



**Nivara Home Finance Limited**  
**CIN: U65922KA2014PLC077547**

**Registered Office:**  
**22,23,24,25/101/3, 3rd Floor, BNR Complex,**  
**Sri Rama Layout, J.P Nagar,**  
**7th Phase, Bangalore – 560078**

**Policy for Valuation of Property**

<b>Version</b>	<b>Authority</b>	<b>Date of Approval</b>
<b>V. 01</b>	<b>Board</b>	<b>September 11, 2017</b>
<b>V. 02</b>	<b>Board</b>	<b>September 29, 2018</b>
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# Policy for Valuation of Properties – Empanelment of Valuers

## Introduction:

According to the provisions of RBI Master Direction - Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 dated February 17, 2021, Housing Finance Companies (HFCs) are required to put in place a Board approved valuation policy for putting in place a system/ procedure for realistic valuation of properties/ fixed assets and for empanelment of valuers.

In this context, there is a need for putting in place a system/ procedure for realistic valuation of properties/ fixed assets and also for empanelment of valuers for the purpose. HFCs shall be guided by the following aspects while formulating a policy on valuation of properties and appointment of valuers:

## Valuation Norms for immovable properties including collateral accepted for its exposure from customers:

Nivara Home finance is in the business of providing home loans to borrowers. The primary collateral for these loans are the underlying immovable property viz., home that are financed. Hence it is of utmost important that these properties are valued properly to

1. Ensure correct amount of funding to the borrower based on the realisable value of property to protect against the default or impairment in the value of property.
2. Adherence to the loan to value (LTV) regulatory norms throughout the life cycle of the retail housing loans and check on any breaches.

## Process of empanel of Valuer.

The process of appointment of valuers shall be followed by the ‘Nivara’s Policy for Empanelment of Independent Valuers’ which shall be in line of RBI Master Direction.

## Operational Guidelines

1. Nivara shall obtain minimum two valuation reports, at least one of them being from an independent valuer, in case the loan amount is ₹25 lakh and below ₹50 lakh. The lower of the two valuations shall be considered by the Nivara for deciding upon the loan amount.
2. For loan amount below Rs.25 lakh, the valuation would be done by the Nivara’s own qualified technical staff taking into consideration Cost Value or Market Value, whichever is lower.
3. Each city should have a minimum 2 empanelled valuer to de-risk concentration risk and cases must be sent on a random manner to prevent fraud and collusion
4. Direct purchase of home from public agencies viz., housing board, urban /rural development authorities etc may not be required to go for any fresh valuation. The cost of acquisition of the property quoted in the letter of sale or agreement to mortgage to sale may be taken as a final valuation of property.
5. Any loan becoming sub-standard for more than 12 months or property value undergone significant impairment i.e., more than 20% of the value, shall undergo fresh valuation and the loan shall go for adjustment of collaterals to cover the outstanding amount of loan.
6. Nivara shall adhere to regulatory LTV norms or the norms prescribed by the Board in conformity to the regulatory norms in respect of all retail housing loans and monitor for their breaches throughout the life cycle of the loan.
7. 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.

### **Approved collateral**

1. Property should be as per the approved sanction plan of the local urban/rural authority and found fit for creation of registered mortgage. No loan would be sanctioned in respect of property lying in unapproved /unauthorised areas.
2. Patta /khata as provided by the local authorities shall be checked for the creation of charge/mortgage. Necessary inclusions in the property document shall be insisted upon before sanction of loan.
3. Property should be located within 100 Km of our branch or within jurisdictional reach of local authority
4. Property should have been demarcated and easy to identify
5. Property should have access to public utilities viz., school, dispensary, market, electricity and water supply, waste disposal and sanitation system etc.

### **Frequency of Valuation**

Properties should be valued before the first disbursement. As current average ticket size is close to 6 Lakhs, loans above 10 lakhs and having LTV of more than 50% at time of origination should be visited once in three years to check the asset quality and loans below 10 lakhs should be visited by employees on a sample basis to check on quality of building. The visit of the properties shall be done by employee of the company, who shall then provide his report to the Managing Director of the Company.

### **Valuation of NPA:**

All cases which are NPA as on 31<sup>st</sup> March shall be valued by the company before 30<sup>th</sup> September of the next financial year and any deterioration of value be reported to the Managing director

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.

### **2. Policy of revaluation of HFC's own properties:**

2.1. The Company does not own any immovable properties such as land and building and hence valuation as such does not apply. In case the Company purchases immovable properties the valuation process as mentioned for immovable properties the same will be applicable.

The Company's movable fixed assets such as computers, printers, office equipment, furniture and fixtures, vehicles and other such immovable assets are valued at cost less depreciation as per companies Act 2013 and given as schedule to financial statements in notes forming part of financial statements.

### **3. Policy for Empanelment of Independent Valuers**

3.1. The Company has framed a policy for empanelment of independent valuers and maintain a register of 'approved list of valuers'. Empanelment of Independent Valuers shall be guided by the provision of said policy.

**Enclosure:**

Report Format

VALUATION REPORT		
RefNo:	Visit Date:	Report Date:
I.	Sub: Valuation Report of @ Property Address	
1.	Purpose of Valuation	
2.	Date of inspection and valuation	
3.	Name of the owners :	
4.	Person met/N	
5.	Whether customer was present or not	
6.	Valuer Code	
7.	Suburb Name	
8.	Cluster ID	
9.	Developer Name	
10.	Project Name (if any)	
11.	Flat No. & Floor No. :	
12.	Name of the building :	
13.	Brief description of the property	
14.	Location, street. Ward No. :	
15.	S. No., Plot No. and C.T.S. No.	
16.	Classification of locality	
17.	Proximity to civic amenities like school, market, college, etc. Hospital, office :	
18.	Nearest railway station and distance from the property	
19.	Modes of transport to the property :	
20.	Area of land and other details :	
21.	Name of the road for access :	
22.	Land freehold or leasehold, term of lease, period expired, balance and lease rent :	
23.	Approvals for drawings from Mun. Authorities / occupation certificate. ULC clearance / F.S.I. available and balance	
24.	Name of the co-operative Housing Society :	

	No. of shares held and certificate No.:		
25.	<b>Boundaries of the property</b>	<b>As per Document</b>	<b>Actual</b>
	East :		
	West :		
	North :		
	South :		
<b>II.</b>	<b>DETAILS OF STRUCTURE AND SPECIFICATIONS: Legal Aspects</b>		
1.	Year of construction of the building		
2.	Age of the building and anticipated	Age of	
	future life of the building :	Future Life	
3.	Present condition of the flat and building and any last repairs done painting done, <del>immediate repairs required with cost of</del>		
4.	Type of construction		
a.	Completion Stage		
b.	Estimated Date of Completion		
5.	Permitted use of the property.		
6.	Actual use of the Property :		
7.	No. of floors for building and additional structures:		
8.	No. of lifts with capacity and type :		
9.	Type of underground, overhead tanks and pumps :		
10.	Flooring in open spaces and stilts and staircase :		
11.	Compound wall and gates & security		
12.	Building elevation :		
13.	Other amenities and special amenities and features :		
14.	General comments on specifications		
<b>III.</b>	<b>DETAILS FOR THE PROPERTY UNDER REFERENCE :</b>		
1.	No. of floors and flats on each floor.		
2.	No. of rooms for the building		
3.	Balconies to rooms separate or merged		
4.	Walls, plaster and painting:		

## Valuation Report

Nivara Home Finance– Branch Name

5.	Doors and windows :			
6.	Type of flooring in rooms, skirting /cladding :			
7.	Flooring in toilets/ W.C./ Bath, Dado			
8.	Kitchen platform type and sink :			
9.	Toilets plumbing lines concealed /open Type of plumbing and san.			
10.	Electrical installation open or concealed wiring Type of switches tel. points, T.V./			
11.	Area of the property (actual) :			
12.	Area of property (permitted as per approved plan/building byelaws)			
13.	Area as per sale agreement			
14.	Adherence to Sanction Plan/building byelaws	<b>Floor</b>	<b>Actual</b>	<b>Permissible</b>
		GF		
		FF		
		SF		
		FF		
	<b>Total</b>			
15.	Deviation from sanction Plan/building byelaws (if any)			
16.	Basic Services			
17.	Risk of Demolition (valuers views)			
18	Latitude & Longitude	Latitude		
		Longitude		

		Floor	No. of Units	Occupied by
19.	Property Currently Occupied by (Owner	GF		
		FF		
		SF		
		TF		
		FF		
		Total		
		Floor	No. of Units	Occupied by
20.	Future Rental Value	GF		
		FF		
		SF		
		TF		
		FF		
		Total		
<b>IV. ASSUMPTIONS, DATA AVAILABLE AND BASIS FOR THE PURPOSE OF VALUATION ;</b>				
1.	Drawings and approvals			
2.	Area considered for the purpose of valuation :			
3.	Age of the building and future life	Age	Work in progress	
4.	Present condition of building and structure:			
4(a)	Adherence to the state /local level disaster management guidelines along with the architect/valuer's certificate of compliance.			
4(b)	Valuer's report of proposed dwelling unit falling into approved/sanction plan of local urban /rural authority			
4(c)	Valuer's /architect report that proposed construction has been completed as per the sanction plan of local authority.			
4(d)	Notarised letter of undertaking from the customer addressed to Nivara that construction would be completed as per			the sanction plan within a period not later than years (in case of plot plus construction loan) and the customer shall collect the building completion certificate from the local authority and submit the same to Nivara.
5.	Comments on specifications and amenities:			
6.	Market rates of properties in the vicinity and surrounding area :			

<b>V.</b>	<b>Cost</b>	<b>As per Customer</b>	<b>As per Valuer</b>
	Total Estimate		
	Total Cost for Proposed Building		
	Total Amount Spent on Date		
	Total No. of Floors ( Permissible )		
<b>VI.</b>	<b>CONCLUSION AND VALUATION OF THE PROPERTY :</b>		
In view of the data available and basis for valuation, the valuation of the property under reference will as under			
<b>Fair Market Value of property:</b>			



<b>Cost of Land :</b>			
Area ( Sq. ft.)		Rate:per Sq. ft.	Amount (Rs. )
Carpet Area		Built-up Area	Super Built-up Area
<b>Cost of Existing Building :</b>			
Floor	Area (Sq. ft. )	Rate per Sq. ft.	Amount (Rs. )
GF			
FF			
SF			
Compound, Portico/ Balcony, Staircase & rounding off			
Total Cost of the Building			
Hence Market value of the property is Rs.			
Current Stage of Construction (75% of Construction)			
Recommended amount for Disbursal			
2.	Construction Status		
3.	Construction estimate given by the customer		
4.	Is the estimate given by the customer valid		
5.	Less: for composite depreciation for age of the building and future		
6.	Less: for immediate repairs /painting / structural repairs for		
7.	Value of property		
8.	Value of the property as on date		
9.	Insurance Values		
10.	Re construction value		
11.	Forced Sale Value		
12.	How the property was identified		
13.	Whether the property was demarcated & easily identifiable		
<b>VII.</b>	<b>Internal Specifications</b>		
<b>VIII.</b>	<b>Amenities :-</b>		

<b>IX.</b>	<b>Remarks :-</b>
<b>X.</b>	<b>Enclosure :-</b>
<b>Declaration :- I/We hereby declare that</b> 1. The property was inspected by 2. I/We have no direct/indirect interest in the property value <b>Date :-</b> <b>Place :-</b>	<b>Authorized Signatory</b>

**Notes & Limitations:-**

1. This report does not certify valid or legal or marketable title of any of the parties over the property. Our Report does not cover verification of ownership, title clearance or legality.
2. The report is issued at the specific request of the party for specific purpose and the said report is not Valid if the purpose of use and party is different.
3. Our valuation is based on our experience and knowledge & this is an opinion only and does not stand As a guarantee for the value it can fetch if disposed, due to any emergency, in future.
4. Our report is valid for 30 days from the date of valuation.