

Credit Circular No 2024/35
30th October 2024

OFFER LETTER

We are attaching 3 revised formats of the “Offer Letter” that need to be issued under different circumstances. to borrowers, after a credit facility is approved.

Please note that issuing an “ OFFER LETTER” and have the offer accepted by the borrower is subject to a CBSL Directive as stated in our Credit Policy and Procedures Manual- Version IV, part II Section 28, which should be strictly adhered to.

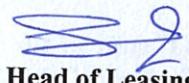
Accordingly, Branch Managers should ensure that the attached formats are utilized for the aforesaid purpose, having printed the duly completed formats on letter heads, with immediate effect.

Central Credit Department will provide soft copies of formats (MS Word versions)

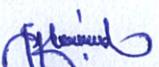
For any clarification please contact officials at the Central Credit Department at Head office

Attachments

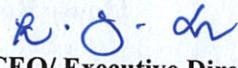
- a) Specimen Offer Letter for Facilities Secured by Personal Guarantees
- b) Specimen Offer Letter for Facilities Secured by Mortgage over Immovable Properties
- c) Specimen Offer Letter for Finance Lease Facilities



Head of Leasing



Deputy General Manager
(Credit)



CEO/ Executive Director

**(Specimen Offer Letter for Facilities Secured by Personal Guarantees
to be printed on Letter Head)**

Offer Letter

(Date),

(Client name)
(address)

Dear Sir/ Madam,

LETTER OF OFFER FOR A LOAN FACILITY OF RS.

We, Lanka Credit and Business Finance PLC (Hereinafter sometimes referred to as "LCBF"), a Non Banking Finance Company, duly incorporated under the companies act No. 07 of 2007 and having the registered No. P Q 00251997 and having its registered office at No.76, S De.S. Jayasinghe Mawatha, Kohuwala, Nugegoda in the Democratic Socialist Republic of Sri Lanka are pleased to offer (Client name) (holder of National Identity Card No.....) of (address) (Here in after sometimes referred to as "Borrowers"), the under mentioned facility for the purpose mentioned below.

FACILITY TYPE :

- 1) Loan Amount : Rs..... (Amount in words)
- 2) Rate of Interest : Effective Rate% per annum
- 3) Tenor : Years (.....Months)
- 4) Repayments : The principal sum of the loan and the interest are to be repaid for a (tenor) period, repayable by (....) Months monthly instalments of Rs...../- (Rs. Amount in words.)
- 5) Purpose : House Renovation
- 6) Security :
 - a) Loan Agreement to the value of the loan amount
 - b) Primary/Secondary/ Tertiary Mortgage over the Property described as, Lot No 00 depicted in Plan No. dated made by (L.S & L), land called in Extent A 00, R 00, P 00, situated at within Divisional Secretariat Division XXXXXXXX and together with building and everything else standing thereon to be executed.
 - c) Personal Guarantees in favour of Lanka Credit and Business Finance PLC for Rs.xxxxxx/- plus interest thereon to be signed by the followings,



i.

- f) Receipt to the value of the loan amount
- g) Twelve Post Dated cheques to service monthly instalments.
- h) Decreasing Term Assurance Policy for (Facility amount) obtained over the life/ lives of (Client name) (holder of NIC)

7) Initial Charges : Rs.50,000/- (Total charges to be entered)

8) Liquidated Damages : In the event of the borrower/s wish/es to prepay the loan either in whole or part, LCB Finance PLC may accept the said prepayment subject to payment of prepayment damages as specified below,

Prepayment Condition	completion over 60% of the tenor of the loan	completion less than 60% of the tenor of the loan
Percentage of Liquidated damages on prepaid capital	10%	15%

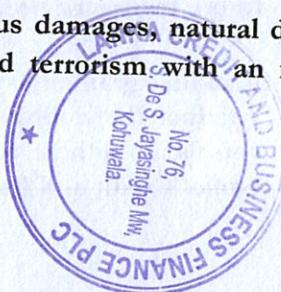
8) Additional interest : In the event that you fail to pay any sums on the due date, you shall be liable to pay additional interest on the monies due, from the date of default until the date of payment in full at the rate of 3% per annum calculated on day to day basis.

9) REVIEW DATE

All facilities already enjoyed and/or to be enjoyed by you will be subject to review, but are at all times available solely at Lanka Credit and Business Finance PLC's discretion. However, in the event of any facility being overdue for settlement and/or part of the capital and/or interest is in arrears, the facilities stated above will be placed in abeyance.

10) UNDERTAKING & COMMITMENTS OF THE BORROWER

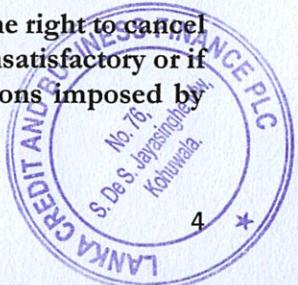
- a) Credit facilities granted by Lanka Credit and Business Finance PLC will not be utilized for any purpose other than the purpose/s for which the said facilities are granted.
- (b) A copy of the trading, profit and loss account and the balance sheet duly certified by an Auditor acceptable to LCBF will be furnished to LCBF within 06 months after the closure of each financial year.
- (c) You should preserve and maintain the immovable property of the business in a good state of repair. Any material alterations in their condition or value will be notified to Lanka Credit and Business Finance PLC immediately.
- (d) You will insure the building/ plant and machinery/ stocks in trade/ and other movable assets of the business against risk of fire, burglary, malicious damages, natural disaster including earthquack, strike, riot, and civil commotion and terrorism with an insurer



acceptable to us. The policies should be assigned in favour of Lanka Credit and Business Finance PLC and lodge with LCB.

- (e) You will not create any subsequent Mortgage/Pledges/ transfer/ gift over the asset/ property or the business upon which Lanka Credit and Business Finance PLC has an interest without the prior written approval.
 - (f) This facility will be subject to all the clauses, terms and conditions stipulated on the other contractual documents already executed by you and other documents, which may be required to be executed by you in the future.
 - (g) No other financial commitment with any other Bank / Financial Institution will not be entered without the prior written consent of LCB Finance PLC.
 - (h) Unless it is in your usual course of business to lend, that no monies will be advanced by you to any party without prior written consent of Lanka Credit and Business Finance PLC.
 - (i) You shall deposit sufficient funds to your Savings Account maintained at Lanka Credit and Business Finance PLC to enable LCBF to recover all sums due to LCBF on account of the above facilities including statutory levies on or before the appropriate dates.
 - (j) No administrator shall be appointed as long as the credit facilities obtained are owing to Lanka Credit and Business Finance PLC.
 - (k) To operate the approved facilities within the approved limit acknowledging that any excess permitted at the discretion of Lanka Credit and Business Finance PLC would attract interest at a higher rate than the rate stipulated for the approved facility.
 - (l) The LCBF reserves the absolute right to hold the above security/ies until settle the total outstanding / full settlement of facilities.
- 10) GENERAL CONDITIONS

- a) The Company reserves the right to change the rate of interest time to time in accordance with market conditions.
- b) These facilities will be available to you only after the perfection of the security documents. All the charges such as Documentation, Stamp Duties, Inspection, Insurance and other charges incurred in the completion of the security documents will be debited to your account.
- c) Lanka Credit and Business Finance PLC shall have the right to inspect your business premises and records as and when it is considered necessary and the cost of such inspection will be for your account.
- d) Lanka Credit and Business Finance PLC will retain the right to debit your account to recover future insurance premium payable on account of policies assigned.
- e) Facilities granted to you are subject to an annual review and LCBF retains the right to cancel / reduce the facilities, if the conduct of such facilities is considered to be unsatisfactory or if you fail to adhere to any of the undertakings or special / general conditions imposed by Lanka Credit and Business Finance PLC.



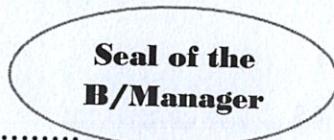
- f) In keeping with normal banking / Finance practice, LCBF retain the right to increase rates of interest / commission and to debit the Account with such increased rates of interest / commission and any statutory levies or any other charges or commission payable if circumstances warrant such action.
- g) By accepting this Offer your express consent and permission is granted to LCBF to appoint a receiver at any time in respect of the property/ies offered by you as security to Lanka Credit and Business Finance PLC on account of credit facilities.
- h) This facility will be subject to all the clauses, terms and condition stipulated on the other contractual documents already executed by you and other documents, which may be required to be executed by you in the future.

In the event of any kind of dissatisfaction or inconvenience, you may contact the Head of Compliance of Compliance Department, Lanka Credit and Business Finance PLC, (Land Line 011-2825 404) and seek reliefs or further clarifications pertaining this particular offer or subsequent agreements, relating to this offer or any amendments, addendums to it, or any other affairs arise out of this offer.

Please make arrangements to provide us the duly signed duplicate of this letter within 21 days from the date of this letter if you accept the above offer to enable us to proceed with the documentation.

LCBF thank you for your patronage of our services and co-operation in an association which we trust will be long lasting and mutually rewarding.

Yours in service,



XXXXXXXXXXXXXX

Branch Manager

xxxxxx

Acceptance

I /We hereby acknowledge that I have read and understood carefully the terms and conditions of the offer letter of the loan facility and I am / We are aware of the obligations, liabilities and rights therein.

BORROWER I

.....
Client name
ID
Date -

BORROWER II

.....
Client name
ID
Date -

WITNESSES



1) Signature :
Name :
NIC No. :
Dater :

2) Signature :
Name :
NIC No. :
Date :

(Specimen Offer Letter for Facilities Secured by Mortgage over Immovable Properties to be printed on Letter Head)

Specimen Offer Letter for Facilities Secured by Mortgage over Immovable Properties

Offer Letter

(Date)

(Client name),
(Clinet address),

Dear Sir/Miss,

LETTER OF OFFER FOR A LOAN FACILITY OF RS.

We, Lanka Credit and Business Finance PLC (Hereinafter sometimes referred to as "LCB"), a Non-Banking Finance Company, duly incorporated under the companies act No. 07 of 2007 and having the registered No. P Q 00251997 and having its registered office at No.76, S De.S. Jayasinghe Mawatha, Kohuwala, Nugegoda in the Democratic Socialist Republic of Sri Lanka are pleased to offer (Client name) (holder of National Identity Card no.....) (Clinet address) (Here in after sometimes referred to as "Borrowers"), the under mentioned facility for the purpose mentioned below.

FACILITY TYPE :

- 9) Loan Amount : (amount in numbers) (Amount in words)
- 10) Rate of Interest : Effective Rate% per annum
- 11) Tenor : Years (..... Months)
- 12) Repayments : The principal sum of the loan and the interest are to be repaid for a Two years period, repayable by (tenor) (.....) Months monthly instalments of (amount in numbers) (amount in words) each.
- 13) Purpose :
- 14) Security :
- a) Joint & Several Personal Guarantees in favour of Lanka Credit and Business Finance PLC for (amount in numbers) plus interest thereon to be signed by the followings,
i. 1st Guarantor name



NIC
(Address)

ii. 2nd Guarantor name
NIC
(Address)

- 2) Decreasing Term Assurance Policy for (amount in numbers) obtained over the life/ lives (Client name) (holder of NIC
- 3) Loan Agreement to the value of the loan amount
- 4) Demand Promissory Note to the value of the loan amount
- 5) Receipt to the value Rs. xxxxxxxxx
- 6) Standing Order for Rs. xxxxxxxxxxxx from Bank Of Ceylon to be obtained towards the settlement of monthly dues till end of the facility.

15) Conditions :

- a) In the event that you fail to pay any sums on the due date, you shall be liable to pay additional interest on the monies due, from the date of default until the date of payment in full at the rate of 3% per annum calculated on day to day basis
- c) The LCBF reserves the absolute right to hold the above security/ies until settle the total outstanding / full settlement of facilities.
- d) These facilities will be available to you only after the perfection of the security documents. All the charges such as Documentation, Stamp Duties, Inspection, Insurance and other charges incurred in the completion of the security documents will be debited to your account.
- b) The Company reserves the right to change the rate of interest time to time in accordance with market conditions.

16) Initial Charges : Rs./- (Total charges to be entered)

17) Liquidated Damages : In the event of the borrower/s wish/es to prepay the loan either in whole or part, Lanka Credit and Business Finance PLC may accept the said prepayment subject to payment of prepayment damages as specified below,

Prepayment Condition	Completion over 60% of the tenor of the loan	Completion less than 60% of the tenor of the loan
Percentage of Liquidated damages on prepaid capital	10%	15%



In the event of any kind of dissatisfaction or inconvenience, you may contact the Head of Compliance of Compliance Department, Lanka Credit and Business Finance PLC, (Land Line 011-2825 404) and seek reliefs or further clarifications pertaining this particular offer or subsequent agreements, relating to this offer or any amendments, addendums to it, or any other affairs arise out of this offer.

Please make arrangements to provide us the duly signed duplicate of this letter within 21 days from the date of this letter if you accept the above offer to enable us to proceed with the documentation.

We thank you for your patronage of our services and co-operation in an association which we trust will be long lasting and mutually rewarding.

Thank You,

Yours in service,

**Seal of the
B/Manager**

.....
XXXXXXXXXXXX

Branch Manager

Acceptance

I hereby acknowledge that I have read and understood carefully the terms and conditions of the offer letter of the loan facility and I am aware of the obligations, liabilities and rights therein.

Signature

Name Clinet name

(Bearing NIC No.)

Date

WITNESSES

2) Signature :

Name :

NIC No. :

Date :

3) Signature :

Name :

NIC No. :

Date :



(Specimen Offer Letter for Finance Lease Facilities to be printed on Letter Head)

OFFER LETTER

Date:

Mr/Mrs./Miss <Full Name of Lessee>

<Address of Lessee>

Dear Sir/ Madam,

FINANCE LEASE FACILITY FOR Rs <Lease Amount>

We refer to your application dated <Date of application> and its annexures and representations and details provided by you, including the Identity Card details and the documents presented to establish your financial abilities.

On the strict understanding that the information furnished therein are all true and correct we hereby offer to purchase and lease to you for such period and at rental as we may determine but otherwise on the terms and conditions set out in the attached form of the Lease Agreement the equipment described. In the application provided your acceptance of our offer is received by us in the form set out below and subject to your signing of the Leasing Agreement and all other completed documents, on which on your signature required from time to time required by the LANKA CREDIT AND BUSINESS FINANCE PLC.

We confirm the following details;

01. LEASEE/S

Name: <Full Name of Lessee> (NIC: <NIC of Lessee>) of address: <Address of Lessee>

02. VEHICLE / EQUIPMENT

Vehicle No: <Vehicle No>

Chassis No: <Chassis No>

Engine No: <Engine No>

Make/Model: <Make/Model>

Serial No:

03. NAME & ADDRESS OF SELLER:

.....
.....

04. NO. OF PREPAID RENTALS:



05. PERIOD OF LEASE : <Lease tenor>

06. LEASE RENTAL : <Rental amount>

Any delay in the payment of rentals on due dates will result in default interest being charged on delayed rentals and charges due: 4 % per month

(Any increase or decrease in statutory taxes or any other levy by the Government should be born by Lessee)

07. SECURITY

I. Vehicle No:..... Chassis No:..... Engine No:..... Make/Model:.....

Personal Guarantors

01: <Name of 1st Guarantor> (NIC:<NIC No>) of address: <Address of 1st Guarantor>

02<Name of 1st Guarantor> (NIC: :<NIC No>) of address: <Address of 2nd Guarantor>

II. Additional security: –

III. Other conditions:

The vehicle/ Equipment to be registered in your name as the registered user and the company as the absolute owner.

documentation fees payable.

Expected expenses incurred for repossession licensing and insurance payable by the Lessee.

In the event of any kind of dissatisfaction or inconvenience, you may contact the Head of Compliance of Compliance Department, Lanka Credit and Business Finance PLC, (Land Line 011-2825 404) and seek reliefs or further clarifications pertaining this particular offer or subsequent agreements, relating to this offer or any amendments, addendums to it, or any other affairs arise out of this offer.

By accepting this offer, you will be deemed to have accepted the terms and conditions set out in the Lease Agreement and the terms and conditions set out herein which is the basis on which we will purchase and lease the equipment for you.

Please note that this offer is valid only for 30 days, from the date hereof.

We look forward to a pleasant business relationship.

Yours Faithfully,

LANKA CREDIT AND BUSINESS FINANCE PLC

.....
Authorized Signatory

ACCEPTANCE OF THE OFFER

I/We accept the above offer and hereby agree to abide by the said terms and conditions in the offer. I/We further declare that the documents given information furnished are true and correct and I/We agree and undertake to indemnify and save harmless LANKA CREDIT AND BUSINESS FINANCE PLC from any claim



whatsoever arising due to the LANKA CREDIT AND BUSINESS FINANCE PLC acting or making any payments depending on the representations made documents submitted if it is found to be fraudulent/ forged

.....
Signature of Lessee

.....
Date



