

Checklist For Buying A Property

Below mentioned is the checklist for buying a property with brief explanation:

- 1) Land titles/ construction permits/ Approvals from authorities :
- 2) Agreement :
- 3) Title clearance certificate :
- 4) Income Tax clearance (37-I and 230 A):
- 5) Stamp duty and registration:
- 6) Society clearance and membership:
- 7) Taking possession of the flat:
Checklist for buying a property

1) Land titles/ construction permits/ Approvals from authorities :

Ownership of land in favor of the builder

Conveyance of property in favor of the society

Urban Land Ceiling and Regulation Act clearance certificate, if applicable

Power of Attorney executed by the landlord in favor of the developer in case it is joint development between landlord and developer

Permission to use land for non agricultural purpose

Original plans approved by municipal authorities (total area, number of floors, etc.)

Commencement Certificate issued by municipal authorities permitting the developer to begin construction

Occupation Certificate issued by authorities certifying that the building is complete and fit for occupation.

2) Agreement :

Check the serial number of flat, floor is clearly indicated in the agreement;

Carpet area/built-up area and purchase consideration of property is clearly stated;

Floor plan of the specified property is annexed with the agreement;

All the amenities (type of construction, floorings, doors, windows, sanitary, water supply, electrical fittings, etc.) are clearly specified;

The agreement is duly stamped and signed and lays down a payment schedule.

Original stamped receipts and previous sale/conveyance deed in case of resale properties;

3) Title clearance certificate :

Obtain a title clearance certificate from the advocate certifying that the property intended for purchase is unencumbered and has a clear marketable title.

4) Income Tax clearance (37-I and 230 A):

A transaction is incomplete and invalid if No objection certificate from the Appropriate Authority is not obtained in case of immovable properties in certain cities transacted above a certain value.

The current 37-I limits have been laid down for various cities as under:

Sr. No. City for which Form No. 37-I is required to be filled Provided the apparent consideration exceeds

1. Greater Bombay Rs. 75 lakhs
2. Delhi Rs. 50 lakhs
3. Calcutta, Chennai, Bangalore, Ahmedabad and Pune Rs. 25 lakhs
4. Chandigarh, Jaipur, Cochin, Trivandrum, Nagpur Rs. 20 lakhs

Please check the rates again with respected authorities.

The seller must obtain a Income Tax clearance certificate u/s 230 A of the Income Tax Act, 1961 specifying that the seller has no dues/outstanding in terms of the Income Tax payable by him. It is necessary to submit this certificate at the time of registration of the property.

5) Stamp duty and registration:

Stamp duty is payable as per true market value as per rates prescribed by the Stamp office.

The agreement is to be registered with the sub-registrar under the provisions of the Indian Registration Act with a period of four months from the date of its execution.

6) Society clearance and membership:

No objection from society for transfer and sale of flat;

Payment of necessary transfer charges to the society;

Obtain the share certificate from society duly transferred in the name of the buyer.

7) Taking possession of the flat:

Ensure that you receive the vacant and peaceful possession of the flat on the date specified in the agreement;

Is there a provision in the agreement for refund of the amounts due by the builder/seller along with simple interest @ 9% per annum from the date of receipt in the event the seller fails to give possession of the property by stipulated date or mutually agreed extended date.

Inspect the flat with the amenities stated in the agreement and ensure that there is running supply of electricity and water in the premises.

ORGANISING THE BUDGET

You must clearly define / prepare your budget as per the needs in order to determine the area / space requirement. This can be done with the existing funds or by selling assets or by taking loan from housing financial institutions.

Things to consider in your budget :

Cost of property (Area and Rate)

Registration charges

Stamp duty

Society transfer charges

Legal charges

Brokerage / Service charges

The property rates are available from various sources like real estate agents, newspapers, internet, relatives, friends etc..

One can avail of the benefits that real estate portals provide regarding price, rate comparison, availability and other details on properties. This will give you an estimate of the budget which is necessary for organizing funds before buying.

IDENTIFYING THE AREA / SPACE REQUIREMENT

After ensuring the budget you can spend on purchasing the property, you need to check the property details. Here one needs to clearly define his / her need from the available funds. You have to identify the carpet area of the property required (i.e. the actual space available for usage). Usually area is quoted in terms of:

Carpet area

Built-up area

Super built up.

Built up and super built up area are arrived at by adding a certain percentage (called loading) to carpet area. This factor varies from builder to builder and from property to property. You should clearly identify your carpet area requirement and determine what you are paying for.

Here are some questions you need ask yourself :

Do you require a bungalow / apartment / penthouse ?

What is the number of bedrooms you need ?

Do you require an extra room for your future requirement or guests ?

Would you like to have a large balcony or a garden ?
Would you require a servant room ?
Would you require a large or small kitchen according to the storage space ?
Is the area sufficient to meet all your needs ?

TIME FRAME / PERIOD OF REQUIREMENT

When would you like to purchase a house, immediately or after a certain period of time. If your requirement is not immediate you can go for an under construction property and book it in an advance. This gives you a time frame to arrange for funds and also offers flexibility in payments. Further it is comparatively easier to raise housing loans on new construction as compared to resale properties. Do check the price you are paying for this new construction with resale property.

Rates often fluctuate in property markets and hence it is always advisable to consult your professional property service provider before buying.

MARKET TIMING

Determine whether one is buying a property when the real estate market is rising or in dip / decline. The crucial point here is the demand and supply situation in the area of your interest.

IDENTIFYING THE LOCATION

You have to identify or shortlist a location within the city.

How far it is from your office ?
Is it close to the school or park ?
Is it at a walk-able distance from the railway station or bus stop ?
Is it in a self contained complex ?
Is the surrounding area safe ?
Are various services available within a short distance ?
What future does this location holds ?

AVAILABILITY OF AMENITIES

Depending on ones lifestyle the following amenities and facilities should be checked

Is Parking space or a garage available ?

Number of lifts available ?

What are the society charges for regular maintenance?

Does it have enough playing space for children ?

Does it have health clubs, swimming pool, terrace, garden etc ..

Is Public transportation available easily ?

Does it have a shopping complex or market or grocery store in the vicinity ?

Is it near for worship ?

Is it near to a laundry or drycleaner ?

Availability of water and power supply ?

CONDITION OF THE PROPERTY

This depends if you want to move in a ready house or under construction.

Whether the building or premises is old or new ?

Age of the Building ?

Quality of construction (RCC, etc.) ?

Is it well maintained and in a good condition ?

Are there any leakages or cracks ?

Condition of the wiring, roof, walls, appliances ?

Expenditure required to bring it in good shape / condition ?

The Urban Land Ceiling Act, is it good for home buyers?

The recent decision of the Maharashtra government to scrap ULCRA has focused much attention on this law that governs housing prices in India. Read on to know more about this law and its implication on property prices.

India has one of the highest real estate prices in the world. This has primarily been due to shortage of land available for development and booming demand. As the demand for property in India far exceeds supply, property prices here have sky-rocketed. The shortage of available land was created because of the law called ULCRA.

What is ULCRA?

ULCRA stands for Urban Land Ceiling and Regulation Act. It was a law passed in 1976 in order to create social equality with the aim of preventing profiteering and hoarding of urban land available in the market, as well as to avert urban congestion. Urban cities were divided into categories like A, B, and C. A ceiling was put on the highest permissible usage of land by the corresponding owners and this was fixed as per the provisions in the act.

How does the ULCRA affect the land prices?

ULCRA placed a limit on the land available for development which meant that land was available but at a steep premium. When the land owners sold their land to construction companies, they charged abnormally high prices. The builders in turn passed on these exorbitant prices to the buyers, leading to a sharp rise in housing prices.

With the scrapping of ULCRA by the Maharashtra government, will the property prices in Mumbai reduce?

The recent decision by the Vilasrao Deshmukh government to scrap ULCRA is believed to stabilize property prices in Maharashtra. Industry watchers don't see an immediate drop in the prices but think that the new supply will bring uniformity in property prices. There won't be any significant changes in housing prices in the prime areas but the move will affect the prices in other areas. Construction companies say that the scrapping of ULCRA will usher in an era of mass housing projects. They say that they would now be able to save substantially on the money spent in order to obtain permission for land development under ULCRA. These savings would then be passed on to the customers, who will be able to procure housing at affordable prices.