

MANAGING COMMITTEE
2023-2025

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Boman Irani

PRESIDENT-ELECT
Ajay Ashar

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Abhishek Lodha

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Jayesh Shah
Sukhraj Nahar
Sandeep Raheja
Rasesh Kanakia

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Shailesh Puranik
Pritam Chivukula
Amit Thacker
Jackbastian Nazareth

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Dhaval Ajmera

TREASURER
Nikunj Sanghavi

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Pratik Patel
Sunny Bijlani
Rushi Mehta

JOINT TREASURER
Gurminder Singh Seera

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Subodh Runwal
Parag Munot
Nainesh Shah
Mukesh Patel
Munish Doshi
Rajesh Prajapati
Shailesh Sanghvi
Parth Mehta
Harmohan Sahni
Jayvardhan Goenka
Umang Kuwadia
Prashant Khandelwal
Binita Dalal
Ayushi Ashar
Samyag Shah
Ricardo Romell

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Adv. Parimal Shroff
Anuj Puri

STATISTICS AND RESEARCH
Dr. Adv. Harshul Savla

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Ramkrishna Raheja
Nishant Agarwal
Harsh Hiranandani
Ajay Nahar
Azim F. Tapia
Cherag Ramakrishnan
Vijay Lakhani
Jayesh Chauhan
Aditya Shah
Shraddha Goradia
Sudhanshu Agarwal
Hussain Lalani
Sahil Parikh
Aditya Mirchandani
Rushi Ajmera

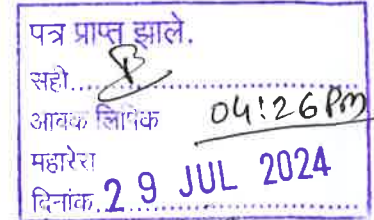
YOUTHWING CONVENOR
Naman Shah

o/c
CREDAI - MCHI

Ref. No. MCHI/PRES/24-25/066

Date: 26/7/2024

To,
Shri Ajoy Mehta (I.A.S. Retd.)
Chairman,
Maharashtra Real Estate Regulatory Authority,
Housefin Bhavan, Bandra Kurla Complex,
Bandra (E), Mumbai.



Sub: Representation in respect of Order No.56/2024 dated 27th June 2024 ("Order")

Respected Sir,

We note that the said Order was issued with a view to safeguard consumer interest and standardize utilization of funds deposited in such separate bank account. We set out below certain regulatory and operational challenges/issues in implementation of the said Order and our proposal in relation to the same for your consideration.

- As per the Reserve Bank of India's circular dated 6 August 2020 (*RBI Circular on 'Opening of Current Accounts by Banks - Need for Discipline'* with reference no. DOR.No.BP.BC/1/21.04.048/2020-21) any bank can only open accounts if the said customer has minimum specified banking/credit relationship with the said bank. In cases of Joint Development, the land owner and developer may have banking/credit relationships with different banks and thereby cannot open RERA accounts in the same bank basis the aforesaid circular. When we have approached banks for opening accounts of land owners in same bank as developer, the same has not been accepted by the bank. Hence, it is requested to obtain RBI's directive to banks to act as per the requirements of the Order. Till such time that the said directive is issued and a transition period of 3 months thereafter, relevant clauses including clause 6(B) may be made optional / kept in abeyance with undertaking from Promoter and Land Owner that this shall be complied with no later than 3 months from the date of the RBI's directive to banks in this regard.
- The Order has not taken into consideration the various different natures of Joint Development and/or Agreement for Sale (AFS) provisions. These arrangements can include:
 - AFS wherein Developer has agreed to buy the land from land owner(s) and make payment in one or more tranches which constitutes land cost of the project.
 - Revenue share with 100% of customer payments going to Developer first and land owner(s) being paid a part thereto which constitutes land cost of the project.
 - Revenue share with customer payments going partly to Developer and partly to land owner(s) in agreed proportion.
 - Profit share with 100% of customer payments going to Developer and land owner(s) being paid a share of profits which constitutes land cost of the project.

- 2.5. Profit share with customer payments going partly to Developer and partly to land owner(s) in agreed proportion representing profits being shared in agreed proportion.
- 2.6. Area share with some of the units being sold by Developer and some of the units being sold by land owner(s).
- 2.7. Revenue/profit or area share to land owners like society.
- 2.8. Revenue share/ other payment structures as stipulated by the government/ semi-government entities.

It is submitted that the obligation of opening RERA accounts shall only apply to those entities who receive payments directly from the customer and any payout to 3rd parties – whether contractor, government bodies, agents, vendors or land owners (who do not directly receive payment from customers) – is to be treated as project cost.

3. If a government or semi-government entity has to receive land payment over time and/or has a revenue share eg. MMRDA, MSRDC, it is highly unlikely that they will accept that their receipts are subject to the provisions and monitoring of RERA. Thus, exception is required to be made in the Order for government and semi-government entities.
4. Similarly, when land owners like society are to receive area or revenue or profit share over time, it is highly unlikely that they will accept that their receipts are subject to the provisions and monitoring of RERA. Thus, an exception is required to be made in the Order for such co-operative and/or non-commercial entities.
5. In case of any major change, it is established practice that a transition period is provided to give the impacted entities time to adjust to the changes. In fact, when RERA was implemented w.e.f. 1st May 2017, the rules and changes went into effect only from 1st August 2017 – a 3-month transition period. We submit that such transition period is also required for this Order.

We request your goodself to kindly consider the aforesaid submissions and arrange to provide for appropriate RBI directives to banks, the exceptions in terms of above, and a suitable transition period of 3-4 months.

We sincerely hope that this representation will be given due consideration in the greater interest of all the stakeholders of the real estate industry.

Thanking you,

Yours sincerely,
For **CREDAI-MCHI**

Domnic Romell
President

Dhaval Ajmera
Hon. Secretary