

Your due diligence checklist!

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Legal advice often starts with a simple rule, read everything carefully, right down to the fine print that most people tend to skip. With regard to investing in real estate, the advice also revolves around vetting the developer and dealing with a credible developer who is known to deliver quality projects on time. However, for a regular homebuyer, this can be daunting. What paperwork or legal wording should they be cautious about? What exactly should be included in the fine print, and more importantly, what should not be? How can one check the credibility of the developer? Especially when suave salesmanship, a perfectly decorated sample flat, and a glossy brochure win your heart? It all comes down to your due diligence.

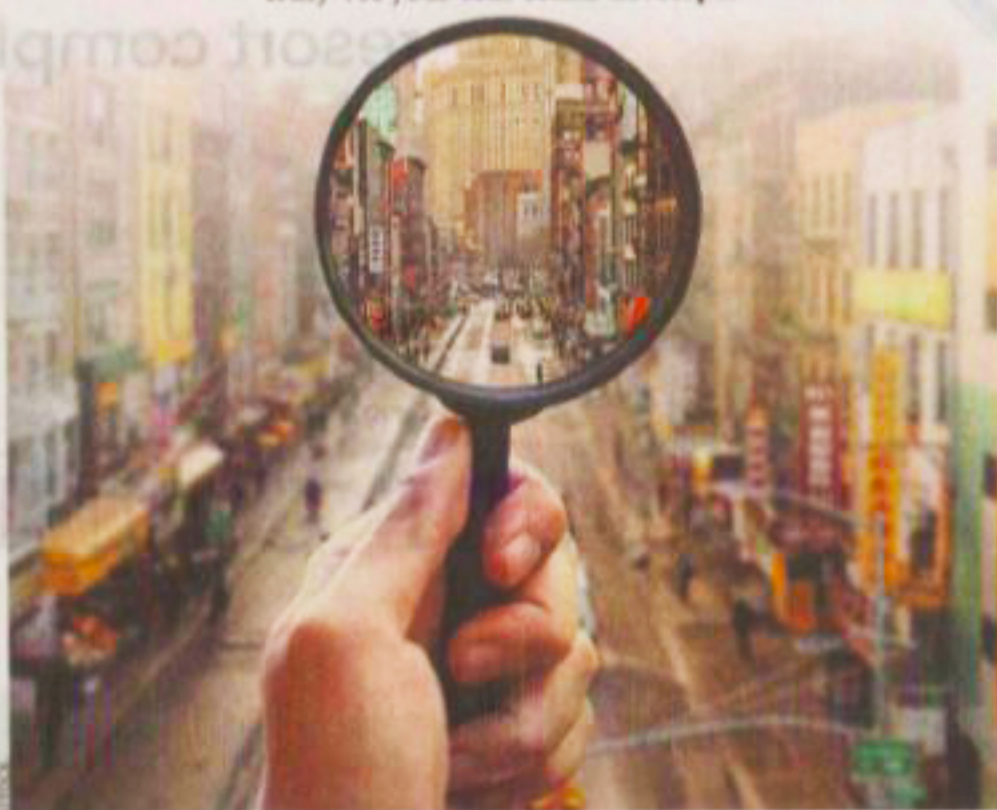
An average Joe is generally not equipped with such know-how, especially if this is his or her first rodeo in the real estate market. But with a bit of digging deep, one can easily spot red flags.

HOW TO PROPERLY VET A DEVELOPER

1 Check developer credentials and track record

A homebuyer must check if the project is RERA registered. Registering with RERA provides homebuyers with a safety net as it ensures regulatory oversight, mandated timelines, and financial transparency. Absence of RERA registration is a potential red flag that should not be ignored. A bona fide developer with legitimate projects and a strong presence in the market will have their projects listed on the respective state's RERA website, which will have all relevant documentation for consumers to view.

A stunning show flat and persuasive sales pitch might win you over, but a buyer's job doesn't end there. Here's how to go behind the curtain and truly vet your real estate developer



2 Visit past projects

"To properly vet the developer, visit their past projects and speak to the residents. This will give you insights into the construction quality, amenities delivered, and how the developer handles after-sales service. It is also important to do online research to assess their overall market reputation and presence. Check for any ongoing legal disputes or litigations involving the developer, as it has the potential to impact your project completion as well in the future.

3 Scrutinise legal compliance and approvals
Ensure the project has all necessary permissions in place, including environmental clearances, land title verification,

4 Choosing the right developer is one of the most crucial steps in the homebuying journey. Once the search for the right home is initiated, homebuyers must carefully gather intelligence about the developer. A hallmark of a professional and transparent developer is the provision of written documentation confirming project timelines, specifications, and pricing.

- Anshuman Magazine

commencement certificates, occupancy certificates, and sanctioned building plans. If these are missing or pending, consider it a warning sign.

4 Evaluate customer service and after-sales support

The developer's responsiveness to queries, clarity in communication, and willingness to provide assistance post-possession are important indicators of professionalism. Developers who prioritise customer satisfaction even after handing over the property tend to be more reliable and trustworthy. Request a detailed construction schedule and completion date. Under RERA, developers are obligated to adhere to the promised timelines, and delays can attract penalties.

5 Review financial stability and partnerships

A financially stable developer, especially one supported

by credible financial institutions or in joint ventures with reputed firms, is more likely to deliver quality projects on time. Enquire about these partnerships during your initial interactions. Financially sound developers bring enhanced accountability and timeliness to their projects," shares Prashant Sharma, president, NAREDCO Maharashtra.

Do note, "While the financial health of publicly listed developers can be verified through published financial reports, privately held firms require independent third-party evaluation or expert due diligence," informs Anshuman Magazine, chairman and CEO, India, South-East Asia, Middle East and Africa, CBRE.

Shrutika P, a homemaker, shares, "When we visited the project site, we were given a lot of attention. The sample flat was well-designed, and it felt like our dream home was coming to life after all. And that's where we faltered. We didn't ask crucial questions like what clauses would protect us in case of a delay in possession, or what amenities would be included in the housing unit. Our possession was delayed by around six months, a very stressful time, if I may add. Moreover, the unit did not include a few amenities, so our move-in got pushed by a few more months while we worked to make the home liveable. My mistake was trusting the developer and the show put on in front of us. If I had spoken to other residents or past buyers, maybe they would have shared their experiences and helped us make a more informed decision."

"Developers' sales teams may try to pressurise buyers with claims of inventory scarcity, which may or may not be accurate. Some may even mention upcoming infrastructure in the vicinity, claiming that it will act as a catalyst in appreciating property prices in the future. Such claims must be verified to ensure that they are indeed in the vicinity and on track to be completed in the near future," says Rahul Phondge, chief operating officer, Anarock Group.

QUESTIONS TO ASK THE DEVELOPER

- Can you provide the RERA registration number? (Always verify the RERA number provided on the state's RERA website)
- What is the expected completion date, and what penalties are in place for delays?
- Can you provide copies of all legal approvals and clearances?
- Are there any pending approvals or sanctions?
- What are the specifics of the payment plan?
- Can you give a total cost breakdown? (Ask for a detailed explanation of all costs, including base price, floor rise charges, parking fees, maintenance deposits, GST, and other statutory charges.)
- Are there any additional charges not mentioned in the agreement?
- Can you provide references from previous buyers?
- What post-sale services and maintenance support do you offer?