

## Common Home Loan Frequently Asked Questions

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Here is some of the common home loan terms that one comes across while applying for a home loan.

### · What is an *E.M.I*?

An *E.M.I* refers to an equated monthly installment. It is a fixed amount which one pays every month towards the loan. It comprises of both, principal repayment and interest payment.

### · What is Pre *E.M.I* interest?

In the case of part disbursement of the loan as in when the property is under construction and possession is not given, monthly interest is payable on the disbursed amount only. This interest is called pre-*EMI* interest (*P.E.M.I*) and is payable monthly till the final disbursement is made, after which the E.M.I would start.

### · What is Fixed Rate of Interest (*R.O.I*)?

Fixed R.O.I stands for the Fixed Rate of Interest. The rate of interest remains unchanged for the entire duration of the loan irrespective of the drop/increase in the market rates.

### · What is Floating Rate of Interest (*R.O.I*)?

The Floating Rate of Interest is one that fluctuates according to the market lending rate. This comes with a little risk as in whenever lending rates go up the *loanee* will have to pay more than the amount set aside for loan payment per month.

### · What is *P.F*?

P.F is the processing fees and has to be paid upfront by the customer being fees charged at the time of submission of the application for processing

### · What is *I.I.R*?

*I.I.R* is Installment to Income Ratio and denotes the portion of your monthly installment on your home loan as a percentage of your income. The same is capped between 40% to 60 % of income subject to applicant's income & profile.

### · What is *I.C*?

Whenever a customer delays the payment of the monthly installment, a collection team is sent to the customer's house to recover the money. The expenses incurred on such occasions are called Incidental Charges (*IC*)

### · What is *L.T.V*?

L.T.V stands for the Loan to Value and is used to calculate the loan amount that a person is eligible for on the total cost of the property.

· **What is Margin Money?**

Banks & *N.B.F.C* fund around 80% to 85% of the cost of the house. The balance 20% to 15% has to be borne by the customer himself. This difference amount is called the Margin Money.

· **For what purpose can I avail a home loan?**

You can take a loan for constructing a house, purchasing of a ready possession house / flat or a flat in resale, takeover of existing loans from approved banks / housing finance companies, the purchase of a plot of land, for renovation of and extension of the house.

· **Who can avail of the loan?**

Salaried individuals, Self-employed professionals or businessmen and individual *N.R.I's*.

· **Who can be a co-applicant for the loan?**

All co-owners need to be co-applicants. Spouse/parents/children can be co-applicants and his / her income can be clubbed to enhance the loan amount.

· **What security is to be provided?**

Security for the loan is a first mortgage of the property to be financed, by way of deposit of title deeds / or such collateral security as may be necessary. The title to the property needs to be clear, marketable and free from encumbrance. There should not be any existing mortgage, loan or litigation, which is likely to affect the title to the property adversely.

· **Can loan be repaid ahead of schedule?**

Yes, the loan can be paid ahead of schedule, however if the loan is prepaid or transferred to another bank or *H.F.C*, a nominal fee @ 2% of principal outstanding is charged

· **Are the Bank policies subject to change?**

Yes. These policies are reviewed periodically.

· **How is the loan repaid?**

An *EMI* refers to an equated monthly installment. It is a fixed amount which one pays every month towards the loan. It comprises of both, principal repayment and interest payment.

· **When does the repayment start?**

*EMI* repayments start from the month following the month in which the full disbursement has been made.

· **What happens in case if a *P.D.C* bounces?**

In the case of a bounced cheque or delayed payment, charges and outstanding dues will be charged as per the prevailing company policy.

· **What is the minimum /maximum loan amount?**

Home loan are available from 5 lakh to 5 crore.

· **What is the time frame for a loan to be approved?**

It takes a 7/10 working for the loan to be sanctioned after submission of all documents.

· **When is the loan disbursed?**

The loan will be disbursed on:

- Submission of the legal documents.
- Legal and technical clearance of the property
- Submission of Registered copy of agreement.

· **What is an amortization schedule?**

An amortization schedule is a table giving the reduction of the loan amount by monthly installments. The amortization schedule gives the breakup of every *EMI* towards repayment of interest and outstanding principle of loan.

Apex Finance & Marketing was founded in April 2006 by Subhrajeet Talukdar and is also the promoter of eazeeloans.com.