

SBI HOUSING LOAN SCHEME
DIRECT FINANCE TO INDIVIDUALS

Eligibility	<ul style="list-style-type: none"> Individual(s) of 18 years and above with steady source of income including persons engaged in agriculture & allied activities.[PBBU/HL/AX/18 dt.01.03.06]
Purpose	<ol style="list-style-type: none"> To purchase /construct a new house/flat To purchase an existing (old) house / flat or To extend an existing house Repair/renovate an existing house/flat Reimbursement of investment made in housing [for items 1-4] from own resources Purchase furnishings / consumer durables as part of the project cost. One or more loans may be granted to an individual if he has the capacity to repay
Maximum Loan	<p>The actual loan amount is determined on the basis of borrower's income, repayment capacity, age, assets & liabilities and cost of house/flat.</p> <p>Maximum Permissible Loan amount (MPLA) is subject to:</p> <p>Borrowers upto 45 years:[with independent assured income] 60 times net monthly income (NMI) for salaried persons 5 times Net Annual Income (NAI) in case of others OR upto a period generating EMI < 57.5% of NMI whichever is less.</p> <ul style="list-style-type: none"> Borrowers over 45 years of age[where all borrowers with an independent assured income are over 45 years] 48 times net monthly income (NMI) for salaried persons 4 times Net Annual Income (NAI) in case of others OR Upto a period generating EMI < 50 % of NMI whichever is less. Joint borrowers: if any one with independent assured income is below 45 years: [PBBU/HL/AX/06 dt.16.05.06] For borrower upto 45 years: 60 times NMI / 5 times NAI Borrower aged 45 yrs & above: 48 times NMI / 4 times NAI MPLA is subject to following monetary ceilings: <ul style="list-style-type: none"> for repairs / renovation:Rs 10 lacs [loans above Rs.10 lacs require prior administrative clearance of network GM] for furnishings and consumer durables: 10% of the project cost or Rs.3 lacs whichever is less where check off facility or additional security or 3rd party guarantee good for the amount is available. Income of spouse/son/ unmarried daughter and expected rental of proposed house can be clubbed [subject to conditions] regular income from other sources (with proof) can be considered.

	Total project cost to include cost of land, additional amenities, insurance premium, stamp duty & registration charges for purchase/construction of new or old property.						
Prior Administrative Clearance	<ul style="list-style-type: none"> • Not required for loans upto Rs. 1 crore : For purchase / construction of new house / flat or purchase of old house not more than 15 years old. • Required for following categories: Loans above Rs.1 crore: for purchase / construction of a house / flat. • Houses / Flats more than 15 years old. • Loans against paripassu/second charge over property 						
Margin	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">i) Loans upto Rs. 1 crore</td> <td style="text-align: right;">15%</td> </tr> <tr> <td>ii) Loans above Rs.1 crore</td> <td style="text-align: right;">25%</td> </tr> <tr> <td>iii) Repair or Renovation of existing house / flat</td> <td style="text-align: right;">20%</td> </tr> </table>	i) Loans upto Rs. 1 crore	15%	ii) Loans above Rs.1 crore	25%	iii) Repair or Renovation of existing house / flat	20%
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Security	Equitable or Registered Mortgage of property. If neither is possible, then sanctioning authority may accept at its discretion tangible security of adequate value like Insurance Policies, GPN, Shares, Debentures, Gold ornaments or any other tangible security of adequate value. (These are to be valued with a margin as stipulated in the various schemes for finance against the securities concerned.)						
Processing Fee (Upfront)	0.50% of loan amount with a cap of Rs. 10000/-[inclusive of service tax] [PBBU/HL/AX/8 dt 02.06.06]						
Interest	Loans at fixed/ floating rates and combination of fixed and floating rates. Loans above Rs.1 crore available at floating rates only. See Interest Rates Annexure for current rates.						
Pre-EMI interest	One time irrevocable option to be given to pay as & when applied OR capitalise it within the overall loan eligibility.						
Type of Loan	Term Loan [or OD under Max-gain]						
Disbursement	As far as possible to be made directly to the suppliers / builders as per the progress of the work only after complete execution of documents and creation of valid mortgage.						
Repayment Period	<p>Maximum period including moratorium :</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">For borrowers upto 45 years of age</td> <td style="text-align: right;">20 years.</td> </tr> <tr> <td>For borrowers over 45 years of age</td> <td style="text-align: right;">15 years.</td> </tr> <tr> <td>For Short Term Housing Loan</td> <td style="text-align: right;">5 years.</td> </tr> </table> <p>Starting from the month following the month of full disbursement of the loan.</p>	For borrowers upto 45 years of age	20 years.	For borrowers over 45 years of age	15 years.	For Short Term Housing Loan	5 years.
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For borrowers over 45 years of age	15 years.						
For Short Term Housing Loan	5 years.						
Mode	Through EMI. If checkoff is not available, PDCs should be obtained. Flexible repayment options available in Tailor-made Housing loans. Customised repayment options through equated instalments at monthly / quarterly / halfyearly / yearly intervals through PDCs / SI for agriculturists.						

Moratorium	For construction of new house/flat or purchase of house/flat on instalments, a Moratorium Period (repayment holiday) till 2 months after completion of construction or 18 months from the disbursement of 1st instalment of loan, whichever is earlier, may be permitted at the request of the borrower
Insurance	Compulsory insurance of property. Optional life cover from SBI life & free accident insurance cover for borrower available. The house/flat to be insured against the risk of fire /riots/ earthquakes / lightning/ floods etc. in the joint names of the borrower and Bank for the actual project cost after netting off the cost of land (including undivided share of land in case of flats), stamp duty and registration charges. To encourage borrowers to insure property for the entire loan tenure, the lump sum premium can be considered as part of the project cost.[PBBU/HL/AX/21 dt. 7.8.06]
Inspection	For standard assets: <ul style="list-style-type: none"> • Initial inspection(s) at the time of disbursement/ release of instalments during construction • Thereafter once every 3 years • If repayments are in arrears for two successive months, inspection should be conducted immediately For NPAs: at half - yearly intervals Inspections should be recorded in Inspection Register

FAQs

Eligibility and purpose

In principle approval:

- **Can a prospective buyer apply for a housing loan even before selecting the property?**

Yes. Prospective buyers can apply for a loan even before identifying a specific property. In such a case in-principle approval on standard format [incorporating interest rate and repayment tenure also] is to be given which helps applicants decide their budget. This in-principle approval is valid for 30 days from the date of issue, with a further provision that at least a partial disbursement of the loan is made before the expiry of the validity period. The actual sanction depends upon their furnishing of identification, income and property related documents and fulfillment of the eligibility criteria. [CC Circular PBBBU/HL/AX/21 dt. 07.08.06]

Number of loans:

- **Can more than one loan be granted to an individual?**

Yes. One or more loans may be granted to an individual borrower provided he fulfills the income criteria as also EMI/NMI ratio after netting off the repayment obligations of existing loans and subject to satisfactory conduct of existing loan(s) for a minimum period of one year. [PBBU/HL/AX/06 dt.16.05.06]

Persons already owning one house are also eligible in the same or a different town for use by self or for letting out. The loans may be given simultaneously or at different times either for purchase / construction and subsequent repair / renovation of a single property or for purchase / construction / repair / renovation / of different properties.

Property at a different location:

- **Can loans be granted where place of employment is different from location of the property?**

Yes. in cases where location of the property proposed to be purchased / constructed and place of residence of applicant are different, HLs should be granted by a branch at the centre where the employee works (the facility is limited to employees of PSUs/reputed corporates / Govt. and preferably with check-off facility and account should move along with him. The mortgage should however be created by a branch where the property is located. However [as per CC Circular PBBU/HL/AX/12 dt.19.06.06] a one time option can be extended to the prospective borrowers while submitting loan application, to avail HLs either at the place of construction or place of employment / profession/ business activity, by securing the loan repayment through check-off or PDCs. This option should be extended only on a selective basis, in respect of such requests from businessmen/industrialists etc., keeping in view the apparent risks involved in this regard. The modified instructions are applicable to hybrid loan products also i.e SBI-Realty/SBI-Flexi/SBI-Maxgain/SBI-Optima/SBI-Freedom etc. and to loans granted under 'Plus' packages.

Old House / Flat :

- **What are the additional instructions relating to loan proposals for purchase of old house / flat?**

a) In addition to the usual prescribed documents for Housing finance, the undernoted 2 documents should be obtained, the expenses of which should be borne by the borrower:

- i) Valuation Certificate from a Government approved valuer.
- ii) Certificate from the Government approved architect / structural engineer certifying the condition of the house/flat. The condition of the house should be such that the security cover for Bank's loan remains unaffected till full repayment of the loan.

b) Further, **if the house/ flat is more than 15 years old**, administrative clearance of the next higher authority should be obtained where the sanctioning authority is DGM Module / Branch or an official of lower grade.

Quantum of loan

Clubbing of income:

- **Income from which sources can be included in the NMI/NAI to arrive at the Total Eligible Loan Amount?**

Income from the following sources can be considered to enhance total eligible loan amount:

a) **Income of spouse: where**

The property is held jointly with spouse who joins as a co-borrower.

The property is held in single name of borrower and the spouse stands as guarantor.

- b) **Income of son/ unmarried daughter:** can be considered by the **Sanctioning Authority**, provided he/she :
- Is employed/ engaged in business/ profession etc. for minimum period of **one year** and has steady source of income evidenced by salary certificate, Form 16 or IT Return
 - Joins as a co-borrower
 - The facility is limited to club income of max.of 2 sons/unmarried daughters.
 - Repayment by debit to his/her salary a/c maintained with us or by PDCs issued from a joint a/c maintained by the borrower with the son/daughter. [PBBU/HL/AX/06 dt.16.05.06].
- c) **Expected Rental:** Less taxes, cess etc. if the house being purchased is proposed to be let out. Maximum eligible expected rent accruals in case of joint applicant(s) to be arrived at is (i) subject to maximum amount equivalent to the NMI / NAI of the co- borrowers and (ii) on the basis of age of the first applicant i.e:
- 48 times expected monthly rental, if first applicant is aged above 45 years
 - 60 times expected monthly rental, if first applicant is aged upto 45 years
- The reasonableness of the expected rent accruals should be established keeping in view factors such as location of the property, area of the house/flat, rentals prevailing in the area etc [PBBU/HL/AX/10 dt.02.06.06].
- d) **Other Income:** Regular income from all sources provided the sanctioning authority is satisfied about the proof of income.
- e) **Adding back depreciation to the net income:** [PBBU/HL/AX/28 dt.2.2.07]
Sanctioning authority can permit adding back of depreciation to compute NAI of the borrower, subject to the following conditions:
- (a) The facility will be confined to businessmen, professionals and self-employed individuals who run the business/activity on proprietorship basis and who have availed loans only from us for buying the assets on which depreciation is being claimed.
 - (b) Sanctioning authority will verify borrower's audited financials, income computation statements, IT returns and IT challans, for the last three financial years. Sanctioning authority may engage services of a Chartered Accountant other than the one who certified the borrower's financial statements to establish genuineness of IT returns, in case of doubt.
 - (c) Sanctioning authority will ensure verification of fixed assets over which depreciation is claimed by the borrower during the pre-sanction inspection.
 - (d) Depreciation that is allowed to be added to the net income will be average depreciation during the last three years or depreciation for the current year **whichever is lower**.
 - (e) Repayment obligation on account of loan, if any, availed by the borrower for purchase of fixed assets will be deducted while arriving at the net income of the borrower for the purpose of loan eligibility. DSCR of the existing loan(s) must remain within the corresponding benchmark values of DSCR as per the Bank's policy.

Administrative Approval:

- **What is the authority structure for administrative clearance for loans above Rs. 1 crore?**

For Loans above Rs.1 crore for purchase / construction of a house / flat, the authority structure for administrative clearance is as given below:

No.	For sanctions by	Administrative Clearance by
1.	ECCB/COCC-I/COCC-II (above 5 cr.)	Not required
2.	CCC-I (above 2.5 cr and upto 5 crores)	MD & GE (NB)
3.	CCC-II (Rs. 1 crore and upto 2.5 crores)	CCC-I

Security

- **What type of mortgage should be obtained as security?**
 - i) Equitable Mortgage (by deposit of Title Deeds) is to be obtained normally considering the legal expenses involved in registered mortgage.
 - ii) Registered Mortgage may be obtained where Title Deeds of the property in question do not exist or where the sanctioning authority considers it necessary to do so.
 - iii) The documents of the landed property/flat/house, etc. should be examined by the Bank's advocate and a search report obtained to the effect that the title is clear, valid, marketable, legal and free from all encumbrances
 - iv) If Equitable Mortgage or Registered Mortgage is available, the branch may not insist on any additional tangible security / Ill Party Guarantee

- **Can a housing loan be given against pari-passu / second charge over the property?**

If the property is already held as security with another financing agency, housing loan in such cases can be given on the basis of pari-passu/second charge for which administrative approval must be obtained from the Network General Manager.

Delayed Mortgage: Interim security:

- **What security is to be obtained where creation of mortgage is likely to be delayed due to disbursement / payments on instalment basis?**

In such cases, it is expedient to obtain, for the interim period -

- i) Suitable Interim Security, including Ill Party Guarantee, as considered necessary by the sanctioning authority
- ii) Agreement to Mortgage to be executed by borrower and the **mortgage should subsequently be created at the earliest.**
- iii) **Acknowledgement of lien:**
 - Original Letter of Allotment/Agreement for Sale in case house/flat is purchased from Housing Board/Government Institution / Reputed builder. A letter signed by the allottee advising the agency/builder that a security over the property is being created in favour of the Bank and the title deeds should be sent to the Bank direct on final payment must be obtained and

sent to the agency/builder, whose confirmation for agreeing to do the needful must be obtained and kept on record.

- In the case of flats/houses being allotted by a Society, the Share Certificate/Allotment letter of the society in **Original**, along with copy of the bye-laws of the society should be kept on record. The society must be advised of the Bank's interest in the property and requested to send the title deeds directly to the Bank. The acknowledgement of the society for agreeing to do the needful must be obtained and kept on record.

Tie-up with reputed builders :

- **What are the guidelines for tie-up arrangements with builders?**

I. The norms for approval of builders/projects w.e.f 01.03.06 are:

- 3-tier structure for approvals: automatic approval route, normal approval route and approval of specific projects of builders under normal route.

A. Automatic approval route

i) Projects promoted by reputed builders who enjoy CRISIL rating of DA1/DA2 and/or ICRA rating of DR 1,DR2+/DR/DR2-, which indicate developer's ability and excellent past track record in execution of real estate projects as per specified quality levels and conveyance of title deeds to allottees within stipulated time schedule and strong project execution capacity of the developer/builder.

OR

ii) Projects with CRISIL rating of PA1/PA2 and or ICRA rating of RT1/ RT2+/ RT2/ RT2- , which indicate highest ability of the developer to specify and build to agreed quality levels and transfer clear title within the stipulated time schedule and where the project risk factors are very low.

All the builders/projects which conform to the above norms stand automatically approved subject to annual review on the basis of the current ratings awarded to the Builders/Projects.

B. Approval of builders under normal route

Reputed builders who:

- have been in the line of activity for a minimum period of 10 years **OR**
- are affiliated to the industry body-- State Chamber of Housing Industry **OR**
- enjoy ISO certification and

who fulfill the following eligibility norms, will be approved by the DGM of the Module/Branch :

i) execute a simple letter of undertaking agreeing to (a) deliver the title deeds in favour of the purchaser of the flat directly to the Bank (b) insist on No-objection Certificate (NOC) from the Bank before cancellation of Sale Agreement and refund of payment(s) received thereunder and (c) to convey Bank's security interest to the Society, if any, proposed to be formed after completion of construction for noting Bank's charge in the Society's records.

- ii) *Search Report from empanelled lawyer certifying builder's/third party's (who owns the property) clear, absolute, marketable title to the property where the project is proposed to be constructed, including validity of the joint development agreement, if any, executed in this regard.
- iii) *Possession of all mandatory legal clearances under various extant builder laws and other legal enactments and copy obtained for our record.
*(With a view to facilitating tie-up at the time of launching of the project, the stipulations (ii) and (iii) above need not be insisted upon as a pre-condition while entering into tie-ups. However, it should be ensured that the builder complies with the stipulations before sanction of loans in the project to individual borrowers.)
- iv) Project completion period should not exceed 24 months. Builder's adherence to project completion schedule to be satisfied on the basis of his track record in timely completion of last three completed projects.
- v) Track record of the builders in timely conveyance of valid title to be ascertained on the basis of their latest three completed projects.
- vi) Minimum stake of 15% of the project cost, certified by Chartered Accountant to be obtained and progress of work to be verified by site inspection / photographs evidencing present stage of construction.(advances made by the prospective purchasers can be taken as a part of the project cost subject to availability of proper documentary evidence in this regard.).
- vii) Constitution of the builder should be partnership firm, Pvt / Pub. Ltd. Co. and the key promoters reputed and experienced in the line of activity.
- viii) Opinion Report should be obtained for borrowers who enjoy credit facilities with other Banks.
- ix) Availability of financials of the builder will be an added advantage to scrutinize them for any adverse features including quantum of outside liability. However, tie-ups once approved need not be withdrawn even if the builder has low networth if customer satisfaction level in their past projects is high.
- x) No known legal case of significant nature like (i) default to some other Bank (can be ascertained through RBI's defaulters list/access to CIBIL data base etc.), (ii) land misappropriation and (iii) large tax evasion etc.

C. Approval of specific projects of builders under normal route

DGM of Module has powers to approve individual projects promoted by builders, who are in the line of activity for a minimum period of 5 years, subject to satisfaction of the conditions referred to in (i) to (x) above.

II.Lawyer's Report: Single consolidated search report to be obtained from the empanelled lawyer certifying builder's/owner's clear, absolute and marketable title to the property. Search reports not to be insisted upon from purchasers of individual flats. The lawyer's fee in this regard to be borne by the Bank.

III. Valuation Report: Single consolidated valuation report to be obtained from empanelled valuers who should also comment upon reasonableness of prices of individual flats of various types. Valuation reports not to be insisted upon from purchasers of individual flats. Valuation fee in this regard to be borne by the Bank.

IV. Concessional Packages: Concessional interest rate may be granted on the basis of the business potential, as per the discretionary power structure laid down in this regard. DGMs of the Module/Branch are vested with powers to reduce/waive processing fee and to reduce margin upto 10%

V. Sharing Of Joint Publicity Expenditure: With a view to ensuring builder's support in joint marketing efforts, joint publicity expenditure towards the cost of advertisement brochures, banners, hoardings, joint property fairs etc., to be shared with the builder subject to a maximum of 30% of the expenditure incurred with a cap of 0.30% of the business directed to us from the respective projects.

VI. Disbursement: By BC/DD crossed A/c Payee only incorporating the builder's a/c number and banker's name and sent directly to builder by regd AD/Speed post.

[CC Circular No.PBBU/HL/AX/16 dt.15th February 2006 on tie-up with builders]

VII. Interim security: may be waived for financing flats/houses in projects promoted by builders approved under Automatic Approval Route and Normal Route subject to (i) fulfillment of conditions stipulated in the modified guidelines for approval of builders. (ii) The borrower has first invested the complete margin money and the receipts of the same are furnished to us.

Interim security should be obtained with regard to builders whose **specific projects** are approved under Normal Route. [PBBU/HL/AX/07 dt. 20.05.2006]

- **What are the USPs of the guidelines on tie-up with builders?**
- Powers vested with DGM of the Module/Branch to approve builders who fulfill the eligibility norms, to reduce the response time.
- Built in provision for approval of projects pending obtention of search report/mandatory legal clearances to enable the Bank to associate with the project right from the period of launch..
- Single consolidated search report and valuation report, the cost of which will be borne by the Bank.
- Powers vested with DGM of the Module/branch to reduce margin upto 10%.
- Sharing of joint publicity expenditure, subject to a maximum of 30% of the expenditure incurred, with a cap of 0.30% of the business directed to us in

the respective projects

- Interim security waived with regard to certain category of builders.

Disbursement

- **What are the precautions to be taken while disbursing the loan?**

To prevent misuse of funds, disbursement should be made only in phases co-relating to the actual progress made in the construction eg. at stages like completion of plinth, lintel level, roof etc. Before disbursements, the proper end-use of funds should be ensured by visits to the sites. Branches may insist on a certificate from engineer/architect of the borrower confirming stagewise completion of the project.

As regards loans for repairs/renovations/construction, etc., branches should satisfy themselves about the estimated cost of work involved having regard to the extent thereof, materials to be used, cost of labour and other charges and after obtaining certificate(s) of qualified engineers/architects as considered necessary.

- **Is reimbursement of investment made in housing permitted?**

Home loan may be sanctioned for reimbursement of investment made by the borrower in housing from own resources during the **preceding 12 months** subject to the following conditions – [PBBU/HL/AX/28 dt.2.2.07]

- i) Reimbursement will be restricted to investments made by the borrower from own resources in construction/ repair/ renovation/ purchase of property including registration fee and stamp duty paid for the purpose.
- ii) Small expenditure like furnishing, wood work will not be considered.
- iii) Quantum of reimbursement will be based on (a) the present market value of the property as per the valuer's certificate or (b) the investment made by the borrower, whichever is lower. Expenditure receipts should be obtained and kept on record.
- iv) A higher margin of 25% will be insisted upon.

Repayment

- **How is the repayment schedule customised for agriculturists?**

Since income of agriculturists is seasonal, the repayment schedule in their case will be aligned with their expected cash flow to reduce chances of default in a/cs. The periodicity of instalments to be decided upon the merits of each case, on a realistic basis, coinciding with harvest of the crop at half yearly/yearly intervals or coinciding with the generation of income from ancillary agricultural activities pursued by the borrower e.g. dairy/poultry etc. or in monthly/quarterly instalments in case of other regular sources of income. Repayment can be made by PDCs or by executing Standing Instructions.[CC Circular PBBU/HL-AL/I/2 dt.24.01.2005]

Pre - EMI Interest:

- **Is interest to be paid or can it be deferred during the moratorium period? What is the procedure to be adopted?**

Suitable clause to be incorporated in Home Loan application form which makes it mandatory for the applicants to exercise either of the following options:

(a) a one-time option to capitalize pre-EMI interest or (b) to service the pre-EMI interest

a) Procedure for capitalization of pre-EMI interest: where the borrower exercises this option, the limit will be fixed suitably taking into account the approximate pre-EMI interest during the moratorium period, duly compounded at the applicable card rates (notional pre-EMI interest worked out on the presumption that the loan is disbursed in lumpsum on the date of sanction). The **eligible loan amount** is to be arrived at as per the format specified. This will ensure that the actual outstandings in the loan a/c always remain within the limit. **No drawings** are to be permitted in respect of the loan component representing pre-EMI interest. [As disbursements will be based on the disbursement schedule for construction / payment schedule as per Agreement of Sale which will be verified by the officials concerned and as pre-EMI interest capitalisation does not form part of the disbursement schedule, the officials will be able to guard against drawings from the loan component representing pre-EMI interest.]

The computation of **total loan amount** (i.e. actual loan + pre-EMI interest) will also be subject to income criteria eligibility and EMI/ NMI ratio not exceeding 57.50% for borrowers aged below 45 years and 50% for borrowers aged 45 years and above. Accordingly, the borrower should execute check-off authority or tender PDCs for the total loan amount.

After the moratorium, the borrower is given an option to request for EMI reset based on the actual outstandings after final disbursement, subject to furnishing revised check-off authority / fresh PDCs. A suitable letter to be sent to borrowers after final disbursement to enable them to exercise the option.

In respect of **existing Housing Loans** where borrowers have opted for pre-EMI interest capitalization and the repayment is yet to commence, the Sanctioning Authority is empowered to suitably enhance the sanctioned limit by granting an additional Home Loan subject to the above stipulations and after obtaining suitable documents in this regard i.e. Arrangement letter, Memorandum of Agreement for Home Loans, Guarantee Agreement, check-off authority / PDCs for the additional loan so sanctioned.

Arrangement letter and Memorandum of Home Loan Agreement should incorporate the relevant clauses on pre-EMI interest. It should also be incorporated in the Housing Loan documents obtained under 'SBI-Gram Niwas', 'SBI-Realty', 'SBI-Flexi', 'SBI-Maxgain' and 'SBI-Freedom' Home Loan schemes.

b) Where borrower opts for servicing of Pre-EMI interest: It will be worked out as in para (a) above and the customer will tender PDCs drawn at monthly intervals for servicing the amount of pre-EMI interest.

[CC Circular No. PBBU/HL/AX/23 dt. 09.03.2006]

EMI:

• **Should EMI be altered with every Interest rate fluctuation?**

In the case of Floating Rate option, the EMI need not be altered should interest rates rise or fall. The net effect of interest rate fluctuations is accounted for by way of increase or decrease in the number of instalments.

EMI Reset :

• **Can EMI be reset downwards during the tenure of the loan?**

(A) Under Floating Rate option, in case there is a decline in rate of interest, the sanctioning authority may refix the EMI downwards (for select customers) upon written request of the borrower, only if -

- i) the downward revision in rate of interest is 1% or more as compared to the original rate of interest at which the loan was given.
- ii) the original loan was of Rs.5 lac or more,
- iii) the a/c is a Standard Asset and its conduct has been satisfactory.

[B] Under both the Fixed Rate as well as Floating Rate options, since part payments and balloon payments are permitted, in case the borrower pays 20% or more of the outstandings in one instance and requests for downward resetting of the EMIs, the same may be done by the branch after establishing a fresh check-off or obtaining fresh PDCs.

- **Can EMI be reset upwards?**

Refixing of EMI upwards may be permitted at the request of the borrower after establishing a fresh check-off or obtaining fresh PDCs.

- **How many times can the refixing of EMI be granted?**

The facility of upward / downward refixing of EMI can be granted only **TWICE** during the tenure of the loan after establishing a fresh checkoff / obtaining fresh PDCs at each instance.

Prepayment Penalty:

- **What are the prepayment charges for housing loans?**

With a view to ensuring efficacy of prepayment penalty as a deterrent to flight of business through take-over, as also effectively checking avoidance of payment of penalty, the terms for levy of prepayment penalty were modified as below :

- **Prepayment Penalty applicable prospectively wef 05.01.2005** for all housing loans including SBI Realty, SBI Flexi-housing, NRI housing:

Loans on Fixed and Floating interest rates: 2% penalty on the amount prepaid in excess of normal EMI dues should be levied in respect of preclosure of Housing Loans before expiry of half of the original tenure (i.e., for a loan with repayment tenure of 10 years, prepayment penalty will be charged if the loan is preclosed before 5 years)

Mode of recovery: Should be computed and recovered by debit to the housing loan at the time of liquidation of the loan and credited to Branch Interest Account as “**advance interest**”.

Branches should maintain appropriate register evidencing recovery of prepayment penalty in respect of Housing Loans, which are preclosed before expiry of half of the original tenure of the loan in the specified format.

[CC circular No. PB/HL/AX/23 dt. 05.01.2005]

Existing Housing Loans granted prior to 05.01.2005 will be governed by the extant stipulations on prepayment penalty i.e

- **For loans granted between 27.02.2002 and 05.01.2005 on fixed or floating interest rate basis:** a prepayment charge of 2% on the amount prepaid when the loan is preclosed for reasons of takeover by any other bank/ financial institution.

- **For loans granted between 22.12.2001 and 26.02.2002:**

[A] Floating Rate option: a prepayment charge of 2% on the amount prepaid when the loan was preclosed for reasons of takeover by any other bank/ financial institution.

[B] Fixed Rate Option: 2% of the amount prepaid in excess of the EMI (as also the incidentals like Insurance etc.) This will not be applicable where the original repayment schedule envisages a bullet repayment at the time of retirement or any other time during the repayment period. Further, the charge may be waived where the borrower is deceased.

- **For loans granted prior to 22.12.2001:** No prepayment charge is to be recovered as the above instructions were issued only on that date and the documents for loans sanctioned prior to that date do not carry the relevant clause.

Repayment period:

How do we guide a customer who approaches for a 25 year HL?

Some of our competitors are offering loans with repayment period of 25 years. However, our Bank is not in favour of increasing maximum repayment period from 20 years to 25 years as it unnecessarily increases interest burden of the borrower without any significant decrease in EMI. If repayment period of a Rs. 1 lac loan is increased from 20 to 25 years, the EMI goes down by only Rs. 60/- whereas interest burden of the borrower goes up by more than Rs.36000/-. If the customer is guided with these facts, it is likely to generate goodwill for the Bank.

Rate of Interest

- **Is penal interest levied on irregular loans?**

Yes. To instill financial discipline among borrowers, penal interest is charged @2% on the entire loan outstandings for the period of default when an EMI is not paid for any reason, including a bounced cheque or when an overdraft a/c becomes irregular. Letters to be sent to all borrowers [as per Annexure 'A' of the circular] to caution them against occurrence of irregularity in the a/cs. A Notice also to be displayed in the Branch notice board for information of all P-segment borrowers. Notice [as per Annexure 'B' to the circular] should be addressed to all defaulting borrowers advising them to regularise the loan within 30 days of occurrence of irregularity and his/her liability to pay penal interest in case of failure to regularize the loan within the stipulated period. However, no penal interest should be charged on loans upto Rs.25,000 in accordance with RBI guidelines. [CC Circular No.PBBU/HL/IR/20 dt.01.03.06]

- **What are Fixed Interest Rates subject to?**

Fixed Rate of Interest does not normally change with the changes in SBAR.

However, fixed rate loans are subject to:

i) 'force majeure' clause, in terms of which the bank has the option to alter the fixed interest rates applicably and prospectively in the event of major volatility in interest rates during the period of the loan agreement. [CC Circular No.PB/5A/13 dt. 28.08.2004 & PBBU/HL/IR/17 dt.21.02.06]

ii) An 'Interest Rate Reset' clause, whereby fixed interest rates may be reset at the end of every 2 years on the basis of fixed interest rates prevailing then. (to effectively hedge the interest rate risk due to the long tenure of loan)..[

PBBU/HL/IR /4 dt.17.08.05 & HL/IR/17 dt.21.02.06]. Modified Arrangement letter and HL Agreement to be obtained for loans granted on fixed interest rate.

Loans with Combined option:

Since it is difficult to predict the interest rate movements in the long term, loans with a combination of fixed and floating rates in a pre determined ratio are now being offered to help customers hedge the interest rate risk. Under Flexi-Housing loans, a portion of the housing loan is on fixed interest basis and the remaining portion on floating interest rates.

Takeovers

- **What are the conditions for takeover of housing loans from other Banks / Financial Institutions?**

Takeover of housing loans may be considered after due diligence and precautions in cases where:

- Possession of the house/flat has been taken by the borrower
- Repayment of the existing loan has already commenced and instalments are being paid as per terms of sanction
- The borrower has valid documents evidencing his title to the house/flat

Deviations: - Any deviation from the above conditions would require Administrative Approval by the AGM in case of loans to be sanctioned by an official of a lower grade and by the next higher authority in case of loans to be sanctioned by an AGM or a DGM. The sanctioning authority, where it is above the rank of DGM, would itself be empowered to approve the deviations. The deviations should be allowed selectively in consideration of larger business interests / valuable connections.

- **In the case of a Take-over, whether a higher loan amount and a longer repayment period than the one sanctioned by the original lender can be allowed by us?**

The assessment of the borrower should be made as in the case of regular housing loan accounts.

At the time of the takeover, the sanctioning authority, based on the merits of the case and requirements / eligibility of the borrower, can sanction an amount higher than the amount taken over for purposes of renovation/ extension/furnishings. Similarly, we can also extend the repayment period beyond the period sanctioned by the original lender, provided that at all times the stipulated criteria regarding maximum permissible finance and security margin under the Bank's scheme are not diluted.

- **What is the procedure for take-over of housing loans?**

Obtention of information and confirmation:

- i) The prospective borrower should address a letter (on the Bank's standard format) to the Bank/institution from whom the finance has been availed asking them to deliver the title deeds and other securities direct to the Branch upon receipt of the loan amount and authorising them to furnish
- information about outstanding in the loan account with up-to-date interest;

- statement of account for the period of loan or for the last 10-12 months (where the loan has run for a longer period) to ensure that the instalments and interest were paid regularly and are not in default
- ii) The prospective borrower, should submit to our Bank a letter (on the Bank's standard format) requesting us to repay his outstanding loan with the original lender by debit to the loan account with us and authorising us to obtain delivery of the title deeds and other security documents, if any, from the original lender. This request letter should enclose the reply received from the original lender containing the aforesaid information on his loan a/c. This will confirm, inter-alia, that the original lender is actually holding an Equitable Mortgage over the property in question.

There are occasions when no response is received from the original lender with a view to thwarting the takeover. In such cases, if the prospective borrower is a high networth individual, the following steps may be taken to negate such tactics and expedite the takeover process:

- a. Original sanction letter or the letter containing terms and conditions obtained from the original lender should be verified with the latest statement of the loan account to ensure that the instalments have been paid as per the terms of sanction.
- b. Search report of the property should be obtained on the basis of the photocopies of the title to the property available with the applicant.
- c. Applicant's possession of the property should be independently verified.

With the aforesaid procedure, the requirement for obtaining the requisite information from the original lender, as detailed above will be circumvented and the original lender will not be able to thwart the take-over by withholding the information.

However, the other requirements and the subsequent formalities for sanction/disbursal of the loan will remain applicable.

Sanction: The loan will be sanctioned if the above information is found satisfactory and after ensuring that the title to the property is clear as certified by the Bank advocate in the prescribed format and the a/c has been regular.

Disbursal: is subject to obtaining:

- a. "Agreement to Mortgage"
- b. A power of Attorney by the applicant in favour of the Bank authorizing the Bank to create equitable mortgage on his behalf.
- c. interim security, if required and
- d. Execution of the required loan documents.

The disbursement of the loan should be made direct to the original lender. A letter advising them (on the Bank's standard format) to appropriate the said amount towards the particular loan account only and to deliver the documents to the Bank's representative named in the letter should be sent.

Upon receipt of the Title Deeds etc, **the Bank must apprise the borrower in writing**, the details of the documents received from the original lender in order to avoid any legal complications later on in case some documents/securities are not received.

- **In case of take-over, is any security required to be taken during the interim period between granting of the loan and creation of EM?**

During the interim period between the granting of the loan and creation of equitable mortgage on the house/flat being financed, some security, including third-party guarantee, may be taken, if considered necessary. However, the kind of security where taken, should be flexible, depending on the status and integrity of the borrower and it need not be related to the loan amount.

The security obtained in the interim period, must be released after creation of a valid equitable mortgage subsequent to receipt of title deeds and title verification etc.

Waiver of interim security:

- Where an applicant is of undoubted integrity and standing, interim security/third-party guarantee may be waived.
- The interim security may also be waived in the case of take-over of bulk loans of employees of reputed corporations and institutions, if check-off facility is provided along with an irrevocable undertaking for making repayment of outstanding loan out of any amount payable to the employee including terminal benefits on retirement/ resignation towards all dues pertaining to the account.
- However, when interim security is waived, no deviation from take-over conditions is to be permitted except in cases of take-over of Standard Asset loans in bulk, of employees of good corporates/ institutions with a check-off facility.

Service tax

- **Is service tax applicable to processing fee & prepayment charges?**

Service tax is applicable to processing fee. It is not applicable to prepayment charge as it is a recovery of 'advance interest.' [CPP/JLJ/CIR/83 dt.01.03.05]

Processing fee

- **What is the procedure for recovery/ refund of processing fee?**

Processing fee remitted by the customer should be appropriated as under:

Parameter	Mode of appropriation
a. On sanction/rejection of loan application by Sanctioning Authority after complete processing (including obtention of search and valuation report and pre-sanction survey).	Entire amount should be credited to Commission Account
b. On rejection of the loan application after pre-sanction survey	25% of the fee should be retained by us and credited to Commission Account and the remaining amount should be refunded to the applicant by issue of B/C crossed 'A/c Payee Only' or by credit to his/her SB/CA
c. On rejection of the loan application after inspection and obtention of legal/valuation report	-do-

d.If the loan application is not found to be acceptable on initial scrutiny.	Should not be recovered
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[CC Circular No.PBBU/HL/AX/5 dt. 22nd August 2005]

Lawyer's and valuer's fee

- **What is the procedure for recovery/ refund of lawyer's/valuer's fee?**

Lawyer's and Valuer's fees are recovered from the Housing Loan borrowers on actual basis.

- a) Amount paid in cash/by cheque by the applicant towards Lawyer's and Valuer's fee should be appropriated, wherever the property documents are sent for search/valuation irrespective of sanction or rejection of the loan.
- b) However, the cheque issued by the applicant should be returned/ amount refunded if paid in cash, if the search/valuation is not carried out.

[CC Circular No.PBBU/HL/AX/5 dt. 22nd August 2005]

Papers / documentation

- **What papers/documents are required for granting a housing loan?**

Checklist of documents to be obtained in respect of **applicant**:

- Completed loan application [revised format wef 01.03.06 as per CC circular No.PBBU/HL/AX/15 dt.31.01.06]
- 3 passport size photos (including those affixed in loan application)
- Proof of identity: Electoral ID card/Passport/driving license/PAN card
- Proof of residence: electoral ID card/passport/electricity/telephone bill
- Proof of business address, in case of non salaried borrowers
- Statement of bank account for the last six months
- Signature identification from present bankers
- Personal Assets and Liabilities statement on Bank's standard format
- Brief write up of securities charged in respect of other loans availed from our Bank/other Banks/Housing & Auto Finance companies/ other sources
- **Guarantor:**
 - a. Personal Assets and Liabilities Statement
 - b. 2 passport size photographs
 - c. Proof of identification as above
 - d. Proof of residence as above
 - e. Proof of business address as above
 - f. Signature identification from his/her present bankers
- **Income documents: For salaried applicants :**
 - a. Original salary certificate for the last month
 - b. TDS certificate-Form 16 or copy of I.T>Returns for the last two financial years, duly acknowledged by I.T.Deptt.*

For professionals/self-employed/businessmen:

- a. Three years I.T>Returns duly acknowledged by I.T.Deptt./ I.T .Assessment Orders for computation of income*
- b. Copies of challans in respect of advance payment of income tax*

(*photocopies to be kept for our records after verification of the originals with suitable noting regarding verification of the original)

- **Property documents:**

- a. Sale Deed, Agreement of Sale, Original share certificate(s) issued by the society.

- b. Land and Building tax paid receipts, possession certificate, location sketch of property certified by revenue authorities
- c. Letter of allotment from Housing Board/Society/Private Builder
- d. Original receipts of advance payments towards purchase of flat
- e. Non encumbrance certificate for the last 13 years
- f. Original of land tax paid receipt and possession certificate issued by the revenue authorities.
- g. Copy of permission from Appropriate Authority and approved building plan (and also key plan/floor plan in case of purchase of flats)
- h. Original NOC under ULCR Act 1976
- i. Copy of the relative order in case of conversion of agricultural land
- j. Original No objection certificate from Housing Society/Builder
- k. Detailed estimate of cost of construction of house
- l. Letter from the builder/society/Housing Board intimating their a/c number and name of their bankers, for remittance of instalments.

• **Other documents:**

Lawyer's report as per the standard format approved by the LHO concerned.

Valuation report from empanelled valuer as per the standard format approved by the LHO concerned.

Declaration by the borrower agreeing to construct the house within the stipulated period in case of loan granted for purchase of plot of land,

[[CC Circular No.PBBU/HL/AX/1 dt. 01.04.2005]

(i) Documents relating to repayment :

Where Check-off is available:

- a) Irrevocable Letter of Authority from employee (on standard format).
- b) Letter of undertaking from employer (on Bank's standard format).
- c) Irrevocable Letter of Authority where applicant himself is Drawing and Disbursing Officer (on Bank's standard format). **or** in other cases PDCs or standing instructions wherever required may be obtained.

• **Security Documents required for Housing Loan -**

Memorandum of Term Loan Agreement for Housing Loan (on modified format).

Guarantee Agreement, if applicable (on modified format)

Formalities related to creation of Equitable Mortgage.

Mortgage Deed to be executed by the borrower (only in the case of Registered mortgage)

Agreement to Mortgage, pending creation of mortgage.

Documents in connection with pledge of other securities, where applicable.

Arrangement letter (on modified format).

A single consolidated stamped affidavit sworn before Magistrate/ notary public incorporating the relevant clauses: (a) declaring non availment of other loans against the same property / from other financial institutions (in lieu of No Dues Certificate), delivery of original documents of title etc. (b) to cover risk for Home loans below Rs.1 cr., where the search report covers only a period of 15 years and which does not reveal any encumbrance (instead of obtaining non encumbrance certificate for 30 years) (c) to enable the Bank to initiate criminal proceedings against borrowers if they declare incorrect, false or misleading information (to mitigate risks on account of multiple financing/

submission of fake / forged title deeds etc). [PBBU/HL/AX/23 dt.16.08.06]]

In case of takeovers:

Request letters from borrower to his existing financier and to the Bank for repaying the existing loan. Letter from Bank to the borrower's existing financier to close the borrower's loan account.

- **What are the various additional clauses/provisions incorporated in the modified security documents?**

The following clauses were incorporated to meet various legal requirements:

- increase interest rates without any change in SBAR
- recall the entire advance, enforce its dues and security in case of default by the borrower(s) in repaying any one or more instalments or upon the happening of various events
- authority for sharing of data to CIBIL
- vesting absolute rights to assign the loan in favour of securitization company or reconstruction company under SARFAESI Act.
- penal interest for delayed repayment.
- option to capitalize pre-EMI interest.
- acceptance of other securities in lieu of mortgage of property.
- hypothecation of consumer durables/furnishings financed as part of H L.
- publication of defaulters details/photographs in any manner.

A set of revised documents i.e. Arrangement letter, Memorandum of Home Loan Agreement and Guarantee Agreement are enclosed to CC Circular No. PBBU/HL/AX/11 dt. 12.06.2006 to be brought into use with immediate effect.

- **Can branches consider execution of documents on the basis of Power Of Attorney in respect of *domestic* Home Loans?**

Allowed only for borrowers employed in **Defence Services**.

- (i) The sanctioning authority may allow execution of HL documents, **except Loan Application which must be signed by the borrower himself/herself**, by duly Constituted Attorneys in cases of "Defence Employee" borrowers,
- (ii) The Power of Attorney would be restricted to close relatives namely Spouse, Father, Mother, Brother, Sister, Son, and Daughter of the "Defence Employee" concerned.
- (iii) After execution of the documents by the duly Constituted Attorney for and on behalf of "Defence Employee", a written confirmation to be obtained from the "Defence Employee" concerned by way of a letter confirming execution of the documents by the Attorney including creation of security by way of mortgage.
- (iv) Power Of Attorney for this purpose should be obtained in the prescribed format. A certified photocopy of Defence Identity Card should also be attached to the Power Of Attorney. [PBBU/HL/AX/27 dt. 23.11.06]

Pre-sanction process

- **What is the procedure for a meaningful pre-sanction survey?**

(i) Place: residence of borrower

Procedure:

- a. Identify the borrower based on the proof of identification
- b. Identify the borrower's address on the basis of proof of residence.
- c. Educational qualifications
- d. Ascertain period of stay in the current residence
- e. Whether owned/company leased/rented. If rented, ascertain monthly rent being paid
- f. Ascertain whether he/she has a credit card and name of the card issuer
- g. Educational qualification of spouse and children (except minor children). If spouse/children are employed, name of the organization, designation, experience and salary
- h. Number of school going children
- i. Number of other dependent relatives staying with the borrower
- j. Discreet local enquiries with neighbours, opinion makers etc. to ascertain antecedents, credentials of the borrower
- k. Whether he/she owns a car and/or two-wheeler in his/spouse's name. The vehicle number and name of the owner may be recorded and the name of financiers, if any.
- l. Sanctioning Authority may make enquiries with the applicant's bankers, if he deems it necessary

(ii) Place: residence of guarantor: Procedures listed a to c above to be followed.

(iii) Place: Office/work place of borrower: (discreet enquiries to ascertain antecedents and credentials of the borrower)

Procedure:

- a. In case of salaried applicants - with colleagues, salary disbursement authority (also with a view to confirm genuineness of salary certificate)
- b. In case of self-employed/ businessmen/ professionals - with another firm engaged in the same line of activity, one or two firm(s) in the neighbourhood/ concerned industry body.

(iv) Place: Builder (to establish the genuineness, track record and reputation in terms of timely completion of quality projects)

Procedure: check

- a. With a few other reputed builders in the area
- b. With a few of the owners of their completed projects to ascertain quality of construction, timely delivery and conveyance of ownership rights to the purchasers, any litigation/dispute on ownership issues..
- c. With the concerned industry body i.e. Chamber of Housing Industry/ Builder's Forum etc.
- d. With the builder's bankers

(v) Place: Property proposed to be purchased

Procedure:

- a. Independent and surprise visit to be made to the property.
- b. Identify the property based on details in title documents.
- c. Landmarks for reaching and identifying the property to be recorded
- d. Accessibility/approachability i.e. all modes of transport/ car/two wheeler only/others
- e. Ensure that proper access is available to the property i.e. roads etc.

- f. Comments on the locality i.e. whether residential/ commercial/ underdeveloped / trouble prone.
- g. Comment whether the area is posh/upper middle class/middle class/ lower middle class/slum area
- h. Discreet enquiries with the owners/occupants of neighbouring houses in respect of the ownership of the property, information on any pending disputes/litigation etc.
- i. Ensure that the property is kept in good and tenantable condition.
- j. Ascertain whether the property is rented out and, if so, for how long and the rentals p.m. Whether leased to an institution for occupation of its employees or rented out to an individual /business concern

[CC Circular No.PBBU/HL/AX/1 dt. 01.04.2005]

The following items have been taken out of the purview of pre- sanction inspection by the Bank's staff wherever the services of outsourced agencies are available: visits to (i) the residence of the applicant, (ii) residence of guarantor, (iii) office/ work place of the borrower.

Where the pre-sanction inspection processes mentioned above have not been outsourced, RACPCs /OSFs/ Branch staff will continue to visit the above 3 places also in addition to the Builder and Property. [PBBU/HL/AX/24 dt. 26.09.06]

• **What are the formats standardised?**

In addition to the above procedures, the following formats to be used are also standardised for the pre-sanction and sanction process to ensure uniformity and effective compliance of instructions by operating functionaries and to minimise possibility of frauds during pre-sanction stage : [CC Circular No.PBBU/HL/AX/1 dt. 01.04.2005]

Pre sanction inspection sheet	To be kept with documents. (Separate format to be used for recording pre sanction visits by Bank's staff where outsourced agencies are engaged.) [PBBU/HL/AX/24 dt.26.09.06]
Control Card	Control Card will serve as a check list of compliance of various processes/ procedures, carrying brief details of the loan, including details of post sanction inspection, to be kept with documents.
Appraisal Format	With a view to ensuring uniformity in appraisal of HLs and compliance with extant instructions, standard appraisal format introduced.
Letter forwarding B/C /DD to Builder/Seller	Standard forwarding letter introduced to safeguard Bank's interest and ensure proper delivery of BC/DD to Builder/Seller
Control Report	Standard Control Report to ensure uniformity in reporting of sanctions

Title deeds verification / Search report

• **For how many years should the search report be obtained?**

In the case of Home Loans for amounts below Rs.1 crore, the Bank can take a limited risk by making a search for a period of 15 years, instead of 30 years. If the search made for 15 years does not reveal any encumbrance, then the

risk has to be covered by incorporating the relevant clause in the consolidated stamped affidavit as per specified format. Empanelled lawyer(s) should furnish the search report for 30 years in respect of properties belonging to Government, Local Authorities, etc. Other instructions in this regard remain unchanged. [PBBU/HL/AX/2 dt.15.04.2006 and PBBU/HL/AX/23 dt.16.08.06]

Where this search report reveals encumbrance on the property which is detrimental to the Bank's interest, immediate steps are to be taken to either avoid granting the loan or advise the borrower to rectify the defect in the title, if it is possible. [CC Circular No.PBBU/HL/AX/22 dt.07.03.2006]

- **How do we mitigate risks on account of multiple financing/ submission of fake / forged title deeds etc?**

(i) A consolidated stamped affidavit sworn before notary public/ magistrate is to be obtained from prospective borrowers covering various points including non availment of other loans against the same property, delivery of original documents of title etc., to enable the bank to initiate criminal proceedings against them if they declare incorrect, false or misleading information. A copy of the affidavit is enclosed to CC Circular No. PBBU/HL/AX/23 dt.16.08.2006.

(ii) The sanctioning authority should verify the current CIS data base to avoid multiple financing. This will also enable them to know the repayment obligations of other loans availed by these borrowers from other branches under other schemes also, which are not disclosed in the loan applications.

(iii) Branches/RACPCs should access CIBIL data base, wherever required, to trace credit facilities, if any availed by such borrowers from other banks in the centre [opinion report from these Banks should be obtained regarding nature and conduct of the facilities, before sanction].

(iv) RACPCs/ Branches can use the service of verification agencies who run 'de-dupe' tests with other Banks' data too.[PBBU/HL/AX/14 dt.23.06.2006]

PRODUCT HIGHLIGHTS

- No application form charges.
- Transparency in dealing - No hidden costs or administrative costs.
- Low processing fee.
- Low Margins
- Long repayment period
- Benefit of lower interest rates is offered to high net worth individuals who have the capacity to repay the loan within a shorter period of 5 years.
- 'Tailor-made housing loan' scheme available with customised / personalised repayment schedule.
- Customised repayment options for agriculturists
- Option of choosing Fixed/Floating Interest Rates or combination of both as in Flexi- Housing loans.
- Competitive Rates of Interest / low EMI
- Improvement in pricing for bulk finance.
- Interest calculated on DAILY reducing balance which in essence lowers the effective rate of interest .

- Take-over of loans from other Banks/ Financial Institutions, to pass on the benefit of lower interest rates.
- Facility of in-principle approval, prior to identifying a specific house/flat

Customers who service their housing loan a/cs regularly are rewarded:

- 50% concession on all types of personal remittances and collection of outstation Cheques of the borrower and his/her spouse, as long as the loan account is regular.
- Eligibility for 'SBI Credit Khazana' if account is serviced satisfactorily for one year after the moratorium
- No processing fee for loans under 'Medi-Plus' if the applicant has already availed a housing loan from us and all instalments of the account are paid in time.

Free value added services are provided :

- Free SBI Credit card to Housing Loan customers - Waiver of Joining Fee of SBI Classic / International Card and of first year's Annual Membership Fee for self and the add-on card. The facility would, be available at the sourcing centres of SBI Cards and in respect of those housing loan accounts which are Standard Assets and regular.
- Free Internet banking and ATM cards
- Free accident insurance cover
- SBI Life Group Insurance cover at concessional rates. Premium will be part of project cost & funded.
- **Various concessions in margins, interest rates, interim security requirements etc. are offered depending on value of business connections**
- Establishment of tie-ups with reputed builders by offering tailor made packages with various concessional facilities and value added options will help build long term relationship with reputed builders.
- Processing fee reduced depending on business requirements;
- **Concessions available for housing loans under the Plus Packages.**
- Different Schemes for different people like individual housing loan scheme for public, NRIs, Tribal plus, Gram Niwas, Sahayog Niwas etc.
- **Customisation** is possible by combination of the different variants of housing loan schemes like SBI Realty, Flexi-Loan, Maxgain and SBI Freedom to take advantage of the value added features.
- Home loan can be sanctioned for **reimbursement of investment** made by borrower from own resources.

MARKETING TIPS

- Brochures/ pamphlets/ EMIs / comparative chart of other players etc
- Visit to various schools/ colleges/ Govt. Depts/ PSUs/ reputed Private Sector companies etc. for making presentations on housing loan scheme
- Tie-up with large institutions where bulk business is available
- Focusing on unique requirements of High Networth Individuals (HNIs) through professionalised service and doorstep assistance

- Providing in-principle approval letter after verifying salary slip/IT return/ age proof etc
- Establish liaison with reputed architects/ vaastu specialists
- Develop liaison with builders by visiting their offices/project sites
- Strategic tie-up with leading reputed builders of the city/town
- Obtaining list of bookings and sending letters to prospective borrowers
- Obtain list of approved housing projects of reputed builders of the town
- Obtention of all the land papers related to particular project, for consolidated search report for expeditious sanction of individual cases
- Exclusive 'Builders Meet' periodically to be participated by AGM/DGM etc
- Keeping brochures at the offices and project sites of builders
- Conducting housing loan Mela in a big way with wide publicity campaign
- Advertisement through Cable T.V. network
- Banners at strategic locations
- Hoardings at various sites/projects under construction
- Distribution of pamphlets through newspaper
- Take over of high cost housing loans from other institutions
- Convince people to buy their own house instead of paying rent
- Convince people about the substantial IT sops available for housing loans and how these help in effectively reducing the cost of the loan.
- Applicants who availed loans for purchase of a plot under SBI Realty can be approached for simultaneously availing a housing loan for construction of a house on the plot.
- Allottees of plots / flats by Govt. agencies like UDAs can be contacted.
- Benefits of customisation of features under the various housing loans should be effectively marketed to boost the offtake of variants like SBI Realty, SBI-Flexi, SBI Maxgain and SBI Freedom schemes.

BENEFIT TO THE BRANCH

- As per transfer price mechanism, the Central office interest receivable for the branch on disbursement of each new housing loan is -- 1% of the housing loan limit subject to minimum of Rs.2500/- and maximum of Rs 10000/-
- Branches receive an administration fee and also incentives from SBI Life for coverage of housing loans.
- Housing loans with limits upto Rs. 15 lacs are classified under priority sector advances.

Reference: CC Book of Instructions, Vol-III, Part-IV current as on March 2004. The CC Circular/letter reference No. is given at appropriate places in the chapter wherever subsequent instructions are quoted.