POCKET GUIDE · MINI

₹49 EDITION

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Your First Home, Without the Costly Mistakes

The honest 20-minute map from budget to registry — every hidden cost, every document, every trap first-timers hit. India, 2026.

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Pocket Insight Guide

WHAT'S INSIDE

Everything that matters, in pointers

This mini gives you the honest map of buying your first home in India: what you can truly afford, what it really costs, how loans work, how to find and verify the right home, and the exact transaction sequence. Read it once and you'll already know more than most first-timers who lose lakhs.

THE ONE IDEA TO HOLD THE WHOLE WAY

Most first-timers don't lose money because the market turns against them — they lose it by doing things out of order: falling for a flat before the money is worked out, or paying before verifying. Get the sequence right and most mistakes simply can't happen.

CHAPTER 01

Ready to buy? The real rent vs buy math

- **Owning is a milestone, not always an investment:** in most Indian metros in 2026, the numbers quietly favour renting — for now.
- **Price-to-rent ratio:** property price ÷ annual rent. Above ~25, renting usually wins; 15–20 is where buying gains real merit. Most major metros sit above 20.
- **The yield gap:** rental yields run 2.5–3.5% while home-loan rates sit at 8–9%. You're borrowing at nearly triple what the asset yields.
- **The 5% rule:** the annual non-recoverable cost of owning runs to roughly 5% of the property's value each year (interest, tax, maintenance, depreciation).
- **Break-even year:** one-time costs like stamp duty are only recovered over years 5–7. If you might move sooner, renting almost always wins.

REALITY CHECK

"Rent is money down the drain" is the most expensive myth in Indian real estate. So is loan interest, maintenance, and stamp duty you never recover. Compare the full cost of each path.

Your borrowing ceiling — FOIR & LTV

40–65%	75–90%	₹14–27L
FOIR cap, tiered by income band	RBI's max LTV, tiered by loan size	Upfront hidden costs on a ₹1 Cr flat

FOIR (Fixed Obligation to Income Ratio) is the single biggest gate on your loan. A FOIR above ~60% typically triggers rejection — and a ₹15,000 car EMI can cut your eligibility by ₹10–12 lakh.

- **LTV's hidden trap:** it's calculated on property value excluding stamp duty and registration. Real cash needed is meaningfully higher than the headline "10–25%."
- **Emergency fund first:** six months of expenses in liquid savings comes before the down payment — never drain every rupee into the deposit.

REMEMBER

Qualifying for a loan and affording a home are two different tests. The bank checks the first; only your emergency fund proves the second.

CHAPTER 02

The true cost: 14 things beginners underestimate

- **The full stack:** down payment, stamp duty + registration (6–8%), GST (1–5%), brokerage (1–2%), loan charges, society transfer, maintenance, and interiors.
- **The circle-value trap:** stamp duty is charged on the higher of your agreement value or the state's circle/guideline value — not your bargain price.
- **Women-buyer concessions:** Delhi charges women ~4% vs men's ~6%; Maharashtra gives a 1% concession. Karnataka has no gender concession at all.
- **Why ready beats under-construction on tax:** ready-to-move and resale carry 0% GST; under-construction adds 1% (affordable) or 5% — with no input tax credit for buyers.
- **"Zero processing fee" isn't free:** lenders still collect ₹5,000–10,000 in legal & technical charges even when processing is waived.

TIP

Budget these before you fix a purchase price, not after. The most common first-timer mistake is spending the whole budget on the flat, then scrambling for ₹15 lakh of extras.

CHAPTER 02 · CONTINUED

The money stack, on a ₹1 crore home

COST	TYPICAL RANGE	TYPE
Stamp duty + registration	**6–8%**	One-time
GST (under-construction)	**1% / 5%**	One-time
Brokerage	**1–2%**	One-time
Loan processing	**0.25–1.5%**	One-time
Maintenance	**₹2–25/sqft/mo**	Ongoing

- **A real worked example — ₹80L flat:** down payment ₹20L + stamp duty/reg ₹5.6L + other charges ₹2L+ = real cash needed upfront ₹27.6L+.
- **18% GST on maintenance:** only applies if monthly charge exceeds ₹7,500 AND the society's annual turnover crosses ₹20 lakh — both conditions must hold.

WATCH OUT

Extras add 14–27% on top of the price. Budget them before fixing a purchase price, or you'll scramble at the sub-registrar's counter.

CHAPTER 03

Home loans decoded

- **CIBIL sets your rate:** 750+ unlocks the best rates. An ~800 score might get ~8.50% where a ~650 score gets ~9.50%. That gap is worth several lakh rupees.
- **Floating beats fixed for most:** floating (EBLR/RLLR-linked, tracks RBI's 5.25% repo rate) runs ~1.5–2.5% cheaper, with NO prepayment penalty by RBI rule. Fixed may carry 1–4% prepayment charge.
- **The EMI formula:** a ₹50L loan at 8.5% for 20 years gives an EMI of ~₹43,391 — and you repay ~₹1.04 crore total, more than double what you borrowed.
- **Early EMIs are mostly interest:** Year 1 is ~81% interest / 19% principal. By Year 20 it flips to ~4% interest / 96% principal.
- **The prepayment lever:** prepaying just ₹1 lakh/year on that ₹50L loan saves ₹14.88 lakh in interest and closes it ~6 years early — at zero cost on floating loans.

THE CRITICAL TAX CAVEAT

Under the new tax regime (default from 2026), Section 24(b), 80C and 80EEA deductions for a self-occupied home are all blocked. They live only in the old regime — run the break-even before counting on any benefit.

Government support: PMAY-U 2.0

PMAY-U 2.0 runs from September 2024 to 2029, with an Interest Subsidy Scheme that can meaningfully cut your effective loan cost — if you qualify and haven't owned a pucca house before.

₹1.80L	2029	4
Maximum interest subsidy available	Scheme runs through this year	Income bands: EWS, LIG, MIG-I, MIG-II

- **If buying under-construction:** the loan releases in tranches tied to construction stages, and you pay "pre-EMI" (interest only) — often on top of rent — until full disbursement.
- **Delay is common:** roughly two in three under-construction projects run late. Budget for a 1–3 year delay, not the brochure's promise.

VERIFY BEFORE YOU COUNT ON IT

Income bands and subsidy conditions shift often — confirm current thresholds on pmay-urban.gov.in before relying on the subsidy.

CHAPTER 04

Finding the right home — and checking RERA

- **The first fork:** under-construction is ~10–30% cheaper but carries GST and delay risk. Ready-to-move and resale are 0% GST with no build risk.
- **Check RERA yourself, in two minutes:** every state runs a registry on a .gov.in domain. Match the RERA number on the portal against the brochure — they must be identical.
- **Red flag:** if the project isn't listed on the state RERA portal, treat it as a stop sign. Don't hand over a token until you've seen the listing.
- **Buy on carpet area, not super built-up:** RERA requires builders to price on carpet area. A "1,200 sqft super built-up" flat might be only ~850 sqft of real carpet.
- **The 3% recourse rule:** if delivered carpet area varies more than 3% from the agreement, you have a right to a refund with interest or compensation.

BUILDER DUE DILIGENCE CHECKLIST

RERA registration · sanctioned building plan · Commencement Certificate · Occupancy Certificate · fire/environment NOCs · clear land title · promoter track record. Verify every one before money moves.

Apartment vs plot vs villa

	UPSIDE	TRADE-OFF
Apartment	Amenities, RERA-covered	Monthly maintenance
Plot	Land appreciates	Title/encroachment risk
Villa	Privacy, most space	Highest cost & upkeep

- **Check the Development Plan:** confirm your plot is zoned residential, not agricultural or reserved for a future road — this can block loans and resale entirely.
- **Time your commute yourself:** walk the area at different times of day; don't trust the map estimate for peak-hour traffic.

PRO INSIGHT

Apartments buy convenience; plots buy appreciation. Under five years, liquidity usually wins. Planting roots for a decade — verified clean land is the stronger asset.

CHAPTER 05 · THE MOST IMPORTANT CHAPTER

The legal gauntlet — four checks before you pay

- **Four questions decide it all:** does the seller own it? Is construction authorised? Is the land use residential? Is it free of disputes & dues?
- **The document checklist:** title deed + chain of title, Encumbrance Certificate (13–15 years), approved plan, CC, Occupancy Certificate, khata, tax receipts.
- **The OC is non-negotiable:** the Occupancy Certificate proves the building was completed to plan and is fit to live in. No OC can mean unlawful occupation, withheld utilities, and no bank finance.
- **2026 change — Aadhaar biometrics:** registration now adds real-time biometric authentication for buyer and seller, directly attacking forged-owner sales.
- **The scale of fraud is real:** a single ₹2,004-crore real-estate fraud surfacing in 2026 left more than 19,000 home buyers stranded.

KARNATAKA NOTE

A-Khata means fully compliant and bank-financeable; B-Khata signals unauthorised status and can block loans and future sale. Confirm which you're buying.

CHAPTER 06

The transaction — and the 1% TDS everyone forgets

- **Three documents, one order:** Token (a receipt, not ownership) → Agreement to Sell (intent, not ownership) → Sale Deed (the only one that transfers ownership, once registered).
- **Section 194-IA:** on any property over ₹50 lakh, the buyer must deduct 1% TDS on the FULL consideration (not just the amount above ₹50L) and file Form 26QB within 30 days.
- **Stamp duty at registration:** paid on the higher of your deal price or the state's circle rate, plus a 1–2% registration fee.
- **Write the snagging list first:** inspect and log every defect BEFORE signing the possession letter — once you sign, the burden of every defect shifts to you.
- **The OC gate at possession:** do not accept keys without the Occupancy Certificate for your specific tower or wing.

WATCH OUT

The 1% TDS mistake that costs a notice: on a ₹80 lakh flat you deduct 1% of the full ₹80 lakh (₹80,000), not 1% of ₹30 lakh above the threshold.

CHAPTER 07

After you own — mutation, tax & insurance

- **Mutation is not automatic:** the sale deed transfers ownership; mutation (dakhil-kharij) updates land-revenue records separately. Apply within 30–90 days for ₹25–200.
- **Property tax follows mutation:** bills issue to you only once the record shows your name — another reason not to delay.
- **Society & utilities:** get a written no-dues certificate before possession, then transfer electricity, water, gas and broadband — unpaid dues can attach to the unit.
- **Home insurance is cheap peace of mind:** basic fire cover runs ₹1,200–2,500/year. Bharat Griha Raksha auto-covers contents at 20% of the building sum insured.
- **Loan insurance is optional:** lenders often bundle mortgage protection into the loan — it is NOT legally required. Compare it against plain term-life.

90-DAY CHECKLIST

Registered deed stored · mutation applied · property-tax account updated · society membership + no-dues certificate · all utilities transferred · home insurance in force.

CHAPTER 08

Mistakes & the full timeline

- **Budgeting only on the EMI:** the true cost adds 14–27% upfront plus maintenance, tax and insurance forever. Budget the whole picture.
- **Paying before verifying:** not checking RERA + OC + EC + title before parting with money is how buyers get defrauded. Verify, then pay.
- **The ten-step timeline:** assess finances → set budget → pre-approval → shortlist → verify legally → token → ATS & loan sanction → TDS + stamp duty + registration → possession & snagging → mutation, tax, society & insurance.
- **Rocking the boat during underwriting:** a new car loan or job change mid-underwriting can sink your sanction. Stay boringly stable until disbursement.

BEFORE ANY PAYMENT, ASK YOURSELF

"Have I seen the OC, the EC, the title chain, and the RERA listing myself?" If any answer is no, you're not ready to pay.

YOU'VE GOT THE MAP. NOW GET THE TERRAIN.

This was the 20-minute version.
The full guide is the whole journey.

You now know more than most first-timers who lose lakhs on their first home. The complete **First-Time Home Buyer Guide India** takes every chapter above and gives you the full charts, checklists, and worked examples.

- **The full 8 chapters** — every concept above, illustrated and expanded, plus the FAQ & glossary appendix.
- **Every hidden-cost table** so nothing surprises you at the sub-registrar's counter.
- **Complete legal-checklist walkthroughs** — title, EC, OC, khata, RERA, step by step.
- **The full transaction & TDS workflow** with the exact forms and deadlines.
- **The full step-by-step buying timeline** — ten steps from bank balance to house keys.

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