

# Real Estate Fraud Prevention: Key Points Summary

## THE CRISIS: Real Numbers

- RERA complaints surged 90% in 4 years (15,200 in 2022 → 28,900 in 2025)
- NRI investors comprise 40% of major fraud cases nationwide
- Average fraud loss: ₹3-10 crore per victim
- Mumbai dominates with 30% of reported cases; NCR at 25%
- Title/document forgery alone accounts for 28% of all fraud
- Resolution rate improved 76% (2025) but absolute backlog remains heavy
- Ghost projects stall for 5-13+ years while absorbing billions in buyer funds
- A Manhattan executive lost ₹10.7 crore in Gurugram to a forged gift deed in 2024

## THE FRAUD TYPES: Know Your Enemy

**Title & Document Forgery (28%):** Forged deeds registered through compromised sub-registrars.  
Detection: Late discovery, often during refinancing attempts.

**General Power of Attorney Misuse (22%):** Trusted agents exploit perpetual POAs granted years earlier. A caretaker sold a ₹24 crore property using a 15-year-old POA.

**Ghost Projects (18%):** Pre-launch luxury developments promoted with celebrity endorsements that never break ground. Funds vanish while projects stall at 40-50% completion indefinitely.

**Fund Misappropriation (15%):** Developers divert escrow-protected buyer funds to related entities or personal use, bypassing the 70% RERA mandate.



**Benami Transactions (12%):** Properties purchased in third-party names to obscure ownership, later weaponized against actual owners through fraudulent transfers.

**Caretaker Fraud (5%):** Household staff exploit proximity and trust to execute unauthorized property transfers using limited documentation access.

## THE FRAMEWORK: 12-Point Verification Checklist

Before signing ANY property agreement, execute these steps in order:

**1. RERA Verification (Direct):** Contact the state RERA authority—not the developer. Verify registration status, Commencement Certificate, and escrow details.

**2. Encumbrance Certificate (3-Year):** Search reveals all claims, mortgages, liens. This single document stops 70% of title fraud.

**3. Land Survey & Boundary:** Hire a surveyor to verify on-ground reality matches deed dimensions. Non-negotiable above ₹1 crore.

**4. Title Chain (15+ Years):** Verify complete ownership history with link documents. Look for gaps or unexplained transfers.

**5. NOC Verification :** Municipal, fire, pollution, electricity, water, police NOCs. Missing NOCs = project not legally cleared.

**6. Occupancy Certificate (OC):** For ready properties, verify OC from municipal corporation. Non-negotiable for habitation legality.

**7. Tax & Mutation Records:** Verify property tax receipts (5 years) and mutation in municipal register. Unpaid taxes = title lien.

**8. POA Structure (CRITICAL):** Never grant perpetual or broad POAs. Use Special POAs limited to one transaction, 6-month expiry. Require quarterly written reports.

**9. Escrow Verification:** Confirm buyer payments deposit into RERA-approved escrow with bank oversight. Request monthly statements.



**10. Independent Legal Audit:** Hire a lawyer independent from developer. Identify unfavorable clauses before signing.

**11. Registered Sale Deed:** Insist on registered deed—not MOU or agreement. Only registered documents transfer legal ownership. Register within 30 days.

**12. Quarterly Monitoring (Ongoing):** Even after purchase, obtain quarterly EC searches, verify tax payments, and monitor POA usage.

## **RED FLAGS: Walk Away Immediately**

- Seller refuses to show original documents; pushes for 'scanned copies only'
- RERA registration is pending, expired, or cannot be verified directly
- Price is 20-30% below market rate with vague justification
- Developer unwilling to sign a registered sale deed; insists on unregistered agreement
- EC search reveals recent transfers (3-5 years) without clear explanation
- Outstanding liens or mortgages not disclosed by seller
- Pressure for immediate decision or insistence on offline cash payments
- Celebrity endorsement is used as substitute for regulatory verification
- No Commencement Certificate despite project launch claims

## **THE POA CRISIS: Why 89% of NRIs Neglect This**

A perpetual, broad Power of Attorney granted years ago can be weaponized at any time—often without your knowledge. One London-based investor granted a property manager a general POA in 2012. In 2019, the manager sold a ₹24 crore Mumbai commercial property using that dormant POA. Recovery took 43 months and required Supreme Court intervention.

Solution: Never grant perpetual POAs. Instead, grant a Special Power of Attorney (SPA) for one specific transaction with a 6-month expiry date. Specify exactly what the POA holder can do. Require quarterly written confirmation of actions taken. Revoke or rotate annually. This single discipline prevents 70% of POA fraud.



## **THE OPPORTUNITY: 2025-2026 Inflection Point**

RERA enforcement is improving rapidly. Resolution efficiency jumped from 35% (2022) to 76% (2025). The National Real Estate Policy 2025 aims to reduce project delays by 40% through unified single-window clearance.

For disciplined NRI investors who execute this 12-point framework, India's real estate remains compelling. Markets with strong RERA enforcement (Maharashtra, Karnataka) consolidate value. Emerging markets with improving infrastructure (Telangana, Gujarat) offer higher appreciation.

The ₹5-10 lakh invested in legal audits and verification is fractional relative to ₹1-10 crore at risk. Investors who treat this as insurance rather than expense are the ones who scale their portfolio without catastrophic loss.