

Banks now help you spot that dream home

Sandeep Singh Posted online: Sat May 12 2012, 00:25 hrs

The lengthy process of buying your dream home begins with the most critical aspect — identifying the property and while your local broker may have been your dependable man to do that till a few years ago, that is not the case any longer.

Most banks and housing finance companies (HFCs) now offer property search services giving you an option to deal with an institution that has benchmarked practices.

Lenders such as HDFC, ICICI Home Finance Company and Indiabulls Financial Services have property search divisions that help home buyers identify properties and also organise property visits and help with legal documentation.

“The benefits that you get while dealing with an institution is that there is professionalism, transparency and comfort that you get. Also when you deal with them a lot of the due diligence on the property has already been done,” says Vishal Dhawan, a Mumbai based financial planner.

HDFC Realty, ICICI Home Search and IB Home Finder have dedicated relationship managers who help customers with identifying a property and completing the transaction.

“There is a dedicated relationship manager who will help end to end in completing the transaction for property selected and at the same time arrange home loans at competitive rates. It is a complete end-to-end home buying solution under one roof, and that separates this value proposition from one that is offered by a local broker,” said Ashwini Kumar Hooda, MD, Indiabulls Housing Finance, whose services are limited only to builder properties.

HDFC Realty and ICICI Home Search offer their services for both builder and resale properties and while they do not charge a brokerage fee on builder property (first sale), they do charge a fee on the resale property.

“In case of builder property we have arrangement with the builder and in case of resale property we charge a fee depending on the price of the property which varies between 1 and 2 per cent,” said an HDFC official.

An official with another housing finance company said that property search divisions of housing finance companies and banks mostly focus on builder properties on account of transparency issues. “It is because in most of the resale properties, a cash component is involved in the deal whereas in case of builder property there is no such hassle.”

While such property search divisions offer professional service, experts say that the local brokers still hold an advantage over these institutions when it comes to providing the number of options in a particular geography.

“If you are going to purchase a home for your own use then going to a local broker might be beneficial as they have a deeper knowledge of properties and a particular geography and the number of options that they can provide cannot be matched by banks and housing finance companies offering these services. However if you are going for investment purpose then you can go to an institution,” says Dhawan.

An official with a housing finance company says that they too take the services of the local broker for identifying

properties as per customer requirement.

“If banks and HFCs can increase their network and offerings then for end users it would add significantly,” says Dhawan adding that it may take some time for banks and HFCs to be able to do that.

Experts also say that customers should look to go for big brokers or institutions as they are in a better position to offer good deals on the same property.

“The negotiation power of a big broker with a builder is more and such brokers are in a position to pass on some benefit of their higher margins to their customers and hence they should avoid small brokers,” said an official with an housing finance company.

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