

# RERA Project Extension



Project Extension  
Compliance under RERA

# Preface



Every promoter by the mandate of law except those exempted are required to register under RERA. For such registration they are asked to furnish documents and records in an application manner.

In the application made by the promoter for registration of a project, the promoter is required to mention the time within which the promoter undertakes to complete the said project. After the authority grants the approval for registration, the promoter is obligated to complete the project within the mentioned period or a penalty will be imposed on them.

However, a certain rule in the Act provides relief to the promoters for situations where the completion of the project was delayed due to reasons not under the control of the promoters. In such circumstances if the authority deems fit, will provide an EXTENSION of registration to the promoter for that project.

# Circumstances under which Extension can be applied for:

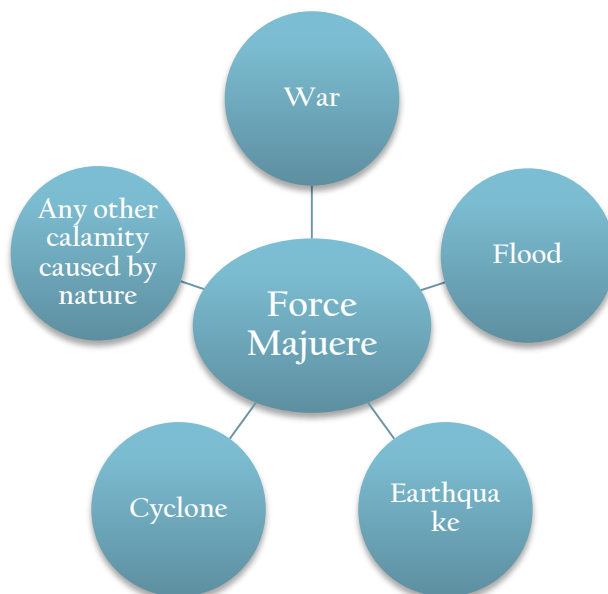
If the promoter is unable to complete the project within the time declared by it in the registration application, the authority at its discretion can provide an extension to the promoter as it deems fit upon receiving an application of extension from the promoter and with the payment of the prescribed fee for extension.

The Authorities must record the reason for the default and must ascertain whether such default can be deemed as reasonable circumstance. Upon the assessment, the authority may grant an extension for a total period of 1 year. However, if the authority is not satisfied with the reasons provided, they may reject the application of extension of the real estate project upon providing adequate opportunity to the promoter to be heard.

## FORCE MAJEURE

In the event that a promoter is not able to complete the real estate project due to reasons that fall under “FORCE MAJEURE”, the authority can grant extension to the promoter upon assessing the reason.

For better understanding, FORCE MAJEURE shall mean any of the following:



The force majeure situation for which the promoter shall be entitled to get extension for the registration shall only be the circumstances as mentioned. If the term were not specifically defined by the Act, then it would include any such circumstance, which was beyond the control of the promoter. However, the term here has been exhaustively defined and any other reason would not justify the default.

# How to Apply for an Extension?

An application for extension of the real estate project shall be made to the Authority, **in Form “E”**, along with an explanatory note setting out the grounds and reasons for the delay in the completion of the real estate project and the need for the extension, along with documents supporting such grounds.

The List of documents to be attached with the form are as follows:

- Fees (computed as per the set rules)
- Authenticated copy of proposed plan of the project showing the stage of development works undertaken till date.
- Authenticated copy of the permission /approval from the competent authority which is valid for a period which is longer than the proposed term.

The fees for extension will be charged as:

The fees for extension will be computed as Rs.10/- per square meter of the land proposed to be developed. The minimum fees shall be Rs 10,000/- and the maximum fees shall be Rs 10, 00,000/-.

Further, in case of plotted development, the promoter shall pay a fee, calculated on the area of the land proposed to be developed at the rate of Rs 5/- per Square meter.





# Implications on the Promoters for Default

The promoters on default or failure to attain extension may lead to revocation of their registration or the promoters may be ordered to make amends in a reasonable manner towards the homebuyers.

In a case of default, both buyer and the builder have to charge the same rate of interest. Therefore, if the buyer defaults in making payments on time to the builder or if the builder defaults in giving possession within the agreed period, the rate of interest payable for both will be the same.

Many states fixed the rate of interest payable by the promoter to the allottee or by the allottee to the promoter, as the State Bank of India highest Marginal Cost of Lending Rate plus two percent.

## AUTHORED BY

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## What if still there are defaults?

RERA has taken steps to not only make the promoter accountable but also make them pay compensation and penalty in cases of default of any provision of the rules. The enforcement of these could still be a question unanswered and will depend on the state RA to get them implemented.

In case the builder defaults and delays the possession of the property as per the 'agreement of sale', the buyer has the right to claim the refund of the amount paid along with interest. Even in the case, the promoter's registration is cancelled; the buyer will have the right to a refund.

In addition, in case the buyer does not want to withdraw from the project and does not want a refund, the promoter has to pay interest for every month of delay, until the handing over of the possession. Even though these could be an existing practice but taken together with the option for a refund under the aegis of a regulator, the delay process could be curtailed largely.

A young woman with brown hair tied back, wearing a white button-down shirt and blue jeans, is sitting and smiling while using a silver laptop. The background is a blurred blue and white architectural structure.

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