

Policy on Empanelment of Valuers

General Managers/ Office In charge/ Branch Incharge at IHLL's Corporate/ Branch Office is designated as the competent authority to source, select and propose the empanelment of Engineer / Panel Valuer subject to the Engineer / Panel Valuer complying the norms mentioned in this policy.

All empanelment of external valuers should be approved by any one of the following approving authority:

1. GM Accounts
2. Executive Director
3. Managing Director
4. CFO

A. ELIGIBILITY FOR EMPANELMENT

(1) A person shall be eligible to be a registered valuer if he/she-

- a) Is a valuer member of a registered valuer's organization.
- b) Is recommended by the registered valuer's organization of which he is a valuer member for empanelment as a valuer.
- c) Has passed the valuation examination *conducted by the Registration Authority i.e. Insolvency and Bankruptcy Board of India (IBBI)* as per rules within 3 years preceding the date of making an application for registration as per rules.
- d) Possess the qualifications and experience as specified in the rules.
- e) *Is not a minor;*
- f) *Has not been declared to be of unsound mind;*
- g) *Is not an undischarged bankrupt, or has not applied to be adjudicated as an bankrupt;*
- h) *Is a person resident in India;*
- i) *Has not been convicted by any competent court for an offence punishable with imprisonment for a term exceeding six months or for an offence involving moral turpitude, and a period of five years has not elapsed from the date of expiry of the sentence; provided that if a person has been convicted of any offence and sentenced in respect thereof to imprisonment for a period of seven years or more, he shall not be eligible to be registered;*
- j) *Has not been levied a penalty under section 271 J of Income Tax Act 1961 (43 of 1961) and time limit for filing appeal before Commissioner of Income Tax or Income Tax appellate tribunal, as the case may has expired, or such penalty has been confirmed by Income Tax appellate tribunal, and 5 years have not elapsed after levy of such penalty.*
- k) *Is a fit and proper person as decided by the Registration Authority, including but not limited to the following a) integrity, reputation, character b) absence of convictions and restraint orders; and c) competence, including financial solvency and net worth.*

(2) No partnership entity or Company shall be eligible to be a registered valuer if:

- a) It has been set up for objects other than for rendering professional or financial services, including valuation services and that in the case of a Company it is not a subsidiary, joint venture or associate of another Company or body Corporate.*
- b) It is undergoing an insolvency resolution or is an undischarged bankrupt.*
- c) All the partners or directors, as the case may be, are not ineligible under clauses c, d, e, g, h, i, j and k of sub rule 1 above.*
- d) 3 or all the partners or directors, whichever is lower, of the partnership entity or company, as the case may be, are not registered valuers; or*
- e) None of its partners or directors, as the case may be, is a registered valuer for the asset class, for the valuation of which it seeks to be a registered valuer.*

B. QUALIFICATION & EXPERIENCE OF PANEL VALUER

An individual shall have the following qualifications to be eligible for Empanelment:

- (a) A **Post-Graduate degree**, in Architecture/Engineering or town planning or which is relevant for valuation of the properties/assets, from a University established, recognized or incorporated by law in India and at least three (3) years of experience in the discipline thereafter; or*
- (b) A **Bachelor's degree**, in Architecture/Engineering or town planning or which is relevant for valuation of the properties/assets, from a university established, recognized or incorporated by law in India and at least five (5) years of experience in the discipline thereafter*
- (c) **Membership of a professional** institute set up under an Act of Parliament and at least five years' experience after such membership:*
- (d) An individual eligible for registration as a registered valuer will have to get Certificate of Registration from the Registration Authority.*
- (f) The Valuer's/Partners age should fall between 30 & 60. However, relaxation may be made by Competent Authority in this respect provided Qualifications & other Conditions are satisfied.*
- (g) The Valuer/Valuation Agency should have the ability to carry out valuation of Property upto the standard required.*
- (h) The Valuer/Valuation Agency should agree for our Scale of fees for the work to be entrusted & to abide by our Instruction in each case.*

C. CRITERIA FOR EMPENALMENT AS PANEL VALUER

1. The Valuer should be an Individual Valuation Agency or a Partnership Firm/Proprietor Ship Firm/ Company;
2. The Valuer/Valuation Agency should be specialized in the field of Valuation having experience as prescribed in the rule in field of Valuation of Properties.
3. Existing Valuer/Valuation Agencies having satisfactory experience of minimum FIVE years can be considered for renewal.

4. Under no circumstances, the marketing intermediaries or their relatives/employees should be considered for empanelment as Valuer/Valuation Agency. In case, any existing Valuer/Valuation Agency or relative of Valuer/Partner/Proprietor of the Valuation Agency is associated with us as marketing intermediary also, they should be immediately terminated. They should not be allowed to continue to do the Valuation work;
 5. There should not be any legal/disciplinary proceedings pending against the Valuer/Valuation Agency and/or Partner/Proprietor of the Valuation Agency;
- Valuation Updated up to November 2018
6. The Valuer/Valuation Agency and/or its Partner/Proprietor/Director should not be blacklisted by any Bank/FI with respect to Valuation job.
 7. The authority to empanel Valuer/Valuation Agency will be guided by section 247 of Companies Act, 2013.
 - D. Initially, the empanelment of Valuer/Valuation Agency will be done for TWO years.

E. Membership of Professional Bodies

It is very important that a valuer participates in professional activities of various professional bodies. **Every valuer empanelled by the Bank shall necessarily be a member of good standing of any one of the associations of valuers.**

A few indicative associations of valuers are given hereunder for ready reference.

1. Institution of Valuers [IOV]
2. Institution of Surveyors (Valuation Branch) [IOS]
3. Institution of Government Approved Valuers [IGAV]
4. Practising Valuers' Association of India [PVAI]
5. The Indian Institution of Valuers [IIV]
6. Institution of Estate Managers and Appraisers [I.Esma]
7. Centre for Valuation Studies, Research and Training [CVSRT]
8. Royal Institution of Chartered Surveyors, India Chapter [RICS]
9. American Society of Appraisers [ASA], USA
10. Appraisal Institute [AI], USA

F. NEGLIGENCE AND PROFESSIONAL MISCONDUCT BY PANEL VALUERS

- a. Sincerity and honesty apart, valuer should be guided by the quality of diligence in inspecting the property in detail and investigate, inspect and analyse it accordingly. He/it should take reasonable care in arriving at the valuation of the property/properties entrusted to him/it by the Bank from time to time.
- b. Valuer may be accused of negligence if he/it disregards the following:

- (i) Sale of properties of comparable value.
 - (ii) Inadequate physical inspection of the property.
 - (iii) Failure to ascertain restrictive covenants or consider adverse easements of the property under consideration.
 - (iv) Failure to consider major defects in the architectural or structural defects in the property etc.
- 9.3 Lapses may include conspiracy of valuer with borrower in overvaluation, incomplete, false and/or misleading report on the assigned securities for valuation etc.
- 9.4 For any professional misconduct of valuer and/or where the Bank suffers loss due to any negligence and/or lapses on the part of valuer, it will initiate such action against him/it as deemed necessary. Keeping in view the gravity of the lapses and/or misconduct, the Bank may take following action(s):
- (i) Removal of valuer's name from its panel after giving him/it an opportunity of being heard followed by a written communication to that effect.
 - (ii) Initiation of legal proceedings, including filing of FIR, criminal complaint before Court.
 - (iii) Inform related professional bodies and institutions regarding misconduct of valuer.

Following the procedure laid down by the IBA in its procedural guidelines, report valuer's name to the Indian Banks' Association [IBA] for placing him/it on the IBA's Caution List of Third Party Entities [TPEs] involved in fraud, and also to other related professional bodies and institutions.

G. Removal/De-panelment of Valuers

- (i) Where reports are found not satisfactory, branches/offices should offer specific comments in respect of quality of reports submitted by the valuers and their performance and service quality before approval authority to consider continuation or otherwise of their names on the approved panel.
- (ii) Valuer shall be removed from the company's panel for unsatisfactory performance and service quality and/or for any negligence, lapses, professional misconduct and/or unfair practices resorted to by valuer at any time if situation warrants.
- (iii) Such removal shall be done by approval authority for Empanelment of Valuers.

- (iv) If any adverse feature is observed in the performance and service quality and/or on receipt of report involving fraudulent activity, the concerned Office Incharge shall issue a show cause notice to the valuer giving 30 days' time for clarifying his/its action. Immediately on receipt of clarification from the valuer, the Office Incharge, if required, place before approval authority with their views for decision for continuation on its panel or otherwise. If no clarification is received from the valuer within stipulated period, Office In charge without allowing further time shall take a decision including removal/de-empanelment of the valuer or recommend to Approval Authority with complete details after due consideration of recommendations of the Branches / Offices.
- (v) If a valuer is prima-facie found to have been involved in some fraudulent activities/conspiracy with the borrowers in over-valuation of property, following the procedural guidelines laid down by the IBA, the IHLL shall report immediately the name of such delinquent valuer to IBA for placing it on the IBA's Caution List of Third Party Entities (TPEs) involved in fraud. For the purpose, Zonal Heads shall submit information on such delinquent valuers as per prescribed format to Head Office, Credit Monitoring Department on an on-going basis.
- (vi) Any valuer on the panel of the IHLL is liable for removal by the IHLL for any other reasons whatsoever and/or at the discretion of the IHLL without assigning any reasons therefor.

H. Re-empanelment of Valuers:

Valuers once delisted/removed from the IHLL's panel shall not be re-empanelled on its panel.

I. OBLIGATIONS OF THE IHLL

This document casts the following obligations on the IHLL:

- 1 All appointments/empanelment of valuers shall be done in accordance with the provisions in this document and its amendments from time to time.
- 2 All instructions to valuer shall be given by the IHLL in writing.
- 3 Supportive documents, wherever possible, shall be provided to valuer before commencement of valuation work. Sufficient time shall be provided by the IHLL to valuer for procurement of any other document and, cost of procurement of such documents shall be reimbursed by the IHLL upon production of relative original bills by valuer.
- 4 A maximum of ten days' time shall normally be given to valuer to carry out valuation. Maximum time for valuation shall be mutually decided by valuer and the IHLL depending upon the nature of the valuation job and circumstances, on a case to case basis.
- 5 In case of outstation properties or in case of large property valuations, more time shall be given, depending on circumstances, on a case to case basis.
- 6 No security deposit or any other indemnity money shall be taken from valuers as security for professional services that they shall provide.
- 7 Where the valuation report submitted by valuer is found to be not in order by the IHLL, it shall bring the same to his/its notice within 15 days of its submission for rectification and re-submission failing which, it shall be presumed that the valuation report has been accepted.
- 8 In case of valuations under SARFAESI Act, the provisions under the Act shall have to be followed.

J. Points of RBI Guidelines as part of this policy

1. Policy for valuation of immovable properties

- a. The valuation shall be done by professionally qualified independent valuers i.e. the valuer should not have a direct or indirect interest. However, valuation of properties by the internal technical valuers of housing finance companies is permissible subject to the internal technical valuer having qualifications similar to those prescribed under the Companies (Registered Valuers and Valuation) Rules, 2017.
- b. The frequency of valuation in case of Non-Performing Asset (NPA) shall be annual in case of assets classified as substandard for more than six months or the classification of assets as doubtful assets. The frequency decided by the IHLL shall be reviewed by its Board annually. Further, where the value of the properties has been substantially impaired by any event, these are to be immediately revalued and appropriately factored in to capital adequacy computation.
- c. Valuation procedure to be followed to ensure that the realisable value of properties is reasonably estimated.
- d. IHLL 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.
- e. In case the loan amount is ₹75 lakh or above, IHLL shall necessarily obtain minimum two independent valuation reports and the lower of the two shall be considered by the IHLL for deciding upon the loan amount.
- f. 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.
- g. 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.
- h. IHLL will maintain a register of 'approved list of valuers'.

(Application format for empanelment of Valuers with s)
(to be obtained in the Letterhead of the Valuer)

To

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Date:

Dear Madam/Sir,

I am a valuer of immoveable / moveable properties (land and buildings/ plant and machinery/ current assets) and desire to apply to your organization for empanelment.

My particulars are given below:

Name:		
Father's name:		Mother's name:
Sex:	DOB:	Age
Address		
Tel.no :		Mobile:
Email:		Fax:

Educational/Professional Qualifications of Promoters/Key Personnel/Officials:

Sr.No	University/Institute/ Examining Body	Qualification	Date of Award

Number of years of experience in the field of valuation:..... *(Attach evidence in the form of reference letter/empanelment letters issued by Banks/Financial Institution/NBFC/High courts/copies of valuation reports/any other evidence)*

No of assignments successfully completed as valuer during immediate/preceding 3 years.....

Name and address of previous employer (if applicable):

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Details of previous empanelment, if any, with dates/duration:

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Membership of Professional Valuer Association (name and membership number):

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Registration with CBDT under Wealth Tax Act (Regn. No. and date and copy to be enclosed):

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Permanent Account Number (PAN) of Income Tax Department:.....

GSTIN Number of the firm:.....

References:

1).....

2).....

3).....

■ If the firm is partnership concern – Name of the Partners and a Brief profile with their Qualification & experience

■ Registration number as allotted by ICAI/ other professional bodies

■ Details of major assignment handled so far (Furnish Nature of Assignment, Nature of Assets, & Amount)

■ Whether any allied firms / partners are already empanelled for any other type of valuation for the Bank / FI. If so, furnish details

■ Whether Applicant was delisted from any Bank's Panel on any earlier occasion. If so furnish details.

The above information about me is true to the best of my knowledge and if found incorrect, I will be fully responsible for the consequences.

Enclosed: Attested photocopies of all certificates/documents of proof

UNDERTAKING

I/We,.....(name)Son-of Shri.....Proprietor/Partner/ Director of M/s....., state that the information furnished above is true and correct to the best of my/our knowledge. I/We agree that in the event that any concealment/distortion of facts furnished above is brought to notice of the IHLL subsequent to empanelment/appointment by India Home Loan Ltd, the company would be at liberty to terminate the said empanelment/appointment without notice or damages whatsoever.

(Signature)

To be signed by authorized signatory

Designation

Dated:

Enclosures:

Self Attested copy of following documents:

- (i) Certificates proving Educational qualifications.
- (ii) Experience Certificate.
- (iii) Copy of Registration, if any.
- (iv) Reference Letters.
- (v) Copy of Membership of Professional Bodies, if any.
- (vi) Copy of PAN Card / GSTIN, etc.
- (vii) Address proof.
- (viii) Memorandum and Articles of Association in Case of Companies/Partnership deed in case of Partnership Firm.
- (ix) Copy of Income tax returns (duly acknowledged by IT) and latest "IT assessment order".

Proof and Experience:

- a) Valuers need to furnish proof of experience. Any one of the following may be accepted as proof of experience:
- Letter of empanelment by any Bank / FI, which is valid on the date of application
 - Letter of empanelment by any Court of India, which is valid on the date of application.
 - Registration Certificate under Wealth Tax Act, 1957, which is valid on the date of application.
 - Letter of appointment as valuation consultant by Government of India / any State Government.
 - Letter of appointment as valuer employee by Government of India / any State Government.
 - Letter of appointment as a valuer employee by any eligible Limited Company engaged in the business of valuation
 - Letter of appointment as a valuation consultant by any eligible Limited Company.
 - Letter of appointment as a valuer employee by any partnership/proprietorship /private limited Company engaged in the business of valuation for the last five years.
- b) The valuer shall furnish a certified true copy of letter of empanelment by any Bank / FI / NBFC / High Court etc. The Experience of the Valuer shall be calculated from the date of his first empanelment with any Bank / Financial Institution/NBFC / High Court or registration under Wealth Tax Act, 1957.
- c) The valuer shall submit at least 3 reference letters from Bank / FI / NBFC / High Court for whom the valuer had undertaken assignments in the past. The reference letter shall be on the letter head of the Bank / Financial Institution /NBFC etc where valuations have been done and shall be duly signed by a senior level manager / officer.

Format of undertaking to be submitted by the Valuers for empanelment

(Notes: (1) To be stamped as an Affidavit in accordance with the local Stamp Law in force in the State in which it is sworn/affirmed before the Magistrate; and (2) To be affirmed before a Notary Public or a Magistrate or any other person competent to administer oaths, who should affix his Official Seal.

UNDERTAKING

I,son / daughter of
..... do hereby solemnly affirm and state that :

1)

- a) I am a member ofValuer associations,
- b) possesses the qualifications and experience
- c) I am not a minor;
- d) I have not been declared to be of unsound mind;
- e) I am not an un-discharged bankrupt, or has not applied to be adjudicated as a bankrupt;
- f) I am a citizen of India,
- g) Has not been convicted by any competent court for an offence punishable with imprisonment for a term exceeding one month or for an offence involving moral turpitude, and a period of five years has not elapsed from the date of expiry of the sentence:
- h) None of the promoter/directors/key personnel have been convicted of any offence and sentenced in respect thereof to imprisonment for a period of seven years or more.
- i) has not been levied a penalty under section 271J of Income-tax Act, 1961 (43 of 1961) and time limit for filing appeal before Commissioner of Income-tax (Appeals) or Income-tax Appellate Tribunal, as the case may be has expired, or such penalty has been confirmed by Income-tax Appellate Tribunal, and five years have not elapsed after levy of such penalty; and

j) Is a fit and proper person:

2) I am aware that No partnership entity or company shall be eligible to be empanelled as valuer if:

- a) it has been set up for objects other than for rendering professional or financial services, including valuation services and that in the case of a company, it is not a subsidiary, joint venture or associate of another company or body corporate;
- b) it is undergoing an insolvency resolution or is an un-discharged bankrupt;
- c) all the partners or directors, as the case may be, are not ineligible under clauses (b), (c), (d), (e),(f), (g), (h), (i) and (j) mentioned above;

3) I on behalf ofAgency undertake to keep the Bank informed of any events or happenings which would make me ineligible for empanelment as a valuer, and

4) I have not concealed or suppressed any material information, facts and records and I have made a complete and full disclosure.

Solemnly affirmed at _____ on ____ the Day _____ 2019

(Authorised Signatory)

Depone

nt Identified By Me

Notary Public