ANDHRA PRADESH
REAL ESTATE REGULATORY AUTHORITY
Contents

• Need, Objectives & Evolution of RERA
• Pivotal pillars of RERA
• Project registration
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• Complaint registration
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 
RERA act, 2016 was published in the Gazette for public information  

May 2016 
Act came into force
**Pivotal pillars of RERA**

- **Transparency**
- **Accountability**
- **Financial discipline**
- **Customer Centric**
- **Compliance**

**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

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*Excluded from RERA*

- **Site area does not exceed 500 Sqm/Number of units does not exceed 8 inclusive of all phases**

- **Ongoing projects***

- **Renovation or redevelopment projects not involving Marketing, Selling & New Allotment**

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All the Real Estate Projects for development of plots and apartments/buildings for *the purpose of selling*, must be registered with RERA

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

<table>
<thead>
<tr>
<th>Transparency</th>
<th>What it entails</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Number, type and carpet area of apartments</td>
<td></td>
</tr>
<tr>
<td>• Project completion time frame</td>
<td></td>
</tr>
<tr>
<td>• Project approvals</td>
<td></td>
</tr>
<tr>
<td>• Land documents</td>
<td></td>
</tr>
<tr>
<td>Separate account for project transaction</td>
<td></td>
</tr>
<tr>
<td>Consent of 2/3rd allottees about any other addition or alteration and for transferring majority rights to 3rd party promoter</td>
<td></td>
</tr>
<tr>
<td>No false statements or commitments in advertisement</td>
<td></td>
</tr>
<tr>
<td>No advertisement before registration with RERA</td>
<td></td>
</tr>
<tr>
<td>No arbitrary cancellation of units by promoter</td>
<td></td>
</tr>
<tr>
<td>Quarterly updating of RERA website with details such as unsold inventory and pending approvals</td>
<td></td>
</tr>
</tbody>
</table>
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.

<table>
<thead>
<tr>
<th>Financial discipline</th>
<th>What it entails</th>
</tr>
</thead>
<tbody>
<tr>
<td>70% of the funds collected from allottees needs to be deposited in the project account</td>
<td>Withdrawals to cover construction and land cost</td>
</tr>
<tr>
<td>Provision for RERA to freeze project bank account upon non-compliance/revocation</td>
<td>Project Accounts to be audited annually; Copy to be put up on AP RERA website</td>
</tr>
<tr>
<td>Withdrawals, to be in proportion to the % of completion of project</td>
<td>Withdrawals to be certified by Engineer, Architect and CA(third party)</td>
</tr>
<tr>
<td>Provision for stronger financial penalties for RERA non-compliances</td>
<td>Interest on delay will be same for customer and promoter</td>
</tr>
<tr>
<td>Promoter to compensate buyer for any false or incorrect statement with full refund of property cost with interest</td>
<td></td>
</tr>
</tbody>
</table>
### 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 in case of any grievances | No false statements or commitments |
Compliance-Registration of all projects & agents and a strong dispute management required

<table>
<thead>
<tr>
<th>Compliance</th>
<th>What it entails</th>
</tr>
</thead>
<tbody>
<tr>
<td>Timely updating of RERA website</td>
<td>Maximum 1 year extension in case of delay due to no fault of developer</td>
</tr>
<tr>
<td>Registration of agents/brokers with RERA</td>
<td>Dispute resolution within 6 months at RERA and RERA appellate tribunals</td>
</tr>
<tr>
<td>Annual audit of project accounts by a CA</td>
<td>Developers to share details of projects launched in last 5 years with status and reason for delay with RERA</td>
</tr>
<tr>
<td>Conveyance deed for common area in favor of Association of allottees</td>
<td>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</td>
</tr>
<tr>
<td>Separate registration of different phases of a single projects</td>
<td>Mandatory registration of new and existing projects with RERA before launch</td>
</tr>
</tbody>
</table>
### Project registration

**Process flow:**

<table>
<thead>
<tr>
<th>Step</th>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>Begin</td>
<td>Provide Promoters basic information</td>
</tr>
<tr>
<td>Project status</td>
<td>New</td>
</tr>
<tr>
<td>Upload all necessary information &amp; documents</td>
<td>Pay Fee</td>
</tr>
<tr>
<td>Verification of documents by the Authority</td>
<td>Additional information required</td>
</tr>
<tr>
<td>Chairperson verifies the comments</td>
<td>Approval status</td>
</tr>
<tr>
<td>Sent for Approval/rejection</td>
<td>Rejected</td>
</tr>
<tr>
<td>Hearing Facilitated by authority</td>
<td>Approved</td>
</tr>
<tr>
<td>Hearing outcome</td>
<td>Rejection</td>
</tr>
<tr>
<td>Additional information provided by promoter</td>
<td>Promoter can appeal to Appellate tribunal</td>
</tr>
<tr>
<td>End process</td>
<td>Website to publish select details of project</td>
</tr>
</tbody>
</table>

**Promoter Registration**

- **Begin**
- **Provide Promoters basic information**
- **Upload all necessary information & documents**
- **Pay Fee**
- **Verification of documents by the Authority**
- **Additional information required**
- **Chairperson verifies the comments**
- **Sent for Approval/rejection**
- **Approval status**
- **Rejected**
- **Hearing Facilitated by authority**
- **Approved**
- **Additional information provided by promoter**
- **Promoter can appeal to Appellate tribunal**
- **End process**

**Ongoing**

- **Upload all approvals, necessary information & documents**
- **Promoter provides additional information**
- **Chairperson verifies the comments**
- **Additional information required**
- **Promoter Registration**
Project registration

Promoter
- Makes an application

RERA

Grant of registration (Create webpage)
- Within 30 days

Rejection of registration
- Reasons to be recorded in writing
- Opportunity of being heard for the promoter

Withdrawal of application
- Within 30 days

Deemed registration
- If no communication within 30 days

Extension
- Applied not less than 3 months before expiry
- Maximum for 1 year

Revocation
- Can be revoked only after giving 30 days notice to the promoter duly specifying the reason

Registration ID & Webpage
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

<table>
<thead>
<tr>
<th>Validity</th>
<th>5 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Renewal</td>
<td>Should be applied 3 months prior to the expiry of the registration granted</td>
</tr>
</tbody>
</table>

Functions and duties

- 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:

1. Begin
2. Upload all necessary information & documents
3. Pay registration fee
4. Verification of documents by the Authority
5. Hearing Facilitated by authority
6. Additional information provided by promoter
7. Registration granted
8. Registration ID generated
9. Hearing outcome
   - Yes: Website to publish select details of Agent
   - No: Rejected
     - Yes: Real Estate Agent can appeal to Appellate tribunal
   - Rejected: End process
## Offences & Penalties

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

### Unfair practices as per section 10(c)

1. 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

2. Permitting the publication of any advertisement whether in any newspaper or otherwise of services that are not intended to be offered
Complaint registration

Any aggrieved person can file complaint

1. Suo motu investigation
2. Call for details / information as maybe required and give opportunity for hearing
3. Issue Order-for payment of compensation/ penalty
4. Aggrieved person can file an appeal within 60 days from receipt of order**
5. Issue Order-for payment of compensation/ penalty
6. File a appeal before the High Court against the order of RERA Appellate Tribunal within 60 days from receipt of order

Promoter Or Allottee Or RE agent

Real Estate Appellate Tribunal

High court

- 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