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**Karnataka Real Estate Regulatory Authority
(General) Regulations, 2022**

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KARNATAKA REAL ESTATE REGULATORY AUTHORITY (GENERAL) REGULATIONS, 2022



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The real estate industry is governed by multiple laws viz., central, state and local / municipal laws. In spite of having many laws, the government realized that the real estate sector needs a comprehensive regulation and development to have orderly growth and attract the attention of the globe for investments etc.

With the efforts of various stakeholders viz., industry associations, NGO's, activist the Act is enacted by the central government as it falls in the concurrent list in Schedule 7 of the constitution of India. Hence new law is called The Real Estate (Regulation and Development) Act 2016, is completely effective from 1st May 2017.

The legislation has been envisaged to bring accountability and transparency in the sector for improving governance, for protecting the consumer interest and speedy mechanism for adjudication of disputes. The Act is expected to promote professionalism, standardization and orderly growth which will increase foreign/private investment in the sector. Act contains 10 chapters and 92 sections–

Sections	Provisions of the Act
1 – 2	Applicability and Definition
3 to 8	Real Estate Project Registration, Extension, Revocation of project
9 to 10	Real Estate Registration and functions
11 to 18	Functions, duties, obligations of the Promoter of the Real estate projects
19	Rights and Duties of the Allottees in the project
20 to 40	Establishment of Real Estate Regulatory Authority
41 to 42	Central Advisory Council
43 to 58	Establishment to Real Estate Appellate Tribunal
59 to 72	Offences, Penalties and Adjudication
73 to 78	Finance, Accounts, Audit and Reports
79 to 92	Miscellaneous

Sections	Effective from
2, 20 to 39, 41 to 58, 71 to 78, 81 to 92	Came into effect from 1 st May 2016
3 to 10, 11 to 19, 40, 59 to 70, 79 to 80	Came into effect from 1 st May 2017

The Act is wide enough to cover various aspects of the Real Estate Project to achieve discipline, standardization and transparency among various stakeholders viz.,

1. Mandatory **Registration** of Real estate project before advertisement, marketing or sale
2. Mandatory Registration of Real estate **agents**, who involve in marketing the real estate projects
3. Obtaining **Sanction** plans, NOC, approvals mandatory before launching of the real estate project
4. Ensuring the **legal** ownership of the project land
5. **Advertisements**, ethical and responsible practices
6. **Financial** management – utilization of funds, credibility and ability of the promoters
7. Standard and uniform legal agreements – **Agreement** of sale
8. Defect liability - **Quality** and warranty
9. **Title** guarantee of the Land
10. Proper communication, **consent** of the customers in case of modification in plans, specifications
11. Development of project with in **timelines** and as per the plan sanction
12. Mandatory obtaining of **completion** certificate from planning authority
13. Compensation in case of **delay** or non-adherence
14. Timely **payment** of dues by the allottees
15. Participation by the allottees – **possession**, association formation etc
16. Allottees liable to pay **Interest** in case of delay payment of installments

17. Complaint, Adjudication, Appeal and Dispute resolution.

18. Many more...

In order to achieve, the power is conferred in the Act under Section 20, the appropriate government (State/UT's) shall, within a period of one year from the date of coming into force of this Act, by notification, establish an Authority to be known as the Real Estate Regulatory Authority to exercise the powers conferred on it and to perform the functions assigned to it under this Act.

Accordingly, the State Governments has appointed the Authorities, known as RERA Authority. As per Section 20 (1) of the Real Estate (Regulation and Development) Act, 2016 (RERA Act), in Karnataka, Interim Real Estate Regulatory Authority was established on 14-July-2017 and was functioning till 06-March-2019. Vide Government notification No. DOH24RERA2017 dated 05- March-2019, the regular Karnataka Real Estate Regulatory Authority is established and functioning from 07-March-2019.

Further in exercise of the power conferred on it under 85(1) of the RERA Act, the Authority shall, within a period of three months of its establishment, by notification, make regulations, consistent with this Act and the rules made thereunder to carry out the purpose of this Act.

GOVERNMENT OF KARNATAKA has notified the REGULATIONS vide No. DOH 27 RERA 2019 dated 27th October 2022 and the details are as follows -

Title, commencement and application- (1) These regulations may be called the **Karnataka Real Estate Regulatory Authority (General) Regulations, 2022.**

They shall come into force on the date of their publication in the official Gazette (i.e., WEF 27th Oct 2022)

These regulations shall apply to all matters falling within the jurisdiction of the Authority in the state of Karnataka.

The details of the regulations (Reg) are as follows -

Reg. No	Regulation details	Details
1	Title, commencement and application	

Reg. No	Regulation details	Details
2	<p>Definitions</p> <p>(j) "Media" means and include newspapers, magazines, periodicals, journals, radio, television, internet and other social media platforms;</p> <p>(k) "No Lien Account" means a Bank Account without any third party rights or security interests;</p> <p>(l) "No Lien fixed deposit" means the fixed deposit without any third party rights or security interests;</p> <p>(n) "RERA Bank Account" means the separate Bank Account to be maintained by the promoter in the local branch of a scheduled bank, where the project is going on, as per sub-clause (D) of clause (1) of sub-section (2) of section 4 of the Act;</p>	Definitions are Defined from regulations 2(a) to 2(p) -
3	Formats of Certificates -	Authority has notified the various formats and details are as mentioned -
4	Language of the Authority	shall be Kannada and English
5	Seal and emblem	shall have its own official seal and emblem
6	Computation of time	shall be reckoned exclusive of the said day or of the day of the act or event from which the time runs and in case of holiday, it is next working day

Reg. No	Regulation details	Details
7	Meeting of the Authority	as and when necessary to transact its business, but not less than fourtimes in a year
8	Quorum for meeting of the Authority	minimum of one-half of the appointed members present, with minimum of two members
9	Minutes of meeting of the Authority	
10	Obligation of members at the meeting	
11	Procedure for scrutiny of complaint, reference and review petition	Form-N or Form-O to the K RERA Rules
12	Adjudication proceedings	
13	Authorised representative	
14	Collection of information	
15	Investigation	
16	Orders of the Authority	
17	Interim order	
18	Compliance of orders	
19	Certified copies of the order	
20	Inspection of records	
21	Destruction of records	
22	Continuance of proceedings after death, etc	
23	Effect of non-compliance	
24	Power to remove difficulties	
25	Saving of Inherent power of the Authority	
26	General power to amend or rectify	
27	Extension or abridgement of time prescribed	
28	Costs	
29	RERA Bank Account	

Formats and reference of certificate Numbers in the Regulation -

Certificate Name	Certificate Format	Professional to issue the certificates	Reference
Post / Registration	Form - 1	Chartered Accountant	Regulation 3 (1)(i)
Post / Registration	Form - 2	Architect	Regulation 3 (1)(i)
Post / Registration	Form - 3	Engineer	Regulation 3 (1)(i)
Quarterly updates	Form - 4	Chartered Accountant	Regulation 3 (1) (ii)
Quarterly updates	Form - 5	Architect	Regulation 3 (1) (ii)
Quarterly updates	Form - 6	Engineer	Regulation 3 (1) (ii)
annual audit report	Form - 7	Chartered Accountant	Regulation 3 (1) (iii)
Change of the RERA Bank Account	Form - B1	Promoter Application	Regulation 3 (1) (iv)
Change of the RERA Bank Account	Form - B1-A	Chartered Accountant	Regulation 3 (1) (v)
Change of the RERA Bank Account	Form - B2	Issued by the existing Banker (70% RERA Account) – NOC	Regulation 3 (1) (vi)
Change of the RERA Bank Account	Form - B3	The proposed Banker to confirm transfer of funds to RERA Bank Account	Regulation 3 (1) (vii)
Change of the RERA Bank Account	Form - B4	Promoter	Regulation 3 (1) (viii)
Project extension	Form - F1	Project architect in practice	Regulation 3 (1) (ix) Certificate on status of work and pending work

Certificate Name	Certificate Format	Professional to issue the certificates	Reference
Project extension	Form - F2	Chartered Accountant in practice	Regulation 3 (1) (x) Certificate on amount of funds incurred and balance fund required
Project extension	Form - F3	Project Engineer In Practice	Regulation 3 (1) (xi) Certificate on status of work and pending work
Modification of the sanctioned plan	Form - M	Consent letter from the allottees	Regulation 3 (1) (xii) Section 14 of the RERA act
application for change of project name	Form - U	Promoter	Regulation 3 (1) (xiii) Application for change in Project Name
change of the promoter	Form - V	Promoter Application for change in promoter	Regulation 3 (1) (xiv) Section 15 of the RERA act

Important clauses in the regulations – professionals shall advise the promoters (clients) in order to comply with the regulations -

- Professionals engaged during the project registration shall not be removed (Designated chartered accountant, architect or engineer) without prior concurrence of the Authority
- The chartered accountant certifying the progress of the registered real estate project for the purpose of withdrawal of amounts (FORM 4) from the RERA Bank Account shall be a different entity than the chartered accountant who is statutory auditor of the promoter's enterprise.

- If the Form-7 issued by the statutory auditor reveals that any certificate issued by the chartered accountant, project architect or project engineer has false or incorrect information, the amount collected for a particular project has not been utilised for the project or withdrawals are not commensurate with the development of the project, the Authority shall, apart from taking action against the promoter under the Act, and rules and regulations made there under, shall also bring the matter to the concerned respective regulatory body of the said chartered accountant, architect or project engineer, for necessary penal action against them. (Here concerned regulatory body may be ICAI, CoA, IIE etc)
- The sanctioned plans and lay-out plans, along with the specifications approved by the competent authority, shall be prominently displayed by the promoter at the project site and the registered office of the promoter. Non-compliance of this shall be deemed to be contravention under clause (a) of sub-section (1) of section 7 of the Act and shall be liable for penalty under section 61 of the Act

Regulation 29 – RERA Bank Account – details

- The RERA Bank Account shall be a No Lien account
- withdrawal from the account shall be in accordance with the provisions of the Act, rules and regulations made thereunder.
- The amount withdrawn from the RERA Bank Account shall be utilised for the purpose of completion of the same real estate project.
- However, there is no end use restriction on the amount which is withdrawn from the RERA Bank Account, in accordance with the provisions of the Act, rules and regulations made there under
- A RERA Bank Account shall be opened before applying for registration and
- Separate Bank account maintained for each of the registered project of the promoter,
- A RERA Bank Account shall be opened at local branch of a scheduled bank, where the project is going on.
- Details of the RERA Bank Account shall be submitted along with the project registration application.
- It shall be required to suffix the term “RERA Designated account for name of the project, real estate project” with the name of the account holder.

Illustration: 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 shall be “ABC-RERA Designated Account of XYZ”.


10. Each project shall have only one RERA Bank Account. In case of multiple promoters, necessary contractual or legal arrangements shall be made by the principal promoter, who shall register the project, to ensure proper operation of the account (means landowners and developer to deposit the 70 % amount to RERA Designated bank account)
11. The promoter shall deposit seventy percent of the amount collected or realized from allottees (other than pass through charges and indirect taxes)
12. In case of project which is higher than the estimated value of sales revenue, **hundred percent** of the amount collected from the allottees (other than pass through charges and indirect taxes), shall be deposited in the RERA Bank Account
13. The money present in the RERA Bank Account may be kept in fixed deposit with the bank and such fixed deposit shall be No Lien Fixed Deposit and no loan shall be obtained against and no charge shall be created on such fixed deposit
14. In case of a fixed deposit being made from the money in the RERA Bank Account, the chartered accountant shall verify that there is no lien or charge on such fixed deposit.
15. The promoter and/or chartered accountant shall obtain the no lien or charge certificate in respect to such fixed

deposit from the bank once in every three months and submit the same as part of quarterly compliance return.

16. The promoter shall append copy of the RERA Bank Account pass book statement certified by chartered accountant to Form – 4, as part of the project quarterly return submission.
17. The promoter may change the RERA Bank Account from one bank to another bank only with prior permission of the Authority by making application
18. Power of the Authority: Upon revocation of the registration, the Authority may direct the bank holding the RERA Bank Account, to freeze or de-freeze the said account, to facilitate the remaining development works in accordance with the provisions of clause (c) of sub-section (4) of section 7 and section 8 of the Act.
19. The Authority may, in the interest of the allottees, enquire into the payment of amount out of RERA Bank Account.

Conclusion – promoters and professionals shall refer the RERA Act, Rules, notification along with these Regulations in order to comply with the provisions of the statute.

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