



CIVIL

# AP RERA Issues New Guidelines for Maintenance and Operation of RERA Bank Accounts: Standardizing Fund Utilization in Real Estate Projects

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In a significant move to enhance transparency and accountability in the real estate sector, the Andhra Pradesh Real Estate Regulatory Authority (AP RERA) has issued comprehensive directions for the maintenance and operation of RERA-designated bank accounts. These guidelines, titled “AP RERA Directions for Maintenance and Operation of RERA Designated Bank Accounts of Registered Projects, 2025,” were issued on 28th March 2025 under Section 37 of the Real Estate (Regulation and Development) Act, 2016. The primary objective is to protect consumer interests by ensuring compliance, transparency, accountability, and financial discipline in the real estate sector. By standardizing the utilization of funds deposited in designated RERA bank accounts, these guidelines aim to safeguard project funds from diversion and ensure timely delivery of projects.

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## Issuing Authority and Legal Provisions

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The Andhra Pradesh Real Estate Regulatory Authority (AP RERA) has issued these directions under Section 37 of the Real Estate (Regulation and Development) Act, 2016. This section empowers the Authority to issue directions for the regulation and development of real estate projects, ensuring that funds are used legitimately and transparently. The guidelines are designed to create a robust mechanism for the operation and maintenance of separate bank accounts for registered real estate projects, thereby protecting consumer interests and ensuring timely project completion.

## Objectives and Background

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The primary objectives of these directions are to protect the interests of consumers by ensuring compliance, transparency, accountability, and financial discipline. The guidelines aim to standardize the utilization of funds deposited in designated RERA bank accounts, thereby safeguarding project funds from diversion and ensuring timely delivery of plots and flats. These measures are part of the broader regulatory framework established by the Real Estate (Regulation and Development) Act, 2016, which was enacted to regulate and develop the real estate sector in India.

## Definitions

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Key terms defined in the directions include the Real Estate (Regulation and Development) Act, 2016, the Andhra Pradesh Real Estate Regulatory Authority, and various types of bank accounts such as No Lien Accounts, RERA Collection Bank Accounts, RERA Separate Bank Accounts, and RERA Transaction Bank Accounts. Promoters are defined as entities responsible for registering the project under AP RERA, and Designated Promoters are those responsible for registering the project and all other compliances. A Real Estate Project is defined as the development of buildings, apartments, or land into plots for sale.

## Opening of Three RERA Project Bank Accounts

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Promoters are required to open three distinct bank accounts in a single scheduled bank branch operating within Andhra Pradesh. These accounts include the RERA Collection Bank Account, which will receive 100% of the collections from allottees, excluding indirect taxes and pass-through charges. The RERA Separate Bank Account will hold 70% of the amount received in the RERA

Collection Bank Account, to be used solely for construction and land costs. The RERA Transaction Bank Account will hold the remaining 30% of the amount received in the RERA Collection Bank Account, to be used for operational and tax-related expenses.

## **Nomenclature, Maintenance, and Operation**

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Each bank account must follow a specific naming convention, including the promoter's name and the project name. The RERA Collection Bank Account will automatically transfer 70% of received funds to the RERA Separate Bank Account and 30% to the RERA Transaction Bank Account. Withdrawals from these accounts are strictly regulated to ensure funds are used for their intended purposes. This ensures that project funds are utilized efficiently and transparently, protecting the interests of both promoters and allottees.

## **Reporting to the Authority**

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Promoters must submit prescribed forms for fund withdrawal and quarterly compliance. They are also required to get their accounts audited annually and submit reports. Quarterly compliance returns must include bank statements certified by a Chartered Accountant. This ensures that all financial activities are transparent and in compliance with the regulations set forth by AP RERA.

## **Changing the Bank Accounts**

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Promoters can change RERA accounts with prior approval from AP RERA, submitting necessary forms and documents. The funds in the existing accounts must be transferred in total to the new accounts. This ensures that any changes in banking arrangements are properly documented and approved, maintaining the integrity of the financial management process.

## **Closure of Separate Bank Accounts**

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Upon project completion, promoters apply for project closure with necessary documents. The Authority verifies and approves the closure, after which the separate bank accounts can be closed. This ensures that all financial obligations are met and that the project is completed as per the regulations.

## **Obligations of Banks**

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Banks must follow provisions for opening, operating, and closing RERA accounts. They must notify promoters about account requirements, ensure compliance with auto sweep facilities, and suspend transactions upon registration lapse or Authority orders. This ensures that banks play an active role in maintaining the transparency and accountability of the financial processes involved in real estate projects.

## **Obligations of Professionals**

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Professionals issuing certificates under RERA must ensure compliance. False information can lead to penal actions and disciplinary measures, including suspension or cancellation of registration. This ensures that all professionals involved in the process adhere to the highest standards of integrity and compliance.

## **Obligations of Allottees**

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Allottees must make payments to the RERA Collection Bank Account, excluding pass-through charges and indirect taxes. This ensures that funds are deposited in the correct account for project development, protecting the interests of both allottees and promoters.

## **Conclusion**

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The new directions issued by APRERA represent a significant step towards ensuring transparency and accountability in the real estate sector. By standardizing the operation and maintenance of RERA-designated bank accounts, these guidelines aim to protect consumer interests and ensure timely project completion. Promoters, banks, professionals, and allottees all have specific obligations under these directions, and compliance is essential to avoid penalties. These measures are expected to bring greater

clarity and trust to real estate transactions in Andhra Pradesh, fostering a more transparent and accountable real estate market.

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