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5TH GALSF MEDIATION COMPETITION

MEDIATION PROBLEM (FINAL ROUNDS)

31st MARCH, 2024



**GUJARAT NATIONAL LAW UNIVERSITY
GANDHINAGAR**



5TH GALSF MEDIATION COMPETITION

MEDIATION PROBLEM (FINAL ROUNDS)

1. Dream Developers is a real estate development partnership run by Mr. Chandler and Ms. Rachel, registered in the State of Borduria. The laws of Borduria are in pari passu with the laws of India.
2. On 12 March 2019, Dream Developers entered into a development agreement with My Life Housing Colony Association comprising of 20 house owners for the construction of high-rise apartments in the next 06 years. The agreement promises the landowners a proportional share of the developed area. The agreement was signed by Mr. Ross, President of the Association representing the interests of all the members. Mr. Ross, as the representative of the Association, had the duty to obtain consent from all the landowners, clear the formalities and make sure that the plots were free of pending cases, etc, and issue a report to the Dream Developers. Dream Developers were then supposed to recheck the authenticity of the report to be issued by Mr. Ross. However, no report was submitted and only Mr. Ross's word was taken into account before commencing the construction. Dream Developers didn't insist on the Report because they presumed that there was trust and understanding amongst the land owners.
3. Soon, Dream Developers took possession and started the development of the property measuring 40 acres, out of which approximately 2 acres is held by each member of the association.
4. The local municipal authority of Borduria issued a legal notice dated 03 April 2021 to Dream Developers stating that the construction of one of the apartments, Plot No. 3 is illegal. And that the penalty amounting to twice the market value of the plot ought to be paid. Mr. Joey, a landowner of plot No. 3, purchased the plot through a real estate agency in the year 2013 and registered the same in his name. The notice issued by the municipal authority mentions plot No.3 as agricultural land and that any construction for commercial or residential purposes on the said land without conversion shall lead to illegal

construction. Dream Developers received the notice and approached Mr. Joey to take full responsibility for the penalty amount. Mr. Joey claims that it was the mistake of the real estate development agency that the conversion had not been performed. And that he is not liable to pay any amount a penalty to the municipal authority. In furtherance, Dream Developers stopped the construction of Plot No. 3. Mr. Joey, took this issue to Mr. Ross and requested to ask Dream Developers to pay the penalty and resume to construction. The construction of the Plot No. 3 has not been issued till date, and the case is still pending in the Court.

5. The development agreement stipulates that the construction of the apartment shall include the construction of 20 floors owned by each of the landowners, along with 1 basement for car parking. Mr. Ben, a land owner claims that during a recent visit to the construction site in September 2021, he noticed that a 21 floor is being constructed at an area measuring 01 acre approx. and that Dream Developers have entered an MoU with a rooftop restaurant for the leasing of the 21st Floor and received an approximate amount of 2 Crores as advance. He informed the other members and mentioned that this deviation was illegal from the agreed plan.
6. Mr. Richard and Ms. Janice owners of plots No.18 and 19 respectively approached the Association on December 2022 and stated that they had no knowledge of the development agreement and that they had not authorised Mr. Ross to sign on their behalf on any development agreement.
7. On March 2023, Mr. Gunther who was allotted Plot No. 6, claimed that allocation of his flat was not made in accordance with his contribution. Similar issues of allotment of land not being in proportion were mentioned to Mr. Ross in the meeting of landowners on 20 July 2023.
8. Owing to the aforementioned issues, a few of the landowners submitted a joint representation through My Life Housing Colony Association to Dream Developers regarding their concerns on September 2023. They required answers for the issues raised in the representation and stated that there is a lack of trust amongst the owners towards Dream Developers.

9. Owing to no response from Dream Developers, on 20 January 2024, the landowners refused to cooperate with the construction, entered their houses, and vowed to continue living in their own houses again. When approached by Mr. Ross, they demanded appropriate allocation of the promised developed area and adequate consideration for cooperating with the construction. However, Dream Developers claims to have delivered and fulfilled all their obligations under the development agreement and that the actions taken up by the landowners shall lead to illegal possession of the property.
10. Mr. Ross reminded the parties of the 'dispute resolution through mediation' clause in the development agreement and in pursuance of the same, both the parties agreed to mediate the issues.

