



SALE DEED – MEANING AND ITS COMPONENTS

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INTRODUCTION

A sale deed is an essential document through which the ownership of a property is transferred from one person to another. A sale deed of property is necessary for purchasing and registering a property. The property is registered based on the details mentioned in the sale deed.

The buyer of a property mentioned in the sale deed property will become the new legal owner of the property after its registration. The article provides the sale deed meaning, format sale deed, contents of the sale deed, the agreement to sale deed and the execution of the sale deed.

MEANING OF SALE DEED

The meaning of sale deed refers to a legal document that outlines the terms and conditions of the sale. It is executed by the seller and the buyer for the transfer of ownership of the property. It outlines the important information regarding the price to be paid for buying the property, description of the property, how and when the property ownership will get transferred to the buyer, etc.

It is an essential document as it is the proof of ownership of the property. It legally reports the proof of the sale of property from the seller to the buyer. The sale/purchase of the property is not legally complete until the sale deed is signed by the buyer and the seller and is registered.

EXECUTION OF A SALE DEED?

As per the Indian Registration Act, 1908, an agreement for the transfer of an interest in immovable property of value more than Rs.100, is required to be registered. Thus, the sale deed of a property, such as a flat, building or land must be registered for the sale to be legally valid. The sale deed is executed by two parties, i.e. seller and buyer. The seller is the person who is selling or transferring his/her ownership of a property. The buyer is the person who purchases the ownership of a property for consideration.

The sale deed must be registered in the local Sub-Registrar's office. An unregistered sale deed has no value in the eyes of law. The sale deed is made on non-judicial stamp paper, that is purchased as per the value prescribed by the stamp duty act of a state. The amount of stamp duty levied on properties differs from one state to another. The charges on stamp duty vary from 4% to 6% on the property's sale value. The sale or purchase of a property is valid when the sale deed is registered by a Sub-Registrar and when the buyer and seller sign it in the presence of at least two witnesses.

ELEMENTS OF A SALE DEED

The sale deed must contain the below elements/clauses:

➤Name and address of the executing parties

The sale deed must specify the name, age, address and contact number of the buyers and the sellers.

➤Description of the property

The complete address of the property and description and type of property such as residential flat, Kothi, bungalow, shop, office, etc., should be mentioned. The property's details, such as the complete address, area of the property and dimensions must be mentioned in the sale deed. It should include the property schedule to define the accurate location of the property.

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➤Sale consideration

The sale price agreed between buyer and seller, i.e the amount which the buyer has to pay to the seller upon the execution of the sale deed must be mentioned in the sale deed. Also if any advance has already been paid, it should also be specified in the deed.

The mode of payment such as through a cheque, demand draft, or an online transfer is also important and should be mentioned in the sale deed. If the sale amount is paid in installments, the date of each installment should also be mentioned in the deed. It should mention the receipts of the sale transaction.

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➤ **Passing the title**

The sale deed should specify the time when the title of the property will get transferred to the buyer. All the documents related to the property must also be handed over to the buyer. It should provide the information that the possession of the property will be transferred to the buyer by the seller after the completion of the registration process. It should also state the actual date of delivery of possession of the property.

➤ **Indemnity**

Make sure that the title of the property is free from any charge, litigation or encumbrances, i.e. any other person does not have the right to the property to be transferred to the buyer. In case such a situation arises, the seller shall be made liable to indemnify the buyer against any loss.

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The seller should clear all statutory charges such as property tax, electricity bills, water bills, society and maintenance charges and all other dues before the sale deed is executed. It ensures that the seller frees the buyers from all the previous loans, taxes, and charges related to the property. Also, the seller should pay any loans and mortgages before finalizing the sale of the property.

➤Registration

A sale deed is not legally binding unless it is registered in the sub-registrar office. Both the buyer and the seller along with their witness must be present at the registrar's office on the fixed date for the registration of the deed. The stamp duty and registration fees have to be paid for getting the registration done.

PROCESS FOR GETTING A SALE DEED?

- A sale deed must be prepared by a buyer of a property after obtaining the required documents from the seller. The buyer may consult an advocate or legal professional to ensure that the seller is the owner of the property and the seller has the title deeds to sell the property.
- The advocate will prepare the sale deed containing all the clauses/elements of the sale deed. Once, the sale deed is prepared by the buyer or buyer's advocate, the sale deed is forwarded to the seller. When the seller approves the contents of the sale deed, it is finalized and the parties can proceed to register it in the sub-registrar office.

DOCUMENTS REQUIRED FOR SALE DEED

Certain essential documents are required from the seller of the property which ensures that the seller is the property owner for preparing a sale deed. The documents required to prepare the sale deed are as follows:

➤ **Sale agreement:** A sale agreement is executed between the buyer and seller before the sale deed is prepared. The sale agreement shows the intention of the seller to sell the property in favour of the buyer. It includes all the terms and conditions of the sale, the possession date, the payment plan, the property specifications, etc.

➤ **Payment receipts:** The payment receipts of a property, such as electricity payment receipts, water payment receipts, etc., should be collected from the seller before preparing the sale deed.

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- **Property tax receipt:** An owner of a property should pay the property tax. The property tax receipts should be collected from the seller. It helps to verify the legal status of the seller's ownership over the property.
- **Encumbrance certificate:** An encumbrance certificate of the property is required to declare that the property does not have any pending legal dues, loans or mortgages.
- **Copy of the building/layout plan:** The layout/building plan states that the land/structure of the property is legal and made according to the rules and regulations.

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- **No Objection Certificate (NOC):** In the case of a sale of a flat/building, the developer must get the NOC from different government authorities. The buyer must collect the NOCs from the developer.
- **Completion certificate:** In case of a sale of a flat/building, the buyer must obtain the completion certificate from the developer. The completion certificate establishes the fact that the building is constructed according to an approved plan.
- **Occupancy certificate:** In case of a sale of a flat/building, the buyer must obtain the occupancy certificate before execution of the sale deed. The occupancy certificate ensures that the property is ready to be occupied and the construction has been done according to the approved plan.

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- **Possession letter:** The possession letter is given to the buyer by the developer in the case of the sale of a flat/building.
- **Allotment letter:** When the property is owned by a housing society or a government authority such as a land development authority, the developer/government authority issues an allotment letter in favour of the buyer containing the property details booked by the buyer and details of the amount paid by the buyer to the developer.
- **General Power of Attorney (GPA):** In case the property is being sold by a person authorized by the seller, it is essential to get the GPA from the authorized person. The GPA helps to verify whether the property owner has given the right to the authorized person to sell the property or not.

GETTING A CERTIFIED COPY OF SALE DEED

The sale deed is an important document. It acts as a title deed ensuring the buyer has the ownership of the property. Thus, the property owner must keep the sale deed in a safe place. Any person can obtain a certified copy of the sale deed from the sub-registrar office where it is registered. A person can file an application to the sub-registrar for obtaining a certified copy of the sale deed and pay the required fee. The sub-registrar will issue the copy of the certified copy of the sale deed within 2 weeks.

However, if the property owner loses the sale deed, he/she must file a complaint at the nearest police station. A non-traceable certificate is issued to the property owner after filing the complaint (FIR) at the police station.

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The property owner should publish an advertisement in the newspaper about the loss of the sale deed after getting the non-traceable certificate. The property owner should file an affidavit and application and pay a fee to the sub-registrar office to get a certified copy of the sale deed.

The affidavit must be notarized and contain the attachments of the copy of FIR, advertisement, non-traceable certificate and details of the property. It must also contain a signed undertaking stating that the information in the affidavit is genuine. After the process is complete, the sub-registrar office will issue the certified copy of the sale deed in 2-4 weeks.

CANCELLATION OF A SALE DEED

Either party, i.e. the buyer or seller, can cancel the sale deed by filing a suit for cancellation in court when the other party does not agree. The buyer and seller can even cancel the sale deed by mutual consent by registering a cancellation deed. When the sale deed is cancelled, it will result in the cancellation of the sale of the property and the property ownership will revert back to the seller mentioned in the cancelled sale deed.

The Specific Relief Act, 1963, provides the conditions under which a sale deed can be cancelled by either party, which are as follows:

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- The sale deed should be registered under the Indian Registration Act, 1908.
- The individual feels that the sale deed is voidable or has a doubt that the deed will cause him/her injury.
- Upon cancellation of the sale deed, the court will send a copy of its decree of cancellation to the sub-registrar office where the sale deed was registered. The sub-registrar officer will note the facts of the cancellation of the sale deed.

POINTS TO REMEMBER WHEN EXECUTING A SALE DEED

- The sale deed must include a clause that indicates the transfer of ownership rights to the buyer after the purchase is complete.
- The title of the property must be free from all encumbrances.
- The buyer must verify the encumbrance status of the property from the sub-registrar office.
- All utility bills, including water and electricity bills, property tax, etc., related to the property must be paid.
- There must be no further dues, such as mortgages, litigation or charges on the property.
- The sale deed must specify all the terms and conditions of the sale of the property.
- The sale deed must specify the rights and liabilities of the buyer and seller over the property.

CONCLUSION

In concluding lines I want to say that A sale deed is a document which establishes property ownership. It also includes the details related to the property, buyer and seller, rights of the buyer, etc. The sale deed establishes the ownership of the buyer over the property. The buyer mentioned in the sale deed is the legal owner of the property. However, the sale deed must be registered with the sub-registrar office for it to be valid. Without sale deed registration, the ownership of the property will not get transferred to the buyer.