

REAL ESTATE (REGULATION AND DEVELOPMENT) ACT



The aim of the RERA Act is to boost governance, increase transparency, shore up accountability in India's real estate sector and improve buyer's confidence.

KEY FEATURES

- Have to mandatorily register the upcoming and ongoing real estate projects.
- Buyer has to pay for the carpet area only.
- All details including the project layout, plan, government clearances and approvals, sanctioned FSI or floor space index etc. to be revealed.
- Mandatory transfer of 70% of the money received from home buyers into an escrow account. These funds will only be used for covering costs of land and construction.
- Change of any aspect of the sanctioned project plan is not allowed, without the buyer's written consent.
- Each phase of the apartment will be taken as a standalone real estate project and separate registration has to be obtained.
- Project details will have to be updated on a quarterly basis by developers/promoters on the RERA site.
- RERA has recommended imprisonment up to 3 years as punishment or a fine up to 10% of the estimated real estate project cost in case a developer/promoter does not adhere to the Act.
- In case of any false information given or overturning of provisions of project registration, the promoter/developer will have to pay a penalty of up to 5% of the cost estimated for the project.
- Structural defects or any other obligations of the promoter based on the sale agreement, if it is brought to the attention of the promoter/developer within a period of 5 years from possession, has to be fixed absolutely free of cost.
- States have to establish their State Real Estate Regulatory Authority under RERA and this is the body that buyers will approach in case of any grievances that need to be addressed.