

Real Estate Regulatory Act (RERA)

# RERA FOR BUYER

- By My Estate Point



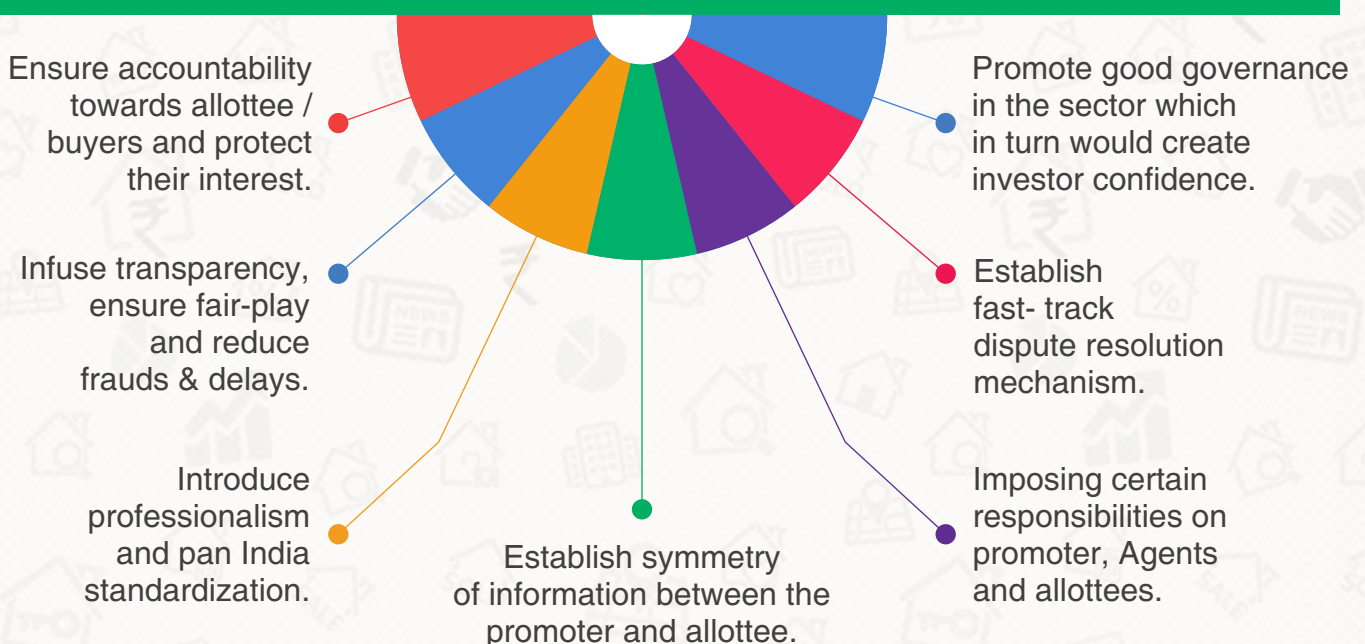
# RERA For Buyers/Allot-tee

Team My estate point analyse RERA with Buyer's Prospective. We tried to explain RERA in a simple manner so Buyer's can understand in a better way.

## THE NEED FOR A REGULATORY LAW FOR THE REAL ESTATE SECTOR.

- In India there are Regulatory Authorities for insurance (IRDA), share market and Mutual fund (SEBI), and for telecom sector (TRAI) were already placed way before, but in Real Estate sector there was no regulatory authority established. Just think Real Estate Market of India is 18 Billion USD and this market is not regularize till date. But thanks to UPA Government who initiate RERA bill and finally many thanks to Modi Government which is implementing RERA on Ground from 1st May 2017.
- The real estate sector has grown in the recent years but has largely been unregulated from the perspective of consumer protection. Though, consumer protection laws are available, the recourse available therein are only curative, but not preventive. This has affected the overall potential growth of the sector due to absence of professionalism and standardization.
- For Buyers it is a happy moments, With Incoming Regulator like RERA in Real Estate, buyers' interest is consider very precisely in RERA.
- RERA has clearly define Roles and Responsibility of all stakeholders like Buyer, Agent and Developer which help this sector in enormous way.

## THE OBJECTS AND REASONS FOR WHICH THE ACT HAS BEEN FRAMED.





### Scope of the Act

The Act applies to not only residential apartments but to all apartments, plots and buildings whether residential or commercial.

**The Real Estate Project as defined in the Act, states that it shall include:**

- Development of buildings;
- Development of buildings consisting of apartments;
- Converting existing buildings or part thereof into apartments (e.g.:- converting a bungalow or hotel into apartment);
- Development of land into plots or apartments for the purpose of selling all or some of the said apartments or plots or buildings.

### RERA Authority

- The RERA shall be a Body recognize by "*Real estate regulatory authority*".
- RERA comprises of chairperson and minimum of two members, with the power to acquire, hold and dispose off property.

### Functions of RERA Authority.

01

Advisor to government.

02

Promotion of Real estate sector.

03

Dispute resolution between Buyer, developer and agents.

04

Implementation of RERA Act on Ground.

05

Provide justice to stakeholders.

# Few Important Terms standardise by RERA required to understand by buyers

## 'allottee' (buyer)

As per section 2(d) an allottee includes a person who acquires the said 'apartment / plot' through transfer or sale, but does not include a person to whom such plot, apartment is given on rent.

## 'Completion certificate'

Relates to the completion of the entire project certifying that the project has been developed according to the sanctioned plan, layout plan and specifications, as approved by the competent authority.

“

*A completion certification is an important and mandatory legal document attesting to the fact that a new building has been constructed and completed according to all the safety norms and regulations of the Buildings Act.*

”

## 'Occupancy certificate'

Occupancy certificate relates to the occupation of the apartment/building, which has provision for civic infrastructure such as water, sanitation and electricity and is habitable.

## "Carpet area"

means the net usable floor area of an apartment, excluding the area covered by the external walls, areas under services shafts, exclusive balcony or verandah area and exclusive open terrace area, but includes the area covered by the internal partition walls of the apartment.



- Carpet Area is the area enclosed within the walls, actual area to lay the carpet.
- Built up Area is the carpet area plus the thickness of outer walls and the balcony.
- Super Built Up Area is the built up area plus proportionate area of common areas such as the lobby, lifts shaft, stairs, etc.

### "Planning area"

Means a planning area or a development area or a local planning area or a regional development plan area, by whatever name called, or any other area specified as such by the appropriate Government or any competent authority and includes any area designated by the appropriate Government or the competent authority to be a planning area for future planned development, under the law relating to Town and Country Planning for the time being in force and as revised from time to time.

### "Garage"

means a place within a project having a roof and walls on three sides for parking any vehicle, but does not include an unenclosed or uncovered parking space such as open parking areas.

***According to RERA No commercial activity has allowed in Garage.***

**common areas**

Section 2(n) defines 'common areas' to include 'community and commercial facilities', thus they are an integral part of the project, to be handed over to the Association of Allottees.



The entire land for the real estate project or where the project is developed in phases.



The stair cases, lifts, staircase and lift lobbies, fire escapes, and common entrances and exits of buildings.



The common basements, terraces, parks, play areas, open parking areas and common storage spaces;



all community and commercial facilities as provided in the real estate project.



the water tanks, sumps, motors, fans, compressors, ducts and all apparatus connected with installations for common use.



all other portion of the project necessary or convenient for its maintenance, safety, etc., and in common use.



Installations of central services such as electricity, gas, water and sanitation, air-conditioning and incinerating, system for water conservation and renewable energy;



The premises for the lodging of persons employed for the management of the property including accommodation for watch and ward staffs or for the lodging of community service personnel;

***Open parking is a part of the common area and it cannot be sale separately to allottee.***



# BUYER MUST HAVE TO KNOW WHICH KIND OF PROJECT WILL NOT REGISTER UNDER RERA.

**01**

Where area of land proposed to be developed does not exceed 500 sqmt or number of apartments proposed to be developed does not exceed 8, inclusive of all phases, the project needn't be register at all.

**02**

If the authority considers it necessary, it can also reduce the threshold below 500 sqmt or eight apartments for RERA registration.

**03**

If Project is not in Planning Area then it need not to register with RERA, however RERA authority can force developer to register project with RERA even though it is out of planning Area on case to case basis.

**04**

Projects which received completion certificate before 1st May be not required to register with RERA.

**05**

► Renovation or repair or re-development projects which does not involve marketing, advertising, selling or new allotment of any apartment, plot or building are not going to register under RERA.

# RERA Guideline For Protection of Buyer's Interest

## Developers and Agents have to Register with RERA

- Developers have to submit all his documents to RERA authority related to company, Financial, company's address, Director and Partner in company, Past project details etc and Register themselves with RERA.
- Agents also have to submit documents like Pan card, Address Proof, Office address, and Financials to register himself with RERA.
- RERA Authority verified submitted documents & Provide registration number to Developers and Agents and they have to mention this registration number in all sales agreement with buyers.

- The buyer should prefer to deal with Registered Developers and Agents.
- Online web portal is considered as an Agent.

## Project Registration

- The Developer must have to take all approvals from appropriate government authority for a project and then submit this document to RERA and apply for Registration.
- Developer have to Register Project with RERA Authority before starting Booking for the Project. The developer can not take booking for Project before Registration with RERA.
- All Registered Project will be listed on the RERA website with Registration number and all details like layout plan, section plan, Project location etc.

- The Buyer can check all detail of Registered project and developer on RERA website before taking any decision.
- If buyer plan to purchase any Plot, apartment or building in Project he must ask the developer for his company's registration and project Registration detail with RERA.
- The Buyer should prefer to Buy Property in Project, which registered with RERA.



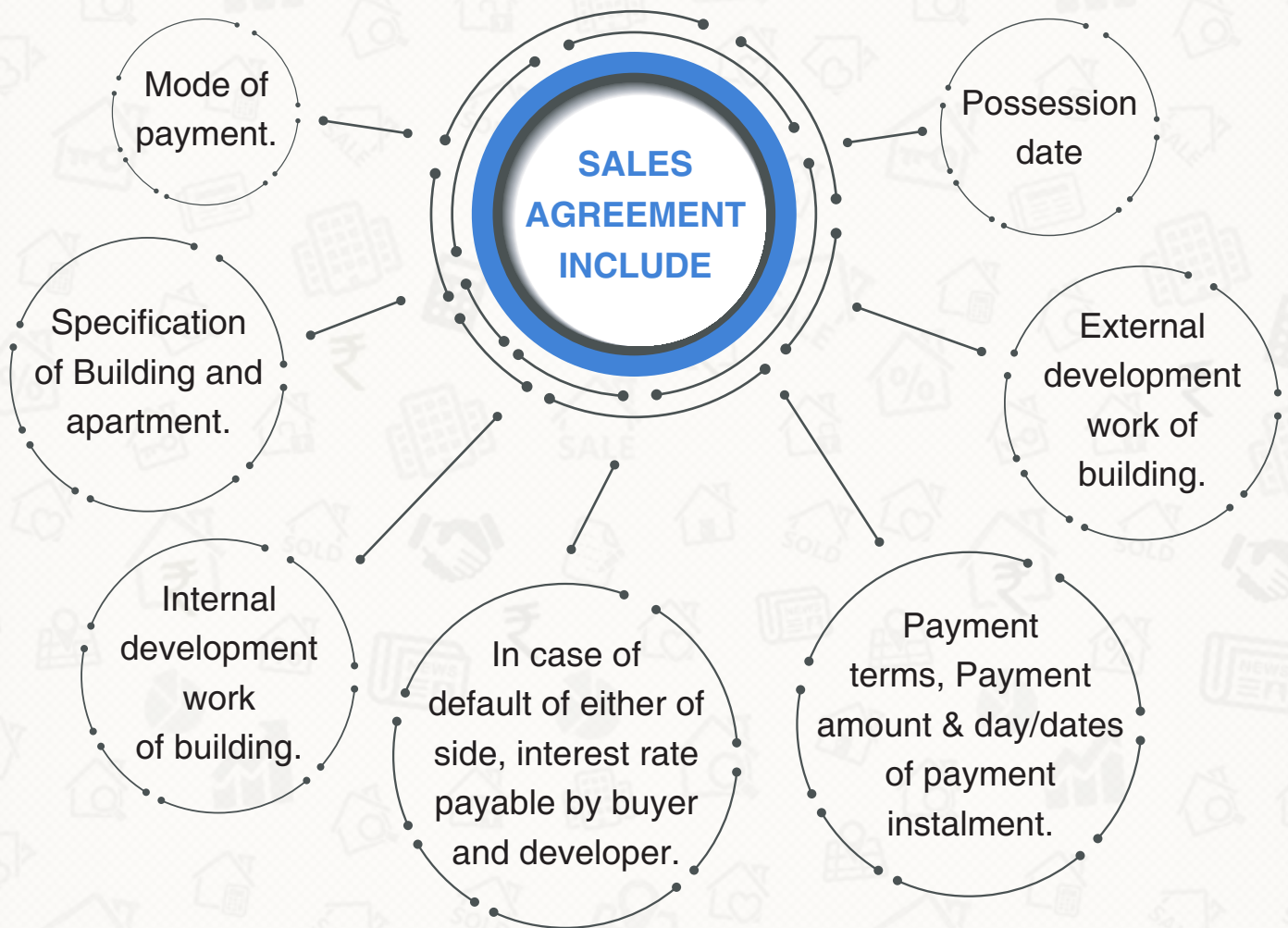
## Advertising and Marketing of Project.

- Developer have to register a project with the RERA Authority before doing any kind of marketing or advertising for the project.
- In project advertisement developer have to mention project registration Number given by RERA Authority after Registration of Project.
- Incorrect, false, misleading statement in the advertisement or prospectus, will not allow.

## The Buyer has to pay a maximum upto 10% for Booking Amount

- There is a specific format (Annexure A) for sales agreement decided by RERA. The Developer and buyer have to enter in to a sales agreement as per the prescribe format.

Detail format of sales agreement available on My Estate Point Mobile Application -section- government circular.



Buyers have to make sure above all details and other important aspect of deals included the in sales agreement.

### Payment to Developer by buyers.

- The buyer has to pay developer as per the payment terms agreed between buyer and developer at the time of Sales agreement.
- If Buyer does not pay on time, he is accountable to pay per day interest on the unpaid amount as per the interest rate decide in Sales Agreement.

*If the interest rate is not decided mutually by buyer and developer during the time of signing of sales agreement, then Marginal cost of lending rate the State bank of India prime lending rate +2% Interest rate will consider as a rate of interest.*

### Obtaining 2/3 consent of Allottees/ Buyers

- Developer have to take written consent of 2/3 Allottees(buyer) before making any major changes in Project plan, layout plan, section plan or any other major changes in the project. Without approval of 2/3 allottees developer can not make any changes in the Plan which submit by developers at time of Project registration to RERA authority.
- The Developer is also not allowed to transfer or assign the majority of its rights and liabilities in a project to a third party, without prior consent of two-third of the allottees, along with the RERA's prior written approval.

*Every allottee /Buyer has a right of one vote only, irrespective of the unit he or she hold in particular Project. Example: Mr. Nilesh Booked 3 flats out of 30 flats in the project, at the time of voting he can cast 1 vote only not 3 vote though he booked 3 units out of 30.*

### 70% Fund collected from the buyer has to maintain in an escrow account.

- 70 % of funds collected from buyers have to be maintained in an escrow account and have to be used only for the construction. This will restrict the entry of non serious developers in the sector.



*Due to this guideline of RERA, developers can not transfer collected funds from buyer to other Project or in other activity and because of this there are good chances to complete projects on time.*

### Completion certificate

- Developer is responsible to take completion certificate from concern government authority after completion of Project and has to deliver same to buyer or buyer association.

### Taking Possession by Buyers.

- Within 2 months of receiving the completion certificate for project buyers have to take possession.
- Before taking possession buyer should ask for the completion certificate from the developer.

### Failure of Allottee / Buyers to take Possession of Property [Apartment / Plot]

- Upon receiving a written intimation from the Promoter as per act the Allottee shall take possession of the [Apartment/Plot] from the Promoter by executing necessary indemnities, undertakings and such other documentation as prescribed in sales Agreement, and the Promoter shall give possession of the [Apartment/Plot] to the allottee.
- Incase of the Allottee/Buyer fails to take possession within the time provided in clause such Allottee shall continue to be liable to pay maintenance charges as applicable.

### Buyer Association

- All allottee or buyers in the project have to form a buyer association within 3 months of project completion.
- Developer have to facilitate to create buyers association.

### Handing over Project documents to Buyers Association

- Developer have to hand over project plan and necessary document to the buyer or buyer association within 30 days after receiving an occupancy certificate.
- The Promoter has to execute a registered Conveyance Deed of the apartment, plot or building, as the case may be, in favor of the allottee along with the undivided proportionate title of the common areas and give to buyers association.
- The buyer and buyer association should take all the document of the project from the developer.

### Re-sponsibility of Project insurance.

- The promoter is also required to obtain insurance for title and buildings along with construction insurance.
- The Developer is responsible to insure project construction, and responsible to pay premium for insurance till the time of handing over the project to Buyer's Association.
- Once buyer association took charge, responsibilities to pay insurance premium will be on buyers' association.
- Buyer association should take all documents of insurance from the developer.

### Re-sponsibility for Structural defect.

- The developer is responsible for Project structure defect for the next 5 years from the date of Project handed over to the buyer.
- The developer is also responsible for the quality of work in the project for the next 5 years from the date of the project handed over to the buyer.



### Project Maintenance

- Responsibility of project maintenance will be on developer till the time of formation of buyer association.
- The developer can charge a reasonable amount to buyer/allottee for maintenance till the time of formation of buyer association.
- After the formation of buyer association responsibility of project maintenance is on the buyer.
- Within 15 days of receiving an occupation certificate buyers association/buyer/allottee have to pay maintenance charges.

### In case of delay of project or payment Rate of interest payable by the promoter and the allottee.

- Rate of interest payable by promoter to allottee in case of delay in project and in case of late payment by allottee to promoter is as per contractual rate decided by mutual agreement at the time of sales agreement.

### Timelines for refund.

Any refund of monies along with the applicable interest and compensation, if any, shall be payable by the promoter to the allottee within forty-five (45) days from the date on which such refund along with applicable interest and compensation, if any, becomes due.

# Rights and duties of Allote/Buyers

Rights of Buyers	Duties of Buyers
To obtain information in relation to the promoter and the real estate project.	To make payments as per the Agreement for Sale.
To know stage-wise time schedule of completion of the project and in relation to various services as agreed to be provided by the promoter to the allottee in accordance with the terms and conditions of the Agreement for Sale.	To pay interest at prescribed rate in case of delay in payments as specified in sales agreement or mutually agreed upon.
To claim possession once the project is completed by the promoter. Also, the Association of Allottees can claim possession of common areas.	To participate towards formation of society/association.
<p>To claim refund along with interest at prescribed rate and compensation as provided under the Act in the event the Promoter fails to comply with.</p> <p>(a) Due to non-completion of the project as per the terms of Agreement for Sale.</p> <p>(b) Due to discontinuance of his business as a developer on account of suspension or revocation of his registration under the provisions of this Act or the rules or regulations made thereunder.</p>	To take physical possession of the apartment, plot or building as the case may be, within a period of two months of the occupancy certificate issued for the said apartment, plot or building, as the case may be.
To obtain documents and plans, including that of common areas, after handing over the physical possession of the apartment or plot or building as the case may be, by the promoter.	To participate in registration of Conveyance Deed.



# Penalty & Default...

## Penalty for Buyer/Allottee

- If any allottee, who fails to comply with, or contravenes any of the orders, decisions or directions of the Authority he shall be liable to a penalty for the period during which such default continues, which may cumulatively extend up to five per cent of the plot, apartment or building cost, as the case may be, as determined by the Authority.
- If any allottee, who fails to comply with, or contravenes any of the orders or directions of the Appellate Tribunal, as the case may be, he shall be punishable with imprisonment for a term which may extend up to 1 year or with fine for every day during which such default continues, which may cumulatively extend up to 10% of the plot, apartment or building cost, as the case may be, or with both.

## Penalty for Developer and Agent.

- If any developer or agent is failing to comply direction of RERA authority, then he shall liable to financial penalty and imprisonment up to 3 years depends on determined by RERA authority.

## In case of default By promoter.

- RERA authority takes control of the Project.
- RERA Authority can freeze the bank account of the Project
- The buyer has first right to take the decision whether to be in a project or withdraw from the project.
- If the majority of Buyers are agreeing to be in a project, authority shall facilitate to complete project.

## In case of Problem how buyer can approach to RERA Authority.

1

File complain with RERA Authority.

2

Fill the form as per prescribing format.

3

Pay the fees (Approx Rs. 1000)

4

Note down the registration number of the project to which the complaint pertains in form.

5

Note down Particulars of the complainant and respondent.

6

Present Facts of the case in writing.

7

Mention relief sought out by the complainer.

8

List of enclosures requires for representation of complain.

Hard copies shall be required after registration of complaint from time to time.





RERA Authorities have to respond within 60 days of receiving complain.



If whatsoever reason problem is not resolved RERA Authority shall provide reasons in writing.



If the complainer is not happy with the decision of RERA authorities, he can approach to the appellate Tribunal for Justice.



If still complainer is not happy with the decision of the appellate tribunal he can approach to high court within 60 days of passing order by RERA Tribunal.

### Appellate Tribunal

- Appellate tribunal is a judiciary body of RERA Act.
- The government may established one or more batches of the appellate tribunal for various jurisdictions, in the state or union territory.
- Appellate tribunal shall consist of at least one Judicial member and one administrative to technical Member.
- Any complainer who is not happy with the direction or decision of the RERA Authority can Appeal to RERA tribunal within 60 days of passing order by RERA authority.

# THANK YOU



રેરાને લગતા સમાચાર તથા વધુ માહિતી  
માટે ડાઉનલોડ કરો  
**MY Estate Point** મોબાઇલ એપ



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