

New Product – Indore Bank Special Home Loan Scheme

In response to the strategies rolled out by the Govt. of India and the Reserve Bank of India for stimulating growth in the economy, IBA has announced special Home Loan package for small loan borrowers. It has been decided to launch a new product **w.e.f. 05.01.2009** for small ticket Home Loans in conformity with the IBA guidelines.

2. Primary focus of this product is to add a degree of certainty and affordability in the loan repayment obligation over a fairly longer period. Therefore this product is being offered at a fixed rate of interest for a period upto **20** years (as against maximum 10 years under regular Home Loan schemes) and an interest rate reset frequency of five years (as against 2 years under regular Home Loan schemes). In addition, the customer shall have an option to convert the loan outstanding into a floating rate loan at the time of reset.

Parameter	Product Norms		
1. Product name	Indore Bank Special Home Loan Scheme		
2. Product Code	For Loans upto Rs. 5 lacs	Term Loan	6250-2031
	For loans above Rs. 5 lacs and upto Rs. 20 lacs	Term Loan	6250-2031
		Overdraft (Maxgain)	6050-2005
3. Product availability period	Upto 30 th June 2009		
4. Purpose	<p>Purchase / construction / extension of old/ new house /flat /plot of land for construction of house* together with registration charges and stamp duty. * When loan is availed for purchase of plot, the loan would be governed by the maximum period allowed for construction under Indore Bank Realty scheme.</p> <p>Note - Takeover of Home Loan from other Bank/Financial Institution or Swapping of existing Home Loan availed from the Bank is NOT permitted. However, loans which have been sanctioned and not disbursed even partially may be considered under this scheme.</p> <p>Overall exposure (i.e. total of limits sanctioned) under this scheme to one individual would be restricted to Rs.20 Lacs. Format of Affidavit to be obtained from the borrower modified suitably for this purpose, is furnished at Annexure A & B.</p>		
5. Facility Type	<p>Term Loan or Overdraft under MaxGain for loans above Rs.5 Lac and upto Rs.20 Lacs.</p> <p>Note – Loan under MaxGain can be given only to Salaried Employees /Pensioners of Government/Government Undertakings/PSUs/and reputed companies.</p>		
6. Maximum Loan Amount	Rs.20 lacs (Rupees twenty lacs only)		
7. Interest rate	<p>For Loans upto Rs.5 Lac – 8.5% p.a. fixed rate with reset every 5 years from the date of disbursement of first instalment.</p> <p>For Loans above Rs.5 Lac and upto Rs.20 Lacs – 9.25% p.a. fixed rate with reset every 5 years from the date of disbursement of first instalment.</p> <p>One time option available to customer at the end of 5 years to convert into floating interest rate loan. Reset or conversion will be at the rates prevailing at the time of reset.</p>		
8. Risk Based Concession/Discount	Risk Based Concessions and discounts on interest rate are not applicable on this loan.		
9. Special concessions	Special concessions in interest rate like concession for Plus schemes, Salary Accounts etc. are not applicable on this loan.		
10. Discretionary concessions	Discretionary powers given to DGM Zones/Branches to quote interest rate concessions on Home Loans are not applicable for this scheme.		
11. Margin	<p>For Loans upto Rs.5 Lacs – Min.10%</p> <p>For Loans above Rs.5 Lacs and upto Rs.20 Lacs – Min. 15%</p>		
12. Discretion to reduce margin	No discretion will be available with the Zonal authorities for reduction of margin.		
13. Maximum permissible loan tenor	20 years (including moratorium period) or till the borrower completes the age of 70 years or the period over which the borrower is normally expected to have a continuous source of income sufficient enough to service the loan repayment obligation with a fair degree of comfort, whichever is earlier.		

14. Repayment	<p>(i) Loan together with interest would be repaid by way of EMIs. (ii) EMI/NMI\$ ratio should be in conformity with the norms prescribed for regular Home Loan scheme, presently as under –</p> <table border="1" data-bbox="667 271 1338 424"> <thead> <tr> <th><i>Net Annual Income</i></th> <th><i>EMI/NMI ratio</i></th> </tr> </thead> <tbody> <tr> <td>Upto Rs.2 lacs</td> <td>40%</td> </tr> <tr> <td>Above Rs.2 to 5 lacs</td> <td>50%</td> </tr> <tr> <td>Above Rs.5 lacs</td> <td>55%</td> </tr> </tbody> </table> <p>Increase upto 5% in the above ratios may be permitted by the controller of the Branch/ AGM (RACPC), which processes the loan application, depending on the family size and availability of disposable surplus income. EMI for the purpose of computing the ratio will include all EMIs towards existing loans and the proposed loan. \$ In case of loans sanctioned for purchase of plot, EMI/NMI ratio should be in conformity with that applicable to Indore Bank Realty.</p> <p>Income of the family members (i.e. spouse, son, daughter-in-law) who guarantee the loan may be reckoned for calculation of loan eligibility.</p>	<i>Net Annual Income</i>	<i>EMI/NMI ratio</i>	Upto Rs.2 lacs	40%	Above Rs.2 to 5 lacs	50%	Above Rs.5 lacs	55%
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15. Eligibility	<p>Loan to be provided in the name of single person only, to Indian Nationals and PIOs above 18 years of age with a continuous and verifiable source of salaried/business/professional income during the preceding two years. Indore Bank Staff members may also avail loan under this scheme.</p>								
16. Other eligibility norms, security, processing fee, documentation, accident insurance cover, property insurance cover etc.	<p>Processing fee – Waived Pre-payment charges – NIL All other norms as per the existing Home Loan scheme.</p>								
17. Life Insurance	<p>Life Insurance cover for the entire amount of outstanding loan in conformity with original repayment schedule will be provided to the borrower at the Bank's cost. Modalities of organization of Life Insurance Cover for borrowers under this scheme are being worked out, and the same shall be advised separately.</p>								

3. Other Home Loan products offered by us prior to introduction of this product shall continue to be available. Home loan cases upto Rs.20 Lacs which do not fit into the criteria of this scheme, may be considered under other schemes.