



Western India Regional Council of The Institute of Chartered Accountants of India

(Setup by an Act of Parliament)



ANNUAL COMPLIANCES

28.08.2023

BY CA.RAMESH PRABHU AND CA. ADITYA ZANTYE, FCA, DISA

DISTINCT AND UNIQUE FEATURES OF REAL ESTATE

✓ Durability

Real estate investments can be extremely durable and build multi-generational wealth

✓ High Risk Area

Large Number of frauds being Highlighted on Periodic Basis

✓ High Start - Up Cost

✓ Diversion of Funds

✓ illiquid nature industry
Real estate is considered illiquid because it can't be easily sold

✓ Delay in Delivery
Of Projects

✓ Lack of Transparency
Real estate works very differently, when an investor buys a property, there is a risk that the seller is hiding information.

✓ High level of uncertainties
in Management Estimates

SECTION - 1

RERA: Key Impact Areas and Imperatives for Successful Transition

KEY IMPACT AREAS: BUSINESS PRACTICES

Registration of Project:

Registration of all new and ongoing projects and prohibition on marketing and selling before registering the project.

Disclosure of Project Status:

Project details to be updated on website of Authority: apartments booked, approvals obtained, Construction progress etc.

Utilization of Funds:

70% of receipts to be used for construction and land cost only and to be deposited in separate bank account.

Promoters' Responsibilities:

Responsibilities towards obtaining completion certificate, maintenance, formation of society, conveyance deed etc.

Registered Agreement for Sale:

Mandatory for accepting sum more than 10% of cost of apartment, plot or building as an advance payment or application fee.

Rights and Duties of Allottees:

Refund along with interest in case of delay, non-completion of project or non-adherence with the terms and conditions.

Consent of buyer for modifications:

Specific consent of buyer and written consent of two-thirds of allottees for any changes other than minor additions or alterations.

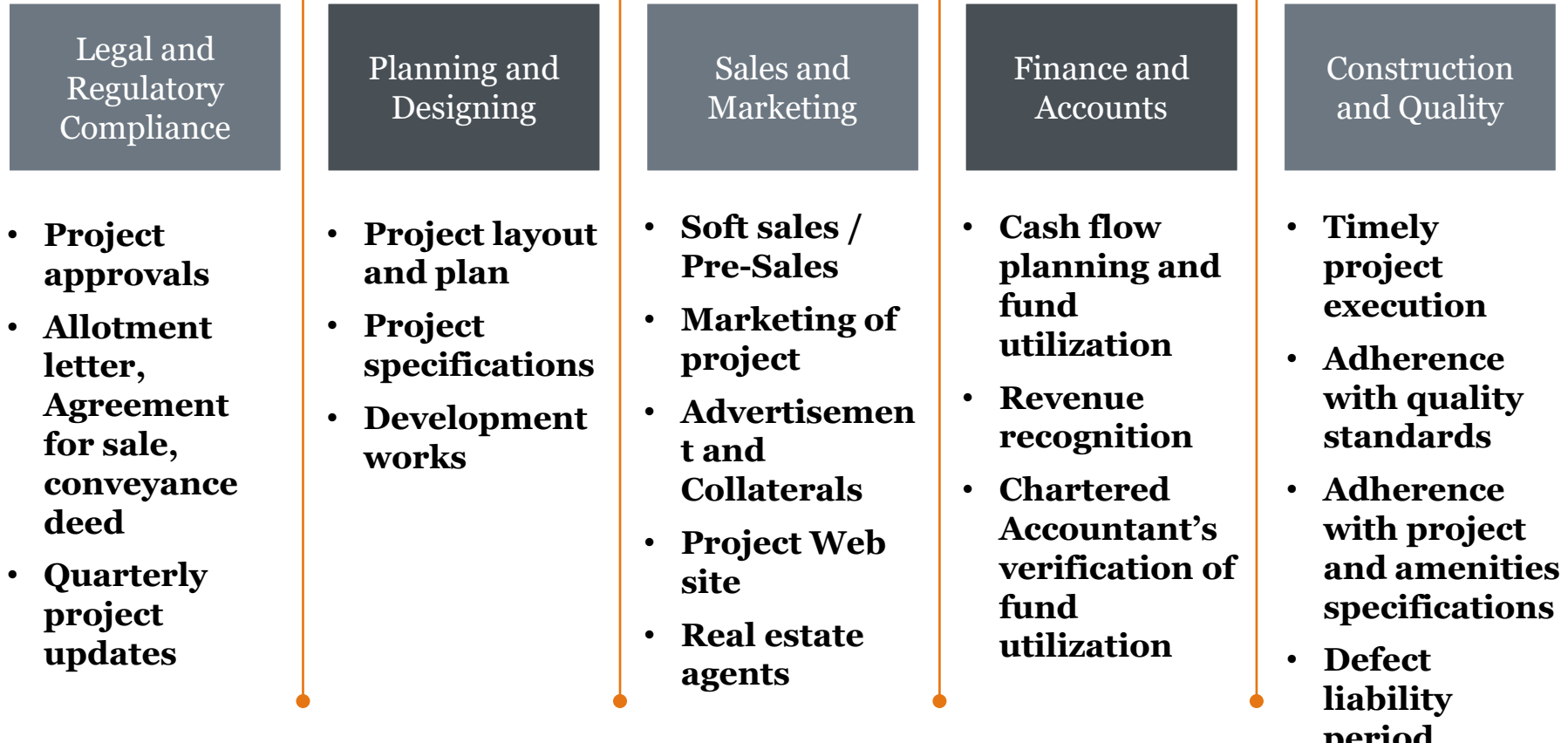
Defect Liability Period:

Rectification of defects or fulfilment of obligation if brought to notice within 5 years from date of possession.

Real Estate Agents:

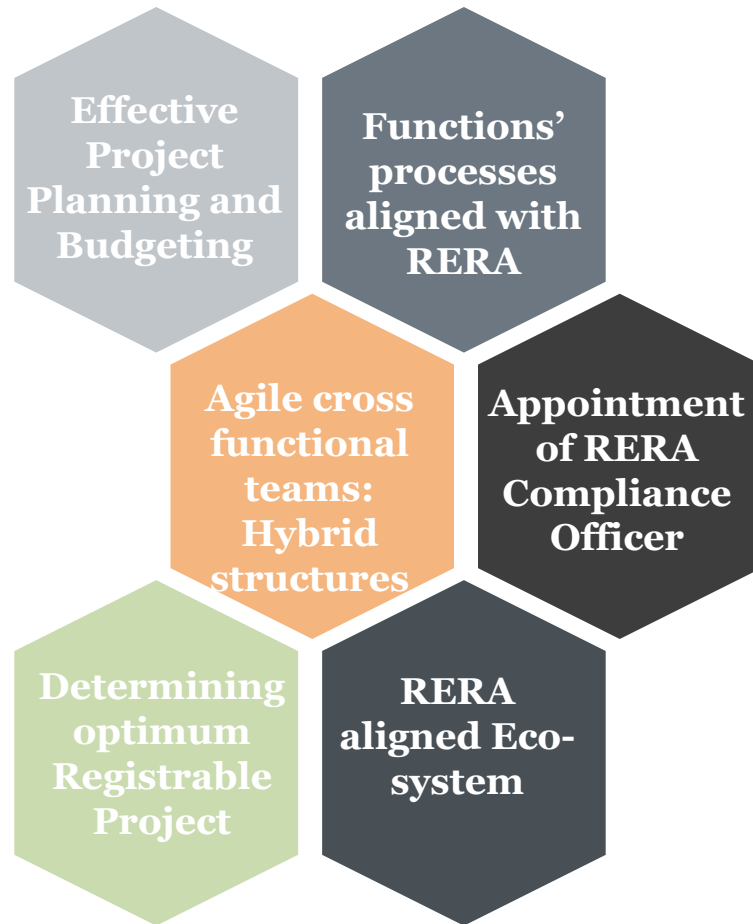
Requirement of registration of RE agents with RERA authority. Registration number to be quoted in every sale facilitated.

KEY IMPACT AREAS: BUSINESS PROCESSES



Adequate co-ordination and deliberations amongst these functions at the planning stage are critical for project execution in line with the Provisions of the Act

IMPERATIVES FOR SUCCESSFUL TRANSITION FROM NON-REGULATED TO REGULATED SECTOR:



Developers need to revisit their business practices and operating models to transition and navigate smoothly in regulated environment.

With increasing focus on governance, transparency and customer empowerment, inconsistent approach and arbitrary decisions are required to be substituted by coherent and coordinated business operations.

SECTION - 2

Bone of Contention: Application of 70:30 Provision

OVERVIEW OF REGULATORY PROVISIONS: 70:30 REQUIREMENT

Registration of Project

Declaration and Affidavit u/s 4(2)(1)(D)

Disclosure of:

1. Land cost
2. Construction cost
3. Estimated cost of RE project

Enabling Rules

Withdrawal of amounts for new projects

Withdrawal of amounts for ongoing projects

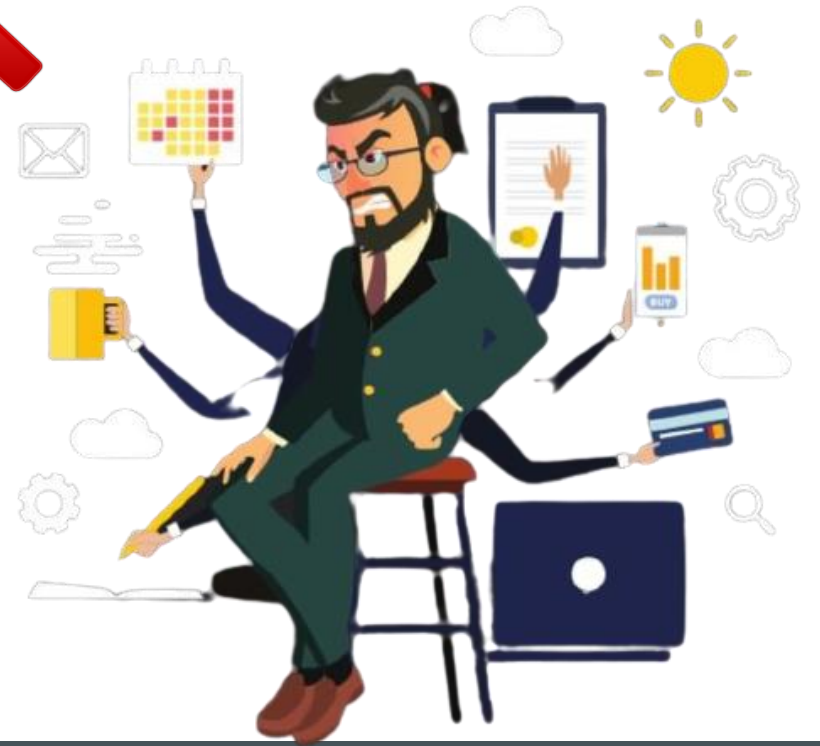
Relevant Definitions and Guidance

Guidance for determining land cost

Guidance for determining cost of construction

Estimate cost of RE project Section 2(v)

TIMELY COMPLIANCES



1



2



2A



3



4



5



SECTION 11

CHAPTER III

FUNCTIONS AND DUTIES OF PROMOTER

11. (1) The promoter shall, upon receiving his Login Id and password under clause (a) of sub-section (1) or under sub-section (2) of section 5, as the case may be, create his web page on the website of the Authority and enter all details of the proposed project as provided under sub-section (2) of section 4, in all the fields as provided, for public viewing, including—

- (a) details of the registration granted by the Authority;
- (b) quarterly up-to-date the list of number and types of apartments or plots, as the case may be, booked;
- (c) quarterly up-to-date the list of number of garages booked;
- (d) quarterly up-to-date the list of approvals taken and the approvals which are pending subsequent to commencement certificate;
- (e) quarterly up-to-date status of the project; and
- (f) such other information and documents as may be specified by the regulations made by the Authority.

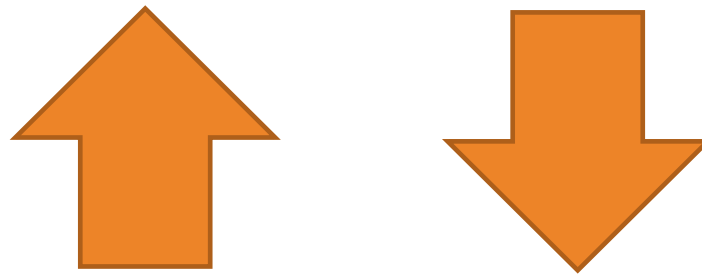
RULE 20

20. Details to be published on the website regarding real estate projects.- (1) For the purpose of clause (b) of section 34, the Authority shall ensure that all the disclosures made by the promoters to the authority with regard to the Real Estate project for which registration has been given, shall be made available on its website, except for the following:

- (i) Details provided under clauses (b), (e), (g), (h), (i) and (l) of sub-section (2) of Section 4;
- (ii) Details provided under sub-rule (2) of rule 3 of these Rules.

(2) The exceptions under sub-rule (1) shall not apply to promoters who shall, in accordance with sub-section (1) of section 11, enter all details of the proposed project as provided under sub-section (2) of section 4 of the Act and under sub-rule (2) of rule 3, in all the fields as provided, for public viewing in the web page created on the web site of the Authority. The authority may through Regulation specify further details of the registered Real Estate Projects to be made available on the Website. The authority shall ensure that such information is updated at the interval of every quarter.

Order no. 33/2022 dated 05/07/2022



Order no. 18/2021 dated 28/07/2021

PROMOTER- COMPLIANCES



QUARTERLY UPDATES



FINANCIAL QUARTER BASED PROJECT PROGRESS REPORTING SYSTEM

FINANCIAL QUARTERS	DUE-DATE
APR-MAY-JUN	20 TH JUL
JUL-AUG-SEP	20 TH OCT
OCT-NOV-DEC	20 TH JAN
JAN-FEB-MAR	20 TH APR

FINANCIAL QUARTER BASED PROJECT PROGRESS REPORTING SYSTEM

***BUILDING PLAN
APPROVALS***

***PHYSICAL
PROGRESS***

***BOOKING
STATUS***

PARKING

***NO
WITHDRAWAL-
SELF
DECLARATION***

***MENTION
DEPOSIT IN
DECLARATION***

QUARTERLY-COVEYANCE REPORT?

***QUARTERLY UP-TO-DATE STATUS REGARDING STEPS BY
PROMOTER FOR CONVEYANCE DEED***

ORDER NO 20/2021 DATED 28/07/2021

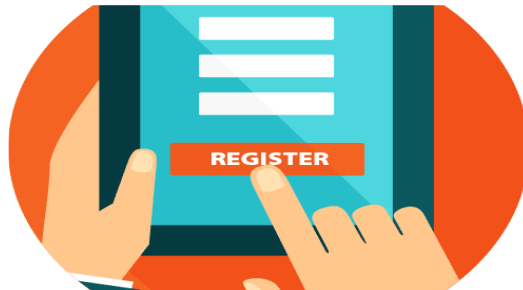
PROMOTER- COMPLIANCES



ANNUAL UPDATES

TYPE OF FORM	DUE-DATE
FORM 2A	30 TH JUN
FORM 5	30 TH SEP

FORM 1,2,3 UPDATION



**AT THE TIME
OF
REGISTRATION**

**PREVIOUS
LIMIT FULLY
UTILISED**

**QUARTERLY
BASIS
within 20th
of the next
month.**

STATUTE	CERTIFICATES TO BE SUBMITTED TO BANK?
RERA Act	YES
Maharera Rules & Regulations	YES
Circular No. 3/2017 dated 07 th June 2017	NO. ONLY SELF-DECLARATION TO BE SUBMITTED <i>[DELETED vide Circular No. 39/2021 dated 28th Dec 2021]</i>
FAQ No. 58 dated 23rd July 2019	YES. ORIGINAL TO BE RETAINED & COPIES TO BE SUBMITTED TO BANK
Circular No. 39/2021 dated 28th Dec 2021	YES. SUBMIT TO BANK AT THE TIME OF EVERY WITHDRAWAL & COPIES ONLINE TO MAHARERA
Circular No. 39A/2022 dated 17th Mar 2022	YES. BUT IF WITHDRAWAL IN TRANCHES SAME CERTIFICATE & DECLARATION



PROMOTER- COMPLIANCES



REGULAR UPDATES

***ENCUMBRANCE
REPORT***

CERSAI

***PROJECT
PROFESSIONALS***

***FORMATION OF
SOCIETY***

***LITIGATION
DETAILS***

PROMOTER- COMPLIANCES



ON COMPLETION OF PROJECT

FORM 4

OC

***DISCLOSURE BY
PROMOTER &
AOA and
CONVEYANCE***





REAL ESTATE AGENTS

Order No. 43/2023 dated
13.02.2023

Submission of Half-yearly reports by
MahaRERA Registered Agents



HALF-YEARLY PROGRESS REPORT

Upload Half yearly progress report in Form 6 on MahaRERA Portal



DUE DATE FOR COMPLIANCE

April -September- On or before 20th
October **w.e.f 01.04.2023**

October-March- On or before 20th
April



IN CASE OF NON-COMPLIANCE

In case of non-compliance of Form 6 and Due date action as deemed fit might be initiated by RERA Authority

DISCLOSURE

EXCEPTIONS

Following won't be available for public viewing although disclosed in Form 6:

- (1) Agent Fees
- (2) Principal Officer & Designated Director Details [**Applicable if T/O >= 20 lakhs**]



COMPILED BY
CA. ADITYA ZANTYE
+91-9167120666

MahaRERA issues notices to 78% of new projects for not updating mandatory info

Sanjeev.Devasia
@timesgroup.com

Mumbai: MahaRERA has served notices to 584 of the 746 new housing projects registered with it in January this year, for not providing tri-monthly details of the amount that has been spent on the project, the money collected from home buyers and number of flats booked. Those sent notices constitute 78% of the total projects.

The 746 projects have in

all more than 50 thousand flats with a value of over Rs 22,000 crore. Promoters need to provide information about the project by submitting forms 1, 2 and 3 on the MahaRERA website. The forms contain details of the flats that have been booked in the project, the money received from allottees and also the money spent on the project among other info.

According to MahaRERA officials, the idea is to make basic information about the

project on the fingertips of the customer, who is interested in investing in the project.

The promoters of the 746 projects were expected to provide the first quarterly report by April 20. Those who did not give the details have been given 15 days to update the form. The promoters are also expected to provide info about the project on a quarterly and annual basis. The info also includes changes, if any, in the approved building plan and the status of the project.

MahaRERA has been reviewing projects registered since its inception in May 2017 and has issued show cause notices to promoters of 19,500 projects, who did not update required project information by way of forms and certificates on its website. Of those who were served the notice, around 3,500 promoters responded to the notice. The regulator body had to issue a second notice to promoters of as many as 16,000 projects.

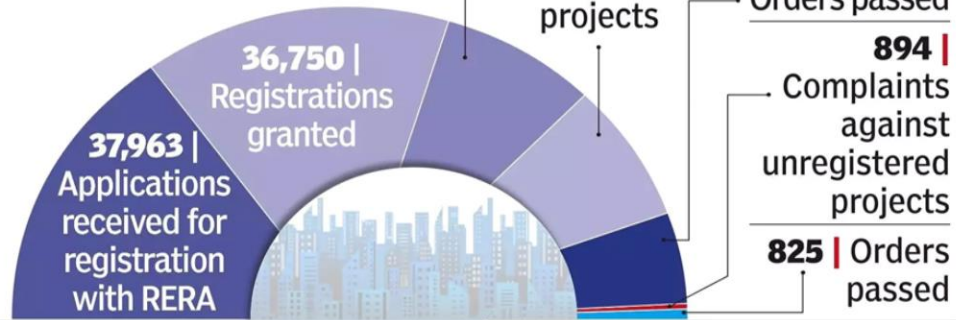


MONEYCONTROL.COM

MC Exclusive: MahaRERA may suspend registration of over 500 projects for non-compliance

CONCERN AREAS

19,009 | Total complaints received



18,115 | Complaints against registered projects



12,061 | Orders passed

894 | Complaints against unregistered projects

825 | Orders passed

➤ Deficiencies in applications like incomplete filling up of Form 3 with developers not listing sold and unsold inventory

➤ Designated bank accounts not mentioned

➤ Means of finance not submitted

➤ Mismatch in estimated project cost

➤ Non-lien declaration of separate bank account not submitted on promoter's letterhead

UNDER SCRUTINY



➤ Layout approvals not legible, clear and duly scanned

➤ Mismatch in permissible and proposed built-up area details in project registration application and sanctioned plans

➤ Mismatch in parking details in project registration application and sanctioned plans

➤ Mismatch in details in project registration application and sanctioned plans

➤ Building plan approvals not legible, clear and duly scanned

MahaRERA issues notices to 261 projects with slow progress

TIMES NEWS NETWORK

Mumbai: The Maharashtra Real Estate Regulatory Authority (MahaRERA) has issued show-cause notices to 261 projects in which less than 40% of work has been completed, while the possession of the flats has been promised by December 2023.

The projects in all have a total of 45,539 flats, of these 26,178 flats are booked by home buyers. The MahaRERA has issued these notices only on the basis of the information submitted to it by the developers.

The regulatory authority has been scrutinising projects registered with it, as part of its monitoring exercise. The show-cause notices have been issued to the developers by MahaRERA to ascertain how the devel-

opers intend to complete these projects in the next nine months.

The promoters have been given 15 days' time to respond. Of the 261 projects served notices, 26 are from Mumbai city and 94 from Mumbai suburbs, 43 from Thane, 15 from Raigad, six from Palghar and 67 from Pune.

A MahaRERA official said, "We will find out what is the problem in each of the projects and how it can be expedited. The worry is that these projects can lapse. So, we want to warn them in the beginning itself. The promoters should not think that it is a free for all, they should know that we are watching them. If there is a need, we may also send our investigator to the sites and summon them for a hearing."

MahaRERA upgrades software to prevent builders from using designated bank account for multiple projects

SWEETY ADIMULAM
MUMBAI, MARCH 2

REAL ESTATE builders in Maharashtra will no longer be able to link their common designated bank account for multiple projects. The Maharashtra Real Estate Regulatory Authority (MahaRERA) has upgraded its software so as to avoid the same designated bank account details being linked to another registered project, said the official.

This step was taken after MahaRERA found 1,781 projects where the same/common designated bank account has been linked with multiple real estate projects. Under the MahaRERA Act, there is a provision that every registered project should have a separate designated bank account in compliance with section 4(2) (1) (d). However, it was found that several projects violated the RERA norms, said an official of the Authority. For every real estate development project, the concerned builder needs to create a designated scheduled bank account separately.

MahaRERA has also issued show-cause notices to 1,781 project developers, asking them why the same bank details were updated for multiple projects. Additionally, builders will also have to submit for each of the projects figures on the total units and units sold, as well as receipts and withdrawal details.

The designated bank account helps MahaRERA track the progress of the project and carry out effective monitoring

"Post review of the reply of show-cause notice along with supporting documentation as requested above, hearings are being held and appropriate actions as deemed fit are taken," said the MahaRERA official.

The developers have to maintain the designated bank accounts as 70 per cent of the amount realised for the real estate project from home buyers, from time to time, needs to be deposited in the bank account, to cover the cost of construction and the land cost. The amount can only be used for that purpose.

The designated bank account helps MahaRERA track the progress of the project and carry out effective monitoring, allowing it further to make informed decisions about project risks, corrective actions and project advancement. Recently, MahaRERA has also made it mandatory for builders to take prior permission in case of change or transfer of bank account, ensuring that the homebuyers' money remains secure and money is only used for that particular registered project with which it is linked.



Compliance of Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI by practising CA Firms

KIND ATTENTION CA FIRMS

It has been observed by the Authority that the Practising CA Firms are using vague and cryptic language while issuing various certificates to Builders/Developers which makes it difficult to draw any concrete inference from the same. It is advised to all concerned to give a clear opinion/report while issuing these certificates and follow the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI. Authority may call for an explanation and recommend further action against the concerned CA/CA Firm in case of issuing certificates without proper opinion/inference.

**Secretary,
Haryana Real Estate Regulatory Authority,
Gurugram.**

PRDH/2216/11/75/2023/16386/31/4

Fixing Loopholes



To avoid such irregularities in future, the regulator has updated its systems

The new system will not allow changes to mutual account

Any linking of accounts of a designated project with that of another project will be blocked



The regulator has also flagged **313 projects** for discrepancies in expenditure and completion status and started a thorough inspection



IMPORTANT CHANGES ON MAHARERA WEBSITE

NEW

ADDITIONAL DOCUMENT TABS

VS

Details of encumbrances concerned to Legal

Other – Legal, Finance, Technical

Foreclosure of the Project

Deviation Report with respect to model copy of Agreement






Separate Bank Account details including no encumbrances on the Bank Account or no escrow on the same [Format in Order No. 34/2022 dated 29/07/2022]





Deviation Report with respect to Allotment letter












CA. Aditya Zantye




BCOM, FCA, DISA, Partner
A K O R D & Co., Chartered Accountants




Sr. No.	Subject	Date	pdf
1.	Disclosure of sold/ booked inventory	09/04/2021	
	Corrigendum for the Order of sold/ booked inventory	25/06/2021	
2.	Committee for Capacity Building and Certification of Real Estate Agents in Maharashtra	12/04/2021	
3.	Guidelines for determining the seniority of complaints filed before the MahaRERA	18/05/2021	
	Amendment to Circular No. 30/ 2021 dated 18.05.2021	21/06/2021	





Sr. No.	Subject	Date	pdf
4.	<p>Guidelines for functioning of MahaRERA Conciliation and Dispute Resolution Forum</p> <p>New Amendment in the Conciliation process</p>	18/05/2021	 
5.	Declaration about Commencement Certificate	07/06/2021	
6.	Committee to review Model Agreement	14/06/2021	





Sr. No.	Subject	Date	pdf
7.	Hearing of Complaints as per Seniority	21/06/2021	
	New guidelines regarding Hearing of Complaint filed before the Authority	09/09/2021	
	Circular regarding convenience document	07/12/2021	
8.	Real Estate Agent registration and renewal of such registration	07/06/2021	
9.	Clarification regarding Formats for consent of allottees	22/07/2021	

Sr. No.	Subject	Date	pdf
10.	Procedure for transferring or assigning promoters rights and liabilities to a third party updated	21/06/2021	
11.	Quarterly Update for Registered Projects	30/07/2021	
12.	Report from CERSAI Amendment in CERSAI Order	30/07/2021 29/10/2021	 





Sr. No.	Subject	Date	pdf
13.	Execution of registered conveyance deed of a real estate project	30/07/2021	
14.	In the matter of "Garage", "covered parking space" and "open parking areas"	30/07/2021	
15.	Extension of project registration by 6 months	06/08/2021	

Sr. No.	Subject	Date	pdf
16.	SOP for deletion of projects from the list of lapsed projects	22/09/2021	
17.	Submission of Form 5 is extended till 31st December 2021	30/07/2021	
18.	Extension of project registration by 6 months	06/08/2021	

Sr. No.	Subject	Date	pdf
19.	Registration of Sale Component of Redevelopment and SRA projects	07/12/2021	
20.	Submit Form No 1, 2, 3 to the bank for withdrawal from designated bank account	29/12/2021	
	Withdrawal in tranches	17/03/2022	
21.	New forms available in public domain.	29/12/2021	
	Disclosure of information in public domain	14/01/2022	

Sr. No.	Subject	Date	pdf
22.	Modified version for filing Online Complaints	28/03/2022	
23.	Standard Operating Procedure for filing cases arising from Regulatory functions of MahaRERA	25/04/2022	
24.	Submission of Proforma of Allotment Letter and Agreement for Sale at the time of registration.	03/06/2022	
	Amended Proforma of Allotment Letter	01/07/2022	







Sr. No.	Subject	Date	pdf
25.	New directions for submitting the applications for registration.	01/07/2022	
26.	Regular Updates on Registered Projects by Promoters.	05/07/2022	
27.	Declaration about Separate Bank Account for Real Estate Projects Correction in Order No. 34/2022	27/07/2022	
		29/07/2022	
28.	Submission of Proforma of the Allotment Letter and Agreement for Sale at the time of Registration of a Real Estate Project.	12/08/2022	




Sr. No.	Subject	Date	pdf
29.	Professional etiquette to be maintained at the hearing of complaints before the Authority	28/10/2022	
30.	Non-negotiable clauses in the Agreement for Sale	16/12/2022	
31.	Only SRO representatives are allowed in MahaRERA Office	19/12/2022	
32.	Clarification of Commencement Certificate and Occupation Certificate for plotted development	26/12/2022	

Sr. No.	Subject	Date	pdf
33.	Disclosure about the directors/ members of the company of other organization	27/12/2022	
34.	Additional conditions for the extension of the project under section 7(3)	27/12/2022	
35.	Certification of Real Estate Agents and Training	11/01/2023	
36.	De-registration of Real Estate Projects	10/02/2023	
37.	Submission of half-yearly reports by MahaRERA registered real estate agents	13/02/2023	
38.	Real Estate Agent Training and Certification : Guidelines	15/02/2023	

Sr. No.	Subject	Date	pdf
39.	Transfer of Bank Account	20/02/2022	
40.	Agent registration for proprietary firm	20/02/2023	
41.	Verification of commencement certificates and occupation certificates	16/05/2023	
42.	QR code is compulsory for promotions/ advertising of projects	29/05/2023	
43.	Extension of time for submitting objections for de-registration of projects	23/06/2023	
44.	Important guidelines for Real Estate Agents	16/06/2023	

Sr. No.	Subject	Date	pdf
45	Suggestions for grading of Real Estate Projects	16/06/2023	
46.	Conditions for exemption for registration of project	09/06/2023	
47.	Execution of warrants as per SOP of MLRC Code	09/06/2023	
48	Appointment of Real Estate Agents Organizations for training to Agents	05/06/2023	
49.	Process for deletion of projects from the NCLT list	02/06/2023	
50.	List of de-registration applications received by MahaRERA	02/06/2023	

Sr. No.	Subject	Date	pdf
51	QR code is henceforth compulsory for promotions and advertisement.	26/07/2023	
52.	Information regarding verification of the Commencement Certificates/ Occupation Certificate submitted by promoters	24/07/2023	
53.	Extension of time for submitting objections for de-registration of projects	12/07/2023	
54	Additional list of de-registration applications received by MahaRERA	12/07/2023	
55.	Every promoter should establish Grievance Redressal Cell for allottees	25/08/2023	
56.	Empanelment of SRO for Real Estate Agent Association	24/08/2023	

Sr. No.	Subject	Date	pdf
57	QR code is compulsory in promotions/ advertisement	21/08/2023	
58.	Increase in the levy of convenience fees	18/08/2023	
59.	Additional list of de-registration applications received by MahaRERA	14/08/2023	

Disclaimer

All the efforts are made to cover the important provisions of the law. The material contained herein is not exhaustive, and contains certain generalizations. The latest Provisions and Notifications must be viewed. The presenter is not responsible for any loss incurred on the actions taken based on the material presented. -----



Thank you for Getting involved in
the discussion!

CA RAMESH PRABHU ,
EMAIL:rsprabhu13@gmail.com