



# 20 tips

to hassle-free home buying



Dear Friend,

We have distilled our years of experience in Home Finance through simple tips in this e-booklet, which will enable you to have a pleasant home buying experience.

Warm Regards,

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ICICI Home Finance Company Limited



Buying a home is one of the biggest investment you will ever make in your life. Unless, it is buying an even bigger home later!

Your home is not just a roof over your head, but is an asset for you and the generations to come.

Here are few tips that will make your home buying experience a pleasant one.

## 20 tips to hassle-free home buying



### Deciding to buy

1

Make a wish-list

Prepare a wish-list of what you would like your ideal home to be. Decide on space, the neighbourhood, security, priorities like proximity to transport, school and hospital and amenities like shopping and recreational facilities, playgrounds for kids etc.

Take stock of your savings

Before you start looking for your new home, evaluate your savings. Prioritize your expenses and be ready to compromise on expensive vacations or one big ticket dream. Try and pay off your outstanding long-term debts before taking a Home Loan.



### Save prudently

2

Get into the habit of saving prudently to raise the maximum down payment. Do not take any major financial decisions, from the time you decide to buy a home till you actually close on the loan. Don't quit your job, or buy a new car or make any other large purchases.



Save prudently to raise a good down payment amount.



### Find out more on home buying options

3

Buying a home is a major decision that should not be taken hastily. Check with your friends who have recently purchased a house, browse through local newspapers to know the availability of houses for sale, or ask the local brokers.

Through **ICICI Home Search**, you can collect property information, evaluate the various options available and negotiate for the best deal.



### Select the right Home Loan

4

Opt for the right Home Loan while you are looking for your new home. Enquire about different Home Loan lenders, check costs, prepayment clauses and interest rates to shortlist the best Home Loan deals. Look out for simplified documentation and doorstep service features.



### Fix your loan amount

5

Your savings and your earning capacity will help you understand the loan amount you should opt for. See that you don't spend more than what you can afford.



### Opt for a good location

6

Once you decide on your budget, compare the cost with the amenities you get. It is best to pay a bit more for better amenities and opt for a comfortable life, than compromise on basic things. A cheaper property that is not nearby to basic transport facilities like rail or road can cost you more in the long run due to recurring traveling expenses. Hence it makes sense to buy a house that meets all such practical issues.



Hidden costs can disrupt your budget. Document the same before finalizing the property.



## Visit the site

7

Inspect the building site and see whether access to the site is as provided. Go through the surrounding area. Ensure that the locality is self-sufficient in terms of basic infrastructure like electricity, water supply, schools and hospitals.



## Ensure the developer has a good reputation

8

Check the track record of the developer. Buy property from reputed builders to ensure quality. Booking in an under construction flat will get you a low rate. This will enable you to make payments over a period of time and put your loan into place.



## Construction quality

9

Ensure that construction quality standards adhere to BMC rules for earth quake resistance, ISO practices, water proofing technology and good branded products which add to the overall output of the product. Check that the quality of construction, drainage system, power connection points in different rooms, water, electricity, lifts, ventilation meet the required norms before buying a flat.



## Legal & technical evaluation

10

Ensure that the property you are opting for is legally & technically approved by the local municipal corporation. Get the property checked with a lawyer & engineer to see whether the plans are approved and the title is clear.



Ensure the property is legally and technically approved by the local municipal corporation.



## Value add ons

11

Value Additions from developers is a regular feature. Look for Value Adds that might reduce your cost in the overall transaction. For eg. Furnished plot will reduce your interior cost post possession or automatic admission in the school within the township will help save on donation costs.



## Hidden costs

12

Document the entire transaction at the time of finalizing the property. Hidden costs can disrupt your budget and your plan of taking possession on a particular date and time.



## Cost of acquisition

13

Calculate the total cost of acquisition that includes stamp duty, registration charges, maintenance charges, transfer charges, parking charges etc. Get the actual price per sq. ft. which can be used for comparisons. In case of under construction properties, you need to pay the built in rental charges for your current rented place till completion, and interest charges till registration. Keep a margin of a couple of months as the final possession may be delayed.



## Society registration

14

In case you have purchased a home in a registered society, see that you check the society rules regarding selling the property, renting it out, maintenance charges, vehicle parking space & charges and other amenities.



## Agreement of sale

15

See that the Agreement of Sale is drafted according to the related state rules. For eg. In Maharashtra it needs to be according to the Maharashtra State Ownership of Flat Act (MOFA). Check if it contains the relevant title certificate, IOD, CC list, copy of plan etc.



Register the agreement with the amount of stamp duty paid.



## Stamp duty

16

Enquire about the stamp duty you need to pay to arrange for the finances. Register the agreement on which you have paid the stamp duty at the registrar's office. Ensure that the stamp duty and the registration happens on time.



## Verify documents

17

Check if the solicitor's title report, title certificate, BMC approvals, No objection certificates, terms and conditions are in place.



## Manage the downside

18

Prepare yourself for additional responsibilities and costs such as maintenance, payment of taxes, opportunity costs and to manage the trade offs.



## Risk proof your home

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Plan the risk coverage for your life, house and its contents and take an appropriate home insurance cover.



## Complete the purchase

20

Set a date for the purchase. Get the Home Loan agreement. Keep payment receipts and copies of documents, insure your home, enhance life and accident covers. Get the title of the property in your name and get the purchase transaction registered.



Get familiar with terms used in home finance.

Do the terminologies and abbreviations used by housing finance professionals confuse you?

We'll try to simplify these for you.

**EMI:** EMI means Equated Monthly Installment. This is the installment payable to the housing finance company and remains constant over the tenure of the loan. The EMI you pay depends upon the rate of interest, the tenure of the loan and the amount of loan you take. For example, when ICICI Home Finance says EMI of Rs 982 per lac for a 20 year Home Loan, it means that if you take a loan of Rs 1 lac for 20 years at the existing rate of 10.25% you will have to pay Rs 982 every month for the next 20 years.

**LTV:** LTV stands for Loan To Value ratio. It signifies the loan amount that a person is eligible for a Home Loan on the total cost of property. So an LTV of 80% means that you can get a loan of maximum of up to 80% of the value of the property.

**FOIR:** FOIR is Fixed Income Obligation Ratio. It is used to calculate your eligibility in terms of the EMI, in which the housing finance institution takes into account all the fixed obligations that you pay every month like of all the loans previously availed before you take your Home Loan and arrive upon the maximum EMI that you can pay. The loan amount you get is derived on the basis of the EMI that you can pay. It is usually expressed as a percentage.