

## VALUATION POLICY

Sl. No.	Particulars	Date	Remarks
1.	Policy approved date	13-03-2025	Res. No. 22
2.	Last reviewed date		
3.	Next review date	13-03-2026	
4.	Calendar of review	12 Months	

**THE CHERPALCHERI CO-OPERATIVE URBAN  
BANK LTD., NO. 1696**

## **VALUATION / REVALUATION POLICY FOR MORTGAGE LOANS**

### **Objective**

This document describes the procedure adopted by The Cherpalcheri Co-Operative Urban Bank Ltd , Palakkad for covering identification of assets for revaluation, maintenance of separate set of records for such assets, the frequency of depreciation policy for such assets, policy for sale of such revalued assets, etc. for Mortgage loans.

### **SCOPE**

Scope of this policy covers the valuation of property pledged for every Mortgage loan and its value as per the valuation report by an approved valuer from the bank's empanelled list.

A Property valuation report is a document that is given out by a valuer after he conducts an inspection for the property. This report is a comprehensive document with details of each aspect on how the valuer has arrived at the valuation for your property.

It is decided to take valuation of security upto Rs. 10 Lakhs by the

Concerned BM and above Rs.10 Lakhs, valuation has to be meticulously done by the approved valuer from our empanelled list.

### **Terms & Condition and Qualification for Empanelment as Bank's approved valuer**

The valuer must be a Graduate in Civil Engineering, or Architecture or town planning of a recognised University established under State or Central Act .and he should have minimum 5 years work experience in the field of valuation of land & building/ real estate after completion of the degree or equivalent. And if

he is a person who is formerly employed in a post under Government of Kerala/India will be desirable qualification to the post.

### **Nature of Valuation/Revaluation Report**

The report of the valuation should be descriptive in nature with relevant details viz; nature of building (residential/commercial etc;), the total extend, year of construction, the type of quality of construction, a report regarding the upkeep of the property, market value as well as fair market value of the land, present realizable value and distress value of the property irrelevant to the loan.

In addition to the report from the valuer the bank should obtain an additional valuation report from the concerned Branch manager for the same property to evaluate the present and past nature of the property to ensure the accountability of the loan issued by bank.

Valuation is to be revised in every 3 year for all the above mentioned categories by another valuer (other than the first/previous )

### **Depreciation of such properties may be calculated as follows**

- 1. For landed property : Subject to the market condition as per govt: fair price**
- 2. For buildings : Range fixed between 2.5% to 5 % for a year**

## **POLICY OF SALE**

The authorized officers of the bank should monitor monthly, quarterly half yearly or yearly repayments according to the type of loans issued from time to time. If default occurred in the loan accounts, the officer should intimate the matter to the defaulter without delay. Monthly monitoring of each account is a must to ensure keeping the asset quality

### **Notice:**

All branch managers should monitor the loan accounts with top priority for retaining the loan as a performing asset. If a borrower failed to repay two installments consecutively, he should send a notice to the party demanding the defaulted installment and regularize the loan with immediate effect. Notice shall be send either postal or by courier.

### **Registered Notice:**

Managers should monitor the repayment of the defaulted accounts, which he sent the notices. If a defaulter defaulted three installments continuously (after sending notices, two months' time shall be granted) the Officer should sent Registered Notice with immediate effect. In the Registered notice there should be narrated the seriousness of the default of the loan and direct to clear the loan over dues and regularize the loan account. This is the first step for taking legal action against the defaulter.

If the defaulter clears the default, it is better otherwise the bank should initiate further action against him by personal visit. If the loan turns into NPA strict legal action should be undertaken.

### **Arbitration:**

If the loan defaulted continuously for six months, the manager should file an arbitration petition against the borrower under the provision pertaining in the Kerala state co-operative societies act. The loan should be called back even

though the period of the loan is not completed. Court costs and other charges should be remitted to the sub treasury for filing arbitration. After filing arbitration against the borrower the department will issue summons to the defaulter to clear the entire loan. Along with the department official, one bank staff should accompany him for the issue of summons.

### **Execution:**

Most of the cases under arbitration will be settled during the arbitration procedures under KCS act. The overdue of the loan shall be cleared or entire loan shall be remitted. No further loan shall be sanctioned to the defaulter for a period of one year.

### **Securitization and reconstruction:**

The bank has been authorized to undertake recovery procedures under the securitization and reconstruction act passed by the Government of India. If the loan outstanding stands above one lakh and recovery procedures cannot be undertaken by the arbitration and execution procedures under KCS Act, such loan recovery shall be undertaken by securitization act. For this legal officer's opinion shall be obtained by the bank official.

If the immovable property is put under auction and no party has participated in the auction, such property can be taken under possession by the bank by debiting Non- banking assets and crediting loan accounts as per rules.

Bank should set a separate department for maintaining such non-banking assets@ Head office level as a senior Staff with its Head. Such assets can be

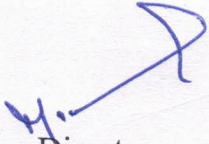
Sold within a period of seven years as per the KCS act and securitization and reconstruction act passed by Government of India.

References

- o Guidelines issued by the Registrar of Co-operative Societies
- o Bylaws of the Bank
- o The Bank loan sub rules approved by the Registrar of co-operative societies
- o securitization and reconstruction act passed by Government of India

Policy approved

  
Chairman

  
Director

  
General Manager