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When Ravi Shetty, a 27-year-old freelance graphic designer applied for a home loan, it was denied due to lack of steady income. "The other options were to either borrow from my parents or co-borrow a loan with them. Neither option appealed to me so I chose to postpone my home-buying decision. Also, taking a home loan meant a large chunk of my income would go towards EMIs. For this, I would have to keep six months of the EMI amount ready, which my freelancing gig didn't allow at the time," he says.

Shetty's is not a case in isolation. While the concept of freelancing is romanticised as opposed to those working on payroll — since they are not bound to any employer — all is not hunky-dory. Ask any freelancer and

they will tell you that though they have the independence to choose the projects, the uncertainty and irregularity in payments could be a hindrance. A freelancer, on condition of anonymity, says, "Without a fixed steady monthly income, PF and other perks that come with a nine-to-five job, securing a home loan can be a tedious task."

According to a study conducted with 500 Indian freelancers by PayPal, it was revealed that most are below the age of 40. Also, close to 61 per cent of surveyed freelancers did not receive payment for their work at least once in their career and several receive payments after two-four weeks of invoicing, thereby creating a gap in the income flow.

# PUTTING THE 'FREE' BACK IN FREELANCE

Did you know that 61 per cent of freelancers do not receive payment for their work at least once in their career? Under these circumstances, how can they make themselves eligible for a home loan? LET'S FIND OUT...



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**HRUSHIKESH MEHTA, COUNTRY MANAGER – INDIA, CLEARSOURCE, a company that allows you to gauge your credit score says:**

- **Check your credit score:** Maintain a high credit score (higher than 780);
- **Ensure that your bank statements accurately reflect all your cash inflows:** Submitting tax returns along with your bank statements will give additional validation to the lender, thus justifying your history of inflows. While the salary may be uneven monthly, it would look less volatile when viewed on an annual basis;
- **Check your eligibility before you apply:** A lender is likely to provide you with a home loan that is 100 times your monthly cash flow. This can be calculated as follows: Monthly income – (50 per cent for living expenses + debt obligations).



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**ANUJA SATHE, ASSISTANT GM, CAPITAL MARKETS AND INVESTMENT SERVICES, COLLIERS INTERNATIONAL INDIA:**

- Ensure no cheque bounces;
- Repay any existing personal or vehicle loan first;
- Obtaining testimonials of your work from clients would help you strengthen your case;
- Freelancers should try and enter into written contracts to ensure that they get their payments on time from clients;
- Try to work on multiple projects simultaneously to avoid getting into a no-income scenario.

**RAVINDRA SUDHALKAR, ED AND CEO, RELIANCE HOME FINANCE:**

- Build a corpus of savings to be viewed as a less risky borrower;
- Additionally, a bigger down-payment could enhance your chances;
- It would be wise to first do groundwork with your lending company to check your eligibility before you finalise your property. This will give you a proper understanding of your financial standing.

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**AS A FREELANCER, DO YOU GRAPPLE WITH LATE EMI PAYMENTS?**  
Let the author know on the above mentioned email id