



BAID LEASING AND FINANCE CO .LTD.

Credit Product Norms

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Preamble

VISION

- It is our endeavor to serve the underserved segment of the society. We strive at creating value at the bottom of the pyramid by providing finance to the weaker and generally overlooked sections of the society.

MISSION

- It is our mission to continue to serve the largest number of common people through quality non-banking financial services, so they can create value for themselves, thereby uplifting their segment.
- To provide dedicated value added customer service to accomplish organizational service excellence while maintaining a sustainable competitive advantage.

The main objectives of Credit Policy are:

- To grow the BALFC's Retail Loans portfolio by offering comprehensive loan products as per the mandate.
- To maintain portfolio quality and maintaining qualitative credit management at field level.
- Sound risk management practices to identify measure, monitor and control credit risks.
- Reaching a conclusion as to the extent of income, savings, expenses and loans in the family
- To compete in a significant manner in the loans segment in the selected areas.
- To satisfactorily address risk considerations by allowing timely credit interventions at various stages in the credit process including review of program guidelines.

This process has been designed to ensure ease of documentation, easier access to credit, and lower cost of operations and significantly lower turnaround time (TAT) through a centralized credit and operation set up.

1. Target Market & Customer Segment –

Target Market	Description	Segment	Detail
Salaried (Resident Indian)	Every individual, who is having full time / Part time employment with any employer for monthly fixed or variable remuneration are salaried persons.	Government Employees	Salaried individuals working for PSU's, Central and State Government departments, Municipal Corporations and Government Schools.
		Corporate Salaried Employees	Salaried individuals working in large private sector companies
		Other salaried Employees	Employees of small industries, private limited companies, partnership and proprietorship firms
Self Employed Non Professional (SENP)	An individual works for himself or herself instead of working for an employer that pays a salary or a wage. A self-employed individual earns their income through conducting profitable operations from a trade or business that they operate directly.	Proprietorship	Individuals doing business under a registered entity
		Traders	Person having less capital & involve in trading of Vegetable & Fruits, hardware etc.
		Retailers	Individuals who have a retail sales setup including premises/carts
		Manufacturing Units	Individuals who have manufacturing capabilities/value add capabilities in the life cycle of making a product and deliver basis work orders
		Jobbers	This includes individuals who work as carpenters, plumbers, etc
Self Employed Professional (SEP)	An Individual having professional degree & Practicing	Professional	Doctors, Chartered Accountants, Company Secretary, Cost Accountant & Architect.

Customer Location

All customers have to be in a location where BALFC has an office. The location has to be within a 50 km radius of the branch.

About Applicant & Co-applicant –

Borrower	Description
Main Applicant	Legal owner of the Property
Co-applicant	Co-owner of the property (mandatory) . Earning members and staying with applicant Spouse to be joined as co-applicant (mandatory) . Parents (either mother or father) to be taken as co-applicant, only if they are living with applicant.

Note -

- Co applicant is MUST in all the cases. In absence of co-applicant/DPD in loans/Cash Salaried and where No Cheque available of Spouse; a guarantor is mandatory. (MINIMUM REQUIREMENT)

Minimum Age -

Borrower	Income Considered	Income Not Considered
Main Applicant	18 Yrs	18 Yrs Below
Co-applicant/s	18 Yrs	18 Yrs Below

Maximum Age -

Borrower Segment	Criteria
Salaried	65 years or retirement age whichever is earlier
SENP / SEP	70 years
Co-applicant/s	If Applicant /co-applicant's income is not considered and he/she is a property owner' the maximum age allowed will be 80 years.

1.1 Combination of Income :-

Applicant	Co-applicant's whose income can be clubbed
Individuals	The following incomes can be clubbed subject to maximum of 5 persons' income being clubbed : <ul style="list-style-type: none"> • Spouse • Parents • Son • Brother's income can be clubbed subject to the brother's being part of a joint family and/or in joint ownership. • Daughter's income can be clubbed subject to she is the sole child of the Applicant & in case daughter is married her Spouse to be joined as co-applicant.
Restricted Income Combinations	Brother-Sister Two Sisters

2. Know Your Customer (KYC) Documents / Requirements –

Sr. No.	Parameter	Individual
a.	Identity Proof (Any one)	<ol style="list-style-type: none"> 1. Valid Passport 2. Pan Card 3. Driving License 4. Voter's Identity Card 5. Aadhar UID card 6. Any one Identity Card / document (Subject to the Company's satisfaction) <p>(It has been decided to accept any one of the following as an identity proof for Individuals/Applicants)</p> <ol style="list-style-type: none"> i. Bank Pass Book with photograph & bank stamp on photo. ii. Employee ID card issued by Govt, PSU, Defense Establishments iii. Photo on Ration Card duly stamped iv. Valid photo credit or debit card with signature printed
b.	Age Proof (Any one) -KYC	<ol style="list-style-type: none"> 1. Valid Passport 2. PAN Card 3. Driving License 4. Birth Certificate (Govt agency) 5. School Leaving certificate (10th/12th) 6. Voter ID Card 7. Pension Certificate / Govt. ID Card / Aadhar UID Card.
c.	Residence Address /Principal Business Place proof (any one)	<ol style="list-style-type: none"> 1. Valid Passport 2. Latest Electricity Bill/ Telephone Bill 3. Driving License 4. Ration Card 5. Letter issued by employer (subject to the satisfaction of the Company) 6. Bank Account Statement/Pass Book 1st page 7. Letter from any recognized public authority 8. Leave & License Agreement or Rent Agreement having the validity as on the date of entering into a relationship with the Company or Sale Deed duly registered. 9. Gas Connection Bill or Post Paid Mobile Bill with full address (carrying the present address of the customer, provide that the said bills are not older than 3 months) 10. Property Tax receipt or Water Bill 11. Voter's Identity card 12. Aadhar UID Card
d.	Self-attestation & original document verification	<ul style="list-style-type: none"> • All KYC documents must be self-attested by the respective applicants. • First & last page of bank statement to be self-attested • ITR, Computation (P/L & Balance sheet if available)/ Salary slip, certificate, Form-16 to be self-attested on every page. • Original Seen stamp to be affixed by employee & should put the Signature with Name, Designation & Employee Code on copy of each such document.

Sr. No.	Parameter	Individual
e.	Signature Verification	Any one of the following can be considered for signature verification: - Signature verification from bank - Passport Copy - PAN Card - Driving license with photograph and signature. - Clearance of processing fees cheque - Concerned officer has to verify signature on application form with processing fees cheque.
f.	Business Ownership Proof (Any one)	<ul style="list-style-type: none"> • Shop Establishment Act License / Gumasta • Old Rental Agreement copy • Any Municipal license in the name of owner. • Electricity Bill • Old ITR copy with same address.

- 1) Strict compliance of KYC of applicant/co-applicant whose income is considered for loan eligibility is mandatory
- 2) Notarized affidavit with photograph duly attested can be accepted for app/co-app whose income is not considered
- 3) PAN Card is mandatory for applicant/co-applicants whose income is considered for loan eligibility.
- 4) Aadhar Card of all applicants mandate for all cases .
- 5) Electricity Bill to be documented preferably for LAP cases.
- 6) In absence of PAN Card (Non-financial applicants) along with Form 60, 2 KYC documents to be collected including Aadhar Card.

3. General Underwriting Criteria / Rules for all Products & Customer Profile

Sr. No.	Criteria	Description
a.	Processing Fee Amount (PF)	LAP/ MSME LOANS : 3% (excluding IMD/Login fees of Rs. 2550 collected)
b.	Legal & Tech. Charges	Actual + GST
c.	Fixed Obligations	<ul style="list-style-type: none"> • Balance Loan EMI >6 months and/or EMI amount greater than Rs. 3000/- should be consider as Obligation. • Interest on CC/OD should be treated as a fixed obligation after averaging on basis of last 6 months. Can waive when it has been already debited to P&L account. • KCC / FD loan Interest not to be obligated. • Gold Loan more than 12 Months tenure, Interest/EMI to be considered as obligation. • Education Loan in moratorium period not to be obligated. Education loan where EMI is commenced should be obligated.
d.	OCR/Margin Money	Note: This is not applicable for LAP/MSME cases.

e.	Verifications	<p>Salaried / SENP / SEP.</p> <p>Online Verification (Internal Credit Team)</p> <ul style="list-style-type: none"> • Pan Card Verification • Credit Information Check (CIBIL) • Company/Employer Profile (if website available) • Online ITR Verification <p>External/Internal Verification</p> <ul style="list-style-type: none"> • External verification initiated before credit appraisal. <ul style="list-style-type: none"> • Residence Verification – To be done by On-role Sales staff / Credit staff • Employment Verification – To be done by On-role credit staff. • Business verification – To be done by On-role Credit Staff. • Bank statement Verification – To be done by External Agency. • Where verifications are not possible or entry restricted but bank verification of salary account is positive. Mail confirmation from HR / Supervisor to be obtained. <p>Note: Mail confirmation from Hotmail, Yahoo, and Gmail ID's not acceptable.</p>	
f.	FOIR Norms	<p>For Self Employed (Normal income) & Salaried Customer with Bank / Cheque Salary Credit / Cash salaried (only govt. segment)</p> <p>NET INCOME / NET SALARY upto 10000/-p.m. FOIR upto 40% (3% additional for Insurance Funding)</p> <p>NET INCOME / NET SALARY 10001 to 20000/- p.m. FOIR upto 50% (3% additional for Insurance Funding)</p> <p>NET INCOME / NET SALARY 20001 & above/- FOIR upto 55% (3% additional for Insurance Funding)</p> <p>For Self Employed (Assessed income) – Income per month</p> <p>NET INCOME upto 10000/- p.m. FOIR upto 40% (3% additional for Insurance Funding)</p> <p>NET INCOME 10001 to 20000/- p.m. FOIR upto 45% (3% additional for Insurance Funding)</p> <p>NET INCOME 20001 & Above - FOIR upto 50% (3% additional for Insurance Funding)</p>	
g.	Loan Eligibility calculation Methods	<p>Salaried</p> <ul style="list-style-type: none"> • Net Salary 	<p>SENP / SEP</p> <ul style="list-style-type: none"> • Net Income • Assessed Income Based • Banking Method
h.	Loan Amount	<p>Secured MSME /LAP / LAP BT + Top Up</p> <p>Bank Salaried / SENP / SEP Profile – 1 Lac to 30 Lacs. Above this amount prior approval from Product Head/ Business Head (Mandatory)</p>	
i.	Loan Tenure	<p>Secured MSME /LAP / LAP BT + Top Up – 1 to 15 Years customers.</p> <p>*Loan tenure should not go beyond the age of retirement or on reaching 68 years of age in case of Govt. Salaried (only where Pension is applicable) and 70 yrs in case of self-employed customers.</p>	
j.	Max LCR	<p>LAP/MSME Commercial Property – Salaried & SENP / SEP 40% MAXIMUM of Fair Value</p>	

	/LTV	LAP (SORP) Salaried & SENP / SEP – 50% of MV Note – Up to 5% additional LTV to be considered only for insurance premium funding and if FOIR is considered without enhancement.
k.	Guarantor Norms	Description of a Guarantor <ul style="list-style-type: none"> • Guarantor should meet the Age norms as per policy & has to be an earning member (either bank / cheque salaried or self-employed) KYC Documents to be obtained & verified by BALFC Staff. • Verification: Credit Information Check, Residence & Employment Verifications of guarantor is mandatory. • Tele Verification will be done by Credit/Branch on the guarantor’s phone number. • The Current Deed of Guarantee to be signed by the guarantor.
l.	Personal Discussion	TVR to be done along with Telephonic PD in Salary credit and Cheque Salary Cases. TVR & PD to be conducted at customer’s office / factory along with PD at BALFC office - Cash Salaried Cases TVR & PD to be conducted at BALFC office & business place of the applicant – In SENP / SEP / Assessed Income Cases
m.	Security	<ul style="list-style-type: none"> • Only first charge to BALFC (No second Charge or Pari-Passu) & consider as Prime Security.
n.	Creation of mortgage	<ul style="list-style-type: none"> • Mortgage by deposit of registered sale deed/agreement to sale of the property financed by BALFC • Equitable mortgage in LAP products. • Memorandum of Deposit of Title Deeds (MODT) in all products as applicable under State laws. • Registered Mortgage to be executed in specific cases whenever asked for as per norms.
o.	Property Age	<ul style="list-style-type: none"> • Preferably not exceeding 30 years at the time of loan application • Structural stability report from panel valuer /assessor is mandatory for property age exceeding 30 yrs. • Residual age of property at the end of the loan tenure should be atleast 5 years.
p.	Repayment Option	Equated Monthly Installment though PDC/NACH mandatorily drawn on Salary / CA / saving a/c <u>PDC case:</u> 12 PDCs + 2 Security PDC (undated & blanked) <u>NACH Case:</u> 12 PDCs + 2 Security PDC (undated & blanked) <ul style="list-style-type: none"> • Note: PDCs/NACH shall be only from salary/business account (main operative account) of the same bank on which the processing fees cheque is issued and signature verification done. Spouse bank account cheque to be taken mandatory in all cases as security cheque over and above the required PDC cheque.
q.	Pre EMI Period	Pre EMI Period: Not applicable unless approved by Credit / Business/ Product Head
r.	Property Valuation	Valuation to be done by the empanelled professional valuer, external technical agency Or by the approved and authorized BALFC Technical staff.

s.	Credit Information Check Norms	Irregular DPD's in closed loan / Credit cards on or before 5yrs (from the date of file login) can be considered. Irregular DPD's in Closed and running loans / Credit Cards on or before 2 yrs (from the date of file login) can be considered subject to the clean repayment of same or other loans post default i.e. no DPD in last 2 yrs time period. Any deviation to be approved by Credit / Business/ Product Head
t.	Sanction letter Validity	<ul style="list-style-type: none"> The sanction stands expired on completion of 90 Days from the date of sanction subject to acceptance from customer of sanction letter within 7 days of receipt. However, if the customer approaches BALFC after 30 days of sanction letter, a fresh CIC is mandatory.

4. Loan Eligibility calculation Methods

The credit assessment is based on verifiable and documented income proof of the applicant. The amount of funding and eligibility is governed by the total income the applicant is able to prove by way of salary slip or certificate / form 16 for salaried class and ITR, Profit & loss a/c and balance sheet, Sale / Purchase Bills (Kuccha Bills) or records for self-employed individual and professional.

1. Salaried – NET SALARY Method
2. SEP – Normal Income Program, Assessed Income Program, Banking Method
3. SENP – Normal Income Program, Assessed Income Program, Banking Method

BALFC will sanction the least of the following amounts:-

- a. Loan eligibility arrived by aggregation of income and FOIR norms
- b. Loan amount by applying LTV Norms
- c. Loan amount ceiling for the product
- d. Loan amount applied by the applicant

Note – In case of clubbing of two income profile like Normal bank Salary income + Cash salary income OR Normal Business income + Assessed business income, norms like LTV/ LCR, FOIR, guarantor requirement to be followed as per weaker profile norms.

5. Product Policy Guidelines

5 a. Loan against Property/ MSME loans

S. No.	Credit Parameters	LAP to Resident Indian		
		Salaried	SEP	SENP
a.	Purpose	Salaried segment having requirement of fund for acquiring assets, education needs, Marriage, Personal use, Travel, etc.	For business needs like working capital, expansion, acquiring assets, purchase of professional equipment's, Personal need etc	For business needs like working capital, expansion, acquiring assets, purchase of machineries, Personal need etc

b.	Type of loan	Term Loan. Repayment through Monthly EMI.	
c.	Product Variants	LAP against Self Occupied Residential Properties/ Self Occupied Rented Property/Self Occupied Vacant Property/Self Occupied Commercial Property and Purchase of Commercial Property (Ready to occupy).	
d.	End use Monitoring	Self-declaration of borrower for end use of the loan in prescribed format to be obtained.	
e.	Approved Locations	All branch locations.	
f.	Prohibitive Profile & Property Type	Customer Profile	Property Type
		<ul style="list-style-type: none"> • Caution profile customer • Cash Salary customers • Negative Net Worth • Losses incurred in any of the two previous years other than abnormal loss (Non-recurring in nature) 	Hospitals, Schools Rented/ Vacant Properties Industrial Property Trust & HUF Property Property in SEZ Area Property being used for unauthorized or unwanted activities.

5 b. LAP BT + Top-up

Sr. No	Credit Parameter		LAP BT	LAP BT plus Top up
a.	LTV		As per LTV Norms	As per LTV norms
b.	FOIR	As per FOIR GRID		
c.	Tenure		Max 15 years	Max 15 years
d.	Combined Loan Amount	Minimum	1 Lac	1 Lac
		Maximum	30 lacs	30 lacs
e.	Vintage in repayment track		Min 9 months	Min 12 months
f.	EMI Bounce	Two bounce due to Insufficient fund in last 12 months & no bounce in last 6 months. Technical bounces can be considered with proper justification, sufficient bank balance reflection on due date etc..		
g.	End use of top-up		Not Applicable	Business Expansion to meet working capital Wedding expenses Medical expenses to fund children's education Debt consolidation Letter stating end use of the fund to be obtained from the applicant and the same to be mentioned during credit approval

Note: Additional Documents for Balance Transfer (BT) Loans.

- Obtaining latest 9/12 months repayment track record of EMIs in bank statement and loan account statement from existing financier. If repayment track record of EMI is less than 9

months (but should not be less than 6 months) then total repayment track record (EMI and Pre EMI) of 9/12 months from existing financier is required with minimum 6 months repayment track of EMI

- Letter from existing financier confirming the loan outstanding amount
- List of documents in original from the existing financier
- Copy of sanction letter of the loan account which is proposed for balance transfer

6. Credit Underwriting Norms – Salaried (Resident Indian)

S. No.	Criteria	Description
a.	Categories of employment	Applicants working with any of the following institutions:- 1. Govt. institution/Semi-Govt. institution 2. Public Sector Undertaking 3. Private Limited Companies 4. Partnership firms 5. Proprietorship firms
b.	Income Proof	Last 3 months salary slip OR 3 months' Salary Certificate Salary certificate can be accepted for a category of borrowers who are not getting salary slips on regular basis, however salary certificate should not be more than 1 month old and should contain minimum details like, <ul style="list-style-type: none"> • Designation • Vintage of job • Type of Employment (for eg. Confirm, contractual, temporary etc...) • Fixed Salary
c.	Minimum Qualifying Household Income	Eligible NET Household income from Salary should be at least Rs. 7,500/-pm
d.	Mode of salary payment	Direct bank credit Cheque salary Cash salary from Government Job Cash salary from other than Govt Job.
e.	Work Experience	<ul style="list-style-type: none"> • At least 6 Month in current confirmed employment / (or) • Current employment on probation with 1.5 years total experience including previous experience, supported by any relevant document.
f.	Eligible Income	* Net salary as per salary slip or certificate * Variable & onetime components / Pension Income from Central / State Government. * Other income such as rent, agriculture, insurance commission, etc.
g.	Income not Eligible	<ul style="list-style-type: none"> • Capital Gain • Speculative Income • One Time Income / Arrears Received • Annual/Semi Annual bonus
h.	Form -16	Form -16 is preferable for all bank salaried cases where gross salary more than 2,50,000/- p.a.

i.	Banking Norms	Last 6 months banking of Salary / SB account. Regular salary to be credit in salary account
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6 a. Assessment Criteria of Cash Salary Cases (other than Govt. Segment)

Salary verification from employer is a must, without which the income should not be considered for appraisal purpose.

Sr No.	Criteria	Credit Parameters
a.	Experience	Minimum 1 years in same company/industry
b.	Income Proof	Salary slip / Certificate
c.	Monthly Income	Cash Salary not exceeding Rs. 15,000/- p.m. will be considered.
d.	Verification	Employment and salary verification by Credit officer / Manager is mandatory apart from other verification reports.
e.	FOIR LTV / LCR	Max. 45% in case of only cash salary and as per FOIR grid in combined income (i.e. Cheque / Bank + Cash Salary) (3% additional for insurance premium funding only). 5% less than Norms.
f.	Banking Norms	Last 6 months banking of SB account.
g.	Guarantor	Requirement of Guarantor is mandate.

6 b. Credit norms for Defence Personnel

Note –Additional Co-app and One Local Guarantor is mandatory.

7. Extension of Loan tenure beyond the retirement age -

Loan tenure can be extended beyond the retirement age as per below mention norms –

- Loan should be insured for full loan tenure.
- Age of the earning customer at the time of loan maturity will 68 yrs.
- Loan tenure can be extended upto 50% of remaining service.

Example – If customer age is 50 yrs & retirement age is 60yrs. Loan tenure can offer for 15 yrs.

8. Eligibility Criteria for Insurance Agent:

INCOME	% OF ELIGIBILITY	DOCUMENTS REQUIRED
a) 1 st year Commission	50% of last three years average.	Last 3 years ITR along with certificate / Form 16 A for last 3 years from the branch/office showing break-up of 1 st year, renewal & bonus commission
b) Renewal Commission	100% of last three years average.	Confirmed Agents only.
c) Bonus Commission	25% of last three years average	

Note: In cases where applicant is filling ITR, Eligibility can be based on income declared in the ITR.

9. Income Identification in Salaried Cases (RI)

Main source of income	% for eligibility	Documents Required
Fixed components in salary slip/monthly salary certificate & allowances which are fixed in nature & appearing in salary slip (Basic, HRA, DA, CCA etc.)	100%	Latest Salary slips or issued last month's salary certificate. Net salary as per salary slip/certificate should match the bank salary credits. In case of mismatch appropriate explanation should be sought with documentary proof of same.
Variable items like overtime, incentive, Travelling allowance part of CTC only, Daily allowance (only if specific proof & calculation are available) paid on monthly basis	50% 50%	If the variable is coming into customer's account for the last 12 months, than average of last 6 months can be considered.
Own Pension or family pension Income of the last pay drawn.	100%	Latest pension document and bank pass book. Copy of pension order to be collected.

10. SENP / SEP - Normal Income Program

Type of income	To be considered for eligibility
Min Household Income Norms	Two years average PAT of Rs. 1 lacs p.a. from same business.
A. PAT(Profit After Tax)	To be avg of latest 2 yrs ITR.
B. Depreciation	<ul style="list-style-type: none"> Depreciation can be considered at actual value in case of audited financials and/or Average of last two

		years subject to 150%* of previous year (the depreciation to be considered is at the sole discretion of credit). If depreciation is not reflected in P & L account then should not be added back.	
C. Capital gains & speculation		Not to be considered	
1	Eligible Income	The following income will be considered for different entities.	
		Proprietors	PAT as per P/L a/c plus depreciation
		Partners	Share of Profit, Interest on capital, Remuneration /salary from the firm as per ITR plus proportionate depreciation of the firm
2	Client reference check	Client includes supplier, vendor, customer, creditor, debtor, principal, agents. (Note: reference details should preferably cover – no of years of relationship, business volume, market reputation, payment habits, any other feedback)	
3	Abnormal Income	Any abnormal income/one time Income reported in the P&L A/c are to be reduced to that extent from PAT	
4	Abnormal Expenses	Any abnormal expenses/onetime expenses reported in the P&L A/c are to be increased to that extent in PAT	
5	Cash Loss in last two years	Not acceptable	
6	More than 25% drop in turnover and / or profit in latest year	Not acceptable	
7	Banking Norms	Last 6 months banking of CC / OD / CA /SB account. TWO Inward & TWO Outward cheque returns allowed in last 12 months and One Inward and One Outward cheque returns in last 6 months due to Insufficient fund with proper checks & justification. Technical returns can be considered.	
8	Personal Discussion(PD)	PD-cum-business verification by Credit Officer / Manager & Branch Manager is compulsory and to be carried out at the principal place of Business where all business records are maintained. If manufacturing activities are carried at the place other than principal place of business then all such places to be visited and verified by appraisal officer.	
9	All ITR's Filed in the same financial year	Not acceptable* *Acceptable only if , Latest 2 yrs ITR's filled in 6 months GAP but previous year's ITR has been filled on regular intervals.	
10	Other Requirements	<ul style="list-style-type: none"> • Business Verification Report • Photograph of business premises • Recommendations should have details about saving, asset creation, continuation of business of 2 years minimum, present EMI serviced if any etc. • Verification/Assessment to be done by Credit only. 	

11. SENP / SEP - Assessed Income Program

Sr No	Product Criteria	Assessed Income Program
a.	Objective	<ul style="list-style-type: none"> • To tap underserved unorganized and informal sector with its large market potential. • Due to lack of knowledge and formal documents this segment remains out of reach of organized financial assistance. • Many low income households get excluded from formal housing finance on the ground that they are unable to meet the criteria. <p>Self Employed Professional (SEP) are practicing Doctors, Chartered accountants, Company Secretary Cost Accountant and Architect. Self Employed Non Professionals (SENP) is individual engaged in any trade/business of manufacturing, wholesale, retail or service industry. Apart from this category, the applicants who have the following income proof can also be considered for loan under the scheme.</p> <ol style="list-style-type: none"> 1. Those who have filed only one ITR 2. Those who have filed two/three ITR on the same day or within 6 month 3. Those who have filed ITR regularly but his requirement are not met under our normal eligibility criteria.
b.	Eligibility	<p>The other conditions for eligibility are as follows</p> <ol style="list-style-type: none"> i. The applicant should be in the same line of business for a minimum period of 2 yrs OR should have inherited the business from parents. ii. The business premises should be owned / inherited / rented premises can be considered only if the business is carried out from same premises for a min of 2 yrs. iii. Business premises should not be on encroachment land without title to property
c.	ROI	As per ROI grid
d.	LCR / LTV	As per norms
e.	Loan Amount	LAP - Minimum 1 Lac & Max. 30 Lacs.
f.	Banking Norms	<p>Last 6 months banking of CC / OD / CA & SB account. TWO Inward & TWO Outward cheque returns allowed in last 12 months and One Inward and One Outward in last 6 months due to Insufficient fund with proper checks & justification. Technical returns can be considered.</p>
g.	PD cum Business Verification	<p>PD-cum-business verification by Credit Officer / Manager is compulsory and to be carried out at the principal place of Business where all business records are maintained. If manufacturing activities are carried at the place other than principal place of business then all such places to be visited and verified by appraisal officer.</p>
h.	Loan Calculation	<p>Net income to be considered on Cash Flow basis and same to be related to the number of working days in a month. Credit Manager has to verify the business related bills, records of last 3 months & generate the monthly net income from business after deducting operating & running expenses.</p>
i.	Tenure	<p>Minimum 1 years Maximum 15 years subject to age of the applicant and property title.</p>
j.	Other Requirements	<ul style="list-style-type: none"> • Business Photograph of business premises • Recommendations should have details about saving, asset creation, continuation of business, present EMI serviced if any etc.
k.	Guarantor	Requirement of Guarantor will be Mandatory except Grade A as per evaluation sheet.

12. OTHER INCOME COMMON TO SALARIED & SELF EMPLOYED

Total income can be enhanced by adding income from other sources subject to 100% of the principle income.

Loan eligibility can't be calculated only on other income basis. However with the approval of Credit Head, such case can be considered.

S.No	Other Income Sources	Parameters	Documents Required
a.	Existing Rental Income Net Rental Income = Gross Rental less : <i>TDS, Any Direct Expenses</i>	1) 75% of Net Latest Rental Income can be considered 2) 50% of Net cash Rental Income can be Considered.	1. i) Rental income is consistently reflecting in last 2 years ITR (or) Credit of rental is reflecting in bank since last 12 months. ii) Copy of lease /notarized agreement is available iii) Proof of ownership is available 2) If only (ii) & (iii) are available. Field verification of the tenant & rental being received is done by the Credit Manager/ Branch Manager.
b.	Agricultural Income	1) 50% of agricultural income can be considered OR 2) 25% of NET SALARY/NET INCOME, If income not shown in ITR	1) If the income is shown in the ITR. 2) For the consideration of agricultural income if not shown in the ITR, a Certificate of agriculture income from the village officer can be obtained. 3) Should have Kisan credit Card In both cases ownership of Agricultural land along with the visit report by the Branch Manager assessing the agricultural income is a must.
c.	Tuition Income	100% 50%	Declared in Income Tax Return continuously in last 3 years If not reflected in ITR. The branch has to submit a verification report by Credit Officer / Manager. Minimum qualification GRADUATE for considering tuition income (Qualification Certificate should be obtained for the same)
d.	Part Time Job income	100% 50%	If it is reflected in ITR and six months bank credit in bank statement Income in cash. Must be supported by the contract letter on the letterhead of the company duly verified by the Credit officer / Manager.

13. INCOME OWNERSHIP GRID

Clubbing of Income

Case I

(a) When father and/or mother is/are the owner of the property

- Son's income can be clubbed with the parents provided either (i) the son is the sole child or (ii) all other successors of the property owner join as co-applicant/s or as guarantor/s in the loan application or (iii) in absence of compliance of point no (ii) NOC from such legal heirs to be documented

(b) When father and / or mother is the owner of the property

- Daughter's income can be clubbed with the parents' income provided the daughter is the sole child and unmarried. To be co- applicant in loan.

Case II

(a) Joint ownership with (father &/or mother) + son

- Son's income can be clubbed with the parents' income provided that either (i) the son is the sole child or (ii) all other successors of the property owner join as co-applicant/s or as guarantor/s. or (iii) in absence of compliance of point no (ii) NOC from such legal heirs to be documented

(b) Joint ownership with (Father &/or mother) + daughter

- Daughter's income can be clubbed with the parents' income provided daughter is the sole child & her spouse also to be joined as co-applicant.

Case III

(a) When son is the owner

- Parents' income can be clubbed even when son is not the sole child.

(b) When daughter is the owner

- Parents income can be clubbed provided daughter is the sole child
To prove sole succession, affidavit OR declaration on a requisite stamp paper has to be submitted. Preferably ration card will have to be obtained.
If the other successor/s join as co-applicant/s, income proof/bank statement is not necessary as income will not be considered; however all other formalities required for a borrower will have to be undertaken.
If the other successor/s join as guarantor/s, income proof/Bank statement will not be required. However, all other formalities required for guarantor will have to be undertaken.

Case IV

a) When ownership with two brothers

- Income of one brother can be considered. Two brothers income can also be clubbed

b) When ownership with two sisters

- Avoid such combination.

c) When ownership with one brother and one sister

- Avoid such combination.

In all the above cases person whose income is clubbed for calculating loan eligibility should join as co-applicant for the loan.

14. Evaluation Sheet

Note:

- For Ease of deciding the ROI for each loan sanctioned we used the below attached Evaluation sheet, which clearly defined ROI each according to the grade of the file.
- This also helps in avoiding any kind of conflict between Sales and Credit Department Respectively.

Evaluation Sheet - for internal use only	Points
TITLE (PROPERTY TYPE) - 10	
JDA , Nagar Palika, RHB (registered)	10
Regd.Panchayat Patta/ 90B Society Patta (Registered society only)	8
Panchayat Patta/ society patta in Jda list - unregistered patta (Development Min 75%)	6
Society Patta/ Non transfer patta/ Purane Raj ke patta/ old possession patta (Development Min 60%)	4
Direct Registry from Agri (only if plot is verified-neighbour house number check) Development Min 60%	4
CREDIT History - 10 (Avg of All Members and their credit limit)	
All clear, No DPD, Score above 700	10
DPD below 30 days in loans,	8
Dpd around 45-90 days, score 650 above or -1 score (if other tracks avl then credit card and PL before 2009 exempted)	4
Overdue/ suit filed/ settled,below 600 (Documented Proof Must) Agreement/Hospital bills	2
INCOME - 10 (Avg of all members, Member wise income amount and mode)	
GOVT Salary/Pension, Redg Firm with good business (Banking Transactions MUST): other than 4th grade govt emp.	10
Pvt salary or Self employed(shop/vehicl/contract/good stable rent) Banking Transactions MUST	8
Pvt salary(cash but letter verification + on site verification and normal 6-8k rent)	4
Unverified / Assesed income	2
Marketability - 10	
Based on usage/ease of re-sale, Road and surrounding/ development	
Note: (This has to be approved by Aditya while discussion with photo/video)	
LTV- 5	
Below 35	5
36-40%	4
41-45%	3
46-50%	2
above 50%	1
Overall Grading 5	
Quality process & paper work in file (Login chq clearance, bank statement, dependents vs earning members),clarity of end use	

14.1 Grading System

Grade	Points	ROI %	WAIVER/ requirements
A	46-50	17	GUA , ADDITIONAL STAMPS
B (10/10) -1 factor	41-45	18	ADDITIONAL STAMPS, GUA CHEQUES WAIVED
C (10/10) -1 factor	36-40	19	N.A. (Same as now)
D (10/10)-1 factor	31-35	20	N.A. (Same as now)
E (MD APPROVAL)	30-35 ONLY IF JDA/NAGARPALIKA	22	gua above 700 score and same credit limit as loan amount
2 factors 8+ is MUST			

Note:

- a. Tenure will Depends on age and Re-pay.
- b. 10/10 factor not met will be moved to next category.
- c. Income minus 50% is applicable for EMI repayment.

15. Caution Profiles

- 1) Practicing Lawyers
- 2) Politician or person affiliated to political parties
- 3) Employees of BIFR Companies
- 4) Employees / Commission Agents of Chit Fund
- 5) Cable Operator and owner of video parlor
- 6) Multi-level Marketing Agents
- 7) Lottery Agencies
- 8) Bar owner/ Wine Shop Owner
- 9) Film / TV Star
- 10) Owner & Employees of DSA / Verification / Collection / Repossession Agencies
- 11) Astrologer / Priest / Vastu consultant
- 12) Money lenders
- 13) Anti-Social Elements
- 14) Diamond Broker
- 15) Real estate brokers & person working with real estate companies.

16. Processing Fees:

The applicants are required to pay processing fee as per rates in force from time to time, based on percentage to the loan amount proposed to be sanctioned along with appropriate tax there on as per GST rates prevailing.

- Processing fees 3% (LAP), of the loan amount plus GST. Equitable mortgage charges will be borne by the customer.
- Rs.2550/- shall be collected as IMD/ Login fees which is non-refundable and shall be collected at the time of application form.

- Once the loan is sanctioned & the sanction letter is accepted by the customer, the processing fees shall be collected upfront or deducted internally from loan sanction amount.
- The non-refundable IMD should be banked and realized before sanction. The non-clearance of non- refundable processing fees shall amount to rejection of case
- Processing Fees should be collected by cheque preferably or DD in favor of Baid Leasing and Finance Co. Ltd., payable at Jaipur.
- If cheque, then the cheque should be from the salary a/c of salaried customer & main dealing current a/c of self – employed customer
- If self – employed customer wishes to give processing fees from saving a/c, then bank statement of the said a/c for 6 months to be collected.

No cash to be accepted against Processing Fees/IMD amount without Prior Approval.

17. Foreclosure Charges:

0 – 12 Months –Not Allowed without approval from BH/Product Head
13-24 – 5%
25-36 – 4%
37 & above - 3 %
Special Case – Prior approval on part waiver to be taken from Business Head/ Director

18. Documents to be collected at the time of disbursement :-

1. Accepted sanction letter
2. Loan agreement duly signed
3. Equitable mortgage / registered mortgage creation documents (for ready property)
4. Deed of Guarantee (wherever applicable)
5. Original property documents – Sale deed, previous chain of agreements if any and any other title document (Share certificate etc. as applicable) as mentioned in the legal report
6. NOC from builder / society (as applicable) in the prescribed format

7. Copy of endorsement done on original docs in case of Builder/Part property cases where endorsement is done by empanelled lawyer.
8. In case of PDCs/ECS: 12 PDC's
Requisite cheque/s towards Pre-EMI & 2 undated cheques not exceeding the loan amount as Security Cheque.
9. Updated encumbrance certificate wherever applicable
10. Approved building plans wherever applicable.
11. Disbursement request letter
12. Affidavit cum undertaking in the prescribed format
13. End Use letter in LAP cases in prescribed format
14. Other Documents as mentioned in sanction condition if any.

Other documents – affidavit, undertaking, undertaking for balance transfer etc. wherever applicable.

Documents mentioned in the legal report given by the empanelled advocate should be collected.

19. Security:-

- Equitable mortgage of the property by deposition of the original title deeds
- Equitable mortgage charges to be borne by the borrower
- Registered mortgage wherever applicable may be asked
- Mortgage charges will be borne by the customer

Additional security like units of NSC, LIC Policy etc. duly assigned in favour of BALFC may be obtained as per the sanction terms and conditions.

20. Insurance:-

- Borrower has to compulsorily avail the Life Insurance cover to the extent of loan amount unless approved for a shorter tenure by authority. The amount of premium can be funded by BALFC by including in the loan amount.
- If customer is availing credit shield, then the premium will be calculated on the following basis:
 - A.** Age of the borrower whose income is considered for loan eligibility
 - B.** In case of clubbing of income, the borrower whose income is on higher side should be covered under policy
 - C.** In exceptional cases where the income has been considered for borrowers above 65 years, the life covered should be of the other borrower whose income is considered.

21. Inspection:-

- A. Photograph of Property to be mortgage and its visit report to be documented in file by BALFC sales Officer at time of login.
- B. Business premises and business setup to be verified and photographs to be documented by BALFC Credit Officer/Manager at time of PD. If possible small business site video also to be taken on mobile for records.
- C. Inspection to be undertaken by BALFC officer prior to sanction. This is in addition to the valuation reports given by the empanelled technical agencies.

21.1 GUIDELINES FOR BALANCE TRANSFER WITH/WITHOUT ADDITIONAL FINANCE

- 1 Two loan accounts will be opened:
 - One for the take-over component – at ongoing home loan rates and another for the additional finance component.
 - The EM will be created on the total amount (BT + additional finance). End use of the amount to be obtained from the borrowers. This should not be used for speculative purpose.
 2. Disbursement for the take-over component to be made directly to the existing lender (i.e. the Bank or the HFC)
 3. Additional finance amount should be maximum 50% of the market value & total exposure(LTV) in balance transfer with additional finance should not exceeds 75% of the fair market value of the flat/house
 - Disbursement for the additional component will be made to the borrower directly after receiving original documents from financier.
 - Mortgage will be created after the receipt of original title deeds
- All other features will be same as home loan.

21.2 GUIDELINES FOR NO INCOME PROOF SCHEME

Business Continuity Proof required for minimum One Years. One of the following would do the validation:

- Copy of acknowledgement of Income Tax Return (ITR) pertaining to a period 2 years back (Not Compulsory)
- Shops & Establishment certificate
- Excise registration certificate

- Sales Tax/ GST registration certificate
- Small scale unit registration certificate/Any other relevant certificate or registration.
- Certificate of Practice (for C.A) or COR for doctor
- Sale/purchase receipt which are 2 year old of same business.

Bank statements

- Applicant(s) should have at least one bank account (current/savings) 6 months old. This should be in the name of applicant only.
- In case if applicant/co I applicant don't have a bank account whose income is not considered can open a saving bank account.
- Cash flow analysis i.e. income & expenses analysis of the business of the customer for last 3 months.
- Average balance for the past 6 months after deductions of existing obligations should be greater than or equal to 1.5 times of the proposed EMI for A category files as per evaluation sheet.

Eligibility calculation methods under NIP:

OPTION 1

- Monthly average bank balance= $(\text{Balance as on 5}^{\text{th}} + \text{Balance as on 15}^{\text{th}} + \text{Balance as on 25}^{\text{th}})/3$
- 6 Months average bank balance = $\frac{\text{Total of last 6 months monthly average bank balance}}{6}$

For eligibility calculation

NAMI= 6 Months average bank balance – other obligations

OPTION 2

A. Turnover for month= Assessed Sales per day (based on assessment of credit officer) x 25 days

OR

Assessed sales for the month.

B. Expenses for the month= Assessed expenses per day (based on assessment of credit officer) x 25 days

OR

Assessed expenses for the month

• **Net Income= A – B**

• NAMI= Net income- other obligations

• *Customer to submit daily sale/receipt for minimum of last three months based actual/katcha bills*

BALFC official to verify and certify daily sale/receipt after random check with kutchra and original books

22. Specific Terms and Conditions for all Products and Variants

- **Personal discussion is mandatory prior to sanction.**
- Residence verification, office verification and document verification shall be done by empanelled agency of BALFC and or by BALFC Employee.
- Tele-verification shall be conducted by BALFC Credit officer.
- Location map along with Google Location Co-ordinates and Landmark of the property should be compulsorily given in file by BALFC official/ valuer.
- All the documents submitted by the applicant(s)/ guarantor should be verified with the original documents of the applicant(s) / guarantor by BALFC Sales officer only.
- All co-owners in the property should be co-applicants to the loan.
- The application form will be filled in the sequence of ownership in property irrespective of income consideration or age.
- In case of joint ownership in property, first owner will be primary applicant & co-owner will be co-applicant
- In case of single ownership in property, the owner will be primary applicant.

23. Other Terms and Conditions

- Empanelled advocate of BALFC will give legal report. All the documents as stipulated in the legal report needs to be collected prior to disbursement. The original documents will be

verified by the empanelled advocate & vetting certificate/report will be given in cases when demanded.

- Empanelled Valuation Agency of BALFC will do technical report and fair market value of the property to be funded. The valuation report will mandatorily capture 4 photograph of the property (2 inside of property and 2 outer side of property) & location map of the property.
- All cases of 15 lacs and above to be visited (Business and Property to be mortgage) by respective Branch Manager and report to be submitted before sanction of loan.
- All cases of 20 lacs and above to be visited (Business and Property to be mortgage) by ASM/RSM and report to be submitted before sanction of loan.

- Guarantor to application is compulsory unless otherwise stated which is at the sole discretion of the credit authority.
- Initial Money Deposit (IMD) of Rs. 2550/- is nonrefundable and case cannot be login without IMD. Cash PF not accepted.
- Processing fees cheque must be in favor of "Baid Leasing and Finance Co. Ltd" and should be deposited in (Account Details).
- Mode of repayment preferably NACH, PDC only in cases where NPCI rejects the NACH Mandates.

Approved by :-

Product Head

Director