

Real Estate Regulatory Act (RERA) Provisions

- 1)** It establishes the State Real Estate Regulatory Authority for that particular state as the government body to be approached for redressal of grievances against any builder or agent.
- 2)** The act makes it mandatory for all real estate firms and agents to register themselves with the competent authority.
- 3)** This Act obliges the developer to park 70% of the project funds in a dedicated bank (escrow) account. This will ensure that developers are not able to invest in numerous new projects with the proceeds of the booking money for one project, thus delaying completion and handover to consumers.
- 4)** This law makes it mandatory for developers to post all information on issues such as project plan, layout, government approvals, land title status, subcontractors to the project, schedule for completion with the State Real Estate Regulatory Authority (RERA) and then in effect pass this information on to the consumers.
- 5)** The current practice of selling on the basis of ambiguous super built-up area for a real estate project will come to a stop as this law makes it illegal. Carpet area has been clearly defined in the law.
- 6)** Currently, if a project is delayed, then the developer does not suffer in any way. Now, the law ensures that any delay in project completion will make the developer liable to pay the same interest as the EMI being paid by the consumer to the bank back to the consumer.
- 7)** The maximum jail term for a developer who violates the order of the appellate tribunal of the RERA is three years with or without a fine.
- 8)** The buyer can contact the developer in writing within one year of taking possession to demand after sales service if any deficiency in the project is noticed.
- 9)** The developer cannot make any changes to the plan that had been sold without the written consent of 2/3rd buyers. This puts paid to a common and unpopular practice by developers to increase the cost of projects.
- 10)** Projects which have either applied for or received occupation certificate on or before notification of act will be out of purview of RERA.