



भारतीय रिज़र्व बैंक

RESERVE BANK OF INDIA

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RBI /2012-13/524

DBS.FrMC.BC.No.7/23.04.001/2012-13

June 07, 2013

The Chairmen & Chief Executive Officers of all
Scheduled Commercial Banks (excluding RRBs)
and All India Select Financial Institutions

Dear Sir/Madam,

Legal Audit of title documents in respect of large value loan accounts

Please refer to para 3.1 of our [circular DBS.CO. FrMC. BC .No. 11/ 23.0.001/ 2010-11 dated June 30, 2011](#) requiring banks to put in place a system wherein the concurrent auditors were required to look into and report, inter alia, on the genuineness of the title documents especially for large value loans.

2. On a review, it has been decided that the banks should also subject the title deeds and other documents in respect of all credit exposures of ₹ 5 crore and above to periodic legal audit and re-verification of title deeds with relevant authorities as part of regular audit exercise till the loan stands fully repaid.

3. The banks may furnish a review note to its Board/ Audit Committee of the Board at quarterly intervals on an ongoing basis giving therein the information in respect of such legal audits which should cover aspects, inter alia, like number of loan accounts due for legal audit for the quarter, how many accounts covered, list of deficiencies observed by the auditors, steps taken to rectify the deficiencies, number of accounts in which the rectification could not take place, course of action to safeguard the interest of bank in such cases, action taken on issues pending from earlier quarters.

Yours faithfully

Sd/-
(R. K. Sharma)
General Manager

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