Regulatory alert | UP RERA notifies a new IFMS framework: key changes every promoter and allottee should be aware of-

The Uttar Pradesh Real Estate Regulatory Authority (UP-RERA) has notified on 13.07.2026 the 12th Amendment to the UP-RERA (General) Regulations, 2019, introducing a comprehensive framework governing the collection, management, investment, transfer, and utilization of the Interest Free Maintenance Security (IFMS). The amendment has come into effect immediately upon its publication by the Authority.

Key Highlights

1. Mandatory Collection through a Separate Designated Account

- IFMS must be collected from allottees at the time of registration of the sale/lease/sub-lease deed.
- The amount must be deposited in a Separate Designated Bank Account maintained with a Scheduled Bank.
- IFMS must strictly adhere to the category-wise rates prescribed by UP-RERA. Chart giving applicable rates for IFMS is annexed below:

Project Category	Carpet Area	Rate (Rs./sq. ft. carpet area)
Multi Story Group Housing – EWS	30–40 sq.mts.	20–30
Multi Story Group Housing – LIG	35–45 sq.mts.	30–40
Multi Story Group Housing – Studio Apartment	35–45 sq.mts.	30–40
Multi Story Group Housing – MIG	45–90 sq.mts.	40–50
Multi Story Group Housing – HIG	90–200 sq.mts.	50–60
Multi Story Group Housing – Luxury	200–300 sq.mts.	70–80
Multi Story Group Housing – Ultra-Luxury	More than 300 sq.mts.	90–100
Plotted Group Housing	Plots smaller than 100 sq.mts.	20–30
Plotted Group Housing	Plots larger than 100 sq.mts.	30–40
Commercial Projects – Non-Central AC	—	40

Project Category	Carpet Area	Rate (Rs./sq. ft. carpet area)
Commercial Projects – Central AC	—	50
Plotted Group Commercial	Plots smaller than 100 sq.mts.	20–30
Plotted Group Commercial	Plots larger than 100 sq.mts.	30–40

2. Investment of IFMS Corpus

- The collected IFMS corpus must be invested in the highest interest-bearing fixed deposit, based on quotations obtained from banks, ensuring optimal utilization of funds.

3. Mandatory Transfer upon Handover

- Upon handing over the common areas, the entire IFMS corpus, along with operational control of the account, must be transferred to the Association.
- A detailed transfer statement containing unit-wise collections, deductions, and an audit trail must accompany the transfer.

4. Restricted Utilization & Audit

- IFMS funds can only be utilized for the operation, maintenance, repair, and replacement of common areas and services.
- The Association is required to maintain separate books of account and obtain an annual audit by a Chartered Accountant.

Why This Amendment Matters

The amendment carries statutory force and overrides any inconsistent provisions contained in existing Builder-Buyer Agreements, Agreements for Sale, or Allotment Letters, relating to IFMS. Consequently, promoters must review their documentation and operational practices to ensure compliance with the revised regulatory framework.

The 12th Amendment marks a significant step towards enhancing transparency, accountability, and financial discipline in the management of maintenance funds under the RERA regime. Allottees should be aware of their rights related to IFMS.