

**Real Estate (Reregulation and Development) Act 2016** is an Act to promote, develop and regulate the Real Estate Industry, both in terms of offering protection to the Buyers and also Promoters / Builders

This is a Central enactment, Effective from 1/5/2017, extends to the whole of India except the state of J & K

Central Government enacted the RERD Act 2016 - Act directs Each States / UT's to frame rules and implement

- 1) Each States / UT's shall have separate rules / regulations
- 2) Should not dilute the objects of the Act
- 3) Administration powers are with States
- 4) Disputes Resolution is as per Act and Rules

### Central / State / Regulations – Structure



### Applicability of the Act and Registration

- 1) To All Real Estate Projects, having **land area more than 500 Sq Mtrs** or **More than 8 units** with in planning Area – Either Plots / Apartments / Villas / Commercial or Residential or Mixed
- 2) Sec 3 of the Act – **Prior Registration** with RERA Authorities is mandatory. Without prior registration, promoter **shall not** advertise, market, sell, invite, offer for sale, collect money from Allottees
- 3) Promoter to furnish all required documents (Sec 4) and file application with authority – includes

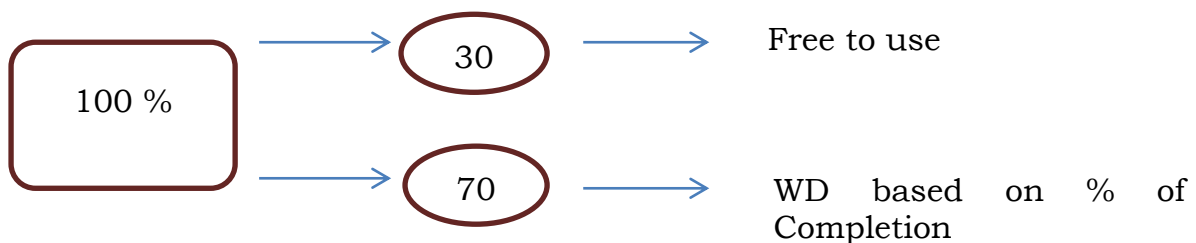
Land Title Doc	KYC of promoters & representatives
NOC's, Conversion Doc	Financial statements of last 3 years
EC's, JDA	Brief about the Project
Affidavit by promoter	Proforma of allotment letter
Details of Agents	Proposed Agreement for sale
Details of Architects	Proposed conveyance deed
Details of Engineers	Sanction & Development plans
Details of Contractors	Project Start and Completion Date
% of completion	Estimated Cost of Project
Project Photos / brochures	Registration Fees challan

Within 30 days from the date of application, authority shall approve or reject the application with opportunity of being heard.

### **Financial Management / Funds utilisation –**

- 1) Promoter can collect money from Allottees as per Agreed terms
- 2) Of collection 30 % is free to use by promoter
- 3) Balance 70 % shall be deposited in designated project bank account
- 4) 70 % Money shall be allowed to withdraw based on % of completion of the project.
- 5) Promoter to collect and withdraw only after collection of certificate from 3 professionals – Architect, CA and Engineer
- 6) Withdrawn money shall be utilised for the specified project
- 7) At the end of the project, surplus left if any in bank account is free to utilise by the promoter

(compliance is applicable to both Landowner and Builder)



## **Role and CA Certificates under RERD Act 2016**

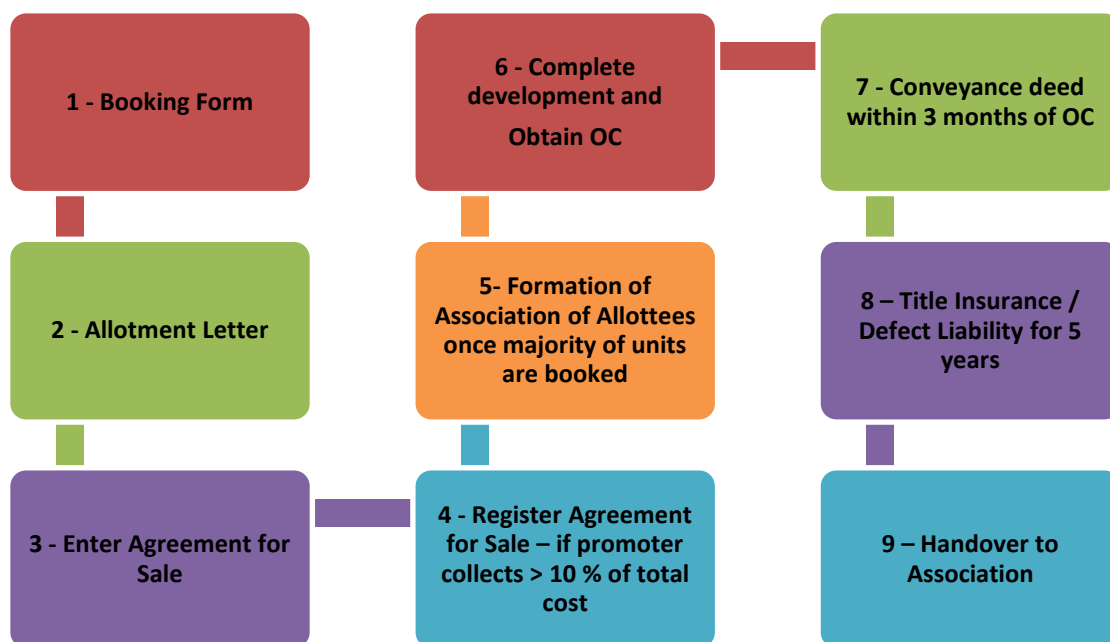
### 1) Issue of Certificate

Sl No	CA Certificate for	Act / Rule Ref	Certifying
1	Ongoing Project – 1 <sup>st</sup> time	Karnataka RERD Rule- Rule 4(2)(c)	Extent of development carried out, pending – money collected from allottees, spent for project and balance with promoter
2	On every withdrawal from project Bank Account	RERD Act – 2 <sup>nd</sup> proviso to sec 4(2)(1)(D)	Withdrawal of money from project bank account is in proportion to the % of completion of the project
3	Annual Audit under RERD Act	RERD Act – 3 <sup>rd</sup> proviso to sec 4(2)(1)(D)	<ol style="list-style-type: none"> <li>1. Amounts collected from Allottees for a particular project have been utilised for the same project and</li> <li>2. the withdrawal has been in compliance with the proportion to the % of completion of the project</li> </ol>

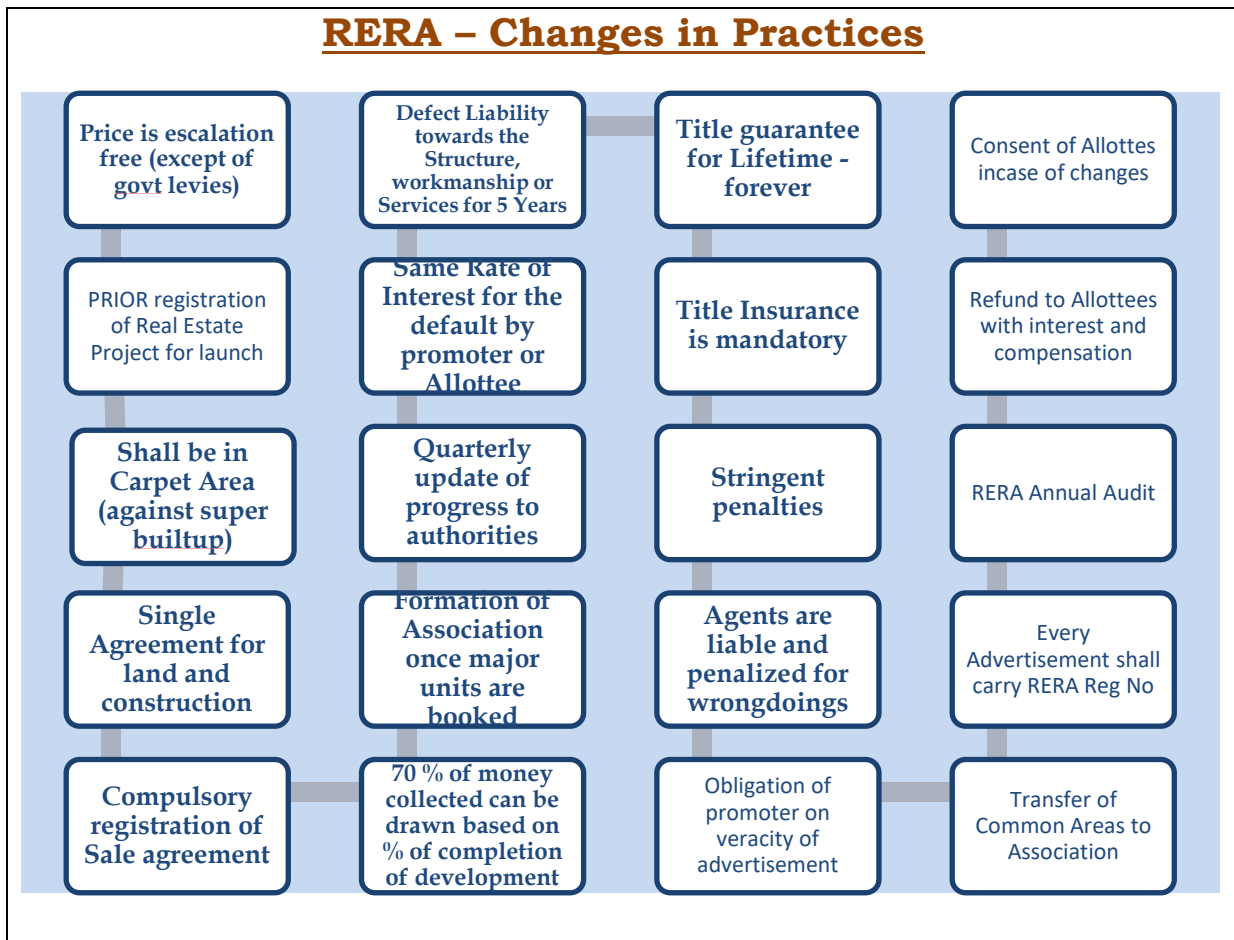
Visit [www.eraconsultants.in](http://www.eraconsultants.in) and download the formats of CA Certificates

### 2) Can appear before Appellate Tribunal to represent (Sec 56)

## **Flow of transaction with Allottees under RERA**



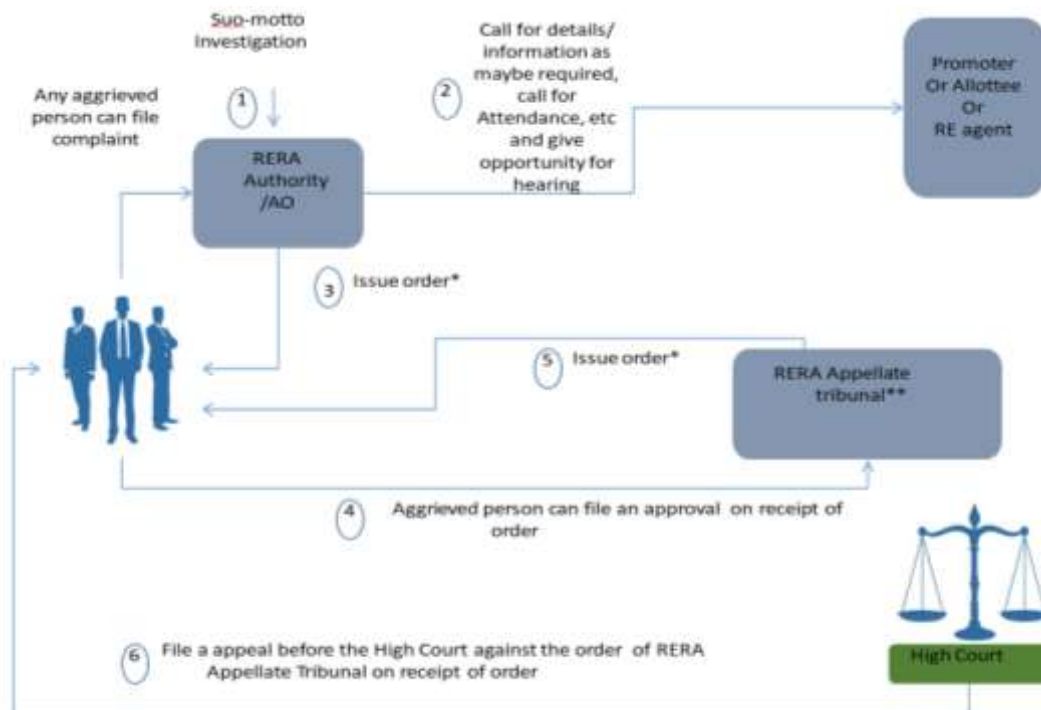
## RERA – Changes in Practices



## Offences and Penalty under RERA Act

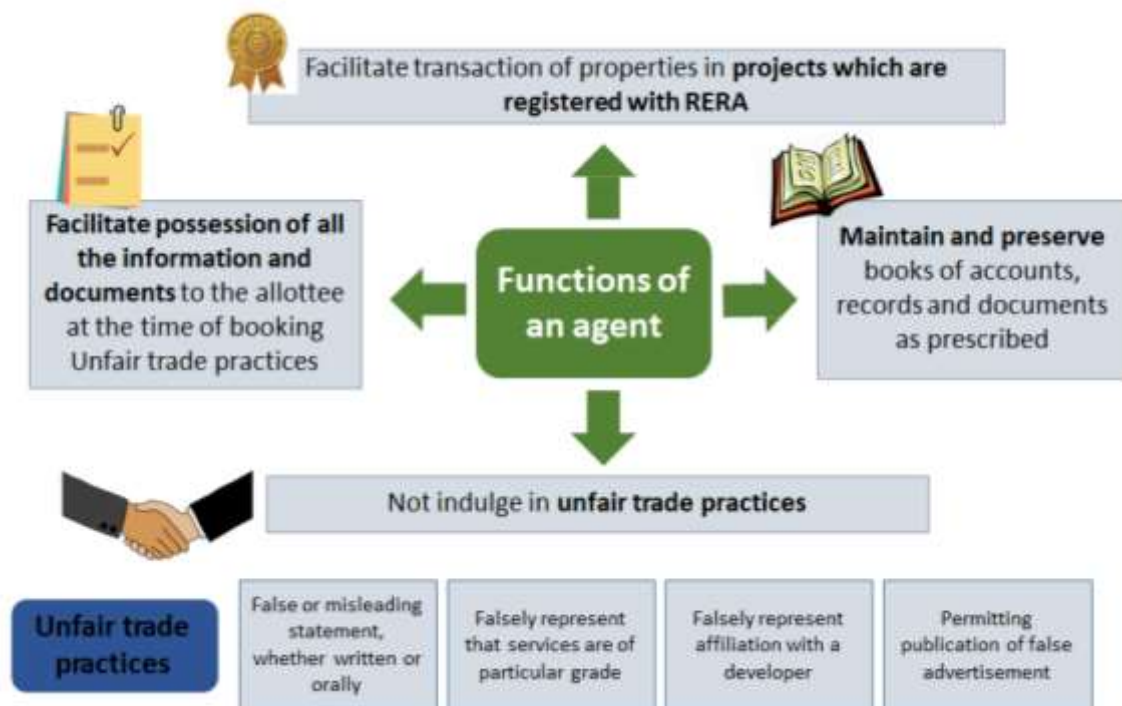
Provision	Promoter	Agent	Allottee
Non-registration of project/agent with RERA and continue to do so	Up to 10% of project cost and imprisonment of 3 years for continuous default	Penalty of INR10,000 per day during default tenure up to 5% of property cost	
False information while making an application	Up to 5% of the estimated project cost		
Non-compliance with any provision of the Act	Up to 5% of the estimated project cost	Up to 5% of the property cost	
Non-compliance with the aforesaid order of Authorities	Up to 5% of the estimated project cost	Up to 5% of cost property cost	Up to 5% of cost property cost
Non-compliance with the aforesaid order of the Appellate Tribunal	Up to 10% of cost and imprisonment of up to 3 years or both	Up to 10% of cost and imprisonment of up to 1 years or both	Up to 10% of cost and imprisonment of up to 3 years or both

## Redressal Mechanism under RERA



## Real Estate Agent and RERA Act

- 1) Registration with RERA Authorities is mandatory to promote real estate projects and



To know more about practical aspects of RERD Act, Rules, various presentations, login to [www. www.reraconsultants.in](http://www.reraconsultants.in)

About the Author – Vinay T, FCA and LLB Graduate, founder Partner M/s. Venu & Vinay, Chartered Accountants, having 16 years' experience in business consulting, taxation, real estate matters etc., has been working on RERD Act 2016 since Aug 2016 and presented papers across south India in various forums ICAI Chapters CREDAI, NAREDCO, BREDAI, various trade associations etc., he is also a financial consultant at M/s. RERA Consultants LLP