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# **LEASE FINANCE POLICY & PROCEDURES MANUAL**

**Version III**

**Review by- Credit Department Head Office Annually or earlier if the  
need arises**

**Approval by the Board of Directors**

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## 1. INTRODUCTION

### LEASE FINANCE

<b>Lease Finance</b>
Lease finance is governed by the Leasing Finance Act No 56 of 2000 and amendments thereto and we are registered as a leasing company under this ACT
Power to the repossess asset leased in case of default is subject to requirements in the above stated act.
Lease Agreement among others is the main security document Lessor legally is the absolute owner of the asset leased which is Lanka Credit and Business Finance PLC Lessee is the Customer to whom the facility is granted
Accordingly, Lease finance is a usage agreement Lanka Credit and Business Finance PLC is the absolute owner of the asset leased Customer becomes the Registered owner of the asset (Vehicle) leased

## 2. RISK CONSIDERATIONS

Leasing Industry is considered as one of the strategic options of economic development of a country. Due to the nature of rental activities involved leasing companies have very high profitability and also face the greater risk which includes Credit Risk, Business Risk, Residual value Risk and exchange rate risk and among them the most important risk is Credit Risk. Therefor special attention should be given when evaluating Lease proposal with regard to the repayment capacity of the lessee and the secondary market of the asset. When dealing with registered vehicle the correct valuation of the vehicle considered at the evaluation stage against Loan to Value Ratio is vital as the margin so created will mitigate the risk of loss if the need arises to reprocess and dispose the asset due to default

For example, leasing a vehicle may be required for the purpose of enhancing transport capabilities and growth of an industry, trade or for a self-employed enterprise which would generally improve the cash flow of the lessee to service the rental. A vehicle leased for personal use to an individual with a fixed income (Salaried) may not have the same effect on his cash flow and may need to devote more attention to determine the debt service cover of such a lessee with the emphasis on his source of funds.

## 3. CBSL DIRECTIONS & PROHIBITIONS

### 3.1 OVER INDEBTEDNESS (PROMOTE FINANCIAL DISCIPLINE)

Avoid over- indebtedness of a customer which may lead to defaulting the additional facility sought. For this purpose, use data in Customer's Application, CRIB report in addition to our exposure to the customer to determine the over indebtedness level of a borrower in relation to his repayment capacity (Debt Service Cover)

### 3,2 CBSL LANDING DIRECTION

Directions of the Central Bank of Sri Lanka (CBSL) prohibits a finance company from granting any accommodation to those described below.

- **To a Director and /or a relative of a Director** (*relative means the spouse and / or dependent children of an individual*)
- **To a Holding Company**
- On the security of its own shares or on the security of the shares of any of its/ subsidiary companies
- **On the guarantee or on the indemnity of Director of the finance company a relation of a Director of the finance company or any employee of our Company**

### 3.3. CBSL FINANCE CUSTOMER PROTECTION REGULATION

These regulations have been adopted by the Board of Directors in the form of a policy and procedures manual and have been circulated to Branches .

Staff members should comply with the said regulations when granting Lease finance facilities as applicable (i.e. advertising, marketing, customer visit, Equitable and fair treatment etc.,)

### 3.4 CBSL SINGLE BORROWER EXPOSURE LIMIT

Branch Managers and Staff at Head Office Central Credit Department (CCD) should comply with the instruction stipulated in Internal Memorandum dated 4<sup>th</sup> August 2022 which has been issued based on the Direction of the Central Bank of Sri Lanka on the subject “Single Borrower Exposure Limits”

### 3.5 SECTORIAL LIMITS

- In order to avoid industry/sector concentration, CCD will determine limits on our exposure to different sectors and will circulate to branches from time to time
- Company will follow the sector classification as specified by CBSL and the Risk Management Department ( RMD) will keep the Board /Management informed of any requirement to reduce exposure to sectors considered as high risk based on prevailing socio-economic conditions as described below.
- Such adjustments would arise from external factors such as impact from a downturn in the economy on a particular sector/industry, changes in laws and regulations that will have an impact or potential opportunities in a particular sector. The RMD shall propose appropriate sector limits from time to time for the approval of the Board of Directors through BIRMC

### 3.6 CBSL LOAN TO VALUE RATIO (LTV)

This ratio is determined by the Central Bank of Sri Lanka. The applicable loan to Value Ratio will be notified to branches through a credit circular based on CBSL Directions issued from time to time and we are required ensure strict compliance. (*Value referred to herein is the Market value of the Asset to be leased*). Refer 3.8 Below

**Accordingly following will be considered as grave acts of misconduct warranting disciplinary action**

- Accepting over valuations of the vehicles to avoid the limits imposed on Loan to Value (LTV) ratios by the Central Bank of Sri Lanka
- Providing additional loans to cover the excess of LTV ratios under another person related to the customer,
- Obtaining on-line valuation reports without the valuer physically inspecting and assessing the condition of the vehicle.

#### 4. CENTRALISED ACTIVITIES SUBJECT TO SPECIFIC APPROVALS

Activity	Authority & Mode of Communication and Responsibilities
<b>Loan to Value Ratio (LTV)</b>	Authority - Central Bank of Sri Lanka Direction will be conveyed through a Credit Circular Signed By CEO/ Executive Director with an Officer in Grade of a Departmental Head or above in Central Credit Department
<b>Types of Vehicle eligible for Leasing with Repayment Period</b>	Authority – CEO/ Executive Director To be conveyed through a Credit Circular Signed By CEO/ Executive Director with an Officer in Grade of a Departmental Head or above in Central Credit Department
<b>Age of Vehicle (YOM)</b>	Authority – CEO/ Executive Director To be conveyed through a Credit Circular Signed By CEO/ Executive Director with an Officer in Grade of a Departmental Head or above in Central Credit Department
<b>Rate of Interest</b>	Authority – CEO/ Executive Director To be conveyed through a Credit Circular Signed By CEO/ Executive Director, AGM Finance or Head of Finance with an Officer in Grade of a Departmental Head or above in Central Credit Department
<b>Tariffs and Charges</b>	Authority – Board of Directors To be conveyed through a Credit Circular Signed By CEO/ Executive Director, AGM Finance or Head of Finance with an Officer in Grade of a Departmental Head or above in Central Credit Department
<b>Valuation (to ascertain market Value to determine facility value)</b>	Authority – Valuation by a Panel valuer approved by the Board of Directors To be conveyed through a Credit Circular Signed By CEO/ Executive Director with an Officer in Grade of a Departmental Head or above in Central Credit Department
<b>Lease Facilities to Staff Considered as a Connected Party</b>	Authority – As per staff Loan Scheme approved by the Board of Directors To be conveyed through a Credit Circular Signed By CEO/ Executive Director and Head / Manager Human resources with an Officer in Grade of a Departmental Head or above in Central Credit Department

## **5. VEHICLE CATEGORIES THAT SHOULD NOT BE LEASED AS PER OUR POLICY**

- Tractors/ Harvesters
- Chinese Vehicles
- Duplicate Certificate of registration of vehicle
- Prime Movers
- Browsers
- Fork Lifts
- Converted vehicles which lack the formal approval of RMV
- Vehicles under the names of Insurance Companies which are generally treated as condemned vehicles transferred to the insurer at the time of settlement of the total loss claims

## **6. VALUATION AND INSPECTION OF ASSETS TO BE LEASED**

### **A. Unregistered new vehicles –**

Use Supply Invoice of the Agent (valuation not required)

### **B. Registered vehicles**

- a) Valuation from a Panel Valuer at our request.
- b) Vehicle to be inspected by the Branch Manager with emphasis on verification and acceptability of value and condition of vehicle in relation to Valuation
- c) In case of Doubt with regard to Market value a second opinion should be obtained and determine the actual Market value based on the average of both valuation reports and available market data. Details of such computation should be stated on the credit paper.
- d) Photograph of front view, back view, inside view & Cheesy number to be obtained d)  
A Valuation Report is valid for 30 days to consider a facility
- e) Facility amount should be based on the Market Value stated in the Valuation Report subject to LTV determined by CBSL (Refer paragraph
- f) The Board approved list of valuers will be circulated by the Head Office Credit Department
- g) A selfie (Photograph) to be obtained with the relevant vehicle with client and our Marketing Officer or the Branch Manager

## **7. BRANCH MANAGER'S INSPECTION REPORT ON RECEIPT OF VALUATION REPORT**

- a) Vehicles should be inspected jointly by the Branch Manager and the Assistant Manager and the report furnished as per format provided
- b) Contents in the Valuation Report should be verified as applicable.
- c) The Manager should start the vehicle using the duplicate keys that would be lodged with us and held under dual control with other security documents.
- d) The Branch Manager's Inspection Report should be reviewed by CCD officials to ensure acceptability of the Market Value to consider the proposed facility..

## **8. DOCUMENTS REQUIRED FOR PROCESSING AN APPLICATION FOR LEASE FACILITY & AS SECURITY DOCUMENTS.**

### **15.1.1 COMMON DOCUMENTS / INFORMATION (FOR REGISTERED OR UNREGISTERED VEHICLES)**

- i. Duly Completed Application Format
- ii. Proof of Identity – NIC/Valid Passport
- iii. Proof of Address (Client through - Utility Bill / Fixed Telephone Bill- Bank Pass Book. Current account statement / GS Certificate)
- iv. Proof of income / Source (Client)
- v. CRIB Report (Client & Guarantors.)
- vi. Declaration of Assets & Liabilities
- vii. Income Tax Particulars (If applicable)
- viii. KYC Document
- ix. Applicant should maintain a Savings Account at the Branch to which the lessee should deposit all Charges in advance to facilitate recovery when disbursing proceeds
- x. Contact details of Lessee and Guarantor (Fixed and Mobile phone numbers and mail Email addresses
- xi. Vehicle Valuation Report
- xiii. Manger's Inspection Report with Photographs

#### **a) REGISTERED VEHICLES**

- a) Original Certificate of registration of Vehicle
- b) Original Revenue License for the current Year
- c) Valuation Report of Panel Valuer
- d) Photographs of Vehicle (Images of front view, back view, & inside view)
- e) Inspection Report of Branch Manager
- f) Insurance cover
- g) Form MTA 6 duly signed by the Vendor (seller) and LCB Finance OLC
- h) Two recent Pass Port Size photograph of the Lessee
- i) Tax Receipts
- j) Original Vehicle Identity card
- k) Such other document deemed necessary

#### **b) UNREGISTERED VEHICLES**

- a) Supplier's Invoice in favour of our company with details of the asset, selling price etc., Vat Registration Number and rate of Vat Charged
- b) It is mandatory for the authorized officer preparing the payment voucher to have the correct VAT rate; as accepting an incorrect rate would not make us entitled to claim INPUT Tax Credit. If necessary, the position could be verified with the Department of Inland Revenue.

#### **c) GUARANTOR(s)**

Obtaining additional security in the form of guarantors is mandatory. The general requirements are as follows

- a) Duly Completed Guarantor's Statement format



- b) Proof of Identity – NIC/Valid Passport
- c) Proof Address (client and Guarantor); - Utility Bill / Telephone Bill- Land Line- Bank Pass Book Current account statement / GS Certificate
- d) Proof of income (source)
- e) Declaration of Assets and Liabilities as required in format
- f) Income tax details
- g) CRIB Report
- h) KYC Documents

Waiving the requirement to obtain a guarantors as additional security could be approved by the Head Office Credit Committee considering among others the following: -

- a) Standing of the customer (credit worthiness/ social status)
- b) The amount of the facility
- c) Type and value of vehicle financed and its Marketability
- d) Permanent income and repayment capacity (Debt Service Cover)
- e) Past Record with us taking into consideration & Deposits with us
- f) Availability of any other security
- g) Satisfactory utilization of existing and past facilities with us
- h) CRIB Status
- i) Justifications adduced by the Branch Manager.

## **9. ADDITIONAL CONDITIONS & DOCUMENTS FOR COMMERCIAL ESTABLISHMENTS**

- a) Establish Business stability of over 3 Years through analysis of audited financial statements
- b) Satisfactory Debt Service Cover
- c) Post Dated Cheques to be obtained to minimize risk of Default
- d) Certificate of Business Registration or Incorporation
- e) Memorandum and Articles of Association (For limited Liability Companies)
- f) Board Resolutions to borrower
- g) Tax Details
- h) Certified List of Directors (Form 20)

## **10. VERIFICATION OF SIGNATURE**

It is the responsibility of Branch Managers and Officials at CCD to ensure that the Signature placed on documents by borrower tally with each other and with the signature in the account opening Mandate which is scanned and placed on the system Savings Module. Accordingly, Managers should authenticate the signature of Borrowers and Guarantors by placing the signature verification seal duly signed by him

## **11. APPROVAL OF LEASE FINANCE FACILITIES**

- Duly processed proposals for: Lease Finance Facilities should be submitted to the Head Office Credit Committee for consideration.
- Manager Leasing at Head Office is responsible to examine Lease Finance

proposals and ensure such proposals are viable and are in conformity with the requirements in this manual and instructions in the Credit Circulars in force and with due emphasis on the debt service cover.

- Manager leasing whilst recommending his proposal to DGM (Credit) should state in the proposal paper that “all required documents were verified and the proposal complies with regulatory and Internal requirements”

## **12. COLLECTION AND REMITTANCE OF CHARGES TO RMV**

### **The Accounting Procedures**

#### **a) Collection of RMV Charges:**

Branch Managers should recover RMV charges from the borrower and credit the amount to his **savings account in advance**.

#### **b) GL Accounting:**

- Once the lease facility is approved, the RMV charges held in the customer's savings account under 1 above should be transferred to the GL account **No. 040400010013** named **“Payable - RMV Charges”**.
- The transfer entry should bear a narration disclosing the **registered number of the vehicle** and the **name of the Branch** for ease of identification and reconciliation purposes.
- Separate transfer entries should be passed in respect of each vehicle. Therefore, passing a single entry for charges in respect several vehicles is prohibited (**Bulk transfers are prohibited**). This would facilitate reconciliation process.

#### **c) Daily Reconciliation:**

- **Officials** at CAD should generate a daily at 1.30 pm a statement of the above stated GL account. The statement should display the **date of statement**, **number of the vehicle**, **the name of the branch**, and the **amount credited**.
- Officials at CAD should cross-check the accuracy of the statement and ensure that the recorded amounts match with the amount that should be transferred to the account under the relevant credit facility.
- The funds could be withdrawn from the aforesaid GL account on a case by case basis and handed over to the officer attending to registration of Documents at RMV, to make the payments to RMV with the required duly completed RMV formats.
- The amount handed over to the aforesaid officer with the details of documents, should be recorded in the relevant **Register**.

#### **Responsibility for Daily Reconciliation:**

- It is the responsibility of the officials at CAD to reconcile the aforesaid GL account daily. Any discrepancies observed should be reported to the Assistant General Manager (Finance & Strategic Planning).
- **The relevant Branch Manager should be requested to rectify the discrepancy immediately and ensure compliance.**

### **13. APPOINTING BUSINESS INTRODUCERS - COMMISSION AND DOCUMENTAION CHARGES**

- The appointment of Business introducers is subject to the recommendation of the Branch Manager and Manager Leasing and will be handled by the Head office Central Credit Department.
- Business Introducers should act professionally with due skills, care and diligence when dealing with prospective customers (CBSL Customer Protection regulations)
- Commission payable to Business Introducers will be determined and notified to branches through a credit Circular with the payment procedures by the Central credit department at Head office, This Commission should be paid after the disbursement of the facility with the required approval to avoid payment for unacceptable / rejected proposals
- Leasing Department should maintain a record of facilities introduced in the name of the Introducer and the commission paid to him
- If a facility introduced move to NPL category operations with such introducer should be suspended till facility is regularized.
- Business Introducer Commission should be capitalized.

### **14. RECOVERY OF CHARGES**

- Lessee should provide funds in his savings account prior to disbursement of facility to recover Documentation and RMV Charges applicable to Lease facilities which are Circulated through a Credit Circular in force titled "Tariffs & Charges" **These charges should not be capitalized (No Exemptions)**

### **15. INSURANCE COVER OVER LEASED ASSETS**

Comprehensive Insurance cover should be obtained for the full value of the asset, leased and duly assigned in favour of "Lanka Credit and Business Finance PLC".

Update the insurance diary to facilitate follow up of the renewal of the insurance policy before it expires. The insurance policy should be in force, until the lease facility is settled in full.

The comprehensive insurance policy should also cover riots, strikes and civil commotions and such other risk stipulated in the Lease agreement or deemed necessary by the Branch Manager or the Head Office Credit Committee in relation to asset Leased.

### **16. COMPLETION OF SECURITY DOCUMENTS THAT NEEDS SAFE CUSTODY UNDER DUAL CONTRROL AFTER GRANT OF A LEASE FACILITY;**

#### **a) Use of Formats**

Use Authorized formats only for documentation any deviation needs the approval of the Senior Manager Legal in writing

#### **b) THE OFFER LETTER**

- The Offer letter should be prepared disclosing the Date Granted, Amount of the Facility, Monthly

Rental, Loan to Value Ratio, Rate of Interest and its basis, Repayment terms, Repayment date Rental, penal interest, charges, Details of Vehicle Leased, details of additional securities, Conditions applicable to early settlement and any other conditions laid down by the approving authority. Specimen of the Offer letter will be provided on request to Branch Managers by CCD

- Lessee should return the copy to the Branch Manager recording his acceptance of the offer under his signature before executing the other security documents. This document should be in accordance with the requirements in the “Finance Customer Protraction Frame work” a copy of which has been provided to all staff members by our Human Resource Department and issued as a circular as well.
- The security documents should be entered in the securities Check List / register and movements (Out/ in) recorded thereafter under the Signature of the executive in charge of securities (with his name been recorded)

## **17. Lease Agreement / SUPPLY AGREEMENT / DELEVERY ORDER**

- a) Use the supply agreement / Delivery order format circulated through the Credit Circular No 2020/03 dated 30.1.2020 on the subject

### **b) Transfer or Assignment of Lessor’s Rights**

We quote below Section 24 of the Finance Leasing Act No 56 of 2000 which we should adhere to.

#### **Quote**

“24 (1) A lessor may, with the written consent of the lessee obtained at the time of entering into a finance lease or thereafter, transfer or assign all or any of the lessor’s rights under the finance lease or in relation to any equipment provides under the lease or of both, to any registered establishment or to any special purpose vehicle”

#### **Unquote**

Therefore, to enable for us to effect a sale of a vehicle / asset seized after termination of the lease agreement the Branch Managers should obtain the written consent from the lessee on the format given below titled “**Letter of Authority to Sell Asset Subsequent to Termination of Lease Agreement**” transferring or assigning of Lessors rights, duly executed at the time of the Lease Agreement is signed by the lessee, and filed with the other related security documents, having recorded in the check list.(format attached)

## 18. Securities Check List

TYPE OF DOCUMENT THAT NEEDS SAFE CUSTODY	Checked By Assistant Manager (initials)	Checked by Branch Manager (Initial)s	Remarks
Application of Lessee			
Lease / Hire purchase agreement			
Copt of Offer Letter recording the Acceptance of the Facility by lessee			
Acceptance Receipt of Asset leased			
Insurance Policies			
Original Invoice			
Valuation Report with Photographs			
Branch Manager's Inspection Report			
Duly completed RMV Formats			
Certificate of Registration (Company as absolute owner(			
Vehicle Identity Card			
Duplicate Keys			
Confirmed Supply Agreement			
Employer's letter of Under taking to remit rental as a deduction from Salary of lessee			
Standing Order (To remit Rental)			
Guarantor(s) Statement (s)			
Personal Guarantee Bond(s)			
CRIB Report			
Copy of NIC (Lessee)			
Copy of NIC (Guarantor(s)			
Copy of address verification Documents Lessee			
Copy of address Verification Documents Guarantor(s)			
Financial Analysis or Salary Particulars or Proof of income			
Post Dated Cheques till Date of Presentation			
Any other document (Specify)			

## 19. REGISTRATION AT RMV OFFICE

Documents required to Register our Company as the absolute owner of a vehicle leased should be forwarded to CCD . They shall arrange to attend to the registration at RMV and forward to the respective branch the amended certificate of Registration (Required documents are Certificate of Registration, and duly completed format MT 8, 6 and 3)

## 20. MAKING PAYMENTS

- PAYMENT TO BE MADE THROUGH HEAD OFFICE CREDIT DEPARTMENT ONLY through an "Official Cheques" issued by the Finance Department. To Issue the Official cheque , the Central Credit Department should confirm to the finance Department receipt of the Certificate of Registration from RMV with the "Absolute ownership" registered in**

our name as “Lanka Credit and Business Finance PLC.,”

- An official cheque could be issued in favour of a Bank or a Licensed Finance company on the undertaking form such establishment to forward certificate of registration to us on receipt of payment from us. This requirement would be to take over a vehicle leased by them to grant a leased facility to a customer, seeking a leased facility from our company, over the same vehicle.
- Prior approval of the CEO/ Executive Director is required to affect a “Fund Transfers” or to Credit Funds to a Savings account. instead of issuing an Official Cheque as stated above

**21. RELEASE OF DELIVERY ORDER;** - *(Use the specimen of the Delivery Order already circulated for this purpose)*

- a) On Completion of Security Documentation
- b) Availability of Comprehensive Insurance Cover for Full Value of Vehicle assigned in our favour
- c) Recovery of Initial Charge

**22. BRANCH MANAGERIS RESPONSIBLE TO ENSURE COMPLIANCE WITH THE FOLLOWING**

- a) The Vendor should deliver the vehicle specified in the supply agreement / purchase order to the lessee
- b) Confirmation from the lessee that he has received the asset in good order
- c) In the case of a brand-new vehicle the registration number of the vehicle should be obtained and entered in the related contract and any other document where necessary
- d) Branch Manager Should Inspect the leased asset to ensure that it is the one and same as listed in the lease agreement
- e) Receipt of the Certificate of Registration with the “Absolute ownership” recorded in our name as “Lanka Credit and Business Finance Limited.,”
- f) Receipt of Original Vehicle Identity Card
- g) Ensure takeover of Duplicate Keys duly tested by starting the vehicle with the key to be taken over by the Branch Manager in the presence of the Assistant Manager

**23. RECOVERY OF RENTALS**

On the date of disbursement, the first rental should be collected from the rental in advance the lessee is obliged to pay the monthly rentals as set out in the offer letter as, agreed and accepted by him.

**24. OPTIONS FOR THE LESSEE TO PAY THE RENTALS**

**Option One**

Rental could be made through a standing order placed with the customer’s Banker use SLIPS to remit funds to our bank account with the data relating to the lease facility

## Option Two

An employed customer could request his employer to remit the installment to his/ her savings account with us with authority for us to debit the account and recover rental.

## Option Three

Manager could persuade the client to submit at least six postdated cheques at time to recover rental drawn in our favour or could make it a condition for approval. Such cheques should be those drawn on the customer's account only. For this purpose branch Managers should ensure compliance with the requirements in the attached "Operational Procedure for postdated cheques"

## 25. MONITORING PAYMENT OF RENTALS

The Branch Manager and/ Executive in charge of Leasing should ensure recovery of all rentals on the due dates, through daily monitoring

Head of Recoveries will monitor payment of Rentals and coordinate with Branch Managers to ensure due performance of the Lease Portfolio of the company

## 26. CUSTOMER VISIT AND CONTACT WITH CUSTOMERS

- i. Visit the customers by giving reasonable notice and such visits shall be made during the day time
- ii. Maintain a record of the visits including purpose, date and time of Visit and customer's response in brief
- iii. When making a telephone contact with an existing or prospective customer the staff member should identify himself by name, mention the name of our company, and purpose of contact.
- iv. Avoid harassing customers.

## 27. DEFAULT RECOVERY PROCESS

If rental is not received after or within the grace period 3 days, it should be noted to recover the additional interest prescribed for delayed payment when the account is regularized

## 28. TIME BOUND RECOVERY ACTION PLAN

Timing	Process	Responsibility
3 Days before the Due Date	SMS Alert (A Reminder)	Head of IT
1 Day before the due date	Telephone Call from Branch	Branch Manager and Branch Officials
Due date + 1 Day (1 Day)	Telephone call from Branch requesting payment - Follow up till the recovery of due in full	

Due Date + 6 Days ( <b>7<sup>th</sup> Day</b> )	SMS Reminder Alert (If Lessee has not paid the due amount in full)	Head of IT
Due Date + 7 Days ( <b>8<sup>th</sup> Day</b> )	Visit from Branch & Visit Report to be attached in the File –Locate vehicle used by lessee or third party	Branch Managers Head Office Recovery Dept
<b>31<sup>st</sup> Day in arrears</b>	<u>1<sup>st</sup> Reminder</u>	Branch Managers Head Office Recovery Dept Head of IT
<b>61<sup>st</sup> Day in arrears)</b>	<u>Substantial Failure Notice</u> to be sent to Lessee only	
<b>75<sup>th</sup> Day in arrears</b>	Accelerated Payment, notice to be sent Lessee & Guarantors, (Notice of Termination)	Head Office Recovery Dept. Head of IT
<b>90<sup>th</sup> Day in arrears</b>	Letter of Termination followed by visit from Branch Manager & Visit Report to be attached in the File	Head Office Recovery Dept Head of IT Branch Recovery officers
<b>97<sup>th</sup> Day in arrears</b>	Duplicate Key to be collected from CAU simultaneously with the issuance of the seizing Order	Head of Recovery
	Issuance of the Seizing Order	
	If the vehicle in our possession – Proceed with Tender Process or Handed over to the Borrower after settling the full outstanding balance pertinent the relevant Vehicle	
	Tender Process -	Branch Manager/ Head of Recoveries & Tender Committee

**The Leased asset to be disposed to the highest offer and following actions will be taken If there any outstanding available after disposing the relevant Vehicle or Equipment to recovery the balance amount.**

Breach of Contract	Whenever necessary	Legal Officer attached to Recoveries Department to whom the relevant Branch has been assigned
<b>210<sup>th</sup> Day in arrears</b>	Required documents to be requested by Manager - Recoveries from Credit Administration Unit or obtained from the system to proceed with Legal action	Head Office Recovery Dept Credit Administration Unit/ Manager Leasing
<b>215<sup>th</sup> Day in arrears</b>	Required Documents to be forwarded to the Legal Officers of the Recoveries Department  Certified Security documents – Customer Application/ Agreement / Letter of Offer / NIC/ /Tender Documents/ Guarantee Bond / Statement of accounts signed by Branch Manager/ Head of Recoveries /Authorized Officer from Finance Dept	Head Office Recovery Dept Legal Officer attached to Recoveries Department to whom the relevant Branch has been assigned
<b>240<sup>th</sup> day in arrears</b>	Letter of Demand (LOD) to be dispatched to lessee (customer) & Guarantors,	



260 <sup>th</sup> day in arrears	Refer the relevant case to Arbitration procedures or refer to Mediation Board	
	Plaint to be finalized and case to be filed at the relevant court (Case No. to: be obtained)	
	Preparation of the Proxy – To be signed by 2 Directors	Legal Officer attached to Recoveries Department to whom the relevant Branch has been assigned
	If there any settlement with the lessee, the settlement plan to be entered in the Courts.	
	Summons Returnable	
	Proxy to filed by defendant	
	Answer by defendants	
	Pre-trial /Trial or enter the settlement through an affidavit	
	Judgment / Order	
	File the Decree	
	File the writ papers	
	Writ execution	
	Auction	
	Sales confirmation (30 days after the auction)	
	Full Settlement of the facility	
i. All expenses incurred under the above process should be debited to the respective Lease Account ii. All customer visits should be documented by way of an Inspection report. The original report should be placed in the credit file. Provide copy to the Recoveries Department iii. All correspondence with Police, Panel Lawyers. Land Registry and Courts handled by <b>Investigation officer / Manager Legal</b> )		

## 29. RECOVERY PROCEDURES

### a) LEASING RECOVERY PROCEDURE - SETTLEMENT OPTIONS

Settlement options If the client is requesting for a premature settlement / full settlement after seizing the vehicle or any other settlement relevant to lease facilities: -

- i. The discussion to be carried out by at least two officers of the Leasing /Recovery unit. e.g Manager/ Asst Manager Lease recoveries / together Manager Leasing operations/ Head of Leasing
- ii. For Branches – Branch Manager together with Recovery Officers
- iii. It should be a Win –Win approach negotiation
- iv. Agreed settlement to be forwarded to relevant DA for approval via email
- v. The settlement amount to be given to the prospective client in written after obtaining the approval from relevant DA.
- vi. No deviations from this process for Full/Premature settlement

## **b) REPOSSESSED ASSETS**

When an asset is repossessed, it will be mandatory to complete an inventory of the asset which should be duly authenticated by the repossession agent and an official from the Branch or Recovery Unit. The list shall be counter signed by the Head of Recovery and this document be filed under the relevant security documentation file together with the original key.

## **c) INITIATING THE DISPOSAL OF REPOSSESSED VEHICLES/ EQUIPMENT**

Reposessed vehicle/equipment should be routed through the tendering process after 14 days of final notice.

No reposessed vehicle/equipment should be kept in the yard for more **than 45 days** without initiating the tender process. Approval to be obtained from the relevant authority if there any delays.

The tender file for the vehicle/equipment should consist of the following documents:

- i. Copy of the NOT /Letter of Termination of the lease facility
- ii. Copy of the seizing order issued;
- iii. Statement of the outstanding amount due from the customer as per the E finance system at the date of issuing the seizing order and the date of initiating the disposal of the re-possessed vehicle /equipment;
- iv. Copy of the CR (Vehicle);
- v. Copy of the paper advertisement calling for bids
- vi. Copy of the valuation obtained after repossessing the vehicle/equipment;
- vii. Copy of all previous correspondents from LCBF to the customer;
- viii. Latest photographs of the vehicle/ equipment

## **d) RELEASING OF REPOSSESSED ASSETS TO THE LESSEE**

Release of reposessed assets will be considered from genuine clients encountered with genuine financial constraints. In such circumstances, they will be required to settle all arrears, repossession and other charges. In addition, the clients of this category will be required to pay at least three more rentals upfront. Any deviation shall have the approval of the DGM Recoveries. Release of reposessed assets of clients categorized as willful and difficult clients shall not be entertained. The DGM Recoveries should identify such category and ensure the asset is not released to such category. Release of the asset to willful client may result in serious consequences and loss to the Institution.

## **e) LOST VEHICLES**

Lessee's may lose possession over the leased asset and inform accordingly. In such instances, letters have to be obtained from the lessee authorizing the repossession. In the aforesaid instances' repossession order could be issued without following the legal steps.

## **f) VALUATION OF THE REPOSSESSED VEHICLE / EQUIPMENT AND APPROVAL FOR DEVIATIONS**

- i. Prior to the disposal, all repossessed vehicle/equipment a valuation should be obtained from a registered valuer of the Leasing Association of Sri Lanka to ascertain the prevailing market value. (MV)- The Valuer should be a member of in our panel of valuers.
- ii. A revaluation should be obtained for all expired valuations (valuations exceeding 6 months)
- iii. Disposals below upset price or Market value are subject to approvals as follows

<b>Approving Authority</b>	<b>Delegated Limit for Approval SUBJECT TO THE NOTE BELOW</b>
<b>TENDER BOARD</b>	Up to 10% of loss of valuation (MV) taken at the time of repossessing the vehicle/equipment
<b>CEO/ EXECUTIVE DIRECTOR</b>	11%-25% of loss of valuation (MV) taken at the time of repossessing the vehicle/equipment
<b>HEAD OFFICE CREDIT COMMITTEE</b>	26%-35% of loss of valuation (MV) taken at the time of repossessing the vehicle/equipment
<b>BOARD CREDIT COMMITTEE</b>	36%-50% of loss of valuation (MV) taken at the time of repossessing the vehicle/equipment
<b>BOARD OF DIRECTORS</b>	Above 50% of loss of valuation (MV) taken at the time of repossessing the vehicle/equipment

### **Note**

CBSL Direction No 1 of 2013 states as follows: -

“No finance company to which a license has been issued shall without the prior approval in writing of the Director transfer or sell any of its assets of a book value of more than Rupees five million (Rs 5,000,000/-) at a price less than the prevailing market Value;

“Prevailing market Value” shall mean the estimated price determined by a licensed valuer for which an asset should exchange between a willing buyer and a willing seller in an arm’s length transaction

### **g) TENDER COMMITTEE FOR SALE OF REPOSSESSED ASSETS**

The Tender Committee of the Company shall consist of the officers holding the following positions ex -officio.

- i. DGM (Credit)
- ii. DGM (Operations, Administration and Recoveries)
- iii. AGM (Finance & Strategic Planning)
- iv. Head of Finance
- v. Chief Risk Officer
- vi. Head of Recoveries / Manager Recoveries
- vii. Manager Audit (As an observer)
- viii. Any other officer deemed necessary

Secretary to the Committee – Manager Recoveries

## **TERMS OF REFERENCE OF THE COMMITTEE**

- i. The final recommendation of the Committee should be signed by at **least 5 members** including Head of Finance. The Head of Audit should present the independent view of the tender process for each transaction.
- ii. All members of the Tender Committee should ensure the following responsibilities are fulfilled:
- iii. Ensuring that all repossessed vehicle/equipment are routed through a transparent tender procedure;
- iv. Strive to achieve the upset price of the vehicle/equipment at all times;
- v. Ensure any deviations, over and above 10% of the upset price, to be duly approved from the relevant authority levels;
- vi. Providing a quarterly report to the Board on the disposal of repossessed vehicle/equipment.

### **h) ADVERTISING CALLING FOR TENDERS**

- i. All the tender notices should be advertised in local newspapers in English, Sinhala & Tamil. (Preferably Hit ads, LaNKA Deepa and Veerakesri)
- ii. The vehicles/equipment should also be advertised in the electronic media simultaneously. (e.g. Ikman.lk)
- iii. Each advertisement should specify:
  - The place where such vehicle/equipment could be inspected;
  - The dates during which the vehicle/equipment will be on view;
  - That the tender process will be kept open for 7 working days;
  - Date and time by which the written tender is to be submitted.

### **i) ARRANGEMENT FOR THE TENDER (FOR INSPECTION BY PROSPECTIVE BUYERS)**

- i. Vehicle yard to be arranged and vehicles should be washed and upgraded (if necessary) for tenders. Any valuable items of the client to be removed from the vehicles and should be recorded of the same.
- ii. Arrange inspection for prospective buyers with the assistance of staff member delegated.
- iii. A copy of CR (with the current owner details deleted) should be displayed on each vehicle for reference.
- iv. All necessary transfer documents such as revenue license, tax, insurance and transfer papers etc., to be prepared.

### **j) SEALING OF THE TENDER BOX**

- i. Four members of the tender committee should be present when sealing the tender box along with the Head of Internal Audit or his representative.
- ii. Sealed tender box should be available for placing of the tenders at Head office in Kohuwala.

## **k) SELECTION OF A BID**

- i. Documents mentioned in section 3, to be produced in a separate file for each transaction to the Tender Committee for their decisions.
- ii. The Tender Committee has the right to select a suitable bid or reject any or all of the offers without any reason being given to the bidder(s).
- iii. The assets will only be disposed to the highest bidder. If it is not sufficient to recover the total liability along with all other charges due to the LCBF, the vehicle/equipment should be retendered and re- advertised.
- iv. All Tender Committee members should agree on the selected bid and the decision of the Committee should be recorded in the bid evaluation summary form (Annexure 1).
- v. This above procedure should always be followed. CEO's approval should be obtained for any deviations related to selection of advertisements, valuers and any other documentation matters. However, any deviations related to approval limits of the upset price should not be allowed

## **l) DISPOSALS OF REPOSSESSED VEHICLE / EQUIPMENT**

- i. A member of the Tender Committee will contact the successful bidder and instruct him/her to remit the offered amount within 5 working days. This should be subsequently followed by a written confirmation stating the settlement amount
- ii. When the offered amount is remitted by the successful bidder, the vehicle/equipment shall be handed over to the bidder with proper acknowledgement and transfer documentation as appropriate.
- a) If the successful bidder does not come forward within the 5 working days, the vehicle/equipment will then be handed over to the next available highest bidder after consulting the Chief Executive Officer of LCBF.
- b) In instances, where LCBF is unable to recover the total liability, the vehicle/equipment will be disposed to the highest bidder with due approval, and escalate to the legal department with 7 working days for initiate legal action.

## **30. LEASE FINANCE OPERATIONS AND RESPONSIBILITIES**

- a) Manager's recommendation should be in the Limit Paper prior to dispatching to Leasing Department. Maximum loan to value ratio should be maintained and repayment capacity should be established beyond any doubt as required in Credit Circular No 2022/15 of 26<sup>th</sup> August 2022 paragraph 4.
- b) Selfie photo to be obtained with the relevant vehicle/ equipment with the borrower Branch Manager or Marketing officer
- c) The relevant vehicle / equipment to be inspected by the Branch Manager / Marketing officer and to be satisfied with valuation and condition of vehicle, prior to forwarding the limit paper for approval as required in the Lease Finance Policy manual
- d) Security documents should be executed after the approval is granted by the Head office Credit Committee.

- e) Security documents should be executed at the Branch Premises (Borrowed and Guarantor)
- f) If the need arises to execute duly completed security documents at the residence or business place of the lessee a selfie should be taken at the time of the signing the documents with the Branch Manager or the Marketing officer who should be present at time of execution of such security documents to witness same immediately.
- g) Branch Manager or Asst Manager should be responsible for the accuracy of security documents and the authenticity of the signatures placed on security documents by verifying same with the signature in the lease application format
- h) The following charges to be collected prior to execution of security documents.
  - 1. RMV charges
  - 2. Documentation fees & CRIB charges (refer credit circular titled “Tariff and Charges” in force.)
  - 3. Comprehensive Insurance cover premium (this should be routed through LCBF agency code)
- i) After the above conditions (a) to (h) are fulfilled, Branch Manager should forward scanned copies of the security documents to Head office Credit department to initiate the disbursement process. (The file containing the original security documents should be forwarded to Credit Administration Unit as per the existing regulation)
- j) Purchase Orders are issued only after completion of security documentation and recovery of all charges along with the lodgment of **Duplicate keys** duly tested and if a scanned security documents received by the Head Office credit department are in order.
- k) Finance department will release the Payment on the request of the Manager Leasing / Manager CAU which should be based on compliance with all requirements stated above subject to the existing procedures at finance department,
- l) All supplier payment to be made by a cheque in favour of the supplier. Fund transfers will not be entertained. for any deviation’s approval should be obtained from DGM (credit) or CEO/ Executive Director.
- m) Branch Managers and credit officers are personally responsible for the accuracy and authenticity of documents /data/ information provided to the approving authority at Head Office for the consideration of a lease proposal. Misrepresentation of any facts and over valuation of assets to obtain approval will be treated as grave acts of misconduct warranting disciplinary action, leading to dismissal from service.

### **31. BRANCH RECOVERY OFFICERS**

Whilst the above notices are being dispatched the Branch Recoveries Officer shall visit the client to peruse settlement before the repossessioning action is activated and act according to any acceptable offer made by the lessee to regularize the Lease Faculty with the Head of Recoveries subject to necessary approvals

### **32. FINANCING THE PURCHASES OF ASSETS TO BE DISPOSED BY US AS STATED ABOVE.**

Facilities to an existing or a new customer to purchase a vehicles subject to sale by us as stated in the above section need to be evaluated as per the evaluation procedures stated in this manual as a fresh facility. Such Facility should be approved by the Head Office Credit Committee

- i. If there is a residual Balance to be recovered after the disposal of the asset initiates legal action to recover such amount from the lessee and the guarantors commencing with the dispatch of a “Letter of Demand”
- ii. If leased asset cannot be repossessed initiate Legal actions against the lessee and guarantors to recover the amount outstand with interest inclusive of all expenses incurred
- iii. Related documents should be hand-over to Branch Lawyer / Manager- Legal through the Head of Recoveries.

### **33. RESCHEDULEMENT OF LEASE FACILITIES**

If a lessee request for a Reschedulement such request shall be referred to Head of Recoveries to obtain the consent of the CEO / Executive Director to proceed under the following scenarios.

- i. The customer agrees to reduce the capital due by an acceptable lump sum payment
- ii. Company to consider to extend the term of the facility thereby reducing the rental considering the lump sum payment
- iii. If the contract has gone into arrears for genuine reasons acceptable to the Branch Manager he could recommend to CEO/ Executive Director or DGM to reschedule the contract as above, with his justifications (CRIB report may not be required for this action as it is not a grant of a fresh facility but action initiated for recovery of an existing facility)

### **34. METHODS OF SETTLEMENT AFTER REPOSESSION**

- i. Lessee settling through Cash or his Cheque (settlement to be recognized after realization of cheque)
- ii. Lessee through the proceeds of a facility obtained from another Financial Institution
- iii. New buyer found by the customer settling the facility in full (cash or Bank Pay order issued in our favor)
- iv. New Buyer settling facility in full from the proceeds of a facility granted by us or obtained from another financial institution.

### **35. RELEASE & SUBSTITUTION OF SECURITIES SIMULTENOUSLY**

- i. The primary security shall not be released until full liquidation of the facility subject to the following acceptations

- ii. Request for **Release of additional security** could be approved only by the Head Office Credit Committee maintaining the same level of security cover available in relation to Market value, after the grant of the request
- iii. **Substitution of the asset financed** to be considered on the value of the proposed asset against the value of the existing asset and could be approved by CEO / Executive Director on the recommendation of DGM (Credit & recoveries) subject to the following; -
- iv. The lessee and the original guarantors should execute substitute agreement and guarantee bonds and related documents to give effect to the substitution.
- v. Fresh offer letter accepted by Lessee
- vi. The certificate of registration and the deletion of the original vehicle financed could be released; only when the new substituted vehicle is duly registered with absolute ownership in favour of our company and on receipt of the related certificate of registration.

### **36. RELEASE OF CERTIFICATE OF REGISTRATION ONCE THE FACILITY IS FULLY SETTLED.**

- i. If facility was settled in full at **Branch level** (without the facility been transferred to the Recoveries Department at the Head office) the Release documents should be signed by the Branch Manager subject to (a) to (d) below.
- ii. If facility was settled in full **after transfer of facility to the Recoveries Department** the release documents should be signed by the Manager Recoveries subject to (a) to (d) below.
  - a) Having verified the full settlement of facility as per the system data obtain screen printout of the account and place in the credit file for future reference.
  - b) Arrange to send the Certificate of Registration with the deletion letter addressed to RMV along with a copy to insurance Company.
  - c) The Lessee should sign on a photocopy of the Certificate of Registration in acknowledgement of receipt of the original document and the copy be placed in the respective credit file.
  - d) Update CRIB if the Facility is settled in full accordingly.

### **37. FORMATS**

The provision of the following formats will be the responsibility of the Recoveries Department

- 1<sup>st</sup> Reminder
- 2nd Reminder
- Notice of Substantial Failure
- Notice to Make Accelerated Payments
- Notice of Termination
- Joint Vehicle Inspection Report (Manager and Assistant Manager)
- Transfer or Alignment of lessee's Rights

### **Attachment**

Post Dated Cheques Operating Guide Lines



### **38. REVIEW OF THE MANUAL**

- i. The Leasing unit at the Credit Department shall be responsible for the renewal and updation of this manual annually or earlier if the need arises under the guidance of DGM (Credit).
- ii. The existing Manual on leasing Policies and procedures will be replaced by this Manual on approval by the Board of Directors

### **39. PREPARATION OF APPLICATION FOR APPROVAL**

- a) Lease Credit Paper submitted to the Head Office Credit Committee for consideration by Branch Managers should be based on verified values, data and information extracted from valid original documents relating to the lessee, guarantors and the asset to be leased.
- b) Any misrepresentation of facts or suppression of facts by any staff member to obtain approval to grant a lease facility, would be treated as an act of Grave Misconduct warranting disciplinary action leading to dismissal from service.

### **40. CLARIFICATIONS**

For any clarification or any Leasing activity not covered in this manual, should be referred to the Head Office Credit Committee through the Manager Leasing or Deputy General Manager (Credit) or Senior Manager Credit, for a decision.

### **41. APPROVAL SOUGHT**

We seek the approval of the Board of Directors to adopt this up dated Lease Finance policy and procedures Manual (Version III).

**Recommended to the Board of Directors to approve adoption of this manual.**

**signed**  
**CEO/ Executive Director**

Refer attachment – Operating Guide Lines for Post dated Cheques

## OPERATING GUIDELINES

### For

## POST DATED CHEQUES

#### 1. CHEQUES

- The law relating to Bills of Exchange and CHEQUES are governed by the Bills of Exchange Ordinance No 25 of 1927 and subsequent amendments by ordinance No 30 of 1930 and Act No 5 of 1955, No 25 of 1957 and No 30 of 1961. Accordingly, a cheque is a Bill of Exchange drawn on a Banker **payable on demand**
- A cheque is not a security document for Lending purposes but it is a mode for making payments to meet financial obligations instead of using cash, Therefore, a borrower or a lessee could pay his installment or lease rental by issuing his cheque drawn in favour of our company to the credit of his savings account at the respective Branch.

#### 2. What we should know about cheques to protect our interest when dealing with cheques either postdated or not (Applicable Law is described above)

- a) A cheque is a bill of exchange drawn on a banker payable on demand
- b) Banker is the **Paying Banker**
- c) The **drawer** is the current account holder of that bank.
- d) The cheque **should be signed** by the drawer. (Our Customer)
- e) The payment of the cheque is made either in the form of cash over the counter or by transfer of funds to another account either with the paying Bank or to an account with any other Bank through the Lanka Clear system. (**Collecting Banker**).
- f) The amount cannot exceed the balance in the current account when presented for payment to make payment on demand
- g) The amount should be stated in **words and figures, which should not differ**.
- h) **Payee** is the beneficiary of the cheque, stated after the word “Pay...” on the face of the cheque.
- i) The cheque should be **dated**
- j) The cheque should be presented for payment to the paying bank within six months from the date appearing on the face of the cheque to avoid such cheques been returned by bankers with the remark “Stale Cheque”
- k) Any alteration made on the face of a cheque should be authenticated by the drawer by placing his/ her full signature.
- l) The paying bank may refuse payment if cheque is partly torn with the remark “Mutilated Cheque”
- m) Before a cheque is deposited to the account the credit instructions should be recorded on the reverse side of the cheque as follows  
 “Credit current account No..... of Lanka Credit and Business Finance PLC”

- n) A cheque which is crossed “Account Payee Only” should be accepted only if the payee is our **Company**.

### 3. CHEQUE RETURNED REMARKS AND THE IMPACT

Remark	Impact on our Repayment Arrangements
<b>Refer to Drawer</b>	Unable to fund the account – <b>A danger signal</b> Repayment capacity is doubtful Possibility of facility moving to Non-Performing Category Call for repayment of facility on cash basis
<b>Payment stopped by Drawer</b>	Violates agreed method of repayment – <b>A danger signal</b> Could be willful default / Unable to fund the account Call for repayment of facility on cash basis Account will move to non-performing category
<b>Account Closed</b> (Banks close accounts for unsatisfactory conduct i.e. issuing cheques without funding the account)	Holding to postdated cheques is of no use Call for repayment on cash basis Account will move to non-performing category if payment is delayed Repayment capacity should be reviewed. <b>A danger signal</b>
<b>Signature differs from Specimen</b>	Not a common remark, should contact customer (either call for a fresh cheque or payment in cash)
<b>Amount in words and figures differ</b>	If the postdated was examined we would have directed this error when it was deposited with us. Call for fresh cheque or payment in cash.
<b>Effects not realized</b>	Cheque should be represented for payment thorough our Bankers
<b>Stale Cheque</b>	A cheque presented payment six months after the date stated on the face of the cheque will be returned with this remark. The customer could alter the cheque to reflect the current date and authenticate the alteration by placing his signature. Thereafter the cheque could be presented for payment through our current account.
For any other remark or clarifications in respect of the above obtain instruction from DGM (Credit)	

### 4. CREDIT EVALUATION = REPAYMENT CAPACITY

Holding to Postdated cheques to recover an advance granted, do not in any way strengthen or improve the repayment capacity of a borrower to recommend a credit proposal. Cheque is an alternate mode of making a payment instead of the payment been made in cash. Therefore, obtaining postdated cheques to recover a facility should not be the only justification to recommend a credit facility (Loan or Lease facility) for approval.

The acceptable repayment capacity of the borrower (Debt Service Cover) and the value and realizable capability of the security, in the case of default, should be the main criteria to consider credit facilities favourably.

Finance companies are not entitled to the protection the Banks enjoy under the Bills of Exchange ordinance referred to above. **Therefore, the cheque we accept either postdated or not to**

recover the monthly installment or lease rental should be drawn in the name of our company and it should be a cheque drawn by our borrower on his Bank's current account.  
(Refer section 5 step 1 & 2 below)

#### 5. COLLECTION OF POSTDATED (PD)CHEQUES

Step	PROCESS	RESPONSIBILITY
1	Cheque to be drawn in favour of "Lanka Credit and Business Finance PLC" and should be drawn on the Borrower's Current Account	Collecting officer /Marketing officer
2	It Should be crossed "Account Payee"	Teller
3	All Post-dated cheques should be either entered in the system or in the "Post Dated Cheque Deposit Register" as soon as the cheque is received.	Teller
4	All Post-dated cheques to be arranged according to the order of the dates appearing on the face of the cheques and it should be deposited to the current account of the company., on the due date mentioned in the cheque. (No deviations)	Teller / Branch Manager
5	All post-dated cheques should be lodged in the Cash vault and every morning the cheques should be examined by the Manager and the Teller and take out cheques relevant to that date to be deposited to the current account.	Teller / Branch Manager
6	Borrower's written request should be obtained if he /her wish to delay the presentation of a cheque to his account on the due date, such request should be referred to <b>Deputy General Manager (Credit) for approval.</b>	Branch Manager
7	Branch Manager and the teller should ensure that all cheques selected under 5 above are deposited on the stipulated date.	Teller / Branch Manager
8	If any cheque is returned with a remark of " <b>Refer to Drawer</b> " (Lack of funds) " <b>Payment Stopped by Drawer / Account closed / Drawer's signatures differs from Specimen</b> " notify borrower and request him / her to deposit cash immediately to meet installment/ Rental. <b>Report to Deputy General Manager (Credit) Immediately for further Instructions if the payment is not received on the due date.</b>	Marketing officer/ Branch Manager
9	If the cheque is returned due to any other technical reasons. you should represent the cheque on the next day having noted., in the Post-dated Cheque deposit register the representation date and remark.	Marketing Officer/ Branch Manager
10	Returned cheque should be handed over to the client only after receiving cash for the returned cheque for further action.	Branch Manager

11	Cheque return charges to be debited to the client's account	Teller / Branch Manager
12	Entries made on the Post-Dated cheque register to be signed by relevant Teller and the Branch Manager and it should be kept in the cash vault.	Teller /Branch Manager

Refer Step 3 above

### POSTDATED CHEQUES IN HAND REGISTER

Date Received	Name of Borrower	Name of Bank & Branch	Cheque Number	Value Rs	Due date For Presentation	Date / Paid /Returned Remark if Returned	Authentication Manager & Teller