



ANDHRA PRADESH REAL ESTATE REGULATORY AUTHORITY

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Need, Objectives & Evolution of RERA



Need:

- Lack of standardization & adequate consumer protection
- Lack of uniform regulatory environment
- Dearth of transparency and accountability in transactions
- High levels of risk perception by investors/ consumers



Objectives:

- Steering in transparency into real estate transactions
- Protect consumer interests
- Ensure timely execution of the projects
- Provide a speedy/ robust dispute resolution mechanism



June 2013
Union Cabinet approved the Real Estate Bill, 2013

August 2013
The Real Estate Bill, 2013 introduced in the Rajya Sabha

March 2016
The Rajya Sabha passed the bill

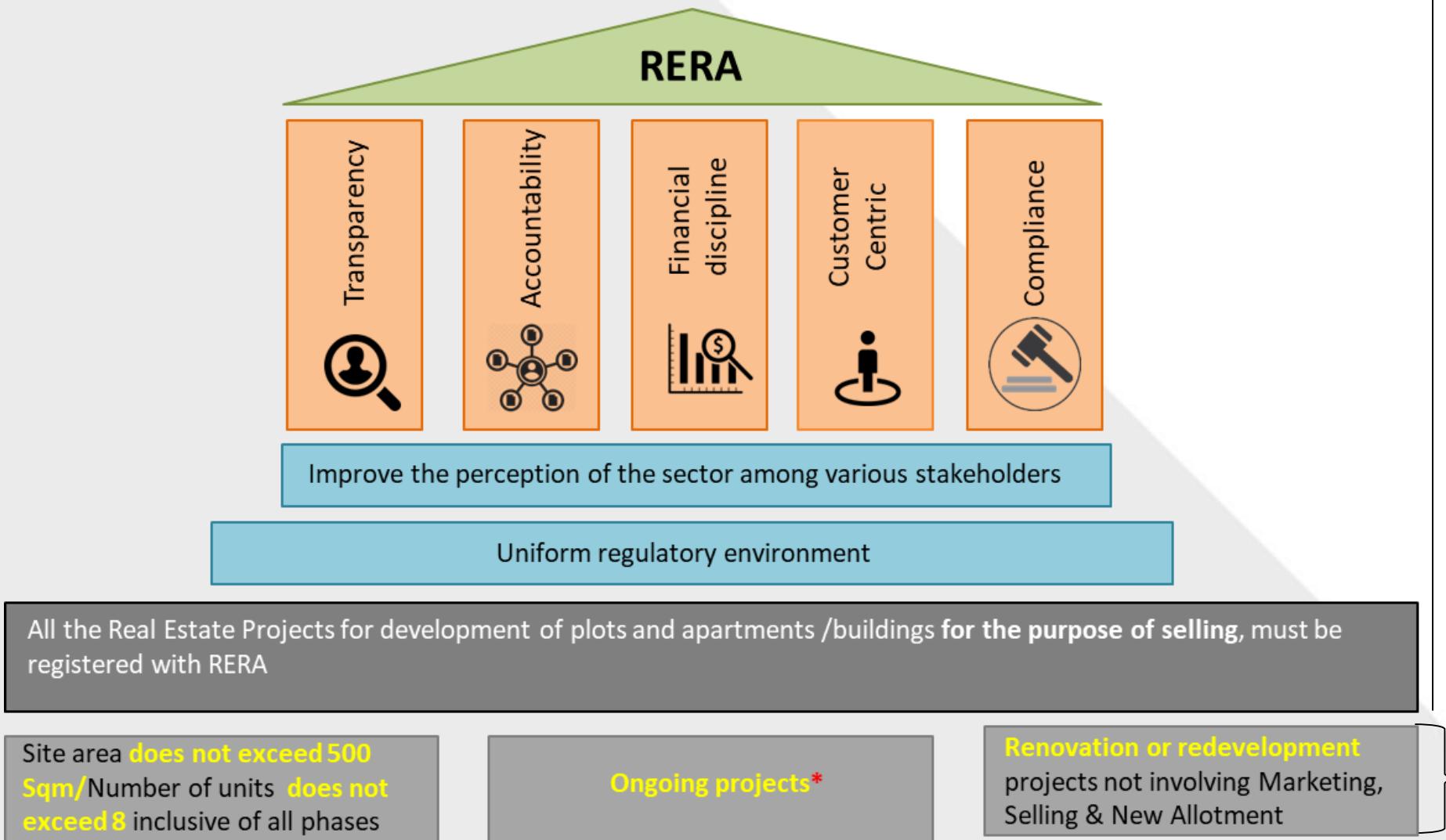
March 2016
Lok Sabha passed the Bill

March 2016
RERA act, 2016 was published in the Gazette for public information

May 2016
Act came into force



Pivotal pillars of RERA



Note:

*Ongoing projects as on date of commencement of this Act i.e, May 1st,2016

- a) Where roads, amenities and services have been handed over to the local authority in layout Projects
- b) all slabs are laid
- c) All development works and sale deed of 50 % flats have been completed
- d) Application filed for issue of Occupancy certificate



Transparency-Structured communication is required to furnish all project related information to the customers

Transparency	What it entails				
	Number, type and carpet area of apartments	Separate account for project transaction	Consent of 2/3rd allottees about any other addition or alteration and for transferring majority rights to 3 rd party promoter	No false statements or commitments in advertisement	No advertisement before registration with RERA
	<ul style="list-style-type: none">• Number, type and carpet area of apartments• Project completion time frame• Project approvals• Land documents				

Accountability

Accountability

What it entails

Quarterly update of project progress along with pending approvals on RERA website

Every director/partner of a company, who was in charge or responsible will be liable for the conduct of the company and deemed to be guilty

Offence by an officer committed with the consent or connivance of any director, manager, secretary or other officer of the company, will also be guilty



Financial discipline will play a critical role in project development and requires utmost importance

Financial discipline	What it entails				
	70% of the funds collected from allottees needs to be deposited in the project account	Withdrawals to cover construction and land cost	Withdrawals, to be in proportion to the % of completion of project	Withdrawals to be certified by Engineer, Architect and CA(third party)	Promoter to compensate buyer for any false or incorrect statement with full refund of property cost with interest
	Provision for RERA to freeze project bank account upon non-compliance/revocation	Project Accounts to be audited annually; Copy to be put up on AP RERA website	Provision for stronger financial penalties for RERA non-compliances	Interest on delay will be same for customer and promoter	

Customer Centric

Customer Centric

What it entails

An increase in the quality of construction due to a defect liability period of five years.

Increased assertion on the timely completion of projects and delivery to the consumer.

Sharing information project plan, layout, government approvals, land title status, sub contractors

Formation of allottee association within specified time or 3 months after majority of units have been sold

Consent of 2/3rd allottees for any other addition or alteration

Unbiased interest on delays

Right to approach Authority incase of any grievances

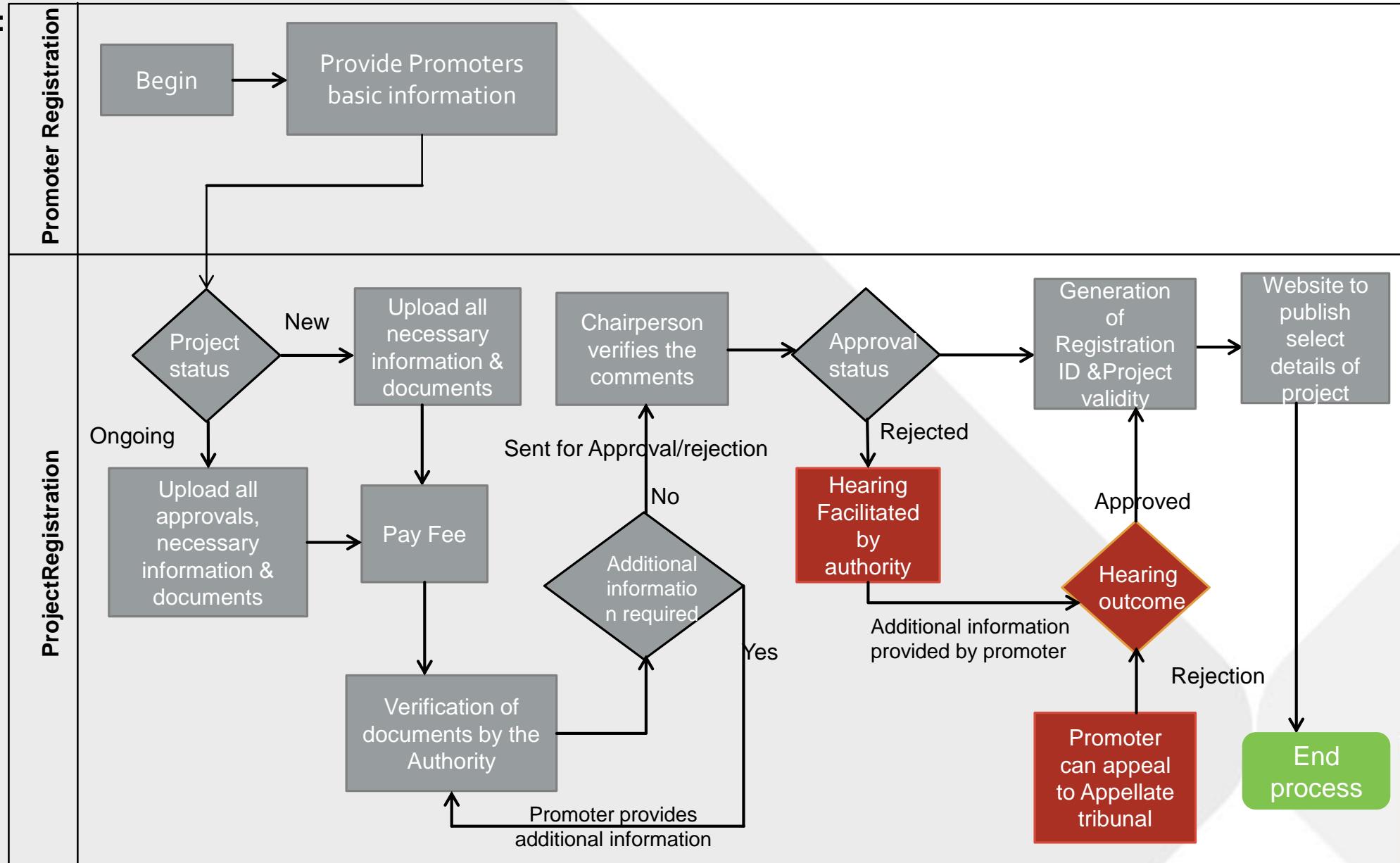
No false statements or commitments

Compliance-Registration of all projects & agents and a strong dispute management required

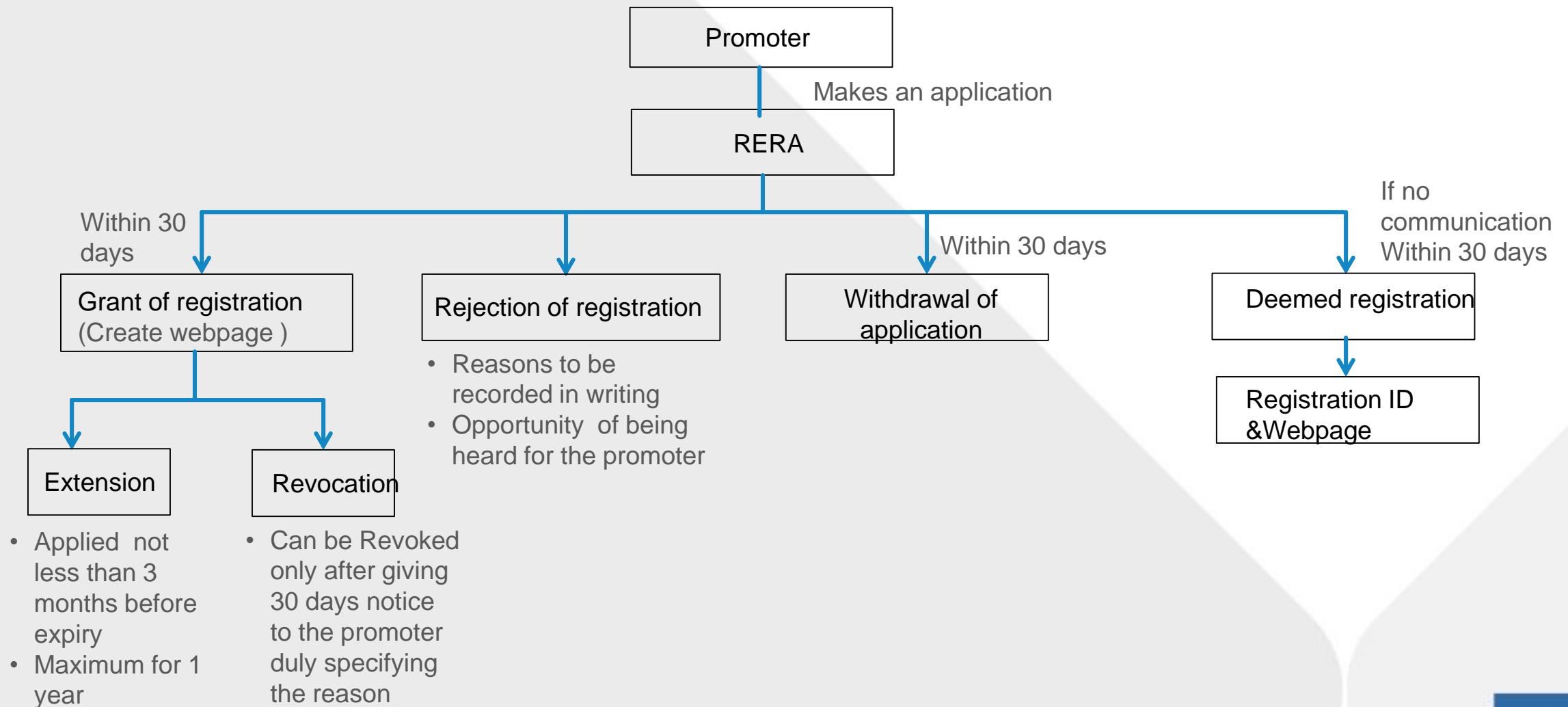
Compliance	What it entails						
	Timely updating of RERA website	Maximum 1 year extension in case of delay due to no fault of developer	Dispute resolution within 6 months at RERA and RERA appellate tribunals	Developers to share details of projects launched in last 5 years with status and reason for delay with RERA	Authenticated copy of all approvals, commencement certificate, sanctioned plan, layout plan, specification, plan of development work, proposed facilities, Proforma allotment letter, agreement for sale and conveyance deed to be given when applying for project registration with RERA	Conveyance deed for common area in favor of Association of allottees	Separate registration of different phases of a single projects
	Annual audit of project accounts by a CA						

Project registration

Process flow:



Project registration



Functions and duties of promoter

Web page

- Quarterly updates of the project have to be uploaded on webpage

Information to allottees

- Approved plans,
- Specifications of building materials,
- civic infrastructure,
- Stage wise schedule of project completion

Veracity of advertisements

- Compensation for loss or damage caused due to incorrect statement made in prospectus or advertisement or in the model apartment/ plot

Alteration & Transfer of project to a third party promoter

- Written consent of at least 2/3rd of the allottees

General

Responsible for :

- obligations under provisions of act& rules,
- Obtaining occupancy certificate,
- Execute conveyance deed within 3 months from date of issue of occupancy certificate
- Not to mortgage apartment /plot after executing AOS
- Cancellation of allotment only in terms of AOS

Advance payment & Rate of Interest

- Not more than 10% of cost of apartment/plot as advance payment
- Rate of interest(delayed payments) : SBI Prime Lending Rate + 2%

Defects liability promoter

- Obligations of the promoter for 5 years after handing over possession
- Defect needs to be rectified within 30 days from the date of complaint.



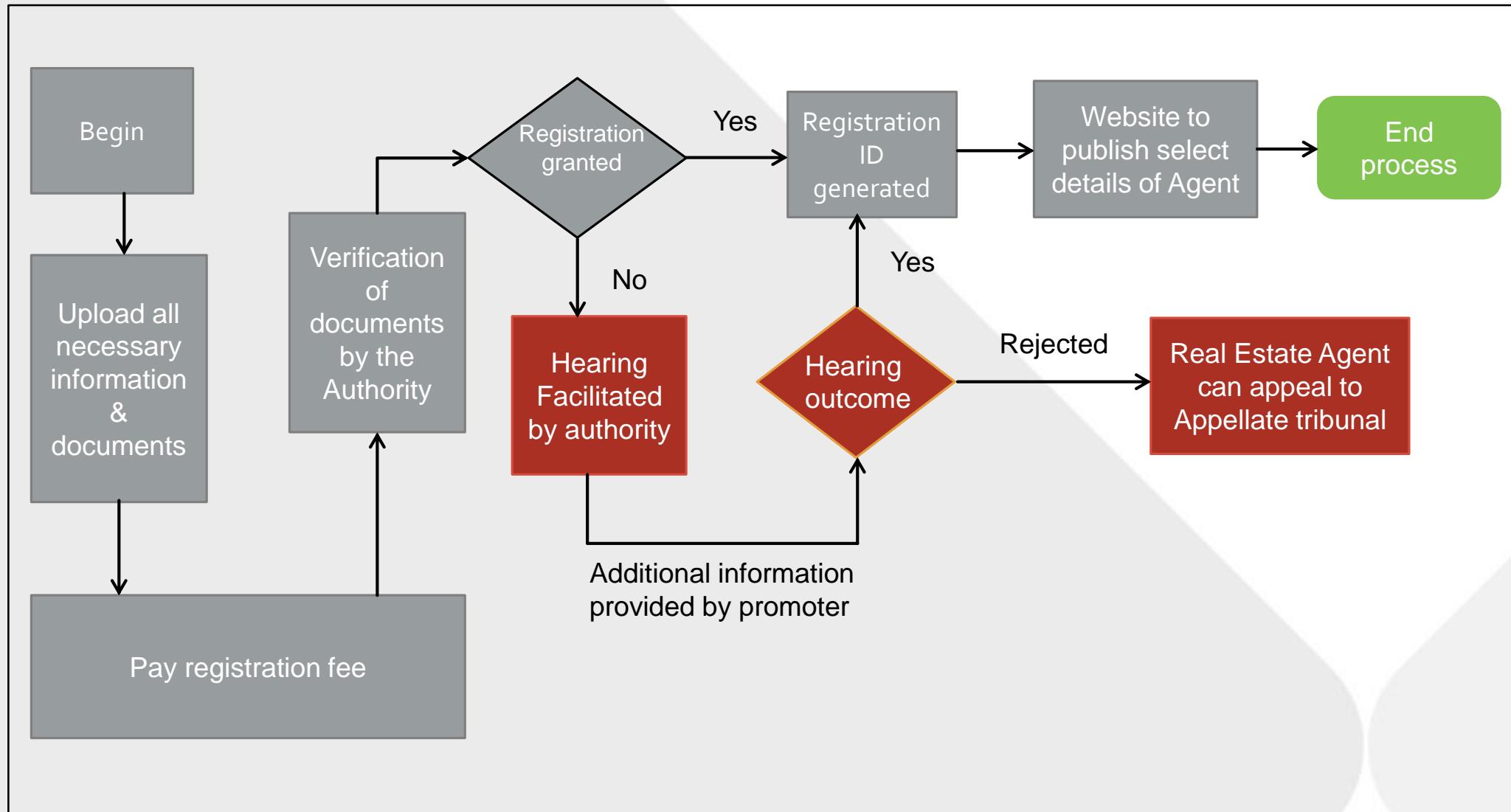
Agent Registration

Validity	5 years
Renewal	Should be applied ,3months prior to the expiry of the registration granted
Functions and duties	<ul style="list-style-type: none">• Every RE agent must register with RERA for facilitating sale/purchase of any RE project.• Must not facilitate the sale/purchase of any RE project which is not registered under RERA.• Not involve in unfair trade practices• Facilitate the possession of all the information and documents, as the allottee, is entitled to, at the time of booking of any plot, apartment or building



Agent registration

Process flow:



Offences & Penalties

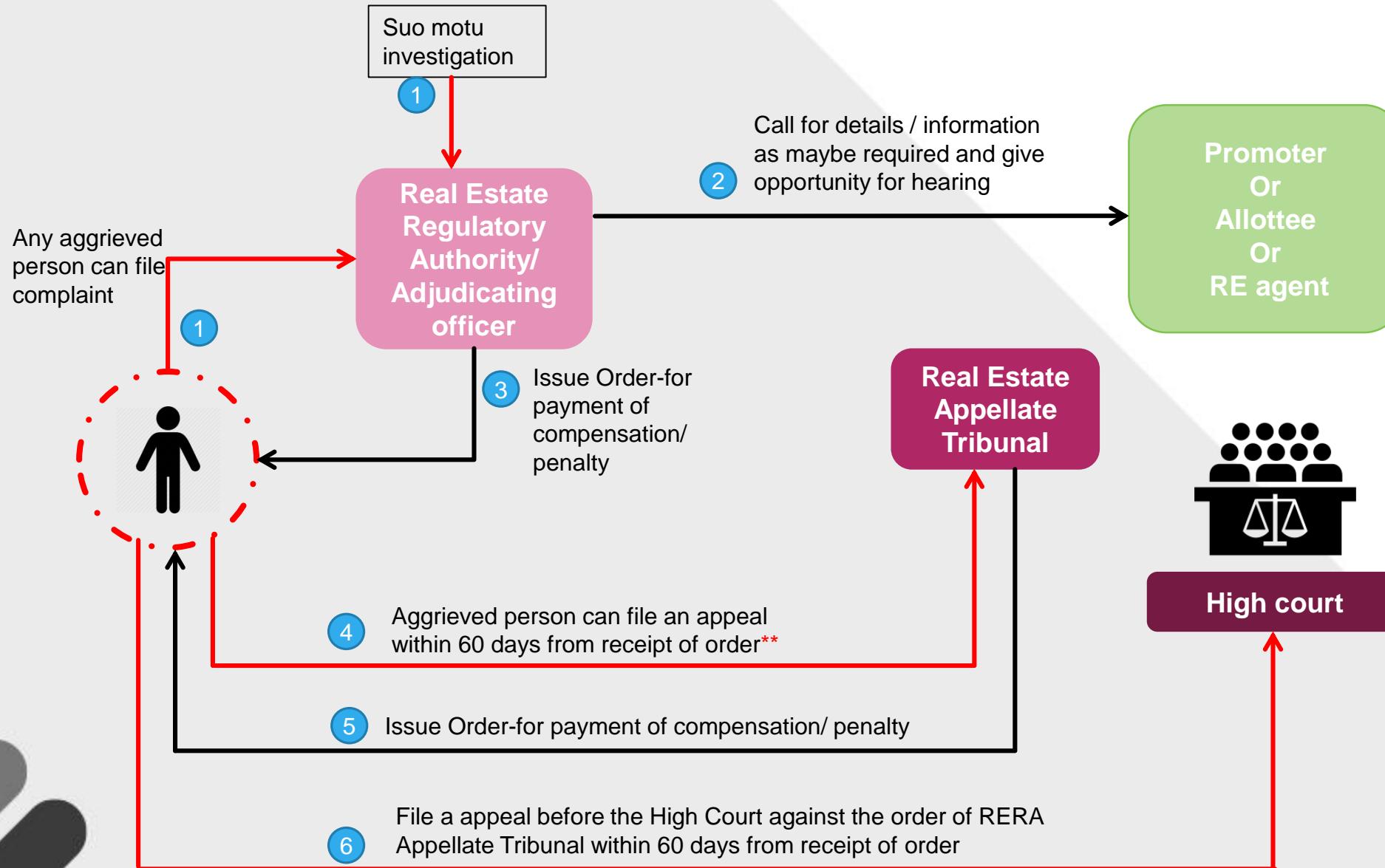
Provision	Promoter	Agent	Allottee
Non-registration of project/agent with RERA and continue to do so	Up to 10% of the estimated project Cost + 3 years imprisonment	Penalty of INR10,000 per day during default tenure up to 5% of property cost	
False information while making an application to RERA			
Contravention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

Unfair practices as per section 10(c)

- i. Practice of making any statement, whether orally or in writing or by visible representation which
 - A. falsely represents that the services are of a particular standard or grade
 - B. represents that the promoter or himself has approval or affiliation which such promoter or himself does not have
 - C. makes a false or misleading representation concerning the services
- i. Permitting the publication of any advertisement whether in any newspaper or otherwise of services that are not intended to be offered



Complaint registration



- No recourse to civil courts on matters covered under the RE Act
- Consumer forums (National, State or District) not been barred from the ambit of the Act

Note:

**The appeal before RERA Tribunal can be heard only after deposit of atleast 30% of the penalty or such higher % as may be determined or payment of interest and compensation to the Allottee, or both





Trust. Transparency.
Control. Credibility.

