

## Functional Requirements Document

### Loan Application & Approval System

#### Document Control

Item	Details
Document Title	Functional Requirements Document
Project Name	Loan Application & Approval System
Prepared By	Business Analyst
Version	1.0
Date	01-24-2026
Status	Draft

#### Introduction

This Functional Requirements Document (FRD) defines the functional behavior of the Loan Application & Approval System. It describes how the system processes loan applications, evaluates eligibility, and communicates decisions to applicants.

#### Scope

##### In Scope

- Loan application submission
- Eligibility evaluation
- Auto approval and manual review
- Loan status updates
- Applicant notifications

##### Out of Scope

- Credit bureau system internals
- UI design details
- Backend infrastructure

#### Assumptions & Constraints

## **Assumptions**

- Applicants provide accurate information
- External services are available for verification
- Manual reviewers are authorized users

## **Constraints**

- Eligibility rules must comply with policy requirements
- Certain applications require mandatory manual review

## **Functional Requirements**

### **FR-LN-01: Capture Loan Application**

The system shall allow applicants to submit loan applications with required personal and financial details.

(Refer: Loan Application Flowchart)

### **FR-LN-02: Verify Eligibility**

The system shall evaluate applicant eligibility based on credit score, income, and KYC verification.

(Refer: Decision Table – Loan Eligibility)

### **FR-LN-03: Auto Approve Eligible Applications**

The system shall automatically approve loan applications that meet defined eligibility criteria.

(Refer: BPMN Diagram – Loan Approval Flow)

### **FR-LN-04: Route for Manual Review**

The system shall route applications that do not meet auto-approval criteria to a loan officer for manual review.

(Refer: Activity Diagram)

### **FR-LN-05: Update Loan Status**

The system shall update loan application status based on approval or rejection decisions.

(Refer: DFD Level-1)

### **FR-LN-06: Notify Applicant**

The system shall notify applicants of approval or rejection outcomes.

(Refer: Flowchart, DFD)

## **Business Rules**

- Applications with verified eligibility may be auto approved
- Applications failing mandatory checks shall be rejected
- Partial eligibility triggers manual review

(Refer: Decision Table – Loan Eligibility & Approval)

### User Interaction Reference

User interaction flows are supported by previously created process diagrams and wireframes where applicable.

### Sign-Off

Role	Name	Signature	Date
Business Analyst			
Product Owner			
Stakeholder			