5 Tips to Get Approved For Your Mortgage Loan

Loans can be applied when there are financial emergencies such as buying a new home, higher education, Medical expenses, Children's marriage or any other major expenses. Every person needs financial help when his income is not enough to pay for expenditures. In order to facilitate his needs banks have come up with various kinds of loans.

A home loan can be applied whenever you are buying a new home. A personal loan is a collateral-free loan that can be taken for various reasons. If you own property such as land, commercial buildings, or a home, a loan can be applied against it is called a Mortgage loan. As of March 2018, India's Household Debt reached $289.3 billion showcasing the ongoing demand for this kind of loan.

## Benefits of the Mortgage loan;

* Availability of higher loan amount
* Longer tenure
* Quick Approvals
* The loan amount can be used for any purpose
* Market value for both business and commercial properties
* Best Interest rates

While issuing a Mortgage loan, the bank examines the property in order to decide the loan amount. Depending on the state, location, and market value, around 60%-70% of the property value is sanctioned as a loan. There will be an agreement between the borrower and the lender to pay sanctioned loan amount over a period of time. If the borrower is failed to pay the full amount within the agreed time or missed paying installments, the property will be taken by the lender or bank authorities.

It is a misconception that every property owner is eligible for a mortgage loan. Though it is easy to get a loan if the property is in your name, there are various other factors that affect the eligibility criteria.

1. High Property Valuation
2. Establishing a good credit history
3. Work Stability & Experience
4. Prompt Income Tax payment
5. Paid or No Debts

## Let’s look at these factors in detail;

The first thing that matters in a mortgage loan is the property. If the property value is high then banks will easily sanction loans because this loan is completely dependent on collateral. The bank has a low risk with the high-value property hence it is easy to get a loan. Since Mortgage loan interest is less, having a high property value is definitely an added advantage.

Credit history is another factor affecting the credibility of your repayment. A low credit score can really change things even after having high-value property. The credit score is based on your payment history, previous loan repayments, current debt and many other factors. Maintaining a good credit history showcases your financial strength and the assurance to pay monthly installments.

Once you borrow the loan EMI has to be paid, if not the bank has the authority to seize the whole property. In order to pay the monthly EMI having a steady income is very important. The lender verifies your past work history, Payslips, Total work experience, and Current work experience with the employer before accepting your loan application. Usually, 2 years of current experience is required in order to be eligible for the loan.

Tax returns let the lender know the full history of your financial situation. In fact, submitting tax returns is mandatory while applying for a mortgage loan. This is to make sure that there are no financial hiccups in your previous years and that the income is stable.

Having multiple debts such as personal loan, student loan may affect eligibility. Previous debts and loan payment history are thoroughly analyzed. Failed EMI installments or dishonored cheques etc can be a red mark in your application. Debts will affect your income which may reduce the loan amount. Before going for Mortgage loans make sure to clear all your previous debts.