

Home Loan: New borrowers

If you have been planning to buy a home from quite sometime now, this is the most appropriate time to buy one. Though the interest rates are rising, but rise may be quite steep in the near future. Thus, all you new home aspirants don't wait. In case you want to opt for a home loan to buy your dream home, the best thing to do now is to take the teaser loan being offered by some of the banks.

The teaser loans offer you fixed EMI for the initial 13 to 36 months depending on bank to bank. Earlier many banks were offering teaser loans, but most of these banks have discontinued them recently. . Other than that, banks have normal home loan products - Floating home loan interest rate and Fixed home loan interest rate product. Floating home loan interest rates, as the name suggests, keep on changing as the in accordance with the change in base rates or the BPLR (whatever the case maybe). There are two types of fixed home loan interest rate products, fixed for the entire tenure or fixed for a certain period of time. In case the interest rate is fixed for the entire tenure of the loan, then the EMI of your housing loan will be fixed for the entire tenure of the loan. But in case the interest rate is fixed only for a specific tenure say 5 years, this means, the bank can change its interest rate every 5 years.

Home Loan: Existing borrowers

If you are an existing home loan borrower with a good track record, you should think about shifting to a teaser rate scheme. The time and effort you will devote on shifting your existing loan to the new teaser home loan will be worth every effort. Along with that the first thing you should do is to shift from the old BPLR system to the new base rate regime. This base rate system is not automatically applicable to the existing users and for this you will have to apply to the concerned bank. The banks will change the base rate and this system of setting up the base rate is more transparent than the system of fixing up BPLR. Thus consider converting your existing home loan to a base rate system which will be much more beneficial to you then to stay in the old BPLR system.

Home Loan Application Process

The process of taking a home loan can be daunting, especially if you have never applied for any loan earlier. And ignorance on your part can not only make it an unpleasant experience, but also prove to be costly. Here is a step- by-step guide to equip you with the right info, so you know what to expect.

From applying for a home loan to getting it involves various stages.

These are:

Step 1: Application form

Step 2: Personal Discussion

Step 3: Bank's Field Investigation

Step 4: Credit appraisal by the bank and loan sanction

Step 5: Offer Letter

Step 6: Submission of legal documents & legal check

Step 7: Technical / Valuation check

Step 8: Valuation

Step 9: Registration of property documents

Step 10: Signing of agreements and submitting post-dated cheques

Step 11: Disbursement