

# **LENDING POLICY**

**(Revised)**



## **PROSPER HOUSING FINANCE LIMITED (PHFL)**

**[Formerly: HBN Housing Finance Limited]**

**{REGISTERED WITH NATIONAL HOUSING BANK (NHB)}**

**Registered Office: A-1/5, First Floor, Main Rohtak Road, Paschim Vihar, New Delhi-110063**

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# Lending Policy

## **INTRODUCTION**

Pursuant to the guidelines issued by the National Housing Bank on lending policies HFC's, the Board of directors of the Company in its meeting held on 01<sup>ST</sup> day of December, 2016 approved and adopted the mentioned revised lending policy to know/understand their customers and their financial dealings better which in turn help them to manage their functioning and activities and operations.

## **History**

Prosper Housing finance Limited (PHFL) was established on January 16, 2004 as the apex body for the Housing Finance sector. PHFL is established to promote the development of housing finance.

## **Applications for loans & their processing**

At the time of sourcing a loan product, we provide information about the terms & condition of the loan, so that a meaningful comparison with those of other HFC can be made & informed decision can be taken by the borrower.

We intimate the borrower about the time frame within which loan application will be disposed.

We release all securities within 10 days of repayment of all dues or on realization of the outstanding amount of loan.

## **Products**

- Construction/Purchase of new Units
- Loan for purchasing old units
- Loans for Repair and Renovation
- Loan Against Property

## **Purpose of Lending**

PHFL gives an opportunity to its customers to purchase, construct & renovate the house.

## **Quantum**

Home loans up to 50 lakhs.

## **Tenure**

Minimum 5 years and maximum 15 years.

## **Margin Allowed**

Up to 70% of property value or 70% of the registered value, whichever is lower.

### **Rate of Interest Applied**

We are offering housing loan at an attractive interest rates depending upon the prevalent market conditions and as per NHB guidelines.

### **Method of Interest Applied**

- The rate of Interest is calculated on reducing balance and the principal amount payable by the customer decreases with the payment of each Equate Monthly installment (EMI).
- The applied rate of interest is fixed for the whole tenure

### **Type of securities accepted**

- The securities include the personal guarantee of two guarantors.
- Also after the disbursement of the loan the property for which or against which the loan is given is kept as the security.

### **Guarantors**

- We require one guarantor for loan amounting upto Rupees ten lakhs and two guarantors for the loan amounting more than Rupees ten lakhs.
- When a person intends to be guarantor of a loan, he/she will be informed about:
  - The Liability as guarantor, the amount of liability payable to the company and circumstances in which we will call the guarantor to pay up the liability.
  - A guarantor should possess a sound financial background proving his capability to bear the complete and absolute liability of the borrower which he will liable to pay on the default of the borrower.

### **Type of Amortization prescribed**

Amortization is based on reducing balance method.

### **Charges**

- Front End Charges: There are no front end charges
- Commitment Charges: There are no commitment charges
- Prepayment Charges: As per NHB Guidelines.

### **Eligibility**

- The minimum age of the applicant is 21 years, on the date of sanction of loan.
- The maximum age limit for an applicant is 65 years. It is the maximum age limit, within which the loan should be fully repaid.
- The applicant should consist of sufficient, regular and continuous source of income for repaying the loan.
- The eligibility if further calculated considering the following:
  - Net income of the applicant should be at least 2, 50,000 p.a.
  - Maximum of two incomes of joint applicant can be clubbed to the income of applicant.

## **Insurance**

Insurance premium is deducted from the disbursed amount depending upon the insurance company.

## **Sanctioning Authority**

Branch manager escalates the files after attaching the legal & technical evaluation reports and the field investigation reports for the final decision to the CEO or MD.

## **Documents Required**

### **Applicant + Co-Applicant KYC**

#### **Photo Identity:**

- Photo PAN Card
- Voter Identity card
- Driving License
- Ration card
- Government Identity Card
- Addhar Card

#### **Date of Birth**

- Driving License
- Voter identity card
- Birth certificate
- Photo Ration Card

#### **Proof of Residence:**

- Ration card
- Telephone Bill
- Electricity Bill
- Driving license
- Voter Identity card
- Addhar Card

#### **Ownership Proof:**

- Electricity Bill
- Water Bill
- House Tax Receipt

#### **Financial Documents Required:**

##### **For Salaried person**

- 3 Month Salary Slip
- Last 6 months Bank Statement
- Form 16 of Last two years

## **For Self Employed**

- Last 3 years Balance Sheet, profit & loss Account
- Compilation of Income, IT Returns attested by CA
- Business Profile
- Last one year bank statement
- Certificate of Practice (if applicable)

## **Legal Documents**

Complete chain of Legal Property Documents

## **Guarantor documents**

- All above documents with ownership proof must
- Ownership include water bill, electricity bill, House Tax Receipt

## **APPRAISAL GUIDELINES**

### **1. Technical Appraisal**

Technical guidelines which are considered at the time of evaluation of property for the assessment of loan amount are listed as under:

#### **A. General Details**

- Name of the customer
- Property Address
- Landmark
- Legal Address of property like Khasara No., etc.
- Date of inspection

#### **B. Surrounding Locality Details**

- Ward No/Municipal Land no
- Type-High Class/Middle Class/ Lower Class
- Conditions for approaching road
- Vicinity-Slum/residential/Commercial/Mixed/industrial

#### **C. Property Details**

- Type of usage of entire property-Residential/Commercial/Residential cum Commercial/Industrial
- Additional amenities-garden/swimming Pool etc.

#### **D. Subject property Details**

- Type of Premises-Residential Flat/Gala/hop/Bungalow/Row House/Office/Chawl
- Occupied by-Name of occupant/Vacant
- Boundary Details-North/South/East/West

#### **E. Structural Details**

- Type of structure
- No. of floor
- No. of flat on each floor
- Age of the property
- Estimated future life
- Flooring & Finishing
- Roofing & Terracing
- No. of lifts

**F. Unit Details**

- Situated on floor no.
- Internal composition
- Quality of fittings, wooden work

**G. Valuation**

- Carpet Area(sq.ft)
- Current market approved rates
- Current market approved rate for land
- Construction cost as per the amenities provided, per sq ft
- Depreciated value of construction
- Total valuation
- Net value
- Distress value

**2. Legal Appraisal**

Legal guidelines which are considered at the time of evaluation of the property for the assessment of loan amount are listed as under:

- Title investigation report
- Name of the present owner/s
- Description of property
- Documents supplied for the title study
- Tracing of title
- Whether equitable mortgage is possible
- Encumbrance certificate
- Final conclusion derived
- Documents to be collected post disbursal

**3. Financial Appraisal**

The following are considered for the financial appraisal:

Income documents of applicant and co-applicants of guarantors like

- ITRs
- Bank statement
- Business Proof