

Taking a Loan against Property

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<http://eazeeloans.wordpress.com/category/loan-against-property>

One of the most common all-purpose loans is the loan against property and it can be used for any requirement in case of financial urgency. There are also personal loans which one can avail of in emergencies but these have high rates of interest as well as short repayment term, so quite a few people do not opt for these. If you have a house then you can take a loan against the property and it is also cheaper compared to personal loans.

The reason why these are cheaper is that the property is held as collateral and there is no fear of default on the loan for the lending bank, while in case of personal loans there is no type of security.

Normally the tenure for loans against property is ten to fifteen years and the amount can be used for any purpose while in personal loans you have to specify the purpose the amount will be used for. In case of property loans if the amount is for 25 lacs or more then you are required to mention the requirement for which it is being taken.

Many banks give these loans for all type of properties whether those are commercial or residential but some banks give only against residential ownership property. The amount that one can get varies from bank to bank and commonly ranges from 10 lakhs – 3 crores. The age limit is fixed between 21 to 60/65years.

Documents needed to apply:

- Identity proof.
- Resident address proof.
- Age proof.
- For salaried applicants; 3 months bank statement and IT returns.
- For self-employed applicants; last 2 year certified income computation.

At the time of finalising check for all the penalties & fees. Normally banks charge processing fees which ranges from 0.25% – 2%. There are prepayment penalties to be paid if the loan is closed before the full tenure.