

CREDAI
Model Code of Conduct



**Confederation of Real Estate
Developers' Associations of India**

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BE IT KNOWN THAT WE, M/S.

..... *THE MEMBER OF
CREDAI hereby resolve to be governed and bound always and at all times,
by the CODE OF CONDUCT set out formulated by CREDAI as below:*

CREDAI Code of Conduct

CREDAI National has formulated this Code of Conduct to govern the business activities of its members across the country by keeping in mind the requirement of providing confidence and comfort to their purchasers. This Code is subject to minor amendments by city units depending on the local conditions and requirements. The word 'UNIT' mentioned in this code would mean and include Flat / Villa / Row House or any other type of residential space and also office / retail or any other type of commercial space.

- 1. Applicability:** This code applies to all the members of the Association. The provisions of this code shall be applicable for projects launched after 10th September, 2011. It is provided that no provision of this code shall apply on the bookings concluded on projects launched prior to 10th September, 2011.
- 2. Title Certificate:** There shall be a true disclosure of the property under development in the "Title Certificate". A copy of the Title Certificate from a solicitor / Advocate shall be provided alongwith the Agreement to sell.
- 3. Inspection:
of Sanctions** Approved sanction plans shall be made available for perusal of the purchaser at the time of signing the Agreement. In case the purchaser requires a copy of the same and also the copies of the title documents, the same would be provided on actual charges.

4. Booking: Normally the booking of units shall be commenced only after obtaining sanction of plans from the competent authorities. If booking is made before obtaining sanction of plans, the purchaser shall be made aware of this fact at the time of the booking and in addition a true disclosure of the same shall be incorporated in the Agreement.

5. Agreement to Sell : Agreement to sell will be entered into immediately on receipt of full booking amount/earnest Money.

6. Components of Consideration : The Agreement shall clearly mention all the components of the sale consideration including variation in rate, if any, applicable towards garden / ground space or terrace allotted for private use. The Developer shall also mention all the other future estimated recoverables such as;

i) Proportionate share of deposits, costs etc for obtaining connections from electricity board, water authority, permission for road cutting or access from road authorities etc and also proportionate share of amounts paid to the sanctioning authority by way of development charges, scrutiny fee etc on the basis of sq.ft / sq.mts of SBA/Saleable area or on unit basis. If the exact share is not available at the time of signing the Agreement to Sell, an approximate estimate shall be provided.

ii) Stamp duty, registration fee, expenses or any other levies for registration of sale deeds.

iii) Service tax/ Vat, Sales Tax on works contract, or any other taxes or levies from time to time, if applicable.

iv) Advocate's fee for registration / documentation charges.

v) Cost, expenses, fee etc for formation of Society/Association of Apartment Owners/Body Corporate as the case may be and for registration of Deed of Declaration etc.

vi) Maintenance deposit / charges or one time maintenance deposit / charge, as decided by the Developer.

vii) Any other taxes, levies and charges payable to the Statutory Authority.

viii) Any charges or deposits incurred for labour welfare or environmental clearances, pollution control boards etc. as may be statutorily required including any new charges levied by the statutory authorities during the period between booking and completion.

Note : The Developer is not entitled to collect charges and /or costs which are not mentioned in the Agreement.

7. Payments : of instalments Payment receivable under the Agreement to sell shall be scheduled according to the progress of the work

8. Escalation: There will not be any escalation in price/consideration once the Agreement to sell is executed except as necessitated on account of levy of additional taxes, levies etc, court orders or in terms of the relevant Acts or under force majeure conditions. However, if there is a specific understanding between the Developer and Purchaser which is spelt out in the Agreement, escalation may be made applicable as per terms of the Agreement

9. Built Up Area : Carpet Area and Super Built Area a) Built Up Area : Built up Area, as per CREDAI definition, shall mean the total Poly Line (P. Line) area measured on the outer line of the unit including balconies and/or terraces with or without roof. Built Up Area shall also include Mezzanine floors, if any and also detached habitable areas, if any, such as servant's room etc. allotted for exclusive ownership. The outer walls which are shared with another unit shall be computed at 50%. Remaining outer walls are computed at 100%.

b) Carpet Area : Carpet Area, as per CREDAI definition, shall mean the area arrived at by deducting the areas of core thickness (i.e unplastered thickness) of all the outer walls from the above defined Built Up Area.

c) Super Built Area (SBA) : The Super Built Area, as per CREDAI definition, shall mean;

- l) Built Up Area as defined above plus the proportionate share of the following;
- ii) A certain percentage of the double height areas or terraces, if any.
- iii) Entrance Lobby
- iv) Corridors
- v) Stair Cases
- vi) Lift Shafts / Lift core at every level
- vii) Lift Lobby and all other lobbies, landings etc
- viii) Lift Machine Rooms
- ix) Generator rooms
- x) Electrical rooms and the rooms built for substations / transformers, if any.
- xi) Gas banks
- xii) Mumty
- xiii) Garbage room
- xiv) Club house
- xv) Security room
- xvi) Indoor sports room/s
- xvii) General Toilets for Common Servants/ Maintenance Staff / Drivers
- xviii) And any other common areas constructed not included above, provided they are not separately charged.

Super Built Area shall not include:-

Underground sump, water tanks, compound walls, septic tank, open to sky walk ways, open to sky swimming pool, open sports facilities, weather sheds, inaccessible flower beds, lofts, common open to sky terraces, stairwell ducts and voids etc. and the like..

- NOTE:**
- i) Garden / ground space area or terrace area allotted for private usage (without exclusive ownership), if any shall be separately and clearly mentioned in the offer document.
 - ii) Specific parking areas are limited common areas and may be allotted separately by the Developer to the Purchaser.
 - iii) All the Agreements to sell shall contain a floor plan showing the internal dimensions from which the built up area can be computed.

- iv) Either the Built Up Area or the Carpet Area, as decided by the Developer or as is required by the local laws shall be mentioned in the Agreement to sell along with the Super Built Area.
- v) Details showing how the saleable area is arrived at with specific details of the common area shall be disclosed with clarity duly certified by an architect as per above norms at the time of booking.

**10.Plans and :
Construction**

- a) The sanctioned plan with date & number shall be displayed in a prominent place at the construction site
- b) Construction of the buildings shall be only as per the rules / sanctioned plans, rules and regulations of the Local Bodies. Variations, if any, shall be within the prescribed, permitted and prevailing norms / rules.

**11. Construction :
time frame,
Compensation
for delay**

- I) The Agreements shall contain a definite time frame for completion of construction. The construction shall be deemed to be complete when certified by the project architect & after constructing as per specification and in addition certain standard infrastructure requirement such as ramp to enter the basement, compound wall with gates, staircases leading to the terrace, underground and/or overhead water tanks, ladder leading to the overhead tank and such other basic requirements to make the complex habitable, wherever necessary, whether all these items are mentioned specifically in the Agreement or not.
- ii) Agreements shall also contain a clause for compensation in case of a delay in completion of construction stating the conditions under which the Purchaser is entitled for a compensation. Similarly, the Purchaser will also be liable for a penalty in case of any delays in taking possession of the unit by the Purchaser after completion of the unit.

iii) Every effort shall be made to complete the building, as committed to buyer. While it shall be the responsibility of the Developer to obtain completion / occupation certificate from the Local Authority, a specific time for the same is not in the hands of the Developer, due to bureaucratic delays. Any delay in completion due to this reason, not attributable to the Developer's actions, shall not be construed as delay.

**12. Description:
of Amenities**

All amenities and common facilities shall be clearly mentioned in the Agreement to sell. Wherever the common amenities are to be transferred to the Association / Society etc by a Deed as per statutory requirements, the same shall also be complied with.

**13. Infrastructural :
Requirements**

All conditions with regard to infrastructure as set out in the sanction plan shall be fully complied with and the building and its premises shall be left in a clean and habitable condition.

14. Forfeiture :

The Agreements will also contain a clause with regard to cancellation / forfeiture covering issues such as amount of forfeiture, interest charges, liquidated charges, period for repayment etc applicable in the event of non-payment of installments or other components of agreed consideration

**15. Mode of :
Conveyance**

I) The Agreements shall clearly indicate the type of conveyance proposed to be effected i.e. whether on the basis of undivided interest or on unit basis or based on any other scheme and also mention either the extent of divided or undivided interest in Sqft / Sq.Mtr or the percentage of undivided interest. In any case, the Developer shall ensure that aggregate of divided or undivided interest in land allotted to all the units of a project shall not be in excess of the total extent of land.

ii) The Agreement will have a condition to the effect that all the covenants other than those specific to a particular unit such as rate, area etc., shall be common to all the purchasers of a particular project. If the developer intends to reserve some specific rights such as allotment of ground space for garden (in the setback area), terrace, car park (in the setback area) for private use of some units, such intention shall also be mentioned in all the Agreements pertaining to the project.

**16. Defect Liability :
Period**

The Agreements will contain a clause dealing with defect liability for a minimum period of 12 months or as per prevailing laws, if any (whichever is longer) from the date of completion or intimation to their clients regarding the readiness to hand over possession, whichever is earlier. The defect liability shall be limited to the defects in the construction (i.e. structure). However, air cracks in plaster masonry, warpage in doors and windows shall not be considered as defects. Defect liability shall not cover force majeure situations such as damage resulting from war, flood, earthquakes etc. The defect liability is not applicable on the bought out items most of which are covered under warranty by the manufacturers themselves. However, in the event of recurring problems with the bought out items, the Developer shall co-operate with the purchaser in sorting out the issue.

**17. Formation of :
a Society or a
Body Corporate**

The Developer shall facilitate the Purchasers for formation of Association of Owners / registration of co-operative Housing Society or any other body as may be prescribed as per statute, subject to co-operation from all the purchasers.

- 18. Society : Account / Other Deposits** : The Developer shall maintain a separate account in respect of any sums received by them from the purchasers as Advance or Deposit or sums received towards corpus for promotion of a co-operative Housing Society / Apartment Association or towards out goings, legal charges, etc, and the said amounts shall be utilized only for the purpose for which the same have been received. Accounts on such items shall be provided to the Society / Association / Body not later than 3 months from handing over the charge of the building to such Society / Association / Body.
- 19. Conveyance : of Title** : The Developer shall not delay execution of conveyance or any other similar instrument beyond six months from the date of receipt of Occupancy Certificate pertaining to the building in question and after all amounts payable by the purchasers are paid to the developer.
- 20. Disclosure :**
- I) CREDAI logo shall be printed in all the Brochures, hand-outs, advertisements and beyond a particular size or any other publicity material.
 - ii) The Agreement shall also contain a clause stating that the said Agreement is subject to arbitration by the designated committee of Arbitrators appointed by CREDAI.
- 21. Original or : Certified Copies of Title Deeds, Service Drawings etc** : At the time of handing over the project to the Society / Apartment Owners' Association / Body, the Developer shall also hand over all original title deeds as maybe available or certified copies and related documents as well as copies of sanctioned plan of the buildings including all external service drawings and structural drawings.

- 22. Inspection by : the Client:** Necessary clause in the Agreement shall be incorporated to enable the client and his family members deriving the rights to visit and inspect the premises during the course of construction. A disclaimer clause shall also be incorporated in the Agreement stating that the Developer shall not be held liable for any loss /cost / damage or any other expenses caused due to such visit, if any, on account of any accident that may occur at the time of inspection during construction or after construction by the purchaser or any family member accompanying him/her.
- 23. Tree Plantation:** Tree plantation shall be done near/at sites as per local rules or the CREDAI recommendation, except where it is not possible in congested areas or due to technical and similar reasons.
- 24. Labour Welfare:** The Developer shall endeavor to establish creches and educational facilities for the children of the labour, along with other possible labour welfare activities, such as periodical medical check-up, insurance etc in sites which are more than 4000 sq.mtr.
- 25. Consumer : Redressal Forum** : Every Agreement between the Developer and the Purchaser shall have a clause that in the event of there being any dispute with regard to the Agreement/s, which has failed to be resolved through negotiations with the Purchaser, the same may be referred for mediation to CREDAI ... and that all the grievances shall be referred only to consumer redressal forum first, which is being formed by CREDAI If the parties are unable to arrive at an amicable settlement in the mediation, the aggrieved party may approach the courts of law or have the matter referred to arbitration as agreed by them under the Agreement. And, redressal by CREDAI shall be subject to the following conditions;

- i) Complaints shall be considered / entertained by the member association only if the builder is a member of the concerned association and will be restricted to customer builder disputes only.
- ii) The modalities for such intervention or mediation or arbitration shall be worked out independently by CREDAI.
- iii) The Redressal forum will not adjudicate on any issue which is subjudice with any court or consumer forums.

26. Waiver : Any waiver of any provision of this code for the members of association may be granted in the General Body Meeting of members on the recommendation of the Committee which may be specifically formed for this purpose, if required.

We the Member of CREDAI hereby agree to abide by and honour this Code of Conduct and the decision of the internal Arbitration Committee to be set up by CREDAI NCR for speedy redressal of Customer Grievances.

SOLEMNLY RESOLVED IN THE PRESENCE OF WITNESSES ON THIS THE
 DAY OF BY THE AUTHORISED
 REPRESENTATIVES ACTING FOR AND ON BEHALF OF

 (BUILDER'S COMPANY).

For

Signatures)
 Name:
 Designation:

Witnesses:
 1. Signatures -
 Name:
 Address:

Contact Number:

2. Signatures -
 Name:
 Address:

Contact Number: