

# Housing Loan (Buyer's Guide)

## Who can apply for a housing loan?

Anyone, including Non Resident Indians, with a steady source of income.

## How much can one borrow?

Loans are generally disbursed up to a maximum of 80% of the cost of the apartment. In most cases, housing loan is sanctioned depending upon your repayment capacity and income. Your spouse's income can be included, if you want to increase the amount of your loan. The maximum loan that can be sanctioned varies with housing finance companies and ranges from Rs. 10 lakh to Rs. 1 crore.

## What is an EMI?

Equated Monthly Installment (EMI) is the amount comprising a portion of the interest and the principal loan amount which is payable by a borrower to the lender every month.

## What is a fixed rate housing loan?

A fixed rate housing loan is a loan where the rate of interest is constant through the entire term of the loan.

## What is a floating interest rate housing loan?

A floating interest rate housing loan is a loan where the interest rate payable is linked to market conditions such as the lender bank's retail Prime Lending Rate (PLR). A floating interest rate fluctuates as the bank rate varies. Floating interest rates are generally lower than fixed interest rates.

## Do institutions accept joint loan applications?

Yes.

## **What are the documents required to apply for a housing loan?**

Latest salary slip (proof of income for salaried individuals)

Photographs

Proof of age

Identity papers

Proof of residence

Bank statements for the previous six months

**For self-employed:** Certified copies of balance sheet, profit and loss statement and tax challans / tax returns for the previous 3 years.

**For partnership /private limited companies:** The Articles of Association, partnership deed and details about the firm.

**For NRIs:** Latest salary certificate specifying name (as it appears in the passport), date of joining, passport number, designation, salary and perquisites, photocopy of labor card / identity card, photocopy of valid resident visa stamped on the passport, photocopy of monthly statement of local bank account and other property related documents.

## **Which sources, other than housing finance companies offer loans?**

Banks and insurance companies. You can avail loan against your Provident Fund Account, Fixed Deposits, Post office Savings; against shares and debentures of listed companies and government bonds and securities.

## **What is a Home Extension Loan?**

A Home Extension Loan is a loan which helps you to meet the expenses of alterations like extension / expansion or modification of your home. You can avail of a Home Extension Loan after obtaining the requisite approvals from the Municipal Corporation.

## **What is a Home Improvement Loan?**

A Home Improvement Loan is one that is made available for you to carry out certain external work like structural repairs, waterproofing or internal work like tiling and flooring, plumbing, electrical work, painting, etc.