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ARE YOU FINANCIALLY SOUND TO BUY A HOME IN 2018 "GST AND KARNATAKA RERA ADDED TO OVERHEADS AND THAT INCREASED THE HOUSING PRICES



By: M.S.Yatnatti: Editor and Video Journalist Bengaluru: Buying a house is everybody requirement and aspiration .Realty rates rising as aspiration of people are also rising .So many builders are offering affordable housing options also . Brigade's revenue from operations rose 11%, Sobha's grew 6.2%, and Prestige, the biggest among the city developers, reported a 5.5% increase to Rs 1,444 crore, compared to the year-ago quarter .Puravankara's revenue from operations rose 17.4% to Rs 371.53 crore."The sales from all the segments and, especially from the higher segments, improved overall realization for builders . "The market has improved in Hyderabad and in the current environment in Bengaluru, having stable sales is a good sign of improvement .Are you planning to build or buy your dream home in near future ? You may want to hold on for some time, as developers led by the Confederation of Real Estate Developers' Association of India (Credai), Bengaluru, are trying to convince the Karnataka government to cut or abolish stamp duty and registration fees in the wake of the goods and services tax (GST) being implemented from July .If the move is successful, you will definitely save some money. "Else, it is expected to burden home buyers by 10%15%," say some industry leaders. Reportedly Suresh Hari, secretary, Credai, Bengaluru, confirmed they will soon submit a petition to chief minister Siddaramaiah, seeking either to abolish or reduce stamp duty as it is expected to hurt home buyers with the introduction of GST. Though GST was introduced to eliminate multiple taxation, he said the real estate sector will be an exception because home buyers are bound to pay GST along with stamp duty and registration fees, which account for 5.6% of the property value. "GST and RERA will certainly add to overheads of the industry and increase housing prices by 10%-15%. It's time the state government steps in to protect home buyers by either abolishing or reducing stamp duty levied on all immovable property after implementation of GST," .

Reportedly when there's unsold inventory in a subdued market, property developers occasionally offer a guaranteed rental scheme to boost sales. Mantri Developers, the Tata Group, Confident Group are among those who have done it in the past. Now, Puravankara has tied up with e-commerce company Snap deal and property consultancy JLL to launch a similar scheme. A customer can buy a ready-to occupy apartment from Puravankara across Bengaluru, Chennai, Coimbatore and Kochi and lease it back to the company for a period of seven years. The flat booking can happen through Snap deal. Puravankara will pay a pre-agreed rental to the customer for the leased period and pay the common area maintenance amount to the building association. It will increase the rentals by 8% annually . JLL will help Puravankara in sub-leasing the apartments to tenants. Some 200 apartments will be part of this scheme. For many buyers who do not intend to stay in the apartment they have bought, such schemes can be attractive. They receive a guaranteed income and lowers the pressure of loan EMIs, if any . They do not have to worry about finding and dealing with tenants. A CEO of a rival company , who declined to be identified, said it will turn out to be a great scheme in attracting buyers if Puravankara can provide the promised rental appreciation for the stipulated period. In 2011, Confident Group had offered assured rentals of Rs 10,000 and Rs 14,000 for ready-to-move in 2 & 3 BHK flats in a project in Hoskote. Those flats measured between 1,100 sqft and 1,450 sqft and cost between Rs 21 lakh and Rs 31 lakh. Bengalurubased Mantri Developers launched a similar scheme named last year for two of its projects. As per news paper reports Bengaluru real estate is booming .

There are nearly 500 residential projects underway in and around Bengaluru adding around 60,000 new units and this indicates huge construction activity happening in and around Bengaluru.. Once the buyer has decided on the location and his or her budget either through own funds or housing loan -care and caution have to be exercised. For, buying apartments and flats and homes and villas involves many intricate and complex issues. The Bengaluru real estate market is vibrant, with builders catering to all sections of the society with apartments and villas of varying categories -built up area ranging from 650 sqft to 10,000 sqft and price Rs 30 lakh to Rs 10 crore plus.Look before you leap.Cons are everywhere . Beware of con artists: Con artists make money through deception. They lie, cheat and fool people into thinking they've happened onto a great deal or some easy money, when they're the ones who'll be making money. If that doesn't work, they'll take advantage of our weaknesses -- loneliness, insecurity, poor health or simple ignorance. The only thing more important to a con artist than perfecting a con is perfecting a total lack of conscience.What does the average con artist look like? Despite what you may think, he isn't always a shady-looking character. A con artist is an expert at looking however he needs to look. If the con involves banking or investments in properties, the con artist will wear a snappy suit. If it involves home improvement scams, he'll show up wearing well-worn work clothes. Even the basic assumption that the con is a "he" is incorrect: there are plenty of con women too."Ensure papers are in order verify the builder's credentials".

In case of many buyers All their hopes of having a dream home has been dashed to ground when they came face to face with un-ethical , un professional and murkier side of the few unscrupulous builders . There are some of the instances of their cheating with unsuspecting customers. Buyers should do their home work before buying anything from builders. Buyers should do complete research of the market and Google every builder and its website and do market research and compare price side by side with the quality parameters and take into account every conceivable item and prepare a project report. Confidence tricks and scams are difficult to classify, because they change often and often contain elements of more than one type.My suggestion is, If you plan to buy a flat or plot always go for Bank loans (even if you have lots of money), when you take the loan route, the papers are legally checked by the bank and secondly, ensure there are minimum 4 - 5 banks offering loan for the apartment/residential colony.Buyers need to verify the credentials and credibility of the builder, the quality of construction, facilities and amenities offered and Once the builder and the project are identified, ensure title clearance of the land -most litigations are on account of title issues resulting in incomplete projects . Pay a token advance to the builder and get the master file consisting of copies of the entire land documents and then independently get the 'Title Search Report' (TSR) done. You can also get a detailed encumbrance certificate (EC) from the sub registrar office (SRO). prices of similar apartments in the area. Keep in mind the zoning clearances, water supply, parking space and litigations display boards, if any and do not jump into conclusion very fast .

BUILDING PLAN APPROVAL: The layout plan in general and the building plan of all apartment projects has to be approved and sanctioned by the BDA and not by any panchayat or CMC even though the project may be coming up on the outskirts of Bengaluru. The approvals will have A khata only (entire land and individual flats).Check if the construction is as per the approved plan as builders tend to violate Floor Area Ratio (FAR) and build extra flats without approvals. It's prudent to check the copy of the approved plan, A khata at the BDA office, as many fabricated and forged plans are in the market. **LICENCE TO CONSTRUCT:** Check whether the builder has obtained proper license from the BBMP/ BDA to construct the property . **FLOOR PLAN :**Check the original plan approval with the floor plan approval of the apartment to ensure there are no deviations violations .There have been instances where the approved plan shows the apartment on the first floor, whereas it is actually constructed on the second floor as an extra floor -named "mezzanine" -which is unauthorized. **COMMENCEMENT CERTIFICATE (CC):** Verify if the builder has obtained proper CC from the BBMP. **GOVT CLEARANCES:** Obtain copies of clearances from Bescom, BWSSB, the pollution board, and fire service besides approvals for digging bore wells from competent authorities.

LOANS TAKEN BY BUILDER :Find out whether the builder has got any loan. The original documents of the land would be mortgaged to the banks who will have to issue a "letter NOC" for release of the undivided share of interest (UDS) of the land constructed area .Also ensure that such mortgage transactions are registered and reflected in the encumbrance certificate (Form 15). Otherwise, there is a possibility of the builder getting multiple funding from banks which can take possession of the flats. **DON'T MISS! :** Periodic visits: Purchaser should visit the project site periodically to ensure that the construction is as per plan ,as per time schedule based on the agreement, and quality fittings & fixtures are used. **Completion Certificate:** The purchaser should insist and ensure that the builder provides a copy of the CC issued by the BBMP. **Occupancy Certificate (OC):** The builder has to obtain OC from the BBMP within three months of completion of the project obtainment of completion certificate. Buildings without OC are not entitled to power and water connections. **INDEMNITY OF THE BUILDER :**Since the project takes 24 months to 48 months for completion, an "indemnity bond" and "letter of undertaking and affidavit" should be taken from the builder confirming that construction will be as per the approved plan and the completion certificate will be obtained within 3 months of the completion of the project. **LAND OWNER TO EXECUTE MOE:**If the project is under joint development and the builder has taken a loan, it is desirable that the landlords are made part of the Memorandum of entry , so that they cannot say later that they were not aware of the loan.

LEGAL DOCUMENTATION: Be cautious while executing the agreement with the builder.Read and understand the implications of conditions in the agreements since they are normally in favour of the builder with very little scope for legal recourse. It is prudent to have a legal consultant to vet the documents.The buyer cannot go wrong if heshe follows the above safeguards, and thus prove the proverb "fools build houses and wise men live in them", wrong. **DON'T PAY MORE FOR LESS :**Flat area: Get the apartment measured to verify the carpet area.Builders sell on the basis of super built up area, which includes balconies, common utilities such as swimming pool, gym and staircases, due to which the carpet area gets reduced drastically.Normally, the difference is around 15-20 %: an apartment with a super built up area of 2,000 sqft generally has a carpet area (actual usable area) of only 1600sqft. **KEEP A RECORD :**Master File: Maintain a "master file" consisting of all documents such as copies of receipts of installments paid, title search report of the project,flat, plan approval copy, agreement of sale and construction, commencement certificate, and the "Occupancy Certificate". Planning to buy a piece of property? Do it at your own peril. For, the stamps and registration department has said it is not responsible for fraudulent dual registrations. It means the onus is on the buyer and the seller to ascertain whether the sale in question is legitimate or not. Quoting an 1882 law, inspector general of registration (IGR) NV Prasad has said they have no power to stop any fraudulent registration of properties in the state."The registering officer is not empowered to stop or refuse such multiple registrations and as per existing and applicable provisions of the Transfer of Property Act, 1882 only the parties concerned are liable responsible to stop such multiple registrations transactions," he said in his March 31 reply to a notice issued by the Committee on Judicial Accountability under section 80 of Civil Procedure Code (CPC).Take precautions as buying property is not easy.Many check lists have been reportedly published by many on the internet and websites and blogs.Please consider each one of them and do not over look any good point..Reportedly buying a resale property has always proven to be advantageous from choosing a strategic location to acquiring finer properties at better prices and ready to move properties . Although a resale apartment may be old, it is a good investment option owing to the low availability or supply of new properties in the area. Therefore, if the owner chooses to redevelop the property, it is likely to fetch him greater appreciation and better return on investment .Another advantage of buying a resale apartment will be if the buyer makes a one shot payment from his disposable income rather getting into the intricacies of seeking a home loan. However, one should be aware that seeking a home loan for a resale property would mean meeting additional legal and procedural requirements. It is mandatory that one should be aware of the legalities and paperwork before investing in a resale apartment. One can even consider hiring a good realtor and good advocate to get information on the apt resale property, the details of the seller, and running around for paperwork etc. Reportedly following are the important documents required to buy a resale apartment or independent house.

1. Sale Deed: One of the core legal documents that evidences the proof of property sale and transfer of ownership between the seller and the buyer is the Sale Deed. It is important that a Sale Deed should be registered and before it is executed, one should execute a 'sale agreement' and should ensure that all the conditions between the seller and the buyer are complied with. Also, before the sale agreement is executed, the buyer should check for a clear title and whether the property has any encumbrance charges on it. However, it is critical that a seller makes all the statutory payments such as water bill, electricity bill, property tax, cess, maintenance charges etc., before executing the Sale Deed.**2. Mother Deed:** Also known as the parent document, Mother Deed is the second most important document that traces and evidences the origin/antecedent ownership of the property from the beginning, in case the property has changed various hands. Mother Deed also helps in smooth selling of the property by establishing the current ownership. The document consists of the change of ownership of the property via sale, gift, partition or inheritance. All such changes will be traced from a transfer document through a uniform sequence in a chronological order without breaking the sequence flow. If there is a broken sequence, one should refer to the records from the registering offices, revenue records or the recitals (preamble) in other documents and should update the sequence until the present owner. However, if the original Mother Deed is missing, one should obtain the



certified copies from the registering authorities. **3. Encumbrance Certificate (EC):** An Encumbrance Certificate denotes the charges in the ownership or liabilities created on a property that is held against a home loan as security. The document consists of all the registered transactions pertaining to the property for a particular period/sought period. This certificate that is sought for a particular period evidences the property purchase/sale, the presence of any transaction or mortgage for that particular period. To obtain an EC, one should submit a copy of the Sale Deed, fill in the Form 22, affix a non-judicial stamp and submit it to the jurisdictional sub-registrar's office. Crucial details such as complete residential address, property location, property survey number, the sought period, property description, its measurements and boundaries should be mentioned in the Form. Therefore by paying a nominal fee amount on a yearly basis one can obtain an EC between 3-7 working days or more depending on the period sought.

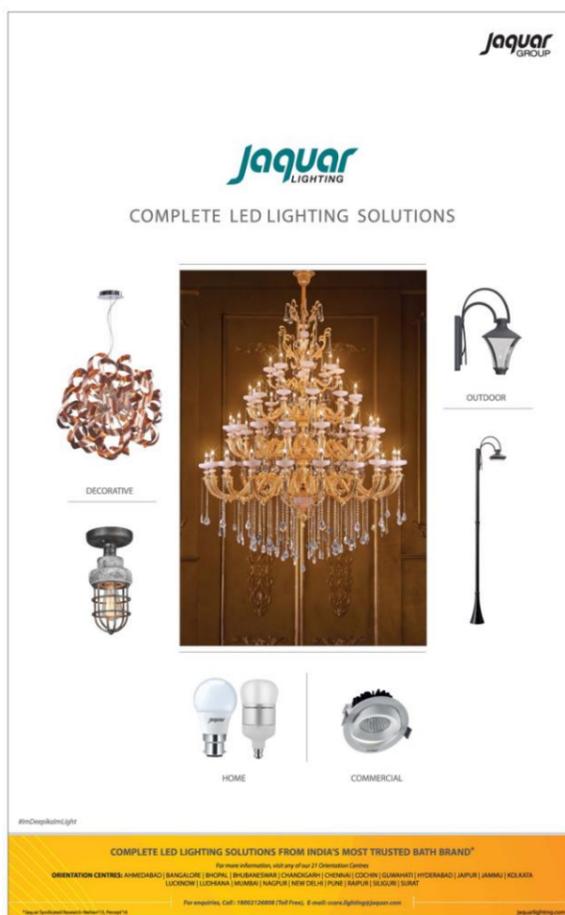
4. Latest tax paid receipt: All the properties that fall under the BBMP attract property tax that has to be mandatorily paid to obtain a Khata in the owner's name. The latest tax paid receipts are a proof that the property tax is paid up-to-date to the municipality. However, a buyer should ensure to make enquiries with the government/municipal authorities to see whether all the dues are cleared by the seller on the property. Also the buyer should demand for the latest original tax paid receipts and bills and check for the owner's details, the tax payer's details and the date of property tax payment on the receipt. In case the seller does not possess the tax receipt, the buyer can obtain one from the municipal body by providing the property survey number. Apart from this, the buyer should also check if other bills such as the electricity bill, water bill and other utility bills are paid up-to-date by the seller.

5. Khata Certificate and Khata Extract: Khata is nothing but a property account of a person. Khata consists of Khata Certificate and Khata Extract. The Khata Certificate is a crucial document needed at the time of registering a new property/transfer of a property. Furthermore the Khata is widely referred to as 'A' Khata and 'B' Khata (Revenue records extract). An 'A' Khata has properties listed under BBMP jurisdiction with legal property construction, whereas a 'B' Khata has properties under local jurisdiction with violated property constructions. It is always wise to buy properties with an A Khata as it denotes a legal construction, besides a B Khata can always be converted to an A Khata through various schemes and the payment of a penalty to the municipality. However, a Khata Extract is nothing but obtaining the property details from the assessment registrar and is important at the time of property buying and acquiring trade license.

6. Occupancy Certificate (for a constructed property): An Occupancy Certificate is obtained after the completion of a project construction by a builder. It is given only after the authorities carry out an inspection on the property. The certificate evidences that the project constructed by the builder has met all the given norms. An Occupancy Certificate will be needed at the time of property buying, seeking a home loan, before taking the property possession and for Khata transfer. It basically confirms that the project is ready to be occupied.

7. Building approval plan: Without a building approval plan, a building will be deemed as an illegal construction as per the Karnataka Municipal Corporations (KMC) Act. This plan is sanctioned by the BDA (Bangalore Development Authority) or the BBMP (Bruhat Bengaluru Mahanagara Palike) or the BMRDA (Bangalore Metropolitan Region Development Authority) or the BIAPPA (Bangalore International Airport Area Planning Authority). It is important that the building owner gets the approved plan from the jurisdictional Commissioner/ an officer authorized by such Commissioner. The authorities sanction a building approval plan taking into consideration the zonal classification, road width, floor area ratio (FAR) and plot depth. One can obtain a building approval plan by submitting a set of documents such as the Title Deed, property assessment extract, property PID number, city survey sketch (from the Department of Survey and Settlement and Land Records), up-to-date tax paid receipt, earlier sanctioned plans (if any), property drawings, 2 copies of demand drafts, foundation certificate (if any) and a land use certificate issued by the competent authority (viz., Dy. Commissioner). Furthermore the requisites of acquiring a building plan include hiring a registered architect to draw a plan that meets the applicable bye laws. Making it easier to obtain a building approval plan, the newly invented BBMP software- Automated Building Approval Plan will issue the plan within a period of just 4-5 working days, provided it meets all the requirements.

8. Possession Certificate (PC): A Possession Certificate has to be mandatorily issued by the Builder / Developer to the first owner. A PC confirms proper construction and allows people to take possession of the property. This document is not reissued at the time of resale; however, it is passed on to the successive owner. One would need two additional documents in case he's buying a resale independent house. **9. RTC (Record of Tenancy Rights/Certificate) Document:** An RTC or a Pahani is a crucial revenue record that consists of the land owner's details, the soil type, the water rate, assessment, area, liabilities, tenancy details, crops grown on the land, nature of possession of the land and other details. The RTC/ Pahani document is required for an array of purposes such as : to know the authenticity of the property seller, during the completion of the sale transaction at the sub-registrar's office, to seek a home loan and at the time of civil litigation (if any). A person can acquire a RTC document from the Pahani centre/online from the Tehsildar's office for a sum of Rs. 15/- to the revenue inspector. **10. Conversion Order/ DC Conversion (agricultural to residential):** A Conversion Certificate or a DC (District Commissioner) certificate is acquired to change the property status from an agricultural land use to a non-agricultural land use viz., residential use or industrial use. The Conversion Certificate plays an important role especially in cities with vast areas of agricultural land. It is issued by a competent authority by requesting the department of Town and Country Planning to issue a NOC for the conversion of such a land. In order to get a DC Conversion Certificate, the land owner should submit various documents such as ownership documents, a photo copy of the land survey number, a photo copy of the revenue survey map of the village denoting the location of the land proposed for conversion and any other information required by the authority.



CONSULTANCY HELP LINE

You may have problems with Government Departments PWD, BDA, BMRDA, KIADB, TOWN PLANNING DEPARTMENTS AND Development Authorities BBMP, Taluka office, D.C. Office, Corporation, K.S.R.T.C., Commercial Tax Offices, K.E.B., Pension problems, Acquisitions of Land Problems, Khata, Bifurcation, Tax Revision. Banks Problems etc, which may be have been pending for months, and years in Government files etc.

Everybody is facing Problems, Problems?

Kindly write to us, we analyze and convince ourselves and if appropriate then we will take your problems, to concerned authorities, ministries, i.e., through our news paper property politics and try to help you. We also provide consultancy and Liaison service on case to case bases as per agreed terms and fees. Write your problems with Xerox copies,

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