



MONETARY BOARD

CENTRAL BANK OF SRI LANKA

19 December 2019

FINANCE BUSINESS ACT DIRECTIONS

No.04 of 2019

AMENDMENT TO VALUATION OF IMMOVABLE PROPERTIES

In terms of the powers conferred by section 12 of the Finance Business Act, No. 42 of 2011, the Monetary Board hereby issues the following amendments to the Finance Business Act Direction No. 04 of 2018 on Valuation of Immovable Properties issued for Licensed Finance Companies in Sri Lanka.

Accordingly, the following Directions of the Finance Business Act Direction No. 04 of 2018 on Valuation of Immovable Properties of Licensed Finance Companies shall be replaced with the following.

**4. Eligibility
Criteria for
Valuers**

4.1. Every Licensed Finance company shall ensure that:

a. Eligibility criteria for valuers are set out as follows.

a.1. A member of the Institute of Valuers of Sri Lanka (IVSL) who shall be:

- i. A Fellow member; or
- ii. A Professional Associate member with 5 years of experience in such grade of membership.

For the purpose of determining number of years of experience in the grade of Professional Associate Membership, the transitional provisions stated in the Section 24 of the IVSL (Amendment) Act, No. 9 of 2019, shall be applicable.

a.2. A member of the Royal Institution of Chartered Surveyors of the United Kingdom (RICS) who shall be;

- i. A Fellow member of RICS and a member of IVSL; or
- ii. Other members of RICS who have passed the final examination of RICS in the General Practice Division with 05 years of experience in such grade of membership and a member of IVSL.

b. Valuers selected for the panel of valuers of the Licensed Finance Companies as per the qualifications set out in Direction 4.1 a) above shall acquire Continuous Professional Development as approved/recommended by respective professional body.

- c. Valuation of immovable property undertaken by internal valuers shall satisfy the eligibility criteria set out in the Direction 4.1 a) above.

**6. Frequency of
Valuation**

- 6.1. The frequency of valuation of immovable property shall be as follows.
- a. Valuation of immovable property obtained as collateral against loans and advances which are non-performing shall be made at the frequency as follows for any regulatory purpose.
 - i. In respect of credit facilities granted against residential property which is occupied by the borrower for residential purposes: a report that is not more than five years old.
 - ii. All other credit facilities: a report that is not more than four years old.
 - b. Valuation of immovable property obtained as collateral against loans and advances which are performing, shall be made at the time of initial granting and at a time of any subsequent enhancement of credit facilities.
 - c. Revaluation of immovable property as referred to in Directions 3.1 b) and c) of the Finance Business Act Direction No. 04 of 2018 on Valuation of Immovable Properties shall be made in line with the internal policies approved by Board of Directors or depending on any significant and volatile changes in fair value of such immovable property are experienced. However, such gains can only be included in Tier 2 capital once in three years.

Dr. Indrajit Coomaraswamy

*Chairman of the Monetary Board and
Governor of the Central Bank of Sri Lanka*