

RESPONSIBILITY OF ⁰³ developers under RERA

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The Real Estate (Regulation and Development) Act is likely to streamline the sector apart from protecting the rights of homebuyers



The Real Estate Act focuses on grey areas which were prevailing earlier in the real estate sector. It has been witnessed in recent couple of decades that many such incidents took place where property buyers has been duped and ended up losing the hard earned money. To curb the situation and to control the suppliers in property. As per RERA, property transaction will have to be done on carpet area basis, which will surely safeguard the interest of buyer.

The aim of RERA is to fix the responsibility of developer/promoter to safe guard the interest of consumer/property buyer. This is a welcome move and by and large it will work in favor of buyers.

As per the provisions in RERA prior registration of real estate project consisting more than eight units or plot area exceeding 500 sq meter with real estate regulatory authority. However, in case of projects to be developed in phases, every such phase shall be considered as a stand-alone real estate project and promoter has to obtain registration separately.

The compliance and details to be furnished by developers to real estate regulatory authority is specific and it covers all parameters with special provision of 70 per cent of



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amount realised for the real estate project from investor/buyers from time to time shall be deposited in separate account to cover the cost of construction and land cost and shall be used for that purpose only.

The withdrawal from this account is in proportion to the percentage of completion/progress of project on certificate provided by engineer/architect/chartered accountant.

It will make sure that money is not siphoned to any other project of company.

Any violation, unfair practices or irregularities if any for registration subjected to revocation of registration. As per the Act, publication of any misleading advertisement or prospectus subjected to revocation of registration and also debar the

promoter and inform other state and union territories about such revocation of registration.

Agents in property market also plays a crucial role envisaging the same as per Act. All agents involved in selling of property for newly/under development projects which come under the ambit of RERA have to register with real estate regulatory authority and provided registration number.

Roles and responsibility of agents have been defined and any false or misleading representation will invite subjected to suspension.

The aim and goal of RERA is to protect the interest of allottees or in public interest and to gauge and tap the developers and agents to mislead people the provision is made to enter in to agreement to sale between promoter and allottee.

The Act also elaborates on responsibility, obligation of promoters in case of transfer of project to a third party and insurance of project.

In case if any loss caused to buyer due to defective title of the land or promoter fails to discharge any other obligation imposed on him under the act or rules or regulation made there under or as per agreement to sale, promoter have to compensate allottees/buyer.

Thus, developer has to complete the project in stipulated timeframe with specification agreed as per agreement to sale.

It has been often witnessed in recent past that banks too run at risk by funding certain real estate projects. Thus banks were reluctant in financing the projects and developers have to opt for other source of finance at higher rates. Post implementation of real estate Act will restore faith both from buyers and financiers in to market. Ultimately the Act is a very good move which will not only boost the confidence but will also make the entire process of property buying a smooth and hustle free and safe guard the interest of property buyer/investor.

—Anushrav Bhatt
(The writer is a housing planner and real estate analyst)