



CENTRAL BANK OF SRI LANKA

01 January 2021

FINANCE LEASING ACT DIRECTIONS

No. 01 of 2021

AMENDMENT TO VALUATION OF IMMOVABLE PROPERTIES

In terms of the powers conferred by section 34 of the Finance Leasing Act, No. 56 of 2000, the Director of the Department of Supervision of Non-bank Financial Institutions issues the following amendments to the Finance Leasing Act Direction No. 04 of 2018 on Valuation of Immovable Properties issued for Specialised Leasing Companies in Sri Lanka.

Accordingly, Direction 5 and Direction 7 of the Finance Leasing Act Direction No. 04 of 2018 on Valuation of Immovable Properties of Specialised Leasing Companies shall be replaced with the following.

5. Eligibility

**Criteria for
Valuers**

5.1. Every Specialised Leasing 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 Chartered Valuation Surveyor of the Royal Institution of Chartered Surveyors (RICS) of the United Kingdom who shall be:

i. A Fellow member (FRICS); or

ii. Other members of RICS with 5 years' experience in such grade of membership

b. Valuers selected for the panel of valuers of the Specialised Leasing Companies as per the qualifications set out in Direction 5.1 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 5.1 a) above.
- d. Valuers who maintain highest levels of professional conduct, ethics and integrity in carrying out valuations of immovable property of Specialised Leasing Companies are included in the panel of valuers

7. Frequency of Valuation

7.1. 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 4.1 b) and c) of the Finance Leasing 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.

Revocation of previous Directions

Finance Leasing Act Direction No. 02 of 2019 on Amendment to Valuation of Immovable properties is hereby revoked.


J D S J Nanayakkara

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