



REAL ESTATE REGULATORY AUTHORITY, BIHAR

4th and 6th Floor, Bihar State Building Construction Corporation Limited Complex,
Shastri Nagar, Patna-800023.

Letter No.: RERA/mix/Regstrn/40/2020/1152

Patna / Date : 20.12.2024

Office Order

Sub – Standard Operating Procedure (SOP) for maintenance & operation of Project Bank Accounts in the light of Section 4(2)(1)(D) of the Real Estate (Regulation and Development) Act 2016.

Section 4(2)(1) (D) of Real Estate (Regulation and Development) Act, 2016 mandates that *“seventy per cent. of the amounts realized for the real estate project from the allottees, from time to time, shall be deposited in a separate account to be maintained in a scheduled bank to cover the cost of construction and the land cost and shall be used only for that purpose:*

Provided that the promoter shall withdraw the amounts from the separate account, to cover the cost of the project, in proportion to the percentage of completion of the project:

Provided further that the amounts from the separate account shall be withdrawn by the promoter after it is certified by an engineer, an architect and a chartered accountant in practice that the withdrawal is in proportion to the percentage of completion of the project:

Provided also that the promoter shall get his accounts audited within six months after the end of every financial year by a chartered accountant in practice, and shall produce a statement of accounts duly certified and signed by such chartered accountant and it shall be verified during the audit that the amounts collected for a particular project have been utilized for the project and the withdrawal has been in compliance with the proportion to the percentage of completion of the project.”

In compliance of the mandate as prescribed in Section 4(2)(1) (D) of Real Estate (Regulation and Development) Act, 2016 and in order (a) to safeguard homebuyers' interest, ensure compliance, promote efficiency and transparency, accountability, and financial discipline as well as (b) to have uniformity in the operation and maintenance of the bank account of real estate projects and (c) to ensure proper and lawful utilization of the funds deposited in the designated bank accounts, following directions are being given by the Authority regarding maintenance and operation of Bank Accounts of Registered Real Estate Projects:

1. Opening of RERA Project Bank Accounts:

The promoter shall open dedicated bank accounts in a single scheduled bank before applying for the project registration as the promoter is obligated to furnish the details of project bank accounts at the time of registration.

These accounts will be opened by the Promoter who applies for the registration of their project as mentioned in the registration form. In case of multiple promoters, necessary contractual or legal arrangements should be made in advance by the principal promoter, the accounts would be opened and operated by the principal promoter who is applying for registering the project.

2. Operation of Bank Account:

For opening RERA Designated Account the Bank will open three bank accounts relating to single registered real estate project, viz. a. RERA Master Account. b. RERA Project Account. c. RERA Promoter Account

- a. **RERA Master Account:** Entire amounts realized from the allottees for the project (100% receivables from the allottees) would be deposited in the RERA Master Account. Name of the Account shall contain name of the promoter and name of the project formatted in the following manner:

“Name of Promoter - Project Name- RERA Master Account”

The entire amount accepted from the allottees should be deposited in this account. The promoter shall submit standing instruction to the bank for auto-sweep transfer facility of not less than seventy (70%) percent of the amount collected from allottees in this account to the ‘RERA Project Account’ and not more than thirty (30%) percent of the collected amount to the ‘RERA Promoter Account’.

The bank where the 'RERA Master Account' is opened shall ensure that no debits or withdrawals are permitted by means of cheque, 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, except through an auto sweep facility transferring a minimum of seventy (70%) percent of the amount collected from allottees to the 'RERA Project Account' and a maximum of thirty (30%) percent of the collected amount to the 'RERA Promoter Account'.

The promoter shall furnish/publish particulars of the ‘RERA Master Account’ in the Allotment Letter and Agreement For Sale and any other document for communication with the existing/ prospective homebuyers for the purpose of receiving payments towards their unit in the registered project.

- b. **RERA Project Account:** 70% amount from the RERA Master Account shall be transferred automatically at the end of the business day in this account. Name of the Account shall contain name of the promoter and name of the project formatted in the following manner:

“Name of Promoter - Project Name- RERA Project Account”

This account shall be free from all encumbrances and should not be escrow account and will be free from lien, loans, and third-party control i.e. lender/ bank/ financial institutions and cannot be attached by any other government authority/body unless any direction from the Authority is issued.

The amounts from the RERA Project Account shall be withdrawn by the promoter only after submission of Form 1 (Architect Certificate), Form 2 (Engineer Certificate) and Form 3 (CA Certificate) as prescribed in the Regulations for getting release of money from the separate account to the Bank.

The promoter shall withdraw the amounts from the RERA Project Account, to cover the cost of the project, in proportion to the percentage of completion of the project.

The money deposited in this account can be utilized only for meeting following expenditures incurred on the project;

- i. Land Cost
- ii. Development Cost/ Cost of Construction
- iii. Refunds to the allottees-

The promoter can withdraw from the 'RERA ProjectAccount' up to 70% of the amount paid by the allottees.Amount of interest, penalty, compensation, taxes and duties in the event of any refund/ cancellation of booking/allotment of the apartment/unitshall not be withdrawn from this account.

- c. **RERA Promoter Account:**A maximum of 30% amount from the RERA Master Account shall be transferred automatically at the end of the business day.Name of the Account shall contain name of the promoter and name of the project formatted in the following manner:

“Name of Promoter - Project Name- RERA Promoter Account”

Only up to thirty Percent (30%) of the amounts realized for the real estate project from the allottees, from time to time received in ‘RERA Master Account’ shall be deposited in ‘RERA Promoter Account’.

This account can be utilized for meeting expenses other than those directly related to the land cost and construction/development cost of the project, in accordance with the provisions laid out in the Act, the Rules, and the Regulations and as mentioned in 'c' above.

In the event of cancellation of booking/allotment of the apartment/unit or in case of order of refund, the promoter can withdraw amount required to be paid to the allottees from the 'RERA Promoter Account'.

3.Change in RERA Project Account

1.The promoter may change the RERA Designated Account from one bank to anotherbank orin the same bank only with the prior written permission of the Authority.

2.For RERA Designated Account change request, promoter has to make written application along with necessary documents as follows:

- I. Certificate of existing Branch Manager with the application of the Promoter whereby he has requested for closure of the Account along with the duly certified statement of account right from the date of its opening till the date of its closure.
- II. Certificate of Branch Manager of existing bank that the amounts withdrawn from the project account where 70% of amount was kept after it was certified by an engineer, an architect and a chartered accountant in practice that the withdrawal is in proportion to the percentage of completion of the project.
- III. Certificate of Branch Manager of existing bank regardingamount of fund to be transferred from bank to new RERA designated Accounts. This certificate should clearly indicate the balance amount of RERA Project Account and RERA Promoter Account separately which is being transferred to new bank.

- IV. Undertaking from the Branch Manager of the Bank where new Account for Project is to be opened that the directions given through this order would be complied by them.
- V. Branch Manager of the Bank where new bank account is to be opened would submit a certificate that in case of any lien to be charged on properties of the project, in case of any lending, the first charge of right on such property would be of concerned allottees.
- VI. After Authority approves the proposal to change the RERA Designated Account, the Branch Manager of new Bank will open the account and after opening of account, the Branch Manager would ensure that the balance transferred to new account from previous one is same as given in the certificate by the Branch Manager of Previous Bank.

There cannot be any lien of any bank/ financial institution on RERA Project Accounts & no lenders can be a signatory to that (70%) RERA Separate Account. If some promoter does it, it is illegal. Even after completion of project RERA Bank Accounts cannot be closed without the prior permission of Authority.

5. Closure of separate bank accounts of the project

On completion of project and grant of occupancy certificate, the promoter shall apply for closure of Separate Bank Account of the project along with the documents as given below:

I. Architect's Certificate of Completion.

II. Occupancy Certificate obtained from Competent Authority.

III. Affidavit-cum declaration/undertaking from Chartered Accountant, in practice, confirming that all the liabilities pertaining to refund order and penalties, refunds/compensation, amount of recovery warrant or late fee etc. issued if any, imposed by Authority as per provisions of the Act, the Rules and the Regulations have been discharged by the promoter and further that in case any future liability that may be incurred by the promoter shall solely be borne and part by the promoter.

IV. On completion of project and grant of Occupancy Certificate, including submission of compliance of Section 11(4)(g) and (h) of the Act regarding payment of all outgoing, payment of all statutory dues, clearing of all encumbrances

V. Any other pending compliances

VI. Compliance as per Regulation 30(1) of Bihar Real Estate Regulatory Authority (General) Regulations, 2024.

The entire balance amount lying in the 'RERA Project Account' can be withdrawn by the promoter with the prior written approval of the Authority

7. Obligations of the Banks

- i. Banks shall be obliged to follow the provisions issued herein.
- ii. Banks shall notify Promoters to open / maintain three bank accounts namely, a. RERA Master Account. b. RERA Project Account. c. RERA Promoter Account for all projects registered
- iii. Banks shall strictly follow the nomenclature prescribed in these directions for the bank accounts.

iv. Banks shall be obliged to take a written standing advice from Promoters at the time of opening of the three accounts for auto-transfer of funds deposited in the 'RERA Master Account' in a proportion of a maximum of seventy (70) percent to 'RERA Project Account' and not more than thirty (30) percent to 'RERA Promoter Account'.

v. Banks shall ensure that the RERA Project Account shall be free from all encumbrances and should not be escrow account and free from lien, loans, and third-party control i.e. lenders/ banks/ financial institution and cannot be attached by any other government authority/body.

vi. In case of any doubtful/suspicious transaction from the RERA Project Account, the concerned bank must bring the issue to the knowledge of the Authority before allowing the withdrawal.

vii. Banks while doing due diligence for opening and operating a project account or financing a real estate project and ensure that in case of any lien to be charged on properties of the project, in case of any lending, the first charge of right on such property would be of concerned allottees.

viii. Banks shall stop withdrawals/transfers from the 'RERA Project Account' upon lapse of registration of the project i.e. on the date of completion of the project as mentioned in Registration Certificate unless certificate of extended date is produced by the promoter.

ix. Upon completion of the project and upon obtaining written approval from the Authority by the promoter, the bank shall permit withdrawal of funds from the bank account and allow its closure.

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

xi. The Bank where in the RERA Project Account of the project has been opened shall ensure that no debit/withdrawal is permitted except as reimbursement of the expenditure incurred on the concerned project after due certification of such expenditure by the Architect, Engineer & Chartered Accountant.

Non-compliance of these directions by the Promoter in any manner shall be punishable under Section 60 and 63 of the RERA Act, with a penalty which may be up to five percent of the cost of the project

This comes into force with immediate effect.

This is issued with the approval of the Competent Authority.


Secretary

Patna, dated:- 20/12/2024

Memo No:- RERA/Misc./Registration/40/2020/ 1152

Copy to: 1. Convenor State Level Banker's Committee, Local Head Office, SLBC Department, State Bank of India, Local Head Office- 5th Floor, West Gandhi Maidan, Patna (Bihar) - 800 001 for information with the request to circulate this among all the Banks.

2. All the zonal heads/Regional heads of all the Banks for information & needful
please.



Secretary

Memo No:- MemoNo:- RERA/Misc./Registration/40/2020/ 1152 Patna, dated:- 20.12.2024

Copy to: 1. All the promoters

2. President, CREDAI, 201, N.P. Centre, New Dakbungalow Road, Patna-800001

3. President, Builders Association of India for information & needful please.



Secretary

Memo No:- Memo No:- RERA/Misc./Registration/40/2020/ 1152

Patna, dated:-

Copy to: 1. Chairman Cell

2. All the Officers/personnel of RERA for information & needful please.


Secretary