



STRUCTURE OF A SALE DEED

A sale deed is one of the most significant legal documents in the purchase or sale of a property. It serves as proof of the transfer of ownership from the seller to the buyer and is executed on non-judicial stamp paper of the requisite value as prescribed by the Stamp Act of the respective state.

A legally valid sale deed must include the following clauses:

1. Name of the Deed

The parties must decide the type of deed based on the nature of the transaction, such as *Deed of Sale*, *Deed of Mortgage*, or *Deed of Lease*.

Since this is a sale transaction, the appropriate term is *Deed of Sale* or *Sale Deed*.

Illustration: If a person sells an immovable property to another, the document should be titled “Sale Deed” to reflect the nature of the transfer.

2. Parties to the Sale Deed

A valid sale deed must include the names, ages, and addresses of both the seller and buyer.

Both parties must be legally competent to enter into a contract as per the Indian Contract Act, 1872.

The deed must be duly signed and executed with bona fide intention.

Case Law: *K. Lalit Kumar v. K. Raghavendra*, where the court held that a minor cannot be a party to a sale deed unless represented by a guardian.

3. Description of the Property Sold

The sale deed must contain a full description of the property, including identification number, plot area, construction details, and surrounding landmarks.

A property schedule must define the exact location.

Illustration: "Property No. 12, Survey No. 145, ABC Colony, 2nd Street, Chennai - 600001, measuring 2,000 sq. ft. with a built-up area of 1,500 sq. ft."

Case Law: *Ram Saran v. Ganga Devi* (1972), where the Supreme Court held that an ambiguous property description leads to unenforceability.

4. Agreement for Sale

A sale deed may be preceded by an *Agreement to Sell*, stating terms and conditions to protect the rights of the parties.

Case Law: *K. Simrathmull v. Nanjalingiah Gowder* (1963), where the court ruled that a prior agreement does not itself transfer ownership.

5. Sale Consideration Clause

The deed must specify the total sale consideration amount.

The amount agreed upon in the *Agreement to Sell* must match the sale deed to avoid disputes.

Illustration: “The purchaser agrees to pay Rs. 50,00,000/- (Rupees Fifty Lakhs) to the seller.”

Case Law: *K. Chinnaswamy v. K.C. Krishnappa*, where the Karnataka High Court ruled that the sale deed must disclose the full sale price.

6. Advance Payment, If Any

If any token amount is paid in advance, it must be mentioned along with the balance payable on execution.

Illustration: “Rs. 5,00,000/- paid as advance on 01/02/2024, balance Rs. 45,00,000/- payable on execution.”

7. Mode of Payment

The deed must specify whether payment is made via cash, cheque, demand draft, or bank transfer.

Case Law: *M.S. Veluraja v. K. Balaraman*, where the Madras High Court ruled that an invalid payment mode could lead to disputes.

8. Passing of Title

The sale deed must specify when the title is transferred to the purchaser.

Illustration: “The title to the property shall be transferred upon execution and registration of this Sale Deed.”

9. Delivery of Possession

A clause must confirm when possession is transferred.

Case Law: *D.S. Parvathamma v. A. Srinivasan*, where non-transfer of possession after registration led to a legal dispute.

10. Indemnity Clause

The seller must clear all statutory charges, such as property tax, electricity bills, water charges, etc., before execution.

The buyer must verify the encumbrance status.

Illustration: “The seller shall indemnify the purchaser against any outstanding statutory dues up to the date of execution.”

11. Execution of Sale Deed

All parties must sign and affix thumb impressions.

Any alteration must be authenticated.

Two witnesses must sign with their full particulars.

12. Registration of the Sale Deed

As per Section 17 of the *Registration Act, 1908*, registration is mandatory if the value exceeds Rs. 100/-

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The parties must appear before the Sub-Registrar within four months of execution.

Case Law: *Suraj Lamp & Industries Pvt. Ltd. v. State of Haryana* (2011), where the Supreme Court ruled that unregistered sales do not transfer ownership.

13. Testatum (Final Agreement)

The deed must conclude with confirmation that all terms are settled.

14. Handover of Original Documents

Upon registration, the seller must hand over original property documents.

Case Law: *Gopal Das v. Satya Narayan*, where failure to deliver original documents resulted in litigation.

15. Default Clause

The deed must specify consequences if either party defaults.

Illustration: “If the vendor fails to execute the deed, he shall refund the advance with interest. If the purchaser defaults, the advance shall be forfeited.”

Case Law: *Puran Singh v. State of Punjab*, where the court upheld a default clause to ensure fair dealings.

Conclusion

Since drafting a sale deed requires precision, legal expertise, and knowledge of property laws, it is advisable to engage experienced advocates to avoid future litigations. A well-drafted sale deed ensures a clear and undisputed transfer of ownership, safeguarding the rights of both the seller and the buyer.

To draft your sale deed : Kindly contact us /Call us

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