

About RERA Karnataka

The Department of Housing, Government of Karnataka is the nodal department for the implementation of RERA Act in the state of Karnataka. All sections of the RERA Act came into force with effect from May 1, 2017. Under the RERA Act, the Karnataka Real Estate Regulation and Development Rules, 2017 was approved by Government of Karnataka and notified on July 10, 2017.

About RERA Act

The Real Estate Regulation and Development (RERA) Act, 2016 is considered as one of the landmark legislations passed by the Government of India. Its objective is to reform the real estate sector in India, encouraging greater transparency, citizen centricity, accountability and financial discipline. This is in line with the vast and growing economy of India as in future many people will be investing in real estate sector.

Salient feature of the RERA Act, 2016:

Establishment of Real Estate Regulatory Authority

- Establishment of one or more Real Estate Regulatory Authority in each State/UT, or one Authority for two or more States/UTs, by the appropriate Government for oversight of real estate transactions;
- To appoint one or more adjudicating officers to settle disputes and impose interest and computation;

Registration of Real Estate Projects and Registration of Real Estate Agents

- Mandatory registration of real estate projects and real estate agents who intend to sell any plot, apartment or building, with the Real Estate Regulatory Authority;

Mandatory Public Disclosure of all project details:

- Mandatory public disclosure norms for all registered projects like details of the promoters, layout plan, plan of development works, land status, status of the statutory approvals, disclosure of proforma agreements, disclosure of names and addresses of real estate agents, contractors, architect, structural engineer etc.;

Functions and Duties of Promoter:

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- Adherence to approved plans and project specifications as approved by competent authorities;
- Obligations regarding veracity of the advertisement or prospectus;
- Rectification of structural defects within two years of possession;
- Refund of money in cases of default;

Compulsory deposit of 70 percent

- To compulsorily deposit 70 percent (or such lesser percent as notified by the Appropriate Government) of the amounts realized for the real estate project from the allottees in a separate account in a scheduled bank within a period of 15 days to cover the cost of construction to be used for that purpose; Obligations regarding veracity of the advertisement or prospectus;

Functions of Real Estate Agents:

- Real estate agents to sell properties registered with the Authority;
- Maintain books of accounts, records and documents;
- Not to involve in any unfair trade practices;

Rights and Duties of Allottees:

- Right to obtain stage-wise time schedule of project;
- Claim possession as per promoter declaration;
- Obtain refund with interest for default by the promoter;
- Allottees to make payments and fulfil responsibilities as per the agreement;

Functions of Real Estate Regulatory Authority

- The Authority to enforce the provisions of the Act;
- To act as the nodal agency to co-ordinate efforts regarding development of the real estate sector and to render necessary advice to the appropriate Government to ensure the growth and promotion of a transparent, efficient and competitive real estate sector;

Fast Track Dispute Settlement Mechanism:

- Fast track dispute resolution through adjudicating officers (Joint Secretary to State Government);

Establishment of Real Estate Appellate Tribunal:

- Real Estate Appellate Tribunal to hear appeals from the orders of the Authority and the adjudicating officer. The Appellate Tribunal is to be headed by a sitting or retired Judge of the High Court with one judicial and one administrative/technical member;

Punitive Provisions:

- Punitive provisions including de-registration of the project and penalties in case of contravention of the provisions of the Act or the orders of the Authority or the Tribunal;

Key Components of the RERA Act, 2016:

RERA for Promoters

Promoters will have to furnish the following information and documents for registration of a real estate project with the regulatory authority:

- Self-attested copy of the PAN card of the promoter;

- Annual report including audited profit and loss account, balance sheet, cash flow statement, director's report and the auditor's report of the promoter for the immediately preceding three financial years; and where annual report is not available, the audited profit and loss account, balance sheet, cash flow statement and the auditor report of the promoter for the immediately preceding three financial years;
- Number of parking slots available in the said real estate project;
- Authenticated copy of the of the legal title deed reflecting the title of the promoter to the land on which development of project is proposed along with legally valid documents for chain of the title;
- The details of encumbrances on the land for which permission given under section 109 of the Karnataka Land Reforms Act, 1961 if applicable, the Certified copy of the conversion order under section 95 of the Karnataka Land Revenue Act, 1964 and permission of change in land use granted under section 14 of the Karnataka Town and Country Planning Act, 1961, if applicable on which development is proposed including any rights, title, interest or name of any party in or over such land along with details;
- Where the promoter is not the owner of the land on which development is proposed, details of the consent of the owner of the land along with self-attested collaboration agreement, development agreement, joint development agreement or any other agreement, as the case may be, entered into between the promoter and such owner and copies of title and other documents reflecting the title of such owner on the land proposed to be developed;
- Name, photograph, contact details and address of the promoter if it is an individual and the name, photograph, contact details and address of the chairman, partners, directors, as the case may be, and the authorized person in case of other entities.

In accordance to the Rules, the Promoters of ongoing projects which have not received completion certificate shall, within the times specified, make an application to the Regulatory Authority in the form and manner as specified in rules.

Within a period of three months of the application for registration of the project with the Authority, the Promoters are to deposit in a separate bank account, 70% of the amounts already realized from the allottees, which have not been utilized for construction of the project or the land cost for the project. If the receivable of the ongoing project is less than the estimated cost of balance construction, then the promoter shall deposit 100% of the amounts to be realized in the separate account.

Here the Ongoing Projects means a project where development is going on and for which completion certificate has not been issued but exempts such projects which fulfil any of the following criteria on the date of notification of these rules, namely:

- In respect of layouts where the streets and civic amenities sites and other services have been handed over to the Local Authority and Planning Authority.
- In respect of apartments where common areas and facilities have been handed over to the registered Association consisting of majority of allottees; the provision facilitating is as per provision of the Karnataka Ownership Act, 1972.
- Where all development works have been completed as per the Act and certified by the competent agency and sales/lease deeds of 60% of the apartments/houses/plots have been registered and executed.
- Where all development works have been completed as per the Act and certified by the competent agency and application has been filed with the competent authority for issue of completion certificate /occupation certificate

- Where Partial occupancy certificate is obtained to the extent of the portion for which the partial Occupancy Certificate is obtained.
- Explanation for each of the above exemptions are provided in the RERA press note.

RERA for Real Estate Agents

Under this Act, the Real Estate Agent shall furnish the following information and documents for registration along with the required forms with the regulatory authority:

- Brief details of his enterprise including its name, registered address, type of enterprise, proprietorship, societies, co-operative society, partnership, companies etc.;
- Particulars of registration including the bye-laws, memorandum of association, articles of association etc. as the case may be;
- Name, address, contact details and photograph of the real estate agent if it is an individual and the photograph of the partners, directors etc. in case of other entities
- Self-attested copy of the PAN card;
- Self-attested copy of the address proof of the place of business.

RERA for Buyers

- The enforcement of these rules will ensure that the State's citizens can now get information and choose suitable apartments/houses/plots without having to worry about the project execution and with a recourse to complaints and suitable action against defaulting developers/agents.
- Buyers will have a real time view/update on the project status, litigations against any promoters etc.
- This Act now gives consumers within the state a platform to voice their grievances and lodge complaints against a promoter/agent.
- The advertisement or prospectus issued or published by the promoter shall mention prominently the website address of Karnataka RERA wherein all details of the registered project have been entered and include the registration number obtained from the Authority

Filing of Complaint

Any aggrieved person may file a complaint with the Regulatory Authority for any violation under the Act or the rules and regulations. Aggrieved Consumer would file the complaint to the Adjudicating Officer. He would have to provide a fee of INR 1,000 in form of DD. The consumers can file their complaint with Regulatory Authority or Adjudicating Officer.

Interim Authority

Section 20 (1) of the Real Estate (Regulation and Development) Act, 2016 (RERA Act) reads as below:

Provided also that until the establishment of a Regulatory Authority under this Section, the appropriate Government shall, by order, designate any Regulatory Authority or any Officer preferably the Secretary of the Department dealing with Housing, as the Regulatory Authority for the purpose under this Act.

Hence, Government of Karnataka appoints Principal Secretary to Government of Karnataka, Department of Housing as the Interim Authority.

Interim Appellate Tribunal

Section 43 (4) of the Real Estate (Regulation and Development) Act, 2016 reads as below:

Provided also that until the establishment of Appellate Tribunal under this Section, the appropriate Government shall, designate by order any Appellate Tribunal functioning under any law for the time being in force, to be the Appellate Tribunal to hear appeals under the Act.

Government of Karnataka appoints Karnataka Appellate Tribunal as Interim Appellate Tribunal.

Contact for more details

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