

Ref. No. MCHI/PRES/20-21/005

September 7, 2020

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Deepak Goradia

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Nayan A. Shah

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Boman Irani

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Nainesh Shah
Domnic Romell
Bandish Ajmera

VICE PRESIDENTS
Sukhraj Nahar
Jayesh Shah
Ajay Ashar

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Pritam Chivukula

TREASURER
Munish Doshi

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Sandeep Raheja
Navin Makhija
Rasesh Kanakia
Shahid Balwa
Subodh Runwal

HON. JT. SECRETARIES
Shailesh G. Puranik
Dhaval Ajmera
Pratik Patel

JT. TREASURERS
Mukesh Patel
Tejas Vyas

CO-ORDINATORS
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Raajesh Prajapati
Dr. Harshul Savla

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Deepak Gundecha

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Sachin Mirani
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Sunny Bijlani
Sahil Parikh
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Ricardo Romell
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Dharmesh Jain
Vyomesh Shah
Paras Gundecha
Pravin Doshi
Mohan Deshmukh
Mofatraj Munot
Rajnikant Ajmera
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Late Lalit Gandhi
Late Babubhai Majethia

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Ajay Ashar

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Shrikant Shitole

PRESIDENT, MIRA VIRAR CITY
Ashit Shah

PRESIDENT, RAIGAD
Kiran Bagad

PRESIDENT, NAVI MUMBAI
Vijay Lakhani

To,
Shri Gautam Chatterjee (I.A.S. Retd.)
The Hon'ble Chairperson
Maharashtra Real Estate Regulatory Authority
BKC, Housefin Bhavan, BKC,
Bandra East, Mumbai - 400 051

Sub: Request to issue Directions under the provisions of Section 32 and 34 (f) & (g) of the Real Estate (Regulation and Development) Act 2016 and Rules and Regulations made there under to facilitate the completion of a ongoing real estate projects and also for a healthy, transparent, efficient and competitive real estate sector during and post COVID 19 pandemic.

Respected Sir,

We understand that the lock down is in place to slow the progression of the disease. We understand that till vaccine is found or protocol to cure infected person is established, the COVID-19 will not allow us to be back to normal. Social distancing etc. will be norm for atleast one year. This will lead to all industries to suffer, but main to sufferer are Aviation, Tourism, Hospitality and Real Estate. This means Real Estate Sector which was already in trouble, is going to suffer more for long period even post lock down.

Each of the Real Estate Projects is directly affected by the COVID-19 lockdown and resultant economic turmoil. The promoters of these projects are likely to face different challenges, for their projects, in the form of delays in construction completion, fund flows from lenders and the subdued demand resulting in increased financial stress to the promoters, Every Lender, of the country has already on public platforms stated that sanctioned letters of the project loan are no longer valid. Each project will have to be re-examined and loan amounts and their disbursements will be required to be reset.

The delay in case of each project cannot be calculated mathematically and in mechanical manner, as delay equal to number of days of shut down. The labour and material and other resources required to complete the project will only get normalized, by end of October 2020, at the earliest. This complete shutdown of entire country and considering the expected demand contraction due to Covid-19 situation, it is likely that the financial planning of many projects ending in FY 2021-22 to FY 2023-24 will require fresh consideration and may lead to revising the project execution plan.

Falling prices of Real Estate is now a forgone conclusion and is not just a prediction. Considering the salary cuts and without pay leaves being restored to by all commercial establishments, there are bound to be request for cancellation of bookings from apartment purchasers, or defaults in making the payments of installments.

As Real Estate Regulator, you would expect us to put our best foot forward under all the aforesaid circumstances to ensure completion of each and every registered project and delivery of the apartments to all the customers.

Sir, All the ongoing projects registered under RERA, without any exception, irrespective of its geographic location, will have to go back to drawing board, considering the revised fund flow, shortage of Labor, material and subdued contracted demand to redraw the entire construction and project completion schedules.

As, most of the projects has borrowed for construction and the sales cash inflow will not able to meet the demands. So tendency on the part of banks as noticed in last few years is to recover their interest first, from sales receipts, even at the cost of the progress of the project.

Further, if multiple customers seek refund, then the project will suffer immensely and such refund will happen out of same sales collections which should be utilized for completion of the project.

Any funds utilized from the sale proceeds for any purpose other than approval or construction of the project, is complete injustice to the apartment purchasers who continue to pay their contribution in such a difficult time.

The world has seen recessions but has never seen shut down and we look forward to MAHARERA, to find an out of box solution, whereby the project gets completed, the apartment purchasers gets their home, the bankers get their money and customers who has sought refund gets their money back.

We, would request Hon'ble Authority to issue following directions, effective for a period upto 31st March 2021, under the power given in the provisions of Section 32 and 34 (f) & (g) of the Real Estate (Regulation and Development) Act 2016 and Rules and Regulations made there under to facilitate the growth and promotion of a healthy, transparent, efficient and competitive real estate sector during this COVID 19 pandemic:

- 1. Grant further extension of the time to complete the project : all projects which has date of completion post 15th March 2020, has been given extension of Six months, to their date of completion. We request that this suo-moto extension by MAHARERA should be extended until August 2021.**

If this is not done, then every project will have to apply for extension with the same reason, and MAHARERA on such application will have to conduct hearing and then decide. When we are all aware, that this lock down is going to push the completion of each of the project by minimum of nine months, we request that MAHARERA, should, in the interest of Real Estate Sector and also to avoid unnecessary proceedings, extend suo-moto, date of completion of all registered project by nine months.

Alternatively, if MAHARERA, wants every developer to apply for extension under force majeure, then extension granted due to COVID-19 should not be considered as onetime extension available to the developer under Force Majeure clause but should be considered as onetime alteration to project completion date allowed in view of COVID-19.

- 2. We request that interest payable to financial institutions, scheduled banks, non-banking financial corporations or money lenders on construction funding or money borrowed for construction ("Lenders") **should not be added to total cost of construction** in form 3, column 1 (ii) (c). That is interest payable to Lenders should not be allowed to be withdrawn from 70% Escrow Account.**

The interest payable to Lenders has been allowed as project cost and is allowed to be drawn from 70% Escrow Account maintained under RERA, by circular bearing No. 5/2017 dated 28th June, 2017, RERA has clarified that interest payable to financial institutions, scheduled banks,

none banking financial corporations or money lenders on construction funding or money borrowed for construction (“**Lenders**”) should be added to total cost of construction The principal amount should be added to the total cost of construction as this cost is already included in 1 (ii) (a). We propose to change this position, where by even interest is not allowed to be included in the project cost.

3. **Any order to refund customers on cancellation of booking of apartment should be made payable**
- (i) **on or before end of six months from the date of completion of the project**
- OR**
- (ii) **out of the sale proceeds of the resale of the cancelled Apartment whichever is earlier.**

We request the aforesaid directions should be implemented only upto 31st August, 2021, that is with a sunset clause, ending on 31st August 2021. This period will be sufficient either to economy to recover, and even if the economy does not recover, for every developer to realign his projects to new economic order.

Thanking you,

Yours Faithfully,
For CREDAI-MCHI



Deepak Goradia
President



Pritam Chivukula
Hon. Secretary