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TRUST Redefined

KEY: A First Time Home Buyer's Roadmap



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Knowledge Empowers You! (KEY)

KEY is a customer awareness program, based on the culmination of our wisdom, facts, subject-matter expertise and knowledge that we have gained through innumerable transactions over the last 8 years. From confusion to clarity, Knowledge Empowers You (KEY) to make informed decisions. KEY aims to equip you with all the information you need so that you are aware of exploitations, quality, price, etc.

Agarwal Estates is committed to help its esteemed customers make the right choice. *The Right Choice leads to the Right House & the Right House always makes for a Happy Home.*

One Stop Guide to a First time Home Buyer's Dilemma

“The magical thing about **Home** is that it feels good to leave, but it feels even better to come back.”

If you are getting overwhelmed at the thought of buying your first Home, you are not alone. Feeling anxious and stressed is a part and parcel of the process that is both emotionally and financially taxing for the most of us.

On that note, we are here to demystify the entire buying process and make the journey to your first home a smooth ride.

Facing the reality of the journey

It takes 6 months to 1 year on an average, to *finalise a home*. It is often hastily concluded, in the fear of increased market prices. This lands you, as a thrilled buyer, into a “Home Not-So-Sweet Home”.

On the other hand, when you take too much time to decide, not only does the price go up, but it also takes away a lot of your valuable time; time which could have been better utilized elsewhere, like leading a happier life of growing old in your own home, or investing more time into your professional development. Most of us do not realise how **HUGE** this cost is!

This document sets out to help you avoid this unfortunate situation by listing down the most common home buying questions, concerns, and our advice on them as part of our **KEY: Knowledge Empowers You!** series, that will ultimately save your precious time and money.

A. How big should my home be?

The trick here is to understand your **FUTURE REQUIREMENT**. We must always find a home for the long run. For instance, you might be single right now and looking

to buy a 1BHK, on the basis of your current requirement. But you need to incorporate other factors such as a family you might start or your near future.

It is equally imperative that we keep sight of our **WANTS** and **NEEDS** and know the difference between them. You may want to live in a penthouse, but practically, you may not need it. Segregate your MUST HAVEs / NEEDs, MAYBEs and DON'T WANTs and weigh your choices based on these factors.

B. What is my housing budget?

“तेते पाँव पसारिये जेती लंबी सौर”, also a popular idiom similar to “Cut one’s coat according to one’s cloth” should be paid close attention to, while approaching this dilemma.

The right question to ask here is "How much can I afford?" Most of us look for a housing loan to fund our first buy.

There are three key cost components to your housing budget:

1. Standard additional expenses and closing cost
2. Down payment
3. Home loan

1. Standard additional expenses and closing cost:

The reason why this is stated before anything else is because it is an expense which is routinely forgotten or not planned for by most buyers. Do consider that, apart from the property’s cost, there are the miscellaneous costs that you have to meet, like stamp duty & registration charges (normally 6.6% of the property value), legal charges, moving expenses, expenses on minor aesthetic changes, painting, and additional furniture.

Please keep a provision for up to 8-10% margin of the property cost for such additional expenses and also remember that this will mostly not be financed with your home loan banker.

2. Down payment:

Down payment is the amount that will be paid from your personal savings. Most banks approve 80% of the property value towards a home loan for a flat/villa, and hence you will have to fund at least 20% of the cost. It is always a good idea to increase the down payment if you can afford it, to bring down your monthly EMI.

3. Home loan:

Banks or financial institutions may pre-approve a certain amount based on your current financials or credit score. The general tendency and common folly is to utilize the entire sanctioned amount towards the purchase. You have to understand however, that you must make a monthly payment (EMI) against the loan, and also consider if you will be able to meet your regular monthly expenses after paying the EMI.

Once again, it is prudent to remember the additional expenses that you will have to incur after you buy the home - property tax, monthly maintenance fee to the housing society in case of a flat, and the house's interiors.

For example: You just got pre-approved for a 1 Cr loan with an EMI of Rs. 80,000/-. However, you are not able to allocate that much towards your EMI after paying off monthly personal expenses. Typically, loan approved is for a higher amount than what one can afford.

It is also advisable that you plan for **unforeseen circumstances** like a job loss. It is good to have a backup contingency fund for at least six months (EMI payments and household expenses together of 6 months), to help meet expenses until you make alternative arrangements. Moreover, monthly rental expenses will be saved if you purchase a home, so plan your budget according to this as well.

To summarize:

$$\begin{aligned} \text{Total Cost} \\ = \text{Cost of Property} + 10\% (\text{Misc. Expenses}) + 10\% (\text{Home Interiors}) \end{aligned}$$

$$\begin{aligned} \text{Planned Budget} \\ = 20\% (\text{Down Payment}) + \text{EMI} - \text{Monthly Rent (Saved)} \\ + 20\% (\text{Misc. Expenses and Home Interiors}) \end{aligned}$$

Unlock it with our **KEY**: Did you know that a Builder charges way more than the quoted price (including GST, car park, club house, etc)? For more information, please reach out to us for our **KEY series document on Builder's Hidden Expenses**.

C. Where should I buy my home?

1. Happening City Hub or the Serene outskirts?

Suppose you want to buy a house in Koramangala / Indiranagar, an elite area with independent houses and neighbouring social joints and hubs. Is a home here going to offer you all the amenities and security you would need for your family? The answer is an evident NO.

While a property in the heart of the city is closer to social infrastructures, it may not be very pocket friendly. Most of the properties are independent houses, which means you will not find all the facilities you would find in a gated community.

If we talk about value for money, a property away from the city's hustle bustle has a better quality of life, along with added amenities such as more space, a clubhouse, swimming pool, park, gym, etc. You can always choose something that is within reasonable distance from the city-centre.

2. Surroundings?

We advise you to have a look at the neighbourhood of a prospective home with respect to the safety and availability of essential services in the vicinity like a school, pharmacy, hospital, bank, vegetable and grocery market, etc.

3. Near work or friends?

The location of your office should not be the sole factor in determining your first home. You might change your job or get transferred, but your home is with you for life. Similarly, don't make a decision based on where your friend stays. So, look at the requirement of your family as a whole. *Never make a permanent decision based on a temporary situation or feeling.* The ultimate focus should be on one's future requirement for the next 5 to 10 years.

4. Accessibility?

Do not focus on location solely on the basis of distance from the city; do consider accessibility

Consider a house that is closer to the city, but it is 2-3 kms inside a narrow road with no access to public transport. This could be unsafe for travel, especially at night. A house that has a bus stop close to it, or is closer to the main road is a better option, even if it is further away from the city.

“View your home through a wide-angle lens and see your horizons broaden.”

D. What should I look for in a suitable abode?

1. Floor Plan

While cosmetic aspects of a home such as the colour of paint, cleanliness, and interiors are temporary and can be altered later, one thing that remains permanent is the **floor plan** and that is what you must mandatorily look at first. A floor plan allows you to understand how an area would be utilized and if it conforms to your Vastu requirements, if any.

2. Sunlight and Ventilation

Unconventional factors that are equally important to look at are sunlight and ventilation. Visiting a property at different times of the day helps you understand how much sunlight you will get in your home. Furthermore, this gives you a better idea on understanding traffic congestion on different days and various times of a day.

3. First Impressions

Buying is an emotional decision.



Most buyers unconsciously fall into sentimental expectations of their own without seeing the apparent takeaway from an ideal home. Model homes set unrealistic expectations; with many mirrors and lights, thin walls to make a small room look big, and beautiful interiors.

Especially for resale flats, we advise you to not base your judgment on cosmetic features which can be changed at a small cost. Aesthetic improvements cost hardly Rs. 1 lakh. For example, if you don't like the colour of paint, you can always change it by repainting. Don't let the "first impression bias" cloud your judgement.

Buyers become concerned for minor seepage issues and it is understandable. Seepage, if not apparent today, will come into light tomorrow. So, it is always better to hire professional companies like Dr Fixit to find out whether the seepage can be fixed or not. Rather than just rejecting the property, you can ask for heavy discount from the owner.

4. Amenities

Basic amenities to look out for include 24/7 security, power backup, water, sports, recreation, clubhouse, children's park, etc. Make sure the basic amenities are available. Add these to your list of needs. Extra amenities such as library, grocery store, restaurant, etc. don't necessarily need to be the decision-making factor. You can add them to your wants list. Spell out your expectations clearly in terms of MUST HAVE, MAYBE and DON'T WANT, the aforementioned amenities are just used as examples.

5. Location within the project

Senior citizens prefer peace and therefore prefer farther blocks away from the noisy road traffic. Conversely, the younger generation is always in a rush and may prefer to be closer to the main gate of a complex. In this fast-paced and simultaneously exhausting life of the Silicon Valley that is Bangalore, there is only work and no play. A home within a close proximity of recreational activities and sports facilities such as a Clubhouse will provide you the much-needed motivation and push to lead a healthy, balanced and blissful life.

6. Construction materials

Adding to the aforementioned crucial pointers, it is also advisable to view the quality of the construction and the materials used to determine the sturdiness and credibility of the house as well as other common areas present within the project.

7. Age of the property

While choosing the perfect home, the age of a property must NOT be an important factor contributing towards your ultimate decision. The average life of a property is 75 to 100 years. If a property is 10-20 years old now, you can still go for it because a new property will also be 10 years old at some point! If a prospective home catches your eye with a forecast of appreciation within 5-10 years from today, you should buy it.

Who knows, a few years down the line, you may want to upgrade and purchase a bigger flat.

Also, cost of the land is very high as compared to cost of construction when buying a property. If the price per sq. ft. is Rs. 8,000; Rs. 6,000 is the cost of the land and Rs. 2,000 is the cost of construction. So, even for an older property, if one has to renovate it to make it look new, it will still be much cheaper than buying in a new property.

Lastly, the carpet area of older properties is on average 10 percentage more compared to newer ones. Often, older properties also have much better location.

Go a step further and do a vital SWOT Analysis (Strength, Weakness, Opportunity and Threat) of the project by enlisting characteristics accordingly to weigh out your options and get a more detailed understanding of the project.

Please reach out to us for our [Home Buyer Requirements Questionnaire](#), created to help you understand your requirement.

E. Hire the right agent for shortlisting the property

Seeking assistance from the seller's agent (Agents deployed by the seller/ builder to sell their property) does not always work in your favour. Their loyalties lie with the seller and may less likely be aligned with the buyer's, i.e., your, interest.

Be mindful of being pressurized into making quick closing decisions. An elaboration of such a scenario is as follows:

A builder might say, "It's the last house left, and 4-5 people are talking about it. You will need to decide fast". Builders and salespersons are smart, and often use such tactics just to close the deal. However, **in some cases, they may be genuine and true, and it must prevent you from unnecessarily delaying your decision.**

Do your homework before visiting properties and take prompt and informed decisions.

Buyer's checklist

Now that we have addressed the most common questions and areas of concern for the customer, it would augur well to have a short Checklist you can refer to for your first home buying experience.

1. You have planned your budget by including the 8-10% additional costs over and above the property cost (Stamp duty and registration charges on the property, etc.). **Keep an additional 10% for interior towards newly constructed homes.**
2. You are aware of the super built-up area (the area according to which you are charged) and the carpet area (the area finally available to me). **Typically, carpet area is 30% less than the Super Built-up area.**

3. You have consulted experts for legal help and are not depending solely on your bank for advice. You might be in serious trouble in case of any careless error on the part of the bank. Legal assistance hardly costs 5k to 10k, so always take a second opinion.
4. You have your home loan pre-approved and are not waiting for the same to be done in the last minute. Additionally, you have maintained a credible CIBIL score.
5. In case you are buying the property for investment purposes:
 - a. You have checked that the property is rentable.
 - b. You have checked the probable rental yield of your property.
 - c. You have checked the resale potential of the project.
6. You have checked the sunlight and ventilation of the property by paying a visit on different days and at different times of a day.
7. You have checked the location of the project and location of your block within the project.
8. You have checked the builder's credentials, his market reputation, the quality of construction, and construction material used.
9. You have checked the connectivity and safe accessibility of the project.
10. You have checked for essentials like groceries, schools and hospitals near the property.
11. You have checked the road conditions around the property.
12. You have checked the neighbourhood and the kind of people staying there. You have also looked at the safety at night for you and your family (such as 24/7 security).

Common mistakes of buyers

Unlock it with our

KEY: “Mistakes are a fact of life. It is the response to error that counts”.

It is worthwhile to be aware of the common mistakes that buyers commit so that you can avoid them and take a faster and more informed decision. Be mindful of the following:

1. Underestimating total expenses towards the purchase.

As mentioned earlier in the article do make provision for an additional 8-10% over the cost of the property.

2. Waiting for a perfect match to your expectations and thus skipping on the ideal property. Through our 8+ years of experience and counting, we have observed that an ideal home should meet 70% of all your requirements. A 100% ideal property is not practically feasible.

3. Falling in love with a house for the wrong reasons.

You may fall in love with the house owing to the current circumstances like proximity to your workplace or your colleague staying there, but the same may not hold true for the future. Hence, you need to logically and rationally take your decision with your long-term and future requirements in mind.

4. Buying under parental or societal pressure.

Don't fall into the pressures of the general idea that living as a tenant is a waste of money or fall into the trap of higher social status by being a homeowner. Think about buying only if you plan on staying for at least 5 to 10 years.

5. Not getting your loan pre-approved and waiting for the same till the last minute.

You must get your loan pre-approved to in turn assist you in negotiation with the seller due to your ability to make faster payments than other buyers. Sellers will also tend to give you preferential treatment over others as you would be considered a serious buyer. You would additionally be saving precious time and headache pertaining to documentation and collection.

6. Looking for a better deal.

If you like a house for Rs. 1 Cr. at a fair market price, ten other people might like it too. If you end up bargaining for a matter of Rs. 3-5 Lakhs, there will be one of those ten people who will buy it for the market rate that is Rs. 1 Cr. So, you must not delay your purchase and lose the rupee while bargaining for the paisa.

It is important to understand the time invested to find your dream home and the prolonged search for it takes away personal and professional valuable time. Besides, logistics expenses to move here and there can be substantial and finally buying a not so good home can leave a bitter taste. If the same amount of time is invested in your profession, you will end up earning more. Even if you have to pay 2% extra for your dream home, go for it. If you are an investor, then it would make more sense to look for a bargain.

The house which you liked today was liked by someone else yesterday.

7. Prolonging the decision.

As per your future requirement, you will need a 3 BHK, however your current affordability is that of a 2 BHK. You may want to wait till you can afford a 3BHK home. The longer you wait, the more the prices escalate. You can instead buy a smaller home now and slowly upgrade to a better home. When you have a low budget, only go for your NEEDS. You can always buy a 3BHK later, while settling for a 2BHK at the moment as per sufficient NEED.

Now you may get confused and think that this advice is quite contradictory to the constant advice of choosing a home based on your future requirement. So why not wait

to buy a 3BHK as per your future requirement instead of hastily settling for lesser? However, the clarity to this confusion is that while you have bought a 2BHK now, the price of it will also appreciate over time and that way you are simultaneously building equity in your home and keeping it a backup if your future 3BHK appreciates more than expected and becomes more expensive. Don't wait to have enough money for a 3 BHK if that is what you WANT.

8. Hiring a Seller's agent (Listing agent) against a Buyer's agent.

A Seller's agent will always look into the best interest of the Seller. **The current market practice involves the seller hiring multiple agents to bring in multiple buyers directly to maximise their profit on selling price.** We are trying to bring the best practice of transparency and exclusivity in India of being an exclusive seller's agent and also opening the property for other agents to get buyers from their end. Currently, we offer guidance as agents of both the buyer and the seller.

9. Looking at online value of homes.

As part of due diligence, you tend to look for your potential home's value online first. Prices quoted online are not the best source of information, however, they do give you a rough estimate or price range. Ask for the price of a recently sold property from a trusted agent to get a more realistic figure. Also, price varies between 5-10% based on the apartment's interiors, view, and location within the society. Keep this in mind while evaluating the price.

10. Focusing more on the probable appreciation of the property value than on the quality of living.

We cannot, and do not control the property's appreciation potential. It is more prudent to focus on the quality of living because you only live once and you further, cannot control the market. The prices are most likely to appreciate if the quality of living is good. Buy where you see and predict growth. Typically, 2 BHK flats appreciate more as compared to penthouse or villa.

11. Planning the right budget.

- **Resale properties:** They are sold in "as-is" condition. Therefore, you need to be mindful of the repair and renovation costs due on your end.
- **New Projects:** The model flats for new projects are shown with a lot of fittings and fixtures. You will have to buy them on your own and further take care of the home interiors.

You need to understand to hence, plan your budget accordingly according to what type of flat you have decided to buy.

Who run the world? WOMEN!

Women Empowerment is the buzzword these days.

But why are we talking about it here?

You may wish to register the property in the name of the woman in your family looking at the **benefits available to woman buyers as given below.**

1. **Lower interest rate:** - Sometimes banks offer lower interest rates up to (0.50%) for woman buyers. Sounds like a small amount but on a large sum of money, it can be substantial.
2. **Lower stamp duty:** - Some states charge 0.5-1% lower stamp duty for women.
3. **Tax benefit:** - If both husband and wife are co- applicants of the loan, then both of them can claim tax benefits against the housing loan. You are advised to consult with your CA for updates that happen in IT laws from time to time.

Unlock with our **KEY:** Please reach out to us on how to select a property for investment or residential purpose “Selection criteria for home”.

We hope that the above article will help you fill any gaps in your home buying knowledge. The more informed and educated you are about the entire process, the less stressful it will be for you as a buyer. We hope you are able to buy your dream home at the correct and affordable price after reading this article.

20 YEARS FROM NOW, YOU WILL be more disappointed by the things you didn't do than by the ones you did.

SO, THROW OFF THE BOWLINES.

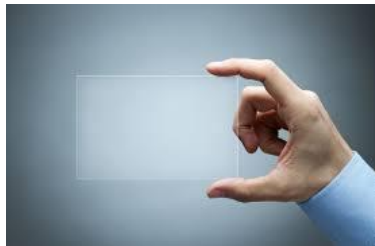
Sail away from the safe harbour. Catch the trade winds in your sails.

Explore, Dream, Discover with Agarwal Estates.

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- Please call us now at +91 74068 01122 or email sales@agarwalestates.com

Agarwal Estates Unique Differentiator

Agarwal Estates, One Stop, All Solutions - Real Estate services venture, utilizes the promoter's extensive experience in process implementation, service delivery and standard methodologies to suit the requirements of the real estate market in India. This has helped us in delivering high quality services - on time - and also enabled us to successfully launch the concept of: **All we need is your autograph!**[®]



TRANSPARENCY is the CORE VALUE of Agarwal Estates

Being a **transparent** organization, we empower our customers through our revolutionary concept and key initiative called as **KEY (Knowledge Empowers You)**. We share all the information with customers to enable them to make informed decisions. We have been constantly getting acknowledged by our existing customers about the **Knowledge** we share with them.

Agarwal Estates provides end-to-end solutions:

- **Real estate advisory:** Overseas investments, buy-back options, Flexible investment amount, etc.
- **Buy/sell/rent property:** Understanding your needs and providing the right solutions
- **Property and tenant management:** Peace of mind, guaranteed rent
- **Home loans:** Free consultancy, awareness about hidden charges, maximum savings
- **Home décor & interiors:** Six weeks completion for a standard 3 BHK starting at Rs 3+ lakhs
- **Allied services:** Property tax, Electric meter transfer, Vastu, etc.

ONE STOP, ALL SOLUTIONS - REAL ESTATE SERVICES



Agarwal Estates aspires to empower customers with the **right knowledge** to enable them to make the **right decisions** at the **right time**.



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