

Guide for buyers before buying property – especially in Delhi and NCR!!!

We all aspire to buy a home and in case we have one, we aspire to have an additional one for investment purposes. Buying home is not an easy task, more so for middle class and service class people. They end up putting all their money, investments etc. in the buy. Beyond a doubt, investing in property is always rewarding and the returns on investment are terrific; compared to any other investment option.

With so many authorities regulating and giving the approvals, the project in which you have invested may come into trouble if there is any flaw in obtaining the approval from any of these regulatory agencies. Besides that the government has not come up with one single agency which checks and monitors the sale and purchase of the properties, like we have SEBI as an agency regulating the Sensex.

The failure of government authorities in ensuring transparency in property deals allows the property agents, builders and developers cheat innocent investors. It is often found that the projects are funded by black money or influential persons; mostly the politicians. This makes the matter even worst for the common investors as they hardly get police support in case they are being cheated.

Of late, we are seeing farmers protesting for more compensation and going to courts and getting injunction orders from the courts against the ongoing projects. This further derails the projects. All those projects against which farmers have obtained injunction are fully sold and work was midway. The resentment amongst the farmers was the compensation offered to them by the government and the developers. I would like to point out here that I am not against those farmers, but courts should also take a liberal view towards the genuine, innocent buyers who have invested their hard earned money to fulfill their dreams to own a house. The courts grant injunction orders on the notion of “**caveat emptor**”.

For an investor, the whole world crashes down, when he/she comes to know that the property they dreamt of owning is not clean of encumbrances or is disputed.

With my blog, I am trying to help layman understand what all one checks before investing in property, especially if you are investing in Delhi and NCR region.

1) Title and Certificates –

If you are purchasing the property from the builder, find out ownership of the land on which construction is taking or will take place. Ask the developer to give you a copy of allotment letter of the land on which the project is to be developed. If the land is purchased by the buyer from government agency e.g. DDA, GDA etc. they will give you a copy of allotment letter from the government agency to developer.

In case property is purchased from any other agency, check the title document. The title document helps us in determining whether the property is clear or not.

The risk is less if we purchase property from the urban development authorities. However, if the property is purchased from private builders, colonizers, it is always appropriate to take legal assistance to get the credentials of the property checked.

The next step involved is to check whether the developer has obtained all appropriate approvals and certifications to start the project or not. The major sets of approvals are –

- a) Building plans and floor plans. Whether the plans are approved by builder from the local authority.
- b) Structural safety certificates,
- c) No objection certificates from the civic authorities
- d) Environment clearances
- e) Urban land ceiling certificates
- f) Commencement certificates and
- g) Title deeds
- h) NOC from the water authority for using the water for construction purposes

You can ask your builder to provide you the copy of each of the above certificates.

2) Written Agreement -

The buyers must insist on written agreement with the seller. It should clearly mention the specifications of the apartment, the super area, carpet area, room dimensions, all terms and conditions related to sale, payment plans, payment schedule, penalty in case of delay in payment of installments, and the deadline for the completion of the project.

These are the attributes that should be included in the agreement in case the project is not started as yet or under way.

In case, the project is completed, the buyer should physically check the occupation certificate, the firefighting mechanism, property tax receipts, electricity and water connections, besides getting the written agreement from the seller.

It is pertinent to check each and every point before making a purchase. Do not slip on any of the above points.

3) Completion or Occupation Certificates-

One of the important documents one must check and get a copy of is the completion and occupation certificate issued by the municipal authorities. It should be noted that the completion or occupation certificate is issued only after the completion of the project. It shows whether the project complies with all the rules and regulations specified by various regulating authorities. This is a certificate given by the municipal authorities that the building is fit to move in and is in shape and it has complied with all municipal laws.

4) Additional documents in case of purchase from Society-

In case the purchase is made from society one should also check the following documents apart from above mentioned set of papers –

- Share certificate issued by the society. This establishes the identity of the seller
- The shares should be transferred in your name as a purchaser. The share transfer certificate shall form a part of ownership deed
- Check the NOC issued by the society in case of resale. This NOC states that there is no due to the society and the seller has complied with all rules and conditions laid by the society

These are the points, which all buyers should keep in mind before investing in property. Any fallacy on any of these points should be considered a risky proposition for the buyers and they should avoid investing in those properties.

Apart from these set of rules, buyers should also check on the developer's earlier projects about the quality of the work and the credibility of the developer.

It is always advisable to take bank loans. Once the bank is involved in the purchase, you can be assured of to an extent the property is clean. Banks are aware of the fraudulent practices prevailing in the markets and the developers. Banks have expert teams, who evaluate and check if the property is clear or not. It is advisable to buy property through bank loans even when you can pay full amount yourself.

Besides that buyers can always take legal opinion on the project before investing in any property.