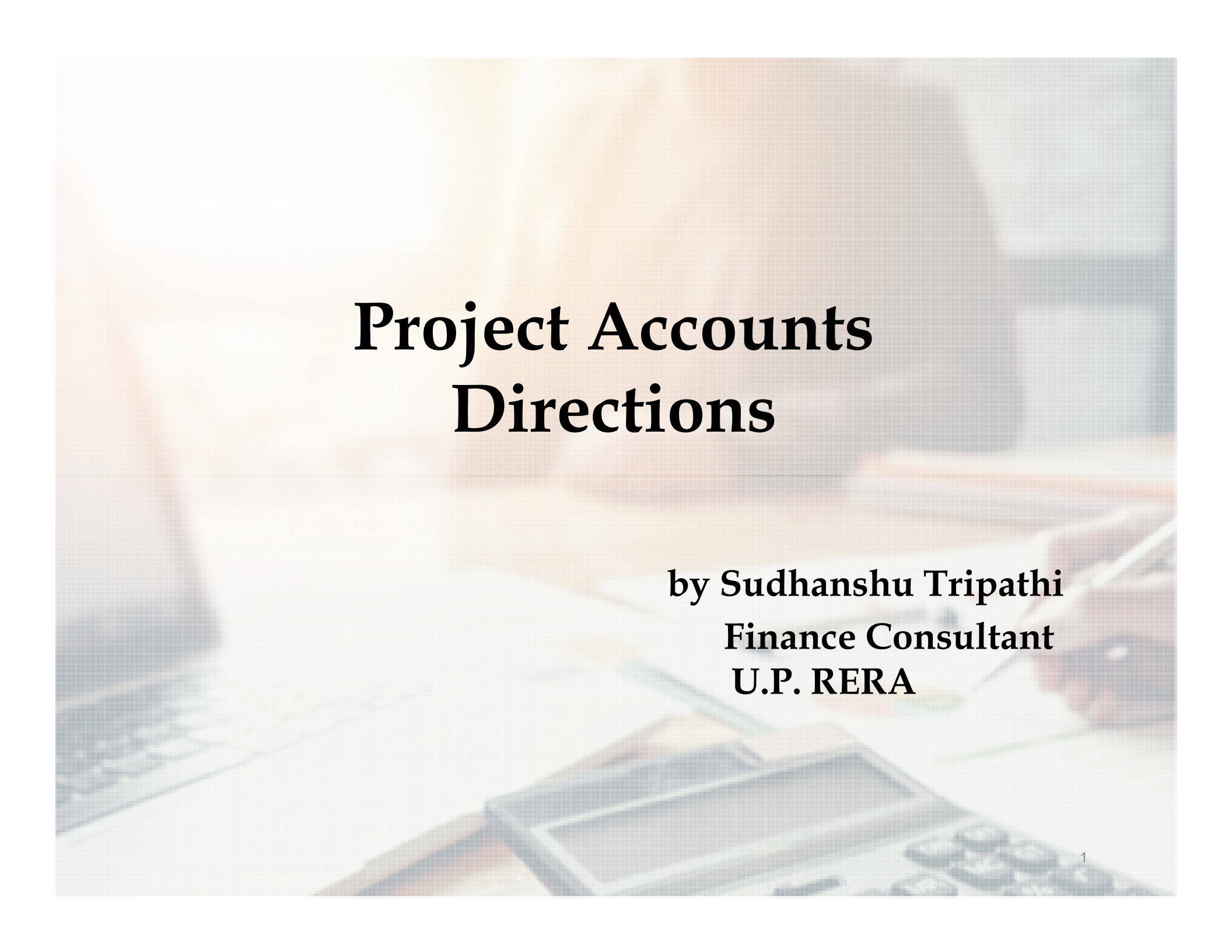




Project Accounts Directions

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Section 4(2)(1)(D) of the RERA Act, 2016

- **70% of the amounts collected for the project from the allottees**, from time to time, shall be deposited in a separate account
- This account shall be maintained in a scheduled bank
- It shall cover the cost of construction and the land cost **and shall be used only for that purpose;**
- Promoter shall withdraw from this account, to cover the cost of the project, **in proportion to the percentage of completion** of the project; and;
- Amounts from this account shall be withdrawn by the promoter after it is certified by an Engineer, an Architect and a CA in practice that the withdrawal is in proportion to the percentage of completion of the project.

Account Opening Procedure & Features

Project Account Directions dated 29 Nov, 2023 issued by U.P. RERA- available under Legal Section on U.P. RERA Web-portal

Promoter to get three bank accounts opened in a Scheduled Bank as per the names prescribed in the Directions

The names of **three bank accounts** opened for each **registered project** shall be

- **Collection Account**
- **Separate Account**
- **Transaction Account**

Bank has to **auto-transfer** not less than 70 % of the amount received in collection account (excluding GST) to Separate Account and not more than 30% of the collected amount to the Transaction Account.

Prescribed Names of the Accounts

Separate, Collection and Transaction Accounts of the Project must be named as

- <name of the promoter> <type of a/c> <name of the project>

If the name of the promoter is M/s ABC Ltd, and the name of the project is XYZ, then

- **Example for Separate A/c:** “ABC – Separate Account for XYZ”
- **Example for Collection A/c:** “ABC – Collection Account for XYZ”
- **Example for Transaction A/c:** “ABC – Transaction Account for XYZ”

Salient Features of the Accounts

- **Collection A/c-** All allottees' deposits to be credited here. Home loan disbursement to be made in this A/c
- **Separate A/c- Deposits**
 - 70% by auto-debit from Collection a/c
 - 100% of project finance, if any
- **Separate A/c- Admissible Expenditure**
 - Funds from this a/c to be spent on project land and development ONLY
 - Development fee etc paid to competent authorities, Amounts like stamp duty, registration charges, transfer charges etc payable to State/ Central Govt. and statutory authorities
 - Interest, other than penal interest on project finance
 - Interest on unsecured loan at SBI-MCLR rates provided unsecured loan is utilised for land or project development.
 - 100% of project finance
 - 70% of the principal amount refunded on account of cancellation of unit, provided 70% of the amount collected was deposited in the Separate Account
- **Transaction A/c-** profit margin, administrative expenses, interest to allottees, penal interest, penalties etc

Withdrawal Of Money From Separate Project Account

- No withdrawal from Separate Account permissible without the three certificates as provided under section 4(2)(1)(D) of the Act
- The same certificates can be used only up to the extent of the amount eligible for withdrawal is within limit (cumulatively) as stated in the CA certificate.
- Banks must ensure that the CA Certificates bear UDIN as mandated by the Institute of Chartered Accountants of India and are drawn on the proforma as mandated by U.P.RERA i.e., Form REG-3.
- Cheque book, Debit card, internet banking facility strictly prohibited in Separate Account

Restrictive Arrangements in Collection & Separate A/c

- Day to day transaction – Not allowed
- Lien on Collection and Separate account – Not allowed
- Cheque book, Debit card, DD – Not allowed
- Internet banking – Only Viewing rights to be allowed
- Non Home Branch Debit – Not allowed
- Escrow arrangement between landowner & promoter – permissible only in the Transaction account of the project

Conditions of considering change of Separate A/c

- Bank account of the project not declared at the time of registration of the project with the Authority
- Bank account declared on the website of the Authority is common to more than one project of the promoter
- Bank account declared on the website of the Authority is a general collection account of the promoter and not a bank account of the project as clarified in these directions
- Bank account is with a bank outside the district where the project is located
- The Reserve Bank of India has placed restrictions on the operation of the bank account at a particular bank
- Existing project finance completely taken over by a new bank or a fresh project finance is availed by the promoter for the entire project

Obligations of agents regarding bank accounts

Agents must ensure that the allottee/homebuyers transfer the amount to the **Collection account of the project only**, which is reflected on the UP RERA portal

The agents must also ensure that the Collection A/C no. & name in which homebuyers are asked to deposit funds is the same as reported by Promoter on RERA portal

The agents must also ensure that the details of Collection account & IFSC are mentioned in all the advertisements on digital/ print media, marketing materials, brochure etc related to the project

Freezing & De-freezing Of Bank Accounts

Banks shall restrict operation of the Separate A/c upon lapse of registration of the project

The Authority upon revocation of the registration of a project may direct the bank to freeze the bank account

The bank is also authorised to subsequently de-freezing of the said accounts for facilitating the remaining development work of the project in accordance with the provisions of section 8 of the Act.

Dos & Don'ts

01

The bank accounts of the projects are to be opened by promoter before registration of the project under RERA.... **AND No Advt. without Registration**

02

The allottees must never be asked to deposit funds in Transaction and Separate A/c of the project

03

Any refund from Collection A/c not possible as no withdrawal allowed from that account