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SMART ABODES

Self Redevelopment (Knowledge Series – 4)

Fears in Self Redevelopment

1. Land Mortgage.
2. No Sale of flat.
3. Legal & RERA implications.
4. No other Bank for funding.

Precautions in Self Redevelopment

1. Consider 10 - 15% discounting on project sale rate.
2. Understand the requirements in market.
3. Keep healthy profit margin buffer.
4. Realistic approach for Additional Area.
5. Make your project goal centric.

Legal Requirements as per Maharashtra Corporative Societies Act

1. I & J share register, minutes book Membership Forms, Nomination Forms, Transfer Forms.
2. Maintenance of society member files & records.
3. Maintain a website for society self redevelopment.
4. Circulation of minute of SGM & submission of minutes with the deputy register office.
5. Adoption of models by law.
6. Pass resolution to modify the bye-law to take a loan for the project & get approval from the deputy register.

Legal Documents Needed With Members & Mumbai Bank

1. Individual consent from members to society for self redevelopment.
2. Individual undertaking letter for Mumbai bank.
3. Mortgage agreement with the bank & stamp duty to be paid on mortgage.
4. Permanent alternate accommodation agreement.
5. Flat allotment letters.

Legal Documents Needed for MCGM

1. Title Report & Title Certificate from advocate for MCGM (For FSI & IOD).
2. Power of attorney (POA) for MCGM (For FSI & IOD).
3. Owners affidavit.
4. Comprehensive undertaking from owner/society.
5. Comprehensive indemnity bond from owner/society.

Legal Documents Needed with Other Authorities

1. Investor Agreement (if any).
2. Agreement with contractor.
3. Agreement with Sales & Marketing.
4. Sales Agreement with Byers.

Role of RERA in Self Redevelopment

1. Self Redevelopment Project to be registered in RERA.
2. Society shall be the promoter of the project.
3. In self redevelopment there is no requirement for withdrawal of sale proceeds.
4. Project will have the backup of the funds required from Mumbai Bank.
5. All sale proceed will be credited in to Mumbai bank account directly.

Account Management with Mumbai Bank

1. Joint Escrow account to be maintained.
2. All payment to contractors, professionals etc, shall be released from escrow account only.
3. The project profit shall be distributed among existing members of society after tax,
4. The project profit shall be taxable in the hands of society.
5. RERA escrow account will be held with Mumbai Bank.

Accounting & Tax Guideline

Society should comply the following.

1. GST Registration
2. Filing of GST Returns
3. TDS Deduction & Payment
4. TDS Returns
5. Payment of Advance Tax
6. Income Tax Returns
7. RERA Returns & Status Updating

Options Available for Self Funding

1. Own contribution.
2. Loan from members.
3. Sale area purchase by members.

Bridge/Gap Funding

1. Requirements of bridge/gap funds is huge in MHADA Projects, Collector Land Estate Property.
2. Very few entities support bridge funding in self redevelopment.
3. No banks or NBFC have till today come ahead to provide such fund.
4. Funds are provided by :-
 - . Private Investor
 - . Development Manager

The given information is subject to the applicable rules for Self Redevelopment as on October 2020.

For more information on Self Redevelopment contact us on +91 70210 43671

Bridge/Gap Funding

5. Funding is needed for cost up to 1 FSI/IOD.
6. Equivalent value of sale flats to be lien marked.
7. Rate of interest may differ on case to case basis (15% - 24%).
8. Repayment to be made from sale proceeds.
9. Funding disbursement after 100% concert & Mumbai Bank pre-approval received.



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