

### **1. How will HDFC decide my home loan eligibility?**

We assess the customer's repayment capacity based on income, age, qualifications, number of dependants, spouse's income, assets, liabilities, stability and continuity of occupation, and savings history.

### **2. What is pre-EMI interest?**

Pending final disbursement, you pay interest on the portion of the loan disbursed. This interest is called pre-EMI interest. Pre-EMI interest is payable every month from the date of each disbursement up to the date of commencement of EMI.

### **3. What is the Tranche Based EMI repayment option?**

To help customers save pre-EMI interest, we have introduced a special facility of Tranche Based EMI. For under-construction properties, customers can choose the instalments they wish to pay till the time the property is ready for possession. Anything paid over and above the interest by the customer goes towards principal repayment.

The customer benefits by starting EMI and hence repays the loan faster.

### **4. Can I repay my loan ahead of schedule?**

Yes, you can repay the loan ahead of schedule by making lump sum payments or choose our accelerated repayment scheme.

### **5. Do I get a tax benefit on the loan?**

Yes. Resident Indians are eligible for certain tax benefits on principal and interest components of a loan under the Income Tax Act, 1961. Interest repayment of Rs. 1,50,000 p.a. can get you a tax saving up to about Rs. 50,490 p.a. Moreover, you can get added tax benefits under Section 80 C on repayment of principal amount up to Rs. 1,00,000 p.a. that can further reduce your tax liability by about Rs. 33,660 p.a.

### **6. What security will I have to provide?**

The security for the loan is a first mortgage of the property to be financed, normally by way of deposit of title deeds and/or such other collateral security as may be necessary.

Interim security may be additionally required, if the property is under construction. Collateral or interim security could be assignment to HDFC of life insurance policies, the surrender value of which is at least equal to the loan amount, guarantees from sound and solvent guarantors, pledge of shares and such other investments that are acceptable to HDFC.

Please do ensure that the title to the property is clear, marketable and free from encumbrance. To elaborate, there should not be any existing mortgage, loan or litigation, which is likely to affect the title to the property adversely.

### **7. Does the Agreement for Sale have to be registered?**

In many states in India, the Agreement for Sale between the builder and purchaser is required by law to be registered. You are advised, in your own interest to lodge the Agreement for registration within four months of the date of the Agreement at the office of the Sub-Registrar appointed by the State Government, under the Indian Registration Act, 1908..

**8. Are there any restrictions on transfer of immovable properties?**

In terms of Chapter XX C of the Income Tax Act, 1961, the Central Government has the first option to purchase certain immovable properties exceeding certain value and as such transactions covered by this Chapter can be proceeded with only after complying with the requirements prescribed therein.

**9. How is my loan reassessed if there is a change in status from Non-Resident Indian to Resident Indian?**

The repayment capacity of the applicant(s) based on Resident status is reassessed and a revised repayment schedule worked out. The new rate of interest will be as per the currently applicable rate of Resident Indian loans (for that specific loan product). This revised rate of interest would be applicable on the outstanding balance being converted. A letter is given to the customer confirming the change of status.

**10. While borrowing a Home Loan what are the questions that need to be clarified specially in the context of fixed and floating loans?**

One should seek clarifications regarding the fees for processing the loan, prepayment charges, spread, i.e., the difference between the PLR and the rate actually charged on the loan, charges for conversion from one loan rate structure to the other and the reset period clause for the floating rate loans. If one wants to borrow home loan on a fixed rate then one must check out whether the fixed rate is applicable for the entire period of the loan as in case of HDFC or whether it is attached with a money market clause whereby the fixed rate is changed after a certain period of time depending on the money markets or internal policies of the lender. If possible one can also seek a copy of the agreement copy and read it carefully before taking a decision.

**11. Can I get a higher loan through my existing loan account?**

You could go in for a Home Conversion Loan with your lender whereby your existing loan could be transferred to the new property with an increase in loan amount subject to your current loan eligibility. This would save you from the hassle of prepaying the first loan, also saving you from prepayment and processing charges to the extent of the loan converted.

For more details, kindly refer

**Mr. Sajal Roy (Director)**

**Bina Realtors Pvt. Ltd.**

**6B Saklat Place 2<sup>nd</sup> Floor (Near Hindusthan Building) Kolkata -700072**

**Mob : 9830043724**

