GLOSSARY

- **Risk Assets Acceptance Criteria (RAAC):**
  It prescribes risk parameters like age, income, property value, local area where finance will be extended, the maximum loan amount the bank will lend to any borrower etc.

- **Commitment Fees:**
  The fee levied, if the loan is not drawn down as agreed/stipulated.

- **Acceptance letter:** Once the sanction letter is issued, the applicant will, on reading the terms of the issue, communicate his/her willingness to accept the loan by way of an acceptance letter within a particular time frame which varies between 1-3 months from the date of the sanction letter and also pay the requisite administrative fee.

- **Carpet Areas:**
  Areas useable at any floor level. Worked out as the plinth area minus the area occupied by the walls.

- **Clear Title:**
  A title which is free from any reasonable doubt and also free from all encumbrances.

- **Common Areas:**
  It is actually the covered area of common spaces and areas minus for use by the occupants of the building. These areas may include the staircase, lifts, ducts for sanitation, electrical and air conditioning areas, etc. This is generally divided proportionately in relation to the size of the apartment and charged accordingly.

- **Encumbrance:**
  This records details of transfer of ownership of a property in succession up to the current owner. It shows the date, the names of the parties involving amount of consideration, the extent and schedule of the property. This certificate be obtained from the sub-registrar's office for a payment of fee from any us year till date. This certificate is also useful in establishing the events as to and when the present owner came into possession of the property.

- **Khata:**
  This is the basic document, called by different names in different places indicating the ownership of property, as entered in the register of the Government authorities.

- **Legal Scrutiny Report:**

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The documents pertaining to your property need to be scrutinized by legal personnel of the HFC to ensure that you are buying a property that is clear and marketable. This is one of the first criteria to be taken care of, so that the transaction is proper and the property can be passed on to your legal heirs.

• **Margin Amount:**
  The difference in the total cost of the project and the loan amount sanctioned is the margin amount. This money has to be invested by the borrower of the property prior to the release of the loan amount in case of construction of a house. In case it is for purchase of a house, then the loan amount will be released on the day of registration of the property and the margin money has to be invested by the borrower prior to the release. In case of purchase of flats also, the release will be made only on investment of the margin money by the borrower.

• **Marketable Title:**
  When the title to the property is clear and the person has the right and capacity to transfer the same, then he is said to have a marketable title.

• **Market Value:**
  It is the value of the property as per the prevailing market rates.

• **Title:**
  It is the right and interest over the property evidencing the ownership.

• **Purchase of Land:**
  Loan is given for the purchase of the site. Most bankers do not entertain the sanctioning of such loans since the calculative risk is more in such loans.

• **Constructed Houses or Flats:**
  Loan is sanctioned for the purpose of purchase of a house which is already constructed and available as readymade. The same can be availed for the purchase of flats too.

• **Interest Rate Option:**
  Borrowers have the option to choose either fixed or floating rate of interest at the time of availing the loan.

• **Annual Rest:**
  The EMI is collected from the borrower every month and the appropriation towards interest and principal is made at the end of the financial year. This kind of appropriation is on an annual rest basis.

• **Penal Interests:**
  If the installments are not received as per the repayment terms, by the end of the month, the borrower would be charged on interest on the installments delayed, termed as the penal interest.