

RERA PROJECTS FAQs

Question 1- What is the prohibition before a real estate project is registered?

Answer- Prohibition/ Restrictions as follows-

1. No promoter shall advertise, market, book, sell or offer for sale, or invite persons to purchase in any manner any plot, apartment or building, as the case may be, in any real estate project or part of it, in any planning area, without registering the real estate project with the Real Estate Regulatory Authority.
2. Explanation.- For the purpose of this section, where the real estate project is to be developed in phases, every such phase shall be considered a stand-alone real estate project, and the promoter shall obtain registration under this Act for each phase separately.

This means that the name of the project cannot be put out in any public forum, including signboards at the project site. Even advertisements saying “coming soon” are not permitted. Any form of ‘soft-selling’ or collecting payment from potential allottees is prohibited.

Question 2- What are the restrictions on advertising after the project is registered with UP-RERA?

Answer- As per the office order dated 22.02.2024 of UP-RERA and considering the relevant sections of RERA Act, 2016 regarding advertising of project, following are the key points-

1. It is mandatory for the promoter to mention the RERA portal URL and UP RERA registration number of its project in the advertisement prominently.
2. Prominent here signifies that the RERA portal and RERA registration number should be displayed in the font size proportional to the remaining content of the advertisement and it should be mentioned in the top right side of the advertisement page which should be fully visible and easily readable font.
3. While mentioning RERA registration and portal on audio medium like radio, Youtube, television etc, the Registration number of project should be prominently read in a clearly audible voice.
4. Promotion, bookings etc should be done through registered real estate agents only.
5. It is the responsibility of the promoter to check websites similar to promoter’s websites. If any other person advertises a name, logo, project or brand similar to the promoter’s website then the promoter shall be responsible to stop the concerned

person and effective actions. Thus, if any other site is advertising the project in a non-compliant manner then the Promoter should immediately send them a legal notice followed by further actions.

6. It should be on the basis of carpet area only and all promises in the advertisement are to be implemented.

Question 3- Can the units be sold as super area/ Built up area/ saleable area?

Answer- As per the RERA Act and UP-RERA office order dated 06.12.2023, the term used for sale of unit/ apartment should only be carpet area and the price will be calculated accordingly. No other method of declaring the apartment/ unit area is acceptable. Carpet area is defined as: carpet area means the net usable floor area of an apartment, excluding the area covered by the external walls, areas under services shafts, exclusive balcony or verandah area and exclusive open terrace area, but includes the area covered by the internal partition walls of the apartment.

Question 4- What are the restrictions/ rules on operating Bank account for the project?

Answer- Following are the basic rules/ regulations declared via RERA Account Directions dated 29.11.2023 by the UP-RERA:

1. The Promoter shall open three bank accounts, namely 'Collection Account of the Project', 'Separate Account of the Project', and 'Transaction Account of the Project' in a single scheduled bank -for the real estate project before applying for its registration with the Authority. The promoters of all real estate projects registered after 1st April 2021 would have to submit the details of all three accounts, with the application for registration of the project to the Authority.
2. Collection Account of the Project- The Promoter shall maintain the 'Collection Account of the Project' for each project registered with U.P. RERA separately.
"Collection Account of the Project" opened in a scheduled bank shall have the name of the project> along with the name of the Collection Bank Account holder. For example, if the name of the Promoter is M/s ABC Ltd, and the name of the project is XYZ, then the description of the account will be "ABC -Collection Account for XYZ". The Promoter shall give an affidavit in U.P. RERA on Form RA-1 incorporating the standing advice given by it to the bank for auto-transfer of not less than seventy (70) percent of the amount collected from the allottees in this account to the 'Separate account' and not more than 30 percent of the collected amount to 'transaction Account of the concerned project'.

The promoter shall publish the particulars of the 'Collection Bank Account of the Project' in every advertisement, prospectus/ brochure and also on allotment letter, Agreement For Sale with existing/ prospective homebuyers for the purposes of receiving payments for the project.

3. The Promoter shall maintain a 'Separate Account of the Project' for every project registered with U.P. RERA separately. It shall be a "NO LIEN" account. The money from this account shall be utilized only for meeting the following expenditures incurred on the project:

Land Cost: Acquisition cost of land and legal costs on land transaction, amount payable to state government, competent authority etc.

Project clearance fees: fees paid to RERA, fees paid to competent authority etc

Cost of development and construction: cost of services, cost of material actually purchased.

Interest: paid to financial institutions, Scheduled Banks, NBFC and unsecured Loan etc.

And that there are different forms/ formats of affidavit provided with the said SOP for proper submission of documents.

4. Transaction Account of the Project: The Promoter shall maintain a 'Transaction Account of the Project' for each project registered with U.P. RERA separately.

The "Transaction Account of the Project" shall have the <name of the project>along with the name of the holder of the Separate Bank Account. For example, if the name of the Promoter is M/s ABC Ltd, and the name of the project is XYZ, then the name of the account should reflect as "ABC - RERA Transaction Account for XYZ".

Only upto thirty percent of the total amount received from the allottees of the project in its Collection account from time to time can be deposited in this account. The account shall be used for meeting expenses other than directly related to the construction and development of the project.

Such expenditures like refunds to the allottees can also be met from this account. All payments on account of the penalties, interest and compensation, etc shall be met from this account only or from other funds of the Promoter.

Note: The Promoter shall disclose all three accounts to the Authority with the application of registration of the project through the facility provided on its website.

Question 5- What should be the basis of sales/ inventory of the project to be displayed on the Project?

Answer- The sales/ inventory of the project should be exactly as per approved map/ drawings of the Project duly sanctioned by the Competent authority. That is, project inventory shall consist of the saleable areas shown in the approved map and as per the configuration & carpet area of each unit in the approved map.

Question 6- How is the pricing of the flats to be reflected in various documents?

Answer- The pricing of the project to be reflected as total price including cost of parking spaces committed. As per the Rules, one year maintenance cost and GST is to be included in this price. IFMS, electricity meter charges can be extra at the time of possession. Per sq. m. rate may be reflected as per carpet area only.

Question 7- Is there any agreement/ BBA format to be followed with the buyers?

Answer- Yes, there is a mandatory format given as per the Rules for Agreement for Sale which is to be executed with the buyers before taking more than 10% of the price of the unit. As per law this Agreement for Sale requires to be registered though the enforcement of this is lax in UP. The Builders can add clarificatory clauses according to their project, provided they are not in conflict with the mandatory format and the Act/ Rules of RERA.