



All Registered Housing Finance Companies

Dear Sir/Madam,

Valuation of Properties – Empanelment of Valuers

Please refer to the Circular No. NHB(ND)/DRS/Policy Circular No.81/2017-18 dated August 31, 2017 issued by the National Housing Bank (NHB) on the subject.

2. Based on the examination of the representations received from various Housing Finance Companies (HFCs), the matter has been reviewed by the NHB and it has been decided to carry out the following modifications to the aforesaid Circular:

- (i) Valuation of properties by the Internal Technical Valuers of Housing Finance Companies (HFCs) is permissible subject to the internal technical valuer having qualifications similar to those prescribed under the Companies (Registered Valuers and Valuation) Rules, 2017.
- (ii) HFCs shall obtain minimum two valuation reports, at least one of them being from an independent valuer, in case the loan amount is ₹50 lakh or above (or such any other lower value as may be decided by the Board of the Company) and below ₹75 lakh. The lower of the two valuations shall be considered by the HFC for deciding upon the loan amount.
- (iii) In case the loan amount is ₹75 lakh or above, HFCs shall necessarily obtain minimum two independent valuation reports and the lower of the two shall be considered by the HFC for deciding upon the loan amount.
- (iv) The requirement of valuation in respect of financing of the initial purchase of a residential dwelling unit from a State Housing Board/Municipal Corporation/ Developmental Authority or other public agencies by an HFC shall be decided by the company with the approval of its Board.

भारतीय रिजर्व बैंक के संपूर्ण स्वामित्व में

कोर-5 ए, 4 मंजिल, इंडिया हैबिटेट सेंटर, लोधी रोड, नई दिल्ली-110003
फोन: पीबीएक्स 011-24649031-35 फैक्स: 011-2464 6988, 2464 9041
वेबसाइट: www.nhb.org.in ई-मेल: ho@nhb.org.in तार: निवास बैंक

Wholly owned by Reserve Bank of India

Core 5-A, 4th Floor, India Habitat Centre. Lodhi Road, New Delhi-110003.
Phone : PBX 011-2464 9031 Fax : 011-2464 6988, 24649041
Website: www.nhb.org.in E-mail: ho@nhb.org.in Gram: NIWAS Bank

“ बैंक हिंदी में पत्राचार का स्वागत करता है ”

- (v)** In respect of financing of any initial transaction of the purchase of a property, the value of the property for the purposes of arriving at the Loan to Value ratio (LTV) should not exceed the documented transaction value as per the agreement to sale, sale deed etc. Valuation in such cases, if required, may be done as per the policy approved by the Board of the company.
- (vi)** The frequency of valuation in case of Non-Performing Asset (NPA) shall be annual in case of assets classified as sub-standard for more than six months or the classification of assets as doubtful assets. It is reiterated that in case of the value of the property being substantially impaired by any event, immediate revaluation should be carried out by the HFC and appropriately factored in to capital adequacy computation.

3. The Board approved valuation policy in accordance with the provisions contained in the Circular, read along with the Circular No. NHB(ND)/DRS/Policy Circular No.81/2017-18 dated August 31, 2017, should be put in place by HFCs by 31-01-2018.

Yours faithfully,

(Sanjeev Srivastava)
Deputy General Manager