

# LOHIA WORLDSPACE

## Frequently Asked Questions

### Definitions often used terms in the following FAQs –

**Consumer/Buyer:** A person who has booked/agreed to purchase for a consideration plot(s), apartment(s), or building(s) from a Real Estate Developer.

**Real Estate Developer/Promoter:** A person who develops and/or constructs building(s) or a township consisting of residential apartments and/or commercial complexes on an independently or a jointly-owned land, which are partially or completely sold to the consumers. However, a consumer does not include a consumer who has bought goods or who has availed services for commercial purposes.

**Project:** A Real Estate project undertaken by a real estate developer comprising of apartment(s), unit(s), building(s), wing(s), plot(s) for residential or commercial purposes or both with certain amenities and facilities for the use of the purchaser as specified in their agreement for sale.

**Real Estate Agent:** A Real Estate agent commonly referred to as brokers or channel partners or property dealers, is a person who is registered with the RERA authorities and the real estate developer. Such Real Estate Agent facilitates the sale or purchase, or acts on behalf of any person to facilitate the sale or purchase of any plot, apartment, unit or building, as the case may be, in a registered real estate project and receives remuneration/fees/ any other charges as commission/brokerage from the real estate developer.

**Unit:** A single apartment, shop or an office which is a part of a building or township being developed.

**You can use this guide to familiarize yourself with rules, laws and other important information relating to your property.**

### What is Carpet Area?

As per Real Estate (Regulation and Development) Act, 2016, "Carpet Area" means the net usable floor area of an apartment, excluding the area covered by the external walls, areas under service shafts, exclusive balcony or veranda area and exclusive open terrace area, but includes the area covered by the internal partition walls of the apartment.

### What is the 'Agreement for Sale' and is it binding on the 'real estate developer' and the 'buyer/consumer'?

The agreement entered between the developer and the consumer/buyer for the sale of the apartment/flat/unit in the developer's project is called the Agreement for Sale. Some of the States have specified through its rules the 'Agreement for Sale' to be entered between the real estate developer and the buyer/consumer. The Agreement for Sale is binding on the parties, however, internal flexibility may be provided in the Agreement for Sale, for determination / insertion of other provisions as may be required.

### When is the Agreement for Sale required to be registered under the Act?

Agreement for Sale between the real estate developer and the buyer/consumer is to be registered under the Act before the buyer/consumer makes payment of a sum more than 10% of the consideration.

### Why is it considered necessary to register Agreement for Sale? What is the purpose of registration?

The Registration Act, 1908, the Transfer of Property Act, 1882 and the Real Estate (Regulation and Development) Act, 2016 mandates the registration of an agreement for sale of an immovable property. By registering the agreement for sale of an immovable property, it becomes a permanent public record. Further, a person is considered as the legal owner of an immovable property only after he gets such property registered in his name.

### How many properties can I own?

You can own as many properties as you want.

### What is an occupancy certificate?

An occupancy certificate is granted by the plan sanctioning authority once the building is complete and ready for Inhabitation. In some places, an official water connection is granted only after the OC has been obtained. This document is given after verification

that the construction has been carried out in accordance with the approved plans. The builder is not entitled to give possession and the unit buyer is not allowed to occupy the unit till the OC has been obtained. Further, the property comes into existence on and from the date of granting of OC. Property taxes are also levied as a unit from the OC date.

**I have a flat which I want to sell and buy a new flat, bigger in area. What are my tax implications with regard to capital gains?**

Capital Gains are exempt if a person purchases a new flat within two years of the date of sale of the original flat and invests the entire amount of capital gained into the new flat. However, the same is subject to the provisions of the Income Tax Act, 1961. Customers are requested to consult his/her Chartered Accountant in this regard.

**What is the difference between long-term Capital Gains and short-term Capital Gains?**

If the house is held for less than three years prior to its sale, it is termed as a short-term capital asset and any gain arising from the sale is treated as a short-term Capital Gain. There are no tax exemptions for short-term Capital Gains and one needs to pay it according to the applicable tax slab. However, if the property is sold after holding it for more than three years, it is treated as a long-term capital asset and the gain arising from it is called the long-term Capital Gain.

**How can I qualify for exemptions on the Capital Gains Tax?**

There are a few exemptions available for long term Capital Gains, if you:

**Buy or construct a new house:** If you build a new house or buy one from the money you receive from selling a property, you are exempted from paying the tax on Capital Gains. However, the new purchase should be done either one year before or within two years of sale and the construction should be completed within three years from the date of transfer. The new property bought or constructed should not be sold within three years from the date of its purchase or date of completion of construction.

**Capital Gain Account Scheme-** Through the Capital Gain Account Scheme (CGAS), you can save the received money in designated banks. CGAS helps you in buying time to look for suitable investments as it serves to inform the Income Tax department that you plan to invest the money received; but at a later date.

**Invest in Bonds-** You can also invest in financial assets or bonds to save tax. Such bonds are issued by the Rural Electrification Corporation and the National Highway Authority of India and should be bought within six months of transferring the property.

**What is Stamp Duty? Who is liable to pay Stamp Duty? Do I get tax benefits on Stamp Duty?**

Stamp Duty is the tax paid for the legal recognition of property. It is paid by the home buyers. You can claim tax incentives on stamp duty and registration charges on a new property purchase or construction of a house.

**What are the taxes that I need to pay before buying a property?**

The buyer needs to pay the following taxes:

TDS or tax deduction at source on amount exceeding Rs 50 lakhs for the purchase of property excluding agricultural land.

Stamp duty

GST - Applicable if the property is being purchased from the builder who conceived and constructed the project before offering possession to the buyer. If a 'ready to move in' property is purchased from the seller, GST is not applicable.

**What is the difference between leasehold property and freehold property?**

The difference between a leasehold property and a freehold property lies in its ownership. In a leasehold property, the ownership remains with the concerned local authority or the government (as the case may be). The lease period varies typically between 30 to 99 years. But, this does not prevent the individual owner from selling or performing other transactions with the property, provided the lease deed is registered.

In case of a freehold property, the owner of the property is the legal owner and can sell/lease/rent the property as per his/her wish.

**Can I authorize someone else to register my property by granting him Power of Attorney?**

Yes, you can execute Special Power Of Attorney to get your property registered by someone else.

**What is property registration?**

It refers to the registering of documents relating to transfer, sale, lease or any other form of disposal of an immovable property. Registration is compulsory by law for all properties under Section 17 of Indian Registrations Act, 1908. Once a property is registered lawfully, it means that the person in whose favor the property is registered, is the lawful owner of the premises and is fully responsible for it in all respects.

**What is a home loan?**

Home loan is the money borrowed from a bank or a housing finance institution on interest for buying / constructing / upgrading a residential real estate property.

**Do I need a guarantor to get a home loan?**

It depends from one bank to another. Some banks ask for 1-2 guarantors

**If I have money, is it still necessary to avail of a bank loan for buying a home?**

It is generally advantageous to go for a home loan as it helps you in availing tax benefits. However, please consult your CA or tax advisor to discuss the advantages and disadvantages in your case

**Do I need to furnish any security to get a home loan?**

In a majority of the cases, the property to be purchased itself becomes the security and is mortgaged to the lender till the entire loan is repaid. A number of lenders may ask for additional security such as life insurance policies, Fixed Deposit receipts and savings certificates.

**Can I sell the property, even when the home loan is outstanding?**

Yes, you can sell the property with the consent of the banking institution.

If the buyer wants to take a loan to buy the property, the process is much easier if he approaches the same bank. In these cases, the bank does not need to release the property papers to another bank before getting the payment.

If the buyer wants to make a payment outright, he can make it to the bank directly. The property papers will be released only after the bank has recovered the entire loan amount.

**What is a down payment?**

Generally, banking finance institutions pay around 75 to 85 percent of the cost of the property bought. The remaining 20 % of the amount is paid up front, which is popularly known as the down payment.

**What is the difference between fixed rate and floating rate of interest?**

In fixed interest rate, the interest remains constant throughout the loan period irrespective of the changes in market conditions while in the floating interest rate, the interest can decrease or increase depending on market fluctuations

**What are the documents needed to apply for a home loan?**

You have to submit the following documents:

Proof of Identity: PAN, Driving license, Voter ID, Aadhar Card (KYC)

Proof of Income:

A. Salaried Applicants: Latest 3 Months salary slip showing all deductions and Form 16 for the last three years.

B. Self Employed Applicants: IT returns for the past 2 years and computation of income for the last 2 years as certified by a CA// or vary as per Bank Standard.

Bank Statement: Past 6 months/ or vary as per Bank Standard.

Guarantor Form (Optional) / or vary as per Bank Standard.

**What is the tenure of a home loan?**

As home loans cover a large sum, the tenure generally varies between 3 to 30 years.

### Does tenure affects the loan cost?

Longer the tenure you have, the lesser will be your EMI but higher would be the interest outgo. In shorter tenures, you pay a greater EMI, but the loan gets repaid faster and you pay less interest.

### Buying Tips

The first step towards buying a property starts from being able to identify the one that suits your needs and fits your budget. With best rates and best quality homes, Godrej Properties offers you a perfect home. However, it is important to select the property depending on the following criteria:

Parameter	Questions
<b>Project</b>	
Location of Project	Where is the Project located?
Developer	Does the Developer have a good reputation in the market?
RERA Registration	In case of new and ongoing projects, whether the project has obtained RERA registration
Title	All buyers should examine the Developer's title to the land on which the Project is being constructed.
Approvals	Whether all approvals are in place with respect to the Project
Residential/Commercial	Whether the Project is a residential or commercial, or comprises of both?
Amenities	What are the amenities that the Developer is offering in the Project?
Under construction/ completed Project	Whether the Project is an under construction or a ready possession Project?
Encumbrances/Litigation	Whether there are any encumbrances/ litigation with respect to land on which the Project is being constructed?
Connectivity from the location of the Project	How far is your office from the desired location? Where is the nearest market, school? Are buses/trains easily available from the location? Are Hospital/ Medical services available easily from the location?
<b>FLAT/APARTMENT/UNIT</b>	
Carpet Area, Type of Flat/Apartment/Units	What is the Carpet Area of the Flat/ Apartment/Unit? What are the types of Flats/ Apartments/Units available in the Project?

Payment Plans/ Schemes	What is the Payment Plan for the sale consideration towards the Flat/Apartment/Unit? What are payment schemes offered by the Developer? Which banks are associated with the Project?
Affordability	Does the Flat/Apartment/Unit fit in your budget?
Possession Date	In case of ongoing/ new projects, when will the possession of the Flat/Apartment/Unit be given by the Developer?
Availability of water and electricity	Is there a steady supply of both?
Society expenses	Is the monthly outgo on the society and maintenance a strain on your budget?
Security	Are the security systems in place like a professional guard or electronic systems?
Parking	Is parking facility available in the Project?

#### **DISCLAIMER**

These Frequently Asked Questions (FAQs) / material have been published for general information purpose only. You are advised to take specific legal/financial/tax advice on the above mentioned matters. The terms and conditions for the purchase of the apartment/unit/plot shall be as specified in the final agreement for sale executed between the buyer/consumer and the real estate developer. The FAQs discussed/provided herein are subject to amendments by the appropriate Government from time to time and interpretation by the Courts and concerned authorities. We including our subsidiaries/affiliates/employees do not claim any expertise in advice on the same. We including our subsidiaries/affiliates/employees shall not be responsible for any reliance placed on the materials contained herein.