

# **PHF LEASING LIMITED**

## **SCHEME FOR LOAN S AGAINST PROPERTY (AFFORDABLE HOUSING) AND MSME LOANS.**

It has been observed that there are certain cases which are not strictly covered under the existing mortgage schemes and such cases are not considered for sanctioning due to non-availability of standard proof of income i.e. financials & ITRs. Therefore, now onwards, in order to promote mortgage based loans, it has been decided to cover the following categories also under the "Property Loan Scheme" on the following terms and conditions.

### **OBJECTIVE**

The objective of the scheme is to provide hassle-free credit to individuals/Group of individuals with least paper work.

### **CATEGORIES TO BE CONSIDERED:**

- Purchase/Construction/Repair/Renovation of built up residential houses without sanction plan located within the municipal limits, having electricity connection.
- Loan against property for home improvement purpose.
- Loan for Business Upliftment.
- Personal Needs (Upto 3 lacs) , subject to 40% LTV.

### **ELIGIBILITY**

- The scheme is primarily drafted for catering unorganized market segment hence eligibility to be derived based on assessment of total family cash inflows & outflows through visit & general discussion with the applicant.
- While assessing repayment capacity, it should be ensured that take home is not less than 40% of total monthly income assessed as above after repayment of emi's. This limit can be enhanced to RS.10.00 lac if the applicants are income tax assesses and regularly filing the income tax returns with reasonable gap **(6months Minimum)**
- For cases more than 5 lakhs , ITR is recommended.

### **QUANTUM OF LOAN**

- Rs. 7.00 lacs for purchase of built up house
- Rs. 5.00 lacs for repair, construction, improvement This limit can be

enhanced to

- RS.10.00 lac if the applicants are income tax assessee and regularly filing the income tax returns with reasonable gap (3-6 months)

### **AGE LIMIT**

Age of the borrower should not be more than 60 years **with loan maturity**. In case of borrower is aged more than 60 years, his/her son/spouse with reasonable earning capacity should be taken as co- applicant.

There is no limit on the age of property owner in case we are not considering his/her income, if property owner age is more than 60yrs, registered mortgage will be required, it is mandatory. Along with this is also noc from legal heirs or legal heirs of property owner should come as co-applicant in loan structure.

### **REPAYMENT TENURE (Can be given till 5 years if required by customer) Upto Rs.3.00 lac**

The loan shall be repaid in 36 equal monthly installments. This may be extend to 48 EMIs with the approval of Credit Manager after assessing the needs and repayment capacity of the proposed borrower.

### **Above Rs 3.00 lac and upto Rs 5.00 lac**

The loan shall be repaid in 48 equal monthly installments This may be extend to 60 EMIs with the approval of Credit Manager after assessing the needs and repayment capacity of the proposed borrower.

### **Above Rs 5.00 lac and upto Rs 7.00 lac**

The loan shall be repaid in 60 equal monthly installments This may be extend to 72 EMIs with the approval of Credit Manager after assessing the needs and repayment capacity of the proposed borrower.

### **Above Rs 7.00 lac and upto Rs 10.00 lac**

The loan shall be repaid in 72 equal monthly installments This may be extend to 84 EMIs with the approval of Credit Manager after assessing the needs and repayment capacity of the proposed borrower.

### **SECURITY**

Equitable mortgage of Residential/ Commercial property/Open Land.

All properties are accepted by organization except Agricultural Land.

Exception – Agricultural Land will be considered if house is built up on it

by taking mauka patwari report (Mandatory).

### **Negative (N) & Caution (C) property for Loan against Property.**

- Land parcel whether open or barricaded, (N)
- Agricultural land (N)
- Plotted land parcel (N)
- Built up unit, where land payment is not fully made (C)
- Multiple tenancy property (C)
- Property with arrear payment towards society charges, property tax (N)
- Property with legal cases pending either with owner, society, developers (N)
- Property where land was reserved for special category of person and fulfilment of such criteria by owner cannot be established (N)
- Property owned by caution profile people (N)
- Property acquired by multiple agreement arrangement and transferability restriction by authority (N)
- Property without Occupation Certificate (N)
- Property where current usage is not authorized (N)
- Property used as dance bar, discotheque, Bar (N)
- Property owned by HUF (N)
- Factory / commercial space with kutchra built up, fire hazardous use (N)
- Property located in the area, prone to social unrest (N)
- Properties used for religious or social purpose like temples, church, mosques, clubs etc. (N)

### **BORROWER'S ELIGIBILITY CRITERIA:**

Age Limit	Any person whose age is above 21 years with sound mind and is not an Un-discharged insolvent can be the applicant.
Occupations	Must have any running occupation of own / husband / Children from last two years.
Ownership of House	Borrower must living in her own house. Ownership of house Can be on the name of any other family borrower.
Credit History	<ul style="list-style-type: none"><li>• Repayment tracks to be checked</li><li>• She/He must behave well in repayment.</li></ul>

	<ul style="list-style-type: none"> <li>• Cibil Score must not be lower than 650.</li> </ul>
Intention	Intention of borrower must be good to utilize the loan Amount into the said purpose.
Ability	Borrower must have ability to repay the loan and his/her cash inflow must be good.
KYC Norms	<ul style="list-style-type: none"> <li>• She/he must have Adhaar card as primary KYC and Voter ID as a secondary KYC. No exception will be granted under KYC Norms.</li> <li>• Borrower's spouse must have (Adhaar or PAN) and Voter ID.</li> <li>• Electricity bill is mandatory.</li> </ul>

### **PDC, Cheques & Repayment of Applicant & Co Borrower**

- NACH of the borrower to be collected, 1st EMI and 2<sup>nd</sup> EMI has to be through PDCs only
- 2 PDCs and 2 Security Cheque of the borrower
- 1 PDC and 1 Security Cheque from co-borrower
- Female Co-borrower PDC and Security Cheque is mandatory.

### **CO – APPLICANT CRITERIA**

- Applicant's Spouse / Son and immediate family members can only be the Co- Applicant.
- The co-applicant can be close relative like spouse and / or son, daughter, father, mother, of an applicant who are willing to support applicant for higher loan amount.
- All owner / Co-owner of the property financed shall necessarily be the applicant / Co-applicant to the loan, but all Applicant / co-applicants needs not be the owner / co-owner of the property.
- The loan shall not be given if there are co-owners who cannot be taken co-applicants.
- It is always preferable to take spouse as co-applicant
- If spouse and or son, daughter, father, mother, of an applicant are earning members and staying with applicant, they can join as co- applicant to enhance the loan eligibility.
- If the Son of Applicant is co – applicant, then he / she must be living

- under the common roof or should be in good terms with each other.
- Age of Co-applicant must be between 18 – 60 Years, if Co-Borrower income is considered in eligibility then minimum age is 21-year-old
  - One Female family member is mandatory in loan structure as co-applicant

### **WHO CANNOT BECOME THE APPLICANT OF PHF?**

- Applicant or her family borrower should not be Police personnel, Politician, Lawyer, Editor, Sub-Editor, Journalist, Media or Press Reporter.
- Applicant or any one of her family borrower should not be Recovery officers of any finance companies/banks.
- Applicant or her family borrower having the active criminal case cannot become Applicant of PHF.

### **GUARANTEE**

Third party guarantee of substantial means shall be obtained invariably in all the cases.

- Security Cheques of Guarantor:- 1 Security Cheque from Guarantor.

### **GUARANTOR CRITERIA:**

- Guarantor should not be the blood relative of borrower.
- He/She must be earning with good CIBIL that is Score should not be lower than 650.
- Age to loan maturity should not exceed 60 years.
- Guarantor should not be policeman, journalist, recovery, politician, lawyer etc.

**PS:-**If guarantor is provided at the time of login than it is the responsibility of credit manager to check the same and if it is provided after login it is the responsibility of Branch Manager to verify the credentials. Management can ask for two guarantors if required case to case basis depending upon risk involved in case.

### **KYC REQUIREMENT OF BORROWER. CO – BORROWER AND GUARANTOR:**

**As per the KYC Standards, Following are the four Valid KYCs:**

- Aadhaar card or letter issued by the Unique Identification Authority of India containing details of Name, Age, Address and Aadhaar Number.
- Voter Identity card issued by the Election Commission of India.
- PAN Card.

- Driving License.

As per PHF KYC Policy, at least two KYCs document has to be captured as Primary and Secondary KYCs for every loan given to borrower and Co-borrower. Primary KYC has to be either Aadhaar Card or Voter Card.

### **For Current & Permanent address proof :-**

- Rent Deed along with Utility bill
- LPG gas copy
- Bank copy/ statement.
- ADDHAR Card
- Driving License
- Voter Card

### **Additional Documents to be collected from borrowers along with Primary & Secondary KYCs as stated above:**

- One Photograph of Borrower
- One Photograph of Co-Borrower
- Photocopy of Bank account passbook including the transaction copy side.
- Residence Proof signed by Sarpanch / Ward Councillor in case borrower have Aadhaar card & Voter card of her parents address.
- Electricity bill (Mandatory)
- Aadhaar Card of Guarantor
- Photo of Guarantor.

### **Caution/special Profiles**

- Politician or person actively affiliated to political parties.
- Diamond (Employees working with Diamond Industry can be considered with 2 years' experience with same company.
- Employees of BIFR (Through online search).
- Employees / Commission Agents of Chit Fund.
- Cable Operator who are not paying service tax and owner of video parlour.
- Multi-level Marketing Agents.
- Bar owners / Wine shop owners (family Restaurant & bar can be considered).
- Owner & Employees of DSA / Verification / Collection / Repossession Agencies.
- Money lenders.
- Anti-Social Elements.
- Diamond Broker.

- Employees of banned NGO.
- Person engaged any kind of illegal business.

### **INTEREST RATE**

- 16% Flat (In case ITR's for last two years are available as evidence of income)
- 17% Per annum (For all other cases)

<b>Branch Manager</b>	Upto 0.5%
<b>Credit Head</b>	Upto 1%
<b>Credit Committee</b>	upto 1.5%

### **OPERATIONAL TERMS AND CONDITIONS**

<b><u>PARTICULARS</u></b>	<b><u>AMOUNT</u></b>
<b>Login Fees</b>	Rs 2000+GST  Borrower credentials check to be done in - CIBIL / CRIF Spouse - CIBIL/ CRIF
<b>Processing Charges</b>	(2.50%+0.05 + GST )and Flat on loan amount
<b>Legal and Technical charges</b>	Rs 4000 (including GST)
<b>Prepayment and foreclosure</b>	<b>Punjab</b> – Less than 12 months – 5% More than 12 months – 4% Prepayment will be allowed upto 25% of loan amount without any charges on loan outstanding in a year. In case prepayment exceeds 25%, then 3% penalty will be charged on excess amount.
<b>PRE- EMI</b>	Pre-EMI shall be obtained invariably in all cases
<b>Insurance</b>	Life Insurance will be done of the Borrower(Earning) till the tenure of the loan.
<b>Overdue Charges</b>	3% of overdue EMI amount month or part of the month, in addition to simple interest that will be charged on overdue amount.

<b>Cheque Bouncing</b>	<p><b>Punjab</b></p> <p>First Bounce – 500+GST</p> <p>Second Bounce – 750+GST</p> <p>Third Bounce – 1000+GST</p>
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**Sanctioning Documentation:**

- Loan Application Form
- Field Investigation Form
- Personal Discussion Report
- Credit Bureau Check
- Credit Assessment form
- Photo of Business Premises and Residence
- TVR report (Reference calling, Guarantor calling)
- FCU Report (where applicable)
- Desktop valuation/Technical Report
- Legal Report
- KYC of Borrower, Co-borrower and Guarantor
- Banking of all earning members taken on loan structure
- Property Papers
- Income proof if any.
- Repayment Tracks if any.
- Recommendation mail

**Pre Disbursement documentation:**

- Stamp Paper of Rs.1350 in Punjab of Borrower,Co-borrower and Guarantor.
- Demand Promissory Note
- NACH/Enach Form
- Sanction cum Disbursement Note
- Equitable Mortgage on Property of Individual
- Agreement of Guarantee
- No Litigation Pending Certificate.
- Bank Sign Verification mandatory in all cases.
- 4 Cheque from Borrower, 2 cheque of Co-applicant and 1 cheque of Guarantor
- Self declaration cum Aadhar holder consent form and Cheque submission form
- Vernacular Language
- Power of Attorney
- Memorandum of Deposit of Title deed
- Original Property Papers



- Vetting Report
- Approval mail
- Deviation/Waiver approval if any
- Pre disbursement Calling TVR.
- Repayment schedule with disbursement checklist.
- Sanction Condition completion mail

### **INCOME/REPAYMENT CAPACITY**

Income/Repayment capacity shall be assessed on the basis of:

- Interaction with the Customer.
- Market Information.
- Reference Checks.
- Bill Books/Purchase Bills (If available).
- Operation in Saving a/c.
- ITR's if available.
- GST if available.
- Buyers and 2 Suppliers mobile number is mandatory and positive checked by credit department is mandatory.

### **ASSESSMENT OF LOAN**

In order to give focus on lending to the small borrowers for purchase/construction/renovation & home improvement, the loan proposals may be considered in the absence of financial papers in view of the credit worthiness/trustworthiness of the client. In such cases, market information/field investigation be done with great care by the Credit Manager along with CDO so as to ensure that only genuine cases are entertained under this scheme.

In the above cases, in depth verification is warranted by the Credit Manager & CDO and the Assessment of sales shall be done on the basis of physical verification of the unit, Information collected from the borrower and market sources and other references.

The Assessment of Loan against property may be made in the absence of financial statements/ITR in view of the credit worthiness and trustworthiness of the client. The information collected from the client, his neighbors and other references should be analyzed in depth to arrive at conclusion.

**Following points be kept in view while assessing the credit requirement:**

- Present status of business and existing cash flow.
- Future business prospects and requirements.
- Operation in current a/c and saving a/c.
- Projection provided by the client and their feasibility.

**Checking of Credit Bureau and Credit Assessment:**

Once the loan application has taken from the customer, Branch executive will mark the entry of Loan application in software. Credit Bureau report from "**CRIF**" and "**CIBIL**" will be generated of Borrower and Co-Borrower and if the co-borrower is spouse then "CRIF" is also to be pulled out. Credit Bureau report will be verified based on the Credentials submitted. **Minimum credit score should be 650**. If borrower pass the Credit Bureau and Credit Scoring, then only her application will processed further, Otherwise application will be rejected and no exception will be granted.

Cibil Derogatory / Non-Derogatory data are defined for applicant with confirmed bureau match.

Non-Derogatory data is defined as:

**1. Bureau data has been updated in the last three months for the trade line. Loans**

- Never 60+ dpd.
- Not more than once 30 dpd in last 12 months from latest reported month.
- Never in 30 dpd in last 3 months from latest reported month.
- For trade lines reported in non- dpd method, Never SUB or worse in the last 12 months from latest reported month.
- Latest reported (not more than 3 months old) string to be current / standard.
- No suit filed or written off cases.
- No overdue on any tradeline at the time of reporting.

**2. Cards:**

- Never 90+ dpd (Any default over 2 years old from the month of bureau pull, overdue value <INR 5000 is not considered as default)
- Not more than once 60+ dpd in last 12 months from latest reported month.
- Never in 60 dpd in last 3 months from latest reported month.
- Not more than twice 30+ dpd in last 12 months from latest reported

months.

- For tradelines reported in non- dpd method, Never SUB or worse in the last 12 months from latest reported month.
- Latest reported (not more than 3 months old) string to be current / standard.
- No suit filed cases or write off cases (Write-off cases >2 Years from the month of bureau pull and overdue amount >INR 5,000 would not be considered derogatory, subject to it meeting other derogatory criteria).

### **3. Bureau data has not been updated in the last three months for the tradeline loans.**

- Never 60+ dpd.
- Not more than once 30dpd in last 12 months from latest reported month.
- Never in 30 dpd in last 3 months from latest reported month.
- For tradeline reported in non-dpd method, Never SUB or worse in the last 12 months from latest reported month.
- Latest reported string to be current / standard.
- No suit filed or written off cases.
- No overdue on any tradeline at the time of reporting.

### **4. Credit Cards**

- Never 90+dpd (Any default over 2 years old from the month of bureau pull, overdue value <INR 5,000 is not considered as default)
- Not more than once 60+ dpd in last 12 months from latest reported month.
- Never in 60dpd in last 3 months from latest reported month.
- Not more than twice 30+dpd in last 12 months from latest reported months.
- Latest reported string to be Current/Standard.
- No suit filed cases or write off cases (Write-off cases >2 years from the month of bureau pull and overdue amount >INR 5,000 would not be considered derogatory, subject to it meeting other derogatory criteria).

### **SANCTIONING AUTHORITY**

Sanctioning team at HO will sanction the case based on credit assessment done by Credit Team as prescribed in Policy.

### **LEGAL SEARCH AND TECHNICAL VALUATION OF PROPERTIES TO BE MORTGAGED**

Legal Search and Technical Valuation of Properties to be Mortgaged would be done by Empanelled Vendors. All fees to such Vendors shall be directly paid by organization. However, fees paid to such vendors shall be charged

from Borrower by organization directly as per Credit Policy.

### **Freehold Property**

13 years complete chain will be inspected. Legal Vendor will share the Legal Search Report and Title Search Report. If the chain is complete with mutation we will do equitable mortgage with Lien in Punjab 13 years complete chain will be inspected.

### **Leasehold Property**

In case we are getting Leasehold property as security we need to get Permission to Mortgage, Allotment Letter and Conveyance deed from borrower to process the loan.

### **Agricultural Property**

We are not doing agricultural property at all. It can be considered only in cases where house is built up on the same and Mauka Patwari Report is required to process the case.

For this Legal and Technical verification of the property will be done by respective Legal and Technical Vendors and TAT will be of 48 hrs. Fees will be charged from customers cheque i.e Rs 4000 inclusive of GST is to be collected from borrower.

### **DISBURSEMENT**

PHF shall make disbursement of Loan from Designated Account opened for disbursement after taking complete documents from Borrower in his Bank Account directly. However, before making disbursement, E-NACH Activation is to be done with Borrower Bank and first two EMIs would be collected through PDCs only.

### **END USE VERIFICATION**

The CDO shall visit the residential house after disbursement within a period of three months from the release of Loan and shall ensure the end use of the loan sanctioned in favour of the borrower. He will prepare the end use verification report as per the prescribed format specifically meant for the scheme and shall keep the same on record.

In three months, from the date of disbursement end use has to be verified and same is to be attached in file.

### **TRANCHES**

Cases that will be disbursed in tranches, will be released only when End Use Verification form is submitted by Credit Manager along with Pictures

of end use that should include comparison of BEFORE AND AFTER pictures it should clearly justify the usage of the funds released by PHF in the earlier tranche.

### **TOP-UP PLAN**

After the satisfactory repayment track of 6 months, the case shall be reviewed and considered for top-up.

In Top Up Cases we will take Login fees Rs 2360 inclusive of GST and Technical Fess of Rs 2000 inclusive of GST for Technical Visit to be done. Processing Fess will be deducted as per matrix.

Credit Visit will be done on Top up cases and reassessment is to be done again.

### **OTHER TERMS AND CONDITIONS**

- The borrower should be actually engaged in the business carried out by him.
- Loan application should accompany the photograph of the client and his business premises.
- Loan application, field investigation report, appraisal note and end use verification formats prescribed for this scheme shall only be used.
- All the loans shall be backed by mortgage of immovable property invariably. It should also be ensured that the mortgager is either the borrower/co-borrower.
- In case of mortgage, charge shall be noted with CERSAI and Revenue Department.
- Photograph of the borrower, guarantor and business premises are mandatory.
- Desk top Valuation shall be prepared as per the prescribed format, duly signed by concerned person and it must accompany with the photograph of the property or Valuation for cases less than 2 lakhs.
- PDC's duly signed shall be obtained invariably in all cases.
- Following documents shall be collected to verify the ownership of property.
  - Title Deeds of the property.
  - Previous title deeds to complete the chain for last 15 years
  - Latest Fard Jamabandi, if the previous title deeds are not available, Jamabandi for the last 15 years be procured.
  - Property Tax receipt/ T.S.1
  - Water Bill/Electricity Bill
  - Approved map if available
- Other documents as per policy:-
- Documents relating to ID proof, Address proof, business proof and Income

- Proof shall be obtained KYC policy of the Bank. Aadhar number of the borrower is mandatory.
- While assessing repayment capacity, it should be ensured that take home is not less than 40% of total monthly income after the repayment of fixed EMI's.
- The applicant should own either house or shop in his/her own name .
- In case of salaried persons, state/central Govt employee/employees of public sector undertakings/ reputed public limited companies/ multinational companies/ regular employees of Govt. aided/affiliated educational institution with minimum permanent/regular service of 2 years shall be eligible for loan under the scheme.
- Deviation with regard to ROI and other norms lies with Product Head(credit) and Credit Committee.

### **ADDITIONAL CREDIT CHECK POINTS**

- We will NOT ACCEPT LAMINATED PROPERTY PAPERS (NO DEVIATION HERE), Borrower has to get it delaminated.
- Wherever we are considering married son income, we need to add his wife as co applicant (mandatory).
- Construction cases where customer is starting from ground zero, we will release first disbursement only after plinth level to avoid plot funding.
- We ensure to give Life insurance to the applicant /co applicant who has the maximum income within family.
- ALL Balance Transfer Loans – We need to check why this loan is coming to PHF Leasing Limited, if the reason is STRONG & JUSTIFIABLE, then process the case by RECORDING THE SAME IN CAM SHEET.
- ALL LAP CASES – We must check the END USE OF MONEY, you need to dig deep and analyse the END USE, if possible, try and verify the usage and submit detailed justification for each case as part of CAM.
- AGRI /MILK INCOME - You need to be extra careful while calculating these incomes, verify all facts personally especially number of animals, expenses etc - PLEASE FOLLOW THE CREDIT POLICY AND RESTRICT THIS INCOME TO MAXIMUM OF 50% OF HOUSEHOLD INCOME.
- CAM - Please fill detailed remarks on the following topics mandatory KYC , CIBIL reports and Profile of customers.

### **Five important things to be checked by credit team before recommending the subsequent disbursement**

- You need to revert with resolution of all the pending queries of the case.
- Comparison of photograph of the site NOW and BEFORE (first disbursement). You need to ensure that previous disbursement is invested in site.
- Status of E-NACH registration. If E-NACH is declined action, what is the corrective action taken.
- Customer should be regular in servicing the EMI. You should mention the number of EMI he has served.

- Property visit form should be duly signed by visiting and checked by TL/ATL or BM.

### **Changes in Credit checks**

- For all cash salaried cases - additional check Please collect the salary certificate (with customer photo graph) on employer's letter head (If it is available) and Co-worker Check and Industry standard. Take lowest of all for eligibility calculation.
- Employer visit and Verification is must for all cases with photograph.
- For all commercial vehicle driver cases where our customer is the only earning member we need to add one more applicant (family member) who should be an earning member with income equivalent to our proposed EMI.
- There should be minimum two earning members in family. If there is one earning member take co-applicant in the close relation (in Family who is earning) with main applicant.

### **Negative checklist for property locations**

- Heritage areas.
- Forest land and Biodiversity hotspots as per MOEF notification.
- Construction or encroachment in 'No development Zone' as defined by master plan or other official documents.
- Construction or encroachment on governmental land.
- Construction or encroachment on municipality or private land.
- Landslide prone areas.
- River bank
- Marshy land.
- Landfill/ garbage dump.
- Location near site where toxic or hazardous materials are contaminating air, water or soil.
- Flood prone areas.
- Encroachment on ecologically sensitive site.