FAQs HOUSING LOAN

Who can avail housing loan?

Following categories of individuals, in the age group of 18 to 55 years are eligible for housing loans:

a. Salaried individuals confirmed in the service with minimum service of 3 years.

b. Individuals engaged in business & self-employed persons like, doctors, chartered accountants, architects and others. Such persons should have been in the business for a minimum period of 3 years.

Eligibility relating to upper age limit is relaxed selectively, subject to certain conditions. However, entire loan should be cleared before the borrower attains the age of 70 years.

What are the purposes for which housing loan is sanctioned?

- For purchase of ready built house / flat
- For construction of house / flat
- For purchase of site and construction of a house thereon
- For undertaking expansion of existing unit, upgradation and creation of additional amenities
- For undertaking repairs and renovations, subject to ceiling of Rs.15.00 lakhs
- For taking over of the HL liability from other Public Sector Banks/Private Banks and NBFCs.

Whether Housing Loan is sanctioned for purchase of site only?

No. Housing loan is not sanctioned for purchase of site only.

What is the quantum of loan?

The maximum loan is four times gross annual income of the concluded financial year OR four times of average gross annual income of preceding four financial years. A higher quantum is considered selectively

Minimum Net income/Net take home salary after meeting the installment of the proposed Housing loan should be 40%. This can be relaxed selectively to 25%.

Whether income of the family is reckoned for arriving at loan quantum?

In the case of salaried individuals/businessmen/self-employed persons, the income of the family may be taken into account, subject to documentary evidence, for the purpose of computing the quantum
of eligible amount of loan.

But in case of 2nd Housing loan, income of only spouse can be clubbed for this purpose.

**Whether income of the spouse can be taken to determine repayment capacity?**

Yes, Where family income includes the income of the applicant and the spouse, the spouse’s income is reckoned to determine the repayment capacity and compliance of NTH stipulation, provided such spouse joins execution of loan documents.

**What is the maximum eligible quantum of loan for repairs and renovations?**

Maximum eligible quantum of housing loan is Rs.15.00 lakhs for repairs & renovations.

**Whether agricultural income is considered for arriving at loan quantum?**

Yes, Agricultural income is considered if it is supported by land records and income is reported in Income Tax Return, though not taxed.

**What is the margin required to be borne by the applicant?**

<table>
<thead>
<tr>
<th>Amount of Loan</th>
<th>New House / Flat</th>
<th>Old House / Flat</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Upto 10 Years Old</td>
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<tr>
<td>Upto Rs.20 lakhs</td>
<td>10%</td>
<td>20%</td>
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<tr>
<td>Above Rs.20 lakhs and upto Rs.75 lakhs</td>
<td>20%</td>
<td>20%</td>
</tr>
<tr>
<td>Above Rs.75 lakhs</td>
<td>25%</td>
<td>25%</td>
</tr>
</tbody>
</table>

In case of Repairs & Renewals, Expansion of existing unit, Upgradation and creation of additional amenities there is a uniform margin of 25%. Also in case of 2nd & subsequent house, margin is 25%.

**How is the margin computed?**

In case of Housing Loans where Project Cost is up to Rs. 10.00 Lacs, Stamp duty, Registration Charges and other Documentation charges can be included in the project cost for the purpose of stipulating Margin as well as for LTV ratio.

In all other cases other than above i.e., cases where project cost exceeds Rs. 10.00 Lacs, the margin shall be stipulated only on the basic Project Cost which shall not include expenses towards stamp duty, registration and other documentation charges. The margin is computed on the basic project cost which shall not include expenses incurred towards stamp duty, registration and other documentation charges).
When is the margin required to be brought in?

Margin should be contributed before disbursement of the loan. However, pro-rata and stage-wise contribution of margin is selectively permitted.

Whether and to what extent reimbursement of amount spent on housing project is permitted?

Upto 25% of loan amount is permitted to be reimbursed only in exceptional cases, subject to production of vouchers / receipts / related documents and claim being made within 3 months from date of incurring expenditure.

Where housing loan is sanctioned for purchase of site and construction of house thereon, what is the maximum period within which construction of the house should start?

Construction of the house should commence within a maximum period of 12 months from the date of disbursement.

What is the penalty for not commencing construction of the house within the stipulated period?

Higher rate of interest is charged (Base Rate + 6%) from date of disbursement till date of commencement of construction.

Whether pre-payment penalty is charged:

No prepayment penalty in respect of housing loans carrying floating rates of interest.

What is the rate of interest on housing loans:

Upto Rs.1.00 Crore----Base Rate i.e. 10.00% (floating) Presently

Above Rs. 1.00 Crore----Base Rate +0.10% Presently 10.10% (floating).

Whether additional interest is charged on loan for purchase of second dwelling unit?

No additional interest is charged in case of loan for second dwelling unit.

Whether housing loan is provided for purchase of third and subsequent dwelling units?

Yes; these loans are sanctioned under Housing Loans “Non-Priority-Commercial Real Estate”. Such loans are charged 1.00% interest over and above regular housing loans.
Can I submit online application for housing loan?

Yes; For submitting online loan application, you have to log on to www.canarabank.com> Retail Loans. You can also track the status of your loan application through our website.

What are the repayment terms?

Entire loan together with interest (including repayment holiday if any), shall be repaid in a maximum period of 30 years from the date of disbursement or the borrower attaining the age of 70 years whichever is earlier.

In the case of purchase of ready built house/flat, the repayment should commence one month after the date of disbursement. In the case of construction of a house/flat, repayment should start one month after the completion of the house/flat. However, the maximum repayment holiday cannot exceed 18 months from the date of first disbursement.

Can I avail the benefit of step-up installments?

Yes, On case to case basis based on the generation of income. For details, please contact the nearest branch/Retail Assets Hub

What are the processing charges for housing loans?

Processing charges in the form of upfront fee shall be collected as a one time measure at the time of submitting the application. The processing charges payable is 0.5% of the loan amount subject to a minimum of Rs.1500/- and maximum of Rs.10,000/- (subject to change from time to time). Such processing charges will be refunded if the loan is not sanctioned by the Bank. *(Processing Charges waived from 17/08/2015 till 31/01/2016)*.

What are the other charges to be borne by the borrower?

All out-of-pocket expenses like, outsourcing charges, periodical inspection charges, inspection charges, CERSAI Charges, CIBIL Charges, insurance premia etc need to be borne by the borrower.

What security has to be provided?

The house property shall be mortgaged to the Bank. If mortgage is not possible for any valid reasons, suitable collateral security in the form of NSC/KVP, bonds, Bank deposit can be provided.

Whether there is an option for our existing housing loan borrowers (in respect of housing loans carrying floating rates of interest) for switching over from higher rates of interest to the recently reduced card rates.
Yes, It is permitted on payment of switch over fee of 1% of the outstanding liability and after satisfying certain other conditions. You may contact your lending branch for more details on this.

**In case of loan for flat under construction, if putting through of mortgage is immediately not possible, then what is the procedure?**

Then in case of only those projects which are approved by our Bank, loan is considered provided TRIPARTITE AGREEMENT i.e. agreement between Builder, Borrower and Bank is executed & a suitable guarantee of a person acceptable to Bank is furnished.

**Is there any provision of life insurance of proposed Housing Loan borrower as in case of death of borrower during the currency of loan, his/ her family suffers a lot of financial hardship in meeting the payment obligations of the loan?**

Yes, Our Bank has come out with a life insurance cover for housing loan customers under Creditors Protection Plan of M/s. Canara HSBC Oriental Bank of Commerce Life Insurance Company Limited – Group Insurance. For more details contact your branch.

**Whether Housing Loan against mortgage of leasehold property is permitted?**

Yes. It is permitted provided Lease hold right with a minimum unexpired period of not less than 90 years is available and certain other conditions are also met.

Further in case unexpired lease is less than 90 years and lessor is Govt. authority, such cases are considered selectively.

**Whether any system of in-principal sanction of Housing Loan is prevalent in Bank?**

Yes. IN-PRINCIPLE SANCTION FOR HOUSING LOANS” is a written communication to an eligible customer through a simple letter conveying in-principle (provisional) sanction of Housing Loan, subject to the customer satisfying all the terms and conditions applicable for Housing loans and acceptability of the property proposed to be purchased by the prospective borrower.

For more details on this aspect, you may contact nearest Canara Bank branch.

**Is there any time period within which EMT (deposit of registered sale deed) has to be completed from the date of grant of housing loan, permitted for purchase of site and construction thereof (composite loan) / ready built house.**

A maximum period of six months is stipulated for completion of EMT (deposit of registered sale deed) from the date of grant of housing loan permitted for purchase of site and construction thereof (composite loan) / ready built house. Penalty at 2% p.a. on the sanctioned amount after the expiry of six months till completion of EMT (deposit of registered sale deed) / Delayed submission of
registered sale deed is stipulated except in case the plot is allotted by the Government/Housing Board and similar autonomous bodies.

This is not applicable for flats under construction.

**Is there any provision by which employees of Central/ State govt., PSUs and autonomous bodies created under the Acts who have already availed Housing loan from their employer can further avail additional loan from Bank inspite of the fact that the underlying property is already mortgaged to their employers for their existing housing loan?**

Yes, housing loan to the employees of central/state govt. / PSUs / autonomous bodies created under an Act for the purpose of construction / completion / purchase of house / flat or for meeting expenses towards repairs / renovations etc. against pari-passu / II charge can be considered subject to some stipulations.

**What are the benefits to Housing Loan borrowers under Income Tax Act 1961?**

Income Tax Act, 1961, provides for the benefits of deduction (u/s 24) in respect of the amount payable by way of interest (upto Rs. 2.00 Lacs) on housing loan and rebate (u/s 88) in respect of repayment of principal amount (max. 1.5 Lacs) of housing loan.

**What are other facilities available in this product?**

- First/Joint applicant will be provided with free Credit Card with suitable limits as per their income levels at the time of opening the loan accounts itself.
- The borrower will be provided with IMB(Internet & Mobile Banking) facility for receiving Pass sheets and interest paid certificates on line.