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## Effective ways to manage home loans in a financial crisis

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***Are you struggling under the pressure of home loan and unable to dispense monthly equated installments? If so, here is a guide for the average home buyer to overcome the financial glitch sans any hassle.***



While you are reeling under the tremendous pressure of home loan, it's important to understand what your realistic choices are. Can you sell your existing house and move into a rented place? Can you ask for a moratorium on payments? Or refinance through a different lender? Well, the best is to involve a host of people to overcome the financial issue including – the lender, builder, broker, spouse siblings, and parents.

1. Under construction home buyers must physically check the progress of their homes as the economic slowdown has created a cash crunch especially for developers and they are keen to collect payments even if they are not exactly due. Under RERA, possession can only be given to the buyer if the Occupancy Certificate (OC) is in place. Terminology will vary from state to state, but basically, you should not be paying the builder anything ahead of schedule. That said, be nice and polite to your builder as he probably has a severe cash crunch on his hands.

2. Inform your lender about the financial crisis and ask for a moratorium of suspension of EMI payments. If your loan is at a higher rate than the current, you will get two choices - you could increase the term of the loan and thereby get some sort of breathing room - or you could decrease the EMI instalment due.

3. If you are close to taking possession of the home, you could also ask for a top up loan which will help you with that final amount due but will have the effect of increasing your EMI. If the top up loan helps you take possession and put the home on rent, it might be better to ask brokers to start showing your property to prospective tenants so that you can get a good sense of how much rental your flat will fetch.

4. If you are currently living in the home, and you don't have a choice to sell, it's best to consider refinancing your home loan through another lender. Chances are that you will get a good deal in the market today where you may even get a full year of moratorium for your EMI. There are costs involved in such a transfer, but they are far less than what you would pay if you consistently kept paying at the old interest rate.

5. If you have an EMI running on more than one apartment and you were just investing in real estate for the long term, it may be a good idea to sell your extra apartments at market and invest your proceeds into the stock market or capital gains bonds or help reduce the EMIs on the remaining real estate investments. Real estate prices are unlikely to firm up in the next two years while the stock market will make newer highs consistently.

6. Friends and family who are more fortunate than you will help you out if you simply ask them. Moreover if you are from a business family, you probably have more generational experience in handling financial crises. Tap into all such sources and listen to sound advice.

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