDC period to ensure timely replenishment of PDCs for the next 12, 24 or 36 months as the case may be. In case your installments are to be deducted against your salary, you need a letter from your employer accepting this arrangement and directly remitting the amount to the bank every month. This is possible only if your organisation has an arrangement with the bank for all employees. Some banks allow you to give standing instructions to the bank where you have your savings/current account to deduct money each month crediting your home loan account. Some banks allow the monthly installments to be paid by convenient ECS facility. Another possible mode of payment is by cash or demand draft (not all banks offer this). You can deposit the EMI every month at the bank's office. Income Tax certificate Every bank issues an income tax certificate that serves as requisite proof to let you avail of tax benefits that accrue on repayment of a home loan. This will typically contain the total amount of interest and capital repaid during the year. This is mandatory to claim the tax benefit in respect of self-occupied property. You will have to file this with your tax returns and submit this to your employer or chartered accountant to calculate your tax liability. Prepayment You can prepay a loan either in part or in full at any given point of time. You can also prepay it even when it is only partly disbursed. However, most banks have an upper limit on the number of times a person can prepay his loan in a year as well as on the minimum amount you can prepay each time. Until recently, banks charged a penalty for part or full prepayment. But increased competition has forced most banks to allow partial prepayment at nil charge. Most banks levy a prepayment charge if you make full repayment and ask for release of your property documents. Loan pre-closure/satisfaction You also have the option of completely repaying the loan at any time. Of course, each bank has its conditions for preclosure. Also, the loan will get completely paid off on the expiry of the tenure of the loan if you have paid all your installments on time. Once you have completely repaid your loan, ensure that the entire set of original property documents is handed back to you.You should also ask the bank for a No-Objection Certificate saying the account has been cleared. As an option, the bank may issue a consent letter stating that the property is now free from mortgage. If you have guarantors, the bank will issue a separate letter for each of the guarantors stating that their liability has come to an end. Only after you receive these documents can you say that the property is now completely free of mortgage. At this stage, in some cases, you may discover that the original documents have yet not been received by the bank from the registrar. In such cases, you will need to follow up with the registrar and get the documents from them directly by showing them a copy of the bank's clearance certificate. Sometimes, (and we must stress only sometimes) the bank may misplace your original property documents leading to avoidable stress. In fact, the bank may claim that these documents were never given to them at all. Hence the importance of insisting on a proper receipt of title documents while handing them over to the bank. Remember that receipt will come in very useful when the loan is fully paid off. Also, it is extremely useful when you want to shift your loan to a new lender.