



RETAIL HOME LOAN SOURCING POLICY

STAR HFL

VERSION 1.0

Retail Home Loan Sourcing Policy

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Retail Home Loan Sourcing Policy

STAR HFL was started with an objective to provide long term housing finance to lower and middle income customers towards purchase of affordable housing units.

When we started, our target customers were:

- Underserved by Banks / Financial institutions
- Gauging their ability and willingness to repay was considered as a big challenge
- Rural housing segment was under tapped.

IN ORDER TO HAVE AN EFFICIENT HOME LOAN SOURCING PLAN WE NEED -

- Hiring efficient sales Team
- Team work
- Team unity
- Identification of potential market (customer segment). It should be relevant to the product features and USPs. Profile and property.
- Marketing activities for generating business.
- Knowledge of credit and ops policies.
- Knowledge of Operational Process (Files movement)- through mobility app
- Co-ordination and tuning with credit and ops teams.
- Alignment of vision.
- Policy should be relevant to the need of market segment.

POTENTIAL OF AFFORDABLE AND RURAL HOUSING SEGMENTS -

- India needs 200 millions houses- 65 % for rural population and 35 % for urban population.
- India has 167 millions houses and shortage is 33 million as of now.
- Our need increases by 1 million houses every year due to increase of our population.
- Housing shortage will increase to 70 million by year 2020.
- 90 % houses in villages are toilet less.
- In rural areas, 33 % houses are having kacchi roof.
- Apart from this, in terms of quality of walling, 47.27% of the total households have grass and straw walls and about 4% have tent and cloth walls.
- Nearly 90% Of The Rural Houses Are Incomplete And Requires Up Gradation/Renovation.

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HOUSING FINANCE SECTOR IN INDIA -

- We Need Rs. 1.5- 2.00 Lacs Crores To Meet Out The Need Of Houses.
- HFCS And Banks Are Major Tools Of Lending.
- HFCS Are Having Major Share In Lending Of Home Loans.
- NHB Apex Body of RBI Regulates And Refinance HFCS .

BASIC STEPS FOR SOURCING HOME LOANS -

- Identification Of Potential Market- Semi urban, urban and rural.
- Data Creation for marketing and sourcing of home loans.
- Market Penetration in identified potential markets.
- Effective Utilization Of Distribution Channel- DSA/Referrals/ Builders
- Sourcing Through Referral Business (Customer Relationship / Focused Services to the customers).

MARKETING - Identification of potential market is the first step of marketing plan. We at STAR having comparatively better USPs and thus if we identify our segments and devise the marketing plan accordingly we can successfully penetrate the market.

MARKETING STRATEGIES

- Identification of potential market
- Market penetration
- Distribution channel
- Customer Relationship / focused services to the customers.

MARKETING has often been described as “the art of selling products. But the aim of marketing is to make selling successful. The aim of marketing is to know and understand the customer so well that the product or service fits him and sells itself. Marketing is a process of planning and executing the conception, pricing, promotion and distribution of ideas, goods & services and to create exchanges that satisfy individual and organizational goals.

MARKETING PROGRAM: The marketing program consists of numerous decisions on the mix of marketing tools to use. The marketing mix is the set of marketing tools the firm uses to pursue its marketing objectives in the target market.

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IDENTIFICATION OF POTENTIAL MARKET -

Identification of potential market is the most important aspect of sales and marketing. It is based on quality of products offering by the company. We are in housing finance and our product is designed looking to the need of the Low income group customers and Low cost properties, therefore our market segmentation is –

- **PROFILE BASED** - Customers having low income- working with small enterprises, factories, companies, third and fourth class government employees, skilled /unskilled workers and small traders/businessmen.
- **AREA/LOCATION BASED** - Gram Panchayat areas, Municipal council area and old city area. Old city areas and colonies regularized by local authorities.
- **TIE UPS FOR LOW COST HOUSING PROJECTS** - Private builders, MP housing board and IDA projects. EWS of builders can be also tapped.
- **EXISTING EWS AND LIG COLONIES OF DEVELOPMENT AUTHORITIES AND HOUSING BOARDS** - Government institutions have launched EWS and LIG colonies those are having low cost properties for low income group peoples.
- **OUT SKIRTS LOW COST HOUSING COLONIES** - Colonies situated at out skirts of city where Gram Panchayat is the competent authority.
- **NEARBY TOWNS AND VILLAGES** - Within GEO limit we are having small towns and villages where from we can source the loan files.

DATA CREATION – for effective marketing we need to have following data-

- List of EWS Allottees (No Dues) Of Housing Boards/Development Authorities /MUNICIPAL CORPORATIONS.
- List of Allottees (Hire Purchase Existed) Of HB/DA
- List of New Schemes (HP/Out Right) Of HB/DA
- List of Colonies (Low Income Group To Be Focused).
- List of JNURM Projects.
- List of Builders & Colonizers.
- List of Registered Housing Societies.
- List of Contractors.
- List of Companies/ Govt Offices/Small Organizations.
- List of colonies regularized by local authorities.
- List of Tax and Financial Consultants, Chartered Accountants.
- List of Colonies Existed Near By City Area(Gram Panchayat)
- List of Building Material Suppliers.
- List of small contractors and property brokers.

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MARKETING ACTIVITIES -

- Tele callings to the Building contractors- list can be prepared through references and during visiting various pockets and areas of city and nearby town and villages.
- Tele callings to the Civil Engineers/ Architects and Municipal Licensee Engineers - List can be prepared from Telephone Directory.
- Tele callings to the Builders and developers - List can be prepared from Telephone Directory and by personal visits to the offices of the builders.
- Tele callings to the tax consultants and CAs -list can be prepared from Telephone Directory.
- Put up banners in factory premises where from we can get Non- Documented salaried customers.
- Wall paintings in identified locations.
- Leaf lets circulations in colonies, offices, companies and factories.
- Dangers and posters- For the office of engineers, contractors, builders, building material suppliers, HB, DA, GPs and Municipal councils and corporations.
- Conduction of Canopy in identified colonies.
- Conduction of Camps in nearby locations/ places.
- Personal meetings to identify Builders, CAs, consultants, Government authorizes, companies and factories.
- Cold Calling- Identified Potential Areas - EWS Colonies & Old City Areas (Existing Properties For LAP/Extension/Renovation).
- Cold Calling- Areas Where Houses Are Under Construction.
- Contact to the Contractors /Builders/ Colonizers those are involved in Low Cost Housing Segment/ Constructing Low Cost Houses.
- Contact To The Tax Consultants And Chartered Accountants For Getting References Of Their Clients.
- Contact to the Existing Customers and Guarantors for references.
- Events - Auto Show & Canopy.

UNIQUE SELLING POINTS -

SN	PARAMETERS	USP OF POLICY
1	SALARIED DOCUMENTED	Minimum turn over norms not imposed so we can consider small enterprises also who can afford the payment of salary. Gross salary is considered.
2	CASH SALARIED-	Cash salaried employees working in small enterprises are also considered.

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3	MINIMUM SALARY NORMS	It is Rs. 5000/- PM so we can join almost all the earning members of a family.
4	MINIMUM CARPET AREA	200 SQFT for government projects
5	SELF EMPLOYED BUSINESS CLASS	Non ITR Customers Can Be Considered
6	CASH SALARIED	Considerable up to Rs. 20k PM.
7	NON ITR INCOME	Considerable up to Rs. 35k PM.
8	JOINT FAMILY INCOME	Can be considered
9	LOCATIONS FOR FUNDING	Semi urban, urban and rural all properties are considerable hence huge scope of market potential.
10	ADDITIONAL INCOME NORMS	It is considerable
11	MINIMUM LOAN AMOUNT	2 LACS hence low ticket size loans can be catered.
12	CIBIL CALLS	Can be taken basis on mitigates
13	GEO LIMITS	RR and HUB concept developed hence maximum nearby locations can be covered
14	EXTENSION LOANS	Advance payment scheme available
15	MICRO HOME LOANS	Its available for catering low ticket size loans.
16	RENOVATION PLUS REFINANCE	In micro home loans scheme part of the loan sanctioned amount can be used for personal use.
17	PRICING MATRIX	We have pricing matrix basis on income proof and thus all categories of income segment can be tapped
18	RURAL HOUSING PRODUCT	It is very competitive and having pricing grid to cater all categories of income segment.

SALES AND MARKETING - MONITORING AND REPORTS – Branch manager of a branch is required to maximum use of sales staff. Ideally we need to hire 4-5 sales guys in a branch who would source the retails home loans. The sales staff needs to educate about the credit and operational polices.

Sales staff needs to do marketing every day so as to have the loan files in pipe lines. As we described above a sales guy needs to create his/her own data and start visiting to the peoples as per above data.

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Utilization of marketing tools is also very important aspect of the marketing strategy. Sales guy needs to generate files by his/her own sourcing.

Branch manager requires having daily meeting with the sales team and analysing the marketing activities done by the sales team.

Proper monitoring and guidance is the key role of BM to develop the market and enhance the business volumes.

Following is the weekly and monthly reports formats of marketing outcomes of a sales guy. Additionally BM can also take the daily report from the sales guys. BMs are also advised to do marketing activities along with the sales team as to guide and motivate them.

PLEASE NOTE THAT THE TRAINED SALES STAFFS ARE MORE EFFECTIVE AND RESULT ORIENTED HENCE BMS ARE ADVISED TO EDUCATE AND TRAIN THEIR SALES STAFF AND MAKE THEM WELL AWARE ABOUT THE USE OF SOFTWARE, PROCESS, POLICY AND OPERATIONAL FUNCTIONS

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MONTHLY MARKETING REPORT

FOR THE MONTH OF -----

NAME OF LOAN OFFICER _____ BRANCH-----

SN	Name of colony/area	facilities available- Light Water/ Drainage	Occupants profile – documented/undoc umented/ service/busi9ness class	No of plots vacant and No of houses constructed	What kind of marketing modes Utilized- canopy/ leaf let distribution/ door to door visits etc
1					
2					
3					
4					
5					
6					
7					
8					
9					

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WEEKLY MARKETING REPORT

FOR THE MONTH OF ----- FOR THE WEEK OF -----

NAME OF LOAN OFFICER _____ BRANCH-----

SN	DATE OF VISIT	NAME OF THE PERSON MET	PROFILE OF PERSON MET- INDIVIDUAL/BUILDER/ CONTRACTOR/ANY OTHERS	OUT COME OF VISIT
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				