

PRIVILEGED & CONFIDENTIAL

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UPDATES ON MAINTENANCE AND OPERATION OF BANK ACCOUNTS OF RERA PROJECTS

REGISTERED ON OR AFTER 1ST JULY 2024

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MahaRERA vide Order No -56/2024 dated 27th June 2024 has issued new guidelines on maintenance and operation of multiple bank accounts for the project registered with MahaRERA after 1st July, 2024 :

I. OPENING OF RERA PROJECT BANK ACCOUNTS :

The Promoter shall open following three (3) project bank accounts in single scheduled bank before applying for the registration of the project and give details thereof at the time of registration : -

1. RERA Designated **Collection** Bank Account of the Project (**100%**)
2. RERA Designated **Separate** Bank Account of the Project (**70%**)
3. RERA Designated **Transaction** Bank Account of the Project (**30%**)

- All RERA Bank accounts shall be opened in same bank.
- The Promoter shall furnish/publish particulars of the “**RERA Designated Collection Bank Accounts**” of the project in the Allotment letter and agreement for sale with the existing prospective homebuyers for the purpose of receiving payments towards their unit in the registered project

The name of the all three Bank Accounts shall contain name of the project prescribed in the following manner:

- Assumptions:
- (i) Name of the Developer Promoter is “**ABC Pvt Ltd**”
 - (ii) Name of the Land Owner Promoter is “**DEF**”
 - (iii) Name of the Joint Developer Promoter is “**PQR Ltd**”
 - (iv) Name of Project is “**XYZ**”

Bank Account Names:

For Developer Promoter ABC Pvt Ltd will be as under:

- (a) ABC Pvt Ltd RERA Designated **Collection** Bank Account for XYZ OR
ABC Pvt Ltd RERA Designated **Master** Bank Account for XYZ (in case of Revenue Share)
- (b) ABC Pvt Ltd RERA Designated **Separate** Bank Account for XYZ
- (c) ABC Pvt Ltd RERA Designated **Transaction** Bank Account for XYZ

For Land Owner Promoter DEF will be as under:

- (a) DEF RERA Designated **Collection** Bank Account for XYZ
- (b) DEF RERA Designated **Separate** Bank Account for XYZ
- (c) DEF RERA Designated **Transaction** Bank Account for XYZ

For Second Developer Promoter PQR Ltd will be as under:

- (a) PQR Ltd RERA Designated **Collection** Bank Account for XYZ
- (b) PQR Ltd RERA Designated **Separate** Bank Account for XYZ
- (c) PQR Ltd RERA Designated **Transaction** Bank Account for XYZ

- The excess monies lying in the RERA Designated Separate Bank Account can be put in fixed deposits with the bank operating all three RERA Designated bank Accounts and which has to be a no lien Fixed Deposit and no loan can be obtained against or on such fixed deposit nor any charge can be created on such fixed deposit as prescribed in MahaRERA Circular bearing No. 07/2017 dated 4 July 2017.
- Banks shall issue two copies of the letter in the format provided in Format B upon opening of the accounts. One copy of the letter to be given to the promoter shall upload the letter on his web portal which is visible to MahaRERA.
- No debits or withdrawals shall be permitted by means of cheque, debit card, credit card, internet banking facility, or any other payment methods (eg. Demand Draft (DD), bank guarantee etc.) or any means of instruments, except through an auto sweep facility to transfer the amount deposited in RERA Designated Collection Bank Account’ and ‘RERA Designated Master Bank Account’ (in case of Revenue Share).
- Banks should follow strictly the nomenclature as prescribed in these directions.
- Banks to take a written standing advise from Promoters at the time of opening of the three (3) account for auto-transfer of funds deposited in the ‘RERA Designated Collection Bank Account of the Project’ in a proportion of 70 : 30 to ‘RERA Designated Separate Bank Account of Project’ and “RERA Designated Transaction Bank Account for the Project”.

II. WITHDRAWALS PROCESS AS PER THE GUIDELINES :

RERA Designated Collection Bank Account for Project (100%)

(excluding of GST, Stamp duty, Registration charges and pass through charges if any)
(No Debit or withdrawals by means of cheques, debit card, credit card, internet banking facility or any other payment methods e.g. Demand Draft (DD), bank guarantees, etc. or any means of instruments **method**)

Auto Sweep

RERA Designated Separate Bank Account for Project (70%)

RERA Designated Transaction Bank Account for Project (30%)

Designated Separate Account Costs that can be withdrawn as per CA Certificate in Form 3

- Development Cost
- Land Cost
- Refund amount to allottees up to 70%
- Interest on loan for the project

OR

Equivalent Transfer to RERA Designated Transaction Account (not exceeding amount as per Form 3)

Highlights

To be kept Free from all encumbrances.
Should not be an escrow account, free from lien, loans and third part control i.e. (lender / bank/ financial institution).
cannot be attached by any other government authority / body without the order of MahaRERA Authority.

Designated Transaction Account Costs that can be withdrawn

- RERA Penalties
- Interest / Compensation payments to allottees
- Refund amount to allottees with compensation
- Marketing and Brokerage Expenses
- Any other expenses not directly related to the land and construction cost/ development cost of the project

Highlights

No restriction of withdrawal, charge or mortgage.
May be Escrow, subject to lien and Third Party control
Can be attached by any other Government Authority/ Body.

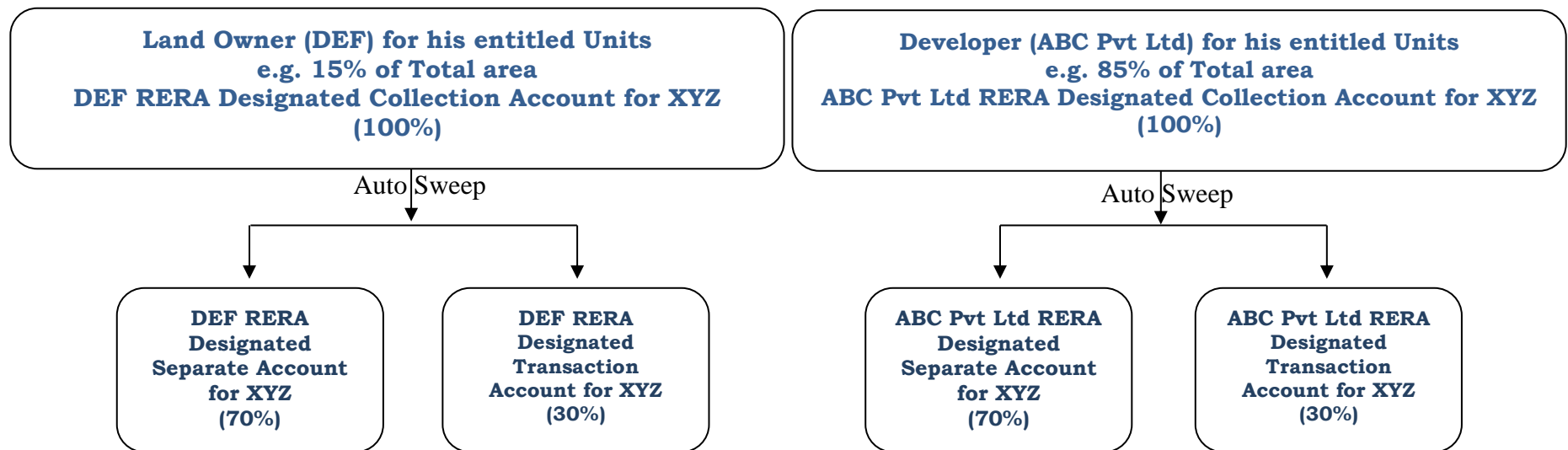
III. AREA SHARE/REVENUE SHARE WITH MULTIPLE PROMOTERS :

1. For a registered project which has multiple promoters, one of the Promoter, under necessary contractual or legal arrangement or Joint declaration shall be responsible for registering the project under MahaRERA and shall also be responsible for updating all the data and all other compliances as prescribed in the Act, Rules and Regulations and he shall be called **“Designated Promoter”** for the purpose of this circular.
2. In case of multiple promoters, necessary contractual or legal arrangements should be made by the Designated Promoter in the terms of Development Agreement, Joint Development Agreement , Joint Venture Agreement, etc. and disclose it on MahaRERA portal.
3. The designated promoter shall submit declaration incorporating standing advice given to the bank for auto-sweep transfer facility to transfer the amount deposited in this account to the **“RERA Designated collection bank accounts”** of each promoter as per their share as mentioned in the contractual or legal arrangements of promoters and shall be disclosed at time of registration of the Project with MahaRERA.
4. In case of Revenue Share Agreement where there are multiple promoters with revenue share, the designated promoter shall furnish the particulars of **“RERA Designated Master Bank Account”** in the allotment letter and agreement for sale with the existing & prospective homebuyers.

IV. AREA SHARE UNDER JOINT DEVELOPMENT AGREEMENT :

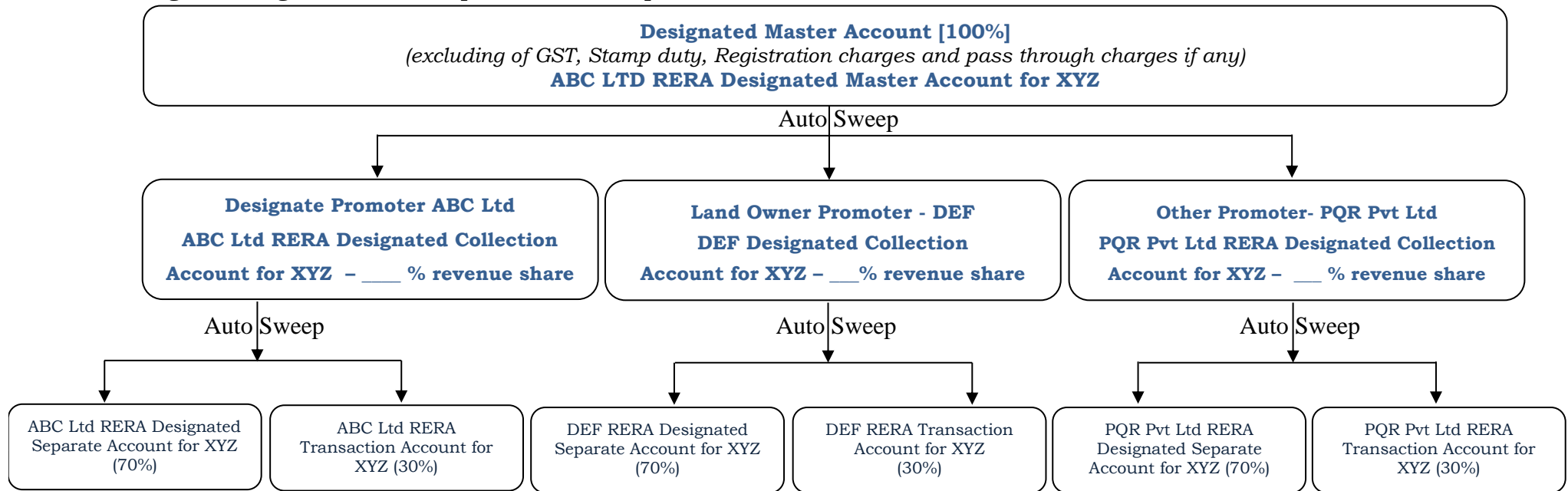
Each Promoter entity, who are entitled to share Area in the Project as per their mutual agreement, should open three (3) bank accounts as stated hereinabove in single scheduled bank before applying for the project.

All Promoters shall deposit the sales proceeds realized from the allottees for their respective Area Share shall follow the following process:



V. REVENUE SHARE UNDER JOINT DEVELOPMENT AGREEMENT :

In case of multiple promoters sharing revenue, the Promoters shall mutually agree to appoint one promoter as a Designated Promoter who shall open a “**RERA Designated Master Account**” where 100 % money from homebuyers will be collected and through the auto-sweep facility, the moneys will be transferred to the “RERA Designated collection bank accounts” of each promoter as per their share as mentioned in the contractual or legal arrangements of the promoters and process as under:



Note:

1. Bank shall take a written standing advise from Promoters at the time of opening of the “RERA Designated Master Account” for auto-sweep facility to transfer funds to the “RERA Designated Collection Bank Accounts for the Project” and “RERA Designated Transaction Bank Account for the Project” of each promoter as per their share as mentioned in the contractual or legal arrangements of promoters.
2. Where there are multiple promoters, the percentage of withdrawal of the amount, as certified by the Chartered Account (CA Certificate) of the designated promoter, and applicable to the separate bank account of the designated promoter shall also be applicable to the separate bank accounts of all promoters.
3. Form 3 i.e. CA Certificate shall cover cost of the developer and the owner as well as aggregate cost.

VI. BANK LOANS :

1. To ensure that the 'RERA Designated Master Account'(for Revenue Share), 'RERA Designated Collection Bank Account' and "RERA Designated Separate bank account" of the project shall be free from all encumbrances and should not be an escrow account and free from lien, loans and third-party control i.e. lender/bank/financial institution. Attachment by any other government authority/body shall only be with the order of MahaRERA.

2. All the secured and unsecured loan amount to finance the project may be deposited in the RERA Designated Separate Bank or any other bank account. (In the event of such deposit being made in RERA Designated Separate Bank reconciliation/matching of the deposits and withdrawal under CA certificate will not be possible , Therefore ideally loan amount should not be deposited in RERA Designated Separate Bank).

3. The promoter shall submit following disclosure for existing/proposed Secured/unsecured finance availed for the project by mortgaging land or building/flat or both and serve the loan interest from '**RERA Designated Separate Bank Account**' :
 - i. Name of the Lender
 - ii. Address of the lender

- iii. Date of borrowing/disbursement
- iv. Sanctioned Amount
- v. Disbursed Amount
- vi. Outstanding Amount
- vii. Details of Mortgage (if any)
- viii. Declaration of CA certifying that loan amount is used for this project only

4. CERSAI Report for secured loans (if any) as prescribed in the MahaRERA order no. 26/2021 dated 29.10.2021.

5. Banks shall ensure that “RERA Designated collection bank accounts” and “RERA Designated separate bank accounts” of the project shall be free from all encumbrances and should not be an escrow account and free from lien, loans and third party control i.e. Lender/bank/financial institution. These two accounts cannot be attached by any other government authority/body without the order of MahaRERA.

VII. GENERAL POINTS :

1. To suspend withdrawals/transfers from all the accounts of the Project upon lapse of registration as per RERA Registration Certificate which can be revived only in the event where RERA has granted extension to the registration.
2. To freeze/de-freeze the project accounts immediately on receipt of any order with regards the same from MahaRERA.
3. Designated Promoter will be liable to update on MahaRERA portal.
4. Non-compliance of these directions by the Promoter in any manner will be punishable under section 60 and 63 of the RERA Act.
5. All Certificates issued by CA shall contain UDIN issued separately for each certificate.
6. The transfer/change of project Accounts from schedule Bank/branch to another shall be permitted only with prior written approval of the authority.

7. On completion of project and grant of Full occupancy certificate. The Promoter shall upload following documents:

(i) Occupancy Certificate/completion certificate from competent authority;

(ii) Form-4, Architect certificate of completion as prescribed under the regulations.

On submission of Form 4 the technical officer shall verify the completeness and correctness of Form 4 and occupation certificate and the bank accounts shall be closed.

8. Banks shall suspend withdrawals/transfers from all the accounts of the Project upon lapse of registration. However, the bank account shall remain operational only in the event when RERA has granted extension to the registration.

9. In the eventuality of any orders of the authority for freezing/de-freezing of any of the project accounts, the banks shall immediately comply with such order and shall accordingly freeze/de-freeze the concerned account(s).

VIII. MAJOR DEPARTURE FROM EXISTING REGIME :

1. Now all 3 project accounts need to be disclosed at the time of registration of Project; earlier only RERA account i.e. (70% account) was required to be reported to MahaRERA on registration of the project.
2. No Lender can create lien or mortgage or create charge or Control the RERA Designated Separate Bank Account (70%) of the Project. But they can have charge and take control of RERA Designated Transaction Bank Account (30%) including amounts already withdrawn from RERA Designated Separate Bank Account and deposited in Transaction Bank Account.
3. Revenue Share:
 - a. Currently Promoter (Developer) was required to operate one RERA Collection Bank Account , Separate Bank Account (70%) and Other Account (30%) for whole project in Revenue share but now each Promoters (Land Owner, Developer or Joint Developer as case maybe) shall be required to open all 3 accounts viz. RERA Collection Bank Account, RERA Designated Separate Bank Account (70%) and RERA Designated Transaction Bank Account (30%) separately in respect of every project;

- b. Where there are multiple promoters, the percentage of withdrawal of the amount, as certified by the Chartered Account (CA Certificate) of the designated promoter, and applicable to the separate bank account of the designated promoter shall also be applicable to the separate bank accounts of all promoters;
- c. Under the existing Joint Development Agreement (Revenue Share), If any phase(s) is yet to be registered under RERA then Supplementary Agreement amongst promoter will be required to be executed so as to comply with the directions of new MahaRERA order no 56 /2024 dated 27th June, 2024;
- d. Meticulous business plan and diligent cash flow planning will be necessary prior to registration of projects with RERA so as to ensure smooth withdrawal process by all the promoters.

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Thank You

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