



NCC Bank
नेपाल क्रेडिट एन्ड कमर्स बैंक लि.
Nepal Credit & Commerce Bank Ltd.
Your Business Bank

Administrative Circular No: 93/2017

Date of Issue: October 29, 2017 (Kartik 12, 2074)

Subject: Valuation Guidelines - 2017

To: All the Staff members of Nepal Credit & Commerce Bank Ltd.

This is to inform all the Staff Members of Nepal Credit & Commerce Bank Ltd. that the Management has approved the Valuation Guidelines-2017, which is attached herewith for immediate implementation.

All the concerned Staff members are instructed to follow the guidelines. The Internal Audit Department and Credit Risk Department shall monitor the aspects of implementation of the guidelines.

Ramesh Raj Aryal
Chief Executive Officer



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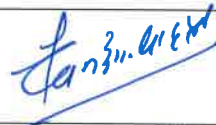


Valuation Guidelines

2017

**NCC Bank**नेपाल क्रेडिट एण्ड कमर्सेस बैंक लि
Nepal Credit & Commerce Bank Ltd.

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Approval Sheet

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Valuation Guidelines



Chapter 1- Introduction

This Guidelines shall be known as “Valuation Guidelines” and it shall come into force from the date of approval by the Chief Executive Officer.

The Guidelines shall be reviewed periodically, not exceeding one year from the date of formulation/review.

Bank's Proposition

The Guidelines hereunder envisions the effectiveness and precisions of the valuation of property mortgaged or to be mortgaged to the Bank. Risk Management Department shall be responsible for making Guidelines criteria for enlistment/ de-listment of valuator and risk arising out of valuator and put up measures to mitigate such risks.

In order to ensure no conflict of interest arises between the Bank and the valuator, Guidelines has been prepared to mitigate the risks associated. In line with NRB Directive, Bank has developed standardized procedure for blacklisting in order to facilitate monitoring and establishing a channel to enhance the control mechanism.

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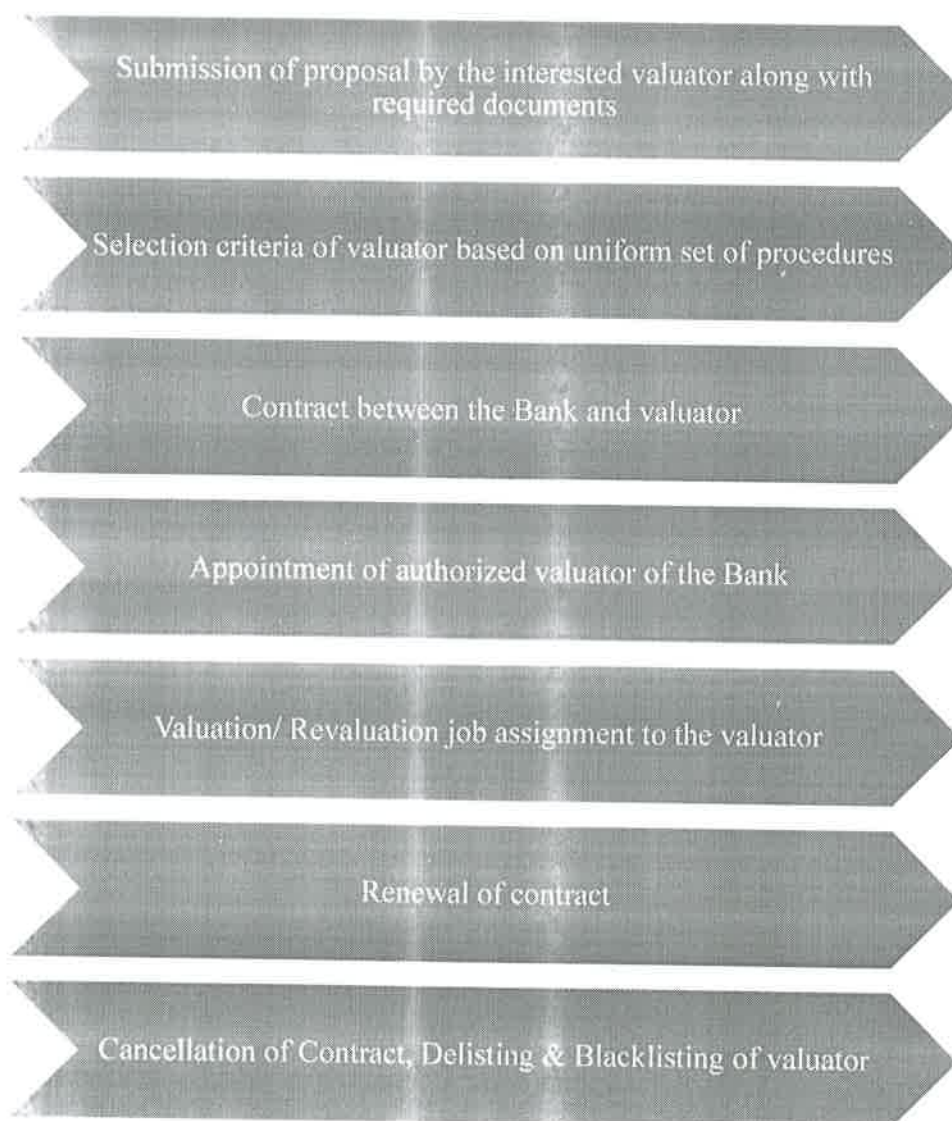
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Chapter 2- Management of Valuator

The Bank shall enlist valuator for conducting valuation of properties of the Bank's clients or prospective clients of the Bank for mortgage or to be mortgaged as well as Non Banking Assets (NBA) of the Bank after the valuator is agreeable to render it's service as proposed by the Bank. The list of authorized valuator shall be updated on Bank's intranet with short description.

The basic valuation principles consist of Transparency, Consistency and Independence. The following standard process flow has been designed for smooth functioning of the valuation procedures.

Process Flow



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2.1. Submission of proposal by the interested valuator along with required documents

The person eligible under this Guidelines to be appointed as valuator should apply to the concerned branch (*i.e. branch for which valuator will be appointed*) along with all required documents. Branch shall forward the all the submitted documents to credit risk management department. List of documents required while submitting proposal for enlisting of valuator are as follows:

- Firm/ Company profile including at least the following information and related documents:
- Name
- Corporate Structure (only for Registered Firm or Companies)
- Entity Registration Document and Permanent Account Number of the entity
- Address of the Registered Office
- Date of Registration
- Detail of Proprietor/ Promoters
- Academic qualification of Proprietor/ Promoters
- Experience of Proprietor/ Promoters
- Details of Other members of Management Team/ Support Team
- Major Assignment undertaken
- Present contract/ Jobs in Hand
- Latest Tax Clearance Certificate
- Detail of authorized person with signature specimen and copy of their citizenship certificate
- A letter of reference from Bank and Financial Institution where valuator is listed

2.2. Selection criteria of valuator based on uniform set of procedures

- Preference shall be given to the Group of expert individuals/ consultancy/firm/ company over single expert individual
- The valuator should be listed with Nepal Engineering Council
- The valuator should have technical expertise in areas related to valuation of property
- The valuator should have experience of at least 3 years of valuation
- The valuator should not be in blacklist of credit information centre Limited.
- The valuator shall not be associated with adverse news/ information, negative publicity known to the Bank in the past for it's involvement in inappropriate activities leading to breach of contract
- Parameters like education back ground, relationship with the Bank, work experience of individual employees, work experience, human resource etc and enlistments with other Banks are



considered The credit Risk Department shall review the proposal of the candidate for valuator and found suitable after appraisal of above criteria shall recommend to CEO for the approval to enlist as valuator of the Bank. The person who had been black listed at any point of time shall not be eligible for appointment as valuator even after release from black list.

2.3. Contract between the Bank and Valuator

Upon selection of valuator, an offer shall be made to the valuator. Then the authorized signatory will be required to sign an agreement with the Bank undertaking the responsibility for execution of valuations assigned as per contract terms upon it's empanelment.

The agreement copy shall be duly vetted by the legal department shall be individually executed by the Credit Risk Department after approval of CEO. Sample contract deed shall be as per the format mentioned in Annexure 1 of this Guidelines.

2.4. Appointment of authorized Valuator of the Bank

After the appointment as a valuator, valuator should provide to the Bank a Bank Guarantee or Fixed Deposit of NPR.200,000(Two Lakh Rupees) before assignment of valuation work. The existing valuator who have deposited less than NPR 200,000 according to the current provision have to deposit deficit amount at the time of renewal.

The Bank shall maintain pool of valutors to undertake job assignments related to Valuation/ Revaluation of Fixed Assets collateral to be mortgaged by the Bank as well as Non Banking Assets of the Bank. Each branch should have atleast two listed valutors so that valuation job can be done efficiently. But preferably it is advised to maintain at least three valutors.

2.5. Valuation/ Revaluation job assignment to the valuator

After the appointment as a valuator, orientation shall be done to the valuator regarding valuation of property in coordination with Credit, Legal and Credit administration and Credit Risk Management Department. The branch shall issue the assignment letter to the valuator to assign the valuation job and format is incorporated in **Annexure 6**.

Before the approval of credit facilities by competent authority, the proposed property (collateral) shall be visited atleast by the two Bank staff and one of which must be Branch Manager or Credit in-charge. A site



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visit report must be prepared and recorded in the file. Format of site inspection report is incorporated in **Annexure 4**.

Valuation job shall be assigned by the branches on rotation basis to the valuator. Assignment of valuation and revaluation job to the valuator shall be done on rotation basis in order to minimize the concentration risk. Branch shall discourage the practice of doing the revaluation of the property by the same valuator as far as possible. Branch shall keep the register to maintain the record of valuation job. Format of register is incorporated in **Annexure 7**.

After the assignment of valuation job, the concerned branch shall provide required documents to the assigned valuator for the valuation of the proposed collateral.

All immovable (real estate) properties offered as collateral should be valued by the Bank's approved valuator and the same should be revalued at least once in every three years. However, the Chief Executive Officer/Committee may waive the valuation requirement in case of consortium loans where the consortium takes collective decision of such waiver. In case of terminating loan, revaluation of collateral is should not be done except under special circumstances.

2.6. Renewal of contract

The branches shall review the performance of the Valuator at least on annual basis. The review shall be done by the concerned branches and the review report shall be disseminated to the Risk Management Department

Renewal of contract shall be done in every three years by the Risk Department based on the review report of the branches. The illustrative but not exhaustive performance parameters are: Turnaround time, compliance with valuation Guidelines, report quality/ reliability etc. Sample copy of performance appraisal is incorporated in **Annexure 3**.

2.7. Cancellation of contract, Delisting & Blacklisting of valuator

The Bank may cancel its contract with valuator when deemed necessary in case of following major circumstances:

- If the quality of valuation is found below standard
- If the valuator breaches the terms and conditions of its contract with the Bank.

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- The valuator has been found to have been involved in forgery relating to valuation of property in collusion with customer
- If the valuator over values the property
- If the valuator submits false/ misleading valuation reports
- If the Bank has reason to believe that the valuator has shown negligence, ignorance, over confidence and relied on third party information during physical verification of property and verification of documents submitted to them.
- If the valuator is disqualified as per NRB Directives
- The valuator self wishes not to continue the service
- Other valid reasons which may harm to the Banks

Delisting of valuator shall be done by the Credit Risk Department and blacklisting as per the regulatory Guidelines shall be done by Loan Recovery Department after approval from the CEO.

The valuator and branches as well as Departments shall be notified after cancellation of contract and copy of same shall be placed in valuator's file.

Branch shall ensure that no further valuation shall be done by the delisted valutors.

2.8. Validity of existing valuation reports

The valuation report prepared under the existing policies/Guidelines shall remain valid until revaluation of same property. However, for revolving credit facilities when real estate collateral needs to be revalued at the time of renewal as per this Guidelines, the provision of this valuation Guidelines shall be applicable for valuation job. Following are the possible cases and the necessary course of action in case of loan approved on the basis of existing valuation reports:

Circumstances	Necessary action
1. In case of Term Loan (i.e. non revolving credit facilities)	Property should not be revalued
2. In case of Revolving loan	
2.1. When less than 2 years period is elapsed since previous valuation date	Revaluation should not be done
2.2. When more than 2 years period is elapsed since previous valuation date	Revaluation should not be at the time of Renewal of facility.
3. Where valuation is done by Bank personnel	Property should be valued by listed

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valuator except where the product paper specifically mentions that valuation can be done by Bank personnel.

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Chapter 3- General Guidelines for Valuation

The valuation of land and building shall be done by the authorized enlisted valuator of the Bank. The valuator shall consider different factors such as area of land, location, type of land and building for the valuation of land and building.

3.1. Required Documents

The valuation report should be in standard format which consists of Valuation certificate, Summary of valuation report and detailed valuation report. Every page of the valuation report should be signed and stamped by the valuator.

The following documents are to be included in the valuation report:

3.1.1. For Land Only

- Copy of land ownership certificate
- Ownership transfer deed (Rajinama/ Bakaspatra/ Anshabanda etc)
- Payment receipt of most recent Land revenue tax
- Four boundary certificate issued by local authority
- Confirmation of access road to the property from municipality/ ward office of rural Municipalities (*Gaunpalika*) when access road is not visible on the survey map.
- Declaration of land ceiling as per prevailing government regulations
- Declaration regarding property being free from any legal dispute or legal issues. Such declarations can be included in the application from customer itself for convenience.
- Photograph of the land from all the elevation and main motorable road access with clear making and captions.
- All the assumptions used while valuating the property/ assets should be clearly stated in the valuation report
- Trace map and blue print of the property to be collected by the Bank from the concerned survey office and the same shall be provided to the valuator

3.1.2. Additional Documents in case of Building

The approved drawings of building approved by Municipalities, Metropolitan City or Rural Municipalities (*Gaunpalika*), construction permit issued by concerned regulatory bodies and completion



certificate (if completed) shall be included in valuation report. If these certificates are not provided, valuator should not consider the value of building for valuation purpose.

Photograph of the Building containing RCC Roofing, Stairs, Beam, Locations etc.

3.2. FAIR MARKET VALUE/ DISTRESS VALUE OF THE PROPERTY

The valuator is required to adhere to the following criteria while deriving value of land and building.

Fair market Value: The Fair Market Value (FMV) should be based on the commercial rate of the property and should not exceed 90% of the commercial rate. Commercial rate of the property should be based on realizable value rather than cost and should be derived based on the professional judgment, however, following prudential norms are required to be disclosed in the valuation report:

- Enquire at least five local residents at the property site and this must be self certified in the report.
- Enquiry to be made with the personnel of Rural Municipality (Gaunpalika), in case of non-urban land and/or building.
- Date of enquiry to be mentioned in the valuation report.

Distress Value: The distress value (DV) of the land should be based on an average of 30% of the Government rate and 70% on the FMV.

The real estate property to be accepted by the Bank should have minimum road access of 8 ft unless otherwise is expressed by the regulator/statutory bodies or the same is located at commercially important places. Waiver if any, in the issues should be placed with proper justification.

Land registered with "Guthi" should not be taken as collateral. However incase of "Pashupatinath Guthi land", the same may be accepted subject to building is constructed in such land and 30% of the value of the land is considered for the purpose of valuation. Waiver if any, in the issues should be placed with proper justification.

The property taken by the Parameters of Street, Highways, River and the Government restricts are not allowed to consider for valuation.



Chapter 4- Review and Retention of Valuation Report

Respective branches shall retain a copy of the final valuation report and conduct of the valuator shall also be verified. After the valuation of the property, the valuator shall be responsible for submitting following documents to the Bank:

1. Preliminary valuation report shall be provided before providing final report and credit decision may be made on the basis of preliminary valuation report
2. Final valuation report shall be provided by the valuator with signature of valuator on each page
3. Relationship manager/ Branch Manager/credit in charge and credit approver shall review the valuation report submitted by valuator.
4. Branch Manager/ Credit In Charge shall ensure that the valuation done is as per the requirement of this Guidelines.
5. Loan should not be disbursed before obtaining Final Valuation Report.



Chapter 5- Miscellaneous

5.1. Check and Review

Risk management Department and Internal Audit Department Shall check and review to ensure that control, monitoring and reporting procedure under this Guidelines are being properly followed where deviations observed has been duly endorsed by the appropriate authority as prescribed by this Guidelines.

5.2. Relationship of valuation Guidelines with other Documents

- a) Any content not covered by the Guidelines shall be governed as per prevailing regulation of the Bank/ Regulators.
- b) Record retention shall be done as per the governing laws and regulations.
- c) The Guidelines shall be integral part of Credit Policy or any other documents of the Bank where valuation regarding the property/assets mortgaged or to be mortgaged of the borrower/ customer as well as Non Banking assets is required.

5.3. Turn Around Time

The turn around time relating to the valuation shall be 5 working days for preliminary valuation report after receipt of required documents and additional 5 days for final valuation report. However in case of particular loan product or at the any urgent cases, short time period shall be provided and valuator shall be informed at the time of assignment of job. However, branch should be careful that the valuator has adequate time and resources and shorter time period will not cause the limitation of scope and affect the quality of valuation job.

5.4. Classification of Real Estate Properties

The valuator shall clearly classify the type of real estate properties. The Bank will recognize the following classification:

1. Residential: Land and/or building used for residential purpose or rent out
2. Commercial: Land and/or building used for commercial purpose i.e. godown, showroom, trading, hotel supermarket etc.
3. Industrial or Institutional: Land and/or Building predominantly used in industrial or any other special purpose
4. Rural: Non urban land (outside municipality area) primarily used for agriculture purpose.



5.5. Compliance of Mandatory provision set by Regulatory bodies

The valuator must ensure that the National Building codes (Rastriya Bhawan Sanhita) applicable to metropolitans, sub metropolitans, municipalities and rural municipalities (*Gaunpalika*) (on which national Building codes has been made applicable by the Government of Nepal via notice published through Nepal Gazette From time to time has been duly abide for the construction of building.

Rules and Regulations set by Town Planning Board must have been followed in construction.

Incase of property adjoining with the highway or river, the standard of minimum distance between the property and highway/ river, as set by the Government has to be followed and the property not meeting the standard set by the Government should not be considered for valuation, unless prior written approval is provided to the valuator.

5.6. Update the list of Valuator

The list of authorized valuator shall be circulated to the branches by the Credit Risk Management Department after approval from CEO. Further, Credit Risk Management Department shall request the Information Technology department to update the list of authorized valuator in the intranet for easy reference. It is the responsibility of information technology department to update the list of valuator timely on intranet up on receiving the information from credit risk management department.

5.7. Related Regulatory Provision

5.7.1. Nepal Rastra Bank

As per NRB Directive No 6, Clause no 6, Bank should not provide funded as well as non funded facilities to the valutors, who/which are listed in the list of Bank for valuation of collateral.

As per NRB Directive 12 clause no 2.4, Banks should obtain the details like name, address and valutors license while sanctioning loan amount exceeding 1 million.

As per the NRB Directive 12, Clause no 7, provision regarding Blacklisting of valutors is as follows:

In the course of auctioning the mortgaged property/ Assets by the Bank, if the amount revaluated is less than the 2/3rd of the value assigned by the valuator or if the valuator does the valuation of the property even if the properties are unacceptable due to location or nature of the property, the credit information centre should include such valuator in the black list on the recommendation of the Bank.

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If the amount of mortgaged collateral to be realized in auction by any licensed institution is less than 2/3rd of the amount of valuation, the board of director of the concerned licensed institution may decide not to recommend the valuator for blacklisting where the board is convinced that this is due to existence of a situation beyond the control of the valuator.

If the borrower whose property is valued is removed from the black list, the Bank should also remove the concerned valuator of such property from the black list. The licensed institution shall maintain a roster of collateral valuator having obtained information as to whether or not the valuator is blacklisted.

5.7.2. Guidelines issued by ministry of Federal Affairs and local development on building construction and Road Access

Fundamental Guidelines regarding town development, town planning and building construction 2072. Details regarding the Guidelines are attached in Annexure 2.

5.8. Release of Deposit Amount/ Bank Guarantee

The fixed deposit of the Valuator shall be released under following circumstances:

- Non renewal of contract after expiry
- Valuator willfully request the Bank to terminate the contract and Bank agrees on same
- Bank terminates the contract with valuator because of some valid reason

However, the deposit amount/guarantee will not be released if there is any irregularity found on the part of valuator related to valuation job. Further, deposited amount/Bank guarantee shall not be released until the legal case filed by the Bank suing valuator for fraud/irregularity related to valuation job is decided by the court.

The memo to release the deposit amount shall be raised by the respective branch and approved by CEO after recommendation of Head – Credit Risk Management Department.

5.9. Repeal and Saving

Any amendments in the laws/ Rules/ Regulations/ NRB Directives/ Circulars or any circulars affecting provisions under this Guidelines shall have automatic effect amending such provisions under this Guidelines. Any act done under the existing Guidelines/ memo shall be deemed to have been under this Guidelines.



Annexure

Annexure I Format of Agreement with Valuator

Agreement for the valuation of property between Nepal Credit and Commerce Bank Ltd and.....

This agreement is made onbetween Nepal Credit & Commerce Bank Ltd., Kathmandu Main Branch, Bagbazar-31 Kathmandu, Nepal (hereinafter referred to as the Bank) on the one part and..... duly registered under appropriate laws of Nepal at Company Registrar Office having its registered office at(hereinafter referred to as the Valuator) on the other part.

WHEREAS the Bank requires the service of an expert Valuator for the purpose of assessing the value of land, building and other security offered to the Bank by its borrowers/clients and

WHEREAS the Valuator is a firm specialized in Civil Engineering and valuation of properties with experience of working as Valuator of land, building, and other fixed assets, and is willing to be listed in the panel of Valuator of the Bank subject to the terms and conditions stipulated hereinafter in this agreement.

1. Listing in the approved list of Valuator

The Bank has enlisted the name of the Valuator in the list of approved Valuers maintained by the Bank for the purpose of making the valuation of land, building and other security offered to the Bank by its borrowers/clients. However, the Bank does not guarantee for any particular job or assignment to the Valuator.

2. Security Deposit

The enlisted Valuator is required to open a Fixed Deposit Account with the Bank for sum of Rs.200,000.00 in a 3 years Fixed Deposit under Bank's lien which shall earn interest at prevailing rate. If management finds gross negligence, wrong or improper valuation of the property or willful default, or misrepresentation of fact in the valuation made by the Valuator, and/ or such negligence causes losses to the Bank, the fixed deposit shall be forfeited and Bank shall initiate legal action against the Valuator.



3. Valuation Fee

The Valuator shall directly charge the fee to the client not exceeding the rate agreed between the Bank and the client as per the Annexure-II subject to revise from time to time. The Bank shall not be responsible for the payment of the valuation fee of the Valuator.

The Bank may revise the valuation fee at its sole discretion without assigning any reason thereof.

4. Representation/ Warranties by the Valuator

The Valuator represents and warrants that he has the required qualification and experience as stated in the preamble and is fully equipped with necessary skill and facilities required for conducting the real valuation of land, building and other securities.

5. Special Covenants by the Valuator

- 5.1. The Valuator covenants that they shall make proper checks, measurement and required survey of land/ building and other fixed assets at site and shall verify the ownership of the property under valuation against the ownership documents and the area of map of the land concerned. For the purpose, the Valuator shall obtain cadastral & trace map of the concerned land from the concerned authority.
- 5.2. The Valuator shall disclose any situation of his conflict of interest that would prevent them from working as independent Valuator of the property and shall avoid themselves from taking up the valuation assignment from the Bank as independent Valuator.
- 5.3. In case the Bank suffers any loss or damage due to the wrong or improper valuation of the property or willful default, negligence or misrepresentation of fact, the Valuator shall indemnify the Bank of such loss suffered by the Bank.
- 5.4. The Valuator shall not make any secret dealings or accept any gratification or benefit from the clients except the valuation fee, a rate agreed between the Bank and client. Valuation fee to be charged from clients should not exceed the rate mentioned in Annexure II.
- 5.5. The Valuator specially covenants that, while conducting the valuation work, their foremost concern is to protect the interest of the Bank and such valuation works, would be conducted on the basis of standard engineering methods and the value and other details, as reported in the valuation report submitted to the Bank, would be true and correct and as per the rate prevalent at the time of valuation.
- 5.6. The appointment/contract letter shall automatically become null and void in the event of misconduct and all possible losses that the Bank may have to suffer due to negligence and misinterpretation in conducting the property valuation.
- 5.7. The Bank reserves the right to accept or reject the valuation report submitted by the Valuator.



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- 5.8 The Valuator shall be able to locate/explain about the property to the Bank, in case of need
- 5.9 The Valuator shall be governed by all the rules and regulations of the Bank and Nepal Rastra Bank regarding valuation of the properties.
- 5.10 The Valuator shall furnish the original copy of the valuation report directly to the Bank under no circumstances shall provide copy to the mortgagee prior to Bank's approval.
- 5.11 The Valuator shall be available to explain valuation report if required by the Bank.
- 5.12 The Valuator shall submit the details of the task performed in quarterly basis to the Bank.
- 5.13 Report on valuation of properties prepared should be based on criteria mentioned in Annexure I.
- 5.14 The Valuator specially covenants that, Bank will Black-List the Valuator and initiate other necessary actions subject to Nepal Rastra Bank provision.
- 5.15 This agreement will be valid unless terminated by either party by giving one month prior notice in writing.
- 5.16 Valuation criteria will be as attached and form the part of agreement.

In witness, whereof, both parties have signed this agreement with their free consent on the day and date mentioned herein above.

Mr.

Proprietor

M/s

Witnesses:

Name:

Branch Manager

.....Branch

Nepal Credit & Commerce Bank Ltd

Name

Designation:

Branch

Name

Designation:

Branch

Valuation Guidelines

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Integral Part of Agreement

Criteria for Assessment of Valuation of Land and Building

1. The land and/ or building must have an access to motor able road.
2. Free from any tenancy right.
3. In case of Guthi ownership, appropriate consent from the concerned Guthi is held. Required margin to be deducted as per the Guthi Law.
4. Absolute legal possession of freehold property.
5. In case of leasehold property, legal form of possession where the owner has the right to use, mortgage assets created on the leasehold land and have exclusive possession for specified period subject to conditions of lease agreement.
6. Consent of the lessor to allow the fixed assets created under the land to be mortgaged/ hypothecated to the Bank.
7. Proper registration of drawings in Town planning/ Municipal Office/Village Development Committee Office is required.
8. The construction of buildings should match with the original drawings.
9. The number of storey should not exceed that indicated in the registered drawings.
10. The Valuator should follow the rule and regulations set up by Town Development Board.
11. Value of building to be estimated should be based on the rate of plinth area of each floor. In case of under-construction buildings, the property should be appraised only upto the completed portion and estimated cost of construction to be presented in case of loan for construction of building/complex, etc.
12. Depreciation of the building should be considered in appraising the buildings. Depreciation of the building to be calculated on "Straight Line Method" considering life of the building at most of 50 years.
13. Confirm current market value of plant/machinery and equipment and verification from independent sources (wherever possible) and also consult mechanical engineer to ensure the value of such movable property if proper record is not available. Evidence of such consultation shall be disclosed in valuation report.
14. Depreciate the value of the plant/machinery and equipment as per the current accounting practice and that the:
 - Value estimated by the Valuator shall not exceed the book value shown in the books of the company.
15. Photographs of the properties should be included in the valuation reports.
16. Location Map/ Survey Map of the property have to be enclosed in the report.
17. The appraisal of the **land** should be derived as under:

Fair market Value: The fair market value (FMV) should be based on the commercial rate of the property and should not exceed 90% of the commercial rate. Commercial rate of the property should be based on realizable value rather than cost and should be derived based on the professional judgment, however, following prudential norms are required to be disclosed in the valuation report:

 - Enquire at least five local residents at the property site and this must be self certified in the report.
 - Enquiry to be made with the personnel of Rural Municipality (Gaunpalika), in case of non-urban land and/or building.

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- Date of enquiry to be mentioned in the valuation report.

Distress Value: The distress value (DV) of the land should be based on an average of 30% of the Government rate and 70% on the FMV.

18. Reports should be based on fair valid judgments. Valuator shall be fully responsible for all the documents and details stated in their reports.
19. Valuers shall be liable to answer any dispute rising out of the location or value of the property as quoted in the report.
20. The significant and material remarks on the property shall be disclosed on the covering letter of the valuation report.
21. Copy of citizenship and passport (if any) and detailed address of property owner along with telephone number must be mentioned in the valuation report.
22. Copies of necessary documents (citizenship certificate, firm registration certificate, income tax registration, etc.) of the client on behalf of whom the valuation is conducted must be enclosed in the valuation report.
23. Valuator shall not directly value the property at the request of the client without obtaining the written instruction from the Bank.
24. In the lack of approved drawings of building approved by Municipalities, Metropolitan city or rural municipalities (Gaunpalika), construction permit issued by concerned regulatory bodies and completion certificate(if completed), valuator should not consider the value of building for valuation purpose.

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Annexure -II

Valuator's fee to be charged from clients should not exceed following rate on distress value of the property (ies):

Range of Value	Rate	Not more than (Rupees)
Up to Rs. 10.00 Lac	0.40%	3,500.00
Above Rs. 10.00 Lac to Rs. 20.00 Lac	0.35%	5,000.00
Above Rs. 20.00 Lac to Rs. 30.00 Lac	0.30%	7,000.00
Above Rs. 30.00 Lac to Rs. 40.00 Lac	0.25%	8,000.00
Above Rs. 40.00 Lac to Rs. 50.00 Lac	0.20%	9,000.00
Above Rs. 50.00 Lac to Rs. 1.00 Crore	0.15%	10,000.00
Above Rs. 1.00 Crore	0.10%	30,000.00

1. The Valuator shall re-value/re-confirm the value of the property as and when required by the Bank. In such a case, the tariff shall not exceed NPR 2,500 flat. The Bank may provide, if necessary, basic information (excluding the details covering value of the property) of the past valuation report.
2. Out of pocket expense, if any, will have to be recovered from the client which will be negotiated with the client before assignment of the valuation job. However, such expense will have to be recovered on actual basis and should be reasonable.



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Annexure 2 Guideliness issued by ministry of Federal Affairs and local development on building construction and Road Access



**नेपाल सरकार
सङ्घीय मामिला तथा स्थानीय विकास मन्त्रालय**

फोन नं.: ०१-४२००२८३
फ्याक्स : ०१-४२००३३६
ईमेल: municipal@mld.gov.np

नगरपालिका व्यवस्था शाखा
सिंहदरबार, काठमाडौं

सं.स. २०७२/०७३

च.नं. ४-१-३०

वि.सं. २०७२/०७३

मिति : २०७२/४/२९

विषय: बस्ती विकास, शहरी योजना तथा भवन निर्माण सम्बन्धी आधारभूत मार्ग दर्शन, २०७२ सम्बन्धमा ।

श्री वि.सं. २०७२/०७३
श्री वि.सं. २०७२/०७३
श्री वि.सं. २०७२/०७३
श्री वि.सं. २०७२/०७३

उपरोक्त सम्बन्धमा नेपाल सरकार (माननीय मन्त्रीस्तर) को मिति २०७२/४/२९ को निर्णयानुसार स्वीकृत बस्ती विकास, शहरी योजना तथा भवन निर्माण सम्बन्धी आधारभूत मार्गदर्शन, २०७२ यसैसाथ संलग्न राखी पठाइएको छ । यस मार्गदर्शन स्वीकृत भएको ५ महिनाभित्र विशेष परिषद झोलाई आफ्नो परिषदबाट स्वीकृत गराई अविलम्ब कार्यान्वयन गरी प्रचलित कानून बमोजिम तस्मा पासको कार्य सुचारु गर्नुहुन समेत निर्णयानुसार अनुरोध छ ।

(केशवराज पार्थी)
शाखा अधिकृत



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Annexure 3 Sample of performance Measurement of Valuator

The illustrative performance measurement parameter of the valuator is as follows:

Particulars	Acceptable	Good	Very good	Excellent
Turn Around time				
Consistence				
Compliance to valuation Guidelines				
Report Quality/ Reliability				

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Annexure 4 Collateral Inspection Report

Date of Inspection:

Collateral Inspection Report (CIR)

1. Customer/Borrower/Group

2. Collateral offered to secure ☐ New limits ☐ Increase in limits ☐ Additional collateral for existing limit ☐ To replace existing collateral
- ☐ Renewal of limit

3. Location of the property

4. Owner of Property:

5. If the owner is other than the Borrower, relationship to borrower/shareholders:

6. Ownership Type: ☐ Freehold ☐ Guthi/Trust ☐ Tenancy Rights ☐ Others7. Is ownership of transferred through ☐ Sale ☐ Family Separation ☐ Gift (BAKAS PATRA) ☐ Others

In case of sale deed (RAJINAMA), has transfer date elapsed by 1 year plus 35 days?	Yes <input type="checkbox"/> No <input type="checkbox"/>
In case of gift deed (BAKAS PATRA), has transfer date elapsed by 2 years plus 35 days?	Yes <input type="checkbox"/> No <input type="checkbox"/>
In case of family separation (ANSABANDA), has transfer date elapsed by 3 months?	Yes <input type="checkbox"/> No <input type="checkbox"/>

*Incase of No, specify the date of execution and the registration amount in the transfer deed (as applicable) collateral to be acquired.

9. Collateral Property Details:

- i. Property ☐ Vacant Land ☐ Land with Building (s) ☐ Under Construction
- ☐ Agricultural ☐ Industrial ☐ Commercial ☐ Residential
- Property Type (Land) ☐ Others (Specify)

- ii. Building Type: ☐ Residential ☐ Commercial Complex/Mall ☐ Factory Shed ☐ Warehouse
- ☐ Others (Specify) N/A

- iii. Type of construction ☐ Pillar System RCC ☐ Load Bearing RCC ☐ Factory Sheds ☐ Warehouse
- ☐ Others (Specify)

iv. Plot No(s)

v. Area: (R-A-P-D) as per LORC; (R-A-P-D) as per measurement based on valuation report.

vi. Shape of land ☐ Rectangular ☐ Triangular ☐ Irregular**Valuation Guidelines**

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vii. Nearest Prominent Landmark and distance:

- viii. Motorable Road Access: ☐ Blacked topped ☐ Gravelled ☐ Earthen ☐ Non-motorable ☐ None
- ix. Road Width: ☐ Less than 13 ft. ☐ 13-15 ft. ☐ >16-19 ft. ☐ >20 ft. ☐ None

* Specify if less than 8 ft & approval dtd for waiver of the same has been obtained.

x. Road Access from: ☐ One side ☐ Two sides ☐ Three Sides

- xi. Is there:
 Water Supply ☐ Yes ☐ No
 Electricity ☐ Yes ☐ No
 Boundary Wall ☐ Yes ☐ No
 Boundary Fence ☐ Yes ☐ No
 Drainage ☐ Yes ☐ No
 Telephone Line ☐ Yes ☐ No

xii. Does the location & shape of land appear consistent with Topography Map: ☐ Yes ☐ No

If not, please comment:

xiii. Details of Buildings & Approximate Built up Area: N/A

Number of Storey: N/A

Date of Construction: N/A

xiv. Any road/river setbacks? ☐ Yes ☐ No.

If so, has affected area been deducted from original area in LORC/valuation report: ☐ Yes ☐ No

Any other drawback of the land which would affect the value of the land like High-tension electricity line, possible landslide area? ☐ Yes ☐ No.

xv. **Estimated Value of the property: (BASED ON INSPECTING OFFICER'S ESTIMATE OF CONSERVATIVE COMMERCIAL VALUE)** Total (Rs. in '000):

Total Estimated FMV of land:

Estimated FMV of Building

Estimated FMV of total Property:

xvi. Do you consider the property acceptable for mortgage to Bank: Yes ☐ No ☐

xvii. Is the property within Bank's approved location: Yes ☐ No ☐

xviii. Owner of the property is not a company owned by the Borrower/ his family members if the loan is availed in his own name/family member's name.: yes

xix. Other comments/ Qualification: NA.

Confirmation on review of valuation report: (Please tick the appropriate)

1. I have reviewed the original blue print and I am satisfied that the property evaluated along with the plot number and land marked by the valuer on the original blue print and the physical site are the same. The road access at site exists as per blue print and trace map and has been physically verified.

☐ Yes ☐ No

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In case road access is not clear in Blueprint and trace map, four boundary, *Ghar Bato Sifaris* and plot register from concerned Malpot Office confirms the road access.

☐ Yes ☐ No

- 2 I have duly reviewed the valuation report which, I am satisfied is fully in compliance with Bank's valuation Guideliness. I have also visited the property and I consider the valuation fair and reasonable

☐ Yes ☐ No

I fully endorse the above report and I also consider the valuation fair and reasonable.

Name: _____

Designation: _____

Name: _____

Designation: _____

RM's comments, if any:

Rough Sketch & Photograph of proposed collateral site is enclosed

(Prominent landmark including nearest NCC Bank branch and distance to be shown clearly)

Remarks

Photograph showing the clear road access

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Access Road	Side view
Front part	Back view

Note:

Name:

Designation

Date:

I fully endorse the above report and I
also consider the valuation fair and
reasonable.

Name:

Designation:

Date:

(If different from the person inspecting)

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Annexure 5 Standard Format for valuation of Land and Building

Valuation Report of Land and Building

Client :
Address :
Tel No :
Owner of property :
Address of property as per Title deed :

Name :
Designation :
Date :
Seal of the firm/ Company :

(The valuation report must be signed by the authorized signatory along with the stamp/seal of the firm Company)

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CONTENTS IN VALUATION REPORT:

1. Executive summary

Valuator's opinion

Fair Market Value

Distress Value

Remarks & Observations: Remarks or observations which have or may have an adverse impact on the value of assets.

2. Valuation theory and Methodology

3. Sources of Information

4. Qualification and declaration

Appendix

1. Details of Assets

- Location
- Commercial importance
- Description of land
- Description of Building
- Comments if any

2. Land Rate

- Rate adopted by Government Agencies
- Market Rate
- Weighted Average Calculations
- Land rate adopted for this valuation
- Land Rate Analysis

3. Technical specification of Building & Structures

4. Legal Aspects

- Land ownership Registration Certificate (*Lalpurja*)
- Land Revenue tax (*Tiro Receipt*) Payment Receipt
- Rajinama/sale deed
- Map of the plot prepared by Government Survey Department



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- Permission letter from concerned authority for construction/ approved drawing of the building
 - Property Tax clearance
 - Right over the property
5. Copies of legal papers (including land ownership registration certificate, Transfer deed, citizenship certificate of the owner, Four boundary authentication certificate, certified blue print and other documents as mentioned in the agreement with valuator)
6. Drawings and Sketches
7. Photographs

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Annexure 6 Format of Assignment letter

Ref.:

Date:

M/S(Valuator's Name)

Address

Tel. No.

Ref: Valuation of property for(borrower's Name)

Dear Sir/Madam,

Kindly carry out the valuation of the properties with the following details, on account of the captioned party.

S.N.	Property	Owner	Location of Property	Kitta No.	Area Sq.m. (Ropani)
1.	Land and Building				

For your professional fee, please make arrangement with the concerned party.

Contact Person:

Looking forward to your earliest cooperation.

Thank You.

Sincerely Yours,

 Authorized Signature

 Authorized Signature

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Annexure 7 Format of Register for recording valuation assignment

Ref No	Borrower	Loan Amount	Plot No	Valuator	Valuation job assigned date	Report received Date

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