



Ready Reference Guide

Real Estate (Regulation & Development) Act 2016

For Private Circulation to CREDAI Members

RERA Presentation Committee

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Message to Readers

Dear CREDAI Members,

The Real Estate Regulation Act, 2016 (RERA) is going to transform our community into a new generation of Developers. Real Estate is a vast sector spread across length and breadth of India and second largest contributor to employment as well as large chunk of GDP. Hence, we appeal to the Central and State Governments to do a gradual activation of various provisions of RERA and Rules over the next few years so that there will be an orderly and planned transformation of this critical sector.

We have put together this summary of key provisions of RERA and their impact on business for quick and easy reading by Developers. This will serve as a ready reference guide to you and your team for reading and understanding the full Act, whose link for download is also given in the slides.

I take this opportunity to urge all of you to focus on “3Ps” of your business to succeed in this new “ERA of RERA”:

- Planning
- Presentation
- Performance

Wishing you all continued success and prosperity in business!

Yours in Service,
**President CREDAI - Pune Metro &
Members, RERA Presentation Committee**



Understanding RERA: Quick View for Developers

Nature,
Structure &
Status

Utilisation of
Funds

Funding &
Repayment

Success
Mantra

Definitions

Cost of the
Project

Cancellation of
Apartment

Preparing for
RERA

Registration of
Project

Construction &
Alteration to
Plans

Possession &
Maintenance

RERA: Impact
on Costs

Revocation of
Registration

Allottee:
Rights &
Duties

Formation of
Society

Real Estate
Agents

Advertisement
& Model
Apartment

Booking &
Sales

Penalties

Pending Cases



What is the Nature of RERA?

RERA is a Central Act with some authority delegated to State Governments

Provision	Impact
Basis of RERA	Created under Entry 6 and 7 of the Concurrent List in 7 th Schedule of the Constitution of India
<i>Entry 6</i>	<i>Transfer of property other than agricultural land; registration of deeds and documents.</i>
<i>Entry 7</i>	<i>Contracts, including partnership, agency, contracts of carriage, and other special forms of contracts, but not including contracts relating to agricultural land.</i>
Nature of RERA	RERA governs: - relationship between Buyer (Allottee) and Seller (Promoter/Agent) RERA DOES NOT govern: - development of land and - construction of buildings
Objective of RERA	Preamble of RERA says it's a Bill for "regulation and promotion of real estate sector and to ensure SALE of plot, apartment, building...in efficient and transparent manner and to protect interest of consumers....."
Relationship between Central & State Government	The Act will be a Central Act with delegated Authority to State Governments for certain activities like making Rules suiting local conditions, appoint Authority, Appellate Tribunal etc.



Status of RERA

Act can come into force sooner as Powers given to State Government

Step	Timeline
Passed by Rajya Sabha	10 th March 2016
Passed by Lok Sabha	15 th March 2016
Assent of the President of India	25 th March 2016
Publishing of Act in Official Gazette	26 th March 2016
Date of Act Coming in Force	Central Government to publish a Notification in Official Gazette
State Government to frame Rules	Within 6 months of Commencement
State Government MUST setup Real Estate Regulatory Authority (Note 1)	Time of 1 year from act coming into force given to State Governments
State Government MUST setup Real Estate Appellate Tribunal (Note 2)	Time of 1 year from act coming into force given to State Governments

Note 1: State Government has been given Power to appoint any Authority or Person **by Order** (no need for notification?) preferably **Secretary Department of Housing to act as Authority** till actual Authority is established

Note 2: : State Government has been given Power to appoint **by Order** (no need for notification?) **any Appellate Authority functioning under any Law to act as Tribunal** under this Act till actual Tribunal is established



Structure of RERA

RERA has 10 Chapters – 5 are Crucial from Business angle

Procedural	Business / Finance	Administrative
I. Preliminary	<i>I. Definitions</i>	VI. Advisory Council
V. RER Authority	<i>II. Registration</i>	IX. Audit
VII. Tribunal	<i>III. Functions and Duties of Promoter</i>	X. Miscellaneous
	<i>IV. Allottees</i>	
	<i>VIII. Penalties</i>	

Note 1: Roman numbers in table are Chapter numbers in RERA. The full names of the Chapter has been shortened for better understanding and presentation

Link to download RERA:

<http://164.100.47.4/BillsTexts/RBillTexts/PassedRajyaSabha/real-estate-238-RSP-E.pdf>

Status of Maharashtra Ownership of Flat Act (MOFA) (and similar Acts in other States)

RERA has repealed only the Maharashtra Housing and Regulation Act, 2012 and hence MOFA is still applicable. Once date of commencement of RERA is notified in Official Gazette, ***the provisions of MOFA (and similar Acts in their respective states) will continue to apply to the extent that they are not inconsistent with RERA.***



Definitions

Summary of Key Definitions required for understanding the Act

Provision	Impact	Planning / Issue
Building	Any structure used for residential, commercial, business, profession trade purpose	Every type of construction covered
Carpet Area	Refer Slide Definition: Carpet Area	Carpet Area will have to be clearly disclosed everywhere
Common Areas	Refer Slide Definition: Common Areas	Alteration would need consent of 2/3 rd allottees
Estimated Cost of the Project	Total cost involved in developing the real estate project and includes the land cost, taxes, cess development and other charges	Includes Land and approval cost. While levying penalty, estimated cost as decided by Authority is taken as the basis
Promoter	Wide definition to cover all people involved in developing and selling	Seller, Contractor, POA Holder, JV Partner
Real Estate Project	Development of building or plots for sale.	Development of project for Sale is only covered
Sanctioned Plan	All Plans, approvals and Permissions prior to start of Project	Registration of Project only after Plans Sanctioned



Definition: Carpet Area

Carpet Area means “Net Usable Area of the Apartment”

Carpet Area : <u>INCLUDES</u>	Carpet Area: <u>EXCLUDES</u>
Area covered by the internal partition walls of the apartment	Area covered by the external walls
	Areas under services shafts
	Exclusive balcony or verandah area <i>(See Note 1 below)</i>
	Exclusive open terrace area <i>(See Note 2 below)</i>

Note 1: “Exclusive balcony or verandah area”:

Means the area of the balcony or verandah, as the case may be, which is appurtenant to the net usable floor area of an apartment, meant for the exclusive use of the allottee

Note 2: “Exclusive open terrace area”:

Means the area of open terrace which is appurtenant to the net usable floor area of an apartment, meant for the exclusive use of the allottee



Definition: Common Areas

Every Square Foot of Developed Area and Land

Provision

(i) the entire land for the real estate project or where the project is developed in phases and registration under this Act is sought for a phase the entire land for that phase

(ii) the stair cases, lifts, staircase and lift lobbies, fire escapes, and common entrances and exits of buildings

(iii) the common basements, terraces, parks, play areas, open parking areas and common storage spaces

(iv) 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

(v) installations of central services such as electricity, gas, water and sanitation, air-conditioning and incinerating, system for water conservation and renewable energy

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

(vii) all community and commercial facilities as provided in the real estate project

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

Definition: Advertisement

Wide definition to cover all communications

Provision

“Advertisement” means any document described or issued as advertisement through any medium

INCLUDES:

Notice, circular or other documents

Publicity in any form, informing persons about a real estate project, or offering for sale of a plot, building or apartment

Inviting persons to purchase in any manner such plot, building or apartment or to make advances or deposits for such purposes

Definition: Sanctioned Plan

All Plans and permissions sanctioned by Competent Authority till start of Project

Provision

Site plan, building plan, service plan, parking and circulation plan, landscape plan, layout plan, zoning plan and such other plan and includes structural designs, if applicable

Permissions such as environment permission and such other permissions, which are approved by the competent authority



Definition: Interest

Interest payable by Promoter form date of receiving amount

Payable by Promoter to Allottee	Payable by Allottee to Promoter
Definition	rate of interest chargeable from the allottee by the promoter, in case of default, shall be equal to the rate of interest which the promoter shall be liable to pay the allottee, in case of default;
Payable by Promoter to Allottee	Calculated from <i>date of receipt of amount or part thereof</i> from allottee till refund of amount along with interest
Payable by Allottee to Promoter	Calculated from <i>date of default</i> till date of payment
Type of interest	<i>a) Interest mentioned in Agreement for Sale for defaults of the terms of the Agreement</i> <i>b) Interest prescribed by Rules for defaults and contraventions under the Act</i>

Definition: Promoter

Developer and Seller both become Promoters

Provision

a person who constructs or causes to be constructed an independent building or a building consisting of apartments, or converts an existing building or a part thereof into apartments, for the purpose of selling all or some of the apartments to other persons and includes his assignees;

a person who develops land into a project, whether or not the person also constructs structures on any of the plots, for the purpose of selling to other persons all or some of the plots in the said project, whether with or without structures thereon

any development authority or any other public body in respect of allottees

an apex State level co-operative housing finance society and a primary co-operative housing society which constructs apartments or buildings for its 5 Members or in respect of the allottees of such apartments or buildings; or

any other person who acts himself as a builder, coloniser, contractor, developer, estate developer or by any other name or claims to be acting as the holder of a power of attorney from the owner of the land on which the building or apartment is constructed or plot is developed for sale

such other person who constructs any building or apartment for sale to the general public.

Explanation:

where the person who constructs or converts a building into apartments or develops a plot for sale and the persons who sells apartments or plots are different persons, both of them shall be deemed to be the promoters and shall be jointly liable as such for the functions and responsibilities specified, under this Act or the rules and regulations

Registration of the Real Estate Project

Ensure that every Project is registered before launch in any manner

Provision	Impact
Registration of Project	Promoter cannot advertise, book, sell, offer for sale, invite persons to purchase before registration <i>(Penalty of 10% of Cost of the Project for contravention)</i>
Projects that need not be registered	<ul style="list-style-type: none"> - Plot Area upto 500 sq mtrs - No. of Apartments upto 8 including all Phases - Completion Certificate received - Project of redevelopment with no new allotment
Deemed Registration	If Authority does not grant registration within 30 Days <i>Note: It seems Promoter can start activities of sales etc. even after deemed registration even if Login ID and Password not received.</i>
Rejection of Registration	Can be done only if such application does not conform to the provisions of such Act, rules or regulations. <i>Note: Authority does not seem to have powers to go into qualitative aspects of the Project, Background of Promoter, defaults etc. Their role is ensure correct disclosure.</i>
Period of Registration	As per declaration by the Promoter. Authority does not seem to have any say to amend the period
Extension of Registration	Can be done upto 1 year by the Authority in case of reasonable circumstances and no default of the promoter



Registration & Impact of Ongoing Projects

Register projects not having Completion Certificate when Act comes into force

Provision	Impact
Projects not require to be registered	If Completion Certificate obtained before commencement of the Act
Single Building with part completion for few apartments / floors	Should be registered since entire Building is one Real Estate Project
Project with several buildings and part completion for 1 or more buildings	Whether the Buildings with full completion certificate can be excluded from Registration as a completed “Phase” of the Project depend on the facts each case
Sales Collections from Customers in sold units for ongoing projects	After ongoing Project is registered, the sales collection after registration should also be deposited in Separate Account in which 70% collections are deposited
Changes in Plans of Ongoing Project	If ongoing Project is registered, then consent of all the people whom apartments allotted will also be required
Applications of provisions of RERA	<i>No exemptions have been given to ongoing projects and all provisions of RERA apply to them</i>

Application for Registration

Promoter to also keep updated details on his Page on Website of Authority

Company Details	Project Details	Details in Affidavit
Name, Registered Address,	Copy of Approvals	Legal Title in Land
Entity Type (proprietorship, partnership firm, LLP, Company etc) & registration Number	Sanctioned Plans, Layout and Specification of the Project. Location details and clear Demarcation.	Land is free from encumbrances or details of encumbrances
Name & Photos of Promoters	Details of Development Plan and facilities	Time period for completion of project/phase
Details of Past projects in last 5 years (completed and under development) and their Current Status	Proforma of Allotment Letter, Agreement for Sale and Conveyance Deed	70% of amount realised from allottees to be deposited in Separate Bank Account to be used for construction and land
Details of delays in projects completed and being developed	Number, Type and Carpet area of Apartments, exclusive Balcony and open terraces	Accounts of Project to be audited within 6 months of Year End
Details of Land and Payments pending in projects completed and being developed	Number and areas of garages	Promoter will take pending approvals in time
Details of cases pending in projects completed and being developed	Details of Real Estate Agents, Architect, Contractor	Promoter has furnished all documents

Revocation of Registration

Authority has wide powers including Suo-Moto revocation

Provision	Impact
Start of Revocation process	<p>Authority can start the process of revocation on:</p> <ul style="list-style-type: none"> - Receipt of Complaint or, - Suo-Moto (on it own) or, - Recommendation of Competent Authority (Local Authority / Any other authority which has powers to sanction plans)
Conditions for Revocation	<ul style="list-style-type: none"> - Promoter makes a default under this Act or Rules - Violates any terms or conditions of the Approval given by Competent Authority - Promoter involved in any kind of unfair practice or irregularities - Promoter indulges in fraudulent practice
Opportunity to Promoter	<p>Given 30 Days show cause notice to promoter and considered cause shown by him. <i>Authority also has power to not revoke the Registration and let the Promoter continue in interest of Allottees with certain conditions laid down by Authority</i></p>
Consequences of Revocation	<ul style="list-style-type: none"> - Debar Promoter from accessing Website for the Project - Display his name & photo in list of defaulters - Facilitate remaining work to be done by Allottees or Association of Allottees or Local Authority or any other Manner - Freeze Bank Account of the Project
Appeal	<p>Promoter can file an Appeal with Appellate Tribunal</p>
Appellate Authority	<p>Has wide powers to pass orders it deems fit and this will include revocation of Registration</p>



Advertisements & Model Apartment

Has a wide scope and includes all communication related to Project

Provision	Impact
Definition	Any document described or issued as advertisement
Publicity in any form is advertisement	Care has to be taken in press releases, customer conferences, exhibitions etc.
Incorrect and false statement in advertisement or Model Apartment, Plot or Building	<p>a. If Allottee retains the apartment - any person who gives advance can claim compensation from the Promoter if he has suffered loss or damage</p> <p>b. If Allottee Cancels– refund entire investment plus interest plus compensation (<i>Note: It seems for cancellation, showing he suffered loss is not required</i>)</p>
Model Apartment	Care to be taken will constructing Model / Show Flats and even 3D Walkthroughs.

Booking & Sales

Booking is a critical stage: Allottees get all rights under the Act

Provision	Impact
Cannot book, sell advertise, offer for sale without registration	Investor Sale / Pre Launch not possible in Project
Taking “Application Fee” instead of “Booking Amount”	Not Possible as expressly prohibited
Existing projects need to register within 3 months of commencement of the Act	RERA will also apply to Apartments already sold if the Project has not received Completion Certificate
All “bookings” to be reported on Website of Authority	Reporting is to be done to Authority at Booking stage itself and not registration of document stage
Registration of Agreement	Compulsory before taking more than 10% booking advance or Application Fee
Cancellation of Booking	Allotment has to be cancelled by Agreement of Sale <i>(Note: It seems Agreement for Sale will have to be entered into at the time of booking itself and terms of cancellation mentioned)</i>



Allottee : Rights

All provision of RERA are applicable when a person becomes an Allottee

Rights

To obtain the information relating to **sanctioned plans layout plans** along with the **specifications**, approved by the competent authority

Such **other information as provided in this Act** or the rules and regulations made thereunder **or the agreement for sale** signed with the promoter

Stage-wise time schedule of completion of the project, including the provisions for water, sanitation, electricity and other amenities and services

Claim the **possession of apartment**, plot or building, as the case may be, and the association of allottees shall be entitled to claim the possession of the common areas, **as per the declaration given by the promoter during Registration of Project**

Claim the **refund of amount** paid along with **interest** at such rate as may be prescribed and **compensation** in the manner as provided under this Act, from the promoter, if the **promoter fails** to comply or is **unable to give possession** of the apartment, plot or building **in terms of the agreement** or due to **discontinuance of his business** by suspension/revocation of his registration or otherwise

To have the necessary 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

Definition of Allottee:

Person to whom an apartment, plot or building has been allotted, sold (whether as freehold or leasehold) **or otherwise transferred** by the promoter **AND INCLUDES** person who subsequently acquires the said allotment **BUT DOES NOT INCLUDE** a person to whom such plot, apartment or buildings, as the case may be, is given on rent



Allottee : Duties

Allottee can also get penalised or imprisonment for not following Orders

Duties

Responsible to ***make necessary payments*** in the ***manner and within the time*** as specified in the said ***agreement for sale***

Pay at the ***proper time and place***, the share of the ***registration charges***, municipal taxes, water and electricity charges, maintenance charges, ground rent, and other charges, if any.

Liable to pay interest, at such rate as may be prescribed, for any delay in payment towards any amount or charges to be paid

Obligations of the allottee for and the liability towards sale consideration, other charges and interest may be reduced when mutually agreed to between the promoter and such allottee

Shall participate towards the formation of an association or society or cooperative society of the allottees, or a federation of the same.

Shall take physical possession within a period of two months of the occupancy certificate issued for the said apartment, plot or buildings the case may be.

Shall participate towards registration of the conveyance deed of the apartment, plot or building, as the case may

Allottee, who ***fails to comply / contravenes any of the orders of Authority / Appellate Tribunal*** he shall be liable to a penalty for the period during which such default continues:
Contravening Orders of Authority: Upto 5% of the cost of property
Contravening Orders of Appellate Tribunal: Upto 10% of the cost property OR imprisonment upto 1 year OR BOTH



Construction of Project & Alteration of Plans

Understand nature of consent for addition/alteration

Provision	Impact
Alteration to Apartment/s, Plot/s <i>(Minor additions /alterations necessary for structural and architectural reasons if certified as necessary by Architect or Engineer allowed without consent of allottees)</i>	Possible with Consent of person/s who has agreed to be take the apartment. <i>Notes: 2/3rd consent not required.</i>
Alteration to Building	Possible with Consent of every person who has agreed to be take the apartment. <i>Note: This is 100% consent not 2/3rd Conent</i>
Alteration to Sanctioned Plans, Layout Plans, Building specifications and Common Areas	Needs consent of 2/3 rd of Allottees



Cost of the Real Estate Project

What will be included in the Cost for purpose of withdrawal from Separate Account?

Provision	Impact	Planning / Issues
Land Cost	Included	Can be withdrawn
Direct Costs of Construction & Site overheads	Included	Can be withdrawn
Corporate Overheads, Advertising & Marketing Costs	Can be included	Should be debited to Project so that withdrawal possible from 70%
Joint Venture: Refundable Deposit	Excluded	Deposit not a Cost
Revenue Share of Landlords	Depends on Agreement	Needs to be planned
Area Share of Landlord	Cost of Construction of Landlord Area included	Needs to be planned

Why is understanding Cost of the Real Estate Project critical?

Promoter can withdraw amounts from the Separate Account in which 70% from collection from allottees is deposited only to cover the Cost of Project



Utilisation of 70% deposited in Separate Account

Planning for withdrawal

Provision	Impact	Planning / Issues
Purpose of depositing 70%	To cover “Cost of Construction” and “Land” <i>(Word “Land” added in bill introduced and passed in Rajya Sabha)</i>	Payment of land cost and withdrawal of land cost from 70% amount deposited Separate Account possible
Amount to be withdrawn based on Percentage of completion of Project	Withdrawal based on Percentage of “Completion of Project” and not “Completion of Construction”	Percentage of Completion to be certified by practicing CA, Architect and Engineer <i>(Issue: In case their Certificates differ which one to consider?)</i>
Each phase is a different project	Funds of one phase can’t be used for another	Defining and planning each phase correctly

Funding & Repayment for Real Estate Project

Utilisation of 70% for Interest and Repayment

Provision	Impact	Planning / Issues
70% amount received from “allottees” to be kept in separate account	Bank Funding for Construction	It seems this need not be deposited in the Separate Account in which 70% amount is deposited
70% amount received from “allottees” to be kept in separate account	Funds from Sale of partnership / equity stake of the firm / company to Partner / Investors	It seems this need not be deposited in the Separate Account in which 70% amount is deposited
Payment of Interest	Cost of Project should include all costs including Interest Cost	Interest can be withdrawn from 70% portion

Cancellation of Agreement

Cancellation Clauses of Booking & Agreement need to be drafted carefully

Provision	Impact
Conditions of Cancellation	Promoter can cancel only in terms of <i>agreement for sale</i>
Conditions for allottee for approaching authority for relief	<ol style="list-style-type: none">1. If Cancellation is not as per terms of agreement2. Is unilateral3. Without sufficient cause <p><i>Note: All the conditions have to be satisfied</i></p>
Delay in payment by allottee of cost of flat and all related charges	Promoter can charge interest at prescribed rate
Compensation to Promoter	No provision of compensation to Promoter even in case of repeated defaults by allottee

Possession & Maintenance

Understand nature of consent for addition/alteration

Provision	Impact
<p>Promoter fails or <i>is unable</i> to give possession:</p> <ul style="list-style-type: none"> - <i>In accordance with terms of the Agreement</i> - By date as per Agreement or - Due to Discontinuance of business as developer - Due to <i>Suspension</i> or Revocation of Registration - <i>Any other reason</i> 	<p>If Allottee wishes to withdraw: Interest at rate as may be prescribed AND compensation</p> <p>If Allottee wishes to continue: Interest at rate as may be prescribed for every month of delay till date of possession</p>
Loss due to defective Title of Land	Promoter shall compensate allottee for loss caused to him (i.e. Promoter) due to defective Title in Land
Rectification of Defects after possession	<p>Defects 'brought to notice' within 5 years to be rectified without cost within 30 days</p> <p>Defects covered:</p> <ul style="list-style-type: none"> - Structural - <i>Workmanship</i> - <i>Quality or Provision of services</i> - <i>Any other obligation of promoter as per Agreement</i>



Formation of Society & Conveyance

Both Promoter and Allottees to ensure formation of Society and Conveyance

Provision	Impact
Registration of Project	Proforma of Conveyance Deed has to be submitted at the time of Registration of Project
Formation of Society	Promoter to enable formation of Association/Society/Federation as per Local Laws. <i>In absence of Local Laws, the Association of Allottees can form a Society within 3 months of majority of allottees booking property in the project.</i>
Time for Conveyance Deed	In case no timeline specified in Local Laws: Within 3 months of date of issue of Occupancy Certificate
Responsibility of Promoter <i>(Also Refer slide 'Possession & Maintenance')</i>	The responsibilities of Promoter are till conveyance of Apartment to allottees or the Common Areas to the Association of Allottees. Responsibility for structural or other defects continues even after Conveyance.
Responsibility of Allottee <i>(Also Refer slide : 'Filing of Complaints')</i>	Every allottee must participate in the registration of conveyance deed. Promoter or Association of Allottees can file a complaint to Authority for failure of Allottee.

Filing of Complaints

Any Aggrieved Person can file complaint to Authority

REGULATORY AUTHORITY	Penalty
Who can file	Any Aggrieved Person <i>Note: Following can also file a complaint:</i> <ul style="list-style-type: none">- Association of Allottees- Registered Voluntary Consumer Association
Basis for filing complaint	Violation or Contravention of provisions of the Act, Rules of Regulations
Against Whom can Complaint be filed	<ul style="list-style-type: none">- Promoter- Allottee- Real Estate Agent
Interim Orders during enquiry	Authority can pass Restraining Orders without giving notice if it deems fit where it is of the opinion that an act has been committed or continuing to committed or about to be committed in contravention of the Act, Rules, Regulations.
Power to issue directions	Authority may issues such directions to Promoter, Allottee, Real Estate Agent as considers necessary to discharge its functions under the Act
Competition Commission	Authority has powers to suo-moto make a reference to the Competition Commission of India



Penalties on Promoter by Authority & Tribunal

Penalty for contravention can also include imprisonment

REGULATORY AUTHORITY	Penalty
Not taking Prior registration u/s 3	Upto 10% of Estimated Cost of the Project as decided by the Authority (<i>See Note 1</i>)
Not paying Penalty imposed as above Or Continues to violate Sec 3	- Imprisonment upto 3 years - Further penalty of 10% of project cost - Or both
Giving false information or contravening provisions of Sec 4	Upto 5% of Estimated Cost of the Project as decided by the Authority
Contravening any other provision other than Sec 3 and 4	Upto 5% of Estimated Cost of the Project as decided by the Authority
APPELLATE TRIBUNAL	Penalty
Promoter fails to comply with, or contravenes any of the orders, decisions or directions of the Appellate Tribunal	- Imprisonment upto 3 years - Penalty of 10% of project cost - Or both (<i>See Note 2</i>)

Note: 1) The estimated cost of the Project will be not as declared by the promoter but as decided by the Authority for purpose of penalty provisions

2) Appeal will be heard only after deposit of 30% of penalty or such higher percent as decided by the Tribunal or amount to be paid to allottee including interest & compensation or both



Cases pending in Consumer Court can be transferred

In addition to Penalty to Authority, Compensation is to be paid to the allottee

Provision

Cases pending on the date of commencement of the Act with following can be transferred to Authority with their permission:

Consumer Disputes Redressal Forum

Consumer Disputes Redressal Commission

National Consumer Redressal Commission

The cases related to matters under only 4 sections can be transferred to Authority:

Sec 12: Advertisement / Prospectus

Sec 14: Sanction Plan

Sec 18: Return of Amount and Compensation

Sec 19: Rights & Duties of Allottees

Authority to appoint Adjudicating Officer to hold inquiry for granting compensation and dispose off the case in 60 Days

Agents have to register and can be fined/imprisoned for contraventions

Provision	Impact
Registration	Every person who wants to be an Agent has to register with the Authority before facilitating any sale of property
Registration Number	Every agent to quote his Registration number in every sale facilitated by him.
Duties of Agent	<ul style="list-style-type: none"> - Not facilitate sale or purchase of any property which is not registered with Authority - Maintain prescribed Books and Records - Not involve himself in unfair trade practice - Facilitate possession of any documents or information that the allottee is entitled to at the time of booking
Penalties for contravening provisions of the Act	Penalty of Rs 10,000 per day for which default continues upto 5% of cost of the property facilitated by him
Penalties for contravening orders of Authority	Penalty as prescribed by Authority per day for which default continues upto 5% of cost of the property facilitated by him
Penalties for contravening provisions Appellate Tribunal	Penalty as prescribed by Authority per day for which default continues upto 10% of cost of the property facilitated by him or with imprisonment upto 1 year or Both



RERA : Impact on Cost

Key Provisions which will impact Cost of Project

Provision	Impact
Plan submission for Project Registration	Cost of all consultants will have to be incurred upfront as Registration with Authority will require detailed Plans
Sale of Project after Registration	Capital of Promoter is likely to get locked for the 1-2 years from Land Acquisition to Launch of Project after sanction and registration with RER Authority
Entire Project to be sanctioned at start	Change in Layout will require permission of 2/3 rd allottees ; hence Promoters may have to pay all premiums and charges upfront and get full layout sanctioned
Deposit of 70% collection from allottees into Separate Account	Capital can be withdrawn in proportion to completion of the Project and hence will get locked up even after launch
Insurance	Title Insurance, Project Insurance and any other Insurance as may be prescribed by the Authority will add to the cost of the Project
Completion within time	Since there may be penalties for delayed possession, Developer will have to invest in new technology, better contractors etc.
5 Year Warranty	Promoter will have to rectify all defects upto 5 years from possession free of cost
Compliance with the Act	Promoter will have to employ qualified internal team to monitor compliance under the Act as well as appoint experienced Consultants for review as the penalty for defaults is huge

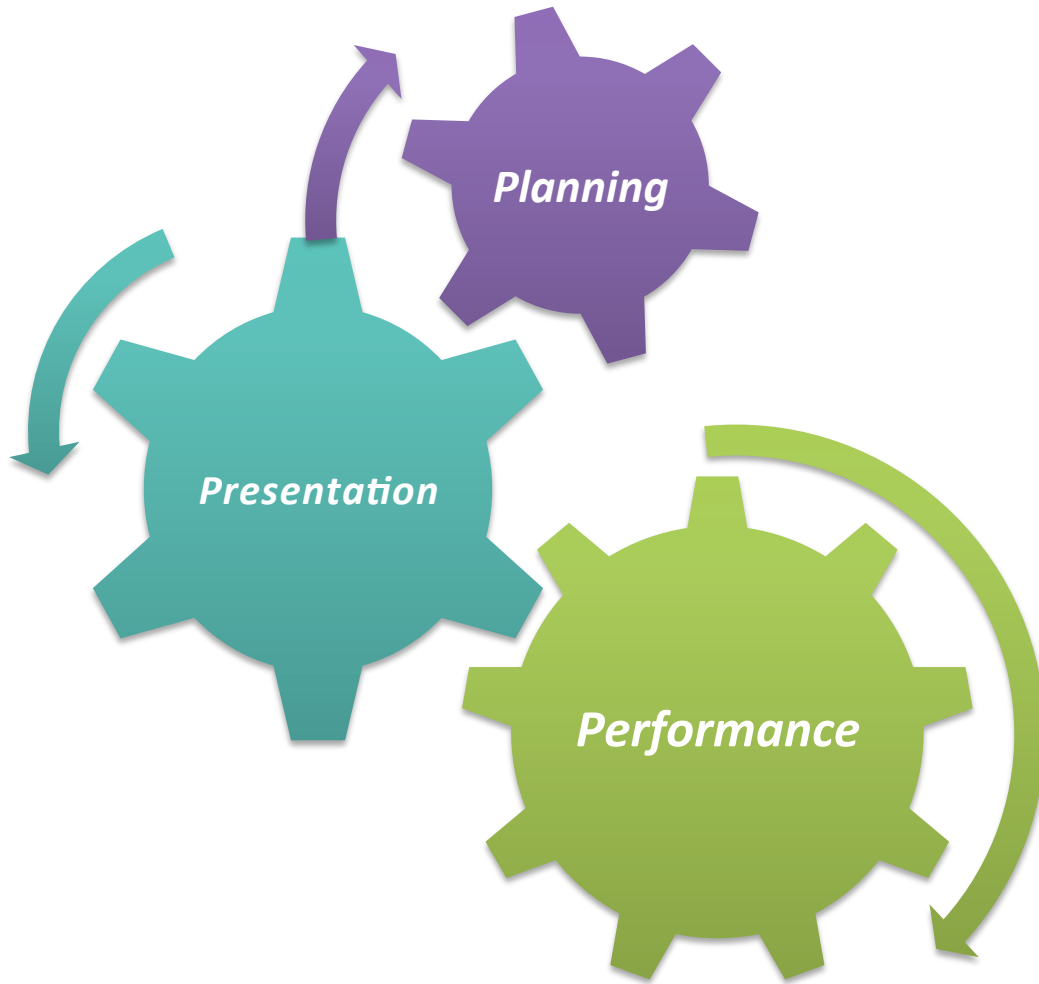


Preparing for RERA

Key Activities for Developers before commencement of RERA

Provision	Preparation
Changes to existing Plans	Developers need to do necessary amendments to their Sanctioned Plans if required (including NA Orders, EC etc.)
Registration	Plan to take Completion Certificate for maximum projects
Agreement for Sale & all legal documentation	Review and redrafting of Agreement for Sale to customers in view of provision of RERA
Training to Staff	Sensitizing staff as well as consultants to provisions of RERA, getting their feedback on potential weak areas in compliance and making suitable corrections in processes
Marketing Material	Detailed review of all adverting, marketing and promotional material including emails, real estate portals etc. to ensure accuracy of information
New Lands / Projects	Factoring in the additional costs, deferred cash flows etc. while acquiring new land parcels / projects
Real Estate Agents	Awareness and Training of Agents

Conclusion: Success Mantra in Era of RERA



Thank You



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