Norms for deciding grouping of units for purposes of Society formation

It is necessary that there is a one-to-one co-relation between the responsibility for each part of the development in its operational phase and a singular governance entity. Any part of the development which is either not governed by any governance entity or is governed by multiple governance entities, ends up moving towards 'non-performance'.

Governance can only be handled by entities which have:

a. Sources of monetary revenue
b. Powers to impose their rules (or powers to impose consequences if rules are not obeyed)

In the present scenario, the three clear entities who can govern any part of a development are:

1. Unit owner
2. Society
3. Local government (e.g. Municipal authority)

A group of societies working together to manage certain common areas through an umbrella entity viz. 'federation / MOFA company' is an interesting idea, which would reduce the dependence / load on the local government. However, the appropriate framework to implement a. and b. hereinabove is imperative for this idea to function – such framework has not yet been developed / implemented to date, except in rare instances wherein 'enlightened' society members have come together to impose these requirements (a. and b.).

The largest issues of lack of governance / accountability are seen in those parts which are private to the development (and hence, not governed by the Local government) and are not unique to any one society viz. common to multiple societies. In relation to such areas, the developer should follow the principle of:

i. Minimizing the extent / no. of such areas
ii. Understand and build into its cost base, the responsibility for maintaining such areas for an elongated time period

In case of certain types of larger developments (eg. SEZ, Megacity, Special Township), the state government has decided to empower the developer to play the role of the Local government. In such cases, overall upkeep of the common areas of such developments shall become much easier, if the developer is committed to (and builds in the financial costs, over and above the leviable municipal taxes) the long term maintenance of these areas.

In view of the aforesaid, the principles to be followed for purposes of which units should be brought together under one society are:

1. A single society should cover as large a part of the development as feasible. The lower the no. of societies, the lower shall be the areas which have to the handled / maintained by the developer. This does not apply to SEZ, Megacity, Special Township where developer has intent to maintain common areas for a longer duration.
2. The extent of a society should be limited to/by following norms:
    a. Buildings which have maximum of 30 months gap between their respective possessions dates viz. the last planned possession of units constituting a society should be no more than 30 months from the date of the first planned possession.
    b. The total no. of units in the society does not exceed 500 nos. (max. 550 nos). Any higher no. can be approved by RCEO only if the contiguous wings share > 550 units.

c. Buildings which are no more than 500 mtrs. physical distance from each other (viz. the crow-fly distance between the furthermost buildings of a society should not exceed 500 mtrs.).
d. None of the facilities outside the building periphery (viz. building footprint and 6 m around it) should be excluded from usage of any member of the society (regardless of which building he/she resides in). This norm shall not be applicable to parking spaces, which may be allocated to individual members.
e. Excluding the top 10% largest units (by saleable area), the saleable area of the largest planned unit (excluding the top 10% as stated and excluding any combinations/jodi resulting from customer choosing to do so) in the society should ideally not be more than 2 times the saleable area of the smallest planned unit in the society.
f. The land/area on which the society is physically spread should be demarcable / separable from that of other societies (this is NOT related to FSI allocation and nor will this result in proportional FSI allocation) (though it is possible that certain areas (on which habitable buildings are not standing) are shared between societies and the same shall then be governed by the local government / developer / federation / MOFA company (if workable)).

The issue related to which buildings shall constitute a society should be thought about and resolved prior to completion of master plan / concept layout for any development by Design and the same should be communicated to Sales & Documentation at time of launch.

- This shall also serve as an input to the design / no. / size of the common / facility management facilities including Society (/FM office), BMS Control Centre (including all safety and security related monitoring), entry gates, communication interconnectivity between units etc. (see 'Key Conveniences in Parking & Other Common Areas' policy).
- FM should ensure that BCAM is calculated in such a manner than we are comfortable running the society (without financial losses) for the period that the BCAM is pre-collected.
- For any development which is a single society development, the developer should collect BCAM for 60 months in advance.
- For any development which is likely to have multiple societies and hence, by definition, some areas will be common to multiple societies, the CAM will be split into two portions. The developer should:
    a. Collect 'BCAM' for 60 months in advance. This will be used to service all costs related to the areas covered which singularly belong to the society (and to no other society). Once society is formed and handed over, these areas shall be run by the society itself.
    b. Collect 'Federation CAM' for 60 months in advance. This amount shall be used to maintain the areas common to multiple societies. Prior to end of such 60 month period, Lodha shall ensure that it either collects FCAM for one year in advance or it is out of the overall development and maintenance of the areas common to multiple societies is handed over to an efficient 3rd party agency. Federation / MOFA companyDocuments for the formation of Federation / MOFA company should be gotten executed simultaneously with the documents for the formation of society. Agreement for sale with customers should contain relevant clauses w.r.to:
        i. Provisions for collection of such FCAM and consequences of non-payment thereof (ability to turn-off water connection to a defaulter society)
        ii. Conveyance of land shall be executed in favor of the Federation / MOFA company once the last society in the development is formed and not to individual societies (individual societies can be given conveyance of their structure as per RERA after society handover).
        iii. Nominees of the developer will be the Chairman and Secretary of the Federation / MOFA company till such time that the conveyance is executed.

iv. The Chairman and Secretary of each society would automatically become ex-officio members of the Federation / MOFA company. It would be their duty to ensure that the member of the respective society (directly or through the society) pay the applicable Federation / MOFA company CAM to the Federation / MOFA company.

c. In such multi-society developments, FM will have to break up the CAM estimate into two parts – BCAM (Society CAM) and FCAM (Federation CAM), taking into account the areas which will fall outside the purview of any one society.

d. Process of formation of society and federation / MOFA company shall be handled by Documentation cell (Legal) with assistance of Customer Care cell. Once society/federation / MOFA company is formed, Documentation shall provide the necessary documents to FM for handing over the Society. Conveyance of the land in favor of society/federation / MOFA company shall also be dealt with by Documentation. Legal (non-litigation team) to prepare the draft of conveyance of structure within a period of three months of OC of the each building and the draft of conveyance of layout within a period of three months of OC of last bldg.

- Timelines:

	Formation (Documentation)	**Handover of affairs (FM)**
Society	Application to be made within 3 months of 51% of units being sold (registered). To be completed no later than 3 months after first possession (viz. -3 to -6 months from the total duration of Society CAM collected)	To be completed 36-48 months after first possession (viz. -12 months from the total duration of Society CAM collected) or extended with mutual consent of society and Lodha HFM.
Federation / MOFA company (if applicable)	To be formed simultaneousy with first society.	To be completed 54-57 months after first possession (viz. -3 to -6 months from the total duration of Federation / MOFA company CAM collected) or extended with mutual consent of all societies in the federation/MOFA company and Lodha HFM.

- **Nature of management body to be formed**: Condominium for Lodha Luxury residential projects; society for all other projects).
  If >1 societies/condominiums on contiguous land, the overall governing body shall be company. The MOFA company will take name for the 'land' eg. Apollo Mills Land Company Pvt. Ltd. The conveyance shall be executed in favour of such company. All relevant terms and conditions wrt Federation / MOFA company shall be incorporated into the Articles/Memorandum of the Company or Federation / MOFA company. Some of the terms shall be:

  a. Each society shall be a member.
  b. Each member shall have 1 vote.
  c. Each society shall have select 'reserved open areas' earmarked for its exclusive use and control – no other society shall interfere in the use of these areas. Any open areas (outside the building) not earmarked as a 'reserved open area' shall be deemed to be a 'common open

area'. Details of the 'reserved open areas' shall be marked on the plan annexed to the Articles of the Company.

d. No member shall have any direct or indirect interest or say in the affairs which are related to the building/structure and reserved open areas of any other member society. Any such right/claim is explicitly deemed to be waived.
e. Each society is free to carry out repairs/renovation/redevelopment of its own building/structure and 'reserved open areas'. Each society alone shall be responsible for all costs related to the upkeep / safety etc. of these areas.
f. If there is any increase in FSI, each member society shall be entitled to such increased FSI In proportion of the FSI used for each member society as on the date of incorporation of the Company.
g. The 'common open areas', if any, shall governed by the by the decision of the Company. The members shall contribute to the expenses related to these areas in proportion of the FSI used for each member society as on the date of incorporation of the Company.

- Process of formation of Ultimate organization i.e. MOFA company:
  - Form MOFA company around the same time that first society is formed for a development. At this stage, Directors will be from Lodha.
  - All conveyance, where there is > 1 society, to be done to MOFA company (instead of federation).
  - As and when each society is formed (and before handover), allot it shares in the MOFA company in proportion of its estimated FSI (not carpet area). Allocate on basis of share out of 90% so that 10% is available for any changes or increases in FSI.
  - Each society shall have one director on the Board. Each directors shall have 1 vote.
  - Once all societies are formed, conveyance to be executed to MOFA company.
  - Whenever all societies are ready, Lodha directors will resign from MOFA company and society directors can takeover after election (or can make each society chairman a director and they can elected the Managing Director).
- Period for conveyance:

	Conveyance of building structure (may exclude podium/basement) to society/condominium	**Conveyance of land to society/condominium/company/ federation / MOFA company**
Single building only	Within 18 months of OC	Along with conveyance of building strucure
Layout/ Contiguous Land with more than one building	Within 18 months of OC of relevant building with limitation as per RERA	Within 18 months of OC of last building in the layout/contiguous land