Article Side

Home Loan Eligibility Criteria by Moneylaxmi

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Planning to hold the keys of your dream home? Home loan is the easiest way to achieve your own home. However, the first uncertainty would be whether you are at all eligible for a home loan and if yes what amount you are eligible for? The first step towards your home loan is making sure that you are actually eligible for one.

Every customerâ€™s eligibility is different. Banks have their own protocols and guidelines to confirm the eligibility as well as the quantum of housing loan. Here are some factors that determine the eligibility for getting a home loan.

Factors involved in Home loan eligibility

Age: To avail a home loan from any bank or HFC the applicantâ€™s age play a vital role. The generally accepted minimum age for applying a home loan is 21 years. The maximum age of the applicant at the time of loan maturity should not exceed 60 yrs or retirement age whichever is earlier for salaried individual and 65 years for self-employed individuals. The age range for co-applicants however is different. For instance, if the applicant is 42 years old at the time of loan application and is about to retire at 60, the maximum permissible loan term will be 18 years.

Income: Monthly income plays a vital role in evaluating an applicantâ€™s home loan eligibility. Your monthly income actually substantiates your installment payment capacity. The percentage considered for determining the eligibility varies from bank to bank. At times even the set percentage reduces if you are running other loan EMI. Individuals receiving monthly salary should include other variable sources of income in their income computation. This will enhance the amount of money that they are eligible for.

Profile: Company where the applicant work plays an important role. In case associated with a category â€œAâ€• company, an applicant would be eligible for a lower rate of interest which means a higher loan amount.

Banking habit: Savings, maintain balance, banking transactions reflecting cheque bounce, minimum balance charge reveals an applicantâ€™s banking habit.

Repayment track record: If the proposed borrower is already servicing EMIs in other bank, a good loan repayment track record facilitates him in getting a higher loan amount. The borrowerâ€™s credit history plays an imperative role in his loan amount eligibility.

Property location: Certain locations are specified as negative for home loan eligibility in some banks. If a person wants to purchase a home in that area, his loan application will not be granted.

An applicant can always choose to take a joint loan with a co-applicant. Banks follow a set rule on the co-applicant relationship grid. An applicant can always enhance his loan eligibility bracket by clubbing co-applicantâ€™s income. Moreover, higher the tenor you are eligible for, lower the rate of interest you get, higher would be your loan amount eligibility. An applicant has to do a comprehensive study on Home Loan eligibility before applying for the same to grab the best deal.

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