

KSCAA®

Karnataka State Chartered Accountants Association (R)

NEWS BULLETIN

- ▶ CARO ▶ RERA ▶ Financial Reporting
- ▶ IPR ▶ IoT And Its Security ▶ MSME

December 2021

Vol. 9, Issue 4

₹ 25/-



Since 1957

English Monthly

for Private Circulation only

▶ Karnataka State Chartered Accountants Association

▶ @karnatakacaassociation

▶ @kscaa_ca

▶ kscaa.com

INTEREST ON COMPENSATION OF AGRICULTURAL LAND



December 2021

**RERA – Note on Registration of
Real Estate Project
(Part - VII of RERA Series)**

CA. Vinay Thyagaraj

Senior Partner, Venu & Vinay,

Chartered Accountants

vinay@vnu.ca www.vnuca.com

+91-80-26606498, 26671433, 26676751



CA. Vinay Thyagaraj

RERA – NOTE ON REGISTRATION OF REAL ESTATE PROJECT (PART - VII OF RERA SERIES)

Real Estate projects having more than 500 square meters of project land or more than 8 units are required to mandatorily apply for registration with RERA Authorities. It is the primary responsibility of the promoter to apply for RERA registration if the intention is to sell, market, or collect advance. Such application shall be submitted soon after receiving the sanctioned plan from the planning authorities.

In recent days, Karnataka RERA has enhanced the RERA Registration module and requires the submission of detailed information, additional documents while granting registration for the Real Estate Project.

- A. The promoter shall be aware of the provisions of the RERA Act to carry out the business and professionals shall understand the RERA Act to advise their customers. The Act provides for various business aspects for carrying out the real estate business viz.,
 - 1) Approvals, Validity, Extension, Modification – Section 3, 4,5,6 and Section 14
 - a. Promoter shall obtain applicable approvals, NOCs before marketing the project to the customers
 - b. In case of modification of the plan, the requirement of prior consent of allottees
 - c. Existence of validity of the project registration till completion of the project
 - d. Well in advance extension application and approvals thereon
 - 2) Sales and Marketing – Section 3, 11, and Section 12
 - a. when to make sales – Prior registration of the project – Section 3
 - b. how to make sales – mandatory mentioning of the RERA Registration number and the veracity of advertisement – Section 11 and Section 12
 - c. who shall promote the project – only registered real estate agent shall promote the project – Section 9,10 and 11,
 - 3) Financial management – realization of money, the deposit of funds, and utilisation of funds shall be in

accordance with section 4(2)(L)(D)

- a. Maintenance of ProjectWise designated bank account for each project
- b. Mandatory deposit of 70% money realised from the allottees
- c. Obtaining the professional certificates before the withdrawal of 70% from the designated bank account
- d. Such withdrawal of funds shall be proportionate to the project's percentage completion.
- e. Utilisation of withdrawn funds for project purposes.
- 4) Legal title, Encumbrance, Litigation
 - a. Promoter having clear legal title/ownership on the project land
 - b. Disclosure of encumbrance on the project land
 - c. Disclosure of litigation on the project land
 - d. Promoter shall not mortgage the units booked by the allottee
- 5) Start Date and End Date – Section 4, Section 18
 - a. The promoter shall provide the Start Date and End Date of the project. To mean the promoter shall complete the project's development works within the timelines mentioned in the application for grant of registration.
 - b. The promoter shall plan their development works considering all situations, circumstances before committing the end date.
 - c. Delay in completing the development work in the project may result in compensating the allottees in the project, which has a direct impact on the profitability/financial viability of the project
- 6) Quality and Defect Liability – Section 14
 - a. The promoter is obligated to rectify the structural defect, workmanship, quality, or provisions of service for five years from the date of possession. The promoter shall have adequate quality checks,

proper standard operating procedures, handover process to mitigate the risk.

- 7) Obtaining the Insurance
 - a. On the construction and the title of the Land
- 8) Usage of standard documents for customer transactions
 - a. Contents of the documents in compliance with the RERA Act, Rules viz., booking form, allotment letter, Agreement for sale, etc
- 9) Periodical reporting –
 - a. Quarterly updates, Annual Audit, and Completion of project development work. This periodical reporting helps the stakeholders be aware of the progress of development work and allows the new customers to make informed decisions before they book the unit on the project.
- 10) Involvement of Professionals throughout the project life cycle -
 - A. The RERA Act mandates the Engineer, Architect, Chartered Accountant to certify the percentage completion of the project and allows the promoter to withdraw the money from the project designated bank account.
 - B. Promoters or professionals may experience or feel that the RERA is unreasonable in asking the details while filling the application for grant of RERA Registration. I wish to state to the readers that the details as per the Karnataka RERA registration module are entirely in line with the provisions of the RERA Act and Karnataka RERA Rules. This being so, let us understand the information, documents required while applying for the grant of RERA Registration. Following details are required –
 - 1) Scheme of the project – the promoter or professionals shall understand the entire scheme of the project
 - 2) All Legal Documents – to identify and satisfy the legal ownership of the project land
 - 3) Revenue or Municipal Records as applicable
 - 4) Project Plan Approvals – Approved Plan letter, Sanction plan from planning authority
 - 5) NOCs – Applicable NOCs based on the project size, locality. Few NOCs are mandatory irrespective of the size and location of the project.
 - 6) Development details in the project – details of the development works in the project based on the scheme of development
 - 7) Technical / Engineering Documents – Sectional plan, floor-wise plans with proper marking in the documents.

- 8) Estimated Cost of the Real Estate Project – this is critical information that shall be calculated considering the scheme of the project, extent, time to deliver the project.
- 9) Legal Draft Documents – Booking form, Allotment letter, Agreement for Sale, Sale Deed – the contents of the documents shall comply with the provisions of the RERA Act.
- 10) Professional details and certificates – Registration module mandates professionals viz., Architect, Engineer, Chartered Accountants' details and Certificates. The certificate contains various information viz, project address, project development details, the project estimated cost, designated bank account details.
- 11) Form B, Sec 3(1), Landowner Affidavit, No mortgage Affidavits on Rs.20/- stamp paper duly notarised.
- 12) Area Statement – promoter shall provide unit-wise details of carpet area, exclusive common area, common area, and undivided share in the land. This information shall match/tally with the building sanctioned plan provided by the planning authority.
- 13) RERA Designated bank account details and pass sheet – the bank account shall be opened in the name and style as notified by Karnataka RERA viz., Promoter Name, RERA Project Name. Promoter shall upload the pass sheet or passbook copy on the portal.
- 14) KYC of promoters, landowners, authorized signatories, directors, partners, etc shall be entered and submit the same proof.
- 15) Promoters background, last five years' track record, earlier projects, three years financial statements (Balance Sheet, Profit and Loss account, Income Tax Returns, Director's report, Cash flow statement and auditors report shall be uploaded online.
- C. Following are the critical definitions to read, understand before applying for the grant of registration –
 - 1) Carpet Area
 - 2) Promoter
 - 3) Real Estate Project
 - 4) Estimated Cost of the Project
 - 5) Internal Development work
 - 6) External Development work
 - 7) Commencement Certificate
 - 8) Occupancy certificate
 - 9) Completion certificate

D. Following are the Important and Critical aspects that shall be considered while filing the application for Grant of Registration of a Real Estate Project –

- 1) In the case of multiple individual landowners, collectively obtained the plan sanction from the planning authority
- 2) In the case of a promoter (especially housing society) collecting money from its members towards advance for the unit in a real estate project before RERA Registration
- 3) How to apply for registration in case of phased development
- 4) How to apply for registration in case of future modification with or without additional FSI/TDR
- 5) Estimate the cost of the project in case of phase-wise construction. Allocation of common costs,

the interest cost, allocation of the cost of common amenities on various projects.

- 6) The schedule of installment or demand shall be in sync with the schedule of development work in the project

To conclude, The applicant shall be careful while filling, providing information for RERA registration. Deficiency of information, documents may result in a delay in getting the registration. False or wrong or deficient documents may lead to rejection of application and forfeiture of registration fees paid. It is recommended to avail the professional services.

Author can be reached at :
vinay@vnmv.ca

KSCAA Welcomes New Members November 2021

Sl. No.	Name	Place
1	Swetha S. Kini	Hassan
2	Poonam Jain	Bengaluru
3	Vinay Heeralal Miskin	Bengaluru
4	Gopalkrishna Solanki	Bengaluru
5	N S Sivaswamy	Coimbatore
6	Chitransh Gupta	Uttar Pradesh
7	Nandish Keni	Bellery
8	Harish Kumar Akana	Bengaluru
9	Sowmya	Bengaluru
10	Ashok Chhugamal Kataria	Ahmedabad
11	Pravin Siddharam Panishetti	Bengaluru
12	Shivappa Basappa Nesur	Mahalingapur
13	Hymavathi Karra	Bengaluru
14	Sandeepa	Bengaluru
15	Shareesh Gadde	Bengaluru
16	Shyamasundar Hegde	Bengaluru

KSCAA