



Republic of the Philippines
Department of Agriculture
QUEDANCOR

Manual of Operations

Table of Contents

	Pages
Manual Cover	- 1
Table of Contents	- 2-3
Foreword	- 4
Brief History/Guarantee Mandate	- 5
Corporate Profile	- 6
Head Office and Branches Directory	- 7-8
 Operations Guidelines and Procedures	
Circular No. 479 (Series of 2011) <i>Revised Implementing Guidelines on Accreditation System</i>	- 9-35
QUEDANCOR Memorandum No. 723 <i>Clarification on the revised Implementing Guidelines on the Accreditation System</i>	- 36-41
QUEDANCOR Memorandum No. 166 <i>Revised Specifications of Authority for Loans under the Credit Guarantee and Special Programs and Accounts under the various Quedancor Programs for Remedial Measures</i>	- 42-43
Circular No. 492 (Series of 2013) <i>QUEDANCOR Program for Inputs and Labor, Facilities, Machinery and Equipment (PILFAME)</i>	- 44-79
Circular No. 460 (Series of 2009) <i>Agricultural Credit Guarantee – Rural Productivity for Agri-Fishery Inventory Management (AGRICORP-AIM)</i>	- 80-124
Circular No. 470 (Series of 2010) <i>Filing, Safekeeping and Releasing of Loan and Collateral Documents under the various QUEDANCOR Programs</i>	- 125-151
Circular No. 450 (Series of 2008) <i>Revised Guidelines on Remedial Management System</i>	- 152-166
Circular No. 496 (Series of 2014) <i>QUEDANCOR Amnesty Program (QAP)</i>	- 167-193

QUEDANCOR Memorandum No. 500 <i>Implementation of Small Claims Cases Program</i>	-	194-205
Circular No. 235 (Series of 2003) <i>QUEDANCOR Guidelines on the Foreclosure of Mortgage and the Consolidation of Ownership</i>	-	206-222
Circular No. 416 (Series of 2006) Revised Implementing Guidelines on Collateral Appraisal	-	223-242
QUEDANCOR Memorandum Circular No. 335 Amendment to the Revised Implementing Guidelines and Collateral Appraisal	-	243
Circular No. 488 (Series of 2011) Revised Acquired Assets Management System	-	244-294
QUEDANCOR Memorandum No, 041 Amendment to Circular No. 407 on the Revised Guidelines on Guarantee Claim Payment and Recovery	-	295-296
QUEDANCOR Memorandum Circular No. 407 Revised guidelines on Guarantee Claim Payment and Recovery	-	297-310

FOREWORD

Based on Agricultural Credit Policy Council (ACPC) report in 2010, from 2004-2009, the annual proportion of agri-fishery and forestry (AFF) loans to total loans granted by banks was at a low average of 2.5 percent. The limited access to credit by small farmers and fisherfolk, despite the banking sector's reported large amount of funds available for lending, has been due to: (a) the lack of track record among farmers; (b) lack of knowledge on accessing formal or bank financing, particularly putting together the required documents; (c) lack of acceptable collateral; delayed release of loans; and (d) numerous documentary requirements that formal lending institutions require from farmers upon commencement of transactions. On the part of the banks, their aversion to high-risk and low income agricultural projects, the high cost of administering small loans, and poor repayment performance of agricultural loans, among others, have constrained the provision of credit to farmers and fisherfolk.

Credit, as a paramount ingredient of agro-economic growth, thus has become imperative for the government to determine and provide intervention thru established institutions that specifically address the credit and guarantee requirements of the agri-fishery sector and extension of guarantee services. The Quedan and Rural Credit Guarantee Corporation or QUEDANCOR is the national institution created by law (Republic Act No. 7393) for the purpose of providing credit investments and extension of guarantee services. The financial muscle of QUEDANCOR's guarantee cover comes from the sovereign guarantee of the Republic of the Philippines as provided in Section 19 of R. A. 7393.

QUEDANCOR, under the umbrella of the Department of Agriculture, supports the Philippine Development Plan (PDP) 2011-2016 that intends to pursue rapid and sustainable economic growth and development, improve the quality of life of the Filipino, empower the poor and marginalized and enhance the country's social unity as a nation. With encompassing mandate to “accelerate the flow of investments and credit resources into the countryside so as to trigger the vigorous growth and development of rural productivity, employment and enterprises, and livelihood and income opportunities”, QUEDANCOR fully supports this development programs of PDP by implementing credit guarantee schemes for target-beneficiaries.

To have a comprehensive and transparent understanding of these programs, this manual of operations is presented to guide, instruct and inform readers on QUEDANCOR's program mechanics, management systems and control, operating methods and procedures and other details. Circulars governing particular programs and activity, flowchart covering accreditation, releasing of loan, guarantee coverage and claims, amortization, loan and guarantee settlements, and attached standard forms for the intended users, are likewise included.

It is to be stressed, that the circulars/guidelines published are conforming under the present circumstances; however, they can be revised, amended and updated to enhance the effectiveness of the program.

Finally, we hope that the operations manual will steadfast close partnership and coordination with all the stakeholders and co-operators of QUEDANCOR.

Brief History

QUEDANCOR traces its origin from the erstwhile Quedan Guarantee Fund Board (QGFB) created by Letter of Instruction No. 704 in 1978 of the Marcos Administration issued on June 9, 1978. Originally established for grains inventory stock financing, QGFB later included in its guarantee financing activities other storable agri-aqua produce even for farmer groups. In 1992, QGFB was reorganized into Quedan and Rural Credit Guarantee Corporation (QUEDANCOR) by virtue of Republic Act 7393 or the QUEDANCOR Charter. The law was enacted on April 13, 1992 by then President Corazon C. Aquino. It provides the agency with a corporate set-up with an authorized capitalization of P2.0 Billion, 60% of which or P1.2 Billion shall be owned by the National Government (NG) while the remaining 40% or P800 Million shall be open for private subscription. Since then, QUEDANCOR was operating as a government-owned and controlled corporation.

QUEDANCOR is a non-bank government financing institution (GFI) under the policy and administrative supervision of the Department of Agriculture. The Secretary of Agriculture is the ex-officio Chairman of the QUEDANCOR Governing Board, with twelve (12) members representing agriculture, agrarian and the banking sectors. Stewardship of the Corporation is under the day-to-day management of the President and Chief Executive Officer.

Aside from the Department of Agriculture and QUEDANCOR, fellow government agencies and organizations such as the Department of Agrarian Reform (DAR), Bangko Sentral ng Pilipinas (BSP), Cooperative Development Authority (CDA), National Food Authority (NFA) are also represented in the QUEDANCOR Governing Board.

Guarantee Mandate

Under Republic Act No. 7393, QUEDANCOR is mandated “to accelerate the flow of investments and credit resources into the countryside so as to trigger the vigorous growth and development or rural productivity, employment and enterprises thereby generating more livelihood and income opportunities for the disadvantaged rural populace”. More importantly, the QUEDANCOR Charter calls for setting-up of a convenient credit support mechanism and reliable guarantee system that shall effectively: a) improve the bankability of and access of rural workers, their cooperatives and small rural enterprises to formal credit institutions; b) provide incentives for the banking sector to focus upon and enlarge the flow of credit funds and investments into the rural areas; and c) enhance farm income through direct linkage between the producers, the market and the end-users.

QUEDANCOR'S role as guarantee institution is further recognized under R. A. No. 8435 or the “Agriculture and Fisheries Modernization Act (AFMA) of 1997”. AFMA directs QUEDANCOR to help transform agriculture into a highly productive and competitive sector and enable farmers and fisherfolk to meet the challenges of modernization through the implementation of the law's credit and guarantee provisions. In particular, Section 25 of AFMA designated QUEDANCOR as the Fund Manager of the Agriculture and Fisheries Credit Guarantee Fund (AFCGF) which clothed it with the important role of serving as guarantor to the unsecured loans of famers and fisherfolk thereby encouraging local banks to increase their loan portfolio to the sector. To date, QUEDANCOR is the only government agency with legal mandate to provide guarantee services for the agri-fishery sector.

Corporate Profile

A. Vision

Greater access to credit and guarantee by agricultural stakeholders towards increased productivity and improved quality of life.

B. Mission

Provide better and accessible guarantee system and convenient credit support mechanism.

C. Mandate

To accelerate the flow of investments and credit into the countryside to trigger growth and development, rural productivity and employment.

D. Core functions

Section 2 of R. A. 7393 provides that QUEDANCOR shall set up a convenient credit-support mechanism and reliable guarantee system that shall effectively:

- Improve the bankability of and access by rural workers, their cooperatives and small rural enterprises to formal credit institutions;
- Provide incentives for the banking sector to focus upon and enlarge the flow of credit funds and investments into the rural areas;
- Institutionalize the quedan or warehouse receipt and other negotiable instruments, evidencing stored agri-aqua produce in bonded warehouses, as the more convenient collateral for obtaining credit financing;
- Prioritize financing support to agrarian reform beneficiaries and their cooperatives for their production inputs and labor costs and their acquisition of farm equipment and post-harvest facilities;
- Support dynamic cooperativism, capital formation and savings mobilization among the rural populace;
- Increase farm income by promoting a system that by passes unnecessary layers of middlemen and links producers more closely to end-users through auction markets, trading centers, consumer cooperatives and the like

Harmonize and coordinate with all government institutions, non-government organizations, private voluntary organizations, and other groups involved in providing support services to rural inhabitants

Head Office and Branches

QUEDANCOR Central Office is located at No. 34 Panay Avenue, Quezon City.

It has 14 Regional Offices strategically located throughout the country, making the services and programs of the Corporation more accessible to people in rural areas.

NATIONAL CAPITAL REGION (NCR)

Quedancor Center 34,
Panay Avenue, Q.C.
Tel. Nos.: (02)371-1218 / 0929-249-2131

REGION 1

PECE Building, Burgos
Ext., Dagupan City,
Pangasinan
Tel. Nos.: (075) 523-1678(Fax) / 0929-3941053

REGION 2

1st Flr., Quedancor Bldg.,
Carreon St., Centro East,
Santiago City
Tel. Nos.: (078) 682-5494(Fax) / 0929-3332810

REGION 3

2nd Flr., Manabat Bldg.,
Jose Abad Santos Road
Dolores, City of San
Fernando, Pampanga
Tel. Nos.: (045) 961-5778 / 0908-8687230

REGION 4

28 Gov. A. Carpio St., Brgy.
4, Sto. Tomas, Batangas
Tel. Nos.: (043) 778-3039/ 0929-2966827

REGION 5

PPC Bldg., J. Miranda Ave.,
and Yorktown Sts.,
Naga City
Tel. Nos.: (054) 811-1132(Fax) / 0929-2922358

REGION 6

Department of Agriculture,
Wesviarc Compound,
SitioHamungaya, Brgy.
Buntatala, Jaro, Iloilo City
Tel. Nos.: (033) 509-8062(Fax) / 0920-6355305 / 0917-6225163

REGION 7

G/F LDM Bldg., Legaspi
cor. Lapu-lapuSts.,
Cebu City
Tel. Nos.: (032) 412-1682 / 0918-9195072 / (032) 255-7370

REGION 8

Quedancor Bldg., 3rd
Paraiso, San Jose,
Tacloban City
Tel. Nos.: (053) 523-8518 / 0917-3224189

REGION 9

2nd Flr., Paz Bldg., Roxas
corner Cabrera St., Purok
Santol, Tuburan District
Pagadian City
Tel. Nos.: (062) 214-4732 / 0927-8281978

REGION 10

Gonzalo Go Bldg.,
Gomez-Burgos St.
Cagayan de Oro City
Tel. Nos.: (0882) 272-7746 / 0939-4605605 / (088) 857-6912

REGION 11

3rd Flr., QUATTRAIN Bldg.,
McArthur Highway, Matina,
Davao City
Tel. Nos.: (082) 226-8131 / 0999-4881943

REGION 12

Quedancor Bldg.,
No. 034 Balagtas St.,
Brgy.Dadiangas North,
General Santos City
Tel. Nos.: (083) 552-5511 / 0932-3782858

REGION CARAGA

Gallantes Bldg.,
P. Calo Ext., Butuan City
Tel. Nos.: (085) 341-2602 / 0939-4605605



Circular No. 479
Series of 2011

REVISED IMPLEMENTING GUIDELINES ON ACCREDITATION SYSTEM

1. RATIONALE

QUEDANCOR management's decision to reinvigorate its credit guarantee programs and revitalize its valued partnership with the lending entities and other industry support players, such as bonding and insurance companies and input suppliers, necessitates a strengthened accreditation system to effectively deliver accessible guarantee services to the agri-fishery sector.

2. OBJECTIVES

- 2.1 Establish a simplified but efficient accreditation policies, rules and procedures for the benefit of lending entities and other program partners; and
- 2.2 Encourage participation of more viable lending institutions, insurance companies and other industry support players that can be utilized as partners, fund source or links in the implementation of various agri-fishery guarantee programs and other developmental initiatives of the corporation.

3. LEGAL BASES

- 3.1 Section II. (c) of Republic Act No. 7393 dated 13 April 1992, empowering the reorganized Quedan and Rural Credit Guarantee Corporation to "set up a system for accrediting the participation in the corporation's various programs by borrowers, lending entities, financing institutions, bonding and insurance companies".
- 3.2 QUEDANCOR Board Resolution No. 119 dated 11 February 1987 approving the implementation of an accreditation system for its various programs.

4. DEFINITION OF TERMS

- 4.1 **Accreditation** – is the process of granting approval to lending entities, insurance and bonding companies, input suppliers and similar stakeholders to render service to QUEDANCOR borrowers, after compliance with the requirements and passing the credit evaluation conducted by QUEDANCOR.
- 4.2 **Accreditation Fee** – is the amount charged by QUEDANCOR for the conduct of evaluation on stability or reliability of the program partners/stakeholders to defray administrative expenses incurred in the processing of the application for accreditation.

- 4.3 **Agriculture-Based Enterprises (ABEs)** – agriculture-related and community-based enterprises engaged in production, processing, packaging, marketing/distribution or provision of products and/or services produced, utilized, consumed or patronized by farmers, fisherfolk and rural workers for the advancement of their livelihood activities.
- 4.4 **Application fee** – the amount to be paid by the borrower without end beneficiaries for the processing of loan application, subject to the eligibility requirements set forth in the QUEDANCOR program circulars, in lieu of the accreditation fee.
- 4.5 **Association** – is an organized body of people who have a common interest, activity or purpose.
- 4.6 **Borrower** – a farmer, fisherfolk, rural worker, retailer, sole proprietor, partnership, corporation, cooperative, federation and similar entity, with juridical personality, interested to borrow in any QUEDANCOR program.
- 4.7 **Commercial Supplier (CS)** – an individual or entity engaged in business as input supplier, product supplier, agri-fishery machinery supplier and similar entity which directly distribute, repackage or sell agriculture and fishery related inputs or products such as seeds, fertilizers, pesticides, herbicides and raw materials, whether semi-processed or fully processed, used for production, aquatic, poultry, livestock, etc. including labor, to borrowers of QUEDANCOR and/or accredited LE.
- 4.8 **Cooperative** – an association of persons, duly registered with the Cooperative Development Authority (CDA) with a common bond of interest, who have voluntarily joined together to achieve a lawful common social or economic end, making equitable contributions to the capital required and accepting a fair share of the risks and benefits of the undertaking in accordance with universally accepted cooperative principles.
- 4.9 **Corporation** – a juridical person created by operation of law, having the right of succession and the powers, attributes and properties expressly authorized by law or incidental to its existence and duly registered with the appropriate government registration office.
- 4.10 **Credit Evaluation** – the process of validating the financial stability, integrity and reliability of applicants applying for loans or accreditation under the QUEDANCOR programs.
- 4.11 **Federation** – a secondary level organization which have primary cooperatives/ associations as members.
- 4.12 **Insurance Company (IC)** – duly registered entities such as partnerships, corporations and similar businesses including government-owned or controlled corporations, engaged as principals in the insurance business as duly authorized by the Insurance Commission.
- 4.13 **Guarantee Agreement (GA)** – a contract entered into by and between QUEDANCOR and the Lending Entity (LE) for accreditation purposes specifying the programs to be implemented by the latter with the former sharing the loan fund and/or providing the guarantee, and stating all the terms and conditions thereof.
- 4.14 **Lending Entity (LE)** – private or government financial institutions (i.e. universal, commercial, development, savings/thrift and rural and cooperative banks) and other qualified agri-fishery related entities engaged in lending activities that are specifically accredited by QUEDANCOR to participate in its programs.
- 4.15 **Non-Governmental Organization/Peoples Organization (NGO/PO)** – private, non-profit voluntary organization, committed to the task of socio-economic development and established primarily for service.

- 4.16 **Partnership** – a group of two or more persons, not necessarily registered with a government registration office, who bind themselves to contribute money, property or industry to a common fund with the intention of dividing profits among themselves.
- 4.17 **Retail Facility** – when a loan is availed by the borrower under the guarantee program for its own use to fund viable agri-fishery business activity/ies.
- 4.18 **Sole Proprietor** – a natural person other than farmer/ fisherfolk/ rural worker owning a licensed or registered business enterprise and engaged in commercial activity, earns all profits and assumes all losses.
- 4.19 **Supplementary Guarantee Agreement (SGA)** – a subsequent agreement to the Guarantee Agreement, which allows the LE to participate in other programs of QUEDANCOR.
- 4.20 **Wholesale Facility** – availment of loan by an entity with re-lending activity under the Sole Guarantee Program where loan availed will be solely used to fund loans of its borrower-beneficiaries. QUEDANCOR's guarantee shall be on the loan of the entity-borrower.

5. SCOPE

This circular shall cover the policies, rules and procedures that will govern the accreditation of borrower-wholesalers, LEs, bonding /insurance companies, commercial suppliers and similar stakeholders, to provide goods and services to QUEDANCOR clientele, categorized as follows:

Facility/Category	Type of Client/Organization
5.1 Borrowers	
a. Wholesale Facility	Cooperatives, associations, federations, organizations, corporations and similar entities engaging in re-lending activities.
b. Retail Facility	Farmers, fisherfolk, rural and urban workers, retailers, sole proprietors, partnerships, corporations, cooperatives and similar organizations where the loan availed are solely for its own use.
5.2 Lending Entities	
	Banks
	Universal and commercial banks, savings/thrift and rural and cooperative banks.
	Non-Banks
	Cooperatives, federations, non-government organizations, and other qualified agri-fishery related entities engaged in lending entities
5.3 Other Program Partners Stakeholders	Bonding and insurance companies, input suppliers, service providers (labor), product suppliers, agri-fishery machinery suppliers, etc.

6. STATEMENT OF POLICIES

6.1 Eligibility Requirements

6.1.1 For Borrowers

a. Retail Facility

- Must pass the eligibility requirements set forth in the governing QUEDANCOR program circular; and
- Must be engaged in viable agri-fishery project/ business.

b. Wholesale Facility

- Must have a satisfactory management capability to undertake lending activity, as evidenced by:
 - at least two (2) years track record in lending operations with established lending policies and procedures;
 - presence of financial and internal control systems consistent with the generally accepted accounting principles; and,
 - presence of full time and qualified management staff.
- Must pass the following criteria:
 - latest networth figure of at least P 300,000.00;
 - acceptable long term debt to equity ratio not exceeding 5:1 including the loan being applied for;
 - past due rate of not more than 25% or collection rate for current loans of not less than 70%; and,
 - with positive growth of capital accounts/ assets and positive trend in profitability for the last two (2) years of operations.

6.1.2 LEs

a. Banks

- Must have been in operation for at least two (2) years, with lending policies and procedures in place;
- Must be duly licensed/ authorized to operate by the Bangko Sentral ng Pilipinas (BSP) or appropriate licensing/ registering government office/agency (i.e. Securities and Exchange Commission);
- Must have an acceptable past due ratio (PDR) per BSP's standards;
- Must have a Capital Adequacy, Asset Quality, Management, Earnings, Liquidity, Sensitivity to Market Risk (CAMELS) rating of 3 and below; and
- Must have officers of good moral character.

b. Non-Banks

- Must be engaged in viable agri-fishery project business;
- Must have a satisfactory management capability to undertake lending activity, as evidenced by:
 - at least two (2) years track record in lending operations with established lending policies and procedures;
 - presence of financial and internal control systems consistent with the generally accepted accounting principles; and
 - presence of full time and qualified management staff.

- Must pass the following criteria:
 - latest networth of at least P1,000,000.00;
 - acceptable long term debt to equity ratio not exceeding 5:1;
 - past due rate of not more than 25% or collection rate for current loans of not less than 70%; and
 - with positive growth of capital accounts/ assets and positive trend in profitability for the last two (2) years of operations.
- Must not have past due loans with QUEDANCOR and/or with other lending institutions/banks; and
- Must have officers of good moral character.

6.1.3 Insurance Companies

- a. Must have been in operation for at least two (2) years;
- b. Must be duly registered/ licensed by appropriate government registering/ licensing agency (i.e. IC, SEC);
- c. Must have an authority to operate from the IC;
- d. Must not have unpaid claims with QUEDANCOR; and,
- e. Must have officers of good moral character.

6.1.5 Commercial Suppliers

- a. Must have been in operation for at least two (2) years;
- b. Must be duly registered/ licensed by appropriate government registering/ licensing agency (i.e. DTI, SEC, Fertilizers and Pesticide Authority (FDA), National Seed Board (NSB), Philrice, Bureau of Animal Industry (BAI), etc.);
- c. Must have officers of good moral character; and,
- d. Must be of good standing in its past dealings with QUEDANCOR.

6.2 Accreditation Requirements

6.2.1 For Borrowers

Individual borrowers and borrower-wholesalers shall be required to submit the loan requirements specified in the governing QUEDANCOR program circular.

6.2.2 For LEs

1. General

1. Application for Accreditation (Annex M1/M2);
2. Two 2x2 photos of officers/authorized representatives;
3. Board Resolution authorizing the LE to participate under the specified program and designating its authorized representative/s thereof with specimen signatures;
4. Duly certified copy of Permit/License/DTI/SEC Registration, whichever is applicable;
5. Duly certified copy of Articles of Incorporation and By-Laws, and amendments thereto (if any); and
6. Tax Clearance from the Bureau of Internal Revenue (BIR) or certified copy of latest income and business tax returns duly stamped and received by the BIR, and duly validated copy of Revenue Official Receipt (ROR) for tax payments made, if applicable.

b. For Banks

1. Duly certified copy of Financial Statements using the BSP prescribed form, duly received by the BSP for the past two (2) years and interim FS;
2. Duly certified photocopy of the Bank's Report on Required and Available Reserves against Deposit Liabilities submitted to the BSP for the past four (4) weeks immediately preceding the date of application; and,
3. Latest BSP CAMELS' Rating Report.

c. For Non-Banks

1. Duly certified copy of audited Financial Statements for the past two (2) years and interim FS; and
2. Duly certified copy of credit policies and procedures.

6.2.3 ICs

- a. Application for Accreditation;
- b. Latest Certificate of Authority to operate issued by the IC;
- c. Latest Certificate on financial condition issued by the IC;
- d. Certificate under oath of the Corporate Secretary on the current members of the Board of Directors and key officers with their respective official designations and personal profile;
- e. List of provincial branches and/or regional offices with their respective addresses;
- f. Duly certified copy of Articles of Incorporation/By-Laws and amendments thereto (if any);
- g. Resolution of the Board of Directors certified under oath by the Corporate Secretary authorizing the IC to apply for accreditation and designating the authorized signatory; and
- h. Specimen signatures/initials of all authorized signatories for bond indentures and life and fire insurance policies for Metro Manila and provincial branches.

6.2.4 CS

- a. Application for Accreditation;
- b. Board resolution authorizing the CS to participate under the QUEDANCOR programs and designating its authorized representative/s thereof with specimen signatures in case of entity;
- c. Duly certified copy of Articles of Incorporation/Cooperation, By-Laws and amendments (if any) in case of entity;
- d. List of sister companies, branches or other offices and their addresses;
- e. List of new key officers and their addresses, if entity;
- f. Duly certified copy of license/ registration certificate from DTI, SEC, CDA, FDA, NSB, Philrice, NFA, BAI, FPA and the like, whichever is applicable;
- g. Tax clearance from BIR or latest income and business tax returns duly stamped and received by the BIR, and duly validated copy of the ROR for tax payments made; and,
- h. Duly certified photocopy of audited Financial Statements for the last two (2) years of operations and interim FS.

Government entities, whether applying as borrower or participating as IC, may be required to submit related documents as deemed necessary by QUEDANCOR to protect its interest and ensure smooth implementation of the program.

6.3 Application and Accreditation Fees

6.3.1 For Borrowers

The borrower shall pay a non-refundable application fee (except in programs where said fee is being waived) upon favorable evaluation on eligibility and application documents by the QUEDANCOR Field Office – Credit Assessment Group (FO - CAG) and on every renewal thereof, as follows:

Type of Client/ Organization	Application Fee	Validity
1. Farmers/ Fisherfolk/ Retailers/ Urban / Rural Workers and Sole Proprietorships	<u>For loans ₱ 50,000.00 & below</u>	Term of loan
	- Cash payment of ₱ 500.00	
	<u>For loans above ₱ 50,000.00 to P150,000.00</u>	
	- Cash payment of ₱ 750.00	
	<u>For loans above P150,000.00</u>	
	- Cash payment of P 1,000.00	
2. NGOs/POs/ Association/ Cooperatives/ Federations	<u>For loans up to P500,000.00</u>	Term of loan
	- Cash payment of P 1,500.00	
	<u>For loans above P500,000 to P2.5M</u>	
	- Cash payment of P 2,000.00	
	<u>For loans above P2.5 M</u>	
	- Cash payment of P 2,500.00	
3. Partnerships and Corporations	<u>For loans up to P 2.5 M</u>	Term of loan
	- Cash payment of P 2,500.00	
	<u>For loans above P2.5M up to P5M</u>	
	- Cash payment of P 3,000.00	
	<u>For loans above P 5 M</u>	
	- Cash payment of P 5,000.00	

If the borrower opts to renew his/her/its loan or fully pay said loan before its maturity and subsequently applies for a new loan, he/ she/it shall pay a new application fee and submit updated requirements.

Borrower-wholesaler with relending activity shall pay an accreditation fee using the same table above upon availment, re-availment or renewal of loan.

6.3.2 For LEs

LEs intending to participate in the various programs of QUEDANCOR shall pay an accreditation fee upon submission of application and documentary requirements and on every renewal thereof, as follows:

Type of Client/Organization	Equivalent Amount/Shares of Stock	Accreditation Validity
1. Universal/ Commercial/ Savings and Thrift Banks	Cash payment of P5,000	5 years
2. Rural and/ or Cooperative Banks	Cash payment of P3,000	5 years
3. Non-Bank (i.e. Cooperatives, Federations, NGOS, etc.)	Cash payment of 2,500	5 years

For LE's whose main business office/Head office is based in Metro Manila, the Credit Guarantee Department - Accreditation Division (CGD-ACD) shall verify completeness of accreditation documents and conduct evaluation on its eligibility and endorse the same to the Property Appraisal Division (PRAD) for the conduct of BI/CI on the LE prior to recommendation for approval.

However, for LE's main whose main business office/Head office is based and operating outside Metro Manila, the QUEDANCOR FO shall verify completeness of accreditation documents and conduct evaluation on its eligibility and endorse the same to QOO-CAG for the conduct of BI/CI on the LE prior to recommendation for approval.

Upon approval of LE's accreditation, the parties shall execute the Guarantee Agreement (GA – Exhibit 1). When the LE intends to expand its participation in new or other programs of QUEDANCOR, a Supplementary Guarantee Agreement (SGA – Exhibit 2) shall be executed.

Scope of accreditation shall depend on the LE's participation as specified in the GA and SGA.

6.3.3 For Insurance Companies and Commercial Suppliers

ICs and CSs intending to participate in the various QUEDANCOR credit and guarantee programs shall pay an accreditation fee upon submission of application and documentary requirements and on every renewal thereof, as follows:

Type of Client/Organization	Equivalent Amount/Shares of Stock	Accreditation Validity
1. Insurance Companies	Cash payment of P 5,000.00	3 years
2. Commercial Suppliers	With Nationwide Network/ Operations - Cash payment of P 5,000.00 With Regional/ Provincial Network/ Operations - Cash payment of P 3,000.00	3 years

The accreditation shall cover the various programs being implemented by QUEDANCOR.

Accreditation of ICs shall cover its regional and provincial branches. The IC shall be required to submit a photocopy of its accreditation certificate to the concerned QUEDANCOR FO in the area where it intends to extend the bonding or insurance service to QUEDANCOR clients. In no case shall accreditation fee be collected from the participating ICs which have already been accredited.

For CS, scope of accreditation shall depend on its level of operations. CS intending to up-grade or expand its operations from regional/provincial level to nationwide level, shall be charged additional accreditation fee corresponding to its new coverage of operations or service area. It must notify QUEDANCOR CGD-AD of said expansion of service/operations and pay the required additional accreditation fee.

For Government entities/agencies such as NFA, LGU, Philrice applying either as borrower or LE/ IC, the accreditation fee shall be waived. A Memorandum of Agreement (MOA) shall be executed to stipulate the terms and conditions, and obligations of both parties after a favorable evaluation.

6.4 Evaluation, Processing and Issuance of Certificate of Accreditation

6.4.1 For Borrowers

Applicant shall be evaluated based on character, capacity to pay, capital, collateral and viability of proposed project/s.

All submitted documents shall be prudently reviewed by the QOO-LMG. Once it has been satisfactorily reviewed, the QOO-LMG shall request the borrower to pay the appropriate application fee or accreditation fee, in case of a wholesaler to the Cashier – Collecting Officer. The application documents are then forwarded to the QOO-CAG who shall: (1) conduct background investigation (BI/CI) and credit evaluation on the applicant/authorized representatives/co-makers, project proposal, (2) inspect/ verify the business/ site/ facility/ establishment, and (3) prepare the corresponding BI/CI and Credit Evaluation Report) and the Property Appraisal Report based on the data or information gathered. The reports are then submitted to the Unit Head CAG/SOO for review/initial or approval depending on the report.

All applications together with the documentary requirements, shall be processed, evaluated and approved based on the existing QUEDANCOR program policies and Specifications of Authority.

6.4.2 For LEs

For LE's whose main business office is based in Metro Manila, the CGD-AD shall verify completeness of accreditation documents and conduct evaluation on its eligibility and endorse the same to the Property Appraisal Division (PRAD) for the conduct of BI/CI on the LE prior to recommendation for approval.

However, for LE's whose business office is based and operating outside Metro Manila, the QUEDANCOR FO shall verify completeness of accreditation documents and conduct evaluation on its eligibility and endorse the same to QOO-CAG for the conduct of BI/CI on the LE prior to recommendation for approval.

Upon approval of LE's accreditation, a Certificate of Accreditation (CA – Exhibit 3) approved by the President & CEO of QUEDANCOR shall be issued to the LE. The parties shall then execute the GA. When the LE intends to expand its participation in new or other programs of QUEDANCOR, an SGA shall be executed.

6.4.3 For ICs

All life and non-life insurance companies duly licensed by the IC and are interested to provide insurance and bond coverage for borrowers of QUEDANCOR under the various credit and guarantee programs shall first secure accreditation form from the CGD-AD in coordination with the Legal Affairs Department.

ICs shall be accredited based on their financial capability and ability to service QUEDANCOR borrowers as evidenced by the number of their branches in areas where the former implements its various credit and guarantee programs and the best package relative to insurance fees and charges.

CGD-AD shall conduct evaluation and request the PRAD to conduct BI/CI on the IC before endorsing the application, together with the evaluation report, for approval/disapproval by the VP-CGD and shall forward the CA to the President and CEO, for signature.

A MOA shall be executed between the IC and QUEDANCOR.

6.4.4 For CSs

Upon compliance of the accreditation requirement and payment of the corresponding accreditation fee, application for accreditation by Commercial Suppliers shall be forwarded to the CGD-AD by the concerned QUEDANCOR FO. CGD-AD shall then evaluate the application of the applicant based on its ability and capability to service QUEDANCOR clients at a nationwide or region wide level. Evaluation shall also include conduct of BI/CI on the character/persons of the owners/officers/incorporators.

The CGD-AD shall promulgate its own policies and rules on accreditation of CS to protect the interest of QUEDANCOR and its borrowers. Approval of application for accreditation by the Commercial Suppliers shall be recommended by the VP-CGD and approved by the President and CEO.

A MOA between QUEDANCOR and CS shall then be executed.

6.5 Annual Re-evaluation

All accredited borrowers, LEs, either banks or non-banks, ICs, CSs, and other accredited entities shall be re-evaluated by the QUEDANCOR FO-CAG / CGD-AD annually to determine their financial and non-financial operation so as to ensure sound financial position and condition.

Unfavorable evaluation result shall constitute forfeiture of accreditation.

6.6 Renewal of Accreditation

In case of renewal of accreditation, a new set of documents shall be submitted by the applicant-LE/IC/CS.

6.7 List of Accredited LEs, ICs, CS and Other Stakeholders

It shall be the primary responsibility of the CGD-AD to provide QUEDANCOR FOs with the complete list of accredited LEs, ICs and CS for their information and reference and for dissemination to clients and other interested parties. The CGD-AD shall update the list periodically.

In the same manner, CGD-AD shall inform the QUEDANCOR FO immediately on any suspension or revocation of accreditation issued.

6.8 Notice of Disapproval

A Notice of Disapproval (Exhibit 4) shall be issued by QOO-CAG / CGD duly designated personnel for applicants who fail to qualify for accreditation/loan application.

6.9 Suspension, Cancellation or Revocation of Accreditation

6.9.1 For LEs

Any of the following acts may be a ground for suspension or revocation of the LEs accreditation:

- a. Failure to release/renew loans for six (6) consecutive months within the accreditation period;
- b. Past due rate for QUEDANCOR guaranteed loans exceeds 25%;
- c. Withholding of QUEDANCOR funds by accredited LEs participating in the co-financing and/or guaranteed co-financing mode;
- d. Suspension of access to the BSP's normal forms of credit facilities;
- e. Suspension of operations by BSP; and
- f. Failure to comply with the conditions/policies provided for under the pertinent QUEDANCOR program circulars and amendments thereto, memorandum orders, GA and MOA.

LEs found to have committed any of these acts or violations shall surrender their CA to CGD-AD / QUEDANCOR FO. The fact of suspension or revocation of accreditation shall be circularized to clients and other interested parties.

6.9.2 For ICs and CSs

The accreditation may be suspended, cancelled or revoked for any violation of or failure to comply with any of the provisions stipulated in this circular, pertinent laws, and such other laws and regulations as may be issued hereinafter.

6.10 Re-accreditation Arising From Suspension or Revocation of Existing Accreditation

Accredited LE, IC and CS whose accreditation was suspended shall be re-accredited only upon rectification of the causes of suspension.

Upon application for re-accreditation, they shall submit the pertinent documents to CGD-AD/ QUEDANCOR FO showing corrective action. CGD-AD/ QUEDANCOR FO shall conduct strict verification and evaluation prior to re-accreditation of the applicant. Upon favorable evaluation, CGD-AD/ QUEDANCOR FO shall re-issue the CA and simultaneously circularize its re-accreditation to QUEDANCOR clients and other interested parties.

7 OPERATING PROCEDURES

7.1 For Borrowers

- | | |
|----------------------------|---|
| Client-Borrower | 1. Secures Application for Loan from QOO-LMG. |
| | 2. Fills out application and submits the same together with the requirements to the QOO-LMG. |
| QOO-LMG | 3. Acknowledges receipt of application and submitted requirements. |
| | 4. Evaluates eligibility of client, checks veracity of information appearing in the application form, and other submitted documents, authenticates signatures and ensures that the borrower has no current/past due loans with QUEDANCOR and LE/other GFIs/ PFIs. If in order/ no outstanding loans with QUEDANCOR/ LE/ other GFIs/PFIs, requires the borrower to pay the appropriate application fee to the Cashier – Collecting Officer (or accreditation fee if borrower is a wholesaler). |
| Client-Borrower | 5. Pays application fee/ accreditation fee. |
| Cashier–Collecting Officer | 6. Issues OR. |
| Client-Borrower | 7. Furnishes photocopy of OR to QOO-LMG. |
| QOO-LMG | 8. Forwards loan application together with the loan documents to QOO-CAG. |
| QOO-CAG | 9. Evaluates application and verifies submitted information about the client-borrower. |
| | 10. Conducts BI/CI/credit evaluation and appraisal of collateral and prepares corresponding report. Returns documents to QOO-LMG. |
| QOO-LMG | 11. Prepares the GPM and submits loan documents to Unit Head - CAG for review and recommendation to the RAVP. |
| Unit Head – CAG | 12. Reviews documents/ loan and recommends/ endorses account to the RAVP for approval, if within his signing authority. |
| RAVP | 13. Approves loan and returns the same to QOO-LMG. |

For loans to be approved by the VP-CGD:

- | | |
|--------|---|
| FO | 14. Forwards documents and requirements duly recommended by the RAVP directly to CGD. |
| CGD-AD | 15. Reviews, validates and evaluates submitted documents. |
| | 16. Endorses evaluation report to the AVP-AD for further review and recommendation. |
| AVP-AD | 17. Reviews evaluation report. |
| | N.B. Returns documents to CGD-AD and informs QUEDANCOR FO, if evaluation is unfavorable. |
| | 18. Recommends to the VP-CGD for approval of the evaluation report, if evaluation is favorable. |
| VP-CGD | 19. Signs/approves evaluation report and returns the same to CGD-AD. |
| CGD-AD | 20. Forwards approved evaluation report and other documents to concerned QOO-LMG. |

For loans to be approved by the Vice President/President and CEO:

- | | |
|----------------------|---|
| FO | 21. Forwards the documents and requirements duly recommended by the RAVP to CGD. |
| CGD-AD | 22. Reviews, validates and evaluates submitted documents and forwards the same to the AVP-AD. |
| AVP-AD | 23. Endorses evaluation report to the VP-CGD for further review and recommendation. |
| | N.B. Returns documents to CGD-AD and informs QUEDANCOR FO, if evaluation is unfavorable. |
| VP-CGD | 24. Recommends to the President and CEO/VP for approval of the evaluation report, if evaluation is favorable. |
| President and CEO/VP | 25. Signs/Approves evaluation report and returns the same to CGD. |
| CGD-AD | 26. Forwards approved evaluation report and other documents to concerned QOO-LMG. |

7.2 For LEs

- | | |
|----------------------------|---|
| LE | 1. Secures application for accreditation form from QUEDANCOR FO. |
| | 2. Fills out application and submits the same together with the requirements to the QOO-LMG. |
| QOO-LMG | 3. Receives application form and documentary requirements and requests LE to pay the appropriate accreditation fee. |
| LE | 4. Pays accreditation fee to QUEDANCOR Cashier – Collecting Officer. |
| Cashier–Collecting Officer | 5. Issues OR and furnishes photocopy/ duplicate to QOO-LMG. |
| QOO-LMG | 6. Evaluates eligibility of LE, authenticates signatures, and checks veracity of information appearing in the application form and other submitted documents. |
| | 7. Forwards the same to the QOO-CAG if in order and complete. |
| QOO-CAG | 8. Reviews accreditation documents and conducts BI/CI on the bank. |
| | 9. Endorses submitted application for accreditation and other requirements to CGD-AD for evaluation. |
| CGD-AD | 10. Evaluates and analyses the endorsed applicant-LE and determines whether LE passes the prescribed criteria using the Account Evaluation Report. |
| CGD-AD | 11. Reviews AER and affixes initials recommending approval of the AER and forwards the same to the VP-CGD for approval, if evaluation result is favorable. |
| VP-CGD | 12. Approves/disapproves AER and returns the same to CGD-AD. |
| CGD-AD | 13. Prepares CA together with the GA as the case may be, if LE is applying for all QUEDANCOR programs. |
| | N.B. Informs LE, in case of disapproval. |
| | 14. Transmits original copy of the GA to the LE for their signature. |
| LE | 15. Signs all copies of the GA. |

- | | |
|-----------------------------------|--|
| CGD-AD | 16. Returns the same to CGD-AD for notarization. |
| CGD-AD | 17. Receives duly signed agreements and carefully checks the completeness and authenticity of the signatures. |
| CGD-AD | 18. Facilitates initials/ signatures of CA and GA by authorized QUEDANCOR Officers. |
| Vice President/ President and CEO | 19. Initials and affixes signature respectively, on the CA, GA, whichever is applicable. |
| CGD-AD | 20. Facilitates notarization of the agreements. |
| | 21. Furnishes applicant-LE original copy of CA and copy of the duly notarized agreement. |
| | 22. Files and safekeeps the original copy of the GA and original-duplicate copy of CA for reference purposes. |
| | 23. Sends photocopy of the duly signed and notarized agreements to QUEDANCOR FO for information and reference. |

7.3 For IC and CS

- | | |
|----------------------------|---|
| IC/CS | 1. Secures application for accreditation form from QUEDANCOR QOO-LMG. |
| | 2. Fills out application and submits the same together with the documentary requirements to QOO-LMG. |
| | 3. Pays accreditation fee to the Cashier – Collecting Officer. |
| Cashier-Collecting Officer | 4. Issues OR to the IC/CS and furnishes copy of the same to QOO-LMG. |
| QOO-LMG | 5. Verifies completeness and authenticity of submitted documents. If in order, submits the same to QOO-CAG. |
| QOO-CAG | 6. Reviews documents and conducts BI/CI on the IC and applicant/officers/owners and prepares the corresponding reports. |
| | 7. Forwards application for accreditation to CGD-AD. |
| CGD-AD | 8. Receives and evaluates application and documentary requirements. |
| | 9. If in order/ complete, facilitates preparation of CA and MOA. |

- | | |
|---|---|
| | 10. Forwards CA and MOA to the AVP-AD and VP-CGD for their initials/ recommendations, and to the President and CEO for signature/approval. |
| AVP-AD & VP-CGD | 11. Initials on the CA /MOA. |
| CGD-AD | 12. Transmits MOA to the IC/CS for signature. |
| IC/CS Authorized Officer/
Representative | 13. Signs all copies of the MOA and returns the same to CGD-AD for notarization. |
| CGD-AD | 14. Receives duly signed MOA and prudently checks the completeness and authenticity of signatures and facilitates notarization. |
| | 15. Facilitates initials/signatures of CA and MOA by authorized QUEDANCOR Officers. |
| Vice President/President
and CEO | 16. Initials and affixes signature respectively, on the CA and MOA. |
| CGD-AD | 17. Facilitates notarization of the MOA. |
| | 18. Furnishes IC/ CS original-duplicate copy of the notarized MOA and original copy of CA and files original and extra copy for reference purposes. |
| | 19. Sends photocopy of duly signed CA and notarized MOA to concerned QUEDANCOR FO through the QOO-LMG for information and reference. |


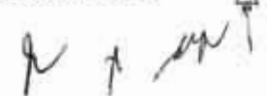
8. SPECIAL PROVISIONS

- 8.1** This circular shall supersede Circular No. 471, series of 2010, and its corresponding amendments including issuances/ memoranda with policies, rules and procedures not consistent with the provisions of this new circular.
- 8.2** QUEDANCOR reserves the right to promulgate through the President and CEO such rules and regulations (including exceptions thereto) and to adopt other measures as may be incidental to, appropriate and necessary for the attainment of the objectives of the various QUEDANCOR programs.

9. EFFECTIVITY

This revised circular shall take effect upon its approval.

1/24/11
Date


FEDERICO A. ESPIRITU MNSA
President and CEO


GUARANTEE AGREEMENT

KNOW ALL MEN BY THESE PRESENTS:

This GUARANTEE AGREEMENT is made and entered into by and between:

QUEDAN AND RURAL CREDIT GUARANTEE CORPORATION, a government owned and controlled corporation organized and existing by virtue of Republic Act No. 7393, with principal office address at QUEDANCOR Center # 34 Panay Avenue, Quezon City, represented herein by its **President and CEO**, _____, hereinafter referred to as "**GUARANTOR**";

- and -

_____,
a banking institution duly organized and existing under the laws of the Philippines with registered office address at _____ represented by its _____, duly authorized to act for and on its behalf per Board Resolution No. ____ dated _____, hereinafter referred to as "**LENDING ENTITY (LE)**";

WITNESSETH:

WHEREAS, under Republic Act Nos. 7393 and 8435, the GUARANTOR is mandated to accelerate the flow of credit and investments into the countryside to support farmers and rural entrepreneurs, and is named as the implementor and manager of the Agriculture Fisheries Credit Guarantee Fund (AFCGF), respectively;

WHEREAS, in pursuit of these statutory mandates, the GUARANTOR re-invented its program for Agricultural Credit Guarantee for Rural Productivity - Agri-fishery and Livelihood Projects (AGRICORP AFLIP) to provide credit and guarantee cover for the various agri-fishery projects of targeted borrowers through a co-financing arrangement with the LE;

WHEREAS, under the program, eligible projects to be funded are agri-fishery based projects which are locally-sourced, labor intensive, export bound, environment-friendly and utilizing market-driven technologies in support for the government's agriculture mission for food sufficiency and modern agriculture;

WHEREAS, GUARANTOR and LE, have agreed to a long-term partnership to extend credit assistance to the targeted clientele by sharing on the loan fund and with the former providing a 100% guarantee on the latter's fund exposure;

NOW, THEREFORE, for and in consideration of the foregoing premises and mutual covenants hereinafter set forth, the parties hereby agree to the following:

OBLIGATIONS OF THE PARTIES

LE shall:

1. Apply for accreditation to participate under the program;
2. Allocate a loan fund based on the agreed sharing with the GUARANTOR;
3. Submit the duly signed Confirmation and Request for Funding (CARF) form to the GUARANTOR prior to the actual release of the duly endorsed loan and indicating therein its intention to request or not for guarantee cover on the account;
4. Release the loan to the borrower within five (5) working days from the date of deposit by the GUARANTOR of its share on the loan as evidenced by a duly signed debit memo.
5. Pay the guarantee fee to the nearest field office of the GUARANTOR within three (3) working days from release of loan to the borrower. The guarantee fee shall be equivalent to one and a half (1.5%) percent per annum based on the LE's share on the outstanding principal.
6. Provide the GUARANTOR one (1) copy of the duplicate/duly certified true copies of all loan and collateral documents including properly and completely filled out Promissory Note of the borrower upon release.
7. Submit to the GUARANTOR a monthly report on **Statement of Bank Transactions** supported by **Statement of Loan Releases** and **Loan Collections** on the 5th working day of the following month. Bank reports shall be supported by debit/credit advice and/or official receipts (OR).
8. From time to time, allow the GUARANTOR's representative access to the borrowers' Loan Ledgers to monitor regular collections.
9. Credit to the GUARANTOR's Savings Account, the share of the former on loan collections within the day payment is received from the borrower by the LE, if cash or immediately after clearance of check, if payment is in check;
10. Pay a penalty of 2.5% per month computed based on the GUARANTOR's proportionate share on the loan amortizations collected from the borrowers for its negligence or failure to credit to the GUARANTOR'S SA its share on loan payments;
11. File a Notice of Default to the GUARANTOR by mail, fax or e-mail within forty-five (45) calendar days from the date of default of a borrower under this program. Non-compliance by the LE to file the ND within the prescribed period may be a ground for denial of the guarantee claim payment.
12. In case the LE decides to withdraw its guarantee claim filed with the GUARANTOR, the LE shall inform the GUARANTOR in writing and execute a Quit Claim, Waiver and Release Agreement to be signed by the LE representative and the GUARANTOR authorized Officer.

13. Provide GUARANTOR with a Subrogation Receipt on the same day of receipt of guarantee claim payment and surrender the original copy of the Certificate of Guarantee Coverage issued by the latter and the original loan, collateral and supporting documents. The subrogation receipt shall assign and transfer LE's claim and demand against defaulting borrower arising from its loan obligation to the GUARANTOR.
14. Allow withdrawal of excess or unused fund from the GUARANTOR's SA within the day said excess or unused fund is determined by its Accountant or Finance Services Department.
15. Bind itself to fully comply with the terms and conditions and its obligations and responsibilities embodied in QUEDANCOR Circular No. _____ on AGRICORP - AFLIP Program which form part of this Agreement;

GUARANTOR shall:

1. Accredit participating LE in accordance with its existing policies and procedures on Accreditation System;
2. Undertake prospecting of clients, evaluation, loan processing, loan documentation, and monitoring of accounts under this program;
3. Open a Savings Account/Trust Deposit with the LE to facilitate funding of the loan and collection of amortization on its share of the loan under this program;
4. Deposit to SA with the LE its corresponding share on the loan based on the 50-50 sharing scheme net of the service fee on its share of the loan;
5. Encourage borrowers to open savings account with the LE through which loan releases shall be credited and loan payments shall be debited;
6. Issue Certificate of Guarantee Coverage to LE after payment of guarantee fee and submission of one copy of the complete set of loan documents of the borrower together with the duplicate copy of the OR of guarantee fee payment;
7. Pay the LE its guarantee claim within 60 days upon submission of proper and complete documents on guarantee claim equivalent to 100% of the LE's loan share on the outstanding principal plus accrued interest up to maturity date or date of demand for full payment, whichever comes first;
8. In case guarantee claim of the LE is denied, remit to LE its share on the loan payments collected within 30 calendar days upon notice of said denial;
9. Regularly coordinate with the LE on matters relating to the implementation of the program to ensure smooth and efficient implementation; and,
10. Bind itself to comply with the terms and conditions embodied in this AGREEMENT and on its obligations and responsibilities under the AGRICORP – AFLIP program and its corresponding amendments.

IN WITNESS WHEREOF, the parties hereunto set their hands this ____ day of _____, 200__, at _____, Philippines.

QUEDAN AND RURAL CREDIT
GUARANTEE CORPORATION
(GUARANTOR)

Name of LE

By:

By:

FEDERICO A. ESPIRITU
President and CEO

SIGNED IN THE PRESENCE OF:

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)

_____) S. S.

BEFORE ME, a Notary Public for and in _____, this
____ day of _____, 20____, personally appeared the
following:

Name	Community Tax Cert. No.	Date and Place Issued

Known to me and to me known to be the same persons who executed the foregoing Guarantee Agreement and acknowledged before me that same is their free act and deed, as well as the agencies/corporation(s) they represent.

This Guarantee Agreement consists of four (4) pages, including the page on which this acknowledgment is written, and have been signed by the parties and their witnesses on the left margin of each page thereof.

WITNESS MY HAND AND SEAL on the date and place first above written.

NOTARY

Doc. No. _____
Page No. _____
Book No. _____
Series of 20 _____

SUPPLEMENTARY GUARANTEE AGREEMENT

KNOW ALL MEN BY THESE PRESENTS:

This AGREEMENT is made and entered into by and between:

QUEDAN AND RURAL CREDIT GUARANTEE CORPORATION (QUEDANCOR), a government owned and controlled corporation organized and existing by virtue of Republic Act No. 7393, with principal office address at QUEDANCOR Center # 34 Panay Avenue, Quezon City, represented herein by its **President and CEO**, _____, hereinafter referred to as "**GUARANTOR**";

- and -

_____,
a banking institution duly organized and existing under the laws of the Philippines with registered office address at _____

_____ represented by _____, in his/her capacity as _____ duly authorized to act for and its behalf per Secretary's Certificate dated _____, hereinafter referred to as "**LENDING ENTITY (LE)**";

WITNESSETH:

WHEREAS, a Guarantee Agreement was entered into among the parties on _____ as contained in Document No. _____, Page No. _____, Book no. _____, Series of 201 ____ of Notary Public _____;

WHEREAS, the QUEDANCOR programs have been expanded to support individual farmers, sole proprietors, cooperatives, partnerships or corporations intending to start/expand/integrate agricultural production, processing and/or marketing project, or to acquire farm implements and production inputs, machineries, equipment and facilities for agricultural production, improvement and/or post harvest efficiency;

WHEREAS, there is a need for supplemental agreement to include the _____;

(Programs to be included)

WHEREAS, _____
(Programs to be included)

entail co-financing by participating Lending Entities / Banks and the GUARANTOR with the latter providing guarantee for the former's exposure, and/or sole guarantee wherein GUARANTOR provides guarantee on the loans fully funded by the LENDING ENTITY;

NOW, THEREFORE, for and in consideration of the premises herein set forth, the Parties have agreed to enter into this Supplemental Guarantee Agreement subject to the following terms and conditions:

Duties and Responsibilities

- 1. That the LENDING ENTITIY commits to participate in the following new programs of the GUARANTOR: *(enumerate programs)*

- 2. That this Agreement and the provisions of the herein attached QUEDANCOR Circulars for Programs _____

(Programs to be included)

shall form integral parts of the aforesited Guarantee Agreement previously entered into between the parties.

IN WITNESS WHEREOF, the parties hereunto set their hands this ____ day of _____, 201__, at _____, Philippines.

QUEDAN AND RURAL CREDIT
GUARANTEE CORPORATION
(GUARANTOR)

Name of LE

By:

By:

President and CEO

LE Representative

SIGNED IN THE PRESENCE OF:

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)

_____) S. S.

BEFORE ME, a Notary Public for and in _____, this _____ day of _____ 200____, personally appeared the following:

Name	Community Tax Cert. No.	Date & Place Issued
------	-------------------------	---------------------

Known to me and to me known to be the same persons who executed the foregoing **SUPPLEMENTARY GUARANTEE AGREEMENT** consisting of three (3) pages including this page on which the Acknowledgement is written and signed by the parties and their instrumental witnesses on each page hereof, and the parties have acknowledged to me that the same is their free and voluntary act and deed.

WITNESS MY HAND AND SEAL on the date and place first above written.

NOTARY

Doc. No. _____
Page No. _____
Book No. _____
Series of 20 _____

Certificate of Accreditation

Pursuant to Items C and L of Section 11, Republic Act No. 7393 – "Set up a system for accrediting the participation in the Corporation's various programs by borrowers lending banks, financing institutions, bonding and insurance companies..." and "Prescribe... determine its operating policies and issue such rules and regulations..."

*having complied with the requirements for accreditation pursuant to
QUEDANCOR Circular No. _____ dated _____, is hereby accredited
to participate as _____
with all the rights and privileges appertaining thereto.*

This certificate of accreditation numbered

CA-Q-000-0000-0000071

*shall be valid for ___ year(s) from date hereof,
unless sooner cancelled, revoked or suspended for cause.*

*In TESTIMONY WHEREOF, I have hereunto set my hand and caused the corporate seal
to be affixed this ___ day of _____ 20__ at Quezon City, Philippines.*



FEDERICO A. ESPIRITU MNSA
President & CEO

NOTICE OF DISAPPROVAL

Date

(Name of Applicant)

(Address)

SIR/MADAME:

Thank you for your interest to participate in QUEDANCOR's various guarantee programs. However, we regret to inform you that your application for accreditation did not meet the qualifications set by QUEDANCOR.

Very truly yours,

QUEDANCOR Authorized Officer

Republic of the Philippines
**QUEDAN AND RURAL CREDIT
 GUARANTEE CORPORATION**

Staple
 2" x 2"
 photo
 of
 applicant

APPLICATION FOR ACCREDITATION

(For Organization)

PROGRAM _____ CONTROL NO. _____
 New Applicant Accredited in other programs

A. PERSONAL PROFILE OF AUTHORIZED REPRESENTATIVE/S

Name	_____	_____	_____
Home Address	_____	_____	_____
Tel. No.	_____	_____	_____
Date of Birth	_____	_____	_____
Civil Status	_____	_____	_____
Educational Attainment	_____	_____	_____
Position in the Organ'n	_____	_____	_____
TIN	_____	_____	_____
CTC No.	_____	_____	_____
Date Issued	_____	_____	_____
Issued at	_____	_____	_____

B. BUSINESS PROFILE

Business Name	_____
Business Address	_____
Type of Business	_____ Starting Capital : _____
Yrs in Operation	_____ Present Capital : _____
Commodities	_____ Loan Amount Applied: _____
Purpose of Loan	_____

Servicing Banks	Location
_____	_____
_____	_____
_____	_____

(Please provide a detailed sketch of principal at the back)

I hereby certify that the foregoing information are true and correct to the best of my knowledge. I further state that I have not been charged or convicted of any crime involving moral turpitude. Likewise, I authorize QUEDANCOR to secure such other information as may be required from any source relative to this application.

 Signature over printed name of borrower

 Date



QUEDANCOR

The Credit & Guarantee Company

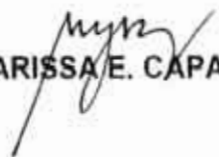
QUEDANCOR
Memorandum No. 723

07 November 2006

TO : All Concerned
FROM : Acting Vice-President, PSO
SUBJECT : CLARIFICATION ON THE REVISED IMPLEMENTING
GUIDELINES ON THE ACCREDITATION SYSTEM

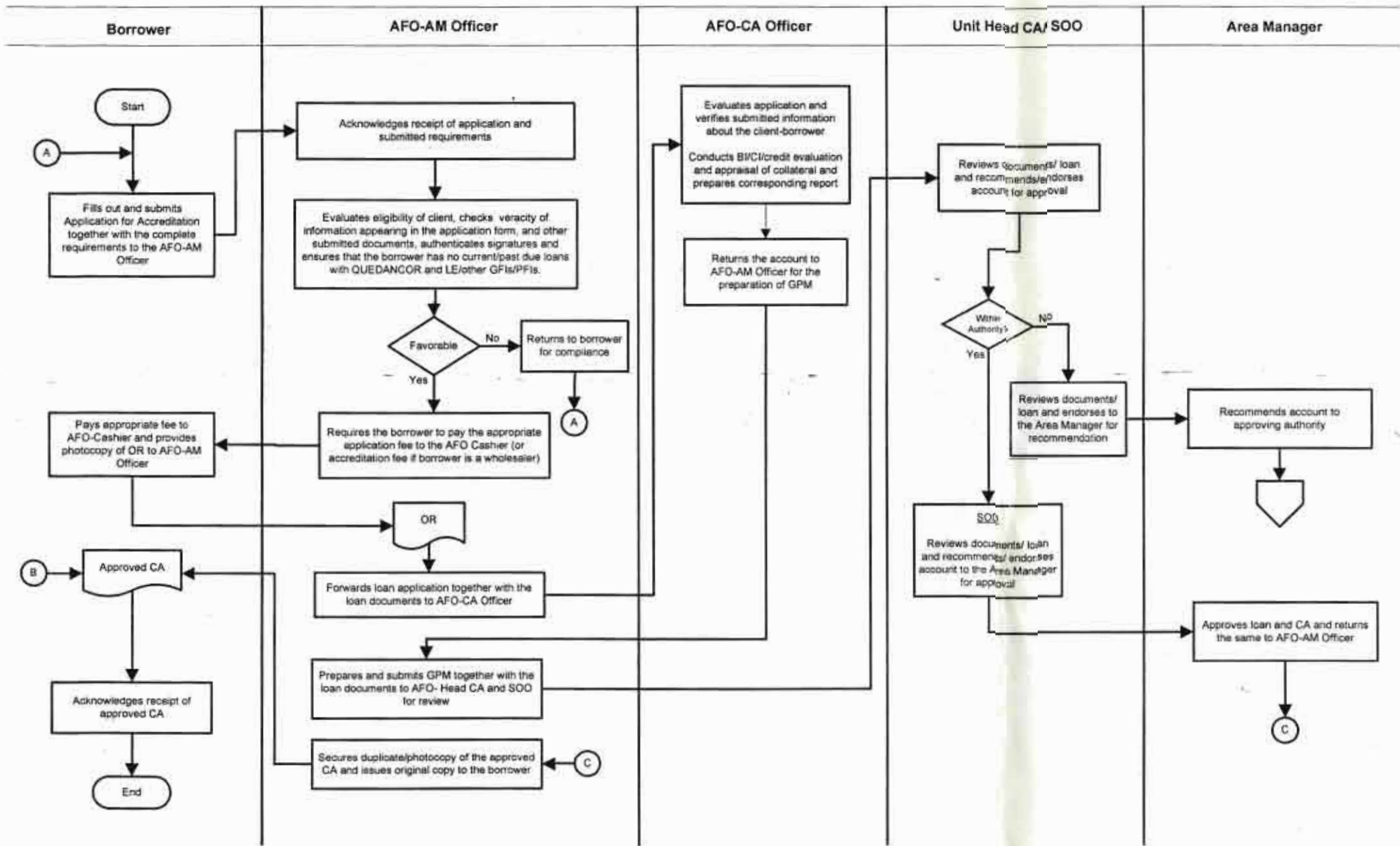
Relative to the implementation of Circular No. 352, Series of 2005 and Circular 414, Series of 2006 otherwise known as the Revised Implementing Guidelines on the Accreditation System, *all policies on accreditation concerning client-borrowers under the Special Window Mode (SWM) shall also apply to the client-borrowers under the Sole Guarantee Mode (SGM).*

Please be guided accordingly.


MARISSA E. CAPARAZ

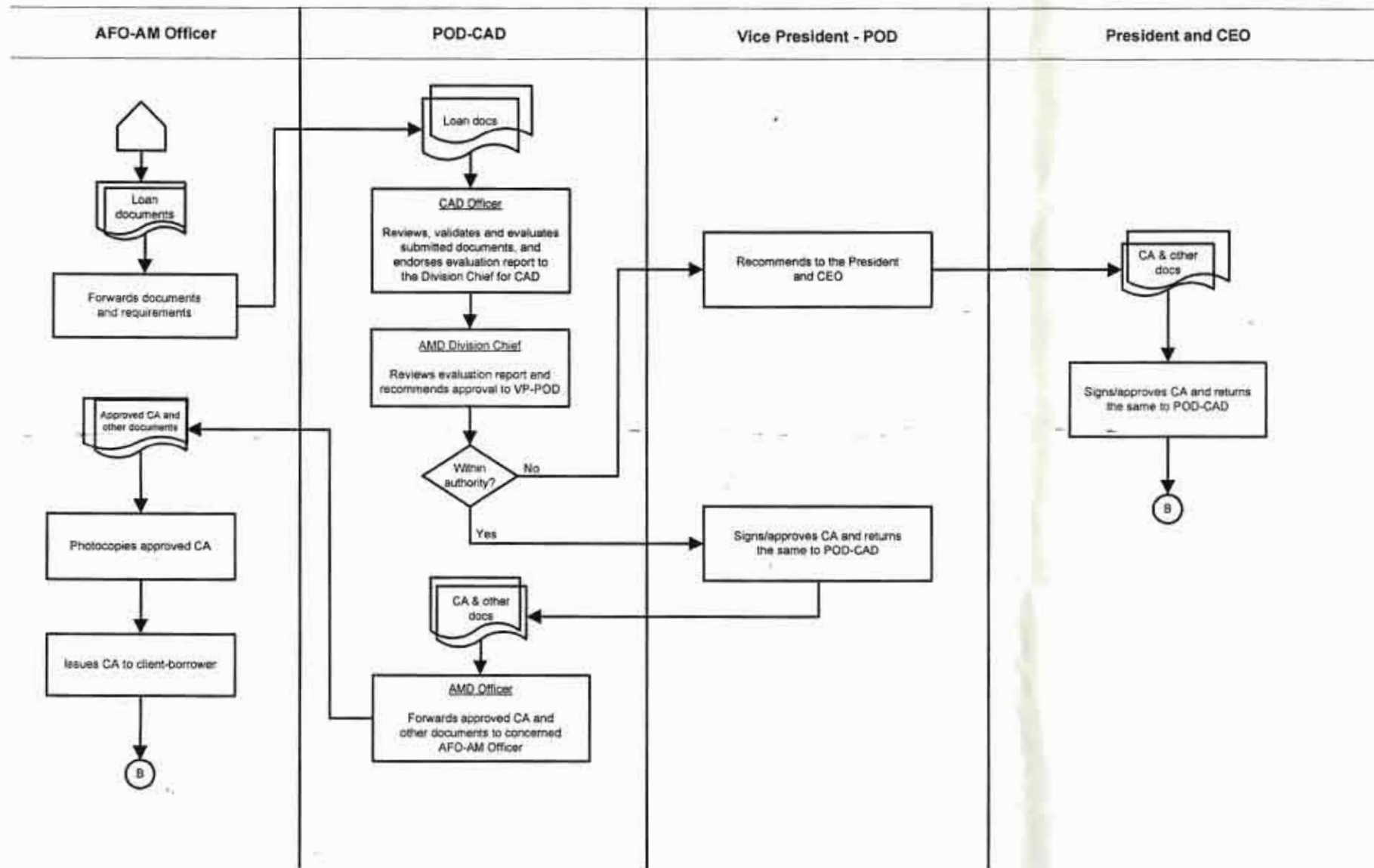
QUEDANCOR ACCREDITATION SYSTEM

APPLICATION FOR BORROWERS



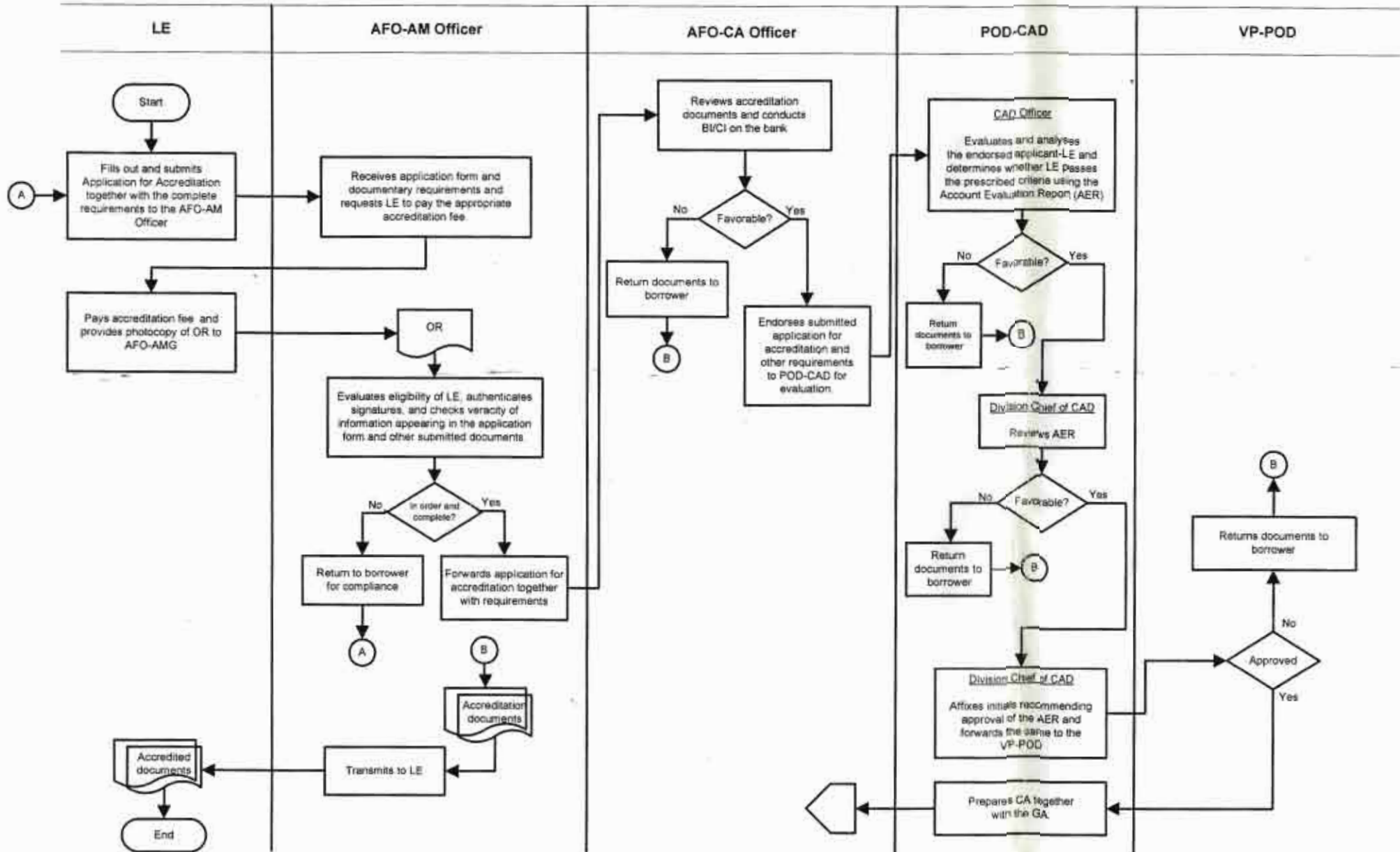
QUEDANCOR ACCREDITATION SYSTEM

APPLICATION FOR BORROWERS



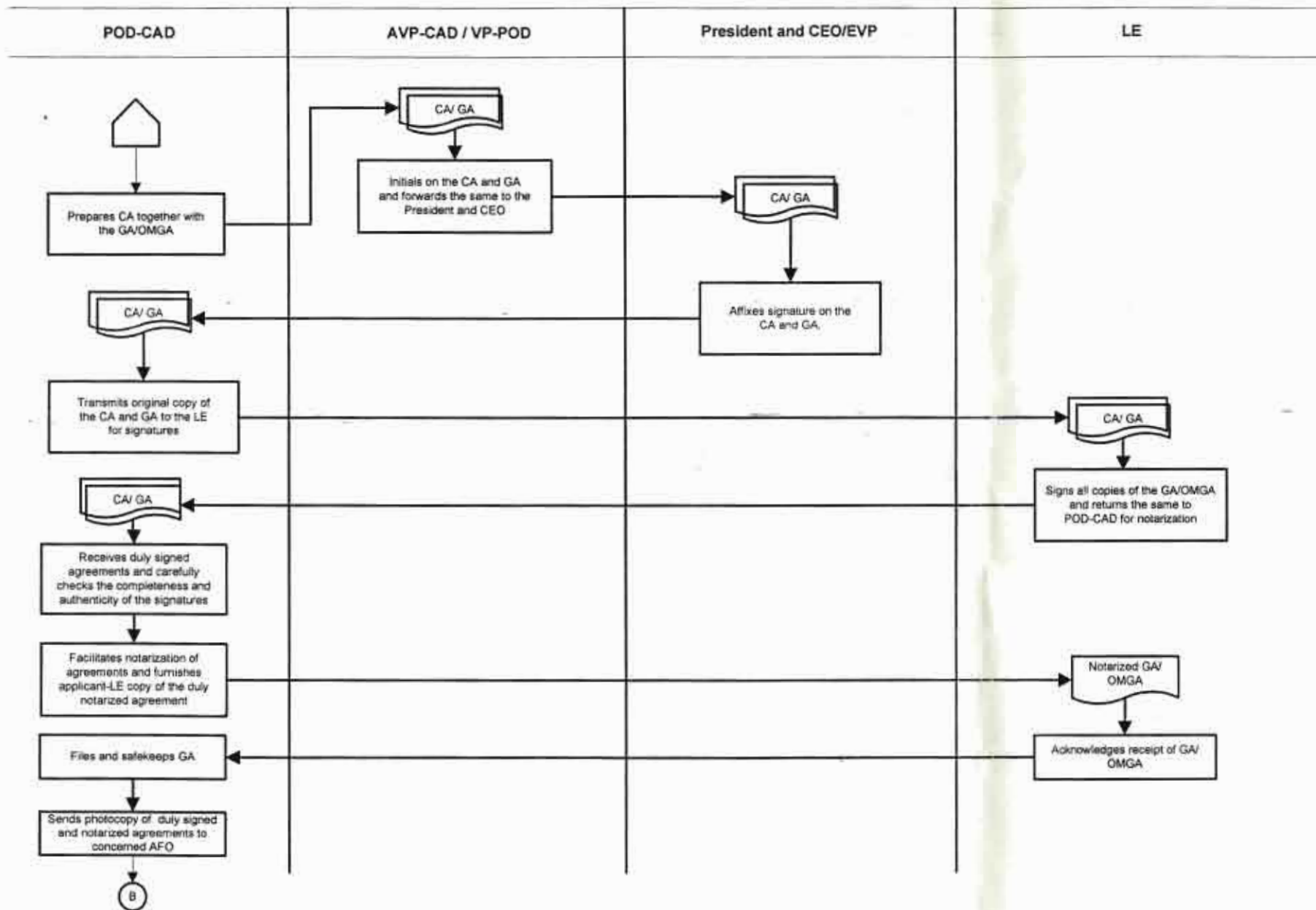
QUEDANCOR ACCREDITATION SYSTEM

APPLICATION FOR LENDING ENTITIES



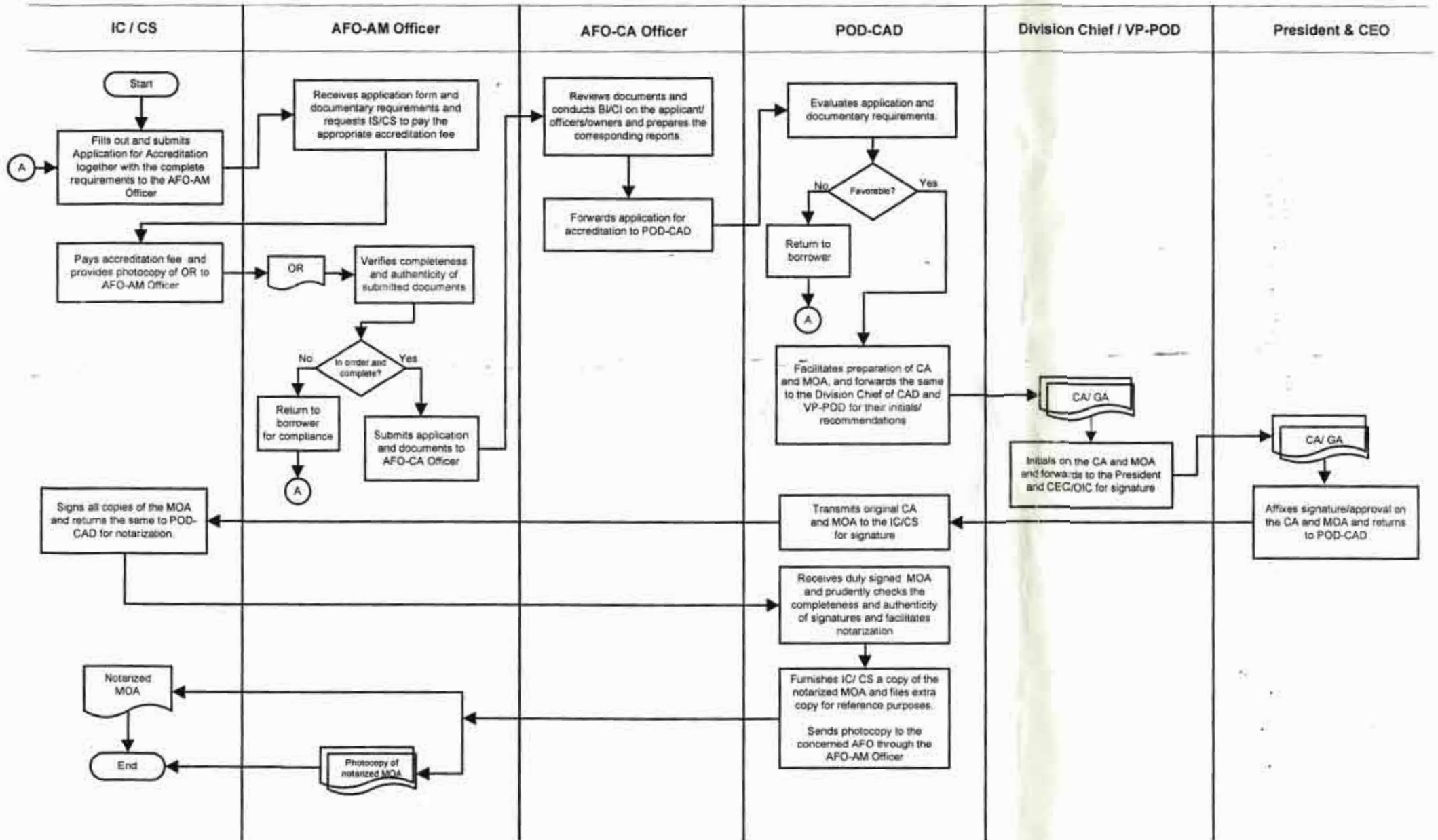
QUEDANCOR ACCREDITATION SYSTEM

APPLICATION FOR LENDING ENTITIES



QUEDANCOR ACCREDITATION SYSTEM

APPLICATION FOR INSURANCE COMPANIES AND COMMERCIAL SUPPLIERS





Republic of the Philippines
Department of Agriculture

QUEDANCOR

Revised

QUEDANCOR
Memorandum No. 166

03 April 2014

TO : All Concerned Officers and Employees
FROM : The OIC – President and CEO
SUBJECT : REVISED SPECIFICATIONS OF AUTHORITY FOR LOANS UNDER THE CREDIT GUARANTEE AND SPECIAL PROGRAMS AND ACCOUNTS UNDER THE VARIOUS QUEDANCOR PROGRAMS FOR REMEDIAL MEASURES

In view of the limitation of manpower complement in our Regional Offices, the Designated Credit Assessment Officer (DCAO) in item A and the QUEDANCOR Amnesty Program in item C are hereby included in the following specifications of authority to be effective immediately:

A. New loans, loan renewals and re-availments

*Loan Amount	Evaluation and Endorsement	Review and Recommendation	Approval
<i>Above P 5 M</i>	RO-CRMO/ DCAO, RAVP, AVP-GMD and VP-CGD	EVP	President and CEO
<i>Above P 3 M up to P 5 M</i>	RO-CRMO/DCAO, RAVP and AVP-GMD	Vice President – CGD	Executive Vice President (EVP)
<i>Above P 200,000.00 up to P 3 M</i>	RO – CRMO/ DCAO and RAVP	Assistant Vice Pres. (AVP) for Guarantee Management Division (GMD)	Vice President – Credit Guarantee Department (VP-CGD)
<i>Up to P200,000.00</i>	Collection and Remedial Management Officer (CRMO)/Designated Credit Assessment Officer (DCAO)	Regional Office (RO) – CRMO/Designated Credit Assessment Officer (DCAO)	Regional Assistant Vice President (RAVP)

*Total loan exposure by QUEDANCOR and/or LE (amount of loan subject of guarantee)

B. Approval of Certificate of Guarantee Coverage (CGC)

Loan Amount	CGC Approval
<i>Above P 5 M</i>	President and CEO
<i>Above P 3 M up to P 5 M</i>	Executive Vice President
<i>Above P 200,000.00 up to P 3 M</i>	Vice President for CGD
<i>Up to P 200,000.00</i>	RAVP

C. Remedial measures such as restructuring, rescheduling, account remediation etc.


*Principal Amount to be Remedied	Evaluation and Endorsement	Review and Recommendation	Approval
<i>Above P 5 M</i>	RO-CRMO, RAVP, AVP-CRAD and VP – CRMD	EVP	President and CEO
<i>Above P 3 M up to P 5 M</i>	RO-CRMO, RAVP and AVP-CRAD	Vice President – CRMD	Executive Vice President (EVP)
<i>Above P 1 M up to P 3 M</i>	RO-CRMO and RAVP	AVP- Collection and Remedial Account Division (CRAD)	Vice President – Collection and Remedial Management Department (CRMD)
<i>Up to P 1 M</i>	CRMO	RO-CRMO	RAVP

**Total outstanding principal balance (QUEDANCOR and/or LE share to be remedied) or the Remaining Outstanding Principal Balance in case of accounts under the ARP and QUEDANCOR Amnesty Program (QAP).*

Loan and collateral documents such as Deed of Real Estate Mortgage, Deed of Assignment, Chattel Mortgage, Promissory Note, etc. which pertain to the processing and approval of loan, whenever applicable, shall be signed and/or approved in accordance with the aforesaid specifications of authority.

This memorandum shall supersede existing QUEDANCOR Memorandum No. 017 dated 15 January 2013 and all other issuances and amendments pertaining to the evaluation, endorsement, review, recommendation and approval of loans and accounts as herein mentioned.

Be guided accordingly.


ATTY. ARMANDO R. CROBALDE, JR.



CIRCULAR No. 492
Series of 2013

QUEDANCOR PROGRAM FOR PRODUCTION INPUTS AND LABOR, FACILITIES, MACHINERY AND EQUIPMENT (PILFAME)

1. RATIONALE

In support of the government thrust on attaining food sufficiency and security as a means of eradicating poverty in the countryside, the creation of economic activities is encouraged to trigger development and provide employment opportunities among the populace. Relatively, QUEDANCOR established the Sole Guarantee Program which aims to promote an effective and efficient credit guarantee system to the agri-fishery sector through the active participation of private lending institutions, such as banks, cooperatives, and other viable credit institutions.

2. OBJECTIVES

- 2.1 Mitigate the risks in agri-fishery lending by providing guarantee for agri-fishery related projects.
- 2.2 Encourage Lending Entities to lend to viable agri-fishery organizations with members like small farmers, fisherfolk, rural workers, livestock raisers and other agri-fishery entrepreneurs.
- 2.3 Enhance the acceptability of QUEDANCOR's guarantee among financial institutions.

3. LEGAL BASES

- 3.1 Republic Act (R.A.) No. 7393 dated 13 April 1992 which mandates QUEDANCOR to establish a credit support mechanism and guarantee system for the benefit of farmers, fisherfolk and other agricultural enterprises.
- 3.2 R.A. No. 8435 dated 09 February 1998 which mandates QUEDANCOR to be the credit guarantee institution for the agri-fishery sector.

4. DEFINITION OF TERMS

- 4.1 **Agri-Fishery Project** – integrated or individual undertaking of agriculture related projects such as marketing, trading, processing, packaging or cultivation of crops, production of livestock/ poultry, culture/ capture/ gathering of fish/ shell/ aquatic/ marine products or other undertaking related thereto.

- 4.2 Agri-fishery Machinery/Implement** – agricultural farm and fishery production and post production facility, machinery, equipment and implements but not limited to threshers, moisture meters, dryers, weighing scales, transport facilities, and any adoptable technology appropriate to modernize Philippine agriculture and fisheries.
- 4.3 Agri-fishery Structure** – agri-fishery structures or facilities but not limited to ice plant, cold storage, grains storage, silos and other processing facilities
- 4.4 Backward Integration** – Type of vertical integration in which a consumer of raw materials acquires its suppliers, or sets up its own facilities to ensure a more reliable or cost-effective supply of inputs.
- 4.5 Bank** – private or government financial institution duly registered and licensed under the Philippine laws by the Bangko Sentral ng Pilipinas.
- 4.6 Borrower** – individual farmer, fisherfolk, rural worker and agri-entrepreneur or a duly licensed and/or registered organization which was granted a loan by QUEDANCOR's accredited Lending Entity.
- 4.7 Cooperative** – an association of persons, duly registered with the Cooperative Development Authority (CDA) with a common bond of interest, who have voluntarily joined together to achieve a lawful common social or economic end, making equitable contributions to the capital required and accepting a fair share of the risks and benefits of the undertaking in accordance with universally accepted cooperative principles.
- 4.8 Corporation** – a juridical person created by operation of law, having the right of succession and the powers, attributes and properties expressly authorized by law or incidental to its existence and duly registered with the appropriate government registering office.
- 4.9 Farmer** – any natural person whose primary livelihood is the cultivation of land or the production of agricultural crops, livestock and aquaculture products in small scale, either by himself or primarily with the assistance of his immediate farm household or worker, whether he or another person owns the land under a leasehold tenancy agreement or arrangement with the owner thereof, and there is no employer-employee relationship.
- 4.10 Federation** – secondary level organization which has primary cooperatives/ associations as members.
- 4.11 Fisherfolk** – any natural person whose primary livelihood is fishing or catching and/or gathering of other marine products in small scale, either by himself or with the assistance of his immediate household or workers, whether the vessel, boat and other equipment used is owned by him or by another person under the lease or other arrangement with the owner thereof, and there is no employer-employee relationship.
- 4.12 Forward Integration** – refers to a growth business strategy that undertakes forward activity in the supply chain (e.g. from producing agri-fishery products to processing and marketing of the products and its by-products).

- 4.13 Group Credit Life Insurance (GCLI)** – is an insurance issued to the creditor on the lives of his debtors to pay the amount of indebtedness in the event of death of the latter. This is legitimately to reduce the problem of collection from a deceased estate.
- 4.14 Guarantee Fee** – a fee charged by QUEDANCOR from LEs to cover perceived risks and operating expenses incurred in the processing of applications for guarantee coverage and claims including various inspection and visitation activities.
- 4.15 High Value Commercial Crops** – non-traditional crops or cash crops that have competitive returns on investment when traded in fresh or processed form, vis-à-vis alternative investment opportunities.
- 4.16 Lending Entity (LE)** – private or government lending institutions, such as banks, cooperative banks and other similar institutions that are specifically accredited by QUEDANCOR to participate in this program.
- 4.17 Livestock** – domestic animals raised for use or sale, such as cattle, sheep, swine and the like.
- 4.18 Local Government Unit (LGU)** – municipalities, provinces and cities within the purview of the Local Government Code.
- 4.19 Marketing** – the business activity of promoting the flow of goods from producers to consumers which encompasses among others, buying, grading, storing, transporting, packaging, wholesaling and retailing.
- 4.20 Mortgage Redemption Insurance (MRI)** – A form of life insurance which pays for the mortgage of the insured borrower in case of untimely death.
- 4.21 Non-Bank** - private or government financial institution not regulated by the Bangko Sentral ng Pilipinas but duly registered and licensed under the Philippine laws by appropriate government agency.
- 4.22 Non-Government Organization/Peoples Organization (NGO/PO)** – private, non-profit voluntary organization, committed to the task of socio-economic development and established primarily for service.
- 4.23 Partnership** – a group of two or more persons, not necessarily registered with a government registering office, who bind themselves to contribute money, property or industry to a common fund with the intention of dividing profits among themselves.
- 4.24 Production** – the cultivation, growing, raising or tending of crops/ livestock/ poultry/marine products in the open field or under controlled conditions.
- 4.25 Production Inputs** – agri-fishery inputs such as but not limited to seeds, seedlings, organic and inorganic fertilizers, pesticides, herbicides, feeds, hybrid animal stocks, fish meals, broilers, fryers, roosters and other production inputs.

- 4.26 Recovery** – collections from accounts with filed guarantee claims or subrogated accounts. This shall include cash payments and non-cash settlement arising from foreclosure, payment-in-kind or conversion of receivable to investment.
- 4.27 Revolving Credit Line** – a line of credit where the customer pays a commitment fee and is then allowed to use the funds when they are needed. It is usually used for operating purposes, fluctuating each month depending on the customer's current cash flow needs.
- 4.28 Rural Workers** – rural workers or employees employed by private business/ rural enterprises, government branches/units or LGUs venturing into viable livelihood and agri-fishery project to augment their family's income.
- 4.29 Sole Guarantee Mode (SGM)** – a lending mode wherein QUEDANCOR provides guarantee cover on the loan of eligible borrowers fully funded by the LE.
- 4.30 Sole Proprietor** – a natural person other than farmers/ fisherfolk/ rural workers owning a licensed/registered business enterprise and engaged in commercial activity, earns all profits and assumes all losses.
- 4.31 Subrogated Account** – account with paid guarantee claims where the LE issues a subrogation receipt in favor of QUEDANCOR, assigning and transferring its claim and demand against the defaulting borrower arising from the said borrower's loan obligation.
- 4.32 Wholesale- lender** – a loan applicant/borrower with re-lending activities

5. SCOPE

5.1 ELIGIBLE PROJECTS

- a. Projects for production inputs and labor by duly registered and viable rural cooperatives;
- b. Marketing/ trading/ distribution/ retailing/ wholesaling/ packaging/ processing or manufacturing of agri-fishery commodities such as grains, fisheries, livestock and poultry, high value commercial crops and its by-products, including projects with backward/forward integration; and
- c. Projects involving acquisition/fabrication and upgrading/ repair of agri-fishery machinery/ implement and equipment/ construction/ acquisition/ upgrading of agri-fishery facilities (i.e. production and post harvest facilities, etc.) or structure and the like.

5.2 ELIGIBLE LENDING ENTITIES

Any Lending Entity (LE) that has passed QUEDANCOR's accreditation process.

5.3 ELIGIBLE CLIENTELE

Any individual person or entity with viable agri-fishery project and has been qualified for a loan by Quedancor accredited LE.

6. STATEMENT OF POLICIES

6.1 PURPOSE

Provides guarantee cover for loans of eligible borrowers engaged in viable agri-fishery related projects/activities, including new activity involving backward/forward integration.

6.2 ELIGIBILITY REQUIREMENTS

6.2.1 For Lending Entity

a. Banks

1. Must have been in operation for at least two (2) years with lending policies and procedures in place;
2. Must be duly licensed/ authorized to operate by the Bangko Sentral ng Pilipinas (BSP);
3. Must have an acceptable past due ratio per BSP standards;
4. Must have a Capital Adequacy, Asset Quality, Management, Earnings, Liquidity, Sensitivity to Market Risk (CAMELS) rating of 3 and below; and
5. Must have officers of good moral character.

b. Non-Banks

1. Must be exposed/ engaged in viable agri-fishery project business;
2. Must have a satisfactory management capability to undertake lending activity, as evidenced by:
 - At least two (2) years track record in lending operations with established lending policies and procedures;
 - Presence of financial and internal control system consistent with the generally acceptable accounting principles; and
 - Presence of full-time and qualified management staff
3. Must pass the following criteria:
 - Latest net worth of at least P1,000,000.00.
 - Acceptable long term debt to equity ratio not exceeding 5:1;
 - Past due rate of not more than 25% and collection rate for current loans of not less than 70%; and
 - With positive growth capital accounts/assets and positive trend in profitability for the last two (2) years of operations.
4. Must not have past due loans with Quedancor and/or with other lending institutions/banks; and
5. Must have officers of good moral character.

6.2.2 For Loan Applicant

1. Must not have an outstanding past-due loan with the LE and/or Quedancor;

Additional Eligibility Requirements if Client is an Entity

2. Must be duly registered/licensed by appropriate government agency;
3. Must have juridical personality to contract/borrow/lend money;

Additional Eligibility Requirements if Client is a Wholesale-lender

4. Must have at least 2 years track records in lending with satisfactory results;
5. Must have latest net worth of at least P300,000.00;
6. Must have an acceptable long term debt to equity ratio not exceeding 5:1;
7. Must have a past due rate of not more than 25% and collection rate of not less than 70% for current loans; and
8. Must have a positive growth of capital accounts/assets and profitability for the past two (2) years of operations.

6.3 COLLATERAL/SECURITY REQUIREMENTS

Loans or portions of the loan up to P200,000.00 shall not require collateral but in no case shall the unsecured portion to be guaranteed be more than fifty percent (50%) of the total loan.

Example 1	
Amount of Loan	P 500,000.00
Maximum unsecured portion to be guaranteed	200,000.00
Required Value of Collateral	300,000.00

Example 2	
Amount of Loan	P 250,000.00
Maximum unsecured portion to be guaranteed	125,000.00
Required Value of Collateral	125,000.00

6.4 LOANABLE AMOUNT

The amount of loan shall be at the discretion of the LE. This must be based on the project requirement and capacity of the client to pay.

6.5 INTEREST RATE AND OTHER BANK CHARGES

These shall be at the discretion of the LE.

6.6 GUARANTEE FEE

The guarantee fee (GF) shall be 3% per annum of the guaranteed amount/outstanding principal which shall be paid by the LE to QUEDANCOR. For loan term of more than one (1) year, GF for the succeeding years shall be paid by the LE on or before the start of every anniversary date of release of the loan. Non-payment of GF by the LE on the said date shall mean non-renewal of Certificate of Guarantee Coverage (CGC) (Annex A) issued.

6.7 INSURANCE COVERAGE

6.7.1 MORTGAGE REDEMPTION INSURANCE (MRI)

The MRI shall be secured by the borrower from the LE's affiliated Insurance Companies upon approval of the Loan and Guarantee Application (LAG) (Annex B) and prior to the issuance of guarantee cover by QUEDANCOR. The MRI shall cover the principal loan and its corresponding interest for the period covered. For loan term of more than one year, the MRI shall be renewed every anniversary date of release of loan based on the outstanding principal and its corresponding interest for the covering year.

In case of non-renewal of MRI, the loan shall no longer be eligible for guarantee cover.

6.7.2 GROUP CREDIT LIFE INSURANCE COVERAGE (GCLI)

The GCLI shall be secured by the borrower from QUEDANCOR accredited insurance companies in cases where the accredited LE has no affiliated Insurance Companies.

For loans of more than one year, GCLI shall likewise be renewed on or before the anniversary date of the loan release. In case of non-renewal of the same, the loan shall no longer be eligible for guarantee cover.

6.7.3 PROCEEDS OF MRI/GCLI

Proceeds of claim against the MRI/GCLI shall be applied to the loan of the borrower and shall no longer be eligible for guarantee claim. However, any excess amount after fully satisfying the loan shall be given to the borrower's beneficiaries.

6.8 INSURANCE PREMIUM PAYMENT BY THE BORROWER

The MRI premium payment shall be deducted by the concerned LE from the borrower's loan proceeds. However, if the GCLI is to be secured from QUEDANCOR accredited insurance companies then its premium whether for new loan, renewal or remediated account shall be paid by the borrower to QUEDANCOR Regional Office (RO) and shall follow the rules and procedures provided for in Item b. 7 of Quedancor

6.9 TERM OF LOAN

PROJECT	LOAN TERM
Production Inputs and Labor	Suggested Loan Term per commodity/crop (Exhibit A); Depending on the cash flow of the project but not to exceed three (3) years
Acquisition/Fabrication/Repair of Agri-Fishery Machinery and Equipment	Depending on the cash flow of the project but not to exceed five (5) years and 50% of the optimum economic life of the Machinery/Equipment
Acquisition and Construction/ Repair of Agri-fishery Facilities/Structures	Depending on the cash flow of the project but not to exceed seven (7) years and 50% of the optimum economic life of the Facilities/Structures
Marketing/Trading/Processing/Manufacturing	Depending on the cash flow of the project but not to exceed three (3) years

6.10 MODE OF PAYMENT

The loan shall be payable monthly, quarterly, semi-annually or other mode of payment which may be deemed appropriate depending on the type of loan, commodity and cash flow of the project as recommended/approved by the LE and concurred by the authorized signatories of QUEDANCOR.

6.11 LOAN RELEASE

The LE shall release the loan within fifteen (15) calendar days upon receipt of the approved LAG in full or in tranches depending on the fund requirements of the project/activity.

6.12 RENEWAL, RE-AVAILMENT, ADDITIONAL LOAN and PRE-TERMINATION

The loan renewal, re-availment, additional loan and pre-termination shall be at the discretion of the LE. However, loan renewal, re-availment and additional loan shall follow the usual processing of application for guarantee coverage. For pre-termination of loan, LE shall inform Quedancor and provide proof of pre-termination.

6.12.1 Treatment and Approval of Additional Loan

To be eligible for guarantee, the additional loan involving the same or related project such as those involving backward or forward

integration, shall be treated as one loan portfolio, and shall be evaluated, recommended and approved based on the total amount availed and to be availed (original loan plus the additional loan) by the appropriate approving authorities of both the LE and QUEDANCOR. Additional loan involving a different project shall not be allowed.

7. MECHANICS OF IMPLEMENTATION

7.1 PROGRAM PROMOTION AND SUPERVISION

The Credit and Guarantee Department (CGD) in coordination with the Public Information Office (PIO) and Quedancor Regional Offices shall promote the program to prospective lending entities to orient them on its objectives, features and mechanics of implementation. Quedancor and concerned LE shall likewise promote the program to prospective clients.

It shall be the primary responsibility of CGD to oversee the overall implementation of the program by the field offices in coordination with other departments/units of the corporation and concerned government and private agencies.

7.2 LE ACCREDITATION

LE intending to participate under this program shall apply for accreditation with QUEDANCOR and shall submit the following documentary requirements:

a. General

1. Application for Accreditation;
2. Two 2x2 photos of officers/authorized representatives;
3. Board Resolution authorizing the LE to participate under the specified program and designating at least two (2) authorized representatives thereof with specimen signatures;
4. Duly certified copy of Permit/License/DTI/SEC Registration, whichever is applicable;
5. Duly certified copy of Articles of Incorporation and By-Laws, and amendments thereto (if any); and
6. Tax Clearance from the Bureau of Internal Revenue (BIR) or certified copy of latest income and business tax returns duly stamped and received by the BIR, and duly validated copy of Revenue Official Receipt (ROR) for tax payments made, if applicable.

b. For Banks

1. Duly certified copy of Financial Statements using the BSP prescribed form, duly received by the BSP for the *past two (2) years and interim FS*;
2. Duly certified photocopy of the Bank's Report on Required and Available Reserves against Deposit Liabilities submitted to the BSP for the past four (4) weeks immediately preceding the date of application; and

3. Latest BSP examination report reflecting the bank's CAMELS rating.

Participation in the program by originating or secondary banks shall be deemed compliance with the Agri-Agra Law.

c. For Non-Banks

1. Duly certified copy of audited Financial Statements for the past two (2) years and interim FS; and
2. Duly certified copy of credit policies and procedures.

The aforementioned documents shall be submitted either directly to the CGD/Accreditation Division (ACD) or to the concerned QUEDANCOR Regional Office. QUEDANCOR and LE shall execute a Guarantee Agreement upon approval of the latter's application for accreditation.

7.3 ACCREDITATION FEE

7.3.1 FOR LE

LE intending to participate under the various programs of QUEDANCOR shall pay an accreditation fee upon submission to QUEDANCOR of application and documentary requirements and on every renewal thereof, as follows:

Type of Client/ Organization	Accreditation Fee Cash Payment of:	Validity
Universal/Commercial/ Savings and Thrift Banks	P5,000.00	5 years
Rural and/or Cooperative Banks	P3,000.00	5 years
Non-Bank (i.e. Cooperatives, Federations, NGOs, etc.)	P2,500.00	5 years

7.3.2 FOR BORROWERS

Guarantee applicants shall pay an accreditation fee based on the following:

Type of Client/ Organization	Accreditation Fee Cash Payment of:	Validity
Farmer/ Fisherfolk/ Retailers/ Urban/ Rural Workers and Sole Proprietorship	P500.00 For loans P50,000.00 & below	Term of Loan
	P750.00 For loans above P50,000.00 to P150,000.00	Term of Loan
	P1,000.00 For loans above P150,000.00	Term of Loan
NGOs/ POs / Associations/ Cooperatives/ Federations	P1,500.00 For loans up to P500,000.00	Term of Loan

	P2,000.00 For loans above P500,000.00 to P2.5M	Term of Loan
	P2,500.00 For loans above P2.5M	Term of Loan
Partnerships and Corporations	P2,500.00 For loans up to P2.5M	Term of Loan
	P3,000.00 For loans above P2.5M up to P5.0M	Term of Loan
	P5,000.00 For loans above P5.0M	Term of Loan

If borrower opts to renew or fully pay the loan before its maturity and subsequently applies for a new loan/guarantee coverage, he/she/it shall pay a new accreditation fee and submit updated requirements.

7.4 LOAN AND GUARANTEE PROCESSING AND APPROVAL/ DISAPPROVAL

The LE shall forward to the concerned Quedancor Regional Office its Credit Evaluation Report (CER) on borrower's loan being applied for guarantee with the duly accomplished LAG which shall be signed by the concerned LE authority. Upon receipt of the CER and LAG from LE, the Regional Office-Collection and Remedial Management Officer/Designated Loans Management Officer (RO-CRMO/DLMO) shall check the authenticity and completeness of data. If complete, in order and qualified for guarantee, the RO-CRMO/DLMO shall require the borrower to pay the accreditation fee and comply with the MRI/GCLI. However, if there is a need to further evaluate the account then the RO-CRMO/DLMO shall require from LE and/or the borrower the appropriate documents. Thereafter, RO-CRMO/DLMO shall forward/ endorse the account to the Collection and Remedial Management Officer/Designated Credit Assessment Officer (CRMO/DCAO) for its review on the BI/CI on the applicant/co-makers/ authorized representatives/officers, appraisal/inspection of collateral and viability of the proposed project. CRMO/DCAO's evaluation report with the supporting documents shall be attached to the LAG and depending on the result of the evaluation the RO-CRMO/DLMO shall make the appropriate recommendation for loans up to P200,000.00. However, for loans above P200,000.00, the conduct of evaluation and endorsement, review and recommendation shall be done by QUEDANCOR personnel based on the latest Specifications of Authority. The LAG shall then be signed by Quedancor authorized signatories. Only after a favorable result that the borrower will be advised to pay the accreditation fee and comply with the MRI/GCLI.

N.B. The concerned RAVP shall be responsible in appointing the DLMO and DCAO.

Upon approval/disapproval of guarantee application by QUEDANCOR, a copy of the LAG shall be transmitted back to the LE for loan release/information to the applicant.

LE must release the loan within fifteen (15) calendar days from the receipt of the approved LAG otherwise the loan shall not be eligible for guarantee cover.

7.5 LOAN DOCUMENTATION

Proper loan documentation shall be the sole responsibility of the LE. Original copies of Promissory Note (PN), loan, collateral and supporting documents shall be retained by the LE. Same set of documents will be provided to the borrower while Quedancor will keep copies of LE's CER, LAG, PN and Schedule of Loan Amortization. If further credit evaluation was conducted by Quedancor then copies of CRMO/DCAO's BI/CI and, evaluation with the supporting documents shall also be kept in the borrower's file.

7.6 LOAN AMORTIZATION

The borrower shall pay the loan amortization directly to the LE on the scheduled amortization dates specified in the PN which shall issue the corresponding Official Receipt (OR). For accounts with filed guarantee claim, the borrower shall pay the loan amortizations directly to Quedancor. In the event that the LE's guarantee claim is denied, Quedancor shall remit to LE all collections received from the borrower within thirty (30) calendar days from the date when the guarantee claim is denied.

7.7 REMEDIAL ACTION

Remedial action for guaranteed accounts may be undertaken by LE and may still be applied for guarantee.

7.8 PROJECT MONITORING AND SUBMISSION OF REPORT

Periodic inspection and close monitoring of the project shall be undertaken by the Quedancor Regional Office and LE personnel.

7.8.1 FOR QUEDANCOR REGIONAL OFFICE

The concerned Quedancor Regional Office shall submit to the CGD a Monthly Accounts Status Report (Annex C) based on the data gathered from the documents on hand and update from the LE, every 15th day of the following month.

7.8.2 FOR LE

Likewise, the LE shall submit a Monthly Status Report on all guaranteed loans to the concerned Regional Office every 7th day of the following month.

7.9 CERTIFICATE OF LOAN SETTLEMENT

Upon partial/full settlement of the loan, the LE shall submit to Quedancor a copy of the Certificate of Loan Settlement (Annex D) within ten (10) calendar days from date of payment.

8. RULES ON GUARANTEE COVERAGE

8.1 Guarantee Cover

Quedancor shall guarantee up to 85% of the outstanding loan principal applied for guarantee cover plus accrued interest up to maturity or date of demand for full payment, whichever comes first. For Revolving Credit Line (RCL), the guarantee is issued based on the actual draw down within the approved credit line. However, for remediated account, guarantee cover shall be on the outstanding loan principal only.

8.2 Leveraging Ratio

Quedancor's total guarantee exposure on outstanding loans shall not, at any given time exceed five (5) times its net worth/available guarantee fund. The Quedancor CGD and Treasury Department shall coordinate closely with each other to ensure that QUEDANCOR maintains a total guarantee exposure on the outstanding loans under the program based on its net worth/available guarantee fund. The former shall provide total loans guaranteed while the latter shall certify available guarantee fund/net worth.

8.3 Co-Guarantee Arrangement with the NGO/PO on the Loan of Rural Cooperatives

In case of rural cooperatives availing loans for the purchase of production inputs and hiring of labor, Quedancor may seek a 50-50 co-guarantee arrangement with the sponsoring or endorsing NGO/PO/LGU or Federation. However, guarantee fee paid by the LE shall be for account of QUEDANCOR only to shoulder for the processing of guarantee application and monitoring of account.

The co-guarantee arrangement shall be covered by a Memorandum of Agreement between Quedancor and the sponsoring or endorsing NGO/PO/LGU. NGO's/PO's/LGU's share in the guarantee fund shall be transferred to QUEDANCOR in the form of a Trust Fund prior to release of loan by the LE to the sponsored/endorsed rural cooperative. In case of a guarantee call, QUEDANCOR shall pay the LE its guarantee claim sourced from the combined guarantee fund of QUEDANCOR and sponsoring NGO/PO/LGU.

All collections from date of filing of guarantee claim by the LE shall be shared equally by QUEDANCOR and the sponsoring/ endorsing NGO/PO/LGU.

8.4 Procedure for Guarantee Coverage

The LE applying for guarantee coverage must submit the following *documents with the corresponding guarantee fee* to Quedancor within fifteen (15) calendar days from date of loan release/drawdown and/or approval for account remediation:

- a. Request for Guarantee Coverage (RGC) (Annex E);
- b. Copy of PN or approval for account remediation;
- c. Photocopy of Co-Maker's Statement, if any;
- d. Schedule of Amortization;
- e. Statement of Credit Line Utilization (SCLU) (Annex F) for RCL; and
- f. MRI/GCLI Policy or any proof of insurance coverage.

The concerned Quedancor designated personnel shall verify the completeness of the documents and ensure that it complies with the policies of this circular. If complete and in order, the said personnel shall then assist the LE in paying the guarantee fee to the respective Quedancor Cashier who shall issue the corresponding OR. The OR date shall be considered as the date of filing/submission of RGC. RGC submitted beyond the prescribed filing period shall be automatically denied. Should the requirements submitted be defective and/or incomplete and were inadvertently received by QUEDANCOR, the guarantee coverage shall not effectuate and the guarantee fee paid by the LE shall be refunded.

8.5 Issuance of Certificate of Guarantee Coverage

The CGC shall be issued upon signing by the authorized Quedancor Officer. All issued CGCs must bear control number to be provided by the CGD/Guarantee Management Division (GMD). It shall prepare a monthly report on the CGCs issued and Summary of Guaranteed Loans to be submitted to the Accounting and Budget Department (ABD) every 21st working day of the following month. Said reports shall be used by the Budget and Management Division (AMD) in monitoring the loans guaranteed by the corporation.

8.6 Effectivity date of Guarantee Coverage

TERM OF LOAN	EFFECTIVITY DATE
Up to 1 year	From the date of loan release Up to maturity date
More than 1 year	1 year from date of loan release and renewable yearly on or before its anniversary date, up to maturity date
For RCL	from the date of actual loan drawdown up to maturity within the approved term of the credit line

8.7 Requirements for Renewal of Guarantee Coverage

The LE shall submit the following requirements for the renewal of guarantee coverage together with the RGC and corresponding guarantee fee

- a. Statement of Account;
- b. MRI/GCLI Policy or any document that will prove its renewal; and
- c. Statement of Credit Line Utilization for RCL.

Non-payment of the guarantee fee on or before the anniversary date of the guaranteed loan account shall mean non-renewal/non-issuance of QUEDANCOR's guarantee cover. QUEDANCOR shall have the option not to renew the guarantee coverage for loan with a term of more than one year due to justifiable reason/s when LE applies for the renewal.

8.8 Notice of Default

In the event that the borrower fails to pay the loan amortization, whether in part or in whole, the LE must file a Notice of Default (ND) (Annex G) within forty-five (45) calendar days from date of default with the Office of the Quedancor President and CEO thru the concerned Quedancor Regional Office. Upon receipt of the ND, the designated CRMO shall ascertain the default, determine any partial payment and jointly with LE, takes whatever action or legal remedy available to collect the remaining loan payments or minimize loss on collateral or security within thirty (30) days from issuance of the ND. Failure of the LE to file the ND within the prescribed period shall be a ground for denying its guarantee claim.

8.9 LE's option to Claim Against QUEDANCOR Guarantee

In case of default, the LE has the option to foreclose the collateral or file a case against the borrower in lieu of filing a guarantee claim. Within fifteen (15) calendar days from date of such action taken, LE shall accordingly inform QUEDANCOR in writing.

8.10 Claim for Guarantee Payment

LE may claim for guarantee payment when the loan account is in arrears for three (3) amortizations for monthly, one (1) amortization for both quarterly and semi-annually or the loan is not settled upon maturity.

The Claim for Guarantee Payment (Annex H) with the certified true copies of the following documents are required in filing a guarantee claim within thirty (30) calendar days from filing of ND otherwise the guarantee claim shall be denied:

- a. Affidavit of Non-Payment (Annex I) executed by the duly authorized LE Officer;
- b. Promissory note;
- c. Statement of account as of date of filing of guarantee claim;
- d. Loan ledger updated as of date of filing of guarantee claim;
- e. Duly received demand letter(s) issued by the LE or proof of registry receipt/return card;
- f. Certificate of Guarantee Coverage;
- g. Official Receipt (O.R.) of guarantee fee payment; and
- h. Collateral documents (if any).

Claim for guarantee payment shall be submitted by the LE to the concerned RO-CRMO/DLMO who shall then verify its completeness. The Regional Asst. Vice President (RAVP) shall review the guarantee claim and forward it to CGD/GMD for processing. An acknowledgment letter shall be sent by the CGD/GMD. If defects/ deficiencies are discovered in the claim documents

while being processed, the LE shall be informed in writing to make the immediate correction/compliance.

8.11 Payment of Guarantee Claim

QUEDANCOR shall pay the LE within sixty (60) calendar days from submission of complete required documents mentioned in item 8.10.

8.12 Subrogation of Rights

QUEDANCOR shall ensure that the LE surrenders the original copies of CGC, PN (original duplicate copy, if the claim is a portion only of the total loan extended by the LE), collateral/security documents (if applicable) and issues a Subrogation Receipt (Annex J) on the same day of guarantee claim payment. The subrogation receipt assigns and transfers to QUEDANCOR the claim and demand against defaulting borrower arising from the said borrower's loan obligation.

8.13 Recoveries

1. Payments made by the borrower to LE from date of filing of guarantee claim shall be recorded as recoveries and shall be remitted by the LE to QUEDANCOR.
2. In case LE collected payments from the borrower while the guarantee claim is still in process, the former shall remit all collections to QUEDANCOR or they have the option to withdraw their claim from QUEDANCOR, whichever is applicable.

8.14 Grounds for Cancellation/Nullification of Guarantee

Any of the following shall be a ground for cancellation or nullification of ~~guarantee coverage and/or non-payment of guarantee claim:~~

1. Collusion between and/or among the borrower, Quedancor Regional Officer and LE in the extension of credit such as but not limited to the following:
 - a. When the borrower and the employee/s of Quedancor/LE enter into an agreement for fraudulent purposes or whenever said parties conspire to defraud Quedancor; and
 - b. When LE officer/employee acquiesces, consents or agrees with anyone to the granting of loan to unqualified borrower.
2. When any LE officer/employee fails to apply in payment of the borrower's loan any amount authorized to be deducted from a deposit account and subsequently allows withdrawal by the borrower without payment of the loan to the prejudice of QUEDANCOR;
3. When the LE makes false statement, misrepresentation, omission or concealment in the reports submitted and/or in the guarantee claim filed with Quedancor;

4. When LE releases a loan that is not favorably recommended, or exceeds the amount or term of loan recommended by the duly authorized QUEDANCOR representative, or has incomplete or defective documentation and/or is not covered by the recommended collaterals; and,

5. When LE holds-out any portion of the borrower's loan.

Any of the aforementioned grounds shall not preclude QUEDANCOR from canceling or nullifying its guarantee coverage for violation of this Circular or for other causes involving fraud, bad faith or other machinations.

9. OPERATING PROCEDURES

Responsible	Responsibility
Regional Office-Collection and Remedial Management Officer/Designated Loans Management Officer (RO-CRMO/DLMO)/CGD/PIO	1. Conducts program promotion/briefings and client prospecting in coordination with the Lending Entity (LE).
Borrower	2. Files loan application with the LE.
Lending Entity (LE)	3. Verifies completeness of documents, checks authenticity of the borrower's signatures, thumb marks and other submitted documents. If valid/complete and in order, conducts evaluation, BI/CI and appraisal of collateral and prepares the corresponding reports.
RO-CRMO/DLMO	4. If approved, submits the Loan and Guarantee Application (LAG) with Credit Evaluation and Appraisal Report (if applicable) to Quedancor Regional Office (QRO). If not qualified for loan then informs the borrower and returns the application.
Borrower	5. Acknowledges receipt of documents, checks the completeness and verifies authenticity. If complete, in order and qualified for guarantee, shall require the borrower to pay the accreditation fee and comply with the MRI/GCLI.
	6. Pays accreditation fee to the QRO-Cashier and secures MRI/GCLI in coordination with LE/Quedancor.
	<i>N.B. Follow steps 14 onwards</i>

RO-CRMO/DLMO	7. However, if application has to be evaluated further, advises LE/borrower to submit necessary documents.
LE/Borrower	8. Submits requested documents.
RO-CRMO/DLMO	9. Requests Collection and Remedial Management Officer/ Designated Credit Assessment Officer (CRMO/DCAO) to conduct credit evaluation and property appraisal (if applicable) if the application is to be evaluated further.
CRMO/DCAO	10. Whenever applicable, conducts BI/CI, appraisal and credit evaluation and prepares the corresponding reports.
RO-CRMO/DLMO	11. Requires borrower to pay accreditation fee and secure MRI/GCLI when qualified for loan guarantee, if not then informs both the LE and borrower accordingly.
	12. Makes recommendation for application up to P200,000.00 based on the result of the evaluation.
	<i>N.B. For loans above P200,000.00, the conduct of evaluation and endorsement, review and recommendation shall be done by QUEDANCOR personnel based on the latest Specifications of Authority</i>
Borrower	13. Pays accreditation fee to the QRO-Cashier and secures MRI/GCLI in coordination with LE/Quedancor.
QRO Cashier	14. Issues OR.
Borrower	15. Submits OR to RO-CRMO/DLMO
RO-CRMO/DLMO	16. Fills-out the Quedancor portion on LAG
Regional Asst. Vice-President (RAVP)/ CO-Authorized Signatories	17. Recommends/ approves guarantee application based on Specifications of Authority.
RO-CRMO/DLMO	18. Provides a copy of the approved LAG to LE

AK

LE	<p>19. Releases loan to the borrower within 15 calendar days from receipt of the approved LAG.</p> <p>20. Provides one (1) set of loan documents with PN and schedule of amortization to the borrower.</p> <p>21. Requests for guarantee coverage to Quedancor within fifteen (15) calendar days from the release of loan with the required supporting documents and corresponding guarantee fee.</p>
Designated Quedancor Personnel	<p>22. Checks/ Ensures the completeness and orderliness of the documents.</p> <p>23. If in order, accompanies the LE representative to the Cashier for guarantee payment.</p>
Quedancor Regional/CO Cashier	<p>24. Receives guarantee fee payment and issues OR to the LE.</p>
Designated Quedancor Personnel	<p>25. Prepares the issuance of Certificate of Guarantee Coverage (CGC).</p>
RAVP/CO-Authorized Signatory	<p>26. Signs CGC based on Specifications of Authority.</p>
Designated Quedancor Personnel	<p>27. Sends the original copy of CGC to LE.</p>
RO-CRMO/DLMO	<p>28. Keeps a borrower's loan file containing LE's CER, LAG, PN, Schedule of Loan Amortization, Appraisal Report (if applicable), Statement of Fund Utilization for RCL and CRMO/DCAO's report if any.</p> <p>29. In coordination with LE, closely monitors the account and project of the borrower.</p>
LE	<p>30. Prepares Monthly Status Report on guaranteed loan to be submitted to the RO every 7th day of the following month.</p>

AUC

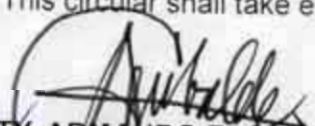
RO-CRMO/DLMO	31. Prepares Monthly Account Status Report to be submitted to CGD every 15 th day of the following month.
Borrower	32. Pays loan amortization to the LE. <i>N.B. In case of LE's claim, policies and procedures of Memorandum Circular No. 407 on the Revised guidelines on Guarantee Claim Payment and Recovery and other amendments thereto, shall apply.</i>

10. SPECIAL PROVISIONS

1. There shall be a periodic consultation among the officers of QUEDANCOR, LE and clients for the purpose of enhancing the effectiveness of the program.
2. QUEDANCOR reserves the right to promulgate, through the President and CEO, such rules and regulations (including exception thereto) and adopt other measures as may be incidental to, appropriate and necessary for the attainment of the objectives of the program.
3. Except for Agri-Aqua Inventory Management, all QUEDANCOR circulars on Sole Guarantee Mode and their amendments shall be considered revoked or superseded.
4. Memorandum Circular No. 407 regarding Guidelines on Guarantee Claim Payment and Recovery and its amendment, Memorandum No. 041 are in force, however, any policies inconsistent with this Circular, the latter will be followed.

11. EFFECTIVITY

This circular shall take effect immediately.


ATTY. ARMANDO R. CROBALDE, JR.
 Officer in Charge/President

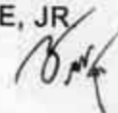

7/30/13
 Date Signed

Exhibit A

SUGGESTED LOANABLE AMOUNT AND LOAN TERM
FOR PROJECTS/COMMODITIES UNDER THE PRODUCTION LOAN

PROJECTS/COMMODITIES		LOANABLE AMOUNT	LOAN TERM
GRAINS COMMODITIES			
Rice			
	Hybrid Rice	₱ 20,000.00/ha.	Six (6) mos.
	Hybrid Rice Seed Cultivation		
	Inputs	₱ 10,000.00/ha.	Six (6) mos.
	Labor	₱ 10,000.00/ha.	
	Inbred Rice	₱ 20,000.00/ha.	Six (6) mos.
	Other varieties	₱ 30,000.00/ha.	Six (6) mos.
	Sesame (linga)	₱ 23,000.00/ha.	Four (4) mos.
	Organic Rice		
	Pilot Areas	Agusan Del Sur	Six (6) mos.
		Negros Occ.	
		Bula, Cam. Sur	
Corn			
	Hybrid Corn	₱ 20,000.00/ha.	Six (6) mos.
	White Corn	₱ 20,000.00/ha.	Four (4) mos.
	Yellow Corn	₱ 20,000.00/ha.	Four (4) mos.
	Hybrid Corn Seed Production	₱ 60,000.00/ha.	Six (6) mos.
FISHERIES			
Freshwater Culture			
	Tilapia Culture (ha.)	Depends on the project cost	Six (6) mos.
	Tilapia Culture for Fish Fillet Production	Depends on the project cost	Six (6) - eight (8) mos.
	Tilapia Culture in Cage (10x10mx5m)	Depends on the project cost	Five (5) mos.
	Catfish Culture in 14 drum unit	Depends on the project cost	Six (6) mos.
	Freshwater Prawn in 14 drum unit	Depends on the project cost	Five (5) mos.
	Carp Culture	Depends on the project cost	Six (6) mos.
	Japanese Carp or "KOI" production (500 sq. m.)	Depends on the project cost	Seven (7) mos.
Brackish Water			
	Grouper (5,000 pcs./ha)		
	Start-Up	₱ 307,000.00/ha.	Nine (9) mos.
	Production	₱ 177,000.00/ha.	
	Grouper (Baghak) in Cages (100 pcs.)	₱ 100,000.00	Six (6) mos. or one (1) yr. depending on the cash flow of the project or as determined by the CAG
	Lobster in Cages (150 pcs.)	₱ 100,000.00	Six (6) mos. or one (1) yr. depending on the cash flow of the project or as determined by the CAG
	Semi-intensive production for milkfish (1,000 pcs.)	₱ 251,000.00/ha.	Four (4) mos.
	Prawn Farming (30,000 pcs.)	₱ 69,000.00/ha.	Eight (8) mos.
	Mudcrab Fattening in Cages (180 pcs. for 54"x27"x9")	₱ 8,000.00	Forty-five (45) days
Marine Culture			
	Eucauma nursery seaweed culture (0.25 ha.)	₱ 198,000.00	Three (3) mos.
	Eucauma seaweed culture	₱ 198,000.00/ha.	Two (2) mos.
	Oyster culture (0.25 ha.)	₱ 206,000.00	Seven (7) mos.
	Mussel Stake culture	₱ 97,000.00/ha.	Seven (7) mos.

AC

LIVESTOCK & POULTRY				
Cattle Raising				
	Fattening (5 heads)	₱ 95,000.00 per batch	Eight (8) mos.	
	Fattening (10 heads)	₱ 190,000.00 per batch	Eight (8) mos.	
	Fattening (20 heads)	₱ 380,000.00 per batch	Eight (8) mos.	
	Fattening (25 heads)	₱ 475,000.00 per batch	Eight (8) mos.	
Hog Raising				
	Fattening/Contract Growing for Fattening (20 fatteners)	₱ 120,000.00	Six (6) mos.	
	Breeding/Gilt to Piglet Production (4 gilts/sows)	₱ 120,000.00	1 st Parity	8 mos.
			2 nd Parity	8 mos.
			3 rd Parity	8 mos.
			4 th Parity	8 mos.
			5 th Parity	8 mos.
Chicken Raising				
	Broiler Production (100 birds)	₱ 12,000.00 per batch	Two (2) mos.	
	Broiler Production (200 birds)	₱ 24,000.00 per batch	Two (2) mos.	
	Broiler Production (500 birds)	₱ 61,000.00 per batch	Two (2) mos.	
	Broiler Production (1000 birds)	₱ 122,000.00 per batch	Two (2) mos.	
	Broiler Production (4000 birds)	₱ 487,000.00 per batch	Two (2) mos.	
Duck Raising				
	Duckling production			
		Meat type	Depends on the project cost	
		Egg type	Depends on the project cost	
			Seven (7) mos.	
			One (1) yr.	
Goat Raising				
	5 doe level	₱ 16,000.00	Two (2) yrs.	
	25 doe level	₱ 81,000.00	Two (2) yrs.	
	50 doe level	₱ 164,000.00	Two (2) yrs.	
	100 doe level	₱ 326,000.00	Two (2) yrs.	
	150 doe level	₱ 490,000.00	Two (2) yrs.	
	Fattening (5 heads)	₱ 10,500.00	One (1) yrs.	
	Fattening (25 heads)	₱ 52,000.00	One (1) yrs.	
	Fattening (50 heads)	₱ 103,000.00	One (1) yrs.	
	Fattening (100 heads)	₱ 206,000.00	One (1) yrs.	
	Fattening (150 heads)	₱ 309,000.00	One (1) yrs.	
	Fattening (200 heads)	₱ 412,000.00	One (1) yrs.	
	Fattening (242 heads)	₱ 500,000.00	One (1) yrs.	
High Value Commercial Crops				
Fruits				
	Mango (existing)	Bel 8 yrs - ₱ 50,000.00/ha 8 yrs - ₱ 60,000.00/ha 9 yrs - ₱ 65,000.00/ha 10 yrs - ₱ 70,000.00/ha 11 yrs - ₱ 75,000.00/ha 12 yrs - ₱ 85,000.00/ha 13 yrs - ₱ 90,000.00/ha 14 yrs - ₱ 100,000.00/ha 15 yrs - ₱ 105,000.00/ha Above 15 yrs - ₱ 110,000.00/ha	Depends on the loan amount	
	Banana	Lantundan: ₱ 130,000.00/ha Senorita: ₱ 210,000.00/ha Lakatan: ₱ 230,000.00/ha Cavendish: ₱ 520,000.00/ha	Seven (7) yrs. inclusive of a max. grace period of 18 mos. on the principal	
	Cashew nuts	₱ 5,000.00/ha.	Depends on the cash flow of the project within a period not exceeding three (3) yrs.	
	Citrus			

	Calamansi (existing)	₱ 62,000.00/ha	Eight (8) mos.
	Durian	₱ 65,000.00/ha	Six (6) yrs.
	Papaya	₱ 80,000.00/ha	Depends on the cash flow of the project within a period not exceeding three (3) yrs.
	Pineapple		
	Plant Crop	₱ 150,000.00/ha. max. of 3 has.	22 mos.
	Ratoon Crop	₱ 150,000.00/ha. max. of 3 has.	16 mos.
Vegetables			
Solanaeous			
	Tomato	₱ 27,500.00/ha. max. of 5 has.	1 yr. or as determined by CAG.
	Tomato	₱ 29,000.00/ha.	Four (4) mos.
	Eggplant	₱ 62,000.00/ha.	Three (3) mos.
	Okra	₱ 51,000.00/ha.	Four (4) mos.
	Sweet Pepper	₱ 51,000.00/ha.	Four (4) mos.
Fruit Vegetables			
	Ampalaya (Sta. Rita Strain)	₱ 111,000.00/ha.	Six (6) mos.
	String beans	₱ 85,000.00/ha.	Four (4) mos.
Root Vegetables/crops			
	Onion (Bulb)	₱ 52,000.00/ha.	Four (4) mos.
	Bulb (Cluster)	₱ 51,000.00/ha.	Four (4) mos.
	Garlic	₱ 75,000.00/ha.	Four (4) mos.
	Potato	₱ 90,000.00/ha.	Four (4) mos.
	Sweet potato	₱ 15,000.00/ha.	Five (5) mos.
	Cassava	₱ 15,000.00/ha.	Four (4) mos.
	Carrot	₱ 55,000.00/ha.	Three (3) mos.
	Radish	₱ 49,000.00/ha.	Three (3) mos.
	Gabi	₱ 23,000.00/ha.	Six (6) mos.
Cucurbits			
	Cucumber (Explorer or Panorama)	₱ 86,000.00/ha	Three (3) mos.
	Squash	₱ 57,000.00/ha	Four (4) mos.
	Upo	₱ 46,000.00/ha	Four (4) mos.
	Patola	₱ 49,000.00/ha	Four (4) mos.
	Watermelon (Sugar baby)	₱ 63,000.00/ha.	Three (3) mos.
	Muskmelon	₱ 54,000.00/ha.	Four (4) mos.
Crucifers			
	Broccoli	₱ 220,000.00/ha.	Four (4) mos.
	Cauliflower	₱ 65,000.00/ha.	Six (6) mos.
	Cabbage (F1KK or F1KY cross)	₱ 46,000.00/ha	Four (4) mos.
	Chinese Cabbage	₱ 50,000.00/ha	Four (4) mos.
	Lettuce	₱ 70,000.00/ha	Four (4) mos.
	Mustard	₱ 53,000.00/ha	Three (3) mos.
	Pechay	₱ 52,000.00/ha	Three (3) mos.
	Baby corn	₱ 31,000.00/ha	Four (4) mos.
Leafy			

			3 rd yr- ₱ 15,000.00/ha	principal
		Maintenance (starting on the 4 th yr. from planting)	₱ 20,000.00/ha.	One (1) year
	Tobacco			
		Virginia	₱ 30,000.00/ha. Additional ₱ 5,000.00 for flue curing barn	Seven (7) mos.
		Burley	₱ 30,000.00/ha.	
		Native	₱ 30,000.00/ha.	
		Ilang-ilang	₱ 110,000.00/ha.	48 mos. inclusive of 36 mos. grace period
		Lemon Grass	₱ 75,000.00/ha.	12 mos. inclusive of 6 mos. grace period
		Citronella	₱ 65,000.00/ha.	12 mos. inclusive of 6 mos. grace period
		Vetiver	₱ 130,000.00/ha.	20 mos. inclusive of 12 mos. grace period
		Rubber	₱ 65,000.00/ha.	Max. of one (1) yr.

As of 2007 production cost of the various commodities (Sources – BAS, BAI, BPI, BFAR, DA, SYNGENTA Phil. Inc., Accredited IS and QUEDANCOR AFO).

N.B. *Term of Loan, loanable amount and manner of payment for other crops/commodities not listed above shall be determined by the concerned QOO-AMG and QOO-CAG and recommended by the QUEDANCOR Area Field Office (AFO).*

Maximum loanable amount shall be the production costs for 5 hectares. However for individual borrowers, maximum loanable amount for production loan and projects involving livestock and poultry and related projects shall depend on the borrower's capacity to pay or financial position as determined by the QUEDANCOR AFO but not to exceed P 15M.

	Asparagus	₱ 165,000.00/ha.	Three (3) yrs. inclusive of one (1) yr. grace period
Legumes			
	Peanut	₱ 22,000.00/ha.	Three (3) mos.
	Pili nut	₱ 20,000.00/ha.	Depends on the cash flow of the project w/in a period not exceeding three (3) yrs.
	Mungbean	₱ 24,000.00/ha.	Four (4) mos.
	Bush Sitao	₱ 50,000.00/ha.	Three (3) mos.
	Pole Sitao	₱ 72,000.00/ha.	Three (3) mos.
	Cowpea	₱ 27,000.00/ha.	Three (3) mos.
	Lima Beans	₱ 46,000.00/ha.	Four (4) mos.
	Snap Beans (habichuelas)	₱ 64,000.00/ha.	Three (3) mos.
	Soybean	₱ 21,000.00/ha.	Four (4) mos.
INDUSTRIAL CROPS			
Abaca			
	Start-up	₱ 42,000.00/ha.	Max. of two (2) yrs.
	Maintenance	₱ 11,000.00/ha.	Max. of one (1) yr.
	Coffee (rejuvenating)	₱ 20,000.00/ha.	Three (3) yrs.
	Tea Plant (i.e. Oolong Tea)	₱ 1,100,000.00/ha.	Depends on the cash flow of the project & Q-COR's source of funds. Three (3) yrs. - marketing/processing loan Seven (7) yrs. inclusive of three (3) yrs. grace period on principal - production loan.
	Silk Cocoon Production	₱ 440,000.00/ha.	Three (3) yrs. inclusive of one yr. grace period on the principal
	Cotton	₱ 15,000.00/ha.	Depends on the cash flow of the project within a period not exceeding three (3) yrs.
	Sunflower production	Depends on the project cost	Four (4) mos.
	Sugarcane	₱ 15,000.00/ha.	One (1) yr.
	Palm Oil	20% of the max. one (1) ha. equivalent to 20 palm trees, or as determined by CAG.	Max. period of twelve (12) yrs. and a max. grace period of four (4) yrs. N.B. The interest for the grace period may be paid through the income derived by the borrower from the multi-crop loan. For LGU tie-ups, interest for the grace period shall be paid quarterly by LGU. For the multi-crop loan component, the loan shall be paid w/in 6 mos. or 1 cropping cycle or depending on the gestation of the crop/commodity or as determined by CAG.
	Oil Palm		
	Start-Up	1 st yr-₱ 40,000.00/ha 2 nd yr-₱ 15,000.00/ha	Seven (7) yrs. inclusive of a 3-4 yrs. grace period on the

CONTROL NO.: _____

Republic of the Philippines
Department of Agriculture

QUEDAN AND RURAL CREDIT GUARANTEE CORPORATION
Quezon City

Certificate of Guarantee Coverage

is hereby issued to

Name of LE

Pursuant to the QUEDANCOR Program for _____,
QUEDANCOR hereby guarantees _____% exposure on the loan released to
Name of Borrower in the amount of _____ (P_____) with Promissory Note No. _____ subject to the terms and conditions contained in QUEDANCOR Circular No. _____ dated _____.

Issued this _____ day of _____ 20_____.

President and CEO

LOAN AND GUARANTEE APPLICATION (LAG)

(Program)

To be filled-out by the LE

LOAN DETAILS			
BORROWER'S PROFILE			
Name			Age : Status :
Representative/s			Age : Status :
Business Address			Date Established :
Type of Entity	<input type="checkbox"/> Sole	<input type="checkbox"/> Corporation	<input type="checkbox"/> Others, specify
	<input type="checkbox"/> Partnership	<input type="checkbox"/> Cooperation	
Nature of Business	<input type="checkbox"/> Production	<input type="checkbox"/> Processing	<input type="checkbox"/> Others, specify
	<input type="checkbox"/> Re-lending	<input type="checkbox"/> Trading	
LOAN PROFILE			
Classification	<input type="checkbox"/> New	<input type="checkbox"/> Renewal	<input type="checkbox"/> Others, specify
	<input type="checkbox"/> Re-availment	<input type="checkbox"/> Restructuring	
Amount			
Type	<input type="checkbox"/> Term Loan	<input type="checkbox"/> Revolving Credit Line	
Purpose			
TERMS AND CONDITIONS			
Amount			
Term			
Interest Rate			
Mode of Payment			
Remarks/Attachment	<input type="checkbox"/> Credit Evaluation Report <input type="checkbox"/> Appraisal Report		
APPROVING AUTHORITY	Evaluated by:	Recommended by:	Approved by:
	Signature over Printed Name	Signature over Printed Name	Signature over Printed Name
	Designation	Designation	Designation
	Date	Date	Date

To be filled-out by QUEDANCOR

Code No.

GUARANTEE AND ACCREDITATION DETAILS			
TERMS AND CONDITIONS			
Amount to be guaranteed			
Guarantee Coverage	<input type="checkbox"/> 85%	<input type="checkbox"/> Others, specify	
Term of Guarantee			
Remarks/Attachment	If further required/needed: <input type="checkbox"/> Background and Credit Investigation <input type="checkbox"/> Credit Evaluation Report <input type="checkbox"/> Collateral Appraisal Report		
CLIENT ACCREDITATION	NO.:	DATE ISSUED:	
GUARANTEE FUND AVAILABILITY	I certify that there is/ there is no available fund for this loan.		
	Vice President, Treasury Department		Date
APPROVING AUTHORITY (Based on latest Specification of Authority)	Reviewed/Evaluated by:	Recommended by:	Approved/Disapproved by:
	Signature over Printed Name	Signature over Printed Name	Signature over Printed Name
	Designation	Designation	Designation
	Date	Date	Date

Note: Upon receipt by the LE of the approved LAG from QUEDANCOR, the LE shall release the loan within 15 calendar days to be eligible for guarantee cover.

CERTIFICATE OF LOAN SETTLEMENT

_____ Date

TO : The President and CEO
QUEDANCOR
34 Panay Avenue, Quezon City

RE : **CERTIFICATE OF LOAN SETTLEMENT**

This is to certify that the loan of

borrower : _____

for the amount of : _____

with amortization date on : _____ or _____

with maturity date on : _____

under (Program) : _____

has been –

Fully settled on _____

Partially settled for

Reavailed for P _____ on _____

Reavailed for P _____ on _____

Others _____ (Specify) _____ for

P _____ on _____

Very truly yours,

Signature over Printed Name

Position Title/Designation

Name of LE

Note: To be submitted within ten (10) calendar days from the date of payment

TO: The President and CEO
 Quedan and Rural Credit Guarantee Corporation (QUEDANCOR)
 # 34 Panay Avenue, Quezon City

RE: **REQUEST FOR GUARANTEE COVERAGE (RGC)**

This is to Request for Guarantee Coverage for the loan we released under the QUEDANCOR Program for _____ details of which are indicated below. Pursuant to our Guarantee Agreement and program's rules and regulations, enclosed are the following:

- Photocopy of Promissory Note/Approval for account remediation
- Photocopy of Co-Maker's Statement, if any
- Schedule of Amortization
- Statement of Credit Line Utilization, if the loan is released under the Revolving Credit Line Facility
- MRI/GCLI Policy/Any proof of insurance coverage
- Statement of Account
- Check/draft as Guarantee Fee payment

NAME OF BORROWER/ ADDRESS	LOAN CLASSIFICATION	TYPE OF PROJECT/ COMMODITY	AMOUNT OF LOAN	DATE	
				REL	DUE
	() New () Reavailment () Others _____				

I hereby certify that the data contained are true and correct to the best of my knowledge.

To be filled-out by QUEDANCOR cashier

This is to certify that this RGC and the corresponding payment were received by the undersigned.

Cash or Check

Amount P _____

If check:
 Check No. _____
 Date _____

 Signature over Printed Name
 QUEDANCOR Cashier

OR No. _____
 Date of OR _____

 Signature over Printed Name

 Position Title/Designation

 Name of LE/Branch

 Date

Note: To be submitted within fifteen (15) calendar days from date of loan release/drawdown and/or approval for account remediation

STATEMENT OF CREDIT LINE UTILIZATION

ACCOUNT NAME

ADDRESS

APPROVED CREDIT LINE	DRAWDOWN NO.	PN NO.	AMOUNT RELEASED	CREDIT LINE BALANCE	DATE		COLLECTION (Principal)	OUTSTANDING BALANCE (Principal)	STATUS*	Remarks
					GRANTED	DUE				

* Current/Updated/In-arrears/Past Due

Note: Attachment to RGC for Revolving Credit Line

I certify that the above data are correct.

Signature over Printed Name

LE

Date

NOTICE OF DEFAULT

Date

The President and CEO
Quedan and Rural Credit Guarantee Corporation (QUEDANCOR)
34 Panay Avenue, Quezon City

RE: NOTICE OF DEFAULT

SIR:

Please be informed that the loan/s extended by this bank under the _____ (Program) _____ per Circular No. _____ has/ve not been settled as described below:

BORROWER'S NAME	LOAN AMOUNT	PN NO.	DATE OF		OUT. BALANCE	COLLATERAL SECURITY
			MATURITY	DEFAULT		
1.						
2.						
3.						
4.						
5.						

We, therefore, request for QUEDANCOR's official verification of the default. Thank you.

Very truly yours,

Name & Signature of Authorized Representative

Position/Designation

Name of LE

To be filled-out by QUEDANCOR personnel

<p>Received by:</p> <p>_____ Name & Signature of QUEDANCOR personnel</p> <p>_____ Position/Designation</p> <p>_____ Date Received</p>
--

CLAIM FOR GUARANTEE PAYMENT

Date _____

TO : The President and CEO
QUEDAN & RURAL CREDIT GUARANTEE CORPORATION
(QUEDANCOR)
34 Panay Avenue, Quezon City

RE : CLAIM FOR GUARANTEE PAYMENT

Borrower's Name : _____

Borrower's Address : _____

Loan Amount : _____

Maturity Date : _____

This refers to the loan granted by _____ (name of LENDING ENTITY) with the guarantee of Quedan & Rural Credit Guarantee Corporation (QUEDANCOR) under the _____ (PROGRAM).

Please be informed that the loan amortization/s has/ve not been paid/has matured and the borrower failed to pay and that after the partial payments have been applied/made, there remains an unpaid balance of P _____ (see attached Statement of Account).

In support of our claim for guarantee payment, therefore, we are submitting the certified true copies of the following documents:

1. Affidavit of non-payment executed by the duly authorized LE Officer;
2. Promissory Note;
3. Statement of account as of date of filing of guarantee claim;
4. Loan ledger updated as of date of filing of guarantee claim
5. Copy of the duly received demand letter(s) or with proof of registry receipt/return card;
6. Certificate of Guarantee Coverage;
7. Official Receipt(O.R.) of guarantee fee payment; and
8. Collateral documents, if any.

Very truly yours,

To be filled-out by QUEDANCOR personnel

Name & Signature of Authorized Representative

Position/Designation

Name of LE

Received by:
_____ Name & Signature of QUEDANCOR Personnel
_____ Position/Designation
_____ Date Received

Republic of the Philippines)
Province of _____) SS

AFFIDAVIT OF NON-PAYMENT

I, _____ of legal age, President/Manager of
(Name of LE) _____, a _____ (type of entity) _____
duly organized and existing under the laws of the Republic of the Philippines with
business address at _____ after
having been duly sworn to in accordance with law do hereby depose and state:

1. That I am the _____ (please state acquired particulars) _____;
2. That a loan of P _____ was granted to _____ (Name of borrower) _____ on _____ under the QUEDANCOR Program for _____;
3. That _____ % of the said loan is guaranteed by the Quedan & Rural Credit Guarantee Corporation (QUEDANCOR) as evidenced by Certificate of Guarantee Coverage No. _____ issued on _____;
4. That on the amortization/maturity date of the said loan, _____ (Name of the borrower) _____ failed to pay the amount due despite demand for payment;
5. That up to this date, no payment was made by _____ (Name of borrower) _____;
6. That the total amount due on the said loan as of _____ is as follows:

Principal	Interest	Penalties	Total

7. That I am executing this affidavit of non-payment in support of our Claim for Guarantee Payment with QUEDANCOR.

AFFIANT FURTHER SAYETH NAUGHT.

Affiant

SUBSCRIBED AND SWORN to before me at _____,
this _____ day of _____, 20____, the affiant exhibiting his/her

(Any government Identification Card) _____ with

(ID/License No.) _____ issued by _____
on _____.

Notary Public

Doc. No. _____
Page No. _____
Book No. _____
Series of _____

AW



QUEDANCOR
ACCREDITATION REQUIREMENTS
FOR LENDING ENTITIES (LE)
(Private and Government Banks/Financial Institutions)

NAME OF APPLICANT		:	
Business Address		:	
Authorized Representative/		:	
<input type="checkbox"/>	1.	Application for Accreditation;	
<input type="checkbox"/>	2.	Two 2x2 pictures of the authorized representative/s;	
<input type="checkbox"/>	3.	Board Resolution authorizing the LE to participate under the Quedancor guarantee programs and designating at least two authorized representatives thereof with specimen signatures;	
<input type="checkbox"/>	4.	Duly Certified copy of license from appropriate government agency/DTI/SEC/Certificate or Confirmation from CDA for cooperatives, whichever is applicable;	
<input type="checkbox"/>	5.	Certified true copy of Articles of Incorporation/Cooperation and By-Laws, and amendments thereto, if any;	
<input type="checkbox"/>	6.	Tax Clearance from the BIR or copy of latest income and business tax return duly stamped and received by the BIR with duly validated copy of Revenue Official Receipt for tax payments made;	
<input type="checkbox"/>	7.	Certified copy of Financial Statements using the BSP prescribed form duly received by the BSP for the past two (2) years ;	
<input type="checkbox"/>	8.	Certified copy of latest BSP Examination Report which shows CAMEL's Rating and overall conclusion of the Bangko Sentral ng Pilipinas;	
<input type="checkbox"/>	9.	Certified true copy of the bank's Report on Required and Available Reserves against Deposit Liabilities submitted to the BSP for the past four (4) weeks immediately preceding the date of application;	
<input type="checkbox"/>	10.	Accreditation/Application fees	
		Universal/Commercial/Savings/ Thrift Banks	Cash payment of P5,000.00 of 5 years
		Rural/Cooperative Banks	Cash payment of P3,000.00 of 5 years
		Non Bank (Coop, Fed., NGOs	Cash payment of P2,500.00 of 5 years
For compliance by CGD/ACD – FO*			
<input type="checkbox"/>	1.	Clearance of No Obligation from Quedancor Legal Affairs Department;	
<input type="checkbox"/>	2.	CMAP of authorize representatives;	
<input type="checkbox"/>	3.	BI request to Investigation Division/Field Office*; and	
<input type="checkbox"/>	4.	Memo to RO/DO re approval/disapproval of accreditation.	

Checked by: _____

Date: _____



Republic of the Philippines
Department of Agriculture
QUEDAN AND RURAL CREDIT GUARANTEE CORPORATION
Quezon City

APPLICATION FOR ACCREDITATION
(For Banks)

PROGRAM _____
[] New Applicant [] Accredited in other programs

A. BANK PROFILE

Name of Bank _____
Business Address _____
Telephone/Fax No. _____
Bank Classification _____
No. of Branches _____
Years in Operation _____
Certificate of Authority _____ Date Registered _____
SEC Registration No. _____ Date Registered _____

B. AUTHORIZED REPRESENTATIVE'S PERSONAL PROFILE

	A	B
Name	_____	_____
Home Address	_____	_____
Birthday/Age	_____	_____
Educational Attainment	_____	_____
Civil Status	_____	_____
Number of Children	_____	_____
Position/Designation	_____	_____
Other Qualifications	_____	_____

I hereby certify that the foregoing are true and correct to the best of my knowledge. I further state that I have not been charged or convicted of any crime involving moral turpitude. Likewise, I authorize QUEDANCOR to secure such other information as may be required from any source relative to this application.

**Signature over Printed Name
of Authorized Representative**

Date

**Signature over Printed Name
of Authorized Representative**

Date



QUEDANCOR

The Credit & Guarantee Company

Circular No. 460

Series of 2009

AGRICULTURAL CREDIT GUARANTEE - RURAL PRODUCTIVITY FOR AGRI-FISHERY INVENTORY MANAGEMENT (**AGRICORP-AIM**)

1. RATIONALE

In support of the government's effort of increasing food and agricultural production, particularly rice, vis-a-vis global concern on burgeoning commodity shortages, the corporation is revitalizing its Agri-Aqua Inventory Management Program to set-up a convenient credit-support mechanism and reliable guarantee system that supports the marketing of grains for the benefit of the farmers, fisherfolk, entrepreneurs, cooperatives, millers, wholesalers and similar stakeholders.

The program aims to encourage lending banks to extend affordable credit to the agri-fishery sector to increase farm production, improve income and expand existing markets.

2. OBJECTIVES

- 2.1 Develop a vibrant market that hastens the procurement, processing and distribution of grains and other allied products;
- 2.2 Promote the bankability of and access by farmers, fisherfolk, cooperatives, processors/millers, wholesalers and other rural enterprises with formal credit institutions;
- 2.3 Spur the flow of credit from the banking system to the agricultural and fisheries sector; and
- 2.4 Enhance the acceptability of negotiable quedan as a convenient instrument to collateralize credit financing.

3. LEGAL BASES

- 3.1 Letter of Instructions No. 74 dated June 9, 1978 as amended by LOI Nos. 1024 and 1139, establishing the Quedan Financing Program;
- 3.2 Presidential Decree No. 115, dated January 29, 1973, or the Trust Receipts Law providing for the regulation of the trust receipt transactions;
- 3.3 Republic Act No. 7393, dated April 13, 1992, reorganizing the Quedan Guarantee Fund Board into the Quedan and Rural Credit Guarantee Corporation (QUEDANCOR);
- 3.4 Republic Act No. 3893 or the General Warehouse Bonded Act in relation to PD No. 115.
- 3.5 Memorandum of Agreement between QGFB and Fiber Industry Development Authority (FIDA) dated August 2, 1987;

Quedan & Rural Credit Guarantee Corporation

QUEDANCOR Center, 34 Panay Avenue, Quezon City Tel. No.: 373 97 11 Telefax No.: 373 94 52

- 3.6 Memorandum of Agreement between QGFB, National Tobacco Administration (NTA) and Philippine Crop Insurance Corporation (PCIC) dated July 22, 1988;
- 3.7 Memorandum of Agreement between QGFB and Philippine Cotton Corporation dated September 5, 1988;
- 3.8 QUEDANCOR Board Resolution No. 111, dated September 2, 1986, as amended by QUEDANCOR Board Resolution No. 132, dated March 2, 1988, creating the Reference Price Committee for various commodities; and
- 3.9 QUEDANCOR Board Resolution No. 29-93, approving, among others the increase in loan value and guarantee cover from 80% to 85%.
- 3.10 Republic Act No. 8435 or Agri-fishery Modernization Act (AFMA) Law dated 09 February 1998 which mandates QUEDANCOR to be the credit guarantee institution for the Agri-fishery sector.

4. DEFINITION OF TERMS

- 4.1 **Agri-fishery Commodities** – grains and allied products which are storable, not highly perishable and in raw, farm-processed, semi- or fully-processed form.
- 4.2 **Allied Products** – other commodities, such as but not limited to cotton, ramie, abaca, copra, coconut coir, tobacco, livestock and poultry, fisheries and aquatic products, beans, seeds and nuts, fruits and vegetables, local feeds and feed ingredients, processed food products, spices and condiments.
- 4.3 **Bond** – an undertaking conditioned to respond or answer for the value of agri-fishery commodities/stocks actually delivered and received at any time the warehouseman is unable to return said deposited agri-fishery commodities/stocks or pay for its value.
- 4.4 **Bonded Warehouse** – every building or structure used as a place of storage of grains and allied products wherein deposited commodities/stocks are subject to the condition that the market value of the goods actually delivered and received shall be paid under a bond if the warehouseman is unable to return the goods or pay their value.
- 4.5 **Commodity Trust Receipt (CTR)** – a written or printed document which allows withdrawal, processing and sale of the agri-aqua commodities/ stocks subject of the negotiable quedan.
- 4.6 **Depositor** - the owner of palay/rice and/or corn and allied products placed in a bonded warehouse for purposes of storage and safekeeping and for which a warehouse receipt or quedan is issued by the warehouseman.
- 4.7 **Franchise** – the privilege granted to qualified bonded warehouseman/operator to issue negotiable quedans or warehouse receipts to depositors of agri-fishery commodities/stocks.
- 4.8 **Franchisee** – a bonded warehouseman/operator who is holder of a valid Certificate of Quedan Franchise issued by QUEDANCOR.
- 4.9 **Grain** – shall refer to palay, rice, corn grain and corn grits.
- 4.10 **Lending Entity (LE)** – any banking institution organized and existing under the laws of the Republic of the Philippines and duly accredited by QUEDANCOR to participate under the AIM program.
- 4.11 **Loan Reavailment** – succeeding loan release covering the same amount and loan term.

- 4.12 **Loan Renewal** - succeeding loan releases regardless of amount and loan term.
- 4.13 **New Loan** - an initial loan release and, in case of staggered release of loan, succeeding availments within the approved credit line.
- 4.14 **Negotiable Quedan** - a warehouse receipt by the term of which the stored agri-fishery commodities/stocks shall be delivered to the depositor or upon his/her order, or to bearer, or holder in due course of the warehouse receipt.
- 4.15 **Third Party Depositor** - the owner of agri-fishery commodities stored in a government-owned bonded warehouse such as NFA warehouse, etc. intended for loan availment under this program.
- 4.16 **Warehouse Receipt or QUEDAN** - shall mean the: 1) written acknowledgement by the warehouseman that he received and is holding the commodities/stocks therein described for the person to whom it is issued; and 2) a contract between the owner of the goods and the warehouseman, the latter to store the commodities/stocks, and the former to pay the compensation for that service.

5. AGRI-FISHERY COMMODITY COVERAGE

- 5.1 Grains with the following minimum specifications:

Palay - 14% moisture content and 95% purity
 Corngrains - 14% moisture content and 98% purity
 Rice - well-milled or regular milled
 Corngrits - Nos. 8-16

- 5.2 Allied products of the types and classification enumerated below. Detailed commodity specifications shall be in accordance with Circular No. 145 issued on March 1, 1991 and Circular No. 008, Series of 1992 issued on November 9, 1992, which may be amended or modified from time to time.

5.2.1 Regulated by Government Commodity Agencies (GCA)

a. Cotton

Cotton Seed
 Seed Cotton
 Cotton Lint (1 1/8, 1 3/32, 1 1/16, 1 1/32)

b. Ramie and Degummed

c. Abaca

Machine Stripped (S-S2, S-S3, S-I, S-G, S-H, S-JK, S-M, S-L, S-Y1, S-Y2, TOW)

Hand Stripped (S2, S3, I, G, H, JK, M, L, Y1, Y2, TOW)

d. Coconut

Copra
 Coir: CH-2; CH-3

e. Tobacco

Native (cigar filler, cigar wrapper/binder, batek type)
 Aromatic (Virginia/Burley, air cured, semi-air cured)

MEL

5.2.2 Without GCA Regulations

- a. **Livestock and Poultry** – commodities such as but not limited to, dressed chicken, pork and beef carcass and meat cuts.
- b. **Fisheries and Aquatic Products** – commodities such as but not limited to fish, prawns, sardines, tuna, and seaweeds.
- c. **Beans, Seeds and Nuts** – commodities such as but not limited to coffee, cacao, castor beans, soya beans, vegetable seeds, peanuts and pili nuts.
- d. **Fruits and Vegetables** – commodities such as but not limited to potatoes, tomato paste/sauce, dried mangoes, purees and juices.
- e. **Feed Ingredients** – commodities such as but not limited to cassava chips, copra meal, fish meal, corn meal, etc.
- f. **Spices and Condiments** – commodities such as but not limited to, black pepper, garlic, onion, etc.

6. STATEMENT OF POLICIES

6.1 Purpose of Loan

To provide financing/additional working capital to farmers, fisherfolk, cooperatives, processors/ millers and wholesalers to actively procure, process, mill and distribute agri-fishery commodities.

6.2 Eligibility Requirements

Must be a depositor of agri-fishery commodity stocks in a franchised warehouse.

6.3 Loanable Amount

The loanable amount shall be equivalent to 85% of the government support price/ reference price set by QUEDANCOR for the agri-fishery commodities/ stocks stored in a franchised warehouse/ facility or structure to be computed as follows: number of bags/unit* x government support price/ reference price set by the QUEDANCOR x 85%.

**may vary as to unit of measurement i.e. crate, box, kilos, etc.*

6.4 Assignment of Commodities covered by Quedan

Commodities covered by quedans shall be assigned through a Deed of Assignment issued by the borrower whose stocks are stored in a bonded warehouse and whose owner is a holder of Certificate of Quedan Franchise (CQF).

6.5 Types and Terms of Loan

This shall be a straight loan or a one-year credit line made available, in either case, of which the term of the loan shall not exceed the shelf life indicated below for specific commodities:

60 days	Corngrits, onions yellow globe (YG), copra, potatoes and feed ingredients.
90 days	Rice, corngrains, castor beans, cassava chips, tomato paste/sauce, seed cotton, seaweeds, canned pork and beans, noodles, processed meat and poultry products.
120 days	Onion-red creole (RC), dried mangoes and frozen commodities such as pork/beef carcass, dressed chicken, fish and aqua products.
180 days	Palay, garlic, shelled peanuts, cacao, coir, black pepper, cotton lint, cotton seed, mango puree, abaca, ramie, coffee, canned fish/marine products, tobacco, vegetable seeds, mungo and canned meat products.

Term of loan for other commodities shall be based on Annex A.

6.6 Interest Rate

Interest rate shall be at the discretion of the LE.

6.7 Guarantee Coverage

QUEDANCOR shall guarantee up to 85% of the existence of the stocks.

The guarantee cover shall be in favor of the originating LE, which directly extends the loan to an eligible client. In case the PN is rediscounted, the guarantee cover may be passed on to a secondary LE.

6.8 Extent of Liability

QUEDANCOR shall be answerable on the lost agri-fishery commodities/stocks covered by quedans which shall be computed as follows:

$$\text{number of bags/unit* pledged} - \text{available no. of bags/unit*}) \times 85\%.$$

**may vary as to unit of measurement i.e. crate, box, kilos, etc. as may be applicable.*

6.9 Guarantee Fee

A guarantee fee of three percent (3%) per annum shall be paid by the LE to QUEDANCOR upon filing of the RGC. It shall be computed as follows: $\text{amount of loan} \times 85\% \times 3\% \times \text{no. of days}/360$. The said fee shall not be subject to refund or rebate except as mentioned in the last paragraph of section 8.4 of this circular.

6.10 Leveraging Ratio

QUEDANCOR's maximum total guarantee exposure on outstanding loans shall be five (5) times of its net worth at any given period.

Program Operations Department (POD) shall furnish Report on the *Outstanding Guaranteed Loans (Exhibit 1)* to Finance Services Department (FSD) for reference in the monitoring of the prescribed leveraging ratio.

6.11 Benefits for LE's and Borrowers' Participation in the Program

a. Compliance with Agri-Agra Law

Participation in the program by originating or secondary LEs shall be deemed compliance with the Agri-Agra Law pursuant to Section 20 of RA No. 7393.

b. Liquidity Mechanism

The LE may have the liquidity access in the financing of borrowers under the Rediscounting with Bangko Sentral ng Pilipinas (BSP) and other LEs pursuant to their rules and regulations.

c. Rediscounted Interest Rate

Borrowers may be charged a lower interest rate when LEs rediscount their loans with BSP or with other LEs.

6.12 Sanction

All concerned QUEDANCOR officers/employees shall strictly comply with the policies, rules and procedures stated in this circular. Non-compliance to the provisions of this circular shall subject the concerned officers/employees to appropriate sanctions in accordance with existing circular on Administrative Discipline and Procedures, and the succeeding amendments and revisions, if any.

QUEDANCOR may cancel or nullify LE's guarantee coverage or accreditation, and borrower's franchise for fraud, bad faith, machinations, and other forms of deceit.

Other sanctions for LE and borrowers shall be governed by section 8.12 of this Circular and other pertinent provisions of existing circulars on guarantee, franchising and accreditation.

7. MECHANICS OF IMPLEMENTATION

7.1 Program Promotion

The AGRICORP-AIM program shall be promoted by QUEDANCOR Area Field Office (AFO), POD, Public Information Office (PIO), and LEs among prospective borrowers through meetings and dialogues and use of promotional materials, such as posters and brochures in order for the new AGRICORP guarantee brand names may gain wide acceptance and participation.

MEL
6

7.2 Franchise of Bonded Warehouses

Operators of warehouses whether owned or leased, who have been in business for at least two (2) years and are interested to participate under the AIM program shall apply for a franchise with QUEDANCOR pursuant to existing QUEDANCOR circular on franchising. However, for the third party depositor using government-owned bonded warehouses, they shall no longer be required to apply for a franchise but shall undergo accreditation based on the existing guidelines.

7.3 Credit Line

The loan applicant whose bonded warehouse is owned, leased or third party depositor, shall apply for a credit line with an accredited QUEDANCOR LE.

7.4 Accreditation of LEs

LEs intending to participate under the AIM program shall be evaluated pursuant to the existing circular issued for this purpose and shall be required to submit to QUEDANCOR the following:

- a. Application for Accreditation;
- b. Board Resolution authorizing the LE to participate under the AGRICORP-AIM program and designating at least two authorized representatives thereof with specimen signatures;
- c. License from appropriate government agency/DTI/SEC/Certificate or Confirmation from CDA for cooperatives, whichever is applicable;
- d. Certified photocopy of Articles of Incorporation/Cooperation and By-Laws, and amendments thereto, if any;
- e. Copy of latest income and business tax return duly stamped and received by the BIR with duly validated copy of Revenue Official Receipt for tax payments made;
- f. Tax Clearance from the BIR;
- g. Financial Statements using the BSP prescribed form duly received by the BSP for the past two (2) years;
- h. Copy of the latest BSP Examination Report which shows CAMEL's Rating and overall conclusion of the BSP;
- i. Duly Certified photocopy of the bank's Report on Required and Available Reserves against Deposit Liabilities submitted to the BSP for the past four (4) weeks immediately preceding the date of application; and,
- j. Official Receipt evidencing payment of Accreditation/Application Fees.

QUEDANCOR and the participating LE whether new or existing shall execute a new *Guarantee Agreement (Exhibit-2)*.

7.5 Posting of Surety/Property Bond and Insurance Coverage

The bond and insurance requirements for warehouses being applied for QUEDANCOR franchise shall be in accordance with the rules and regulations embodied in the existing QUEDANCOR circular for this purpose.

For third party depositors using government-owned bonded warehouse, they shall no longer be required to post surety and fire insurance. In case of claims, QUEDANCOR shall write the concerned government agency for the payment of claim proceeds.

N.B. A third party depositor shall be limited to those utilizing government owned bonded warehouses (e.g. NFA, SRA, etc.)

MEU
7

7.6 Issuance of Certificate of Quedan Franchise (CQF)

The CQF shall be issued to the franchise applicant once the application has been approved and after submission of the required surety bond and fire insurance coverages in accordance with the QUEDANCOR Guidelines on Franchising of Bonded Warehouses and Issuance of Negotiable Quedans.

7.7 Purchase of Negotiable Warehouse Receipt

The franchisee shall request in writing through the concerned AFO on the purchase of the prescribed negotiable quedans corresponding to the approved/outstanding franchise capacity from the POD. Upon verification, approval and issuance of the requested quedans by POD, the concerned AFO shall acknowledge the receipt of negotiable quedans. The same shall be issued to the franchisee upon payment of the price to the AFO-Cashier.

7.8 Setting of Reference Price

QUEDANCOR shall periodically set the reference prices for the various agri-fishery commodities/stocks covered under the AGRICORP-AIM program.

7.9 Issuance of Negotiable Warehouse Receipt and Commodity Inspection Report (CIR)

• Upon approval of the Credit Line by the LE, the franchisee can purchase negotiable quedans from QUEDANCOR in accordance with the existing circular for this purpose.

An actual inspection of the commodity to be covered by quedans in the franchised bonded warehouse shall be conducted by the concerned AFO in order to verify the actual existence, quantity, quality and location thereof. A *Joint Commodity Inspection Report (JCIR-Exhibit 3)* shall immediately thereafter be prepared by the QOO-AMG and must have been reviewed/verified by the Head CAG by affixing his/her initial, and signed/certified by the Area Manager.

7.9.1 The following documents shall be submitted by the franchisee every loan release/availing of the credit line to the accredited LE together with the following documents:

- a. Duly certified photocopy of CQF;
- b. Original quedans duly signed by the franchisee; or in the case of juridical entities, by the representative duly authorized through a Board Resolution and duly stamped with the dry seal of the franchisee issuing it;
- c. Original and duplicate copy of the duly signed CIR or CQI-SE, as the case may be;
- d. Original copy of the Affidavit of Ownership;
- e. Duly certified photocopy of the fire insurance policy and OR of premium payment;
- f. Duly certified photocopy of surety bond coverage and OR of premium payment; or certified copies of documents evidencing other forms of compliance with the bond requirements; and
- g. Other requirements that may be required by the LE.

ma
8

- 7.9.2 LE decides the approval/disapproval of the loan. However, the LE is encouraged to conduct its own stock verification.
- 7.9.3 The borrower executes a Deed of Assignment (*Exhibit 4*), in favor of QUEDANCOR on the commodities covered by the CIR/CQI-SE.
- 7.9.4 To be eligible for Guarantee Coverage, LE must release the loan within fifteen (15) calendar days from the date of issuance of the CIR relative to the inspection of the agri-fishery commodities/ stocks covered by quedan/s. Otherwise, a new CIR shall be conducted beyond the prescribed period.

7.10 Preparatory Clearance for Guarantee Coverage (PCGC)

Using the prescribed form (Annex I), the LE shall secure a written clearance from QUEDANCOR-POD through fax transmission prior to release of the loan. This is to ensure that QUEDANCOR's total guarantee exposure on outstanding loans shall not at any given period exceed five (5) times its net worth as certified by the VP-FSD.

The PCGC shall be recommended/ endorsed by the POD to the President and CEO/EVP for approval.

Upon receipt of the PCGC by the LE, it shall release the loan within the effectivity period of the corresponding CIR; otherwise, the loan will not be eligible for guarantee cover.

7.11 Request for Guarantee Coverage

The LE applying for guarantee coverage must submit the following documents to QUEDANCOR AFO:

- a. Request for Guarantee Coverage (RGC-Annex D); and
- b. Copy of Promissory Note (PN).

The QUEDANCOR AFO shall verify completeness of submitted documents and ensure compliance to the guarantee policies of this guideline. The LE shall then pay the guarantee fee to the AFO-Cashier who shall issue the corresponding Official Receipt (OR).

The date of acknowledgement by QUEDANCOR AFO-Cashier on the RGC, as evidenced by the date of the OR, shall be considered as the date of filing/submission. RGC submitted beyond the prescribed filing period shall be automatically denied/ rejected. The Cashier shall issue the CGC to LE.

Should the requirements submitted be defective and/or incomplete, the guarantee coverage shall not effectuate and the guarantee fee paid by the LE shall be forfeited.

For revolving credit line, the LE shall submit a Certificate of Approved Credit Line of the borrower in lieu of the PN.

MBL
9

7.12 Loan Documentation

Proper loan documentation shall be the sole responsibility of the LE. This shall cover the following:

- a. **Promissory Note (PN)**
- b. **Deed of Assignment and Endorsement of Quedans**

A Deed of Assignment on the agri-fishery commodities/stocks covered by the CIR/CQI-SE shall be executed by the borrower. The date of the said document shall be the same as the date of the PN.

The original quedans must be duly endorsed by the franchisee or in case of juridical entities, by a representative duly authorized through a Board Resolution.

7.13 Accounts Monitoring

During the term of the loan, the AFO shall conduct regular inspection to ensure existence of assigned agri-fishery commodities/stocks. The QUEDANCOR Operations Officer - Account Management Group (QOO-AMG) shall prepare a monthly *Commodity Inspection Report (CIR - Exhibit 5)* for each account and submit the same to the POD every third (3rd) day of the month. A *Notice on Deficiency of Stocks (Exhibit 6)* shall be prepared and sent by the QOO-AMG to the LE which shall be indicated in the CIR.

For issued CTR, the QOO-AMG shall monitor replenishment of stocks and in case of non-replenishment, the deposit of PDC by the LE for the account of the borrower. In case of failure to replenish the stocks within the prescribed period allowed in CTR, QOO-AMG shall inform in writing the LE and POD-CAD immediately.

Spot inspection may be conducted at any time by other QUEDANCOR and LE personnel to double check the existence of commodities/stocks covered by Quedans and Deed of Assignment.

7.14 Commodity Trust Receipt System

7.14.1 A borrower who secured a loan from a participating LE may, if the LE so agrees, execute a *Commodity Trust Receipt (CTR-Exhibit 7)*, with said LE to enable him/her to mill/process/sell his stocks covered by assigned quedan/ mortgage, subject to the following conditions:

- a. If the borrower is the franchised bonded warehouse operator himself/herself, the CTR for any commodity shall be strictly on staggered basis such that, at any one time, stocks to be withdrawn shall not exceed 20% of the total quantity covered by Quedans and Deed of Assignment.

Every CTR shall be duly supported by a PDC payable to the LE in the amount corresponding to the loan value of the portion of stocks to be withdrawn, and shall be dated 30 days after date of approval of CTR. No new CTR shall be executed unless the withdrawn stocks have been fully paid (the check issued for the previous CTR has been declared good/cleared and applied to the borrower's account) or fully replenished. Original CTR and PDC shall be safekept by the LE.

If the account is rediscounted and/or sourced from special funds administered by the BSP, corresponding payments shall be immediately remitted by the LE to the BSP.

As an exception to the foregoing rule, CTR beyond the 20 % limit may be allowed at any one time conditioned on the delivery to the LE of the required PDC and additional collateral in the form of REM.

CTRs up to 20% shall be approved by the Operations Officer while those above 20% but not more than 50% shall be approved by the Area Manager. CTRs in excess of 50% shall be approved by or upon authority of the President and CEO/EVP.

- b. If the borrower is a third party depositor and not the franchised bonded warehouse operator himself/herself, the latter shall require a co-maker with good financial capacity, other than the franchised bonded warehouse operator in whose warehouse the stocks covered by the assigned quedans are deposited, provided, likewise, that the CTR shall be for such quantity and subject to the same rule as in Section 7.14.1.a above.

Subsequent withdrawals of stocks under Sections 7.14.1.a and 7.14.1.b shall be allowed only after the payment shall have been made or the stocks have been replenished corresponding to the loan value of stocks previously withdrawn.

- 7.14.2 The CTR to be of full force and effect, must substantially conform with the attached form and no further formality of execution or authentication shall be necessary for the validity of the same.
- 7.14.3 The allowable period of the CTR must not extend beyond the maturity date of the loan secured by assigned quedan/Deed of Assignment.
- 7.14.4 The fire insurance for agri-fishery commodities deposited in the warehouse operator pursuant to the rules and regulations of the government-owned bonded warehouses (e.g. NFA, SRA, etc.) shall be considered as sufficient compliance with the insurance requirement under Presidential Decree No. 115, otherwise known as the Trust Receipt Law.
- 7.14.5 Within fifteen (15) calendar days from the date of execution of CTR, the LE shall submit a copy of the same to QUEDANCOR either through personal delivery or registered mail; provided, that the date of acknowledgment by any authorized representative of QUEDANCOR on the copy of the CTR submitted or the date of mailing as postmarked on the envelop/registry receipt shall be considered as the date of submission. Failure to submit the copy of the CTR within said period shall result to the automatic revocation of the guarantee coverage under the AIM Program.
- 7.14.6 All credit transactions under this program shall after, having been covered by the CTR in accordance with the provisions of this circular, continue to enjoy the same guarantee coverage and other attendant privileges and incentives.

In case there is an agreement between LE and borrower regarding withdrawal of assigned stock inventory without the corresponding issuance of PDC and CTR during the duration of loan, the concerned LE shall not be eligible to claim guarantee from QUEDANCOR.

In case of violation by the franchisee-borrower, the LE may declare the loan due and demandable or accelerate the payment of the loan.

7.15 Loan Extension Beyond Effectivity of Franchise

When the term of the loan secured by the existing issued quedans exceeds the expiry period of the franchise, the same shall remain covered by QUEDANCOR guarantee, provided the required guarantee fee is paid by the LE. In the same manner, extension of term of the loan after the expiry period of the franchise shall, likewise, remain to be covered by QUEDANCOR guarantee.

7.16 Certificate of Loan Settlement (CLS)

Upon full or partial settlement of the loan, the LE shall submit the CLS (Annex S) to the POD, through the QUEDANCOR AFO, within five (5) working days after full payment of the borrower to ensure proper monitoring of the guaranteed outstanding loans and leveraging ratio/ available network/ guarantee fund.

7.17 Loan Re-availment

In case of loan re-availment, the newly booked loan must be supported by a new CIR/ CQI-SE, PCGC and RGC to be eligible for QUEDANCOR's guarantee coverage.

7.18 Marketing Assistance

QUEDANCOR and LE may assist the borrower in marketing the assigned commodities.

8. RULES ON GUARANTEE COVERAGE

8.1 Eligibility Requirements for Commodities

Agri-fishery commodities/stocks specifically covered under the AIM program shall be eligible for guarantee coverage if these are:

- a. Deposited in government bonded warehouses;
- b. Deposited/Stored in QUEDANCOR franchised warehouses/ facility;
- c. Covered by an appropriate quedan or warehouse receipt; and,
- d. Assigned to an accredited LE by an eligible borrower who availed of a quedan loan.

8.2 Nature of Guarantee Coverage

QUEDANCOR guarantees the existence of deposited agri-fishery commodities/ stocks covered by negotiable quedans and assigned to LEs under this program within the approved term.

8.3 Extent of Liability of QUEDANCOR

The liability of QUEDANCOR to the LE shall be up to 85% of the value of the lost or unaccounted agri-fishery commodities/ stocks covered by negotiable quedans and Deed of Assignment computed as follows: (number of lost or unaccounted bags/unit* x reference price set by the Reference Price Committee) x 85% plus accrued interest on the same up to maturity date or date of demand for full payment, whichever comes first.

**may vary depending on the unit of measurement*

8.4 Requirements and Procedures for Guarantee Coverage

An accredited LE applying for guarantee coverage must submit within fifteen (15) calendar days from the date of release of new loans or within thirty (30) calendar days from the date of loan reavailability, two (2) copies of the RGC to POD-CAD or AFO-AMG together with the following:

- a. Duplicate copy of the CIR/CQI-SE;
- b. Copy of the approved PCGC;
- c. Duplicate copy of OR for Guarantee fee payment;
- d. Certified true copy of the PN;
- e. Certified true copy of the Deed of Assignment; and
- f. Previous quedan receipts for settled loan accounts, if applicable.

POD-CAD or AFO-AMG shall check the correctness/ completeness of documents submitted and the guarantee fee computation by the LE. If deemed correct/complete, informs LE to pay the guarantee fee to the concerned cashier or to the nearest QUEDANCOR AFO-Cashier. Upon payment by the LE, the concerned cashier shall present/provide photocopy of issued OR to POD-CAD.

The date of acknowledgment by POD-CAD or AFO-AMG of the RGC shall be considered as the date of filing or submission.

RGC submitted beyond the prescribed filing period shall be automatically denied or rejected.

Should the RGC be inadvertently received beyond the prescribed filing period and/or the requirements submitted are defective and/or incomplete, the guarantee coverage shall not effectuate and QUEDANCOR shall merely refund to the originating LE the guarantee fee paid.

8.5 Effectivity of Guarantee Coverage

Upon QUEDANCOR's approval of the RGC, its effectivity shall retroact to the date of submission or filing of RGC as provided for in the preceding section and shall last until the maturity date of the loan which in no case shall be beyond the allowable terms prescribed in Section 6.5.

8.6 Notice of Default and Request for Joint Commodity Inspection (ND-RJCI)

In the event of failure of the borrower to pay his loan, in whole or in part, or in case the borrower has executed a CTR in favor of the LE and the latter failed to deposit the proceeds of the sale to fund the PDC on its due date or no stocks replenishment has been made, the LE shall send demand letter/s to the defaulting borrower, and within forty-five (45) calendar days from maturity date or due date of PDC in case of CTR, file in the prescribed

Ma
13

form with QUEDANCOR Office of the President, a *Notice of Default and Request for Joint Commodity Inspection (ND-RJCI – Exhibit 8)*.

Upon receipt of the ND-RJCI, the authorized representatives of the LE and QUEDANCOR, as scheduled by the latter, shall conduct a joint commodity inspection of the agri-fishery commodities/ stocks to determine the quantity and quality of deposits covered by Quedans/ Deed of Assignment. A joint report on the same based on the prescribed form shall be submitted to the concerned QUEDANCOR AFO/POD.

8.7 Sale of Deposited Commodities

When on the basis of the findings of the joint commodity inspection, there are existing commodities/stocks that could fully or partially satisfy the outstanding loan, the LE shall take whatever action and legal remedies available for the said commodities. QUEDANCOR shall assist the LE in the sale of the available stocks and/or secure the said stocks.

8.8 Claim Against the QUEDANCOR Guarantee Cover

The LE may file a claim with QUEDANCOR in any of the following instances as verified in the joint commodity inspection:

- 8.8.1 When there is a total non-existence of deposits covered by quedan and Deed of Assignment; or
- 8.8.2 When there has been a reduction in the quantity of deposits covered by quedan and Deed of Assignment and the value and/or sales proceeds of the remainder is insufficient to satisfy the outstanding loan.

The claim shall be submitted in the prescribed form together with the certified true copies of the following documents:

- a. Certificate of Guarantee Coverage;
- b. Duly received demand letter issued by LE;
- c. Affidavit of non-payment executed by the duly authorized officer of the LE;
- d. Statement of Accounts with detailed computation of interest before and after rediscounting;
- e. Loan ledger of the borrower;
- f. OR of guarantee fee payment; and,
- g. CQF.

The LE may opt to claim the property or surety bond instead of filing a guarantee claim. In such case, the LE shall issue a *Quit Claim, Waiver and Release Agreement (Exhibit 9)* to POD within 30 calendar days from the date of default. Upon receipt of the Agreement, QUEDANCOR, through the POD, shall execute the *Assignment of Rights on the Property and/or Surety Bond (Exhibit 10)* and release the same to LE together with the security/ property/ bond documents.

Requirements for release of property bond shall be in accordance with QUEDANCOR's existing guidelines on the Filing and Safekeeping of Loan Documents and its amendments.

8.9 Payment of Guarantee Claim

QUEDANCOR shall process the guarantee claim. If claim is valid, QUEDANCOR pays the LE upon submission of original documents mentioned in section 8.8. Processing of Guarantee Claim shall be in accordance with QUEDANCOR's existing Guidelines on Guarantee Claim Payment and Recovery.

8.10 Subrogation of Rights

LE shall, on the same day of the guarantee payment, provide QUEDANCOR with a Subrogation Receipt (Annex K) which assigns and transfers to QUEDANCOR, LE's claims and demands against the defaulting borrower arising from or connected with said borrower's loan obligation. The original copies of the following documents shall accompany the Subrogation Receipt:

- a. CQF;
- b. Duly endorsed/used quedans;
- c. PN;
- d. Deed of Assignment;
- e. CIR;
- f. CGC;
- g. OR of guarantee claim payment;
- h. Unused quedans , if any; and
- i. Other loan documents deemed necessary by QUEDANCOR.

8.11 Recoveries Upon Filing of Guarantee Claim

Upon filing of claim for guarantee payment, all payments made by the borrower shall be for the account of QUEDANCOR.

Any amount collected by QUEDANCOR or LE on the bond or fire insurance policy shall be shared on a percentage basis of 85% to QUEDANCOR and 15% to the LE.

8.12 Grounds for Cancellation or Nullification of Guarantee

- a. When the borrower and the officer/s and/or employee/s of LE enter into an agreement for fraudulent purposes or whenever said parties conspire to defraud QUEDANCOR;
- b. When after the execution of CTR, the LE receives a deposit for the account of the borrower but subsequently allows withdrawal of the same without payment of the loan or replenishment of the withdrawn stocks;
- c. When LE allows, before payment of the loan, the release/withdrawal of any of the collaterals submitted by the borrower in support of the CTR;
- d. When LE fails to submit to QUEDANCOR a copy of the CTR within fifteen (15) calendar days from the date of execution;
- e. When LE makes false statement, misrepresentation, omission or concealment in the reports submitted and/or in the claims filed with QUEDANCOR;
- f. When the borrower withdraws stocks subject of a guarantee with the LE's consent, whether partial or in full, without the CTR; and/or

- g. When LE violates any of the provisions of this Circular and other governing rules and regulations.

In case QUEDANCOR cancels or nullifies its guarantee coverage based on the aforesaid grounds, the LE may request and execute the *Assignment of Rights over the Property Bond and/or Surety Bond (Exhibit-11)* to the former in its favor provided, the latter executes a Quit Claim, Waiver and Release of the former's responsibility arising from the said guarantee claim.

9. OPERATING PROCEDURES

9.1 Franchising

RESPONSIBILITY	ACTION
New Applicant/Addendum	
Borrower	1. Secures Franchise application form from QUEDANCOR AFOO-AMG. 2. Fills out application form and pays the required franchise fee per warehouse to the AFO Cashier.
AFO-Cashier	3. Issues corresponding OR.
Borrower	4. Submits photocopy of OR together with the requirements to the AFO-AMG.
<p>N.B. Owners/operators of warehouses whether leased or owned shall apply for a franchise with QUEDANCOR pursuant to the existing circulars issued for this purpose.</p>	
AFO-LMG	5. Receives application together with the requirements. 6. Evaluates eligibility of applicant/checks veracity of information and authenticates signatures appearing in the application form and other documents.
AFO-CAG	7. Forwards the same together with the supporting documents to AFO-CAG, if complete. If not, informs borrower to submit lacking documents/additional requirements or effects necessary corrections on the documents.
AFO-CAG	8. Conducts BI/CI, facility inspection, evaluates documents submitted and prepares CER.

- | | |
|-----------------------|--|
| Area Manager | 11. Recommends approval/ disapproval of the franchise application to the Area Manager. |
| | 12. Approves/Disapproves CER. |
| | 13. ¹⁾ Endorses franchise application to POD-CAD, if approved. |
| | ¹⁾ N.B. Proceed to the Issuance of Certificate of Quedan Franchise. |
| | 14. ²⁾ Returns to AFO-AMG if disapproved. |
| ²⁾ AFO-AMG | 15. Informs borrower. |

For loans to be approved by the VP-POD (Follow Steps 1- 10)

- | | |
|-----------------------|--|
| Area Manager | 16. Recommends franchise application to the POD-CAD. |
| POD-CAD | 17. Reviews/evaluates on the franchise application and prepares a new CER, if necessary. Facilitates further review on the franchise application through concerned QUEDANCOR Officers. |
| | 18. Reviews documents and affixes initials/ signature on the CER and endorses/ recommends approval/ disapproval to the VP-POD. |
| VP-POD | 19. Approves/Disapproves CER and GPM. |
| | 20. ⁵⁾ Endorses franchise account to POD-CAD if approved. |
| | ⁵⁾ N.B. Proceed to the Issuance of Certificate of Quedan Franchise. |
| | 21. ⁶⁾ Returns to AFO-AMG through the POD-CAD if disapproved. |
| ⁶⁾ AFO-AMG | 22. Informs borrower. |

For loans to be approved by the President and CEO (Follow Steps 1- 10)

- | | |
|--------------|--|
| Area Manager | 23. Recommends franchise application to the POD-CAD. |
| POD-CAD | 24. Reviews/evaluates on the franchise application and prepares a new CER, if necessary. Facilitates further review on the franchise application through concerned QUEDANCOR Officers. |
| | 25. Reviews documents and affixes initials/ signature on the CER and endorses/ recommends approval/ disapproval to the appropriate authority based on Specifications of Authority. |

- | | |
|-----------------------|--|
| Approving Authority | 26. Approves/Disapproves CER and GPM,
N.B. Approval of CER and GPM shall depend on the established Specifications of Authority. |
| | 27. ⁷¹ Endorses franchise account to POD-CAD if approved.
⁷¹ N.B. Proceed to the Issuance of Certificate of Quedan Franchise. |
| | 28. ⁸¹ Returns to AFO-AMG through the POD-CAD if disapproved. |
| ⁸¹ AFO-AMG | 29. Informs borrower. |

9.2 Issuance of Certificate of Quedan Franchise (CQF)

- | | |
|---|--|
| AFO-AMG | 30. Informs borrower to comply with fire/bond insurance requirements if franchise application is approved. |
| Borrower | 31. Secures fire/bond insurance requirements and submits original policies to POD-CAD. |
| AFO-CGC/POD-CAD | 32. Facilitates issuance of CQF and endorses the same for approval based on the established Specifications of Authority. |
| Area Manager/VP-
POD/President and CEO/
EVP | 33. Approves/Disapproves CQF. |
| AFO | 34. Furnishes POD-CAD copy of approved CQF. |
| POD-CAD | 35. Sends original copy of approved CQF to the borrower and copy furnishes other concerned parties. |

9.3 Application for Loan and Guarantee Coverage

- | | |
|----------|--|
| Borrower | 36. Applies for loan/credit line and submits required documents to QUEDANCOR's accredited LE. |
| LE | 37. Acknowledges loan application and ensures authenticity/completeness of required documents.
38. Requests QUEDANCOR to conduct inspection of stocks deposited in the bonded warehouse. |
| AFO-AMG | 39. Conducts stocks inspection.
40. Prepares a Commodity Inspection Report and submits to the concerned LE.
41. Issues Quedans covering stocks equivalent to the loan amount required but not to exceed the approved franchise capacity. |

- | | |
|-------------------|--|
| Borrower | 42. Acknowledges receipt of Quedans covering the stocks. |
| | 43. Executes Affidavit of Ownership and Deed of Assignment and submits them to the LE together with the corresponding Quedans. |
| LE | 44. Acknowledges CIR, Quedans covering the stocks, Affidavit of Ownership, Deed of Assignment, CQF and other supporting documents. |
| | 45. Evaluates/Ensures authenticity/completeness of required documents. |
| | 46. Submits request for PCGC to POD-CAD. |
| POD-CAD | 47. Recommends/Endorses PCGC for approval. |
| President and CEO | 48. Approves PCGC. |

9.4 Release of Loan and Approval of Guarantee Cover

- | | |
|-------------------|---|
| ^{18]} LE | 1. Acknowledges receipt of approved PCGC. |
| | 2. Releases loan to borrower within 15 calendar days from date of PCGC approval. |
| | 3. Submits Request for Request of Guarantee Coverage together with a copy of PNs. |
| POD-CAD/AFO-AMG | 4. Reviews completeness/ correctness of documents. |
| | 5. Endorses to CO Cashier. |
| CO/AFO-Cashier | 6. Issues corresponding O.R. to LE and returns documents to POD-CAD/AFO-AMG. |
| | 7. Issues Certificate of Guarantee Cover. |

9.5 Withdrawal and Replenishment of Stocks Covered by CTR

- | | |
|----------|--|
| Borrower | 1. Applies in writing his/her intention to avail of CTR to LE. |
| LE | 2. Evaluates request of the borrower and ensures that such request is in accordance with QUEDANCOR's existing program guidelines/policies. |
| | 3. Conducts stock inspection in coordination with QUEDANCOR, if necessary. If in order, requires the borrower to submit the corresponding PDC. |

- | | |
|----------|---|
| Borrower | 4. Submits PDC, signs CTR and issues a copy to the borrower. |
| | 5. Withdraws stocks in accordance with the CTR. |
| | 6. Replenishes stocks on the prescribed period. |
| LE | 7. In case of non-replenishment of stocks by the borrower, deposits PDC |

9.6 Inspection and Monitoring of CTR

- | | |
|---------|--|
| AFO-AMG | 1. Inspects stocks of the borrower's warehouse on a regular basis. |
| | 2. Prepares and submits CIR for each account to POD every 3 rd day of the month |
| | 3. In case of deficiency of stocks, issues Notice to the concerned LE and indicates the same in the CIR. |
| | 4. Monitors issued CTR with the partner LE until full payment/replenishment of the stocks. In case of failure of replenishment of stocks within the allowed period, informs partner LE and PO-CAD immediately. |

10. SPECIAL PROVISIONS

- 10.1 Periodic consultation among the officers of QUEDANCOR, concerned government agencies and LEs shall be undertaken for the purpose of revising/improving the policies, mechanics and implementation of the AIM program.
- 10.2 QUEDANCOR reserves the right to promulgate such rules and regulations as may be incidental to, appropriate and necessary for the attainment of the program's objectives.
- 10.3 Matters not provided for in this Circular shall be governed by the General Bonded Warehouse Act (Act No. 3893 as amended), Warehouse Receipts Law (Act No. 2137) and Presidential Decree No. 115.
- 10.4 Pursuant to RA 7393, the Republic of the Philippines shall answer for the payment of guarantee obligations duly incurred by QUEDANCOR. Provided, however, that latter's assets shall have been first fully exhausted to satisfy its guarantee obligations.
- 10.5 All other provisions of existing QUEDANCOR Circulars which are consistent with the AIM program shall be observed, as far as applicable.

11. EFFECTIVITY

This circular shall supersede QUEDANCOR Circular No. 023 and its corresponding amendments and shall take effect upon approval.


FEDERICO A. ESPIRITU MNSA
Officer-In-Charge
F. MNSA

7/23/09
Date

Document	Exhibit/Annex
Report on the Outstanding Guaranteed Loans	Exhibit 1
Guarantee Agreement	Exhibit 2
Joint Commodity Inspection Report (JCIR)	Exhibit 3
Deed of Assignment	Exhibit 4
Commodity Inspection (CIR)	Exhibit 5
Notice on Deficiency of Stocks	Exhibit 6
Commodity Trust Receipt (CTR)	Exhibit 7
Notice of Default and Request for Joint Commodity Inspection (ND-RJCI)	Exhibit 8
Quit Claim, Waiver and Release Agreement	Exhibit 9
Assignment of Rights on the Bond	Exhibit 10
Assignment of Rights on the Property Bond and/or Surety Bond	Exhibit 11
Preparatory Clearance for Guarantee Certificate (PCGC)	Annex I
Request for Guarantee Coverage (RGC)	Annex D
Certificate of Loan Settlement (CLS)	Annex S
Subrogation Receipt	Annex K

REPORT ON OUTSTANDING GUARANTEE LOANS

For the month of _____

Program	Region/AFO	CUMULATIVE			CURRENT YEAR			Year 1 *			Year 2 *		
		No. of Borrower	No. of Trans.	Amount (PM)	No. of Borrower	No. of Trans.	Amount (PM)	No. of Borrower	No. of Trans.	Amount (PM)	No. of Borrower	No. of Trans.	Amount (PM)
1. AGRICORP-PILFAME							*						
	Sub-Total												
2. AGRICORP-AFLIP													
	Sub-Total												
3. AGRICORP-AIM													
	Sub-Total												
	GRAND TOTAL												

* last two years

Prepared by

Certified Correct:

POD-CAD Duty Designated Officer

AVP-CAD

GUARANTEE AGREEMENT

KNOW ALL MEN BY THESE PRESENTS:

This GUARANTEE AGREEMENT is made and entered into by and between:

QUEDAN AND RURAL CREDIT GUARANTEE CORPORATION, a government owned and controlled corporation organized and existing by virtue of Republic Act No. 7393, with principal office address at QUEDANCOR Center # 34 Panay Avenue, Quezon City, represented herein by its **President and CEO**, _____, hereinafter referred to as "**GUARANTOR**";

- and -

_____, a banking institution duly organized and existing under the laws of the Philippines with registered office address at _____ represented by its _____, duly authorized to act for its behalf per Board Resolution No. _____ dated _____, hereinafter referred to as "**LENDING ENTITY (LE)**";

WITNESSETH:

WHEREAS, under Republic Act Nos. 7393 and 8435, the GUARANTOR is mandated to accelerate the flow of credit and investments into the countryside to support farmers and rural entrepreneurs, and is named as the implementor and manager of the Agriculture Fisheries Credit Guarantee Fund (AFCGF), respectively;

WHEREAS, in pursuit of these statutory mandates, the GUARANTOR revitalizes its AGRICORP Agri-Aqua Inventory Management Program (AGRICORP - AIM) to provide financing/additional working capital to farmers, fisherfolk, cooperatives, processors/ millers and wholesalers to actively procure, process, mill and distribute agri-fishery commodities/ stocks stored in a bonded warehouse or facility/structure.

WHEREAS, GUARANTOR and LE, have agreed to a partnership to extend credit assistance to the targeted clientele by providing the loan fund and with the former providing guarantee up to 85% of the existence of the stocks of the borrower.

NOW, THEREFORE, for and in consideration of the foregoing premises and mutual covenants hereinafter set forth, the parties hereby agree to the following:

OBLIGATIONS OF THE PARTIES

LE shall:

1. Apply and submit documentary requirements for accreditation to participate under the program;
2. Conduct credit evaluation on eligible applicant-borrower;
3. Release loan to the targeted clientele who passed their credit evaluation and Guarantor
4. Pay a guarantee fee of three percent (3%) per annum to GUARANTOR upon filing of the Request of Guarantee Coverage.
5. Submit documentary requirements necessary in the processing and approval of the Request for Guarantee Coverage;
6. Issue Subrogation Receipt to the GUARANTOR at the time GUARANTOR pays guarantee claims and surrender certified true copies of the Certificate of Guarantee Coverage and other necessary documents;
7. Upon filing of claim for guarantee payment, accept, record and remit immediately all payments made by the borrower for the account of and to QUEDANCOR;
8. Remit collection of loan amortization share for outstanding loans and loan payments made by the borrower on **AGRICORP - AIM** for accounts which have been subrogated and/or accounts which have filed guarantee claim/s to GUARANTOR. Failure to do so, shall pay surcharge of 2.5% per month; and
9. Bind itself to fully comply with all the terms and conditions and its obligations and responsibilities as embodied in the QUEDANCOR Program Circular No. ___ which forms part of this agreement.

GUARANTOR shall:

1. Undertake prospecting of clients, evaluation, loan processing, and monitoring;
2. Accredite participating LE;
3. Issue Certificate of Guarantee Coverage to LE upon full payment of guarantee fee;
4. File insurance claim to the concerned Insurance Company and remit 15% of whatever amount collected on the bond and fire insurance claim proceeds to LE; and
5. Pay LE the valid guarantee claim up to 85% of the value of the lost or unaccounted borrower's stocks covered by quedans.

IN WITNESS WHEREOF, the parties hereunto set their hands this ____ day of _____, 20____, at _____, Philippines.

QUEDAN AND RURAL CREDIT
GUARANTEE CORPORATION
(Guarantor)

By:

President and CEO

Name of LE

By:

SIGNED IN THE PRESENCE OF:

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)

_____) S. S.

BEFORE ME, a Notary Public for and in _____, this _____ day of _____, 20____, personally appeared the following:

Name	Community Tax Cert. No.	Date & Place Issued
------	-------------------------	---------------------

known to me and to me known to be the same persons who executed the foregoing Guarantee Agreement and acknowledged before me that same is their free act and deed, as well as the agencies/corporation(s) they represent.

This Guarantee Agreement consists of three (3) pages, including the page on which this acknowledgment is written, and have been signed by the parties and their witnesses on the left margin of each page thereof.

WITNESS MY HAND AND SEAL on the date and place first above written.

NOTARY

Doc. No. _____
Page No. _____
Book No. _____
Series of 20 _____

Date

To : The President and CEO
Quedan and Rural Credit Guarantee Corporation
34 Panay Avenue, Quezon City

RE: JOINT COMMODITY INSPECTION REPORT

Borrower's Name : _____
Borrower's Address : _____
Name of Warehouse : _____
Location of Warehouse : _____

Hereunder are the findings of our team during the joint inspection on _____.

Particulars	Qty.	Commodity Type	Classification
A. Stocks covered by Deed of Assignment			
B. Stocks found in storage			
C. Stock shortage			

We hereby certify to the correctness of the above entries to the best of our personal knowledge.

We further report that we were: /___/ able /___/ not able to padlock the warehouse.

Prepared by:

 QUEDANCOR QOO-CAG
 (Signature over Printed Name)

 LE Authorized Representative
 (Signature over Printed Name)

Certified:

 QUEDANCOR Area Manager
 (Signature over Printed Name)

DEED OF ASSIGNMENT

KNOW ALL MEN BY THESE PRESENTS

That I/We, _____,
a sole proprietorship/corporation, business duly organized and existing under the laws of the
Philippines, with principal postal/place of address at _____, and is represented
herein by Messrs./its _____,
_____ for and in
consideration of the loan granted to us by QUEDANCOR.

I also hereby appoint QUEDANCOR as my true and lawful attorney-in-fact and in my place, name
and stead to demand in case of non-payment of the loan upon maturity and to negotiate and apply
the proceeds of sale to my loan consideration and apply the proceeds of the sale to my obligation.
This power of attorney given by QUEDANCOR is exclusive and irrevocable in the sense that no
person shall collect or receive said stocks covered by quedans until aforementioned obligation is
fully paid. It is expressly stipulated herein that the ASSIGNOR can neither demand nor collect
quedans herein assigned or any part thereof, unless the amount of the loan secured is paid in full.

It is also understood that the herein ASSIGNOR shall remain liable for any outstanding balance of
his abovementioned obligation if QUEDANCOR is unable to actually receive or collect the above
assigned stocks covered by the assigned quedans resulting from any agreement, order or decision
of the court or for any cause whatsoever and/or if the selling price of the same is insufficient to cover
the loan.

That should the ASSIGNOR violate any of the terms and conditions of this agreement, then the
obligation secured by the same shall be due and demandable without further notice to said
ASSIGNOR. This agreement shall be irrevocable subject to the terms and conditions of the
promissory note and/or other documents which the ASSIGNOR has executed to evidence the
aforementioned obligation.

IN WITNESS WHEREOF, the ASSIGNOR has signed these presents at
_____, Philippines, on this _____ day of _____, 20____.

ASSIGNOR

By:

Signature over Printed Name

QUEDAN AND RURAL
CREDIT GUARANTEE CORPORATION
(QUEDANCOR)

By:

Signature over Printed Name

SIGNED IN THE PRESENCE OF:

QUEDAN AND RURAL CREDIT GUARANTEE CORPORATION

NOTICE ON DEFICIENCY OF STOCKS

Date

(Name of LE Manager)

(Name of LE)

(Office Address)

Dear Sir/Madam:

Based on QUEDANCOR Commodity Inspection Report (CIR) made on _____, we are bringing to your attention the deficient stocks inventory of _____ (type of commodity) with a quantity/volume of _____ (difference of beginning and ending invty).

In view of this finding, we are requesting that appropriate action will be made in accordance with the policies set forth under the **AGRICORP-AIM**.

Attached is a copy of the CIR for your reference.

Sincerely yours,

Area Manager

No. _____

COMMODITY TRUST RECEIPT

Received from the _____ upon the trust hereunder mentioned, the commodity stocks described below over which QUEDANCOR has security interest by virtue of a loan extended by and secured with QUEDANCOR by an assignment of Quedans with Nos. _____ dated _____, 20 ____.

QUEDAN NOS.	COMMODITY/TYPE	QTY./UNIT	FACE VALUE	AMOUNT DUE

Location of Stocks _____

Which stocks, constitute not more than _____ % of the stocks used as collateral for the loan, and in consideration thereof, I/WE HEREBY AGREE TO HOLD THE SAID COMMODITY STOCKS IN TRUST FOR QUEDANCOR AS ENCUMBERED PROPERTY with the permission to mill/process/sell _____ of _____ the above quality

(volume/unit) (commodity)

specifications, with prior approval of QUEDANCOR, for its account STRICTLY FOR CASH at not less than the amount of the loan, plus all interest and charges, **but without authority to make any disposition whatsoever of the remaining stocks**, if any, or any part thereof or the proceeds thereof or title thereto or in any manner encumber the same by means of conditional sale, pledge, hypothecation or otherwise.

The Commodity Trust Receipt Agreement shall be of force and effect from date of signing hereof until _____, 20 ____ with latter date is not beyond the date of maturity of the aforementioned loan secured by the assigned Quedans. However, in case of sale, I/WE FURTHER AGREE to hand the sales proceeds, as soon as received, to QUEDANCOR to apply against the payment for the above described loan secured by the assigned quedans.

I/WE FURTHER UNDERTAKE, pursuant to the pertinent rules and regulations of QUEDANCOR to keep the said stocks insured against fire and covered by a _____ bond, the said bond and insurance previously drawn in favor of and submitted to QUEDANCOR, with the understanding that QUEDANCOR shall not be chargeable with the corresponding premiums, and to deliver a copy of the said bond and insurance policies to QUEDANCOR upon demand. Loss or damage to the stocks from fortuitous event or force majeure, or from its nature, or from MY/OUR fault shall be for my/our account.

I/WE ALSO AGREE to keep said stocks or products manufactured therefrom, which I/WE HOLD IN TRUST for QUEDANCOR or the proceeds thereof, either wholly or in part, separate and capable of identification as the property encumbered with QUEDANCOR and I/WE ALSO AGREE not to lend, rent or further encumber said stocks and/or document pertaining thereto.

I/WE FURTHER AGREE that no failure or omission on MY/OUR part to fully carry out any of the provisions of this Commodity Trust Receipt, shall be deemed as waiver by QUEDANCOR of any of its rights or remedies unless said waiver shall be in writing, duly endorsed hereon and signed by QUEDANCOR.

QUEDANCOR, may at any time, cancel this Commodity Trust Receipt and take possession of the stocks or of the sales proceeds of what may then have been milled/processed/sold, wherever the said goods or sales proceeds may then be found and all the provisions of this Commodity Trust Receipt shall apply to and be deemed to include the stocks milled/processed/sold. Likewise, QUEDANCOR shall have the same rights and remedies against the stocks milled/processed/sold, as it would have had in the event that such commodity had remained in its original state, and irrespective of the fact that other and different commodity may have been milled/processed/sold.

FAILURE on MY/OUR part to account to QUEDANCOR the stocks received in trust and/or the sales proceeds thereof on or before the maturity date of the loan secured by assigned quedans herein described shall mean that I/WE have converted or misappropriated said stocks and/or sales proceeds thereof for MY/OUR personal benefit to the detriment and prejudice of QUEDANCOR, and as such, QUEDANCOR, shall have the right to recover said stocks and monies, accounts or notes arising from sales and/or sales proceeds in its own name or in MY/OUR name. Should it become necessary for QUEDANCOR to avail of the services of any attorney-at law to enforce any or all its rights under this contract, I/WE jointly and severally, shall pay to QUEDANCOR for and as attorney's fees a sum equivalent to 10% of the amount involved, principal and interest, then unpaid, but in no case less than P 10,000.00 whether actually incurred or not, exclusive of all costs or fees allowed by law. All obligations of the undersigned under this agreement of trust shall bear interest at the rate of _____% per annum, or at such other rate which QUEDANCOR may fix, from the date due until paid, plus all other bank charges.

Done on this _____ day of _____, 20____ at _____ Philippines.

Printed Name and Signature of Borrower

With Marital Consent:

Printed Name and Signature

CONFORME:

Lending Entity

QUEDANCOR

Printed Name and Signature of LE Manager

Printed Name and Signature of Representative

SIGNED IN THE PRESENCE OF:

ACKNOWLEDGEMENT

REPUBLIC OF THE PHILIPPINES)
Province of _____) S.S.
City/Municipality of _____)

At the locality above -mentioned, this _____ day of _____, 20____ personally appeared before me, _____ (borrower) with Comm. Tax No. _____ issued on _____ at _____ known to me to be same person who executed the foregoing Commodity Receipt Agreement and acknowledge to me that the same is her/his true act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and notarial seal on the date and place above written.

NOTARY PUBLIC

Doc. No. _____
Page No. _____
Book No. _____
Series of _____

White - LE
Green - QUEDANCOR CO
Blue - QUEDANCOR Area Field Office
Yellow - BORROWER
Pink - NOTARY PUBLIC

Date

To : The President and CEO
Quedan and Rural Credit Guarantee Corporation
34 Panay Avenue, Quezon City

RE: NOTICE OF DEFAULT AND REQUEST FOR JOINT COMMODITY INSPECTION

Please be informed that the loan extended by our bank under the **Agricultural Credit Guarantee - Rural Productivity for Agri-Aqua Inventory Management (AGRICORP-AIM)** has not been fully settled as described below.

Borrower's Name : _____
Loan Amount : _____
Maturity Date : _____
Outstanding Balance : _____

We, therefore, request for joint commodity inspection.

Very truly Yours,

Signature over Printed Name

Position/Designation

Name of Bank/Branch

QUITCLAIM, WAIVER AND RELEASE

KNOW ALL MEN BY THESE PRESENTS:

This Quitclaim, Waiver and Release, made and executed in _____, Philippines by :

_____, a private banking corporation duly organized and existing by virtue of the laws of the Republic of the Philippines, with principal office address at _____, Philippines and represented in this Quitclaim, Waiver and Release by its _____ by virtue of Board Resolution No. _____ hereinafter referred to as the **LENDING ENTITY**.

- in favor -

QUEDAN AND RURAL CREDIT GUARANTEE CORPORATION, a government owned and controlled corporation duly organized and existing by virtue of Republic Act No. 7393 with principal office address at No. 34 Panay Avenue, Quezon City, Philippines, hereinafter referred to as the **GUARANTOR**.

WHEREAS, on _____, 20____, a Guarantee Agreement (GA) was entered into by and between the **LENDING ENTITY** and the **GUARANTOR**, which agreement was duly acknowledged before _____, a Notary Public of _____ per Document No. _____; Page No. _____; Book No. _____; Series of _____;

WHEREAS, under said GA, **LENDING ENTITY** commits to participate in QUEDANCOR's various programs subject to the governing Circulars issued by the **GUARANTOR**, while the **GUARANTOR** undertakes to guarantee the loan exposure of the **LENDING ENTITY** up to the extent of the guarantee coverage issued in its favor by the **GUARANTOR**;

WHEREAS, pursuant to said GA, **LENDING ENTITY** actively participated in the Agricultural Credit Guarantee - Rural Productivity for Agri-Aqua Inventory Management (AGRICORP-AIM) Program of the **GUARANTOR**;

WHEREAS, one of the applicants under the AGRICORP-AIM was _____ who was issued a Franchise by the **GUARANTOR** to operate a Bonded Warehouse in _____ covering _____ cavans of _____.

WHEREAS, as a condition for the approval of said franchise, _____ secured a SURETY BOND UNDER THE PROVISIONS OF THE GENERAL BONDED WAREHOUSE ACT in the amount of PHILIPPINE PESOS: _____ (P_____) from the _____ company under Surety Bond No. _____ in favor of the **GUARANTOR** conditioned to respond for the market value of the commodity actually delivered and received at any time that the Principal is unable to deliver the specified commodity to the holder in due course of the quedan or pay its value;

WHEREAS, upon compliance with all the requirements and favorable evaluation of the loan application, _____ was granted a loan accommodation under the QUEDANCOR's AGRICORP-AIM by the **LENDING ENTITY** through its branch in _____ in the amount of _____ (P_____);

WHEREAS, borrower _____, failed to pay his/her loan upon maturity on _____ and has refused/failed upon demand by **LENDING ENTITY** to deliver the stocks covered by the assigned Quedans or pay its value;

WHEREAS, **GUARANTOR** assigns, transfers, and conveys its rights over Surety Bond No. _____ issued by _____ on _____ conditioned to respond for _____ PERCENT (____%) of the market value of the commodity actually delivered and received by the Principal in favor of the **LENDING ENTITY**, copy of which is hereto attached as Annex _____ and made an integral part of this instrument;

WHEREAS, **GUARANTOR** assigns, transfers, and conveys its rights over the BOND SECURED BY A REAL ESTATE MORTGAGE executed by _____ on _____ and acknowledged before _____, a Notary Public of _____ per Document No. _____; Page No. _____; Book No. _____; Series of _____; conditioned to respond for _____ PERCENT (____%) of the market value of the commodity actually delivered and received by the Principal in favor of the **LENDING ENTITY**, copy of which is hereto attached as Annex _____ and made an integral part of this instrument;

WHEREAS, **GUARANTOR** appoints the **LENDING ENTITY** as its true and lawful attorney-in-fact for and in his place, name and stead to demand and collect from the _____ Surety Company its rightful claims under Surety Bond No. _____;

WHEREAS, **GUARANTOR** appoints the **LENDING ENTITY** as its true and lawful attorney-in-fact for and in his place, name and stead to demand and collect from the _____ by whatever means necessary its rightful claims under the said BOND SECURED BY A REAL ESTATE MORTGAGE.

NOW, THEREFORE, for and in consideration of the foregoing premises, the **LENDING ENTITY** hereby release, remise and forever discharge the **GUARANTOR** from any and all liabilities and obligation in connection with the grant of loan on the account of _____, a borrower under the AGRICORP-AIM.

IN WITNESS WHEREOF, the **LENDING ENTITY** set its hands on _____ this day of _____, 20____ at _____, Philippines.

LENDING ENTITY

By: _____

Signed in the presence of:

ACKNOWLEDGMENT

_____))
_____) S.S.

BEFORE ME, personally appears _____ with Community Tax Certificate Number _____ issued at _____ on _____ known to me and to me known to be the same person who executed the foregoing instrument consisting of three (3) pages and who acknowledged to me the same is his/her free and voluntary act and deed.

WITNESS MY HAND AND SEAL this _____ day of _____ at _____

NOTARY PUBLIC

Doc. No. _____
Page No. _____
Book No. _____
Series of _____

ASSIGNMENT OF RIGHTS ON PROPERTY BOND

KNOW ALL MEN BY THESE PRESENTS:

This **DEED OF ASSIGNMENT**, made and executed in _____, Philippines by :

QUEDAN AND RURAL CREDIT GUARANTEE CORPORATION, a government owned and controlled corporation duly organized and existing by virtue of Republic Act No. 7393 with principal office address at No. 34 Panay Avenue, Quezon City, Philippines, represented in this DEED by its President and CEO, _____, hereinafter referred to as the **ASSIGNOR**.

- in favor -

_____, a private banking corporation duly organized and existing by virtue of the laws of the Republic of the Philippines, with principal office address at _____, Philippines and represented in this DEED by its _____, by virtue of Board Resolution No. _____, hereafter referred to as the **ASSIGNEE**.

WHEREAS, on _____, 20____, a Guarantee Agreement (GA) was entered into by and between the **ASSIGNOR** and the **ASSIGNEE**, which agreement was duly acknowledged before _____, a Notary Public of _____ per Document No. _____; Page No. _____; Book No. _____; Series of _____;

WHEREAS, under said IGA, **ASSIGNEE** commits to participate in the Agricultural Credit Guarantee - Rural Productivity for Agri-aqua Inventory Management (AGRICORP-AIM) subject to the governing Circular issued by the **ASSIGNOR**, while **ASSIGNOR** undertakes to guarantee the loan exposure of the **ASSIGNEE** up to the extent of the guarantee coverage issued in its favor by the **ASSIGNOR**;

WHEREAS, pursuant to said GA, **ASSIGNEE** actively participated in AGRICORP-AIM of **ASSIGNOR**;

WHEREAS, one of the applicants under the AGRICORP-AIM was _____ who was issued a Franchise by **ASSIGNOR** to operate a Bonded Warehouse in _____ covering _____ cavans of _____.

WHEREAS, as a condition for the approval of said franchise, _____ executed a BOND SECURED BY A REAL ESTATE MORTGAGE UNDER THE PROVISIONS OF REPUBLIC ACT NO. 3893 in the amount of PHILIPPINE PESOS : _____ (P _____) conditioned to respond for the market value of the commodity actually delivered and received at any time that the Principal is unable to deliver the specified commodity to the holder in due course of the quedan or pay its value;

WHEREAS, upon compliance with all the requirements and favorable evaluation of the loan application, _____ was granted a loan accommodation under the AGRICORP-AIM by the **ASSIGNEE** through its branch in _____ in the amount of _____ (P _____);

WHEREAS, borrower _____, failed to pay his/her loan upon maturity on _____ and has refused/failed upon demand by **ASSIGNEE** to deliver the stocks covered by the assigned Quedans or pay its value;

NOW, THEREFORE, for and in consideration of the foregoing premises the **ASSIGNOR** hereby assigns, transfers, and conveys its rights over the BOND SECURED BY A REAL ESTATE MORTGAGE executed by _____ on _____ and acknowledged before _____, a Notary Public of _____ per Document No. _____; Page No. _____; Book No. _____; Series of _____; conditioned to respond for _____ PERCENT (_____%) of the market value of the commodity actually delivered and received by the Principal in favor of the **ASSIGNEE**, copy of which is hereto attached as Annex "A" and made an integral part of this instrument;

That the **ASSIGNOR** by these presents, hereby appoints said **ASSIGNEE** as its true and lawful attorney-in-fact for and in his place, name and stead to demand and collect from the _____ by whatever means necessary its rightful claims under the said BOND SECURED BY A REAL ESTATE MORTGAGE.

IN WITNESS WHEREOF, parties hereunto set their hands on _____ this day of _____, 20____ at _____, Philippines.

**QUEDAN AND RURAL CREDIT
GUARANTEE CORPORATION**

(ASSIGNEE-BANK)

By:

By:

President and CEO

ACKNOWLEDGMENT

Republic of the Philippines)
Done in _____) S.S.

BEFORE ME, this _____ day of _____, 20__ in
the Municipality/City of _____, Province of
_____, Philippines, personally appeared:

<u>NAME</u>	<u>CTC NO.</u>	<u>DATE & PLACE ISSUED</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____

representing their respective corporations, known to me to be the same persons who executed the foregoing instrument for and in behalf of said corporation they herein represent, and acknowledged to me the same is their free and voluntary act.

This instrument consists of three (3) pages including this page where this acknowledgement is written, signed by the parties on each and every page and their instrumental witness, and sealed with my Notarial Seal.

IN WITNESS WHEREOF, I have set my hand, the day and place above written.

NOTARY PUBLIC

Doc. No. _____;
Page No. _____;
Book No. _____;
Series of _____.

Date

President and CEO
QUEDAN AND RURAL CREDIT GUARANTEE CORPORATION
34 Panay Avenue, Quezon City

Dear Sir:

This is to inform you that we shall not file a guarantee claim on the account of Mr./Ms. _____, granted on _____ with maturity date on _____ in the amount of PESOS: _____ (P_____). Relative thereto, may we request for the assignment of Surety Bond and/or property bond of Mr./Ms. _____.

We are willing to execute a Quit Claim, Waiver and Release in your favor for the said account.

Very truly yours,

Authorized Representatives of the LE

TO : The President and CEO
 Quedan and Rural Credit Guarantee Corporation (QUEDANCOR)
 # 34 Panay Avenue, Quezon City

RE : REQUEST FOR GUARANTEE COVERAGE (RGC)

This is to Request for Guarantee Coverage for the loan granted under the **Agricultural Credit Guarantee - Rural Productivity for Agri-fishery Inventory Management (AGRICORP-AIM)** as indicated below. Pursuant to our Guarantee Agreement and program's rules and regulations, enclosed are the following:

- Photocopy of Promissory Note
- Photocopy of Real Estate Mortgage/Chattel Mortgage
- Photocopy of Deed of Assignment/Certificate
- Photocopy of Co-Maker's Statement
- Check/draft as payment of Guarantee Fee

NAME OF BORROWER/ ADDRESS	LOAN CLASSIFICATION	TYPE OF PROJECT/ COMMODITY	AMOUNT OF LOAN	DATE	
				REL	DUE
	() New (*) Reavailment				

I hereby certify that the data contained are true and correct to the best of my knowledge.

This is to certify that this RGC and the corresponding payment were received by the undersigned.

Cash
 Check No. _____
 Draft No. _____
 Date _____
 Amount _____

 Signature over Printed Name
 QUEDANCOR Cashier

OR No. _____
 Date of OR _____

 Signature over Printed Name

 Position Title/Designation

 Name of Bank and Branch

 Date

CERTIFICATE OF LOAN SETTLEMENT

_____ Date

TO : The President and CEO
QUEDANCOR
34 Panay Avenue, Quezon City

RE : CERTIFICATE OF LOAN SETTLEMENT

This is to certify that the loan of
borrower _____
for the amount of _____
with maturity date on _____
under (Program) _____

has been --

Fully settled on _____

Partially settled for
P _____

Reavailed for
P _____

As of _____

Very truly yours,

Signature over Printed Name

Position/Designation

Name of Bank and Branch

NAME OF LE

COMPLETE ADDRESS

SUBROGATION RECEIPT

₱ _____

_____ Date

Received from **QUEDAN AND RURAL CREDIT GUARANTEE CORPORATION (QUEDANCOR)** the sum of _____
 (₱ _____) in full satisfaction, compromise and discharge of the said entity for the
 loan _____ account _____ of
 _____ with an
 outstanding balance of ₱ _____ exclusive of surcharges and interest after
 maturity. In consideration of said payment, _____ (name of LE)
 hereby assigns and transfers to the said **QUEDANCOR** all its claims and demands against
 _____ (name of Borrower) _____ arising
 from or connected with his/her loan obligation under the **AGRICULTURAL CREDIT
 GUARANTEE - RURAL PRODUCTIVITY FOR AGRI-FISHERY INVENTORY
 MANAGEMENT (AGRICORP-AIM)** of said borrower as embodied in our Memo Agreement
 dated _____ on guarantee coverage and in pursuance thereof, **QUEDANCOR**
 is subrogated in place of and to the claim and demand of the undersigned Bank/LE against
 _____ (name of Borrower)

LE

By:

Authorized Official



QUEDANCOR

The Credit & Guarantee Company

Circular No. 470
Series of 2010

FILING, SAFEKEEPING AND RELEASING OF LOAN AND COLLATERAL DOCUMENTS UNDER THE VARIOUS QUEDANCOR PROGRAMS

1. RATIONALE

In line with the present strategic direction of QUEDANCOR and the corporate reengineering brought by the new organizational structure and staffing pattern which resulted in a leaner organization, it is imperative to review and update the corporation's existing operating systems, particularly, the filing, safekeeping and releasing of loan, collateral and supporting documents to complement the new corporate structure and programs and services offered, and provide for the appropriate control, check and balance.

2. OBJECTIVES

- 2.1 Revise the existing guidelines on the filing and safekeeping of loan, collateral and supporting documents to be in harmony with the present organizational set-up vis-à-vis new programs and services implemented.
- 2.2 Institute proper control and monitor in the recording, borrowing, returning and releasing of all documents both at the Central Filing Unit and Area Field Offices.
- 2.3 Safeguard loan, collateral and supporting documents and ensure proper inventory of the same.

3. BASES

- 3.1 SOP No. 018 dated 15 December 1997 on the centralized safekeeping of all franchising/accreditation/loan/collateral documents of all accounts under the various QUEDANCOR programs.
- 3.2 QUEDANCOR Circular No. 437, Series of 2007, on the Revised Guidelines on the Decentralized Filing and Safekeeping of Loan Documents under the Various QUEDANCOR Programs.
- 3.3 QUEDANCOR Memorandum No. 1183 issued 07 October 2005, on Decentralized Safekeeping and Filing of Documents under the Various QUEDANCOR Programs.
- 3.4 QUEDANCOR's approved Rationalization Plan dated 05 February 2010.

Quedan & Rural Credit Guarantee Corporation

QUEDANCOR Center, 34 Panay Avenue, Quezon City Tel. No.: 373 97 11 Telefax No.: 373 94 52

Website: <http://www.quedancor.gov.ph> E-mail: quedan@quedancor.gov.ph

4. DEFINITION OF TERMS

- 4.1 **Accreditation** – a system of effective evaluation and issuance of eligibility certification to participants under the various QUEDANCOR programs.
- 4.2 **Central Filing Unit (CFU)** – the authorized filing unit at the Central Office (CO).
- 4.3 **Chattel Mortgage** – a mortgage secured by a personal property (e.g. machinery and equipment directly related to the project, land transport, air transport and water or sea transport) using it as collateral.
- 4.4 **Collateral** – property pledged for the amount of loan granted. Value expressed in peso.
- 4.5 **Collateral Document** – an evidence in the mortgage or pledge of a property as a security for a loan together with supporting documents pertaining to the property.
- 4.6 **Franchise** – a privilege granted by QUEDANCOR to a holder of a Certificate of Franchise to avail of a loan from QUEDANCOR or accredited Lending Entity (LE) using the stocks stored in a QUEDANCOR franchised warehouse as collateral.
- 4.7 **Fire Insurance** – insurance against fire for grain and non-grain stocks stored under the QUEDANCOR franchised warehouse and on any building, structure or improvements erected on the real estate property mortgaged with QUEDANCOR.
- 4.8 **Hardcopy** – a paper printout of an electronic file suitable for direct use by a person.
- 4.9 **Loan Document** – documents other than collateral and supporting documents which serve as evidence or support in the avancement of loan/ guarantee coverage from QUEDANCOR.
- 4.10 **Loans Document Custodian (LDC)** – the duly bonded Loans Document Custodian at the CO and Area Field Office (AFO) who shall undertake the filing, safekeeping and custodial function of all QUEDANCOR loan, collateral and supporting documents at his/her respective area of jurisdiction.
- 4.11 **Money Value** – loan and collateral documents with monetary or material worth or has worth in usefulness or importance to the possessor.
- 4.12 **Promissory Note (PN)** – an unconditional promise in writing made by one person to another signed by the maker engaging to pay on demand or fixed determinable future time, a sum certain in money, to order or to bearer.
- 4.13 **Real Estate Mortgage (REM)** – a mortgage secured at a certain interest rate using the property (i.e. vacant lots, raw lands for subdivisions/subdivision with projects, land with improvement, condominium units etc.) as collateral.
- 4.14 **Area Field Office Filing Unit (AFO-FU)** – a filing unit at QUEDANCOR's Area Field Offices authorized to file, safekeep and release loan, collateral and supporting documents at said offices.
- 4.15 **Softcopy** – the electronic version of a document data or information stored in CD or computer disk, or PC server or other similar medium.

- 4.16 **Special Accounts** – accounts managed by QUEDANCOR through a joint program implementation agreement with other government agencies such as NDA and CDA, whereby the former releases accounts funded by said agencies or jointly funded with QUEDANCOR. It shall refer also to existing accounts transferred by other agencies to QUEDANCOR for management, collection and/or liquidation.
- 4.17 **Supporting Documents** – documents submitted by the borrower other than the loan and collateral documents (i.e. pictures, permits, licenses, certifications and the like).
- 4.18 **Surety Bond Insurance** – a guarantee to the obligee that the principal named in the bond will perform a certain obligation that is to maintain his/her pledged stocks stored in QUEDANCOR franchised warehouse for the duration of the loan term and to deliver these stocks upon demand by the assignee; and if he/she fails to do so, the surety will perform the obligation or pay the damages up to the amount of the bond.

5. SCOPE

This circular covers the policies, rules and procedures involved in the filing, safekeeping, borrowing and releasing of loan, collateral and supporting documents under the various QUEDANCOR programs (old and new) facilitated under the following credit and guarantee lending facilities of the corporation:

- a. Special Window Mode (SWM);
- b. Sole Guarantee Mode (SGM);
- c. Wholesale Guarantee Mode; and,
- d. Co-Financing/Guaranteed Co-Financing Mode (CFM/GCFM).

6. STATEMENT OF POLICIES

6.1 Purpose

To control, safeguard and monitor the movements in the borrowing or releasing of the loan, collateral and supporting documents under the various QUEDANCOR programs, both at the Central Filing Unit and the Area Field Offices (AFOs).

6.2 Responsibilities

The following department/ office/ unit shall be responsible in the filing, safekeeping, borrowing and releasing of loan, collateral and supporting documents under the various QUEDANCOR programs;

6.2.1 Finance and Administrative Services Department (FASD)

- a. Oversee the filing, safekeeping and safeguarding the movements in the borrowing or releasing of loan, collateral and supporting documents at the CO and AFO;
- b. Coordinate with the Internal Audit Department (IAD) to determine that all documents are duly filed, kept and properly handled and monitored by accountable officers both at the CFU and AFO levels;
- c. Act/ recommend appropriate sanction/ action on officers/ employees who failed to return the borrowed documents on specified date, without justifiable reason;

- d. Consolidate reports submitted on a quarterly basis by the LDC on Inventory of Collaterals and Released Loan, Collateral and Supporting Documents and prepare other reports that may be required by the President and CEO;
- e. Maintain hard and soft copies (original and back-up) of Masterlist of all loan, collateral and supporting documents and scanned collateral documents in CD, computer disk, or PC server in coordination with the Planning Services Division;
- f. Perform other functions relative to filing, safekeeping and releasing of loan, collateral and supporting documents mentioned in this circular.

6.2.2 FASD - Accounting Division

- a. Prepare/ verify and certify Statement of Accounts (SOA) for all guaranteed and subrogated accounts under the SGM, WGM and CFM/GCFM programs including accounts under the SWM (current, past due and remediated) and foreclosed properties subject for sale or redemption;
- b. Recommend approval in the Release of Mortgage Form for the release of loan, collateral and supporting documents to the borrower upon full settlement of loan and for foreclosed properties subject for sale or redemption;
- c. Check/ verify and/or certify SOA prepared by AFO for release of loan, collateral and supporting documents under the various QUEDANCOR programs whether the documents are safekept at the CFU or AFO; and,
- d. Perform other functions relative to the filing, safekeeping, borrowing and releasing of loan, collateral and supporting documents under the various QUEDANCOR program.

6.2.3 Central Filing Unit – Loans Document Custodian (CFU-LDC)

- a. Act as custodian of the documents at the CO;
- b. Prepare quarterly reports on Inventory of Collaterals and Released Loan, Collateral and Supporting Documents and other reports that may be required by the Manager - FASD or President and CEO;
- c. Prepare a Masterlist of all loans, collateral and supporting documents filed at the CFU and maintain hard and soft copies of the same and scanned collateral documents in CD, computer disk or PC server;
- d. Maintain list of authorizer/ officers and their respective specimen signatures to be used for verification of signatures appearing in the Request Form, Release of Mortgage and similar documents used in the filing/ borrowing/ transferring and releasing of loan, collateral and supporting documents;
- e. File, safekeep and safeguard the movements in the borrowing or safekeeping of all loan, collateral and supporting documents under its area of jurisdiction;
- f. Maintain a separate logbook for borrowing and releasing of documents in accordance with the policies mentioned in this circular;
- g. Check/ verify authenticity of signatures in SOA, Release of Mortgage Form, Request Form and related documents prior to release of loan, collateral and supporting documents in the borrowing or releasing of documents;
- h. Prepare a memo to the borrower/ receiver of the borrowed loan, collateral and supporting documents within one (1) day after the given deadline to return the borrowed documents as indicated in the Request Form and furnish the Manager - FASD a copy;
- i. Strictly adhere to the policies and procedures mentioned in this circular (i.e. maintenance of vaults, systematic filing, etc.); and,
- j. Perform other duties relative to filing, safekeeping, borrowing and releasing of loan, collateral and supporting documents mentioned in this circular.

6.2.4 Area Manager

Oversee and ensure compliance of the AFO Accountant, LDC and Cashier in their respective duties and responsibilities to file, safeguard and monitor the movements of loan, collateral and supporting documents mentioned in this circular.

6.2.5 AFO Accountant IV

- a. Oversee the filing, safekeeping and safeguarding the movements in the borrowing or releasing of loan, collateral and supporting documents at the AFO;
- b. Conduct verification, audit trail of documents and regular inspection on the existence of the same at the AFO;
- c. Ascertain that all documents are strictly filed, recorded, monitored and received when released or borrowed by authorized QUEDANCOR officers;
- d. Ensure the preparation, maintenance and the safety of the hard and soft copies of the documents and the scanned collateral documents in CD, computer disk or PC server at the AFO;
- e. Check/ verify correctness of SOA prepared by AFO Account Analysts for the release of loan, collateral and supporting documents, as certified by FASD – Accounting Division, upon full settlement of loan and similar undertakings;
- f. Ensure the preparation and submission of timely report to the FASD by the AFO-LDC; and,
- g. Perform other duties relative to filing, safekeeping, borrowing and releasing of loan, collateral and supporting documents mentioned in this circular.

6.2.6 Area Field Office – Loans Document Custodian (AFO-LDC)

- a. Act as custodian of the documents at the AFO;
- b. Prepare quarterly reports on Inventory of Collaterals and Released Loan, Collateral and Supporting Documents for submission to FASD-CFU and other reports that may be required by the Manager - FASD or President and CEO;
- c. Prepare a Masterlist of all loans, collateral and supporting documents filed at the AFO and maintain hard and soft copies of the same and scanned collateral documents in CD, computer disk or PC server;
- d. Maintain list of authorized officers and their respective specimen signatures to be used for verification of signatures appearing in the Request Form, Release of Mortgage and similar documents used in the filing/ borrowing/ transferring and releasing of loan, collateral and supporting documents;
- e. File, safekeep and safeguard the movements in the borrowing or safekeeping of all loan, collateral and supporting documents under its area of jurisdiction;
- f. Maintain a separate logbook for borrowing and releasing documents in accordance with the policies mentioned in this circular;
- g. Check/ verify authenticity of signatures in SOA, Release of Mortgage Form, Request Form and related documents prior to release of loan, collateral and supporting documents in the borrowing or releasing of documents;
- h. Prepare a memo to the borrower/ receiver of the borrowed loan, collateral and supporting documents within one (1) day after the given deadline to return the borrowed documents as indicated in the Request Form and furnish the Area Manager and Manager - FASD a copy;
- i. Strictly adhere to the policies and procedures mentioned in this circular (i.e. maintenance of vaults, systematic filing, etc.); and,
- j. Perform other duties relative to filing, safekeeping, borrowing and releasing of loan, collateral and supporting documents mentioned in this circular.

6.2.7 Cashier/ Disbursing Officer

- a. File/ safekeep/ safeguard original loan, collateral and supporting documents of loans released under the QUEDANCOR program prior to transmittal to COA and LDC;
- b. Submit the loan folder (LDC's copy) of the aforementioned loans released under the QUEDANCOR program to LDC within three (3) working days after release of the loan to the borrower and to COA on a regular basis;
- c. Ensure that no documents are borrowed other than through the recommendation of the AFO Accountant and approval of the Area Manager or when there is conduct of audit/ inspection by AFO Accountant/ Internal Audit Department/ Commission on Audit Officer;
- d. Segregate and file separately (if necessary) the documents to be attached to the Disbursement Voucher (DV) and the documents to be submitted to the LDC; and,
- e. Perform other duties relative to filing, safekeeping, borrowing and releasing of loan, collateral and supporting documents mentioned in this circular.

6.3 Classification of Documents

For identification purposes, documents shall be classified as follows:

6.3.1 Loan Documents

- a. Loan Application Form (LAF);
- b. Loan Proposal Memo (LPM)/ Guarantee Proposal Memo (GPM)/ Account Management Proposal Memo (AMPM);
- c. Application for Accreditation, if wholesaler;
- d. Loan Summary Sheet (LSS);
- e. Cash Flow Requirement (CFR) or Farm Plan and Budget (FPB);
- f. Deed of Undertaking (for lacking requirements);
- g. Cash Flow Summary (CFS);
- h. Background and Credit Investigation Report (BI/CI);
- i. Delivery Receipt (DR) with Acknowledgement Receipt (AR);
- j. Credit Evaluation Report (CER); and,
- k. Project Feasibility Study/Project Proposal (PFS/PP).

✓ For SGM, WGM and CFM/GCFM schemes, the original copies of the above-cited documents are maintained/ safekept by the LE while QUEDANCOR is provided with the original duplicate/certified copies for LDC's file.

✓ For SWM facility, the original copies of the above-cited documents are attached to the Disbursement Voucher and the original duplicate for LDC's file copy.

6.3.2 Collateral/ Security Documents

- a. Memorandum of Agreement/Joint and Several Signatures (JSS);
- b. Promissory Note (PN);**
- c. Food Trust Receipt (FTR);
- d. Continuing Deed of Assignment of Stocks-In-Trade with Trust Receipt Agreement;
- e. Appraisal Report (AR);
- f. Contracts (i.e. Farm Management Contract, Contract Growing Agreement, Memorandum of Agreement, etc.);

- g. Deed of Undertaking (for implementation of projects/contracts/ agreement, etc.);
- h. Deed of Real Estate Mortgage (DREM) with the following related documents:
 - 1. Transfer Certificate Title (TCT)/Original Certificate Title (OCT)/Certificate Land Title (CLT)/Certificate Land Ownership Award (CLOA) with annotation of mortgage to QUEDANCOR and/or LE or if title used is CLT, authority to mortgage from DAR/DAR clearance;
 - 2. Tax Declaration;
 - 3. Latest Tax Receipts and Tax Clearance;
 - 4. Vicinity Map/Lot Plan; and
 - 5. Insurance Coverage Policy duly endorsed to QUEDANCOR and/ or LE and OR of premium payment (for improvements).
- i. Deed of Chattel Mortgage (DCM) with the following related documents:
 - 1. Certificate of Registration (COR) duly encumbered to QUEDANCOR and/ or LE;
 - 2. Owner's Manual/Brochures indicating specifications of equipment/machinery;
 - 3. Affidavit of non-encumbrance;
 - 4. Evidence of Ownership depending on the property as follows:
 - a. Machinery and Equipment
 - Receipts, invoices, deed of sale and other evidences of ownership
 - Affidavit of ownership stating therein that chattels are free from encumbrance
 - Comprehensive Insurance Policy duly endorsed to QUEDANCOR and/ or LE and O.R. of premium payment
 - b. Land Transport/Vehicle Motor
 - Updated OR of Registration Fees
 - PNP Clearance
 - Stenciled motor and chassis numbers
 - Comprehensive Insurance Policy cover duly endorsed to QUEDANCOR and/or LE
 - Deed of Sale or other evidence of ownership
 - c. Air Transport
 - Aircraft Licenses, Permits
 - Certificate of Airworthiness
 - Certificate of Flying Time
 - Maintenance Report
 - Fire and theft insurance coverage/ comprehensive insurance duly endorsed to QUEDANCOR and/ or LE
 - d. Water or Sea Transport
 - Certificate of Philippine Registry
 - Coastwise License, Permits
 - Fishing Boat License (for fishing vessels)
 - Fire and theft insurance coverage/ comprehensive Insurance
- j. Deed of Assignment of Receivables/Stock on Inventories with the following related documents:

- Certificate of Non Interest Bearing Cash Trust Fund, Bank/ Time Deposits
- Certificate of LandBank/ Government Bonds/ Securities and similar Investments
- Marketing Contract (Receivables)
- Affidavit of Ownership (stocks or inventories)

k. Co-Makership with the following related documents:

- Co-Maker Statement
- Income/Business Tax Returns (if applicable)

✓ For SGM, WGM and CFM/GCFM, the original copies of the abovesited documents are maintained/ safekept by the LE while concerned QUEDANCOR Area Field Office is provided with the original duplicate/certified copies for LDC's file.

✓ For SWM, the original copies of the abovesited documents are attached to the borrower's loan folder for LDC's file and certified photocopies or original duplicate copies are attached to Disbursement Voucher.

6.3.3 Supporting Documents

- a. Pictures of the borrower/representative(s) and collateral properties (at least 4 showing different angles);
- b. Mayor's/Business Permit/DTI/SEC Registration;
- c. NFA License, if engaged in marketing of grains;
- d. Certified/ Audited Financial Statements;
- e. Tax Clearance/ Income and Business Tax Returns;
- f. Board Resolution;
- g. List of names and addresses of current key officials and members;
- h. Certificate of Registration or Confirmation from CDA (for cooperatives/ federations);
- i. Articles of Incorporation/ Cooperation, By-Laws and amendments; and,
- j. List of stockholders/ partners/ members with their corresponding percentages of ownership or interest in the firm/ enterprise, for corporations.

✓ For SGM, WGM and CFM/GCFM, original and/or certified photocopies of the supporting documents are maintained/ safekept by the LE while QUEDANCOR is provided with the certified photocopies for LDC's file.

✓ For SWM facility, original/certified photocopies of the supporting documents are attached to both DV and the borrower's loan folder (LDC's copy).

Other loan, collateral and supporting documents including amendments or revisions, and those required under remedial action not included above shall be categorized accordingly based on the nature and importance of the document. Distribution of the documents, whether original, duplicate or certified photocopy shall depend on the lending facility.

6.4 Preparation of Checklist of Loan, Collateral and Supporting Documents

The AFO – Account Management Unit (AMU) Officer shall prepare and accomplish a checklist of loan, collateral and supporting documents for easy reference in checking the completeness of the submitted documents. The checklist shall be used upon turn-over of the loan folder to concerned officers for evaluation, processing, review, recommendation and approval. Likewise, the same is used for turn-over of documents to the LE and LDC for filing and safekeeping purposes after release of the loan.

The LDC and AFO Accountant shall strictly check the propriety and completeness of the submitted documents for filing and safekeeping. Likewise, the LDC shall ensure the systematic filing of the same for easy retrieval in case of borrowing or releasing of documents upon full settlement of the loan.

For SGM, WGM and CFM/GCFM accounts safekept at the CFU, the Program Operations Department (POD) shall facilitate the preparation of the checklist for the borrowing and/ or releasing of loan, collateral and supporting documents. Likewise, it shall help facilitate the request of AFO to borrow/ release documents of account/ folder of borrower safekept at the CFU.

6.5 Distribution of Copies of Documents

6.5.1 For SGM, WGM and CFM/GCFM

Documents	Copy of Document	Distribution
1. Loan Documents	Original and Certified Photocopies	To Lending Entity
	Duplicate Original and Certified Photocopies	QUEDANCOR (LDC's copy)
	Triplicate Original Copy	AFO-AM Officer
	Quadruplicate Original Copy	Borrower
2. Collateral/Security Documents	Original	To Lending Entity
	Duplicate original/ Certified Photocopies	QUEDANCOR (LDC's copy)
	Triplicate Original Copy/ Certified Photocopies	AFO-AM Officer
	Quadruplicate Original Copy/ Certified Photocopies	Borrower
3. Supporting Documents	Original (i.e. pictures)/ Certified Photocopies	Original/photocopy – to LE Certified photocopy – to QUEDANCOR

6.5.2 For SWM

Documents	Copy of Document	Distribution
1. Loan Documents	Original and Certified Photocopies	Attachment to DV (COA's copy)
	Duplicate Original and Certified Photocopies	QUEDANCOR File (LDC's copy)
	Triplicate Original Copy	AFO-AM Officer
	Quadruplicate Original Copy	Borrower
2. Collateral/ Security Documents	Original	QUEDANCOR File (LDC's copy)
	Duplicate original/ Certified Photocopies	Attachment to DV (COA's copy)
	Triplicate Original Copy/ Certified Photocopies	AFO-AM Officer
	Quadruplicate Original Copy/ Certified Photocopies	Borrower
3. Supporting Documents	Original (i.e. pictures)/ Certified Photocopies	QUEDANCOR – LDC's copy/ Attachment to DV/ AM Officer's copy/ Borrower's copy

6.6 Transmittal of Documents to AFO - LDC

6.6.1 For SGM/ WGM/CFM and GCFM

Upon receipt of the documents, the AFO-AM Officer shall verify the completeness of the submitted documents based on the checklist as well as the propriety and authenticity of the submitted documents and transmit the same to the AFO-LDC within three (3) working days from receipt of said documents from LE. The AFO-AM Officer shall ensure that the transmitted documents are properly received/acknowledged by the AFO-LDC who shall then assign a Control Number to the transmitted loan folder. The AFO-LDC shall file and safekeep the transmitted/submitted loan folder in the fireproof safety vault/cabinet.

6.6.2 For SWM

Upon release of the loan to the borrower, the AFO-Cashier/Disbursing Officer shall segregate the copies of the documents for COA (attached to voucher) and for LDC's copy in accordance with section 6.5.2 on the distribution of documents for SWM accounts. He/she shall ensure that all documents indicated in the accompanying checklist are complete as stated and shall acknowledge receipt in the said checklist.

✓ The AFO-Cashier/Disbursing Officer shall then prepare the transmittal report for transmittal of the loan, collateral and supporting documents to the AFO-LDC within three (3) working days from release of the loan to the borrower. He/She shall ensure that the transmitted documents are properly received or acknowledged by the AFO – LDC in the checklist. The AFO-LDC shall then assign a Control Number to the loan folder transmitted and file and safekeep the same in the fireproof safety vault/cabinet.

6.7 Borrowing of Documents

The following policies in the borrowing of loan, collateral and supporting documents must be adhered to by the CFU/ LDC/ concerned department/officer:

6.7.1 All borrowings must be duly supported by a Request Form (Exhibits B1 for CFU and B2 for AFO). Borrowing of documents at the AFO shall be coursed through the AFO Accountant for recommendation to the Area Manager, for approval/ disapproval. Borrowings at the CFU shall be approved/ disapproved by the Manager for FASD upon verification of SOA by FASD – Accounting Division.

6.7.2 The listed requirements shall be required for borrowings involving the following:

a. Amendments to Mortgage

- Statement of Account duly verified/ certified by FASD – Accounting Division;
- Certified copy of the borrower's loan ledger;
- Certified copy of the approved LPM/GPM/AMPM;
- Certified copy of the OR for last payment, if applicable; and,
- Other documents that may be required by FASD – Accounting Division as necessary.

b. Consolidation or Annotation of Certificate of Sale

- Certified copy of Certificate of Sale (COS);
- Official Receipts on expenses made;
- Appraisal report;
- Authority to auction; and
- Other documents that may be required by FASD – Accounting Division as necessary.

6.7.3 With the exemption of COA personnel and IAD auditors with approved mission order, only the concerned requisitioners namely, the Unit Heads, Managers/ Division Chiefs of concerned Departments/Divisions, and Lawyers are allowed to borrow account folders of original documents from CFU/ LDC.

6.7.4 The CFU/ LDC must ensure that documents borrowed are personally received and acknowledged by the concerned requisitioner by affixing his/her signature in the logbook and "received by" portion of the document and duly verified vis-à-vis official copy of specimen signatures. In case where the documents will be sent to the requesting AFO through a courier (e.g. via LBC), the CFU/ LDC must ensure submission of an authority from the requesting AFO to send the documents through a courier prior to mailing and an acknowledgement of the mailed documents is submitted to the CFU/ LDC within five (5) working days after receipt of the documents.

✓ 6.7.5 Borrowing of original documents shall be limited to the annotation of encumbrance with the ROD (amendment or additional loan), consolidation of property and similar undertaking.

6.7.6 LDC shall ensure that all requests are properly accomplished, coded and filed to monitor borrowings and return of documents. The LDC shall maintain two (2) sets of logbook, one for borrowing and one for releasing of the documents upon full settlement of loan by the borrower. Logbook for borrowing must contain the following information:

- a. Name of the requisitioner and signature;
- b. Account Folder's Control Number;
- c. Date of release of the borrowed documents to the requisitioner;
- d. Documents being borrowed;
- e. Due date of return of the documents;
- f. Date of actual return of the folder/ documents borrowed; and,
- g. Remarks (to reflect other necessary or important information like purpose for borrowing).

Logbook for releasing of loan, collateral and supporting documents must contain the following information:

- a. Name of receiver and signature;
- b. Account Folder's Control Number;
- c. Date of release of documents;
- d. Documents released (must be identified whether original, duplicate, certified photocopy, etc.); and,
- e. Remarks (to reflect other necessary or important information).

✓ 6.7.7 Documents that require processing and evaluation shall be allowed up to seven (7) working days or longer depending on the purpose/s for which said loan, collateral and supporting documents were borrowed. The requisitioner who failed to return the documents on the due date shall be subject to appropriate sanction(s) in accordance with the QUEDANCOR guidelines on Administrative Discipline and Procedures.

6.8 Release of Loan and Collateral Documents

Upon full settlement of the loan, the concerned Department/ Unit/ Field Office shall facilitate the release of mortgage and other loan securities supported by the following documents:

6.8.1 For accounts under the Special Window Mode, Co-Financing and Guaranteed Co-Financing Mode and all Subrogated Accounts

- a. Original copy of the duly signed Request Form and notarized Release of Mortgage Form;
- b. Original copy of the duly notarized Agreement for Compliance to Audit Findings (ACAF);
- c. Certified photocopy of the Loan Ledger;
- d. Certified photocopy of Account Management Proposal Memo (AMPM) and debt restructuring/ rescheduling/ compromise agreement of remediated accounts and accounts with compromise settlement agreement; and,
- e. Original copy of the Statement of Account (SOA) stating full settlement of the loan duly signed by the concerned QUEDANCOR Accountant/ Division Chief – Accounting Division / Bank Officer.

6.8.2 For Agri-Aqua Inventory Management (AIM) Program - Bond Secured by Real Estate Mortgage (REM)

a. Cancellation/ Reduction or Addendum of Franchise (using the same warehouse)

- a.1 Original copy of the duly signed Request Form and notarized Release of Mortgage Form;
- a.2 Original copy of the duly notarized Agreement for Compliance to Audit Findings (ACAF);
- a.3 Letter Request from the borrower for the Release of Mortgage and cancellation/ replacement of CQF (due to reduction/ addendum of franchised capacity/ cancellation of franchise, whichever is applicable);
- a.4 Certificate of Loan Settlement (CLS)/ SOA issued by the concerned LE; and,
- a.5 Original CQF and used/cancelled and unused Negotiable Quedans in the possession of LE and Franchisee.

b. Conversion by the LE of the borrower's loan into a Commercial Loan

- b.1 Original copy of the duly signed Request Form and notarized Release of Mortgage Form;
- b.2 Original copy of the duly notarized Agreement for Compliance to Audit Findings (ACAF);
- b.3 Letter from LE informing QUEDANCOR of the loan conversion and making the latter free from guarantee obligations;
- b.4 Letter Request for the Release of Mortgage and cancellation of CQF from the borrower; and,
- b.5 Original CQF and used/ cancelled and unused Negotiable Quedans in the possession of LE and Franchisee.

6.8.3 For Sole Guarantee Program

a. Full payment of the loan by the borrower to the LE

- a.1 Original copy of the duly signed Request Form and notarized Release of Mortgage Form;
- a.2 Original copy of the duly notarized Agreement for Compliance to Audit Findings (ACAF);
- a.3 Letter Request from the borrower for the Release of Mortgage; and,
- a.4 CLS/ SOA issued by the LE.

b. Conversion by the LE of the borrower's loan into a Commercial Loan

- b.1 Original copy of the duly signed Request Form and notarized Release of Mortgage Form;
- b.2 Original copy of the duly notarized Agreement for Compliance to Audit Findings (ACAF);
- b.3 Letter from LE informing QUEDANCOR of the loan conversion and making the latter free from guarantee obligations; and,
- b.4 Letter Request from the borrower for the Release of Mortgage.

6.8.4 Release of Mortgage for Foreclosed Properties through Redemption

- a. Original copy of the duly signed Request Form and notarized Release of Mortgage Form;
- b. Original copy of the duly notarized Agreement for Compliance to Audit Findings (ACAF);
- c. Certified photocopy of the Loan Ledger;
- d. Original copy of the Statement of Account (SOA) stating full settlement of the loan duly signed by the concerned QUEDANCOR Accountant/ Division Chief – Accounting Division;
- e. Approval on extension of the redemption period, if applicable;
- f. Official Receipt/s of payment/s made by the borrower upon redemption of property; and,
- g. Other documents as may be required.

6.8.5 Release of Mortgage for Foreclosed Properties through Sale of Property (Negotiated Sale/ Dacion / Assignment, etc)

- a. Original copy of the duly signed Request Form and notarized Release of Mortgage Form, if applicable;
- b. Certified copy of Notice of Award duly acknowledged/received by the buyer, if applicable;
- c. Resolution of the Committee, if applicable;
- d. Appraisal of Property, if applicable;
- e. Photocopy of Statement of Account on the loan of the borrower upon foreclosure of the property;
- f. Official Receipt/s (OR) of payment/s made by the buyer, if applicable;
- g. Expenses prior to foreclosure;
- h. Authority to auction, if applicable;
- i. Approval on extension of the redemption period, if applicable; and
- j. Other documents as may be required.

The LDC shall ensure that the above requirements are complied with/ submitted prior to the release of mortgage and other loan securities/ documents to the borrower.

For substitution of collateral, appraisal of offered collateral must be conducted to ascertain sufficiency of value to cover the outstanding balance of the loan.

A pro-forma checklist to be accomplished by the CFU/Collection and Acquired Assets Management Department and to be checked and approved by the FASD – Accounting Division, shall be required upon processing of request to release loan and collateral documents.

6.9 Specifications of Authority for Release of Mortgage upon Full Settlement of Loan, Foreclosure of Properties and Redemption

The following are the authorized signatories in the release of real estate/ chattel mortgage and other loan securities under the various QUEDANCOR programs:

Loan Amount*	Endorsement	Recommendation	Approval
Above P8 M	Concerned AFO staff/ AFO Accountant/**POD staff	Manager for FASD Alternate: Division Chief - Accounting Division	President and CEO Alternate: VP
Above P5 M to P8 M	Concerned AFO staff/ AFO Accountant/**POD Staff	Manager for FASD Alternate: Division Chief – Accounting Division	Vice President (VP)
Above P1 M to P5 M	Concerned AFO staff/ AFO Accountant/**POD Staff	Division Chief – Accounting Division	Manager - POD
Up to P 1 M	Concerned AFO staff / **Program Operations Department (POD) Staff	AFO Accountant/ **Division Chief – Accounting Division	Area Manager/ **Manager - POD

* or remedied amount in case of remedied accounts or value of property for sale / redemption
 ** in case of guaranteed accounts and accounts previously released at the Head Office and safekept at the CFU.

The aforesaid specifications of authority shall cover programs under the SGM, WGM, CFM/ GCFM and SWM including special programs regardless of the manner of loan release i.e. new loan, renewal, re-availment or remedied accounts and foreclosed properties subject for sale (negotiated/dacion/assignment, etc.) or redemption.

The FASD – Accounting Division shall verify/ certify SOA of all accounts regardless of loan/ amount involved.

6.10 Filing and Safekeeping of Documents

The LDC must maintain a systematic filing of the documents for easy retrieval. Each loan account/ folder shall be assigned a control number and filed accordingly.

Only the LDC shall be authorized to open and close the vault. No other person or employee shall be allowed to have access to the vault. At the AFO however, Accountant IV shall be authorized to have access to the vault in case of the LDC's absence/ official leave.

The vault code or duplicate vault key shall be put in sealed envelopes and kept safely by the Accountant IV. Only when there is an urgent need for the vault to be opened in the absence of the LDC, shall it warrant opening of the sealed envelope. Duplicate keys and vault codes shall be changed and again put in sealed envelopes for safekeeping afterwards.

The FASD shall coordinate with the Area Manager to ensure that location of the vault/ cabinet at the AFO is safe and that access to it is restricted in accordance with the policies of this circular.

6.11 Safeguarding of Loan, Collateral and Supporting Documents

The LDC shall ensure the safety of the loan, collateral and supporting documents by safekeeping the documents in fireproof vaults or cabinets with a safety device lock and located in a place safe from fire, flood, termites, etc. The LDC shall also ensure proper safeguard in the transmittal of the documents when borrowed/ released by ensuring reliable shipping/ delivery and logistical services.

Likewise, the LDC must maintain a list and specimen signatures of officers authorized to sign/ approve documents on the filing, safekeeping, borrowing and releasing of loan, collateral and supporting documents under the various QUEDANCOR programs which will serve as basis in the verification of the signatures in the Request Form (Exhibits B1 and B2).

6.12 Transfer or Resignation of Loans Document Custodian

In the event of transfer or resignation of the LDC, an inventory of loan folders and documents shall be undertaken jointly by the outgoing and the incoming LDC. On the basis of such inventory, a complete list of all the documents (Exhibit A1, A2 and A3) for turnover shall be prepared by the outgoing LDC and properly acknowledged by the incoming LDC, and noted by the Manager - FASD/ AFO-Area Manager, as the case maybe.

6.13 Reportorial Requirements

6.13.1 Submission of Report

The LDC shall strictly submit reports on **Inventory of Collaterals and Release of Loan, Collateral and Supporting Documents** to the Manager - FASD on a quarterly basis **every 10th day of the month after end of each quarter**. Consequently, the FASD shall prepare a consolidated report on the same not later than the 20th of the month after end of each quarter for submission to the President and CEO.

Said reports shall be used as basis in the conduct of inspection on the existence of the loan, collateral and supporting documents at the CFU/AFOs.

6.13.2 Back-up Copies of Reports

Simultaneous with the submission of the report, the LDC shall send through e-mail the inventory of all loan, collateral and supporting documents to the FASD which shall be saved in a CD to serve as its back-up copy.

The softcopy of the inventory of the documents shall be used by the FASD in preparing and maintaining a consolidated and centralized record or file of the list of inventoried loan, collateral and supporting documents.

6.14 Preparation and Submission of Back-up Copies of Collateral Documents in CD Form

The LDC shall prepare two (2) copies of scanned collateral documents mentioned in item 6.3.2 of this circular in CD form for distribution as follows:

- a. FASD - CFU's file; and
- b. AFO – Accountant IV and LDC's own file copy.

For CO, the Document Custodian handling the special accounts shall prepare the same for submission to the CFU. The AFO shall label the CD with the following information in the said order: Area/Region, Date of Coverage and Program or Type of Collateral for recording and identification purposes.

The back-up copies in CD shall be submitted/ distributed quarterly, simultaneous with the required reports as stated in the preceding paragraph.

6.15 Sanctions

Non-compliance and/or failure to implement these policies by concerned department/ unit/ CFU and LDC officers shall be subject to appropriate sanction based on the existing QUEDANCOR guidelines on Administrative Discipline and Procedures.

7. OPERATING PROCEDURES

7.1 For SGM/ WGM/ CFM and GCFM – Transmitting of the documents from LE to LDC

RESPONSIBILITY	ACTION
LE	1. Forwards/ provides QUEDANCOR with the complete original-duplicate/ certified photocopies of the loan, collateral and supporting documents of the guaranteed loan.
AFO-AM Officer	2. Receives and acknowledges documents. 3. Checks completeness, authenticity and propriety of the submitted documents. 4. If complete and in order, prepares checklist of the loan, collateral and supporting documents for transmittal to the LDC within 3 days from receipt of said documents from the LE.

LDC

5. Transmits the same to the LDC.
6. Acknowledges receipt of documents and checks/ verifies completeness, authenticity and propriety of transmitted documents.
7. If complete and in order, assigns Control Number to the loan folder and records the same in accordance with the policies indicated in this circular.
8. Files documents systematically and safekeeps the same in the vault.

7.2 For SWM – Transmitting of the documents from Cashier to LDC

RESPONSIBILITY	ACTION
Cashier/ Disbursing Officer	<ol style="list-style-type: none">1. Segregates documents as to COA file (attached to voucher) and LDC's file.✓ 2. Transmits LDC's copy of the documents within three (3) working days from release of the loan to the borrower.
LDC	<ol style="list-style-type: none">3. Acknowledges receipt of documents and checks completeness, authenticity and propriety of the loan, collateral and supporting documents transmitted.4. If complete and in order, assigns Control Number to the loan folder and records the same in accordance with the policies indicated in this circular.5. Files documents systematically and safekeeps the same in the vault.

7.3 Borrowing of Loan and Collateral Documents

RESPONSIBILITY	ACTION
Requisitioner	<ol style="list-style-type: none">1. Prepares Request Form (Exhibit B1 and B2) and accomplishes the same in two 2 copies: 1 – for LDC 2 – for the requisitioner2. Forwards request form to LDC.

LDC	3.	Verifies signature of the requisitioner vis-à-vis official copy of specimen signatures.
	4.	Recommends approval of request and forwards the same to the authorized signatory for approval.
Authorized Signatory	5.	Approves/ disapproves request.
	6.	Returns request to LDC upon approval.
LDC	7.	Verifies signature of the approving officer vis-à-vis official copy of specimen signatures.
	8.	Releases documents and provides Requisitioner with a copy of approved Request Form.
		NB. If requisitioner of documents is based at the AFO, the documents are mailed through the safest and fastest available arrangement as requested by the concerned requisitioner.
Requisitioner	9.	Receives documents and acknowledges receipt of the same on the "received by" portion of the Request Form and the Log Book.
LDC	10.	Receives and files acknowledgement receipt.

7.4 - Returning of Borrowed Loan and Collateral Documents

RESPONSIBILITY		ACTION
Requisitioner	1.	Returns borrowed documents on the specified due date.
LDC	2.	Receives documents and updates records. If the requisitioner failed to return the documents on due date, prepares memo/ reminder letter copy furnished the Area Manager and the Manager - FASD.
	3.	Files documents accordingly.
	4.	Provides requisitioner an acknowledgement receipt for returned documents.
	5.	Ensures that all documents are complete and in order as when borrowed.

6. Prepares Report on a quarterly basis.

7.5 Releasing of Loan and Collateral Documents

RESPONSIBILITY	ACTION
Requisitioner	<ol style="list-style-type: none"> 1. Accomplishes Request Form (Exhibits B1 and B2) together with the Request to Release Mortgage and the Agreement for Compliance to Audit Findings (ACAF) and secures the borrower's signature (for ACAF) and requests the notarization of the same. 2. Attaches photocopies of REM/ CM, TCT/ CR, Certificate/Deed of Assignment and other pertinent loan and collateral documents including Appraisal Report, if necessary. 3. Forwards request to the Finance and Administrative Services Department Authorized Signatory for recommendation and verification/ certification as to correctness of the SOA.
Authorized FASD Signatory	<ol style="list-style-type: none"> 4. Verifies/ certifies SOA. 5. Recommends approval/disapproval of the Request. <p>N.B. In case of disapproval, the request is returned to CFU/ AFO through the POD.</p>
Authorized Signatory	<ol style="list-style-type: none"> 6. Approves/disapproves request. 7. Forwards the same to LDC upon approval.
CFU/ AFO-LDC	<ol style="list-style-type: none"> 8. Verifies signatures of requisitioner and approving officer vis-à-vis official copy of specimen signatures. 9. Releases requested loan, collateral and supporting documents to the Requisitioner.
Requisitioner	<ol style="list-style-type: none"> 10. Receives and acknowledges receipt of original documents requested by signing in the logbook. 11. Releases original collateral documents to the borrower/ owner. <p>N.B. Concerned requisitioner shall ensure that the documents released are properly acknowledged by the borrower/ owner.</p>

LDC


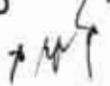
12. Files approved Request for the Release of Mortgage and the Agreement for Compliance to Audit Findings in the borrower's folder.
13. Prepares Report of Released Loans, Collateral and Supporting Documents on a quarterly basis and submits copy to the Area Manager and Manager - FASD.

8. SPECIAL PROVISIONS

- 8.1 All accountable forms/ documents (i.e. PN, DREM, DCM) shall be printed and issued by the Logistics Management Division of the Finance and Administrative Services Department in four (4) copies in accordance with the QUEDANCOR guidelines on Accountable Forms.
- 8.2 Issued memoranda, guidelines and other issuances consistent with the policies and provisions of this circular shall remain in effect.

9. EFFECTIVITY

This circular shall supersede Circular No. 437, series of 2007 and its amendments.


FEDERICO A. ESPIRITU MNSA
President and CEO


3/29/10
Date

Name of Borrower : _____
 Region : _____
 Program : _____
 Purpose : _____

**CHECKLIST OF DOCUMENTARY REQUIREMENTS FOR THE
 RELEASE OF LOAN AND COLLATERAL DOCUMENTS:**

- ___ 1. Original copy of the duly signed CFU Request Form.
- ___ 2. Original copy of the duly notarized Agreement for Compliance to Audit Findings.
- ___ 3. Duplicate copy of notarized Release of Mortgage.
- ___ 4. Original copy of Certificate of Full Settlement (CFS) duly signed by concerned officer of Finance and Administrative Services Department (FASD).
- ___ 5. Duly certified/approved Statement of Account (SOA) by FASD.
- ___ 6. Certified photocopy of the borrower's Loan Ledger.
- ___ 7. Appraisal of collateral/property.
- ___ 8. Certificate of Loan Settlement/ SOA issued by the Bank.
- ___ 9. Letter request for the cancellation/replacement of CQF.
- ___ 10. Original CQF and used/cancelled and unused Negotiable Quedans in the possession of the Bank and Franchisee.
- ___ 11. Certified photocopy of the Loan/Account Management Proposal Memo (LPM/AMPM) and Debt Restructuring/ Rescheduling/ Compromise Settlement Agreement.
- ___ 12. Letter from the Bank informing QUEDANCOR of the loan conversion and making the latter free from its guarantee obligations.
- ___ 13. Notice of Award duly signed/ received by the Buyer.
- ___ 14. Resolution of the Bids Committee.
- ___ 15. Approval on extension of the redemption period, if applicable.
- ___ 16. Official Receipt/s on payment/s of the borrower upon redemption of the property.
- ___ 17. Photocopy of SOA on the loan of the borrower upon foreclosure of the property.
- ___ 18. Authority to auction.
- ___ 19. Certified photocopy of Certificate of Sale.
- ___ 20. Certified photocopy of Official Receipts of expenses made during foreclosure.
- ___ 21. Certificate of Full Settlement (CLS)/SOA issued by the LE.
- ___ 22. Other documents required:

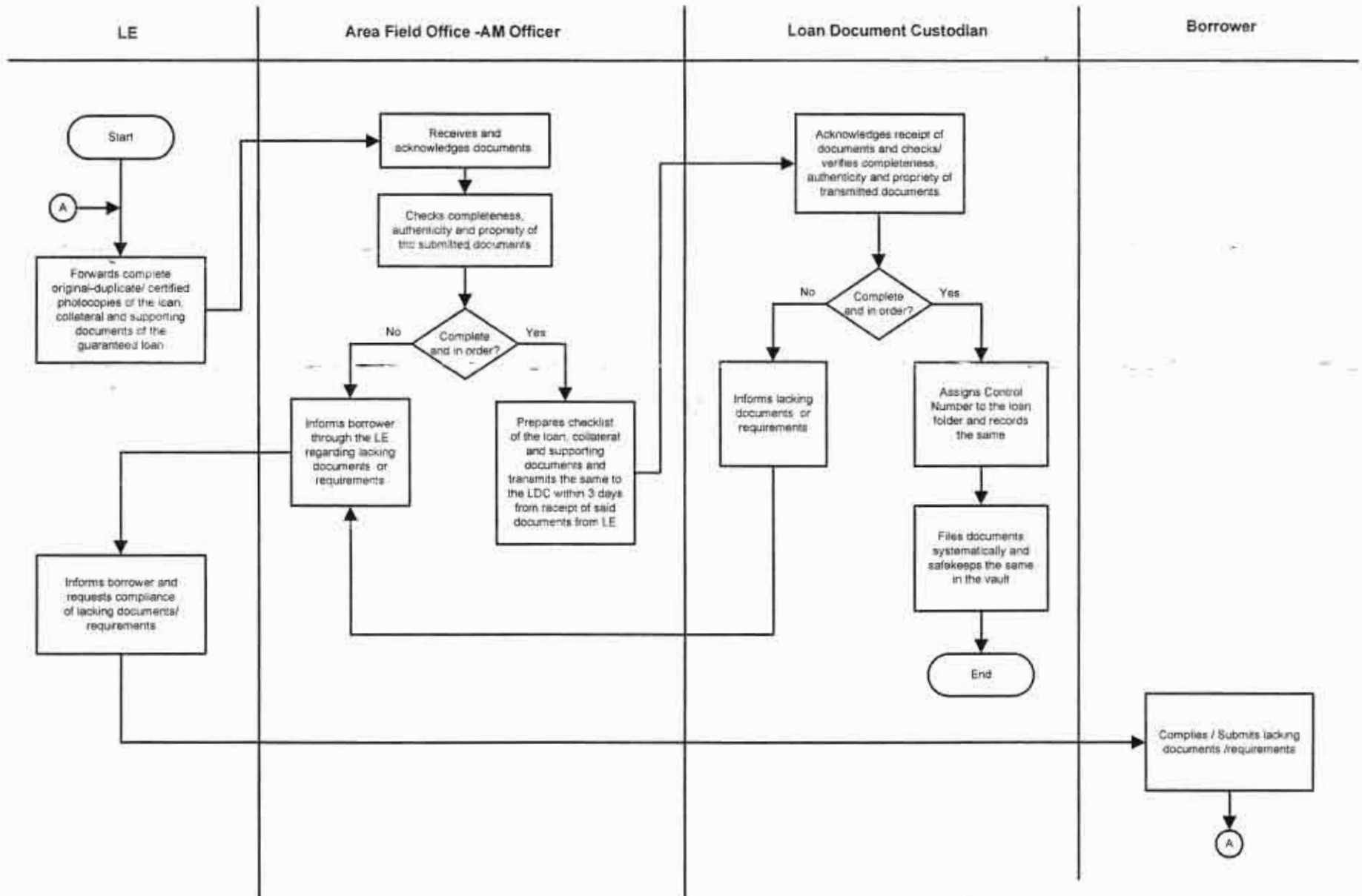
Endorsed by:

Verified Complete by:

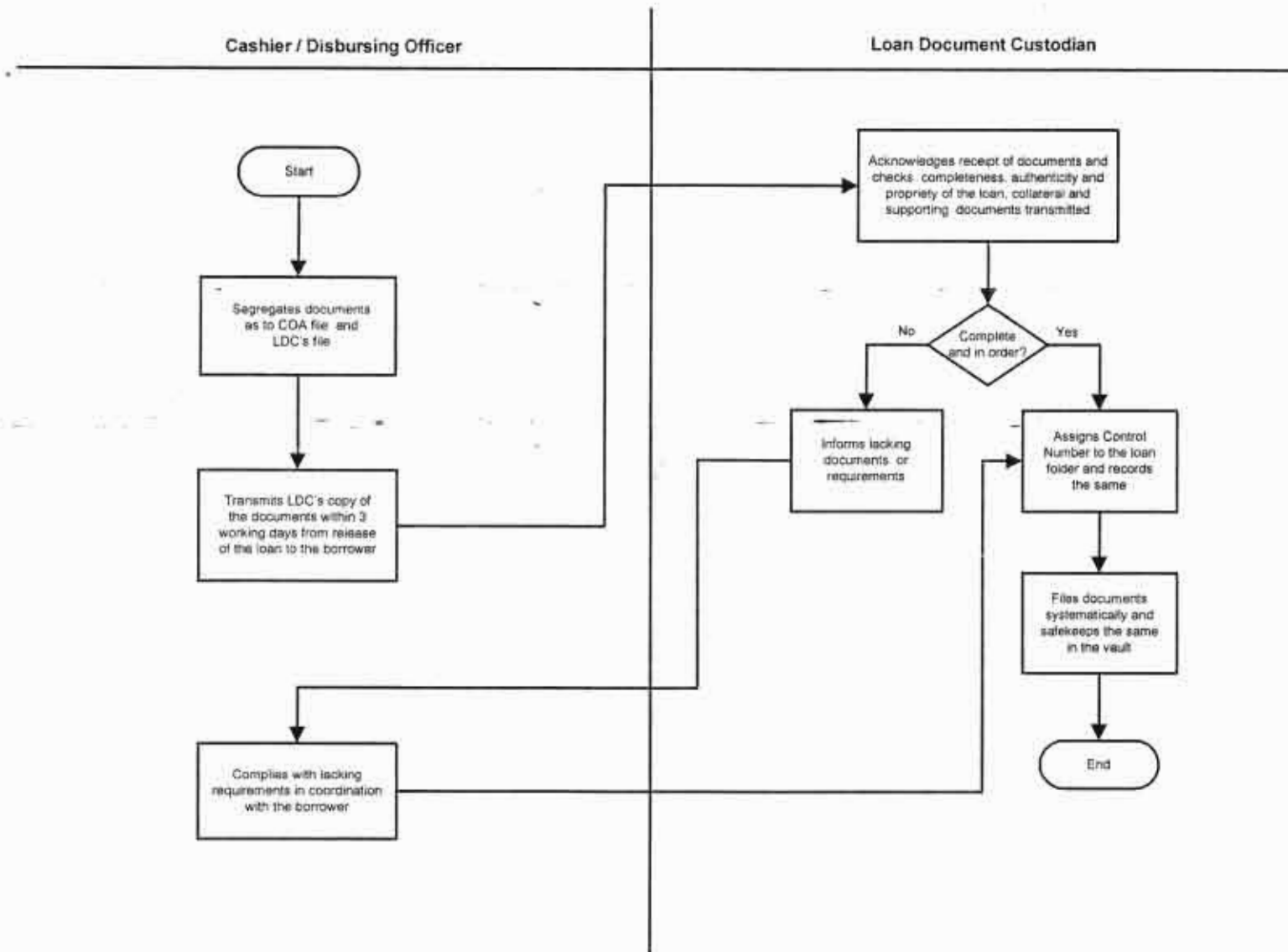
GININA D. REYES
 Cfu Head Custodian

 Manager, FASD

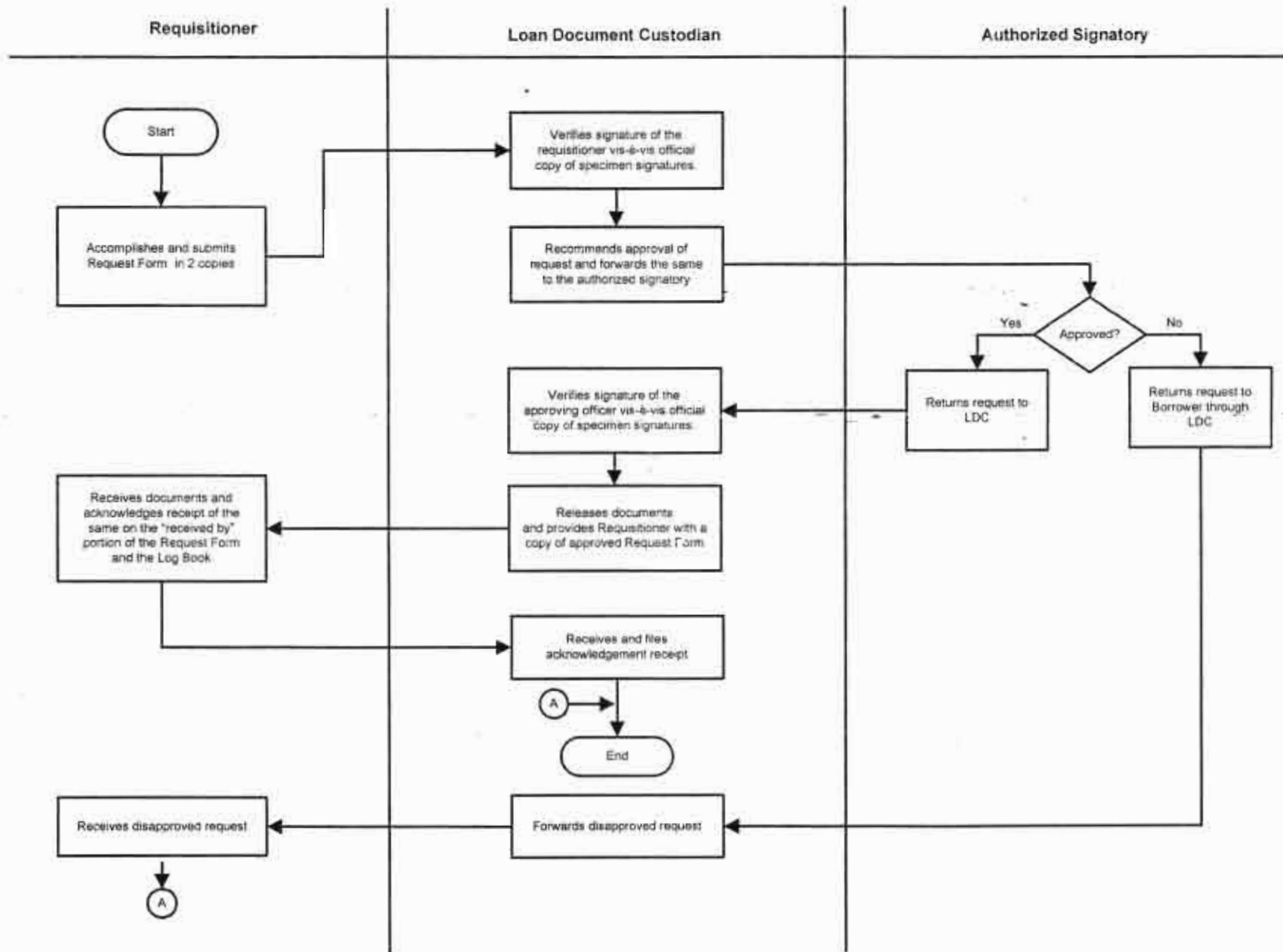
PROCEDURAL FLOW ON FILING, SAFEKEEPING AND RELEASING OF LOAN AND COLLATERAL DOCUMENTS
For SGM / WGM / CFM and GCFM – Transmitting of documents from LE to LDC



PROCEDURAL FLOW ON FILING, SAFEKEEPING AND RELEASING OF LOAN AND COLLATERAL DOCUMENTS For SWM – Transmitting of documents from Cashier to LDC

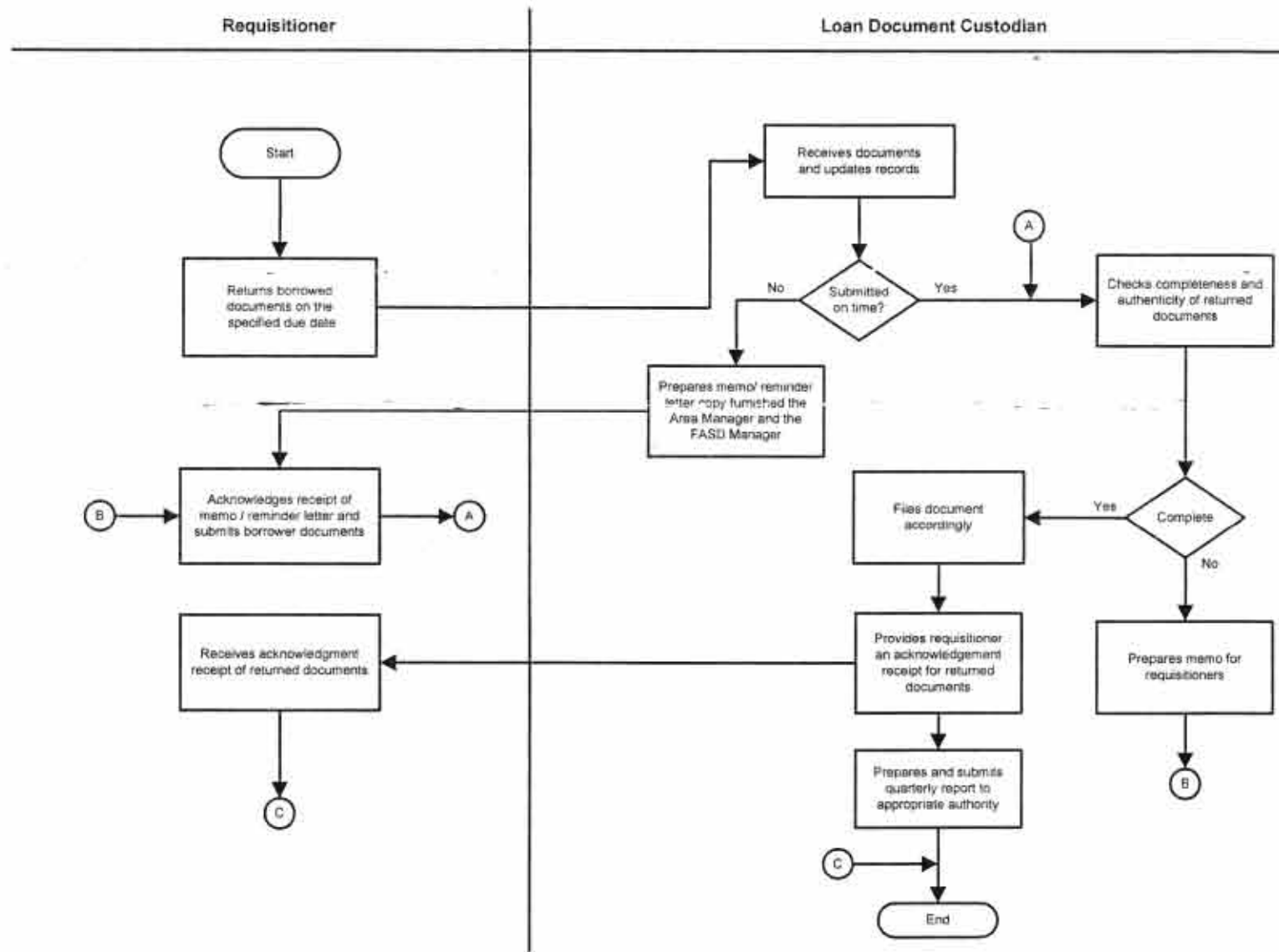


PROCEDURAL FLOW ON FILING, SAFEKEEPING AND RELEASING OF LOAN AND COLLATERAL DOCUMENTS
Borrowing of Loan and Collateral Documents



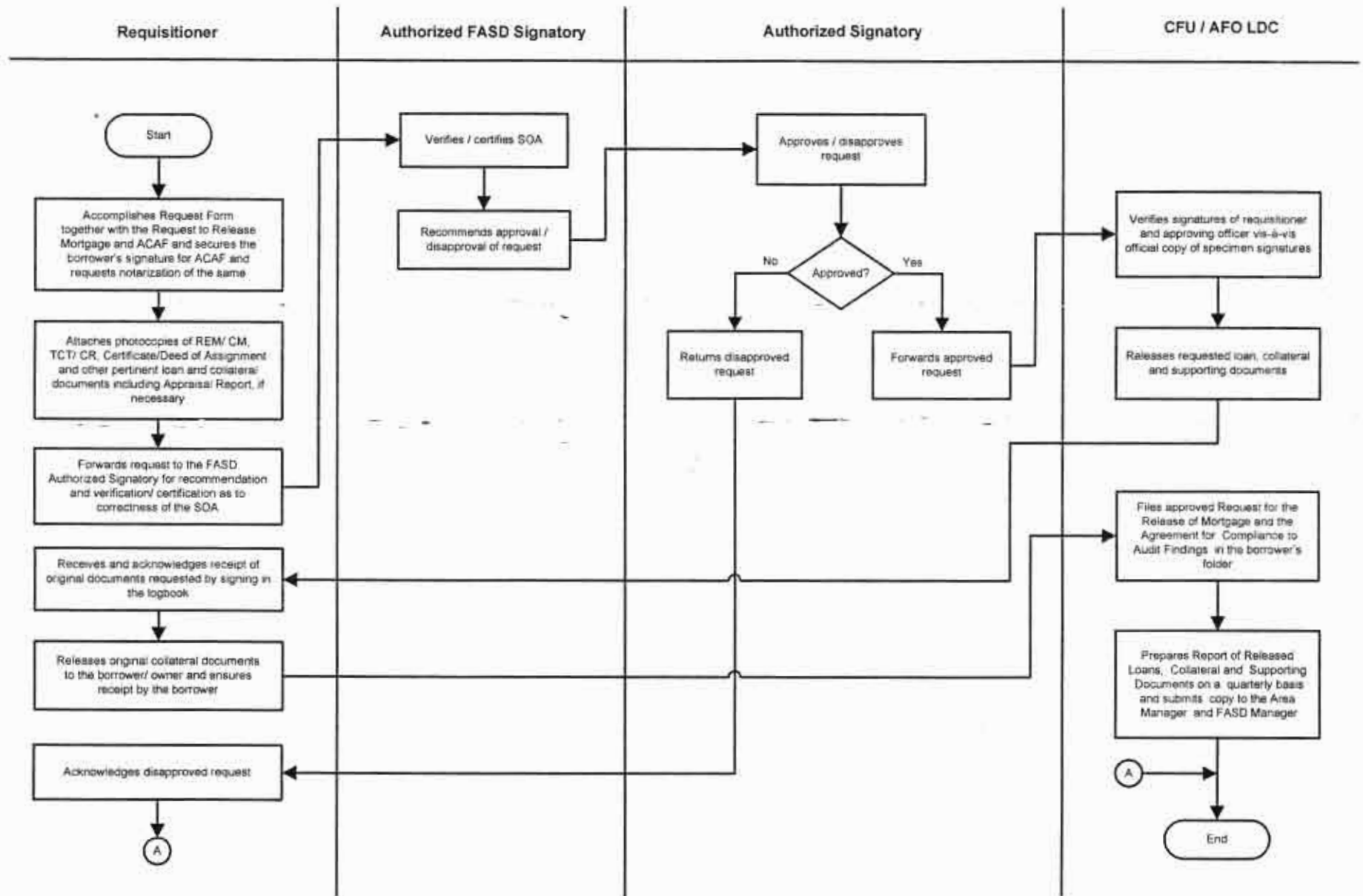
PROCEDURAL FLOW ON FILING, SAFEKEEPING AND RELEASING OF LOAN AND COLLATERAL DOCUMENTS

Returning of Borrowed Loan and Collateral Documents



PROCEDURAL FLOW ON FILING, SAFEKEEPING AND RELEASING OF LOAN AND COLLATERAL DOCUMENTS

Releasing of Loan and Collateral Documents





QUEDANCOR

The Credit & Guarantee Company

Circular No. 450
Series of 2008

REVISED GUIDELINES ON REMEDIAL MANAGEMENT SYSTEM

1. RATIONALE

It is the policy of the state to accelerate the flow of investments and credit resources into the countryside so as to trigger the vigorous growth and development of rural productivity, employment and enterprises thereby generating more livelihood and income opportunities for the disadvantaged rural populace. Pursuant to this, the Corporation implemented financing programs and guarantee system designed to support the government's program for the agri-fishery sector. However, in view of high risks associated with agricultural credit, it shall be the primary responsibility of QUEDANCOR to protect its interest by adopting effective measures that would address the existing and/or potential problems and changing needs of its borrowers in order to keep their businesses operationally sustainable.

Hence, in 2003, the Corporation institutionalized its collection and remedial management system through the creation of the Collection and Remedial Management Department mandated to undertake remedial measures and to manage problematic accounts. In so doing, corresponding guidelines and policies were issued. However, in response to the changing needs of the borrowers, several provisions were added through the issuance of several amendments. To simplify and provide easy reference, there is a need to revise the same, incorporating all issued amendments thereby providing convenience to all field implementors and other users.

2. OBJECTIVES

- 2.1 Contribute to the QUEDANCOR's principal objective of sustaining its financing operation through timely collection of receivables and appropriate remedial measures.
- 2.2 Enable borrowers to overcome their cash flow problems.
- 2.3 Standardize documentation and loan requirements.
- 2.4 Provide optimum protection to QUEDANCOR through timely extra-judicial measures.

3. LEGAL BASES

- 3.1 Republic Act No. 7393 dated 13 April 1992, mandating QUEDANCOR to establish a credit support mechanism and a guarantee system for the benefit of farmers, fisherfolk and other agricultural enterprises.
- 3.2 Republic Act No. 8435 or the Agriculture and Fisheries Modernization Act dated 09 February 1998, mandating QUEDANCOR to be the credit guarantee institution for the agri-fishery sector.
- 3.3 Circular No. 225 Series of 2003 on Remedial Management System.
- 3.4 Circular No. 248 Series of 2003 amending the Remedial Management System.

- 3.5 Board Resolution No. 255 or the Supplemental Guidelines on the Remedial and Asset Management System dated 19 January 2005, authorizing the implementation of the condonation of surcharges and penalties.
- 3.6 Board Resolution No. 270 dated 16 March 2005, mandating the Specifications of Authority on Remedial Actions.
- 3.7 QUEDANCOR Memorandum No. 1131 or the Interest Rate and Service Fee Charges for Rescheduled and Restructured Accounts dated 22 September 2005, clarifying the policy in the charging of interest rates and service fees on accounts subject to rescheduling and restructuring.

4. DEFINITION OF TERMS

- 4.1 **Accounts-In-Arrears** – shall refer to accounts that have not yet matured but with unpaid loan amortization/s as of a given date.
- 4.2 **Additional Interest** – shall refer to the interest charged based on the outstanding principal after the maturity date of the loan.
- 4.3 **Amortization** – shall refer to the amount to be paid by the borrower in accordance with the issued schedule, which may include the principal, interest, GRT, insurance premium and service fee.
- 4.4 **Amortization Schedule** – it shall refer to a payment schedule showing the amount of principal, interest, GRT, insurance premium, SF and outstanding balances that is due at regular interval within the term of the loan.
- 4.5 **Borrower** - shall refer to any individual or entity, which availed of a loan under any of the QUEDANCOR credit and guarantee programs.
- 4.6 **Collateral**- shall refer to a property, which secures the payment of the loan including securities i.e. cash/time deposits, shares of stocks and similar investments/placements.
- 4.7 **Current Accounts** - are accounts whose terms have not yet lapsed/expired, the amortizations of which are paid in accordance with the Amortization Schedule.
- 4.8 **Date of Release** - refers to the date when the loan was released or granted to the borrower.
- 4.9 **Interest Rate** – shall refer to the percentage corresponding to the amount of interest that the borrower must pay to the lender for the use of the money.
- 4.10 **Lending Bank (LB)** - any banking institution organized and existing under the laws of the Republic of the Philippines duly accredited by QUEDANCOR to participate under its various lending programs.
- 4.11 **Maturity Date** - refers to the date when the loan is to be finally/fully settled.
- 4.12 **Outstanding Balance** – shall refer to the outstanding loan amount, which may include the principal; interest, surcharges, penalties, service fee and GRT that remains unpaid as of a given date.
- 4.13 **Principal** - refers to the amount of loan as indicated/reflected in the Promissory Note.
- 4.14 **Past Due Accounts** – shall refer to accounts whose loan term already expired but remains unsettled or the same have been declared due and demandable by virtue of a final demand letter issued to the borrower, accelerating demandability of the obligation.
- 4.15 **Penalty** - refers to amount charged to the borrower based on the outstanding principal balance after the maturity date.

- 4.16 **Real Estate** - refers to the titled land, all rights and interests thereto, and all emoluments, such as, buildings and other structures affixed to the land, to include condominium units.
- 4.17 **Regular Interest** – shall refer to interest charged based on the principal from date of release up to maturity date.
- 4.18 **Resulting Outstanding Obligation (ROO)** – shall refer to the remaining balance of the total outstanding obligation after effecting or deducting the condoned amount.
- 4.19 **Service Fee** – a certain amount charged to the borrower representing the administrative costs incurred by QUEDANCOR relative to handling the account.
- 4.20 **Statement of Account (SOA)** – shall refer to a document showing the total amount to be paid by the borrower against his total payments made. Other information includes the name of borrower, program, amount of loan, date of release and due date.
- 4.21 **Surcharge** – shall refer to the amount imposed to the borrower per day/month of delay based on the scheduled amortizations, which were not paid on time during the term of the loan.

5. SCOPE

This Circular shall cover remedial actions on current and past-due accounts under the various QUEDANCOR programs.

6. STATEMENT OF POLICIES

6.1 Responsibility

It shall be the primary responsibility of the Collection and Remedial Management Department (CRMD) and the Collection and Remedial Management Group (CRMG) of the Regional and District Offices, to undertake and exhaust all possible remedial measures on accounts, from the first sign of collectibility problem until the accounts are collected.

In cases where remedies could no longer be pursued after exhausting all possible remedies, the accounts shall be immediately endorsed to the Legal Affairs Department (LEAD) for appropriate legal action.

6.2 Account Eligibility

The following are the grounds for granting remedial measures to defaulting borrowers:

- a. Natural calamities or fortuitous events which adversely affected the business or paying capacity of the borrower as certified to by the appropriate agency;
- b. Serious illness, accident or tragedy causing huge expenses on the part of the borrower or any of his immediate family members;
- c. Adverse government action, court ruling or governmental reorganization, streamlining or retrenchment directly affecting the borrower;
- d. Unexpected drop in prices or demand for goods in the market resulting in serious business reverses; and
- e. Any similar highly justifiable circumstances.

The borrower shall be required to submit letter request with proposed payment schedules supported by appropriate documents such as Certification from Municipal Agriculturist Officer/Provincial agriculturist Officer (MAO/PAO) or from concerned agency (i.e. DOLE), hospital bill, proof of bankruptcy/insolvency and the like.

The account must not be the subject of a compromise agreement, court ruling, order or decision, which sets the final liability of the borrower. *Likewise, accounts already endorsed for legal action are not covered under this circular.*

6.3 Loans Released thru GCFM

The loan released thru the Guaranteed Co-Financing Mode (GCFM) maybe considered for remedial measure provided that QUEDANCOR shall have evaluated and conformed or concurred with the terms and conditions of the remedial action, and such was approved by the concerned officer of the LB with whom final decision or approval is vested.

Under this mode, the Accounts Receivables Management Division 1 of the Corporate Receivables and Payables Department (ARMD1-CRPD) shall conduct proper reconciliation procedures of related data and prepare the corresponding Statement of Account.

Accounts with paid guarantee claims with corresponding Subrogation Receipts issued in favor of QUEDANCOR shall be referred to LEAD for appropriate action.

6.4 Initial Payment

Eligible borrowers availing of any appropriate remedial measures shall be encouraged to offer initial payment to QUEDANCOR. Payment may be in the form of cash or property.

In case where payment made is in the form of property, the remedial measure for the remaining balance of the loan shall be evaluated and processed in accordance with this guideline. However, the evaluation and recommendation on the acceptance of the property as initial payment shall be vested upon the Acquired Assets Management Division (AAMD) of the CRMD.

6.5 Interest Rate

The specific interest rate reflected in the Promissory Note (PN) shall be the applicable rate to be charged against the borrower regardless of whether or not changes in the mode of payment were made.

Applicable interest and other finance and non-finance charges must be clearly specified under the Debt Restructuring/Rescheduling/Debt Assumption Agreement.

6.6 Service Fee

The applicable service fee must be clearly specified also in the Debt Restructuring/Rescheduling/Debt Assumption Agreement.

SF shall be 2% per transaction for loans with a term of up to one year, and 3% per annum for loans with a term of more than one year, except special programs such as Dairy and IAL for Government Employees.

In all cases, SF deducted shall not be subject to rebate.

6.6.1 Case 1 – Treatment for Accounts Previously Charged a One-Time SF

Loans previously charged a one-time SF regardless of the term shall be charged a new SF upon rescheduling/restructuring of the account.

In case of IAL loan where SF of 1-3% is deducted in advance depending on the term of the loan, a new SF shall be charged upon rescheduling/restructuring of the account where the new term/period extends beyond the original maturity date of the loan. However, if the amount of loan restructured or rescheduled is higher than the original loan amount, computation cited under Case 4 shall apply.

Example for IAL Loan

Loan Amount	:	P 50,000.00
Loan term	:	3 yrs.
Loan Release	:	January 1, 2005
Loan Maturity	:	December 16, 2007
SF Payment	:	P 1,500.00 (deducted in advance)

If the borrower requested for rescheduling/restructuring on March 31, 2006 with outstanding balance of P 69,000.00 for another 3 years, the loan shall be computed as follows:

$$1/1/2005 - 3/31/2006 = 454 \text{ days} \quad P 50,000.00 \times 3\% \times 454/1080 = P 630.56$$

Restructured/Rescheduled Amount for 3 yrs:

P 69,000.00 x 3%	=	P 2,070.00
(P1500 - 630.56)		869.44

Service Fee to be collected		P 1,200.56
		=====

If the borrower requested for loan rescheduling/restructuring of the loan without extending the maturity date of loan and amount to be restructured or rescheduled is equal or lower than the original loan amount, no service fee shall be collected.

6.6.2 Case 2 - Treatment for Accounts Charged a SF on a Per Transaction Basis

All loans/accounts charged a SF on a per transaction basis shall be deducted a new SF upon rescheduling or restructuring of the account. Every remedial measure/action on the account is considered another transaction hence a new SF shall be charged.

6.6.3 Case 3 - Treatment for Accounts Charged a SF on a Per Annum Basis

Accounts charged a SF on a per annum basis with the SF for the first year deducted in advance and the succeeding SF is amortized/collected every anniversary date of the loan, no SF shall be charged if the account is rescheduled/restructured within a period where SF is already collected. If the amount to be rescheduled or restructured is lower or the same as the original loan, no SF shall be collected. However, if amount to be rescheduled or restructured is higher than the original loan amount, Case 4 shall apply.

6.6.4 Case 4 - Treatment for Accounts where Amount Rescheduled/Restructured is higher than the Loan Granted

If the amount subject of rescheduling/restructuring/debt assumption is higher than the original principal as a result of the capitalization, a new SF shall be computed. SF previously deducted/paid for the same period is then deducted from the new SF to arrive at the chargeable SF.

Upon approval and adoption of rescheduling/restructuring/debt assumption, any unpaid and/or chargeable SF and the new SF based on the outstanding principal shall be paid by the borrower. However, if the borrower is unable to pay the SF, the same shall be added to the first loan amortization or, upon evaluation and recommendation of the CRMD, shall be allowed to be amortized within the term of the SF.

6.7 GCLI

Any unpaid GCLI premium must be paid by the borrower prior to remedial action.

Similarly, the approved restructured or rescheduled account must be covered by a GCLI until full settlement of the loan in accordance with the existing Revised Guidelines in Facilitating Insurance Coverage to QUEDANCOR Borrowers and its amendments, if any.

6.8 Condonation and/ or Reduction of Surcharges and Penalties

Condonation and/or reduction of surcharges and penalties may be allowed under special circumstances in accordance to the existing guidelines and auditing and accounting rules and regulations.

The table below presents the allowable rate of condonation/reduction vis-à-vis the required initial payment for accounts under remedial action.

AMOUNT FOR CONDONATION	INITIAL PAYMENT UNDER REMEDIAL ACTION (IPRA)
Up to a maximum of 100% condonation on surcharges and penalties	Accounts will be settled or paid in full
Up to a maximum of 75% condonation on surcharges and penalties	Initial payment equivalent to 20% of the Resulting Outstanding Obligation (ROO)
Up to a maximum of 50% condonation on surcharges and penalties	Initial payment equivalent to 7% of the Resulting Outstanding Obligation (ROO) if the Total Outstanding Obligation (TOB) as of date of actual payment is P500,000.00 and below; or Initial payment equivalent to 5% of the Resulting Outstanding Obligation (ROO) if the Total Outstanding Obligation (TOB) as of date of actual payment is more than P500,000.00 and up to P1,000,000.00; or Initial payment equivalent to 3% of the Resulting Outstanding Obligation (ROO) if the Total Outstanding Obligation (TOB) as of date of actual payment is above P1,000,000.00.

6.9 Cut-off Date

The cut-off date or the effectivity of any remedial action shall be on the date when the IPRA was made by the borrower where accrual of surcharges and penalties shall automatically cease.

In cases where initial payment is made on a staggered or installment basis, the date when the first installment was made shall be considered the cut-off date. However, the interest, surcharges and penalties shall continue to accrue until the initial payment is fully settled. In this regard, the effectivity of the remedial action shall be the date when the last installment was made.

6.10 Approval

All recommendations on remedial actions shall be approved in accordance with the prevailing Specifications of Authority on Remedial Actions.

The approval of any remedial measure shall not mean a waiver of QUEDANCOR's right to proceed against erring borrowers either civilly or criminally, as the case may be.

6.11 Other Responsibilities

It shall also be the responsibility of the CRMG personnel to advise concerned units regarding approval of remedial action and provide copies of pertinent documents to the following:

- a. AFSG – for recording, booking, reporting and filing purposes;
- b. BCO – for collection enforcement, monitoring, reporting and filing purposes; and
- c. RAO – for monitoring, reporting and filing purposes.

7. MODES OF REMEDIAL MEASURE

The eligible borrower may avail of any or a combination of the following modes of remedial measures as may be deemed appropriate:

7.1 Debt Moratorium

It refers to the temporary suspension in the payment of amortization dues within the term of the loan only. It shall merely defer QUEDANCOR's collection of the principal and/or interest payments due within the approved moratorium period for which the same shall be collected from the borrower upon the lapse of the said moratorium period, subject to the following terms and conditions:

- a. Interest - up to a maximum period of ninety (90) calendar days. Regular interest shall continue to accrue during the moratorium period.
- b. Principal - as a general rule, may be allowed up to one (1) year. In some cases, a longer moratorium period for principal may be allowed depending on the cash flow position of the borrower so as to provide ample time for the business to recover and generate income from its operational activities, provided that, it shall not exceed the term of the loan.
- c. Only the current portion of the outstanding obligation is eligible for moratorium. In case where the in-arrears portion of the loan cannot be paid or updated, the account may be recommended for restructuring or rescheduling.

Issued checks for the supposed amortization dues prior to the approval of the moratorium will be cancelled and returned, and the borrower shall be required to issue new set of PDCs to cover the new schedule of payments of the loan in accordance with the agreed terms and conditions.

This remedial action, however, shall not be applicable to loans covered by PNs that have been assigned to other financial institutions.

Documentary Requirements:

- a. Letter request from the Borrower;
- b. Board Resolution (for corporation or juridical person);

- c. Proof of Reason for non-payment;
- d. Recommendation for Debt Moratorium (Exhibit A1/A2);
- e. Duly verified Statement of Account;
- f. Duly certified photocopy of Loan Ledger;
- g. Duly certified photocopy of PN;
- h. Amortization Schedule;
- i. RCGC Resolution; and,
- j. New sets of PDC covering the suspended payment.

7.2 Debt Take-out

This mode could be availed, provided that, an approval from other financing sources such as, banks or other financing institutions, was secured by the borrower for the purpose of paying in full his/her QUEDANCOR outstanding loan obligation.

The banks/financing institutions shall prepare a written communication, stating among others, its intention to borrow the TCT/Registration Certificate and other related documents from QUEDANCOR for the purpose of registering its mortgage only. It shall clearly state that, QUEDANCOR being the first mortgagee, must have superior right over the property than that of the banks/financing institutions, and that the interest of QUEDANCOR should not be prejudiced by such action. In so doing, the CRMG personnel shall accompany the banks/financing institutions in facilitating the registration of the documents with the appropriate agency and shall be responsible in returning all the pertinent documents borrowed. The corresponding release of mortgage shall be issued only upon or after full settlement of the loan.

On the other hand, QUEDANCOR shall issue a Letter Guarantee, stating among others, that all collateral documents shall be turned-over to the banks/financing institutions upon full payment of the borrower's obligation and the perfection of the debt take-out.

The banks/financing institutions and/or the borrower shall be responsible for the cancellation and/or annotation of encumbrances including payment of related fees.

Documentary Requirements:

- a. Letter of Intent by the Interested Party;
- b. Letter-Request by the Borrower;
- c. Board Resolution (for corporation or juridical person);
- d. Letter Guarantee (Exhibit B1/B2);
- e. Duly verified Statement of Account;
- f. Duly certified photocopy of Loan Ledger;
- g. Accounts Management Proposal Memo (Exhibit D1/D2);
- h. Remedial Management Evaluation Report (Exhibit C);
- i. Duly certified photocopy of Promissory Note;
- j. Deed of Real Estate Mortgage (DREM)/Deed of Chattel Mortgage DCM);
- k. Appraisal and Inspection Report;
- l. TCT / MV OR & Certificate of Registration; and
- m. RCGC Resolution.

7.3 Debt Assumption

It refers to the transfer of loan obligation from the borrower to another person or entity by way of a Debt Assumption Agreement (for preparation depending on the terms and conditions). Accordingly, the terms and conditions

may be modified to include changes in the face amount of the debt as well as the mode of payment and may cover other charges.

The new borrower shall be evaluated in accordance with the existing guidelines governing the program/project and shall be required to submit the following documentary requirements:

- a. Letter of Intent by the Interested Party;
- b. Letter-request from the Borrower, if applicable;
- c. Duly verified Statement of Account;
- d. Duly certified photocopy of Loan Ledger;
- e. Debt Assumption Agreement;
- f. Duly certified photocopy of PN;
- g. Accounts Management Proposal Memo (Exhibit D1/D2);
- h. Remedial Management Evaluation Report (Exhibit C);
- i. RCGC Resolution;
- j. DREM/DCM;
- k. Latest Appraisal and Inspection Report; and,
- l. TCT / MV OR & COR.

7.4 Debt Restructuring

It refers to account whose terms and conditions as indicated in the PN and other related documents, has been modified by virtue of a Restructuring Agreement. The modification may include changes in the face amount of the debt as well as the mode of payment and may cover other charges. **Debt restructuring shall not, in any instance, operate to relieve or dismiss the liability of the maker/s or to release and/or diminish the existing securities of the obligation.**

As a general rule, restructuring shall be allowed **only once and its term must not exceed the original term of the loan.**

Upon approval, accounts shall have definite schedule of payments based on the renewed amortization schedule, such as: bi-monthly, monthly, quarterly and semi-annually.

Below are the vital considerations to effect the Debt Restructuring:

- 7.4.1 The amount to be restructured shall be the outstanding principal, provided that, payment is made on all surcharges, penalties and regular/additional interest of the original loan. If the borrower fails to pay the regular/additional interest, surcharges and penalties, such could be capitalized and shall form part of the amount to be restructured. **Whether the amount to be restructured is higher or lower than the original principal amount, the execution of new PN shall no longer be required.**
- 7.4.2 Prior to the recommendation of loan restructuring, a thorough review of the collateral documents shall be conducted by the CRMG Officer to determine and ensure whether appraised and loan value of the collateral is still sufficient to cover the amount of obligation to be restructured vis-à-vis the level of coverage as provided for under a particular Program guideline, whether the loan is collateralized 100%, 85%, 50%, 30% or lower, as the case may be.
- 7.4.3 For accounts where the collateral is insufficient to cover the restructured amount, the borrower shall be required to submit additional collateral and

issue new set of PDCs to cover payments based on the renewed amortization schedule.

Likewise, for non-collateralized accounts, the borrower shall be required to issue new set of PDCs to cover the renewed amortization/s.

However, in instances where the borrowers are not capable to submit additional collaterals and could not issue the required checks, the account could be recommended for exemption, subject to justifiable and favorable evaluation, which shall be approved in accordance with the Specifications of Authority on Remedial Actions.

- 7.4.4 Upon approval, the CRMG officer shall accordingly prepare the Restructuring Agreement and facilitate/effect the signing and immediate notarization of the same.
- 7.4.5 The original PN shall be stamped with notice that the loan obligation was restructured in accordance with a Restructuring Agreement specifying the date when the same was duly executed.

Documentary Requirements:

- a. RCGC Resolution;
- b. Accounts Management Proposal Memo (Exhibit D1/D2);
- c. Remedial Management Evaluation Report (Exhibit C);
- d. Duly verified Statement of Account;
- e. Duly certified photocopy of Loan Ledger;
- f. Duly certified photocopy of Official Receipt/s on Initial Payment;
- g. New Amortization Schedule;
- h. Letter Request from the Borrower;
- i. Board Resolutions (for Cooperatives, LGU's and Corporations);
- j. Board Resolution Authorizing members to Represent the Cooperative or Corporation (for new elected officers);
- k. List of new set of Officers;
- l. Proof/s of Reason for Non-Payment (certification);
- m. Pre-signed Restructuring Agreement;
- n. Projected Cash Flow;
- o. Financial Statement and/or Income Statement;
- p. Duly certified photocopy of PN;
- q. DREM/DCM;
- r. IRA (for LGU's);
- s. Latest RE / CM Appraisal and Inspection Report;
- t. TCT / MV OR & Certificate of Registration;
- u. Special Power of Attorney; and
- v. Latest Tax Receipts and Tax Clearance.

7.5 Debt Rescheduling

Similar to the Debt Restructuring, this mode pertains to the amendment of the terms and conditions which are embodied in the PN by virtue of the execution of the Rescheduling Agreement. Its concept considers all other parameters related to the former including the documentary requirements. In all instances, this remedial mode shall not operate to relieve or dismiss the liability of the maker/s or to release and/or diminish the existing securities of the obligation.

The availment of Debt Rescheduling may be allowed for more than once with a flexible type of payment which may exceed the original term of the loan,

such as proposal based on cash flow position of the borrower which shall include balloon type of payment.

Below are the vital considerations to effect the Debt Rescheduling:

7.5.1 If the borrower is unable to pay in full the regular/additional interest, surcharges and penalties, such charges could be capitalized and shall form part of the principal amount to be rescheduled. Whether the amount to be rescheduled is higher or lower than the original principal amount, the execution of new PN shall no longer be required.

7.5.2 The recommended term may exceed the original term of the loan but only up to a maximum period of seven (7) years depending on the gestation of the project and/or the cash flow position of the borrower.

To ensure efficient cash flow of borrowers, the provisions for principal recapture could be allowed on the last year of the rescheduled term.

This remedial action is designed to avoid the depletion of the borrower's working capital requirement which is necessary to ensure continuous business operational activities.

7.5.3 Before the rescheduling is recommended, a thorough review of the collateral documents shall be conducted by the CRMG Officer to determine whether appraised and loan value of the collateral is still sufficient to cover the amount of obligation to be rescheduled vis-à-vis the level of coverage as provided for under a particular Program guideline, whether the loan is collateralized 100%, 85%, 50%, 30% or lower, as the case may be.

7.5.4 For accounts where the collateral is insufficient to cover the rescheduled amount, the borrower shall be required to submit additional collateral and issue new set of PDCs to cover payments based on the renewed amortization schedule.

Likewise, for non-collateralized accounts, the borrower shall be required to issue new set of PDCs to cover the renewed amortization.

However, in instances where borrowers are not capable to submit additional collaterals and could not issue the required checks, the account could be recommended for exemption, subject to justifiable and favorable evaluation, which shall be approved in accordance with the Specifications of Authority on Remedial Actions.

7.5.5 Upon approval, the CRMG personnel shall accordingly prepare the Rescheduling Agreement and shall cause the signing and immediate notarization of the same.

7.5.6 The original Promissory Note shall be stamped with notice that the loan obligation was rescheduled in accordance with a Rescheduling Agreement specifying the date when the same was duly executed.

7.5.7 Initial payment is required.

Documentary Requirements:

- a. RCGC Resolution;
- b. Accounts Management Proposal Memo (Exhibit D1/D2);
- c. Remedial Management Evaluation Report (Exhibit C);
- d. Duly verified Statement of Account;

- e. Duly certified photocopy of Loan Ledger;
- f. Duly certified photocopy of Official Receipt/s on Initial Payment;
- g. New Amortization Schedule;
- h. Letter Request from the Borrower;
- i. Board Resolutions (for Cooperatives, LGU's and Corporations);
- j. Board Resolution Authorizing members to Represent the Cooperative or Corporation (for new elected officers);
- k. List of new set of Officers;
- l. Proof/s of Reason for Non-Payment (certification);
- m. Payment Proposal;
- n. Pre-signed Rescheduling Agreement;
- o. Projected Cash Flow;
- p. Financial Statement and/or Income Statement;
- q. Photocopy of Promissory Note;
- r. Restructuring Agreement (old);
- s. DREM.DCM;
- t. Latest RE / CM Appraisal and Inspection Report;
- u. TCT / MV OR & Certificate of Registration;
- v. Special Power of Attorney; and,
- w. Latest Tax Receipts and Tax Clearance.

7.6 DEBT TO EQUITY SWAP

It refers to the conversion of a borrower's loan into equity in QUEDANCOR making the latter a part-owner of the entity. The maximum amount of loan, which may be converted into equity in QUEDANCOR shall not exceed forty percent (40%) of the company's authorized capital stock. This remedial action, however, shall be subject to the thorough review and evaluation by the appropriate remedial management committee.

8. OPERATING PROCEDURES

Responsible Person/Unit	Responsibility
Borrower	<ol style="list-style-type: none"> 1. Submits a letter, addressed to the President and CEO, through the District Office CRMG requesting for remedial action on or before the cut-off date together with certification issued by the appropriate office/agency to support the reason for non-payment. 2. Pays initial payment, if necessary/ applicable.
District CRMG	<ol style="list-style-type: none"> 3. Checks and ensures completeness of the submitted documents. 4. Requests for the preparation of SOA by the District Accountant.
District Accountant	<ol style="list-style-type: none"> 5. Prepares SOA.
District CRMG	<ol style="list-style-type: none"> 6. Evaluates the account and recommends appropriate remedial action. 7. Endorses and presents the recommendation before the District Credit and Guarantee Committee (DCGC).

- | | |
|--------------------------------|--|
| DCGC | 8. Deliberates on the recommended remedial action and recommends approval to the District Supervisor. |
| District Supervisor | 9. If within his authority, approves/disapproves recommendation. |
| District CRMG | 10. Forwards pertinent documents to the District CRMG. |
| Borrower | 11. Informs the borrower on the approval/disapproval of the request. |
| District Bookkeeper/Accountant | 12. If approved, prepares amortization schedule and facilitates execution of necessary documents and provides copy to the concerned unit, particularly the District Bookkeeper/Accountant. |
| District Supervisor | 13. Signs pertinent documents. |
| Regional CRMG | 14. Pays loan obligation accordingly. |
| Regional CRMG | 15. Acknowledges receipt of the documents from District RAO and immediately records the remedied account in the books. |
| RCGC | 16. If beyond his authority, endorses the same to the Regional Office thru the Regional CRMG. |
| RAVP | 17. Verifies the completeness of documents. |
| Regional CRMG | 18. Evaluates further the account and scrutinizes the merit of the recommendation. |
| RAVP | 19. Endorses and presents the recommendation to the Regional Credit and Guarantee Committee (RCGC). |
| Regional CRMG | 20. Deliberates and recommends approval/disapproval of the remedial action to the RAVP. |
| RAD/SFMD-CRMD | 21. If within his authority, approves/disapproves recommendation. |
| RAD/SFMD-CRMD | 22. Forwards pertinent documents to the Regional CRMG. |
| RAD/SFMD-CRMD | 23. Forwards pertinent documents to concerned District Office thru the District CRMG and secures file copies, then follow procedure numbers 11 to 15. |
| RAD/SFMD-CRMD | 24. If beyond his authority, endorses the same to the Central Office thru RAD/SFMD-CRMD. |
| RAD/SFMD-CRMD | 25. Checks the completeness of the submitted |

- documents.
- 26. Forwards SOA to ARMD I for validation.
 - 27. Conducts further review and evaluation on the account and scrutinizes the merit of the recommendation.
 - 28. If within the authority of the VP-CRMD, endorses the account for his approval.
 - 29. Approves/disapproves the recommendation.
 - 30. Forwards pertinent documents to RAD/SFMD-CRMD.
 - 31. Forwards pertinent documents to concerned District Office thru the Regional CRMG and secures file copies, then follow procedure numbers 23 and 11 to 15.
 - 32. If beyond the authority of the VP-CRMD, endorses and presents the recommendation to the Remedial Management Committee (RMC).
 - 33. Deliberates further on the account and recommends approval to the QUEDANCOR Authorized Officer.
 - 34. Approves/disapproves the recommendation.
 - 35. Forwards pertinent documents to RAD/SFMD-CRMD.
 - 36. Forwards pertinent documents to concerned District Office thru the Regional CRMG and secures file copies, then follow procedure numbers 23 and 11 to 15.
 - 37. Prepares and submits a Monthly Status Report on Remedied Accounts (Exhibit E) every 7th day of the succeeding month to the RAD-CRMD.
 - 38. Consolidates and submits reports to the VP-CRMD.

9. SPECIAL PROVISIONS

- 9.1 This Circular shall supersede the following:
- a. Circular Nos. 225 and 248 on Remedial Management System and other issuances not consistent with the policies and provisions stated hereto.
 - b. QUEDANCOR Memoranda Nos. 152 dated 09 January 2006, and 377 dated 10 May 2006, on Remedial Actions on Non-Collateralized Past Due Accounts under the various QUEDANCOR Programs, and Final Collection Plan under Remedial Action of Past Due Accounts Covering the various QUEDANCOR Programs, respectively.


c. Circular No. 132, series of 2001 on the Revised Guidelines on the Condonation or Reduction of Penalties and Surcharges under the QUEDANCOR Programs.

9.2 Special programs with existing governing policies on remedial measures shall remain to be governed by their respective guidelines on the same.

9.3 Any remedial action which may not be covered by this guideline shall be referred to an appropriate committee at the Central Office which shall deliberate and recommend approval to the approving signatory/President and CEO.

10. EFFECTIVITY

This Circular shall take effect immediately upon its approval.


FEDERICO A. ESPIRITU, MNSA
Officer-In-Charge
4/4

4/10/01
Date



Circular No. 496
Series of 2014

QUEDANCOR AMNESTY PROGRAM (QAP)

1. RATIONALE

Despite the nationwide intensified collection campaign with the introduction and implementation of Account Remediation Program and Loan Modification Program (ARP/LMP), still no substantial compliance by borrower-applicants resulted to an aggressive collection performance. QUEDANCOR's trade receivable peaked up with an equally increasing allocation for bad debts provisioning. Delinquent borrowers are hard-up in paying their matured loans due to compounding interests and charges; a lamentable situation where one cannot get out with. A bolder and more radical measure is therefore necessary to STOP this pernicious problem affecting the survival of the agency.

In order to fully recover the principal and cost of fund exposed by the corporation to the agri-financing market, an Amnesty Program that would provide full condonation of surcharges and penalties, with repricing of interest is thus necessary to recover said funds and ultimately rehabilitate the corporation's financial condition.

2. OBJECTIVES

- 2.1 Fast track collection of accounts receivable and improve financial viability of the corporation.
- 2.2 Extend assistance to defaulting borrowers by providing them with lighter loan terms and more flexible conditions and repayment scheme.
- 2.3 Encourage delinquent borrowers to settle their loan obligations through special remedial measures offering benefits such as repriced interest rate or reduced interest and longer repayment period among others.

3. BASES

- 3.1 Republic Act (R.A.) No. 7393, particularly Section 11, item f, on the Corporate Powers which state that the Corporation, as a body corporate, shall have the power to "**Prescribe fees and charges for the Corporation's services; fix interest and penalty charges for delinquent accounts; and impose fines and sanctions...**" and item m, to "*carry on any lawful business whatsoever and do everything suitable, convenient and proper for the exercise of any of the foregoing powers and promote the interests of the corporation or its properties.*"

- 3.2 QUEDANCOR Circular No. 450 on the Revised Remedial Management System Guidelines, Circular No. 455 on Account Remediation Program and Circular No. 465 on Loan Modification Program.
- 3.3 Board Resolution No. 42-94 dated 30 June 1994 on the approval of the system on condonation or reduction of surcharges and penalties and other similar issuances by the Governing Board.
- 3.4 Section 36 of Presidential Decree No. 1445, dated June 11, 1978 on the power to Compromise Claims.
- 3.5 Section 20(1), Chapter IV, Subtitle B, Title I, Book V of the Administrative Code of 1987.

4. DEFINITION OF TERMS

- 4.1 **Amnesty** – the provision of relief granted to borrowers to hasten settlement of accounts through a system of repricing, reducing or waiving of interests and condonation of surcharges and penalties.
- 4.2 **Borrower** – an entity or individual who availed of a loan under any of the QUEDANCOR's credit and guarantee programs.
- 4.3 **Past Due** – refers to loans which remain outstanding after maturity date and loans declared due and demandable.
- 4.4 **Outstanding Principal** – the remaining unpaid principal balance of the loan granted.
- 4.5 **Remedied Account** – an account which has undergone remedial action such as debt restructuring, debt rescheduling, and the like under QUEDANCOR Circular Nos. 450 and 455 on the Revised Remedial Management System and Account Remediation Program, respectively.
- 4.6 **Resulting Outstanding Obligation (ROO)** – the remaining unpaid balance of the outstanding obligation of the borrower after deducting the condoned or reduced interests, surcharges and penalties prior to QAP.
- 4.7 **Subrogated Account** – refers to account with paid guarantee claim where the Lending Bank issues subrogated receipt in favor of QUEDANCOR, assigning and transferring its claim and demand against the defaulting borrower arising from the said borrower's loan obligation.
- 4.8 **Total Outstanding Balance (TOB)** – the unpaid balance of a certain account consisting of the principal, interest, surcharges, penalties, applicable tax, service fee and other finance charges as of the period indicated.

5. SCOPE AND COVERAGE

This program shall be available to all borrowers, their co-makers and heirs of deceased borrowers, who are willing to settle their defaulting accounts falling under any of the following categories, under the various QUEDANCOR programs:

- a. Past due accounts in the books of accounts of QUEDANCOR;
- b. Remedied accounts as defined in section 4, item 4.5 of this circular which have been in-arrears for at least six (6) months as of date of application for QAP;
- c. Accounts endorsed to the Legal Affairs Department (LEAD) but no case has been filed in court yet;
- d. All subrogated accounts under the QUEDANCOR guarantee programs; and,
- e. Accounts under the Guaranteed Co-Financing Mode (GCFM) Program.

Non-subrogated GCFM accounts availing of QAP may be subject to approval by the concerned participating bank or Philippine Deposit Insurance Corporation (PDIC).

6. STATEMENT OF POLICIES

6.1 Program's Salient Features

Borrowers applying for QAP may opt to settle their Total Outstanding Balance (TOB) in full or installment. The features of the said options shall include:

a. Full Settlement

1. Condonation of surcharges and penalties upon approval of application for full settlement.
2. Seventy-five percent (75%) reduction of outstanding additional interest.

b. Installment Payment

1. Condonation of surcharges and penalties upon approval of application under the program.
2. Fifty percent (50%) reduction of outstanding additional interest.
3. Repricing of interest rate on the outstanding principal subject of QAP.

N.B. Repricing is the allowable adjustment in the original interest preferably lower rate granted to the defaulting borrower under selected programs to encourage payment and full settlement of the delinquent or past-due loan.

Interest to be repriced for borrowers offering installment payment shall be based on the down payment as follows:

ELIGIBILITY	REQUIRED DOWN PAYMENT	INTEREST RATE
A- <u>Non-Production Loan</u>	- At least 35% of the ROO	- Repriced interest rate on the outstanding principal equivalent to 6 % p.a.
	- 25% to 34% of the ROO	- Repriced interest rate on the outstanding principal equivalent to 7% p.a.
	- Less than 25% of the ROO	- Repriced interest rate on the outstanding principal equivalent to 8% p.a.
B- <u>Production Loan</u>		
Borrowers with original loans of P150,000 and below	- None	- Repriced interest rate on the outstanding principal equivalent to 6% p.a.
Borrowers with original loans above P150,000	- At least 5% of the ROO	- Repriced interest rate on the outstanding principal equivalent to 6% p.a.

***See attached sample computation

4. Outstanding interest may be paid outright or amortized by the borrower within the term of the loan under QAP.
5. Maximum allowable loan term shall be three (3) years.

6.2 Policies, Terms and Conditions

a. Group Credit Life Insurance (GCLI) Premium Payment

To qualify under this program, the borrower must have paid/ updated the insurance premium due, if any, on his/her/its previous loan prior to QAP.

All borrowers availing under this program must secure a new GCLI to cover their remedied accounts except for borrowers offering full payment of their outstanding loans. In case of borrowers who are no longer qualified for GCLI due to old age, a co-borrower or co-maker shall be required to be covered by GCLI. In case of deceased borrower, the assuming heir/person shall be required to secure a GCLI provided the QUEDANCOR accredited Insurance Corporation is informed and amenable to such condition or situation.

GCLI shall be governed by the existing QUEDANCOR Guidelines in Facilitating Insurance Coverage.

b. Gross Receipt Tax (GRT)

The GRT shall be for the account of the borrower which shall form part of the Debt Remediation Agreement for QAP.

c. Condonation or Reduction of Interests, Surcharges and Penalties

Upon submission of borrower's application for QAP, condonation or reduction of interests (only interest after maturity date or AI may be reduced), surcharges and penalties on his/her/its outstanding loan may be granted. However, the same shall be subject to the final approval of the Commission on Audit (COA), President of the Republic of the Philippines or Congress, as the case maybe, thus the execution of a Debt Remediation Agreement (Exhibit 1) for borrowers who opt to settle their balances in installment and Agreement for Compliance to Audit Findings (Exhibit 2) for borrowers who intend to settle their balances in full. This is pursuant to and in recognition of Section 36 of Presidential Decree No. 1445.

d. Repricing of Interest Rate

For borrowers offering payment by installment, repricing of interest rates shall be based on the amount of borrower's down payment as indicated in 6.1.b.3. Repricing of interest rate shall be allowed only once.

e. Manner of Interest Computation

Interest shall be computed using the straight-line method and annuity factor as follows:

- **Straight-line Method** – for accounts with a loan term of up to one (1) year regardless of amount.

- **Annuity Factor** – for accounts with a loan term beyond one (1) year regardless of amount.

f. Change in the Mode and/or Term of Payment

Change in the mode and/or term of payment may be allowed. Such change, however, must be properly indicated in the Debt Remediation Agreement (Exhibit 1) for QAP.

In evaluating request for change in mode and term of payment, the concerned RO Officers must consider the borrower's capacity to pay, sources of income and other business endeavor.

g. Debt Remediation Agreement under QAP

Upon approval of request for remedial measure under QAP, the borrower intending to pay in installment shall be required to execute a Debt Remediation Agreement (Exhibit 1) with QUEDANCOR stating among others the new policies, terms and conditions availed of in this program.

In case of violation by the borrower of any of the terms and conditions of the Debt Remediation Agreement including any case of default on the part of the borrower to pay 6 monthly/2 quarterly/1 semi-annually, the loan obligation under the original terms and conditions of the Promissory Note shall become due and demandable including forfeiture of total condoned amount granted as a result of the Debt Remediation Agreement. It is stipulated and agreed that during the effectivity of the Agreement, it shall cover changes in interest rate, mode or manner/ term of payment and/or additional collaterals that may modify the original obligation evidenced by the original Promissory Note, Trust Receipt, Chattel Mortgage, Pledge and/or Real Estate Mortgage. It shall not operate to relieve or dismiss the liability of the borrower/s or to release and/or diminish the existing securities of the obligation. Further, it shall not prejudice other pertinent supporting documents submitted in support of the original note or obligation. Absence of any express inclusion into the Agreement, said supporting documents shall remain in force.

h. Other Matters

- No service fee shall be charged to the borrower for availing remedial action under this program.
- Statement of Account (SOA) prepared by the RO shall be subject to validation by the Corporate Receivables and Payables Department – Account Receivables Management Division (CRPD-ARMD).

6.3 Reporting

The RO-CRMO shall prepare and submit thru e-mail a Monthly Status Report of accounts under this program to the Collection and Remedial Management Department – Collection and Remedial Accounts Division (CRMD-CRAD) in accordance with the prescribed report format (Annex A). The CRMD shall then consolidate and analyze the submitted reports to apprise the management on the status of the program.

6.4 Recording

Recording of transaction under this program shall be based on the duly approved Debt Remediation Agreement and loan documents. A journal entry voucher (JEV) shall be prepared by the Regional Accountant supported by the abovecited loan and collateral documents. Accounting entries shall be in accordance with Annex B.

It shall be the responsibility of the RO-CRMO to furnish the RO-Finance the complete documentary requirements of accounts approved under QAP for proper recording of the transaction. Original copy of Debt Remediation Agreement shall be filed on the borrower's loan folder to be submitted to Regional Filing Unit while extra copies shall be distributed to the following: a) attachment to JEVs; b) CRMO; c) RO-Finance; and, d) borrower.

6.5 Application of Payment

Payments to be made by the borrower upon remediation of his/her account under QAP shall be applied in accordance to the following order of priority:

- Insurance premium;
- Remaining interest prior to remediation plus tax, if any;
- New interest based on the remediated principal balance of the account plus tax; and,
- Principal.

6.6 Account Monitoring

It shall be the responsibility of the concerned CRMO and RAVP to monitor the accounts under their respective area of responsibility. This shall include monitoring the due dates of the borrowers loan amortizations and informing them through less expensive means (e.g. by call or text) at least seven (7) calendar days before they fall due to ensure timely payments.

7 MECHANICS OF IMPLEMENTATION

7.1 Filing of Application and Required Documents

The borrower shall prepare and submit an accomplished Letter of Application (Annex C) indicating his/her intention to avail of the QAP to the RAVP/CRMO who shall check his/her eligibility to avail the program. If found eligible, the concerned CRMO shall then facilitate the compliance and submission of the following requirements:

For borrowers offering to pay on installment:

- a. Original copy of Letter of Application (Annex C) from the borrower;
- b. Original copy of Statement of Account (SOA) duly certified by the RO Accountant and validated by the CRPD-ARMD with attached photocopy of the borrower's Loan Ledger (to be provided by QUEDANCOR);
- c. Duly certified photocopy of the original PN and new Debt Remediation Agreement (QAP);
- d. Duly certified photocopy of the existing Debt Restructuring/Rescheduling Agreement/Debt Remediation Agreement (for remedied accounts);
- e. Original copy of the Evaluation Report and Approval Sheet (Annex D) prepared by the CRMO;
- f. Payslip covering at least two-month of latest salary period, if IAL account;
- g. If with collateral, latest appraisal report; and,
- h. Duly certified photocopies of the collateral documents, if any (include photocopy of latest tax payment receipt).

The CRMO shall provide a copy of the new Amortization Schedule to the borrower who shall acknowledge the same upon receipt thereof.

For borrowers offering full settlement of loan:

- a. Original copy of the Letter of Application (Annex C) from the borrower;
- b. Original copy of Statement of Account (SOA) duly certified by the RO Accountant and validated by the CRPD-ARMD with attached photocopy of the borrower's Loan Ledger;
- c. Agreement for Compliance to Audit Findings (Exhibit 2); and,
- d. Original copy of the Evaluation Report and Approval Sheet (Annex D).

7.2 Evaluation and Approval of Application for QAP

The application for QAP shall be evaluated by the CRMO and approved by the concerned RAVP, if within his approving authority. If not, the account is forwarded to the Central Office through the CRMD for further evaluation and approval. The appropriate approving authority shall be in accordance with the existing guidelines on Specifications of Authority for Loans under the Credit Guarantee and Special Programs and Accounts under the various QUEDANCOR Programs for Remedial Measures.

In the evaluation of accounts, the concerned officers shall take into consideration the borrower's capability and capacity to pay including collateral of the loan. Likewise, concerned officers shall ensure the authenticity, propriety and completeness of the submitted documents by the borrower.

7.3 Operating Procedures

Responsibility	Activity
1. Borrower	- Prepares and submits letter of application and requirements.
2. CRMO	- Requests Statement of Account (SOA) from RO-Administrative and Finance Officer.
3. RO-Administrative and Finance Officer/Accountant	- Prepares SOA. - Forwards SOA to CRPD-ARMD for validation.
4. CRPD-ARMD	- Validates SOA. - Returns validated SOA to concerned RO.
5. RO-Administrative and Finance Officer/Accountant	- Forwards SOA to CRMO.
6. CRMO	- Evaluates request and eligibility.

	<ul style="list-style-type: none"> - Checks authenticity, propriety and completeness of all submitted documents. - Recommends to RAVP.
7. RAVP	<ul style="list-style-type: none"> - Reviews eligibility for the grant of amnesty. If documents are complete and in order, approves request if within his/her authority for approval. If not, recommends account to CO- CRMD – Collection and Remedial Account Division (CRAD).
8. CO – CRMD-CRAD	<ul style="list-style-type: none"> - Acknowledges completeness of documents. If in order and complete, evaluates and reviews account.
9. AVP-CRAD	<ul style="list-style-type: none"> - Recommends and endorses account to the CRMD – Vice President for approval, if within his/her approving authority. If not, recommends/endorses the same to the appropriate approving officer in accordance with the Specifications of Authority.
10. CRMD-Vice President/ EVP/President and CEO	<ul style="list-style-type: none"> - Approves account based on existing Specifications of Authority.
11. CRMO	<ul style="list-style-type: none"> - Prepares the Debt Remediation Agreement. - Ensures authenticity of the borrower's/Co-makers' and the appropriate QUEDANCOR Officer's signature in the Debt Remediation Agreement prior to notarization. - Provides copy of the notarized Debt Remediation Agreement, other related documents and Amortization Schedule to the borrower.

One

12. Borrower	- Acknowledges copy of the Debt Remediation Agreement, other related documents and Amortization Schedule.
13. RO-Administrative and Finance Officer/Accountant	<ul style="list-style-type: none"> - Records the Journal Entry Vouchers (JEVs) to the books of accounts. - Submits processed JEVs of QAP borrowers to COA for post audit purposes.
14. CRMO	<ul style="list-style-type: none"> - Monitors due dates of the borrower's amortizations and notifies the borrower at least 7 calendar days before the amortization's due date. - Prepares and submits thru e-mail a Monthly Status Report on QAP to the CRMD-CRAD.
15. CRMD-CRAD	- Consolidates and analyzes submitted reports and periodically apprises the management on the status of the program.

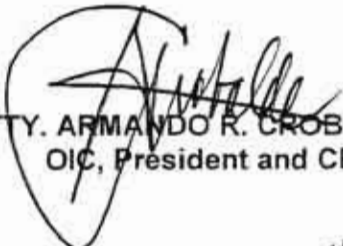
8 SPECIAL PROVISIONS

- 8.1 Any exemptions from the policies, rules or procedures of this circular shall be subject to approval by the President and CEO.
- 8.2 QUEDANCOR reserves the right to promulgate, revise or amend rules and regulations or adopt other measures as maybe incidental to, appropriate or necessary to attain the objectives of this program.

9 EFFECTIVITY

This amnesty program shall be implemented for one (1) year starting April 2014.

April 11, 2014
Date


ATTY. ARMANDO R. CROBALDE, JR.
OIC, President and CEO

Republic of the Philippines
QUEDAN AND RURAL CREDIT GUARANTEE CORPORATION
 Quezon City

**DEBT REMEDIATION AGREEMENT
 (QUEDANCOR AMNESTY PROGRAM)**

This AGREEMENT, executed at _____, Philippines on this ____ day of _____, 20____, by _____, Filipino, of legal age, and a resident of _____ hereinafter referred to as the **BORROWER**,

- and -

The **Quedan and Rural Credit Guarantee Corporation**, a corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal office at # 34 Panay Avenue, Quezon City, hereinafter referred to as the **CREDITOR**:

WITNESSETH: THAT

WHEREAS, the **CREDITOR**, on _____, upon application of the **BORROWER**, granted a loan in the principal sum of _____ (P _____) under the _____ Program with interest rate of _____ percent (____%) per annum, plus surcharges, penalties and attorney's fees if not paid in full on amortization/ maturity dates.

WHEREAS, due to _____, the **BORROWER** requested for the restructuring of the outstanding principal and interest (**Principal amount of P _____ + unpaid interest of P _____**), and for the condonation/reduction of the incurred interests, surcharges and penalties, and the repricing of interest on the remediated principal under the **QUEDANCOR AMNESTY PROGRAM (QAP)**.

WHEREAS, in consideration of the present economic difficulties besetting the country, the **CREDITOR** agreed to extend assistance to the **BORROWER** through its **QAP Program under Circular No. 496, Series of 2014**.

WHEREAS, the **CREDITOR** agreed to restructure the account of the **BORROWER** with lighter loan terms and conditions and relaxed payment plan.

WHEREAS, only the principal amount upon remediation shall be subject to a new interest computation and that outstanding interest prior to availment of this program shall be paid outright by the **BORROWER** or amortized within the approved term of the loan under the **QAP**.

WHEREAS, the **BORROWER** requested for the repricing of interest and/or reduction of additional interest and condonation of incurred surcharges and penalties from the proper authorities and that the **CREDITOR** decided to exclude the condoned/reduced interest, surcharges and penalties in the original account in the amortization schedule until such time that the appropriate authorities decide whether to condone the same or not.

NOW, THEREFORE, for and in consideration of the foregoing premises and the covenants herein contained, the **CREDITOR** and the **BORROWER** agree as they hereby agree on the remediation of the account under the following terms and conditions, to wit:

The principal balance of _____ (state amount in words) _____ (P _____) shall be paid within the term of _____ (years) with interest rate of _____ percent (____%) per annum and the interest on the outstanding account shall be paid within the term of _____. The amortization schedule for the remedied account is attached hereto and made an integral part of this Agreement.

The CREDITOR and the BORROWER agreed not to include the condoned/reduced incurred interests, surcharges and penalties in the amortization schedule pending the decision of the Commission on Audit, President of the Republic or the Congress, as the case may be, whether to condone/ reduce the same or not.

The BORROWER also agreed to pay the Gross Receipt Tax (GRT) relative to the remediated account.

In case of violation by the **BORROWER** to any of the terms and conditions of this Agreement including any case of default on the part of the **BORROWER** to pay 6 monthly/2 quarterly/1 semi-annually amortization/s, the loan obligation under the original terms and conditions of the Promissory Note becomes due and demandable including forfeiture of total condoned amount granted as a result of the Debt Remediation Agreement. It is stipulated and agreed that during the effectivity of this Agreement, it shall cover changes in interest rate, mode or manner/ term of payment and/or additional collaterals that may modify the original obligation evidenced by the original Promissory Note, Trust Receipt, Chattel Mortgage, Pledge and/or Real Estate Mortgage. It shall not operate to relieve or dismiss the liability of the **BORROWER/s** or to release and/or diminish the existing securities of the obligation. Further, it shall not prejudice other pertinent supporting documents submitted in support of the original note/obligation. Absence of any express inclusion into the Agreement, said supporting documents shall remain in force.

It is, likewise agreed that any and all actions and proceedings filed in Court, Sheriff's Office and/or Fiscal's Office by the **CREDITOR** with respect to said obligation or account shall not be vacated by this Agreement.

I/We whose signature/s appear hereunder as co-signer/s, co-maker/s bind myself/ourselves, jointly and severally, with the **BORROWER/s** in his/their obligation/s to the **CREDITOR** and/or for the faithful compliance of such other terms and conditions stipulated in this Agreement.

IN WITNESS WHEREOF, the parties have hereunto affixed their signatures this _____ day of _____, 20____ in _____, Philippines.

CREDITOR:

QUEDAN AND RURAL CREDIT
GUARANTEE CORPORATION

by:

QUEDANCOR Authorized Officer

BORROWER:

Name and Signature of Borrower

CONFORME:

Lending Bank (if applicable)

CO-MAKERS: (if applicable)

SIGNED IN THE PRESENCE OF:

ACKNOWLEDGEMENT

REPUBLIC OF THE PHILIPPINES)
QUEZON CITY) S.S.

This _____ day of _____, 20 ____ personally appeared before me with their respective Community Tax Certificate, the following:

NAME	COMM. TAX NO.	DATE & PLACE OF ISSUE
------	---------------	-----------------------

All known to me to be the person/s who executed the foregoing instrument consisting of _____ (_____) pages including this page where the acknowledgement is written, duly signed by the parties and the instrumental witnesses on each and every page thereof which refers to Debt Remediation Agreement for _____ (P _____) and they acknowledge to me that the same is their free and voluntary act and those corporation/entity they represent.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal on the place and date first above-written.

NOTARY PUBLIC

Doc. No. _____
Page No. _____
Book No. _____
Series of _____

AGREEMENT FOR COMPLIANCE TO AUDIT FINDINGS

This agreement entered into by and between:

QUEDAN AND RURAL CREDIT GUARANTEE CORPORATION, a government financial institution created and organized by virtue of Republic Act No. 7393 dated April 13, 1992 with principal office at No. 34 Panay Avenue, Quezon City, represented by _____ herein referred to as the **CREDITOR**;

- and -

with principal address at _____ herein referred to as the **DEBTOR**.

WITNESSETH: THAT –

WHEREAS, the CREDITOR has preliminary computed and presented to the DEBTOR his outstanding balance to fully pay his loan;

WHEREAS, the DEBTOR has already paid in full the outstanding balance of his obligation pursuant to the preliminary computation presented by the CREDITOR;

WHEREAS, the DEBTOR, has the right on the basis of the aforesaid payment to claim release from his mortgage, if applicable;

WHEREAS, the CREDITOR, being a government controlled institution, is subject to auditing laws, regulations, and its computation of outstanding balances of obligations due needs the final approval of the Commission on Audit (COA);

NOW THEREFORE, for and in consideration of the foregoing premises, the parties agree to comply with the following terms and conditions:

1. The DEBTOR agrees that the transaction particularly the full payment of his loan account will be subject to final audit by the COA;
2. That the CREDITOR will release the collateral/s, if applicable, of the DEBTOR vis-à-vis his loan subject to final audit of and approval by COA of said full payment;
3. That the DEBTOR agrees to pay the condoned amount of interest, penalty and/or surcharges as stated in the Remediation/Debt Remediation Agreement for Account Remediation Program and QUEDANCOR Amnesty Program (ARP/QAP) in case the request for condonation of the same is disapproved by the approving authorities; and,
4. That notwithstanding the release of the collateral, if applicable, the DEBTOR agrees to pay immediately after the receipt of written notice from the CREDITOR, any shortage on his account as a result of the aforementioned final COA audit. Correspondingly, the CREDITOR likewise agrees to refund to the DEBTOR any overage if such is the case.

IN WITNESS WHEREOF, we have hereunto set our hands this _____ day of _____, 20____ at _____, Philippines.

DEBTOR

With my Marital Consent

Co-Maker/Debtor

**QUEDAN AND RURAL CREDIT
GUARANTEE CORPORATION**

Represented by:

Authorized Signatory
(Print Name & Position)

SIGNED IN THE PRESENCE OF:

ACKNOWLEDGEMENT

BEFORE ME, a Notary Public personally appeared:

NAME	COMMUNITY TAX CERT. NO.	DATE & PLACE OF ISSUED
_____	_____	_____
_____	_____	_____

known to me and to me known to be the same persons who executed the foregoing instrument and that the same is his/her free and voluntary act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal this ___ day of _____, 20___ at _____, Philippines.

Notary Public

Doc. No. _____
Page No. _____
Book No. _____
Series of _____

QUEDANCOR AMNESTY PROGRAM (QAP)

REGION _____

As of _____

A. Status of Implementation

Area/Province	DLs Served	Applications for QAP				
		Received	Under Process		Approved	
			No. of Accts	Amount	No. of Accts	Amount
1						
2						
3						
4						
5						
TOTAL						

B. Approved Accounts

ACCOUNT NAME	PROG	DOWN-PAYMENT	AMOUNT CONDONED				REMIEDIATED AMOUNT			DATE		Mode of Payment	TOTAL COLLECTION				TOTAL	OB PRIN	Remarks (Full Payment/Inst.)	STATUS (Paying/with missed amort,etc)
			REDUCED INTEREST	SUR	PEN	OTHERS	TOTAL	PRIN	INT, OTHER CHARGES (NON-INT. BEARING)	TOTAL	EFFECTIVE		DUE	PRIN	NON-INTREST BEARING	INT.& OTHER CHARGES				

Province

- 1
- 2
- 3
- 4
- 5
- 6
- 7

SUB TOTAL	-	-		-	-		-	-	-	-			-	-	-		-	-		
------------------	---	---	--	---	---	--	---	---	---	---	--	--	---	---	---	--	---	---	--	--

Province

- 1
- 2
- 3
- 4
- 5
- 6
- 7

SUB TOTAL	-	-		-	-		-	-	-	-			-	-	-		-	-		
------------------	---	---	--	---	---	--	---	---	---	---	--	--	---	---	---	--	---	---	--	--

Province

- 1
- 2
- 3
- 4
- 5
- 6
- 7

SUB TOTAL	-	-		-	-		-	-	-	-			-	-	-		-	-		
------------------	---	---	--	---	---	--	---	---	---	---	--	--	---	---	---	--	---	---	--	--

Grand Total																				
--------------------	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Prepared by:

RO-CRMO

Validated by:

RO-Accountant

Noted By:

RAVP

Date Prepared: _____

RECORDING UNDER QAP (READ NOTES)

TRANSACTION	ENTRY	DEBIT	CREDIT
A. FULL SETTLEMENT	CASH COLLECTING OFFICER/CASH IN BANK	XXX	
	RECEIVABLE (Program)		XXX
	INTEREST RECEIVABLE (Program) *		XXX
	INTEREST (Program)		XXX
	PRIOR YRS. CREDIT-INTEREST(Program)		XXX
	SERVICE FEE (Program) (If applicable)		XXX
	PRIOR YRS. CREDIT-SERVICE FEE (Program) (If applicable)		XXX
	INSURANCE (If applicable)		XXX
	TAX ON INTEREST		XXX
	TAX ON SERVICE FEE(If any)		XXX
	TAX ON PREVIOUS INTEREST/SERVICE FEE(if any)		XXX
B. IF INSTALLMENT	<u>Entry upon Approval of Remediation under QAP:</u>		
	RECEIVABLE (Program) (NEW)	XXX	
	INTEREST RECEIVABLE (Program)(NEW)	XXX	
	RECEIVABLE (Program) (OLD)		XXX
	INTEREST RECEIVABLE (Program) (OLD)*		XXX
	INTEREST (Program)		XXX
	PRIOR YRS. CREDIT-INTEREST(Program)		XXX
	SERVICE FEE (Program) (If applicable)		XXX
	PRIOR YRS. CREDIT-SERVICE FEE (Program) (If applicable)		XXX
	INSURANCE (If applicable)		XXX
	<u>Entry to Record Payment of Amortization:</u>		
CASH COLLECTING OFFICER/CASH IN BANK		XXX	
	INSURANCE (If applicable)		XXX
	INTEREST RECEIVABLE (Program)(NEW)		XXX
	TAX ON PREVIOUS INTEREST/SERVICE FEE(if any)		XXX
	INTEREST (Program)		XXX
	TAX ON INTEREST		XXX
	RECEIVABLE (Program) (NEW)		XXX

NOTES:

- * If Remedied account
- * 1 Interest receivable includes previous interest, previous service fee, surcharge if any, penalty if any
- * 2 Prior yrs entry should be advice to C.O.
- * 3 Applicable Tax shall be charged only when there is actual cash collection
- * 4 If with signed tax adendum previous balance of tax shall be paid with the approved mode and term
- * 5 Previous Tax should be posted to borrowers ledger
- * 6 Borrowers ledger should be tagged under QAP

Date

ATTY. ARMANDO R. CROBALDE, JR.
Officer In Charge / President
Quedan and Rural Credit Guarantee Corporation
No. 34 Panay Avenue, Quezon City

Sir:

I would like to avail of the QUEDANCOR Amnesty Program (QAP). In this regard, I promise to settle my account thru:

/ / Cash Full Settlement

/ / Installment

I am tendering the amount of P _____ as down payment and request to settle my loan within _____ year/s payable on a _____ (monthly/quarterly/semi-annual) basis.

Thank you.

Very truly yours,

Name and Signature of the Borrower

Received by:

Name and Signature of QUEDANCOR personnel

Date



EVALUATION REPORT AND APPROVAL SHEET FOR QUEDANCOR AMNESTY PROGRAM (QAP)

A. BORROWER's Loan Profile

Account Name		Regional Office	
Home Address		Business Address	
Telephone/CP #		Telephone No.	
Type of Borrower:			
<input type="checkbox"/> Partnership	<input type="checkbox"/> Cooperative	<input type="checkbox"/> Corporation	<input type="checkbox"/> Sole Proprietorship
<input type="checkbox"/> Federation	<input type="checkbox"/> SUC	<input type="checkbox"/> LGU	<input type="checkbox"/> Others (specify) _____
Type of Loan :			
<input type="checkbox"/> Production	<input type="checkbox"/> Working Capital	<input type="checkbox"/> Livelihood	<input type="checkbox"/> Others (specify)
<input type="checkbox"/> Post Harvest Facilities/Machinery/ Equipment	<input type="checkbox"/> Marketing/Trading	<input type="checkbox"/> Processing	_____
Profile of Outstanding Account (before Amnesty Program)			
Program	: _____	Cut off date	:
Orig. Loan Granted	: _____	As of (pls. Specify)	: _____
Lending Mode:	<input type="checkbox"/> SWM <input type="checkbox"/> SGM	Outstanding Balance	:
	<input type="checkbox"/> GCFM	Principal	: _____
	<input type="radio"/> With Guarantee Claim	Regular Interest	: _____
	<input type="radio"/> W/o Guarantee Claim	Additional Interest	: _____
Loan Amount	: _____	Surcharges	: _____
Date of Release	: _____	Penalties	: _____
Date Due	: _____	Others (GCLI, SF)	: _____
Interest Rate	: _____		
Mode of Payment	: _____		
Term of Payment	: _____		
Proposed Manner of Payment under Amnesty Program			
<input type="checkbox"/> Full Settlement		<input type="checkbox"/> Installment	
Proposed Terms and Conditions under Amnesty Program		Collateral/Securities	
ROO – Principal to be Remediated		<input type="checkbox"/> REM (TCT No.)	
ROO – Interest		<input type="checkbox"/> CM (specify)	
ROO – GCLI/SF		<input type="checkbox"/> Deed of Assignment	
Downpayment, if Installment		<input type="checkbox"/> Hold-out Deposit (name Bank & amount)	
Amount of Reduced AI		<input type="checkbox"/> Risk-Free Assets such as Cash/Time Deposits	
Condoned Surcharges & Penalties		<input type="checkbox"/> Post-dated Check	
Interest Rate		<input type="checkbox"/> Co-Maker	
Mode of Payment		<input type="checkbox"/> JSS	
Loan Term		<input type="checkbox"/> Others (specify)	
Other Conditions (pls. Specify)			

Above P 1M	
Regional Office Level (RO)	
Prepared by:	Evaluated by:
_____	_____
CRMO _____ Date _____	RO-CRMO _____ Date _____
Endorsed by:	
_____ Date _____	
Regional Assistant Vice President (RAVP)	
Date _____	
Central Office Level (CO)	
Above P 1M to P 3M	
Reviewed and Recommended by:	Approved by :
_____	_____
Assistant Vice President (AVP) – CRAD _____ Date _____	Vice President (VP) - CRMD _____ Date _____
Above P 3M to P 5M	
Endorsed by:	Reviewed and Recommended by:
_____	_____
Assistant Vice President (AVP) – CRAD _____ Date _____	Vice President (VP)- CRMD _____ Date _____
Approved by :	
_____ Date _____	
Executive Vice President (EVP)	
Date _____	
Above P 5M	
Endorsed by:	Reviewed and Recommended by:
_____	_____
Vice President- CRMD _____ Date _____	Executive Vice President (EVP) _____ Date _____
Approved by :	
_____ Date _____	
President and CEO	
Date _____	

BREAKDOWN:

PRINCIPAL W/ INT. 4,500,000.00

NON INT. BEARING:

INTEREST 1,493,792.86
TAX 155,239.64
NIB SPREAD OVER THE TERM AND MODE 1,649,032.50

TOTAL REMEDIED AMT. 6,149,032.50

B. 25% downpayment of ROO and INT. RATE AT 7% p.a. for 3 yrs. Semi Annual ANNUITY INSURANCE FOR THE 1ST YR. 91,944.95 shld be paid before the 1st amort

		AMORT. SCHEDULE DATE	PRINCIPAL	INTEREST	TAX	NIB	INSURANCE	TOTAL
PRINCIPAL	4,500,000.00						91,944.95	91,944.95
INTEREST	1,620,000.00	1	687,006.94	157,500.00	7,875.00	432,506.25		1,284,888.19
ADDITIONAL INTEREST	2,953,500.00	2	711,052.18	133,454.76	6,672.74	432,506.25	61,296.63	1,344,982.56
SERVICE FEE	225,000.00	3	735,939.01	108,567.93	5,428.40	432,506.25		1,282,441.59
TAX	161,550.00	4	761,696.87	82,810.07	4,140.50	432,506.25	30,648.32	1,311,802.01
ROO	9,460,050.00	5	788,356.26	56,150.68	2,807.53	432,506.25		1,279,820.72
	25%	6	815,948.74	28,558.21	1,427.91	432,506.25	0.00	1,278,441.11
FOR DOWNPAYMENT	<u>2,365,012.50</u>							
			4,500,000.00	567,041.65	28,352.08	2,595,037.50	183,889.90	7,874,321.13
ROO	9,460,050.00							
DOWNPAYMENT	2,365,012.50							
AMT. FOR INSTALLMENT	<u>7,095,037.50</u>							

BREAKDOWN:

PRINCIPAL W/ INT. 4,500,000.00

NON INT. BEARING:

INTEREST 1,620,000.00
ADDITIONAL INTEREST 915,392.86
SERVICE FEE -
TAX 59,644.64
NIB SPREAD OVER THE TERM AND MODE 2,595,037.50

TOTAL REMEDIED AMT. 7,095,037.50

C. 5% downpayment of ROO and INT. RATE 8% p.a. for 3 yrs. SA-Annuity
INSURANCE FOR THE 1ST YR. 115,651.43 shld be paid before the 1st amort

		AMORT. SCHEDULE						
		DATE	PRINCIPAL	INTEREST	TAX	NIB	INSURANCE	TOTAL
PRINCIPAL	4,500,000.00							
INTEREST	1,620,000.00						115,651.43	115,651.43
ADDITIONAL INTEREST	2,953,500.00	1	678,428.54	180,000.00	9,000.00	747,841.25		1,615,269.79
SERVICE FEE	225,000.00	2	705,565.68	152,862.86	7,643.14	747,841.25	77,100.95	1,691,013.88
TAX	161,550.00	3	733,788.31	124,640.23	6,232.01	747,841.25		1,612,501.80
ROO	9,460,050.00	4	763,139.84	95,288.70	4,764.44	747,841.25	38,550.48	1,649,584.70
	5%	5	793,665.43	64,763.11	3,238.16	747,841.25		1,609,507.95
FOR DOWNPAYMENT	473,002.50	6	825,412.20	33,016.49	1,650.82	747,841.25		1,607,920.76
ROO	9,460,050.00		4,500,000.00	650,571.39	32,528.57	4,487,047.50	231,302.86	9,901,450.31
DOWNPAYMENT	473,002.50							
AMT. FOR INSTALLMENT	8,987,047.50							
BREAKDOWN:								
PRINCIPAL W/ INT.	4,500,000.00							
NON INT. BEARING:								
INTEREST	1,620,000.00							
ADDITIONAL INTEREST	2,717,307.14							
SERVICE FEE	-							
TAX	149,740.36							
NIB SPREAD OVER THE TERM AND MODE	4,487,047.50							
TOTAL REMEDIED AMT.	8,987,047.50							



QUEDANCOR

The Credit & Guarantee Company

QUEDANCOR

Memorandum No. 500

30 November 2010

TO : All Concerned Officers and Employees
FROM : The President and CEO
SUBJECT : IMPLEMENTATION OF SMALL CLAIMS CASES PROGRAM

In line with the implementation of Supreme Court Resolution A.M. No. 08-8-7-SC on the Rule of Procedure for Small Claims Cases, the following policies and procedures on the issuance of authority, funding of filing fees, filing of case and litigation and monitoring of actions and collections for small claims cases, are hereby issued for the guidance of all concerned:

- A. Issuance of Special Power of Attorney to Collection and Remedial Management Officer (CRM Officer) Handling Small Claims Cases**
1. A Special Power of Attorney (SPA) shall be issued to CRM Officer (Exhibit 1) who will be granted power to institute/file/prosecute small claims complaints at the proper court.
 2. The Area Cluster Supervisor/Regional Assistant Vice President (ACS/RAVP) shall sign as one of the witnesses in the SPA to attest that the CRM Officer mentioned in the SPA is the legal authorized representative in behalf of QUEDANCOR.
 3. The ACS/RAVP shall submit the SPA to the Legal Affairs Department (LEAD) for review, recommendation and endorsement to the Office of the President and CEO.
 4. The President and CEO shall approve the SPA by affixing his signature.
- B. Submission for Approval and Funding of Filing Fees**
1. CRM Officer tasked to handle small claims complaints shall ensure propriety and completeness of loan papers/documents necessary for the filing/prosecution of the case.

Quedan & Rural Credit Guarantee Corporation

QUEDANCOR Center, 34 Panay Avenue, Quezon City Tel. No.: 373 97 11 Telefax No.: 373 94 52
Website: <http://www.quedancor.gov.ph> E-mail: quedan@quedancor.gov.ph

2. He/she shall prepare request for funding of docket/filing fee (Sample 1) to be reviewed/recommended by the ACS/RAVP.
3. Request for funding of docket/filing fee shall be reviewed and approved by the Senior Vice President for LEAD.
4. Upon approval of request, LEAD shall issue a Letter of Authority (LOA) (Sample 2) for funding of docket/filing fee and forward a copy to the Budget Management Division (BMD).
5. The BMD authorized staff shall prepare the Schedule of Operating Fund Remittance (SOFR) (Sample 3) based on the LOA issued by LEAD.
6. Upon approval, a copy of the SOFR and LOA is forwarded to the Fund Management and Cash Division (FMCD) by the BMD for actual funding/cash fund transfer.
7. After funding/cash fund transfer and advice to the concerned Region/District, the FMCD shall stamp the word "FUNDED" in the SOFR and LOA and return the copy to the BMD.
8. The BMD shall furnish the Collection and Remedial Management Department (CRMD) and LEAD a copy of the duly stamped LOA for monitoring purposes.
9. LEAD shall furnish copy of the duly stamped LOA to concerned QUEDANCOR Field Office for information.

C. Filing and Litigation of Small Claims Cases

After receipt of LOA and/or fund transfer advice from FMCD, the CRM Officer shall institute/ file/ prosecute the small claims complaints against the defaulting borrowers in all proceedings based on the authority granted under the SPA. The following small claims activities shall be undertaken:

- a. The CRM Officer shall file in court, either in person or by mail, an accomplished and verified Statement of Claim (Form 1-SCC) in duplicate, accompanied by a Certification of Non-Forum Shopping (Form 1-A-SCC), and two (2) duly certified photocopies of the actionable documents subject of claim, as well as the affidavits of witnesses and other evidence to support the claim.

N.B. No evidence shall be allowed during the hearing which was not attached to or submitted together with the Claim, unless good cause is shown for the submission of additional evidence.

- b. The CRM Officer shall pay the filing/docket fee and other prescribed fees upon filing of case in Court.
- c. The Court shall issue Summons (Form 2-SCC) on the day of receipt of the Statement of Claim, directing the defendant-borrower to submit a verified response.
- d. The court shall also issue a Notice (Form 4-SCC) to both parties, directing them to appear before it on a specific date and time for hearing, with a warning that no justified postponement shall be allowed.
- e. The defendant-borrower shall file with the Court and serve on the plaintiff a duly accomplished and verified Response (Form 3-SCC) within a non-extendible period of ten (10) days from date of receipt of summons.
- f. The parties shall then appear at the designated date and time of hearing to enter into an amicable settlement, to submit to Judicial Dispute Resolution (JDR) and to enter into stipulations or admissions of facts and of documentary exhibits.
- g. At the hearing, the judge shall conduct JDR through mediation, conciliation, early neutral evaluation, or any other mode of JDR. Any settlement (Form 7-SCC) or resolution (Form 8-SCC) of the dispute shall be reduced into writing, signed by both parties and submitted to the court for approval (Form 12-SCC). If the JDR fails, the hearing shall proceed in an informal and expeditious manner and terminated within one (1) day.
- h. After the hearing, the court shall render its decision on the same day, based on the facts established by the evidence (Form 13-SCC). The decision shall immediately be entered by the Clerk of Court in the court docket for civil cases and a copy thereof is immediately served to the parties.
- i. The decision of the court shall be final and unappealable.

D. Monitoring of Action/Litigation Under the Small Claims Cases

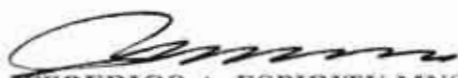
- 1. The CRM Officer shall prepare and submit a Monthly Report on the Status of Small Claims Cases Filed (Exhibit 2) to LEAD and CRMD-Collection and Remedial Accounts Division (CRAD) not later than the 3rd working day of each month. The CRMD-CRAD shall use said report to monitor monthly collections.

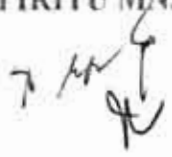
2. The LEAD authorized staff shall consolidate all the submitted reports on small claims accounts filed and prepare a status report on the progress of accounts with filed/litigation cases (Exhibit 3) and submit a copy to the Executive Vice President every 10th working day of the month.
3. It shall be the responsibility of LEAD to monitor status and progress of litigation of accounts on all small claims cases.

E. Monitoring of Payments/Collection of Accounts under the Small Claims Cases

1. The CRM Officer shall monitor the borrower's compliance to the settlement agreement, resolution or decision rendered by the court on filed cases.
2. In case of non-payment of borrower in a resolved case in court, the CRM Officer may resort to garnishing of the borrower's identified properties in accordance with Motion for Approval of Compromise Agreement (Form 7-SCC), by filing a Writ of Execution with the Office of the Sheriff.
3. It shall be the responsibility of CRMD-CRAD to monitor collection of accounts under the Small Claims Cases. Based on the report furnished by the CRM Officers, the CRMD-CRAD shall prepare a Monthly Status Report on Collection of Small Claims Cases (Exhibit 4).

Be guided accordingly.


FEDERICO A. ESPIRITU MNSA



SAMPLE FORM 1

Republic of the Philippines
QUEDAN AND RURAL CREDIT GUARANTEE CORPORATION
Region 12 - Sarangani District Office
General Santos City

Date July 21, 2010
FOR FEDERICO A. ESPIRITU
President & CEO
THRU ATTY. JOAN P. BASCO
Officer-In-Charge, LEAD
FROM THE DISTRICT SUPERVISOR
SUBJECT REQUEST FOR FUND AND AUTHORITY

We would like to request for fund and authority to disburse the amount of
PESOS : SIXTEEN THOUSAND SIXTY PESOS ONLY (P16,060.00)
for filing of small claims of the following accounts to wit:

Borrowers	Particulars	Amount
1 SATURNINO C. BAG JR.	Docket Fee	3,212.00
2 GLADDEN S. LIM	Docket Fee	3,212.00
3 JULEE AMBER N. PILAPIL	Docket Fee	3,212.00
4 JAMEL TAWAN-TAWAN	Docket Fee	3,212.00
5 NORBERTO B. BATTERO	Docket Fee	3,212.00
TOTAL		P <u>16,060.00</u>

Thank you for your usual support.

MA. NELISA G. LEYVA

AUTHORIZATION

This is to authorize funding in the total amount of Philippine Pesos:

(_____) at QUEDANCOR Regional/District Office (Region __),
_____, as payment of litigation expenses in connection with the filing
of Small Claims against the following defaulting borrowers to wit:

BORROWERS	AMOUNT
1.	
2.	
3.	
4.	
5.	
TOTAL AMOUNT	

It is understood that the payment of the abovementioned expenses shall be supported by official receipts and be liquidated in accordance with accounting and auditing rules and regulations.

Issued this _____ 2010 in Quezon City, Philippines for the aforesaid purpose.

FEDERICO A. ESPIRITU, MNSA
President & CEO

QUEDAN & RURAL CREDIT GUARANTEE CORPORATION
QUEZON CITY

DATE

SAMPLE FORM 3

RAVP/DS

QUEDANCOR F.O. ADDRESS

ATTENTION: REGIONAL/DISTRICT ACCOUNTANT

SCHEDULE OF OPERATING FUND REMITTANCE (SOFR)

FOR THE MONTH OF _____, 201_
REGION/DISTRICT OFFICE

AMOUNT

MAINTENANCE & OTHER OPERATING EXPENSE

OTHER MOOE:

ASSETS & LITIGATION EXPENSE

Please furnish Budget Management Div. (BMD) on or before the 3rd day of the succeeding month a statement of remittances and disposition of funds showing balance of each account to serve as our basis for remittance of your next operating fund.

Noted by:

Acting AVP, BMD

Acting VP, ABD

LOA dated _____

Payment of filing fees in connection with
the filing of SMALL CLAIMS against various
defaulting borrowers.

SPECIAL POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS:

I, **FEDERICO A. ESPIRITU**, Officer-in-Charge of QUEDAN AND RURAL CREDIT GUARANTEE CORPORATION, a government owned and controlled corporation created by virtue of R.A. 7393, with principal office address at the Quedancor Center, No. 34 Panay Avenue, Quezon City, do hereby name, constitute and appoint **FERDINAND B. MIGUEL, CHRISTOPHER CO** and **EDWIN MARVIL** as the corporation's true and lawful attorney/s-in-fact, and in its name, place and stead, to perform the following special power, to wit:

1. To institute/file and prosecute a Small Claims Complaint/s against the following Quedancor defaulting borrowers of Quirino District Office, before the Metropolitan Trial Court of Cabarroguis, Quirino.
2. To represent the Quedancor in all the proceedings of the case particularly the mediation stage to take place thereon, and the litigation part of the proceedings;
3. To enter into any just and reasonable amicable settlement of the case or a compromise agreement with the defendant/borrowers;
4. To make, sign, execute and deliver such compromise agreement or amicable settlement and other writings of whatever nature and kind in connection with the above-mentioned case.

HEREBY GIVING AND GRANTING unto said attorney/s-in-fact power and authority, to do and perform all and every act and thing whatsoever requisite or necessary to be done in and about the premises as fully to all intents and purposes as I might or could do if personally present and acting in person.

HEREBY RATIFYING AND CONFORMING all that said attorney/s-in-fact shall lawfully do or cause to be done by virtue of these presents.

IN WITNESS WHEREOF, I have hereunto set my hand in Quezon City, Philippines this 23rd day of July 2010.


FEDERICO A. ESPIRITU, MNSA
 President & CEO
 QUEDANCOR

SIGNED IN THE PRESENCE OF:

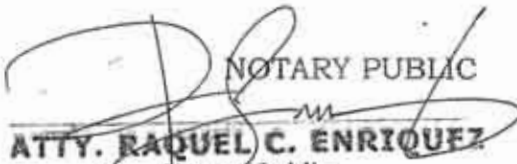


Republic of the Philippines)
Quezon City)S.S.

BEFORE ME personally appeared FEDERICO A. ESPIRITU, who exhibited to me his QUEDANCOR Employee ID No. 0149 and CTC No. 18377020 issued on January 19, 2010 in Quezon City and known to me to be the same person who executed the foregoing Special Power of Attorney and acknowledged before that the same is his free and voluntary act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand this 23rd day of July 2010 in Quezon City.

Doc. No. 1047;
Page No. 210;
Book No. II;
Series of 2010


NOTARY PUBLIC
ATTY. RAQUEL C. ENRIQUEZ
Notary Public
NP-232 until 12.31.10
Roll No. 53724
IBP No. 779974 / 12.28.09 / CALMANA
PTR No. 3200661 / 01.06.10 / Q.C.
MCLE Compliance No. III-0001454
Issued on December 17, 2008

**MONTHLY REPORT ON THE STATUS OF
SMALL CLAIMS CASES**
For the month of _____
Region _____

Form No	SC Form 002
Frequency	Monthly
Prepared by	CRM Officer
User	LEAD / CGD-CRAD
Due Date	3 rd working day of the month

I. FILING AND LITIGATION

	Name of Borrower	Program	Total Out Balance (P) 1/	Date		Filing Fee Amount Paid (P)	Amount Settled in Court 2/	Status 3/	Remarks (Reason for delay)
				Funded	Filed				
1.									
2.									
3.									
4.									
5.									
6.									
7.									
8.									
9.									
10.									

II. STATUS OF COLLECTION

	Name of Borrower	Program	Total Out Balance (P) 1/	Date Filed/ Case No	Date/Amount Paid/Collected	Remarks (e.g. paying, non-paying, garnishment, etc. Please state details)
1.						
2.						
3.						
4.						
5.						
6.						
7.						
8.						
9.						
10.						
	TOTAL					

1/ Total Outstanding Balance is the sum of principal, interest and all charges as of the date of the report

2/ Must be supported by a Plan Payment/Schedule as agreed upon by QUEDANCOR and borrower

3/ Status Legend

- (A) Court issued Summons
- (B) Court issued to both parties Notice to appear in court
- (C) Defendant-borrower filed with the Court and served Response to plaintiff
- (D) Parties appeared at designated court for hearing
- (E) With Judicial Dispute Resolution
- (F) With court decision

Prepared by:

Noted:

_____ CRM Officer

_____ RAVP

Date _____

Date _____

Republic of the Philippines
 QUEDAN AND RURAL CREDIT GUARANTEE CORPORATION
**CONSOLIDATED STATUS REPORT ON
 SMALL CLAIMS ACCOUNT**
 As of _____

Form No.	SC Form 003
Frequency	Monthly
Prepared by	LEAD Authorized Officer
User	Management
Due Date	10 th working day of the month

I. ACCOUNT MONITORING

1. Case for Filing and Litigation

Name of Borrower	Program	Total Out. Balance 1/	Filing Fee Amount Paid	Date		Status 2/
				Funded	Filed	
Region 1						
1.						
2.						
3.						
4.						
5.						
6.						
7.						
Sub-total		P	P			
Region 2						
1.						
2.						
3.						
4.						
5.						
6.						
7.						
Sub-total		P	P			
Region 3						
1.						
2.						
3.						
4.						
5.						
6.						
7.						
Sub-total		P	P			
GRAND TOTAL		P	p			

1/ Total Outstanding Balance is the sum of principal, interest and all charges as of the date of the report

2/ Status Legend

- | | |
|--|--|
| (A) Court issued Summons | (D) Parties appeared at designated court for hearing |
| (B) Court issued to both parties Notice to appear in court | (E) With Judicial Dispute Resolution |
| (C) Defendant borrower filed with the Court and served Response to plaintiff | (F) With court decision |

II. ANALYSIS AND RECOMMENDATION

Prepared by:

Noted:

 Duly Designated LEAD Staff

 Duly Authorized Officer

**MONTHLY STATUS REPORT ON COLLECTION OF
SMALL CLAIMS CASES**
For the month of _____

Form No	SC Form 004
Frequency	Monthly
Prepared by	CGD - CRAD
User	LEAD/Management
Due Date	10 th working day of the month

Name of Borrower	Program	Total Outstanding Balance 1/	Date Filed/Case No.	Date/Amount Paid/Collected	Status 2/	Remarks
1.						
2.						
3.						
4.						
5.						
6.						
7.						
8.						
9.						
10.						
11.						
12.						
13.						
14.						
15.						
TOTAL						

1/ Total Outstanding Balance is the sum of principal, interest and all charges as of the date of the report.

2/ paying - prompt amortization based on schedule of payment; missed payment - payment made with one or more unpaid or overdue amortization; no payment - failure to make any amortization; or fully paid.

Prepared by:

Noted:

CRAD Officer

AVP-CRAD



QUEDANCOR

The Credit & Guarantee Company

Circular No. 235
Series of 2003

QUEDANCOR GUIDELINES ON THE FORECLOSURE OF MORTGAGE AND THE CONSOLIDATION OF OWNERSHIP

I. RATIONALE

Foreclosure of mortgage is one big legal step in the recovery of past due loan accounts. It is both definite and ascertainable since the acquisition of the property in the name of Quedancor is assured subject only to the specific time elements of the foreclosure process. Many loan accounts of Quedancor specially the big ones are secured by duly registered mortgages and hence, subject to the procedures on foreclosure.

For over a long period of time Quedancor never had any written guidelines on the foreclosure process despite the large number of mortgages appended to its voluminous loan accounts. It is therefore imperative that these guidelines be set in place so that Quedancor Officers tasked to act on these mortgages will be guided most appropriately.

II. OBJECTIVES

1. To ensure and maximize loan recovery through the foreclosure of mortgages; and
2. To be able to establish a Quedancor system of foreclosing mortgages, and monitoring of the process based on the law, rules and regulations.

III. LEGAL BASES

1. Act No. 3135, and Act. 1508 known as the Chattel Mortgage Law;
2. New Civil Code of the Philippines;

1 k

Quedan & Rural Credit Guarantee Corporation

QUEDANCOR Center, 34 Panay Avenue, Quezon City

Tel. No.: 373 97 04 Telefax. No.: 410 78 47 E-mail: quedan@skyinet.net

3. Internal Revenue Code of the Philippines;
4. Supreme Court Administrative Circular No. 3-2000, and Rule 141, Rules of the Court;
5. Republic Act No. 7393 known as the Quedancor Charter.

IV. SCOPE

These guidelines govern the manner on which properties are acquired through foreclosure proceedings and cover the stages from the endorsement of the account for the purpose of filing of the petition for foreclosure up to the time the property is consolidated in the name of the Quedancor.

V. DEFINITION OF TERMS

1. **Demand Letter** – Refers to written notice given a to borrower requiring/demanding him/her to pay his/her loan obligation within a certain period of time.
2. **Petition for Foreclosure** – It is an extrajudicial action filed with the Office of the Clerk of Court, also the Ex-Officio Sheriff, for the purpose of selling a mortgaged property to pay the loan obligation of the borrower and mortgagor of said property.
3. **Office of the Clerk of Court** – It is the Office where the petition for the extrajudicial foreclosure of mortgage is filed
4. **Clerk of Court** – Also known as the Ex-Officio Sheriff, who, by the power vested in him by law, is authorized, to conduct an auction sale over the mortgaged properties and thereafter to issue a certificate of sale to the winning bidder.
5. **Auction Sale** – It is a legal process where a property, subject of a petition to foreclose is bided out to the public by the Clerk of Court or Sheriff.
6. **Mortgage** – It is an auxiliary contract in which a property, real or personal, is offered as security or collateral to a contract of loan.
7. **Act 3135** – It is a special law governing the foreclosure of a real estate mortgage.
8. **Act 1508** – It is a special law governing the foreclosure of mortgages involving chattels, and machineries other than those of the above.

9. **Real Estate** – Refers to titled land, all rights and interest in such land, and all buildings and other structures erected thereon.
10. **Chattel** – Refers to tangible movable or immovable property except real estate, freehold and things (as buildings) connected with the real property.
11. **Filing Fee** – Amount of money to be collected by the Office of the Clerk of Court as a fee for the filing of a petition for the extrajudicial foreclosure of mortgage.
12. **Judiciary Development Fund & General Fund (JDF/GF)** – Refers to the Sheriff's fees required in connection with the processing of extrajudicial foreclosure of mortgages. (See Supreme Court's Administrative Circular No. 3-2000, and Rule 141 of the Rules of Court).
13. **Notice of Sale** – Written notice emanating from the Office of the Clerk of Court (OCC) to be given to all the concerned parties in relation to the scheduled date of the auction sale/public bidding of the property subject of foreclosure, and to be posted at the public places provided by law.
14. **Publication Expense** – Expense to be incurred in the publishing the said notice of auction sale in a newspaper of general circulation.
15. **Affidavit of Publication** – A sworn statement of the newspaper publisher stating therein that the notice announcing the schedule date of auction sale was published in three (3) consecutive weeks with the clippings of the same attached thereto.
16. **Publication Copies** – Refers to copies of the newspaper where the notices are published.
17. **Bid** – It is the amount of money offered or tendered by Quedancor for the properties being auctioned on the date of the public bidding.
18. **Minutes of Bidding** – A document issued by the Sheriff who conducted the auction sale stating therein the names of person/s present and the incidents of the proceedings when the bidding was conducted.
19. **Certificate of Sale (COS)** – It is a certificate issued by Ex-Officio Sheriff awarding the sale to the winning bidder.
20. **Register of Deeds (ROD)** – It is an office under the Department of Justice where the records, and transactions involving real properties, and chattels are recorded and deposited in accordance with law.

21. **ROD Fees** – Sum of money to be collected by the ROD for the registration and annotation of the Certificate of Sale on the subject title and for the issuance of a new title upon consolidation of ownership.
22. **Real Property Tax (RPT)** – Tax levied upon every real estate for each fiscal year.
23. **Tax Clearance (TC)** – Clearance certificate issued by the Municipal Treasurer having jurisdiction over a real estate upon payment of the RPT.
24. **Tax Declaration (TD)** – A document issued by the Municipal Assessor indicating therein the assessed value of the property and its classification whether agricultural, residential, etc.
25. **Redemption Period** – A right provided by law to property owners to redeem back their foreclosed real estate property within one (1) yr. from the registration of COS with the concerned ROD.
26. **Affidavit of Consolidation** – It is a sworn statement executed by mortgagee and awardee of a Certificate of Sale from the Sheriff the Quedancor President & CEO stating therein that the redemption period of the foreclosed real estate property had expired and that the same is ripe for consolidation pursuant to law.
27. **Transfer Tax (TT)** – Tax imposed by the concerned local government on the party who initiate the transfer and consolidation of the foreclosed property in his name.
28. **Capital Gains Tax (CGT)** – Tax on the winning bidder which is 6% of the bid price.
29. **Documentary Stamp Tax (DST)** – Another tax on the winning bidder which is 1.5% of the bid price.
29. **Certificate Authorizing Registration (CAR)** – Certificate of authorization issued by the Bureau of Internal Revenue to effect the consolidation of ownership over the foreclosed or sold property once the CGT & DST are paid.

VI. STATEMENT OF POLICIES

VI.1. Stages prior to filing of Petition for Foreclosure

VI.1.1. Evaluation and Review of Documents

The relevant documents bearing on the account must be reviewed and adequately evaluated. These documents include the Promissory Note (PN), the Statement of Account (SOA) together with the copy of the borrower's ledger, the demand letter (DL) duly acknowledged by the borrower-mortgagor (with proof of its receipt), the corresponding Deed of Real Estate/Chattel Mortgage (REM/CM), the title of the property whether real or personal, and the latest property appraisal report.

VI.1.2 Endorsement of Accounts

If there is no payment made on the account, upon the lapse of ninety (90) days from the maturity of the account or its declaration of default, the necessary documents shall be endorsed to the Para-legal Officer, and thereafter to the Contracts and Documentation Division of the Legal Affairs Department (CDD-LEAD) for proper legal action.

VI.1.3 Preparation of the filing of Foreclosure

After the relevant documents shall have been evaluated and found to be complete, the Petition for Foreclosure may be prepared and the Annexes attached thereto. For purposes of the public bidding, the property subject of the mortgage shall be re-appraised anew, if found to be over a year old.

VI.2 Petition for Foreclosure

VI.2.1 Filing of the Petition for Foreclosure

- a. The Petition for Foreclosure shall be addressed to, and filed at, the Office of the Clerk of Court and Ex-Officio Sheriff (OCC) having jurisdiction over the property. Attached therein shall be the respective Annexes.
- b. The correct computation of the filing fees for the Petition for Foreclosure must be paid at the concerned OCC.
- c. A duly receipted copy of the petition must be retained for record purposes, and the original receipts, for liquidation purposes.

VI.2.2 Notice of Sale

The notice of sale coming from the Office of the Clerk of Court and Ex-Officio Sheriff (OCC) must be sent to the mortgagor-petitioner setting therein the date and place of the public auction sale.

VI.2.3 Publication of the Notice of Sale

- a. The Notice of Sale must be published for three (3) consecutive weeks in a newspaper of general circulation, in accordance with law.
- b. The chosen publication (the accredited newspaper to which the publication of the notice of sale was raffled off by the OCC) shall submit a statement of account (together with at least 4 copies of its Affidavit of Publication and 3 sets of copies of the newspaper where the publication of the Notice of Sale were made) to Quedancor its payment.

VI.2.4 Quedancor Bid

- a. The Quedancor Bid must be prepared, based on the total outstanding balance (TOB) as of the actual bidding date against the re-appraised value of the property, whichever is lower.
- b. The Authorization to represent Quedancor in the public bidding to be conducted by the concerned sheriff must be prepared, to serve as the authority of the concerned Para Legal Officer therein.

VI.2.5 Holding of Actual Auction Sale by the Sheriff

- a. On the date and time of bidding specified in the Notice of Sale, the authority to represent Quedancor and the Quedancor's bid for the property shall be submitted to the Sheriff.
- b. The duly receipted copy of the Minutes of Bidding must be secured for record purposes.
- c. The computation of the Judiciary Development Fund and the General Fund (JDF/GF) and the reimbursement of Sheriff's Fee must be secured from the OCC.

L

VI.2.6 Issuance of Certificate of Sale

- a. Funding shall be secured for the payment of the JDF, GF and the Sheriff's expense, and thereafter liquidated in accordance with the prevailing rules and regulations.
- b. The JDF and the GF must be paid at the OCC, in return for the Official Receipt thereon, a copy of which must be given to the Sheriff, together with the original copy of the Affidavit of Publication and one (1) set of the publication itself.
- c. The Sheriff's expense must be paid, and a written acknowledgement receipt with the court's seal embossed thereon must be secured in return thereto, together with the Certificate of Sale for the auctioned property issued and executed by the Sheriff.

VI.2.7 Registration of Certificate of Sale

- a. The computation for the payment of fees needed to effect the registration of the above-mentioned Certificate of Sale with the Register of Deeds (ROD) of the place where the property is located must be obtained from the concerned government offices.
- b. If real property tax payment is required, the tax declaration and previous real property tax (RPT) receipt for the subject property must be presented to the Assessors Office of the place where the property is located for the purpose of paying for the RPT dues.
- c. Thereafter, a Tax Clearance (TC) on the concerned property may be secured from the said government office upon payment of the RPT dues at the Treasurer's Office.
- e. The Certificate of Sale must be registered with the concerned Register of Deeds (ROD). This is done by submitting the subject Owner's Duplicate of the title of the foreclosed property (for purposes of annotation/entry), the Certificate of Sale, Tax Clearance, and the Affidavit of Publication with the Office of the Register of Deeds.

^

- f. The Owner's Duplicate title (with the Certificate of Sale annotated thereon, and the corresponding entry numbered and listed) and the original Certificate of Sale must be returned to the para-legal officer on the same day. it is submitted to the Register of Deeds for registration/annotation.
- g. The annotated title and the Certificate of Sale, and the photocopies of all Official Receipts must be submitted to the Central Filing Unit (CFU), and the photocopies of the same documents to the Collection and Remedial Management Department.
- h. Under the law, the owner of the property may exercise his/her right to redeem the property for the duration of the stated one (1) year period reckoned from the registration of the Certificate of Sale. Prior thereto, no consolidation of ownership can be effected on the foreclosed property.

VI.2.8 Consolidation of Ownership

- a. A month prior to the lapse of the redemption period, a duly notarized Affidavit of Consolidation over the Foreclosed Property must be prepared to be signed by the President & CEO.
- b. A copy of the Tax Declaration (TD) and the computation of the Real Property Tax (RPT) and Transfer Tax (TT) must be obtained from the Assessor's Office/Treasurer's Office of the place where the property is located, and the corresponding funding, cash advance/voucher for the payment thereof secured.
- c. After payment of the RPT and TT with the Assessor's Office/Treasurer's Office of the place where the property is located, the Tax Clearance (TC) as well as the Official Receipts for the Real Property Tax and the Transfer Tax must be secured.
- d. The computation of the Capital Gains Tax (CGT) and the Documentary Stamp Tax (DST) from the concerned BIR Examiner, must be obtained by submitting thereto the original plus two (2) copies each of the title of the property, Certificate of Sale, TD, TC, and the Tax Identification Number (TIN) of Quedancor and the

borrower. All original documents must be retrieved from the BIR examiner after his perusal.

- e. The funding/cash advance/voucher for the payment of the CGT and the DST must be secured from the concerned personnel. The CGT and DST must be paid at the BIR Office (CGT is 6% of the Bid and this is accomplished by filling out BIR Form No. 1703. DST is 1.5% of the Bid and is paid using BIR Form No. 2000).
- f. The Certificate Authorizing Registration (CAR) must be secured from said BIR Office after the payment of the aforementioned taxes and fees.
- g. All funding/cash advance/voucher must be liquidated in accordance with the rules and regulations of Quedancor.

VI.2.9 Registration with the Register of Deeds (ROD)

- a. The computation of the ROD fees must be secured, and thereafter, the funding, cash advance/voucher to pay for these fees.
- b. The registration must be effected by presenting to the ROD the Affidavit of Consolidation, the TCT, CAR, TC, and the Official Receipts for the payment of the RPT, TT, CGT, and DST.
- c. The computed ROD fees must be paid and the new title or TCT issued by the ROD in the name of Quedancor must be secured thereafter.
- d. The new TCT in the name of Quedancor, and all the other original documents mentioned herein must be submitted to the Central Filing Unit (CFU) and/or the concerned Quedancor Regional Office, as the case may be for safekeeping.
- e. For assigned properties or properties that are subject of "dacion en pago", the same procedure applies in consolidation or transferring ownership of the property to Quedancor, except that a Deed of Absolute Assignment is submitted instead of the Affidavit of Consolidation.

^

VII. OPERATING PROCEDURES ON FORECLOSURE:

RESPONSIBLE	ACTIVITIES
RAO	1. Prepares endorsement letter as noted by the DS addressed to the Para Legal Officer (PLO) submits a copy to CRMG Unit Head supported by the following documents: <ol style="list-style-type: none">PNSOA together with a copy of the borrower's loan ledgerDL together with a proof of receipt: return card for mailed DL; or acknowledgment by the borrower for hand carried DL.Photocopies of collateral (REM/CM) supported by new appraisal report and other supporting documents, inc. TCT/OCT or COR.
DS	2. Endorses account to PLO.
PLO	3. Verifies completeness of documents submitted. If complete, acknowledges documents, endorse to LEAD-CDD.
LEAD-CDD	4. Requests Account Receivable Management Division-Treasury Department (ARMD-TrD) to verify/check correctness of SOA prepared by the Accounting Clerk and verified by Regional/District Accountant.
ARMD-TrD	5. If correct, forwards SOA back to CDD. If not, coordinates with the concerned Regional Office and issues corrected SOA to CDD.
CDD Lawyer/Officer	6. Prepares petition for foreclosure (PFF) based on the submitted appraisal report and other pertinent documents.
LEAD-CDD/PLO	7. Forwards PFF to the President & CEO/RAVP for his signature on the Verification/Certification portion of the PFF.

h

- | | |
|----------------------|---|
| President & CEO/RAVP | 8. Signs Petition for foreclosure.
9. Forwards documents back to CDD-LEAD (if the President &CEO approves PFF). If the RAVP signs the PFF, forwards to RPLO. |
| LEAD-CDD | 10. Endorses approved PFF to concerned RO/PARA-LEGAL. |
| PLO | 11. Notifies owner of property.

12. Secures computation of filing fee from the Office of Clerk of Court (OCC) where property is located.

13. Requests funds from Fund Management Cash Division-TrD (FMCD-TrD) for filing fees, etc. thru the AFSG. |
| TrD | 14. Remits funds thru AFSG to concerned RO |
| PLO | 15. Secures Cash Advance

16. Files PFF at the OCC and pays filing fees.

17. Secures/retains duly receipted copy of PFF.

NB. PARA-Legal Officer furnishes CDD-LEAD a copy of duly received PFF |
| | 18. Waits for the issuance of notice of sale and publication's bill. |
| Sheriff/Publisher | 19. Issues notice of sale and publication's bill.

NB -PLO Prepares voucher in the name of the publication as payee, endorses the same to the Cashier for preparation of Check in the amount stated in the Publisher's SA, and requests funds from TrD for Publication Expenses |
| PLO | 20. Requests funds from TrD thru AFSG for Sheriff's Expenses. |
| TrD | 21. Remits funds. |
| PLO | 22. Secures Cash Advance and |

Pays Sheriff's expenses

- Sheriff 23. Acknowledges receipt of payment/issues RER.
24. Posts notice of sale.
25. Informs the mortgagor and mortgagee on the notice of sale.
- PLO 26. Requests authority from Contracts and Documentation Division-LEAD (CDD-LEAD) to represent Quedancor in the bidding and to submit Quedancor's bid.
- LEAD-CDD 27. Issues authority and bid.
- Sheriff 28. Conducts public bidding.
- PLO 29. Submits authority to represent Quedancor and tenders bid in behalf of Quedancor .
- Sheriff 30. If there is no failure of bidding, declares the winning bidder.
- PLO 31. In case Quedancor wins in the bidding, requests funds from TrD for the payment of judiciary development fund (JDF), general fund (GF) and other expenses.
- N.B. If another party wins, winning bidder pays through OCC who in turn remits the payment to Quedancor in accordance with relevant/pertinent existing rules and procedures. PLO to follow-up.
- TrD 32. Remits funds thru AFSG to concerned RO.
- PLO 33. Prepares voucher for the payment of JDF and GF at the OCC for the issuance of the COS.
34. Secures OR.
- Sheriff 35. Issues COS upon payment of JDF, GF and other fees.
- PLO 36. Upon receipt of COS and Title, secures

computation for the payment of registration, real property tax, and other fees.

- 37. Requests funds from TrD thru the AFSG
- TrD 38. Remits funds thru AFSG to concerned RO
- PLO 39. Prepares voucher for payment of Registration, Real Property Tax and other fees.
- AFSG 40. Processes Voucher
- PLO 41. Secures and presents Latest Tax Declaration and pays Real Property Tax at Treasurer's Office.
- 42. Secures OR and Tax Clearance.
- 43. Requests Original TCT/OCT from CFU for annotation.
- CFU 44. Forward original TCT/OCT to PLO
- PLO 45. Registers COS at the Register of Deeds where property is located (submits original TCT for annotation of Certificate of Sale, Tax Clearance and Affidavit of Publication)
- 46. Pays registration fees and secures OR.
- 47. Retrieves annotated OCT/TCT and other documents from the ROD.
- 48. Forwards COS, TCT and other pertinent documents to CFU and retains duplicate copy. Forwards transfer/transmittal to AFSG (containing certified true copies of COS, OCT)
- CFU and AFSG 49. Acknowledges receipt of documents
- AFSG 50. Records the acquired assets and determines deficiency claim, if any

NB- notifies PLO if there is deficiency claim.

h

- PLO In case of deficiency claim, coordinates with the LEAD-Litigation Division for the preparation of deficiency claim.
- PLO 51. Assists in the negotiation for possible redemption of foreclosed properties within the 1-year period and coordinates the same with CDD
- NB in case of redemption, the owner/borrower pays the redemption price through OCC which will in turn inform and remit to Quedancor in accordance with relevant/pertinent existing rules and procedures. PLO to follow-up.
52. ONE MONTH BEFORE THE LAPSE OF THE REDEMPTION PERIOD, secures assessment/computation of the Documentary Stamp Tax and Capital Gains Tax from the concerned BIR
53. Requests funds from TrD for the payment of DST and CGT thru AFSG
- TrD 54. Remits funds thru AFSG to concerned RO
- PLO 55. If no redemption is made within 1 year from the registration of the COS:
- a) Prepares Affidavit of Consolidation for signature of the President in coordination with the CDD
 - b) Pays the Documentary Stamp Tax **on or before of the 5th day of the following month** from the expiration of the redemption period reckoned from the date of the registration of the COS; and
 - c) Pays Capital Gains Tax **within 30 days** from the expiration of the redemption period reckoned from the registration of the COS.
- NB – should the situation warrant, both Documentary Stamp Tax and Capital Gains Tax can be paid at the same time.

- PLO
56. Secures computation of:
- a) Real Property Tax (RPT),
 - b) Transfer Tax (TT) with the Assessor's/Treasurer's Office where property is located
57. Requests funds therefore from TRD thru AFSG for payment
58. Retrieves original TCT/OCT from CFU in accordance with existing policies and guidelines
- Trd
59. Remits funds thru AFSG to concerned RO.
- CFU
60. Forwards the original TCT/OCT to the requesting PLO.
- PLO
61. Prepares voucher for payment and pays RPT, and TT.
62. Acknowledges receipt of original TCT/OCT **within 24 hours upon receipt.**
63. Secures Tax Clearance, Tax Declaration and Certificate Authorizing Registration (CAR) and official receipt (OR).
64. Registers with the ROD by:
- a) Securing computation from ROD and paying registration fees
 - b) Presenting Affidavit of Consolidation, old TCT/OCT, TC, CAR and TT
65. Secures new TCT in the name of Quedancor
66. Secures new TD in the name of Quedancor by presenting the following:
- a) Old Tax Declaration
 - b) Certified True Copy of New TCT
 - c) Tax Clearance
 - d) Certificate of Sale
 - e) CAR

67. Submits the new owner's duplicate copies of TCT and other documents mentioned in no. 63 to the CFU for safekeeping and to photo copies to RAD-CRMD through commercial courier.

Note: PLO to declare and secure OR specifying the contents of the package and informs the CFU, **within 24 hours** from the time the documents have been sent (either by mail/fax) that the documents are in transit.

CFU

68. Acknowledge receipt of new TCT with other original documents upon receipt and informs the concerned PLO of such receipt **within 24 hours**:

- f) Tax Declaration
- g) Tax Clearance
- h) Transfer Tax
- i) Certificate Authorizing Registration

PLO

69. Submits to AFSG & CDD a monthly summary report of consolidated assets **on or before the 5th day of the following month**.

70. In case of chattel:

- forwards chattel to RAD-CRMD if applicable
- forwards report to RAD-CRMD and endorses chattel to property custodian in the region

^

VIII. EFFECTIVITY

This set of guidelines shall take effect immediately upon its approval.

Approved:


NELSON C. BUENAFLOR
President and CEO

August 04, 2003
Date



Circular No. 416
Series of 2006

REVISED IMPLEMENTING GUIDELINES ON COLLATERAL APPRAISAL

I. RATIONALE

With enlarged powers and resources to support its lending and guarantee operations, QUEDANCOR needs to enhance its collateral appraisal system to improve its overall credit delivery to the agri-fishery sector.

Thus, this guidelines updates the existing appraisal system to adequately safeguard the interest of QUEDANCOR and its client-borrowers, particularly the small farmers and fisherfolk.

II. OBJECTIVES

1. Establish a control mechanism for an effective valuation/appraisal of collaterals offered by borrower-applicants; and
2. Simplify and harmonize the appraisal system procedures.

III. LEGAL BASES

1. Republic Act (R.A.) 7393 dated 13 April 1992, reorganizing the Quedan Guarantee Fund Board and renaming it as Quedan and Rural Credit Guarantee Corporation, enlarging its powers and resources to support farmers and agri-related enterprises and for other purposes.
2. R.A. 8435 dated 9 February 1998 mandating QUEDANCOR to be the credit guarantee institution for the agri-fishery sector.

IV. DEFINITION OF TERMS

1. **Adverse Claims** – refer to the acquisition of title to property through possession without the owner's consent for a certain period of time.
2. **Appraisal** – refers to the stated or written result on the determination of value, estimate of cost, and forecast of future earnings of an adequately described property at specified date supported by presentation and analysis of factual and relevant data.
3. **Appraisal Review** – refers to the act or process of making an opinion on the quality of another appraiser's work that was performed as part of an appraisal.
4. **Appraisal Fee** – refers to the fee charged by a professional real estate appraiser for estimating the market value of a property.
5. **Appraisal Report** – refers to a detailed written report on the value of a property based on recent sales of comparable sites in the area.

Quedan & Rural Credit Guarantee Corporation

QUEDANCOR Center, 34 Panay Avenue, Quezon City Tel. No.: 373 97 11 Telefax. No.: 373 94 52
Website: <http://www.quedancor.gov.ph/> E-mail: quedan@quedancor.gov.ph

6. **Appraised Value** – refers to an opinion of the current market value of a property.
7. **Appraiser's Certificate** – refers to a solemn affirmation that the appraiser has performed his/her duties and functions in accordance with the moral standard procedures and accepted appraisal practices and to attest further to the truthfulness and correctness of all information reported therein and assume full responsibility on the same.
8. **Chattel Mortgage** – refers to a mortgage secured by a personal property (i.e. machinery & equipment directly related to the project, land transport, air transport and water or sea transport) as collateral.
9. **Condominium** – refers to an apartment building where individual apartments are bought instead of rented and where each owner has title to the unit owned. An interest in real property consisting of a separate interest in a unit owned in a residential, industrial or commercial building and an undivided interest in common, directly or indirectly in the land where it is located and in other common areas of the building. It may include, in addition, a separate interest in other portions of such real property.
10. **Depreciation** – refers to the loss in value brought about by deterioration through ordinary wear and tear, action of the elements, or obsolescence; the difference between replacement cost new and the present value.
11. **Easement** – refers to an encumbrance imposed to an immovable property for the benefit of another immovable property belonging to a different owner.
12. **Economic Life** – refers to the period of time by which a property may be preferably utilized or a period during which a property is deemed more valuable for use than for salvage.
13. **Economic Obsolescence** – refers to a condition reflecting the loss in value of the property brought about by external economic forces, such as changes in the optimum use of land, legislative enactments, restriction or impairment of property rights, infiltration or inharmonious uses of property.
14. **Encumbrance** – refers to a claim or lien on a property, which complicates the title process and/or right or interest in property interfering with its use or transfer.
15. **Fair Market Value** – refers to the highest price, in terms of money, which a given property will fetch if exposed for sale in the open market allowing a reasonable time to find a purchaser who buys, with knowledge of all the uses to which the property intended and for which it is capable of being used.
16. **Functional Depreciation** – refers to a condition reflecting the loss in value of the property due to functional inadequacy or over in adequacy due to size, style or age brought about by changes in art or poor planning.
17. **Land Registration Authority/Registry of Deeds** – refers to a government office responsible in the filing and safekeeping of titles and other pertinent documents on real estate properties.
18. **Lien** – refers to a claim laid by one person or company on the property of another as security for money owed.
19. **Loan Value** – refers to the total loan amount to the value of the property a lending organization will lend, which is computed based on the appraised value/purchase price of a collateral, whichever is lower.

f

20. **Personal Property** – refers to a movable item not permanently affixed to real estate. Generally, with exceptions, items remain personal property if they can be removed without serious injury to the real estate or to items themselves.
21. **Physical Depreciation** – refers to a loss in the value of the property brought about by wear and tear, disintegration and age of service.
22. **Principle of Acceptability** – refers to the characteristic of a property being appraised which has relevance to its purpose, intended use including the location, physical, legal and economic attributes.
23. **Principle of Utility** – refers to the characteristics of a property to benefit, profit, service, investment, usage and advantage value.
24. **Raw Land** – refers to the land that has not been improved or developed.
25. **Real Estate** – refers to the physical land and appurtenances, including structures affixed thereto.
26. **Real Estate Mortgage** – refers to a mortgage secured by a real property (i.e. vacant lots, raw lands for subdivisions/subdivision with projects, land with improvements, condominium units etc.) as collateral.
27. **Real Property** – refers to the interest, benefits and rights inherent in the ownership of real estate, i.e. the bundle of rights, free simple ownership.
28. **Replacement Cost** – refers to the cost of constructing a building or improvements with the same or equivalent utility, on the basis of the current prices and using the current standards of materials and design.
29. **Reproduction Cost** – refers to the cost of constructing a replica building or improvements on the basis of the current prices, using exactly the same materials.
30. **Right of Way** – refers to the right to pass over another's land more or less frequently, according to the nature of the easement.
31. **Rule 4 Section 74, Rules of Court of the Philippines** – “**Liability of distributees and estate** – if it shall appear at any time within two (2) years after the settlement and distribution of an estate in accordance with the provisions of either of the first two sections of this rule, that an heir or other person has been unduly deprived of his lawful participation in the estate, such heir or such other person may compel the settlement of the estate in the courts in the manner hereinafter provided for the purpose of satisfying such lawful participation. And if within the same time of two (2) years, it shall appear that there are debts outstanding against the estate which have not been paid, or that an heir or other person has been unduly deprived of his lawful participation payable in money, the court having jurisdiction of the estate may, by order for that purpose, after hearing, settle the amount of such debts or lawful participation and order how much and in what manner each distributee shall contribute in the payment thereof, and may issue execution, if circumstances require, against the bond provided in the preceding section or against the real estate belonging to the deceased, or both. Such bond and such real estate shall remain charged with a liability to creditors, heirs, or other persons for the full period of two (2) years after such distribution, notwithstanding any transfers of real estate that may have been made”.
32. **Special Power of Attorney** – refers to a written instrument by which the authority of another person as his/her attorney-in-fact is set forth.

33. **Underimprovement** – refers to an improvement which by reason of its small size or low cost, fails to bring the site to its highest and best use.

34. **Zoning** – refers to the exercise of policy power by a city or municipality in specifying and regulating the use to which real estate may be put in specific areas.

V. SCOPE

The following guidelines shall cover the systems and procedures involved in the conduct of evaluation/appraisal of collateral used as security for loans under the various QUEDANCOR programs.

VI. STATEMENT OF POLICIES

The QUEDANCOR Credit Assessment Group (CAG) shall be responsible for the conduct of evaluation/appraisal of all collaterals offered as security for loans availed of by borrower-clients under the Corporation's various programs.

1. Acceptable Collateral

In accepting property collateral, the three (3) basic principles of property qualities must be present: acceptability, utility and disposability or resale. These guiding principles are necessary to protect the interest of QUEDANCOR. The appraiser must also identify the characteristics of the property's relevance to purpose and intended use including location, legal and economic attributes. At a minimum, acceptability of collateral should consider properties' characteristics, size, utility, condition and its potentials for resale.

The following are types of collateral acceptable as security:

1.1 Real Estate

- Vacant lots;
- Raw lands for subdivisions;
- Land with improvements;
- Condominium units;
- Subdivision projects;
- Leased land with improvements; and
- Agricultural lands.

These properties must be subject to the following conditions:

- 1.1.1 Property must be covered by a *Transfer Certificate Title (TCT)/ Original Certificate Title (OCT) or Certificate Land Title (CLT)/ Certificate Land Ownership Award (CLOA)*;
- 1.1.2 Property must have technical description written on the titles;
- 1.1.3 Property must be at least 30 square meters in urban areas classified as commercial or industrial, provided that the highest and best use and disposability principles are satisfied; aforementioned size of lot (30 sq.m.) cannot be considered where the classification is agricultural, residential and raw land; and
- 1.1.4 Open spaces or portion thereof, lot setbacks, provision for road expansion, right of way, easement and other types of lot, regardless of lot size and shape similar to these conditions or usage are not acceptable.

1.2 Building and Improvement

As a policy, all improvements on the property offered must be included as part of the collateral under the principle of "accessory follow the principal."

1.3 Chattel

1.3.1 Machinery and Equipment and other chattel such as land, air and water transport may be considered under the following conditions:

a. Agri-fishery machinery/equipment/implements:

- For brand new, including fabricated or assembled/second hand or fully reconditioned, the economic life must not be more than three (3) years at the date of conduct of appraisal; and
- Must be directly related to the project.

b. Land/Air/Water Transport

- The remaining economic life must exceed the term of the loan by at least six months; and
- Must be directly related to the project (i.e. trucking/delivery/hauling vehicles).

N.B. For land transport: Must not be more than three (3) years old at the date of conduct of appraisal, for second-hand transport.

Suggested economic life:

Particulars	Suggested Economic Life
1. Automobile	- 5 to 10 years
2. Trucks	- 8 to 12 years
3. Tractors and other Agri-Machinery	- 5 to 10 years

1.4 **QUEDANCOR's Shares of Stocks, Bank Certificates of Time Deposit (CTD), Non-interest Bearing Cash Trust Fund, LandBank/Government Bonds/Securities and other similar Investments/placements.**

2. Documentary Requirements for Appraisal

QOO-LMG shall ensure that all necessary collateral documents submitted by the borrower-applicant are authentic. The documents needed for each type of collateral are as follows:

2.1 Real Estate Mortgage

2.1.1 General Requirements

- a. Duly certified true copy of TCT, OCT or CLT/CLOA;
- b. If title used is CLT, authority to mortgage from DAR;
- c. Duly certified photocopy of Tax Declaration;
- d. Duly certified photocopy of latest Tax Receipts;

- e. Duly certified photocopy of vicinity map/location plan duly prepared and certified by a license Geodetic Engineer;
- f. Latest pictures (at least 4) showing different angles;
- g. Special Power of Attorney (SPA) if applicable;
- h. Tax Clearance; and
- i. Certificate of Non-Tenancy.

2.1.2 Additional Requirements

Special Power of Attorney is allowed subject to the following:

a. General Provisions:

- It must be executed at no more than one (1) month prior to the filing of loan application;
- It is not executed by a minor, assigns/heirs/relatives/ executor/administrator/lawyer of the owner of property;
- It must contain specific limitations;
- It must reflect description of the property;
- It must include authority from the owner to allow the property to be foreclosed in case of non payment of loan;
- It must authorize QUEDANCOR appraisers to verify the authenticity of the documents relating to the property;
- It must authorize QUEDANCOR appraisers to inspect and appraise the property/properties; and
- It must include the waiver of the owner to question the SPA if it is declared invalid or void;

b. If the SPA is executed outside the Philippines

- It must be duly authenticated by the Philippine Diplomatic/ Consular office including all the provisions stated above.

c. For Proper Identification of the Attorney in fact

- Photocopy of Two (2) valid ID with picture (i.e. Philippine passport, SSS, GSIS, Postal ID, Company ID or Voter's ID);
- Duly certified copy of Marriage Contract, if applicable; and
- Barangay Clearance.

d. For Improvement on Leased Land

- Written consent/acknowledgement of the landowner that the said improvement is offered as loan collateral. This must be annotated at the back of the title.
- The lease contract between the lessee and the lessor must contain the following provisions:
 - Lease term must be longer than the loan term by at least six (6) months;
 - Lease must permit mortgage on the encumbrances;

- Lease must permit assignment of the improvement to QUEDANCOR in cases of non-payment of obligation; and
- Lease must convey authority to QUEDANCOR the right to acquire the property in its own name should the loan becomes past due.

e. For Several developed/underdeveloped Subdivision Lots

- Duly approved subdivision development plan; and
- Duly approved authority to sell to Housing and Land Use Regulatory Board (HLURB).

f. For Corporation

- Board Resolution designating its authorized representatives to transact business with QUEDANCOR and citing specifications, the number of TCT/OCT/CCL/CGOA and its description.

g. For Condominium

- Clearance duly approved/certified by the corporation attesting that the property has no pending litigation or declared not delinquent on the payment of amortization dues.

2.2 Building and Improvement

- 2.2.1 Duly certified photocopy of Tax Declaration;
- 2.2.2 Duly certified photocopy of latest Tax Receipts and Tax Clearance;
- 2.2.3 *Fire Insurance; and*
- 2.2.4 Latest pictures of property.

2.3 Chattel

- 2.3.1 Duly certified copy of Owner's Manual/Brochures indicating specifications of equipment/machinery/transport;

2.3.2 Evidence of ownership

a. Machinery and Equipment

- Receipts, invoices, deed of sale and other evidences of ownership
- Affidavit of ownership stating whether or not the chattels are free from encumbrance or encumbered

b. Land Transport

- Certificate or Registration
- Annual Official Receipts
- Stencil of motor and chassis number

c. Air Transport

- Certificate of Registration
- Aircraft Licenses, Permits
- Certificate of Airworthiness

- Certificate of Flying Time
- Maintenance Report

d. Water or Sea Transport

- Certificate of Philippine Registry
- Coastwise License, Permits
- Fishing Boat License (for fishing vessels)

- 2.3.2 Affidavit of non-encumbrance;
- 2.3.3 Comprehensive fire and theft insurance coverage;
- 2.3.4 Latest pictures of property/ies;
- 2.3.5 Appropriate clearance(s); and
- 2.3.6 Invoice and delivery receipts, if any.

2.4 QUEDANCOR's Shares of Stocks, and Bank Certificate of Time Deposit (CTD) and other related placements.

- Certificate of other documents evidencing ownership.

3. Collateral Verification

The QOO-CAG shall conduct verification of collateral based on the documents submitted and in accordance with the following parameters/ activities:

3.1 Real Estate Property

-3.1.1 Legal Bases for Title and Record Data

- a. Torrens System of Land Registration, Act 496 (Certificates, Decrees)
- b. Administrative System, Commonwealth Act 141, as amended (Patents)
- c. Technical Description (BLIM coordinates, tie line, plotting on base topo map)

3.1.2 Pre-Inspection

- a. Plotting

Plotting shall be done before proceeding to site inspection to determine the technical descriptions of the property such as boundaries, size and area.

The basis must be the ROD verified TCT. If property does not close its bearings as indicated in the TCT, require for the appropriate correction by the owner.

In the absence of technical descriptions, the approximate shape of the land on the cadastral map which can be sourced from either the Land Registration Authority (LRA) or the Land Management Section of the Department of Environment and Natural Resources (DENR).

The plotted lot drawn to scale must be in a suitable paper and should contain the road frontage (in meters), depth, street name, and should include the location/vicinity map.

The location plan must reflect the sealed distance of the land from any known street corner or landmark, which should be noted before inspection and properly verified during inspection.

b. Title Verification

Verification of the title number and property ownership must be done at the LRA or the ROD (for OCT), DENR-Bureau of Land/Forestry (for TCT) or Department of Agrarian Reform (for CLT/CLOA). Historical verification of title could be conducted, if the need arises, by requesting the ROD for previous title numbers and corresponding owners.

Authenticity of the document and annotation of liens and encumbrances, if any, such as adverse claims, notice of lis pendens, mortgage, certificate of sale must be duly verified with appropriate government agencies. A duly certified photocopy of the title together with restrictions and memorandum of encumbrances should be obtained.

The following are the signs of an invalid TCT:

- No owner's original certificate filed at the ROD;
- With topographical errors in the technical description, so that the bearing/pointer of the lot when plotted, does not close; and
- Erasures on the title.

In verifying TCTs, the following must be strictly observed:

- The last two (2) digits of the TCT number correspond to the page number at the right hand upper portion of the document (TCT);
- Serial numbers of the TCT at the left hand upper portion differ from the TCT at the vault. The owner's duplicate copy has the letters SN plus the numbers. The original (vault) copy bears only the number. (Example: Owner's Duplicate Copy : SN-12345; Original (Vault) Copy: no. 12345);
- Take note of the first line on the technical description that states "a parcel of land (lot no....) The lot number in parenthesis varies in actual usage. Sometimes it is reflected as "road lot, allotted for recreational area, etc.);
- For easy checking of details on technical description, without having to read word for word, is to look at every end of each line sentence appearing on the right hand margin.
- OCT covering decreed properties or judicially confirmed lands are being processed and prepared at the LRA - Central Office in Quezon City;
- Homestead, free patents are prepared by the District Land Office of the DENR;

- **Emancipation Patents like CLT and CLOA are issued by the DAR;**
- **Original and owner's duplicate copy are issued by the ROD;**
- **Owner's duplicate copy is recognized by "J" machine printed at the upper left hand corner of the title after the words "Judicial Form No. ___" as well as "Owner's Duplicate" printed on the left margin;**
- **OCT bearing a Patent, Free Patent, and Miscellaneous Patents can be verified in the LMB or District Land Office;**
- **Transcription or transmittal date of the OCT must be checked with ROD and must tally with the primary entry book. All documents supporting the issuance of a TCT are on file in the vault and entered in the primary entry book of the ROD; and**
- **The records of a reconstituted title must be thoroughly verified in Court (if reconstituted judicially) or in LRA (if administratively). A reconstituted TCT is identified by the letters RT preceding the title number. For a reconstituted OCT, the letters RO precede the title numbers.**

3.1.3 Property Identification and Inspection

a. Locate the property through the following techniques:

- **Compare sketch/lot/location plan with the actual physical size and the nearest landmark/s (churches, schools, hospitals, roads, etc);**
- **If applicable, concrete corner monuments (Mohon) should be ascertained; and**
- **During inspection, bring a metric scale to measure distances or plans and steel tape for actual ground measurement.**

b. Conduct ocular inspection on the following to serve as landmarks and basis for valuation:

- **Kilometer reading nearest to site;**
- **Distance of the property from a major street, or distance from known town centers, major establishments such as municipal hall, church and school nearest to site;**
- **The major road or interior road leading to the property;**
- **Shape, frontage and depth; contour and character of the land, presence of vegetation, rivers and creeks; and**
- **The Topo Base Map to check if the contour tallies with the actual topography of the land.**

c. Familiarize the following doubtful signs to ensure actual existence of the property:

- **When the owner/guide is uncertain about the location;**
- **When the owner/guide is in a hurry to complete inspection and prevents the appraiser from further verification;**

- When the owner is not known in the area and somebody else occupies the property;
- When the guide treats you lavishly; and
- When the lot plan and vicinity map do not tally with the prepared/plotted plans.

3.1.4 Additional Activities/Parameters

- a. Identify at least three (3) most proximate landmarks from the property. In case no prominent landmark can be located, identify the nearest sitio/barrio/barangay leading to the property.
- b. Inspect neighborhood and immediate vicinities of the subject property.
- c. Conduct title search identifying property owner and all who may possess any right or interest in the subject property.
- d. Ensure full accessibility to all property improvement.
- e. Take photos personally of the subject property. However, for those submitted pictures, the appraiser must carefully compare them from the actual site and include the date when the picture was taken.

N.B. If the subject property has a proposed construction and the improvement has not started, the appraiser should take a photograph that shows the extent of construction on the date of inspection.

3.2 Chattel

3.2.1 Pre-Inspection

To check genuineness, verification on the evidence of ownership such as Registration Certificates, Annual Official Receipts, Invoices, Deeds of Sale and other related documents shall be conducted.

Further verification may be conducted from a private or any government office and check whether the item/unit subject for appraisal has existing liens and encumbrances.

3.2.2 Actual Inspection

a. Machinery and Equipment

- Conduct physical inspection on the condition of the unit whether operational or under repair.
- Verify stated ratings, capacities, models, serial numbers, brands, specifications, accessories and compare these against the submitted documents.
- Determine availability of spare parts.
- Accomplish checklist by QUEDANCOR authorized/accredited mechanic.

b. Land, Air and Sea Transport

- Check the "Log Book" for verification of information submitted
- Inspect the unit in the same manner for machinery and equipment.
- Accomplish checklist by QUEDANCOR authorized/accredited mechanic.

4. Collateral Valuation

4.1 Real Estate

4.1.1 Land Valuation Method

a. Comparison Method or Market Data Approach

For uniformity and simplicity, this approach will be adopted to value lots with no improvement. In valuation, the appraiser must be guided with the basic principles of appraisal namely: 1) Utility; 2) Highest and Best Use; and 3) Anticipation.

This method involves the following steps in arriving at a fair market value:

- Seek similar properties;
- Ascertain nature of sale;
- Compare each sale;
- Consider all dissimilarities; and
- Formulate an opinion.

N.B. Sources of valuation can be gathered from banks, real estate newsletters, assessor's office, developers, and/or residents in the area.

b. Cost Approach

The cost approach to value is being used essentially to estimate the depreciated reproduction or Replacement Cost New (RCN) of improvement to which it is added in the lots as if vacant.

It shall have the following basic procedures:

- Estimate cost to reproduce or replace basic improvement new
- Methods of Estimating Depreciation

- **Straight Line – Age Method:**

$$\text{Depreciation Rate} = \frac{\text{Date of Inspection} - \text{Year Constructed}}{\text{Economic Life}}$$

- **Effective Age Method:**

$$\text{Depreciation} = \frac{\text{Effective Age} \times \text{RCN}}{\text{Economic Life}}$$

- **Observed condition – Cost – to Cure Method**

N.B. Estimation of accrued depreciation shall be based on the following:

- a) Physical depreciation
- b) Functional depreciation
- c) Adverse economic influences

4.1.2 Suggested Economic Life

Particulars	Suggested Economic Life
1. Residential dwelling including apartments (reinforced concrete finish)	25 to 35 years
2. Low cost housing	15 to 20 years
3. Warehouses	30 to 40 years
4. Commercial buildings/ commercial apartments	30 to 40 years

N.B. Market value of buildings and improvement on a property shall be based on replacement new cost less depreciation.

4.2 Chattel

4.2.1 Appraisal Process

The following are the steps involved in the appraisal of chattel:

- a. Determine the replacement cost-new
- b. Estimate the depreciation
- c. Estimate the sound value – replacement cost-new-less depreciation
- d. Check estimated sound value with the market approach
- e. Check estimated sound value with income approach
- f. Correlate the value checkings to derive the reasonable appraisal

4.2.2 The Rule of Thumb Approach

For brand new and customarily used/re-conditioned machinery and equipment, the Rule of Thumb Approach shall be at its current market or first cost value.

4.2.3 Sound Value Method

a. Requirements

The documents needed under this method are:

- Quotation of Pro-form Invoices
- Consular invoices
- Official receipts
- Deed of sale
- Technical bulletin and publications
- Published advertisements with costs
- Published cost data by renowned authorities
- Classified ads
- Registration certificates
- Log book of maintenance and repairs

b. Procedures

Verification Works

Check receipts, invoices, deed of sale, technical bulletins, quotations from suppliers, check with inventors, distributors, dealers, traders and suppliers for value estimates.

Ocular Inspection

- Check the condition of the unit by determining whether operational or under repair
- Verify ratings, capacity, model, serial number, chassis number, motor number and other technical specifications.
- Determine the degree of maintenance and repair
- Determine the extent of use, probable economic life and rate of depreciation
- Determine the physical and functional depreciation, obsolescence and inadequacy
- Determine availability of spare parts whether locally or abroad

Appraise the machinery and equipment based on Replacement Cost New Less Observed Depreciation to arrive at the sound value.

Replacement Cost New Less Observed Depreciation

Assume a fictitious equivalent plant, machinery and equipment property to be obtained by building it with most modern methods, according to the most efficient design and the latest highest probable costs. This theoretical plant, machinery and equipment or property is then depreciated until it would be capable of rendering only the same amount of future services as the existing plant, machinery and equipment or property. By its use, technological progress and changes in price level are given considerations.

4.2.4 Suggested Economic Life

Particulars	Suggested Economic Life
1. Automobile	5 to 10 years
2. Trucks	8 to 12 years
3. Tractors and other Agri-Machinery	5 to 10 years

5. Appraised Value

5.1 Real Estate

A real property being offered as property bond or loan collateral shall be assigned the following appraised values:

- 5.1.1 Seventy percent (70%) of fair market value for non-agricultural property situated within Metro Manila, cities, provincial capital and poblacion of municipalities;
- 5.1.2 Sixty percent (60%) of fair market value for non-agricultural property located outside the areas previously mentioned.
- 5.1.3 Fifty percent (50%) of fair market value for "non-carpable" agricultural property.

Private lands devoted to or suitable for agriculture regardless of agricultural product raised or that can be raised thereon which have not been legally converted or reclassified for non-agricultural uses, or not otherwise exempted by law, or in excess of the retention limit of 5 hectares for the landowner and 3 hectares for each of the heirs, are covered by the Comprehensive Agrarian Reform Program (CARP).

5.2 Buildings and Improvement

For buildings and improvement constructed in any of the properties stated in item 5.1, valuation shall be 50% of the net book value.

5.3 Chattel

It shall be eighty percent (80%) of its net depreciated value.

5.4 QUEDANCOR's Shares of Stock, Bank Certificate of Time Deposit (CTD) and other related placements

The appraised value of QUEDANCOR's Share of Stock, Bank Certificate of Time Deposit (CTD) shall be equal to its face value.

6. Loan Value

6.1 Real Estate/Buildings and Improvement

The appraised value shall be the ceiling of the loan value. The determination of the loan value within the said ceiling rests on the sound discretion of recommending/approving officer taking into consideration other compensating factors such as character, capacity to pay, condition, capital and the viability of the proposed project.

6.2 Chattel

For brand new agri-fishery machinery/equipment/implements (including fabricated or assembled), the suggested loan value shall be 50% of the acquisition cost or appraised value, whichever is lower.

For land transport, air transport and water or sea transport, the maximum loan value shall be fifty percent (50%) of the appraised value.

6.3 QUEDANCOR's Share of Stock, Bank Certificate of Time Deposit (CTD) and other related placements

The loan value of QUEDANCOR's Share of Stock, Bank Certificate of Time Deposit (CTD) issued by any bank shall be 100% of its face value.

7. Appraisal Report

The appraisal report shall be prepared by the QOO-CAG/appraiser and duly signed in accordance with the prescribed format (Exhibit 1 and 2).

In assigning cost to the property, actual sales made close to the data of appraisal are given the most consideration. Heavy weight is given to the indications of value of at least three (3) sales occurring within one (1) year period.

The QOO-CAG shall gather at least three (3) sources of valuation from banks, land tax collection (BIR), real estate brokers, realty boards, appraiser's societies and classified ads. It should be noted that valuation sourced from any of the above mentioned entities shall not be the main guide of the appraiser with regard to property valuation. Data gathered from them are mere basis of the QOO-CAG to come up with a reasonable appraised value. It is still the discretion of the appraiser to render a sound judgment on the property subject for appraisal.

Any increase/decrease in cost or deviation from the survey market data shall have to be justified by the concerned QOO-CAG.

8. Appraisal Fee

The appraisal fee to be charged shall depend on the classification and location of property as follows:

8.1 For REM

- a. Appraisal fee of ₱ 500.00 for every title submitted;
- b. For several titles but contiguously located, it will only be considered as one hence, ₱ 500.00 shall be collected; and
- c. For more than five (5) titles but not contiguously located, a maximum of ₱ 2,500.00 shall be collected.

^

8.2 Chattel

<i>Type/Unit</i>	<i>Appraisal Fee per Unit/Set</i>
a. Tractors	₱ 200.00
b. Machinery and Equipment	₱ 500.00
c. Land, Air and Water/Sea Transport	₱ 200.00
d. Others	₱ 200.00

9. Verification and Review

No Appraisal Report shall be used as a basis for the evaluation of a loan/property bond unless the same is duly accomplished by the QOO-CAG, verified by the Unit Head CAG and reviewed and signed by the Regional Assistant Vice President (RAVP) or the District Supervisor (DS).

A copy of appraisal report shall be forwarded to SIPAD – PrAD for review.

10. Accountability

The QOO-CAG, Unit Head and/or the RAVP/DS who prepared, verified and/or reviewed the appraisal report shall be accountable for the veracity and authenticity of the information stated therein.

11. Re-Appraisal of Foreclosed Properties/Acquired Assets/Dacion en Pago

Re-appraisal of foreclosed properties/acquired assets shall be conducted by the Property Appraisal Division based on the request of the Collection and Remedial Management Department (CRMD) – Remedial Accounts Division (RAD)/Asset Management Unit (AsMU)/Special Legal Action Unit of the Legal Affairs Department (SLAU-LEAD). The procedures involved in the conduct of the re-appraisal shall follow the same procedures involved in the appraisal of loan collateral for all accounts. However, only the market value shall be used as basis for re-appraisal.

12. Ethical Rules

12.1 Conduct

An appraiser must perform his/her assignments ethically and competently, in accordance with these guidelines. He/She must perform appraisal assignments with impartiality, objectivity and independence and without accommodation of personal interest.

12.2 Full Disclosure

An appraiser must disclose accurately in the appraisal report all his/her findings and the condition of the property collateral at the time of actual inspection.

12.3 No Gift Policy

Appraisers are prohibited to accept directly or indirectly any gift, presents, share, percentage, or benefit or for any other purpose from the borrower or owner of the property in return of a favor. Should there be such case, the borrower or owner of the property will be automatically blacklisted and disqualified to enter into any transaction with QUEDANCOR. On the other hand, the concerned employee shall be punished appropriately in accordance with the existing QUEDANCOR Administrative Discipline and Procedures.

The DS and CAG Unit Head shall supervise the full adherence of the above-cited ethical rules in the conduct of property appraisal.

13. Assurance of Appraiser

The appraiser, upon signing his/her appraisal report has certified that he/she:

- 13.1 Inspected the actual interior and exterior areas of the subject property;
- 13.2 Obtained and verified information furnished by reliable sources to be true and correct;
- 13.3 Identified physical condition and appropriate disclosure of the same;
- 13.4 Verified all pertinent documents relative to the property;
- 13.5 Disclosed all and any information or statements in the appraisal report that are true, verified and correct;
- 13.6 Noted adverse conditions observed during the inspection of the subject property;
- 13.7 Personally prepared all conclusion, opinion about the real estate/collateral that were set forth in the appraisal report; and
- 13.8 Identified the owner of the property and the client as well, if they are one and the same person.

VII. STANDARD OPERATING PROCEDURES

Responsibility

Action

Borrower

1. Submits loan collateral documents to the QOO-LMG for appraisal and valuation.

QOO-LMG

2. Forwards the same to QOO-CAG for the conduct of appraisal and valuation of collateral.

RO/DO-QOO-CAG

3. Acknowledges receipt of documents and classifies collateral to be appraised.
4. Makes preliminary study, schedules ocular inspection, conducts survey on market values and verifies titles and other documents.

N.B. A thorough consultation or inquiry with the right persons in the ROD, Land Registration Authority and/or Bureau of Land, LTO/other government agencies and other sources/establishments in gathering pertinent data.

5. Counterchecks information, makes final evaluation and analysis of data gathered and processes the same into value.
6. Prepares an appraisal report together with the collateral documents and incorporates all findings during verifications, inspections and valuations which would render the acceptability of the property.

7. Forwards the appraisal report to the RO/DO Unit Head CAG.

RO/DO Unit Head CAG

8. Checks the presentation of the report including all findings of the property.

RAVP/DS

RO/DO - QOO - LMG

Borrower

Approving Officer

Borrower

Cashier

Borrower

9. Makes revisions or corrections and adjustments in the report and may refer delicate matter to the RAVP/DS, if necessary.
10. Recommends/forwards report and other documents to the RAVP/DS for approval.
11. Approves/disapproves collateral and returns the same to the QOO-LMG.
12. Informs the borrower on the matter and prepares the Deed of Real Estate Mortgage (REM)/Chattel Mortgage (CM) for signing of authorized representatives and Approving Officer.
13. Provides billing statement on appraisal fee.
14. Signs the Deed of REM/CM.
15. Countersigns the Deed of REM/CM.
16. Pays appraisal fee.
17. Issues official receipt (OR) to the concerned borrower.
18. Acknowledges receipt of OR and copies of collateral documents.

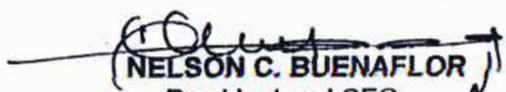
VIII. SPECIAL PROVISIONS

1. There shall be a periodic consultation among the QOO-CAG, Unit Head CAG and other concerned departments/Units for the purpose of enhancing the effectiveness of these guidelines.
2. The QUEDANCOR reserves the right to promulgate such rules and regulations (including exception thereto) and adopt other measures as may be incidental to, appropriate and necessary for the attainment of the objectives of these guidelines.
3. All properties offered as collateral to QUEDANCOR shall not be subject to the following:
 - 3.1 Embellishment of any kind which will alter the present condition of the property by the owner/lessee/trustee unless there is a written or approved authority from QUEDANCOR President and CEO; and
 - 3.2 Subsequent encumbrances by the owner or whoever is in possession of the subject property.
4. Appraisal reports are strictly confidential and should not be disclosed to unauthorized person without prior authority from the President and CEO.

IX. EFFECTIVITY

This circular shall supersede Circular No. 243 and Memorandum Circular No. 335 issued on September 25, 2003 and November 2, 2004, respectively.

September 13, 2006
Date


NELSON C. BUENAFLOR
President and CEO

SPECIAL POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS:

I, _____,
(name) (years of age - minor, not accepted), (single/married - name of spouse, if married)
with residence at _____
(complete address),

do hereby *NAME, CONSTITUTE* and *APPOINT*, as by these presents, have *NAMED, APPOINTED* and *CONSTITUTED*

_____,
(name of attorney in fact) (years of age - minor, not accepted),
with residence at _____
(single/married - name of spouse, if married) (relationship to the principal)
(complete address) to be my true and lawful *ATTORNEY - IN -*

FACT, for me and in my name, place and stead, to do and perform the following specific acts:

1. To apply for a loan of any kind from the *QUEDAN AND RURAL CREDIT GUARANTEE CORPORATION (QUEDANCOR)* with office address at _____;
2. To use my property specifically described below as collateral for the said loan and to mortgage the same in favor of *QUEDANCOR*
- (description of the property : to be copied from the TCT - including technical description, title number and improvement found in the property)
3. To authorize and empower fully and absolutely without reservations whatsoever to convey the above described property together with its improvement found therein, in favor of *QUEDANCOR* in case of non payment or default on payment of amortization;
4. To make sign, seal, execute and deliver contracts, documents, agreements and other things whatsoever nature, kind, and description with any and all third persons, concerns and entities upon such terms acceptable to said Attorney - in - fact;
5. To bring suit, defend, and enter into compromise, agreements in my name and stead in connection with actions brought for or against me for whatever kind and nature. Consequently, waives his right to question the validity or invalidity of this Special Power of Attorney of and when the same has become a subject of legal action;
6. That I impose as an obligation on said *ATTORNEY - IN - FACT*
 - a. To authorize *QUEDANCOR* official representatives or appraisers to conduct inspection on the property as well as the improvement found therein and to verify the authenticity of the title/s, its technical description, annotation and encumbrances and other documents related to the property herein described;
 - b. Should any part or portion of this Special Power of Attorney became invalid for whatever reason, all other portions not affected shall remain valid and enforceable;

HEREBY GIVING AND GRANTING unto my said **ATTORNEY - IN - FACT** full power and authority to do and perform all and every act and thing, whatever requisite and necessary to be done, and in about the premises as fully to all intents and purposes, as I might or could do if personally present with full power of substitution and revocation and hereby ratifying and confirming all that my said attorney-in-fact or his substitute shall lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, I have set my hand this _____ day of _____ in _____.

PRINCIPAL
(signature over printed name)

CONFORME:

ATTORNEY-IN-FACT
(signature over printed name)

With marital consent (if married)

-SPOUSE
(signature over printed name)

SIGNED IN THE PRESENCE OF

(signature over printed name)

(signature over printed name)

ACKNOWLEDGMENT

Republic of the Philippines)
Municipality of _____)
Province of _____)

BEFORE ME, a Notary Public for and in the Municipality of _____, this _____ of _____ personally appeared _____ with his Community Tax Certificate no. _____ issued on _____ at _____ known to me and to be known to the same person who executed the foregoing instrument and acknowledged to me that the same is his free and voluntary act and deed.

WITNESS MY HAND AND SEAL this _____ day of _____.

NOTARY PUBLIC

Doc. No. _____
Page No. _____
Book No. _____
Series of _____



QUEDANCOR

The Credit & Guarantee Company

Memorandum
Circular No. 335

2 November 2004

TO : All Concerned
FROM : The President & CEO
SUBJECT : AMENDMENT TO THE REVISED IMPLEMENTING GUIDELINES ON COLLATERAL APPRAISAL

Circular No. 243, Series of 2003, is hereby amended with respect to the following:

x x x x x
6. STATEMENT OF POLICIES

x x x x x

6.8 Appraisal Fee

The appraisal fee to be charged shall depend on the classification and location of property as follows:

6.8.1 REM

- a. Appraisal fee of P 500.00 for every title submitted;
- b. For several titles but contiguously located, it will only be considered as one hence, only P 500.00 shall be collected; and
- c. For more than five (5) titles but not contiguously located, a maximum of P 2,500.00 shall be collected.

6.8.2 Chattel

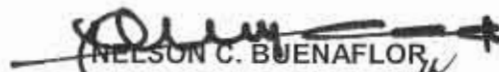
Type/Unit	Appraisal Fee per Unit/Set
a. Tractors	P 200.00
b. Machinery and Equipment	P 500.00
c. Land, Air and Water/Sea Transport	P 200.00
d. Others	P 200.00

x x x x x

9. EFFECTIVITY

This circular shall take effect immediately.

For your guidance and reference.


NELSON C. BUENAFLOR
Nov 2, 2004
Date



REVISED ACQUIRED ASSETS MANAGEMENT SYSTEM

1. RATIONALE

The major concern of QUEDANCOR as to its acquired assets is how to fast track the conversion of these properties into cash at the earliest possible opportunity in order to sustain its operational activities. To realize this, QUEDANCOR, upon the direction of the Governing Board, adopts key policy changes as follows: 1) centralized bidding approach which shall carry out disposal by bulk or by lot thereby minimizing cost and most importantly allowing field personnel to focus on collection; 2) the latest market value approach upon which the minimum bid price for public bidding and the minimum selling price for negotiated sale, shall be based in consideration of other factors directly affecting the prices of the properties, and 3) creation of the Committee on Acquired Asset Disposal, a board-level body tasked to review the result of public bidding conducted by the COMBIDS and proposals for negotiated sale recommended by the CRMD-AAMD with minimum bid and selling price of above Php 1 million, and recommend the same to the Governing Board for approval.

Consistent with the foregoing concerns, previous provisions on property management, preservation/maintenance, as well as leasing are spelled out, harmonized and re-arranged sequentially, to eliminate ambiguity, and avoid confusion among implementers and other users of the guideline.

With this revised guidelines, QUEDANCOR aims to further accelerate sale of its acquired properties, as well as to upkeep/generate increased income from those which cannot be sold immediately. Undoubtedly, the corporation shall be placed in the most advantageous position as it employs sound/best practices which are compliant with the rules and regulations of regulating agencies, particularly, Commission on Audit.

2. OBJECTIVES

- 2.1 Centralize the bidding process to promote cost efficiency and enable QUEDANCOR field personnel to focus their attention on collection; and,
- 2.2 Adopt fair market value for which the minimum bid price and selling price for public bidding and negotiated sale shall be based upon respectively.

3. LEGAL BASES

- 3.1 Republic Act (R.A.) No. 7393 dated 13 April 1992, mandating QUEDANCOR to establish a credit support mechanism and a guarantee system for the benefit of farmers, fisherfolk and other agricultural enterprises.
- 3.2 R.A. No. 8435 or the Agriculture and Fisheries Modernization Act (AFMA) dated 09 February 1998, mandating QUEDANCOR to be the credit guarantee institution for the agri-fishery sector.
- 3.3 R.A. No. 6557 known as the Comprehensive Agrarian Reform Law
- 3.4 R.A. No. 6552 known as the Realty Installment Buyer Protection Act
- 3.5 Commission on Audit (COA) Circular No. 86-264 dated October 16, 1986
- 3.6 COA Circular No. 89-296 dated January 27, 1989
- 3.7 QUEDANCOR Board Resolution Nos. 68-97 and 471

1 | Page

Quedan & Rural Credit Guarantee Corporation

34 Panay Avenue, Quezon City

Tel. No. (02) 373-97-19; (02) 373-97-06 Telefax No. (02) 373-68-00

Web Address: <http://www.quedancor.gov.ph/>

E-mail: <quedan@quedancor.gov.ph> <quedancormain@yahoo.com>

4. DEFINITION OF TERMS

- a. **Acquired Assets**– the real and/or personal property acquired voluntarily or involuntarily by QUEDANCOR through extra-judicial or judicial means either mortgaged in favor of the corporation as security for a loan accommodation or any substitute property offered for purposes of loan settlement, classified as, "Consolidated", "Unconsolidated", "Under Redemption Period" or "For registration of the Certificate of Sale".
- b. **Assignment of Rights** - the transfer or the conveying of rights of the owner of the property to QUEDANCOR giving the latter the authority to manage and dispose of the said property among others.
- c. **Acquisition Cost** - refers to the cost involved in acquiring the property from the facilitation of the auction sale including all expenses incurred during its consolidation. Its formula: $AC = \text{QUEDANCOR's Bid} + \text{All Expenses}$.
- d. **Auction Sale** – the sale conducted during the acquisition of the property usually conducted by a sheriff or notary public during foreclosure proceedings.
- e. **Bidders Bond** – an amount required by QUEDANCOR to be posted by a bidder in a bidding or auction sale equivalent to at least 10% of the minimum bid price.
- f. **Collection and Remedial Management Department – Acquired Asset Management Division (CRMD-AAMD)** – is an organizational function tasked to oversee and coordinate the proper management and disposal of all acquired assets of QUEDANCOR nationwide.
- g. **Committee on Acquired Assets Disposal (CAAD)** - a board-level body formed to review the result of public bidding conducted by the COMBIDS and proposals for negotiated sale recommended by the CRMD-AAMD with minimum bid and selling price of above Php 1 million, and recommend the same to the Governing Board for approval.
- h. **Committee on Bids and Awards (COMBIDS)** – the committee established to handle the conduct of public bidding of all acquired assets of QUEDANCOR at the Central Office.
- i. **Dacion en Pago** - a special form of payment where the debtor voluntarily surrenders his/her property to the creditor in full settlement/payment of an obligation.
- j. **Deed of Assignment** – a written instrument evidencing the transfer of property rights or interest to another.
- k. **Deficiency Claims Receivable** – the balance of the total outstanding obligation after deducting the value of foreclosed or assigned property or QUEDANCOR's bid.
- l. **Fair Market Value (FMV)** – the considerable monetary value in the open market, which a given property will fetch if offered for sale.
- m. **Foreclosed Properties** – are real or personal properties acquired through the petition instituted by the mortgagee to force the sale of a property used as collateral of a loan in order to satisfy the unpaid debt secured by the subject property.
- n. **Invitation to Pre-qualify and Bid (ITPB)** – a formal notice issued by the COMBIDS to interested parties to participate in the disposal of acquired assets which contains the date, time and place of bidding, the location and description of the property to be sold; reservation or option on the part of the QUEDANCOR to accept or reject any or all bids and to waive any formal defects in the bid; instructions on the accomplishment and submission of bids; minimum bid price; and opportunity afforded to parties to inspect the property or assets to be disposed of.
- o. **Minimum Bid Price** – a starting price for the sale of a property through public bidding as determined by the COMBIDS.
- p. **Negotiated Sale** – a mode of disposal of acquired assets done through negotiation with a buyer, which is resorted to only after two failed biddings.
- q. **Personal Property/Chattel** – a tangible, movable or immovable property and classified as chattel in the mortgage deed, except freehold and things (as buildings) connected with the real property.

- r. **Public Bidding** – the primary mode of disposal by QUEDANCOR of its acquired assets characterized by the submission of sealed bids by prospective buyers, wherein the complying bidder with the highest bid will be awarded the property being disposed. In case of tie, it shall be sold through public auction or viva voce to be conducted by the COMBIDS.
- s. **Real Estate** – land including all the natural resources and permanent buildings and other structures affixed to it.
- t. **Redemption Period** – time provided by law to the owner/s of the property to redeem their foreclosed real estate property within one year from the registration of the Certificate of Sale with the concerned Registry of Deeds (ROD). Extension as requested by the owner/s of the property is allowed provided it is approved by the QUEDANCOR President and CEO.
- u. **Redemption Price** – the value of foreclosed property plus the legal interest rate from the time it is awarded up to the time of redemption plus cost of expenses incurred.

5. SCOPE

This circular covers the management of QUEDANCOR acquired assets from acquisition of property up to disposal. This shall include the following:

- 5.1 Monitoring;
- 5.2 Preparation of master list of acquired assets;
- 5.3 Ocular inspection and inventory;
- 5.4 Appraisal/reappraisal;
- 5.5 Safekeeping, security and maintenance;
- 5.6 Monitoring of payment of real estate taxes;
- 5.7 Marketing;
- 5.8 Disposal; and
- 5.9 Lease of properties.

6. STATEMENT OF POLICIES

6.1 Responsibility and Accountability

a. **Collection and Remedial Management Department – Acquired Assets Management Division (CRMD – AAMD)**

The CRMD-AAMD shall oversee and coordinate the management and disposal of all acquired assets of QUEDANCOR.

b. **Regional Assistant Vice Presidents**

The RAVPs shall be directly responsible for the local management of acquired assets at the Field Office (FO) as well as the preliminary assessment of properties for disposal and offers/proposal for lease.

The CRMG shall handle all activities relating to the effective administration of acquired assets and other pertinent transactions.

c. **Legal Affairs Department (LEAD)**

It shall be the responsibility of LEAD to handle properties categorized as "for registration of sale" and "under redemption period."

d. **Committee on Acquired Assets Disposal (CAAD)**

This body shall review the result of public bidding conducted by the COMBIDS and proposals for negotiated sale recommended by the CRMD-AAMD with minimum bid and selling price of above Php 1 million, and recommend the result of bids to the Governing Board for approval.

6.2 Monitoring

a. Monitoring Acquired Assets under the Legal Affairs Department which are for Registration of Sale and Under Redemption

In coordination with the FO, the LEAD shall monitor the acquired assets that are under judicial or extra judicial procedure until they are perfected to ensure the fast conversion of the acquired properties into cash. Within one week from the time the judicial or extrajudicial acquisition of property is completed, the LEAD shall provide CFU, FO-CRM Officer, AFSG, CRMD-AAMD and CRPD-ARMD with a copy of the following documents for file and recording of transaction:

- Registered Certificate of Sale (COS);
- List of Expenses and Official Receipt or any proof of payment;
- Appraisal Report;
- Statement of Account as of the date awarded to QUEDANCOR; and
- Certified photocopy of TCT.

CFU shall maintain the original copies of these documents, while other concerned units shall keep the photocopies.

In addition, the FO-CRM Officer, in coordination with concerned units, shall undertake the following actions for properties under registration of sale and redemption:

For Registration of Sale

- Conduct ocular inspection on the property;
- Ascertain the present status of the property/account and/or actions undertaken and indicate the same on the Quarterly Status Report of Acquired Assets;
- Report properties that remain unregistered for more than three (3) months and indicate reason/s for the non-registration of sale; and
- Monitor/follow up funds for registration.

Under Redemption Period

- Monitor the expiration of the redemption period (input in MSR the date of registration);
- Advise/Encourage the borrower to redeem the property;
- If the borrower is not interested in redeeming the property, find interested buyers and convince the owner to authorize them to redeem the property in his/her behalf; and
- After the expiration of the redemption period, secure the property.

N.B. The LEAD shall complete the consolidation of properties whose redemption period has lapsed.

e. Acquired Assets with Lapsed Redemption Period and for Consolidation under CRMD

To ensure better monitoring, the LEAD shall provide the CRMD-AAMD, AFSG and the CFU with the account name of foreclosed properties together with the following supporting documents as soon as the redemption period of foreclosed properties has lapsed; when foreclosed properties are consolidated in the name of QUEDANCOR; and when a dacion en pago and deed of assignment have been perfected:

For Properties with lapsed redemption period:

- Original copy of Registered COS;
- Photocopy of Title;
- Official Receipt of expenses;
- Appraisal Report during foreclosure;
- Statement of Account during foreclosure; and
- Other necessary documents.

For Consolidated properties:

- Copies of old and new title (original copies to CFU and photocopies to CRMD-AAMD);
- Tax Declaration;
- Official Receipts of expenses paid; and,
- Others.

For Dacion en Pago and Deed of Assignment

- Proposal letter from defaulting borrower (via Board Resolution for corporation and cooperatives);
- Appraisal Report (not more than 1 year for REM; within 6 months for chattel);
- SOA;
- Certified photocopy of TCT/Cert. of Registration (COR);
- Deed of Real Estate Mortgage/Chattel Mortgage;
- Special Power of Attorney (SPA), if applicable;
- Official Receipts;
- Deed of Conveyance; and
- Other pertinent documents.

CRMD must conduct quarterly reconciliation of their records on acquired properties with CRPD and LEAD to closely monitor the movement and status of acquired assets.

6.3 Preparation of Master List of Acquired Assets

A Master List of all acquired assets shall be prepared by the CRM Officers using the prescribed format (Exhibit 1) every 7th working day of each quarter to be certified correct by the RAVP.

6.4 Ocular Inspection and Inventory of Acquired Assets

- a. To monitor and preserve the condition of acquired properties, an ocular inspection shall be conducted by the CRMG. He shall prepare a corresponding report containing information such as notation if there is third party contract nuisance, easements, obligations or claim to the property, and its implication to QUEDANCOR as eventual owner, as the case may be.
- b. To ensure the reliability and accuracy of records and reports on acquired assets, an annual ocular inspection and inventory of all acquired properties, including verification and authentication of TCT/COR with the ROD/Land Transportation Office together with other pertinent documents, must be conducted by the CRM Officer under the supervision of the RAVP during the last quarter of the year, as well as in cases of natural calamity, illegal settlers, theft, etc. As much as possible photos of the properties must be taken to show their present condition. He shall also include in his report information such as notation if there is third party contract nuisance, easements, obligations or claim to the property, and its implication to QUEDANCOR as eventual owner, as the case may be.
- c. In case there are acquired properties during the preceding period that were not included in the inventory, the conduct of same shall be undertaken upon acquisition and receipt of pertinent documents.
- d. Using the Acquired Asset Inspection Report (Exhibit 2), the result of annual ocular inspection and inventory shall be prepared and submitted by the CRM Officer to the CRMD-AAMD within seven (7) days from the date of inspection.
- e. The CRM Officer shall update the master list of acquired assets every 7th working day of each quarter to be certified correct by the RAVP. A copy of the report shall be submitted to the CRMD-AAMD on or before the 15th day of the first month of each quarter.

In case of non-compliance to the conduct of ocular inspection, inventory and submission of the required reports above mentioned, the CRMD-AAMD shall provide management a report of non-complying regions, officers and/or employees and recommend applicable sanctions under the existing circular on Administrative Discipline.

6.5 Appraisal / Reappraisal

- a. The appraisal/ re-appraisal of acquired properties shall be the responsibility of the Property Appraisal Division (PrAD) and it must be done objectively to obtain the most accurate result. The validity of the appraisal report is at least six (6) months for chattels and maximum of one (1) year for real estate properties.

A re-appraisal shall be conducted upon the request of the CRMD-AAMD, the management or as deemed necessary by the concerned FOs such as when there is a significant change of condition within the vicinity taking into consideration other factors in addition to the current fair market value. The appraisal report shall be used as one of the primary bases to determine the Minimum Bid Price (MBP) and Minimum Selling Price (MSP) for public bidding and negotiated sale, respectively.

Copies of the appraisal reports shall be distributed as follows:

Original Copies – CFU;
Certified Duplicate Copies – PrAD, CRMD-AAMD, LEAD, CRPD-ARMD and FO

- b. The PrAD shall file and maintain a copy of all appraisal reports conducted. It shall also maintain a record of all properties appraised for ready reference.

6.6 Safekeeping of Collateral Documents

Withdrawal/borrowing and return of collateral documents shall be governed by existing guidelines on the Filing and Safekeeping of Loan, Collateral and Supporting Documents under the various QUEDANCOR Programs.

For chattel properties, a written authority shall be secured by the requesting person/unit from the RAVP.

A logbook shall be maintained by the duly designated custodian to record borrowings/withdrawals of properties as supported by a written authority.

6.7 Security and Maintenance

The concerned RAVP shall ensure that acquired properties are properly maintained and secured. As such, he shall be allowed to hire guards, caretakers, carpenters, etc. in coordination with the General Services Division and CRMD-AAMD and upon approval of the President and CEO.

An inspection of acquired property shall be conducted by the CRMG monthly.

6.8 Monitoring and Payment of Real Property Taxes (RPT)

- The monitoring and payment of RPTs shall be the responsibility of the CRM Officer under the supervision of the RAVP. Only RPTs for unsold properties shall be paid. RPTs of sold acquired properties which are still in the name of QUEDANCOR shall be for the account of the buyer. The CRM Officer must determine the tax obligations accruing on all **unsold acquired properties** by comparing it with the list of properties indicated in the Tax Bill every end of the year. Consequently, a Summary of Real Property Taxes Due (Exhibit 3) shall be prepared and submitted by the CRM Officer to CRMD-AAMD and CRPD-ARMD for their reference;
- To properly monitor the payment of RPTs, the CRM Officer, in coordination with the AFSG, shall prepare a request for payment of RPTs (Exhibit 4) which must be submitted to the CRMD-AAMD for review and evaluation prior to actual payment. All RPT payments made shall be reflected in the Master List of Acquired Assets by the CRM Officer;
- The CRM Officer must ensure that all requests for RPT payments are intended for the **unsold properties** which are legitimately owned by QUEDANCOR whether consolidated or unconsolidated and acquired through foreclosure, dacion en pago and assignment; and,

- All RPT payments must be made only upon the approval of the President and CEO or his duly authorized representative. Payment done without the proper approval shall be charged to the concerned officer/employee equivalent to the amount of tax due.

6.9 Marketing

To properly disseminate the information on the acquired assets for sale to prospective buyers/lessees and to ensure that these properties will yield the highest possible cash receipt at the soonest possible time, the CRMD-AAMD, in coordination with the Promotions and Information Office (PIO) and FOs shall adopt the following marketing strategies:

- Consolidated list of acquired properties duly approved for disposal must be posted at the QUEDANCOR Website. It shall be administered and maintained by the PIO. Flyers of acquired properties approved for disposal must also be printed in coordination with PIO and be made available in all FOs and at the Central Office guard house and other conspicuous places.
- A list of acquired properties must also be posted at the guard house area and in front of the Cashier's Office in all FOs and at the Central Office.
- A signage which reads "QUEDANCOR PROPERTY, NO TRESPASSING, FOR SALE/LEASE" must be posted in all real estate acquired properties by the CRM Officer to be supervised by the RAVP. It may also be placed in any conspicuous place within the vicinity of the property. The signage should likewise indicate the contact person and number whom interested party should talk to.

6.10 Disposal

All QUEDANCOR properties shall be disposed mainly through public bidding. After two failed public biddings, sale through negotiation may be adopted.

Other means of disposal that may be used are sale through the Department of Agrarian Reform covered by the CARP law, transfer to other government agencies, barter and condemnation subject to set conditions.

a. General Policies

1. All transactions relating to sale of properties must be most advantageous to QUEDANCOR.
2. Property for disposal shall be sold on an "As-Is, Where-Is" basis. The offeror shall ascertain the condition of the property and verify authenticity of the title before making an offer. The offeror shall accept QUEDANCOR's disclaimer of any warranty, implied or otherwise, that the assets conform to the description indicated in the list of properties for sale.
3. QUEDANCOR does not warrant (implied, express or otherwise), that the property conforms precisely to the description indicated in the published list of Properties for Sale.
4. QUEDANCOR reserves the right to withdraw without prior notice any or all of the properties offered for sale as long as the submitted offers have not yet been approved.
5. It is understood that the offeror had inspected the property subject of the sale and ascertained its conditions.
6. Ownership of the sold properties shall be transferred to the buyer only upon full payment of the consideration of sale.
7. The buyer waives his/her right to be placed in actual possession of the property and agrees that upon execution of the contract of sale, he/she is deemed to have been constructively placed in possession thereof.
8. The payment of all taxes may be subject to agreement by the parties. If the buyer shall assume all taxes and fees due from QUEDANCOR, the same shall be expressly stipulated in the contract.

9. The buyer shall be allowed to enter into and take physical possession of the property upon completion of the 10% down payment and receipt of the Deed of Conditional Sale and NOA. While the property is not yet fully paid, the buyer shall not be allowed to make or introduce any improvement on the property without the written consent of QUEDANCOR, and any improvements made contrary to this provision or upon rescission of the contract shall be forfeited in favor of QUEDANCOR.
10. The buyer shall not sell, assign, encumber or in any way dispose of his rights and obligations until the property has been fully settled and transferred under his/her name.
11. QUEDANCOR shall sell only whatever rights, titles, interests and participation it has acquired over the properties which should be fully disclosed to the buyers.
12. QUEDANCOR reserves the right to impose additional conditions deemed necessary to protect its interest.
13. Withdrawal of offer may be allowed depending on the mode of disposal.
14. Ownership shall be transferred to the buyer upon full payment of the property.
15. Collateral properties located within the FO's operating area but loans were released by another FO shall be managed and monitored by the FO where the property is situated. However, proper turn-over of the account/property (Exhibit 5) together with the pertinent documents shall be made by the FO where the loan originated. In case the documents are under the safekeeping of the Central Filing Unit (CFU), only photocopies can be produced and turned over. Once the property is disposed of, the FO that facilitated such transaction shall coordinate the same to the FO where the loan originated for proper recording.

b. Pre-Disposal

1. Determination of Properties for Disposal

Using the latest master list of acquired assets, the FOs shall identify and recommend the targeted properties for sale for the succeeding year. The targeted properties must have the highest likelihood of marketability among the list of properties to ensure success of the disposal/sale.

Properties for disposal shall be listed according to the following:

Modes	Denotation
1 st Public Bidding	Assets with expired redemption period and have not yet undergone public bidding
2 nd Public Bidding	Assets which have undergone failed first public bidding
Negotiated Sale	Assets which have undergone two failed biddings
Sale thru DAR	Properties classified as agricultural lands with expired redemption
Transfer to other government agencies	Properties which are no longer serviceable, with transfer order, or agreement
Barter	Properties with offeror and the exchange would redound to the interest of and is advantageous to QUEDANCOR
Condemnation	Properties with no commercial value, or is beyond economic repair, or there is no willing receiver, and or the appraised value is less than the administrative cost of sale as inspected by the COA

2. Supporting Documents

The acquired assets for disposal shall be supported by the following documents:

- Certified photocopy of TCT;
- Certificate of Sale;
- Official Receipt of expenses relating to consolidation of property;
- Latest Appraisal Report and previous reports during loan release, foreclosure, during public bidding (for negotiated sale), if available; and
- Updated Statement of Account.

c. Monitoring of Disposed Acquired Assets

The CRM Officer shall furnish the AFSG Bookkeeper with the Deed of Absolute Sale/ Deed of Conditional Sale of the acquired assets disposed of for proper recording.

The CRM Officer shall keep a copy of the same and shall provide CRMD-AAMD with pertinent documents relating to the disposed acquired assets which shall be used for monitoring, and updating of master list.

The CRM Officer shall prepare a Status Report (Exhibit 8) and submit the same to the CRMD-AAMD and CRPD two days after disposal of properties has been completed.

d. Modes of Disposal

1. Public Bidding

To spearhead and oversee the conduct of public bidding, the COMBIDS shall be constituted by the President and CEO composed of a Chairman and two members representing Finance and Operations. A Secretariat who holds a salary grade of at least 13 shall be designated by the Chairman.

The committee shall have the following functions:

- Conduct the opening of bids in the presence of COA representative at the designated time and place;
- If the first bidding fails re-advertise and conduct second bidding;
- If the second bidding still fails, a negotiated sale may be resorted to subject to the approval of the COA; and
- Approve and issue the award to the winning bidder.

Based on the duly approved ADP, public bidding as the primary mode of disposing acquired assets shall be conducted within two (2) months from the approval of the ADP. It shall be done through sealed public bidding. However, for properties with bidders of identical bid amount, "viva voce" shall be used.

The conduct of public bidding shall be centralized and shall be done at the Head Office or at a place to be determined by the COMBIDS.

a. Preparatory Activity

Prior to the issuance of the ITPB, the COMBIDS and the CRMD-AAMD shall hold a pre-bidding conference to undertake the following:

- Ensure that the properties to be disposed through public bidding are in accordance with the ADP;
- Review, modify and agree on the criteria for eligibility screening to ensure their fairness and reasonableness;
- Set a calendar of bidding activities;
- Determine the deadline for the submission and receipt of the eligibility requirements, the submission and receipt of bids, and the opening of bids; and
- Ascertain the date, time and place in conducting public bidding.

The timetable should not be longer than two months from the date of approval of the disposal plan. The date and time in conducting public bidding shall be decided upon according to geographical consideration: Luzon, Visayas and Mindanao.

b. Preparation of Invitation to Pre-Qualify to Bid

Using the approved ADP, the COMBIDS shall prepare and issue the ITPB (Exhibit 9) containing the following information:

- (a) Date of issuance;
- (b) Location of the property;
- (c) Description of the property to be sold;
- (d) Reservation on the part of QUEDANCOR to accept or reject any or all bids and to waive any formal defects on the bid;
- (e) Instructions on the accomplishment and submission of bids;
- (f) Minimum bid price/selling price; and,
- (g) Amount of non-refundable application fee.

c. Publication of ITPB

Under the supervision of the COMBIDS, the CRMD-AAMD shall prepare the publication of ITPB.

The ITPB shall be given the widest publicity by printed notice for not less than three consecutive days in any newspaper of general circulation, or where the property does not warrant the expense of publication, by notices posted for a period of at least three days in prominent public places in the locality where the property is sold, including the terms and conditions of the sale and the prequalification requirements of bidders, if necessary like, the posting of 10% bidders bond, latest financial statements and income tax return.

To save on cost, the schedules of the first and second public bidding (in case of failure) shall be indicated in the ITPB.

The minimum bid price shall be the same for the first and second public bidding except when there is a significant change in the current fair market value of the property.

d. Eligibility Requirements of Prospective Bidders

Any person, partnership, corporation or other similar entity that satisfactorily passed the pre-qualification process shall be eligible to participate in the public bidding proper.

A bidder who participated in the previous bidding/auction sale and already owns an acquired property from QUEDANCOR may also be allowed to participate in the bidding, provided that, he/she has no deficiency account in the books of QUEDANCOR.

e. Requirements

- 1. Duly accomplished Bidder's Application Form (Exhibit 10);
- 2. Non-refundable application fee of P1,000.00;
- 3. Background and Credit Investigation Report (BI/CI); and,
- 4. Other Requirements:

For Individual

- Proof of income

For entrepreneur - Business Permit, latest ITR and last two years of Financial Statement; or

For individual - Certificate of Employment and Compensation, latest ITR and pay slip.

- NBI/ Police or Barangay Clearance.

For Corporation and other similar entity

- Board Resolution authorizing the representative to transact with QUEDANCOR;
- Certified photocopy of Articles of Incorporation; and
- Certified photocopy of latest FS.

f. Prequalification / Evaluation of Bidders

In prequalifying and evaluating the bidders, the CRMG shall perform the following tasks:

- Check completeness of submitted documents;
- Evaluate the validity and authenticity of submitted documents;
- Conduct background investigation; and
- Evaluate the eligibility of the bidder using predetermined criteria to be issued by the COMBIDS.

The CRM Officer shall submit the list of qualified bidders to CRMD-AAMD, together with the documents submitted by all interested bidders within seven working days from the prescribed cut-off date.

The COMBIDS Secretariat shall inform/notify all bidders in writing within three (3) working days after the conduct of evaluation and inform qualified applicants to submit their bids together with the required bid bond at the time, date and place set by the COMBIDS.

g. Required Bidder's Bond

Bid tenders/offers must be accompanied by a bidder's bond either in cash or cashier's check in an amount equivalent to at least ten percent (10%) of the price being offered by the prospective bidders. This shall form part of the purchase price of the property.

The bidder's bond shall be duly acknowledged by QUEDANCOR.

h. Submission of Bids

- Interested bidders who passed the pre-qualification process shall submit a duly accomplished Bid Tender Form (BTF – Exhibit 11) which shall contain the following:
 - Description of the items or lots to be purchased with the corresponding bid offer;
 - Name and signature of bidder;
 - Business and/or residence address of the bidder;
 - Business license number, any government-issued ID number, or Tax Identification Number of the bidder;
 - Duly signed terms and conditions offered regarding bidders bond, payment, default and delivery; and,
 - Cash Bond.
- Any erasures or interlineations must be duly signed by the bidder.
- The bidder should sign on each and every page all documents. Bidder's signature on the original BTF and other bid documents constitutes acceptance of, and assent to, all conditions embodied therein.
- Ensure that bidders have read the terms and conditions in the ITPB and shall accomplish their tenders in accordance with these instructions, clearly indicating their offer in words and in figures. The bidders shall sign the tender and indicate their postal or business address.

- The BTF, together with the other required documents, shall be enclosed in a sealed envelope to be submitted to the concerned FO or directly to the CO at CRMD-AAMD on or before the date and time prescribed in the ITPB. TCT/CCT Number and the location of the property must be indicated in the face of the sealed envelope.
- Each bid for each property must have its own envelope and the corresponding supporting documents.

i. Withdrawal of Bids

A bidder may be allowed to withdraw his tender/offer before the opening of the bids.

j. Opening, Evaluation and Awarding of Bids

- The COMBIDS, together with the COA representative as observer, shall open all bids received on the date, time and place set in the ITPB. The bidder or his authorized representative may witness the proceedings.
- For purposes of transparency, the COMBIDS shall tabulate all bids in a board to be seen by all the bidders. But it must be emphasized during the bidding that the result is not yet final as the bid tenders are still subject to further evaluation prior to the declaration of the winning bidder.
- The COMBIDS shall evaluate each bid together with the supporting documents and notify the winning bidder within three (3) working days from the date of the opening of bids.
- In case there are two or more identical offers, the award may be divided equally as practical among them upon the consent of all offerors, unless the physical property or characteristics of the items sold or the interest of QUEDANCOR demands that it shall be given to only one bidder. In this case, the decision to award may be conducted through a lottery system among the identical offers.
- Upon the Governing Board's approval of the winning bidder, the COMBIDS shall immediately send a Notice of Award (NOA - Exhibit 12) to the winning bidder within three calendar days from the date of approval by the Governing Board.
- A Deed of Absolute Sale (DOAS – Exhibit 13) shall be executed between QUEDANCOR and the buyer after full payment is made by the latter.

k. Payment

Full payment shall be made within 10 calendar days from the receipt of the NOA to the QUEDANCOR Cashier.

Failure on the part of the awardee to comply with the requirements within 10 calendar days from the date of notification shall mean forfeiture of the posted bond in favor of QUEDANCOR.

l. Return of Bond to Non-Winning Bidders

QUEDANCOR shall return the bidder's bond of the non-winning bidder within five calendar days from the time the winning bidder is declared.

The CRM Officer shall notify the non-winning bidders through telephone and advise them to claim their respective bidder's bond.

m. Failed Bidding

Failure of bidding constitutes any of the following instances:

- (1) there is no bidder;
- (2) all bidders failed to comply with the terms and conditions prescribed in the ITPB; or
- (3) there is only one complying bidder.

n. Rebidding

Rebidding can be conducted after failure of the first bidding at the time and place set by the COMBIDS. However, if there is one complying bidder and rebidding is impractical, the COMBIDS may recommend to the President and CEO the disposal of the property through negotiated sale and award the same to the lone complying bidder.

2. Negotiated Sale

For justifiable reasons and as demanded by the exigencies of the service, disposal thru negotiated sale may be resorted to and undertaken by the CRMD-AAMD as directed by the COMBIDS.

a. Eligible to Participate

Any legal person, partnership, corporation or other entity complying with the prescribed rules and regulations may participate in the sale of acquired assets through negotiation.

Interested buyer including his/her relatives who formerly participated in the same undertaking and already own an acquired property from QUEDANCOR with deficiency account, may also be eligible to participate in the negotiated sale, provided that, he/she settles the deficiency account under a compromise settlement.

b. Documentary Requirements

Interested buyers shall submit to the FO the following documents:

- Information Sheet (Exhibit 14) of the prospective buyer;
- Formal offer (Exhibit 15) together with supporting documents;
- BI/CI Report; and,
- Information Sheet on the account.

For sale of properties, classified under socialized housing, to government employees holding permanent appointments, the offeror shall submit the following additional documentary requirements:

- Proof of employment;
- Certification of good moral character; and,
- Certification of no-pending case.

c. Selling Price

The property's selling price may be reduced but it must not exceed 10 percent of the bid price set for public bidding. It does not however, preclude QUEDANCOR from negotiating a higher selling price to consider its best interest.

d. Deposit/Down Payment

The minimum acceptable down payment for installment sales is at least 10% of the offered price for both cash and installment buyers. This must be deposited on or before the submission of the offer to QUEDANCOR. The proof of deposit shall be submitted to QUEDANCOR together with the formal offer and the other documentary requirements.

- The deposit may be in the form of cash or Manager's/Cashier's check payable to QUEDANCOR.
- The deposit/down payment shall be accepted by the QUEDANCOR but should not be treated as collection. The said amount shall only be recognized as collection once the proposal has been approved and the NOA has been sent to the buyer.
- If the offer is approved, the amount deposited shall form part of the purchase price. On the other hand, if the offer is disapproved, The same shall be returned to the buyer within five calendar days from the date of disapproval.

e. Evaluation of Offers

All offers for negotiated sale shall be evaluated by the CRMD-AAMD taking into account the following:

- Acceptance of negotiation offers shall always be for the best interest of the corporation.
- Where there are two or more offers for the same property, the best offer shall be determined in accordance with the following order of priorities:
 - a. First priority shall be given to offers payable in spot cash within 30 calendar days from receipt of the NOA;
 - b. Second priority shall be given to offers payable in 12 months or less; and
 - c. Third priority shall be given to offers payable on installment over 12 months or up to 60 months.

The primary consideration, within the same priority, shall always be the highest offer price. In case the same offer price is received, the next consideration shall be the highest down payment. Finally, in case the offers received have the same offer price and the same down payment, the shortest payment period will be accepted.

Where the difference in amount of the offers in the same priority is 5% or less, the offerors will be asked to resubmit on a designated date and time improved/revised offers in sealed envelopes to the CRMD-AAMD.

- For offerors who are asked to resubmit improved offers, the sealed envelopes will be opened at the appointed time and the offers read in their presence. The initial offers of offerors who will not re-submit on the appointed time will be evaluated together with the improved offers submitted. The best offer shall be announced right after the opening of the offers. Each offeror shall be required to complete the minimum deposit requirement based on the new offer price either in cash or manager's/cashier's check drawn payable to QUEDANCOR, which shall serve as earnest money in case he submits the best offer. The Treasury Department – Fund Management and Cash Division (TrD-FMCD) shall receive the deposit or earnest money of the best offeror.
- The CRMD-AAMD shall prepare the appropriate recommendation for the approval of the Governing Board thru the CAAD. Approved offers / proposal to purchase a QUEDANCOR property worth Php 1 million and below shall pass through the Governing Board for its confirmation/information.

f. Notice of Approval

- A NOA will be sent by CRMD-AAMD to the buyer thru CRMG upon approval of his offer to purchase a QUEDANCOR property.
- The deposit shall form part of the purchase price and the balance shall be paid in accordance with the terms and conditions indicated in the NOA.

g. Payment Terms

- Properties for negotiated sale may be offered either in cash or on installment basis. For cash, the balance shall be paid within 10 calendar days from the receipt of the NOA.
- If the offeror, for any cause whatsoever, opted to withdraw his offer that is already approved by QUEDANCOR within 30 calendar days from receipt of NOA or non-compliance with the conditions of the sale shall mean forfeiture of the bond in favor of QUEDANCOR of 50% deposit made and cancellation of the NOA. In case withdrawal of approved offer is made after 30 days from the receipt of NOA or non-compliance with the conditions of the sale, the forfeiture shall cover 100% of the bond deposit. Thus, QUEDANCOR, to protect its interest, shall have the right to offer the property to other interested buyers.
- All issued PDCs from the buyer shall be under the safekeeping of the Cashier and shall be deposited should the check mature on due dates. He/she shall also maintain an updated list of post dated checks on hand.
- The CRM Officer shall monitor and remind buyers on the (maturing) due dates of PDCs; require replacement checks, if necessary; and facilitate approval for extension of payment, if any.
- The balance shall be paid within a maximum period of five years preferably two years or less, payable in monthly, quarterly, or semi-annual installments with an interest of 12% p.a. to be computed based on annuity regardless of type of property.
- An Amortization Schedule shall be prepared by CRM Officer subject to review by the CRMD-AAMD.
- Payment by installment shall be covered by PDCs. However, in rare cases where banks are inaccessible, cash payment may be considered.
- Winning buyer shall issue PDCs to cover payments at least for the first year, before the start of the installment period and issue PDCs covering installments for a one-year period on or before every anniversary date thereafter.
- In case of installment sale, the buyer shall be responsible for securing adequate insurance coverage for the property (if with improvements) immediately upon signing of Deed of Conditional Sale (DOCS – Exhibit 16).
- Capital gains tax shall be paid according to the agreement between QUEDANCOR and the buyer when total payment has reached 25 percent of the selling price. The CGT shall be filed and payment shall be made within 10 days after the end of each month, except taxes for the month of December of each year, which shall be filed on or before January 15 of the following year. Payment of documentary stamp tax (DST) shall also be paid by the buyer within 30 days from the date of notarization of the transfer document to the collecting agent of the RDO having the jurisdiction over the place where the property is located.

h. Refund/Forfeiture of Deposit

If the offered price is rejected, the deposit/down payment shall immediately be refunded to the offeror. Failure to pay the balance within 10 calendar days shall automatically withdraw the offer resulting in the forfeiture of the bond in favor of QUEDANCOR who is lawfully free to offer the property to other interested buyers.

i. Extension of Payment

Term of payment may be extended primarily due to the adverse effect of natural calamities or fortuitous events and other factors such as serious illness, accident or tragedy causing huge expenses on the part of the borrower or any of his immediate family members, any similar highly justifiable circumstances, among others which severely affected the paying capacity or livelihood of the buyer as certified by the appropriate agency, together with the buyer's letter request and other supporting documents, attesting the veracity of the cited reason/s, as the case may be.

For cash basis, the balance subject of extension shall be charged 12% interest per annum, whereas for installment, the unpaid amortization shall be subject to 2% surcharge. Surcharge may be condoned pursuant to the existing QUEDANCOR guidelines.

j. Validity of Approval of Sale

Approval of sale shall be valid up to 60 calendar days from the date of approval except when:

- the approved recommendation specified a different period; or
- the excess period is covered by a valid, separate approval for extension of payment.

Should the buyer fails to comply with the pre-implementation requirements and the validity period has lapsed, QUEDANCOR shall have the right to offer the property to other interested buyers or under justifiable cases, recommend for the revalidation of the approval to the original approving authority.

k. Events of Default

Any of the following circumstances shall be considered events of default and QUEDANCOR may, at its option, cancel or rescind the DOCS within 30 calendar days after receipt of the written notice by the buyer:

- Failure to pay QUEDANCOR any of the installment/s when they fall due;
- Failure to reimburse QUEDANCOR for any advances made upon demand; or
- Failure to comply with the terms and conditions of the DOCS.

Any amount paid in consideration of the DOCS shall be deemed forfeited and shall be considered as payment for the use of the property. Thereafter, QUEDANCOR may offer the property for sale to other interested parties.

The CRMD-AAMD shall monitor any event of default and shall initiate cancellation or revocation of the DOCS.

l. Grace Period

The buyer shall be given a grace period without additional interest and penalty as follows:

- where less than two years of installment have been paid, not less than 60 days from the date when the installment became due; and,

- for those who paid at least twenty four months of installments, one month for every year of installment paid.

m. Documentation and Release of Title

- DOAS and DOCS shall be executed for cash and installment payment of properties, respectively.
- Upon receipt of the NOA and compliance to its terms and conditions, the buyer shall sign the DOAS/DOCS within 10 calendar days; otherwise, the NOA shall be automatically cancelled and the down payment shall be forfeited in favor of QUEDANCOR.
- For installment, a DOAS shall be executed in favor of the buyer upon full payment.
- The owner's duplicate copy of the Transfer/Condominium Certificate of Title together with the duly signed Certificate of Full Settlement shall thereafter be released to the buyer.

3. Sale Thru the Department of Agrarian Reform (DAR)

All consolidated agricultural properties including fishponds, pasture lands, agro-forestry lands and other lands of the public domain suitable for agriculture shall be offered for sale to the DAR pursuant to R.A. No. 6657 and its amendments unless otherwise exempted in the same law or other legal bases i.e. DAR MC No. 13, Series of 2008.

4. Other Modes of Disposal

a. Condemnation or Destruction of Acquired Chattels

FO CRMs as concurred by the RAVP shall recommend the condemnation of valueless properties to the President and CEO. The recommendation shall be evaluated by the CRMD-AAMD.

If evaluation is valid, the CRMD-AAMD shall seek the concurrence of the COA then submit the recommendation to the President and CEO.

This mode is done through burning, pounding or throwing beyond recovery and the like.

b. Sale Thru Barter

This disposition may be resorted to when there is an offeror and the sale would redound to the interest of and is advantageous to QUEDANCOR. The COMBIDS shall undertake the barter, while the PrAD shall appraise the property offered in exchange for the property to be disposed. The value of the property offered in exchange shall in no case be less than the appraised value of the property to be disposed of.

The CRMD-AAMD shall present the proposed barter to COMBIDS. If the result is satisfactory, the COMBIDS, through the CRMD-AAMD shall submit the proposed barter, together with the pertinent documents, to the President and CEO for approval.

c. Transfer of Property Between Government Agencies

Any government property that is no longer serviceable or needed by QUEDANCOR may be transferred without cost, or at an appraised value, to other agencies of the national government, or of the governing bodies of government-owned or controlled corporations, other self-governing boards or commissions of the government (Sec. 76, PD 1445).

d. Others

- Donations to Charitable, Scientific, Educational or Cultural Associations.

In exceptional cases and for meritorious reasons, disposable property may be donated to charitable, scientific, educational and cultural associations with the approval of the President and CEO.

- Disposable property of QUEDANCOR may be disposed of in such other manner as may be provided by law.

6.11 Lease of Properties

Properties subject to public bidding may be leased out only for the purpose of generating income pending the conduct of public bidding. It shall be allowed for a maximum period of one year.

a. Eligible Properties

Properties eligible for leasing shall be those which are not identified for disposal. It shall cover the following properties:

- Foreclosed properties after the expiration of the redemption period;
- Foreclosed/Assigned properties that are for consolidation; and
- Consolidated properties.

The CRM Officers shall conduct ocular inspection of the properties within their concerned areas of jurisdiction and perform the following:

- Identify properties for lease;
- If the subject properties are occupied, require the tenants to submit a formal proposal to lease the premises; and
- Conduct at least three (3) lease surveys.

b. Eligibility of Lease

Any person or entity, not otherwise disqualified by law, may apply for the lease of QUEDANCOR's acquired assets by filing a lease proposal indicating the following:

- exact area/property preferred to lease;
- proposed use for the area/property, and
- proposed rental and mode of payment.

c. Documentary Requirements

The interested lessee shall submit a lease proposal together with the following documents:

- Proof of income such as Income Tax Return (ITR), certified photocopy of pay slip, remittance, and the like.
- Barangay clearance (for first time applicant).
- By-laws for juridical entity such as corporation, partnership, associations and the like.

In turn, the CRM Officer shall submit the proposal letter for lease to the CRMD-AAMD along with the following documents:

- Three surveys from the prescribed sources indicating name of sources, rental prices, contact person, contact numbers, best use of property, among others; and
- Profile of prospective lessee using the Lessee Information Sheet (Exhibit 17).

d. Terms and Conditions

- The term of lease shall have a maximum period of one year. Renewal of existing lease contract shall be subject to review by the CRMD-AAMD.
- The lessee shall shoulder all costs relating to the maintenance of the property such as insurance, repair and improvement.
- The lessee shall pay two percent surcharge per month in case of delay of payment.
- The rental rate for renewal may be increased subject to the evaluation by CRMD-AAMD and concerned FO.
- Sublease of leased property without any expressed consent and approval in writing from QUEDANCOR shall not be allowed.

All other terms and conditions shall be strictly observed in the Lease Contract.

e. Rental/ Lease Fee

Monthly rental fee shall be determined based on variables such as the properties' physical condition, lease survey from at least three nearby comparable neighborhoods, and other relevant factors such as area classification, pertinent laws and regulation. Provision for rental increase shall be based on the evaluation by CRMD-AAMD and concerned FO.

For agricultural land, rental fee shall be determined primarily based on the yield of production per hectare per commodity as prescribed by the Department of Agriculture and/or by the Department of Agrarian Reform.

Secondary sources may be based on the price assessed by the assessor's office, banks and neighborhood where the property is located.

f. Evaluation

- Upon submission of a formal proposal from a prospective lessee, the concerned CRM Officer shall conduct at least three surveys from eligible source and submit his/her recommendation to the CRMD-AAMD thru the RAVP, attaching the proposal letter, lease surveys and profile of lessee.
- The CRMD-AAMD shall evaluate the proposal and ascertain the veracity of the information and completeness and authenticity of documents required.
- When the award has been declared and approved by the President and CEO, a Contract of Lease shall be executed to be notarized by a Notary Public commissioned by both parties. The contract shall be prepared by the CRMD-AAMD. All stipulations in the contract must be strictly enforced by involved parties.
- The lessee shall issue post dated checks or pay in cash as recommended by the CRMD-AAMD, representing payment for rental, depending on the terms of the agreement. Payment shall be made at the QUEDANCOR FO where the subject property is located.
- To ensure timely renewal of contract, if necessary, the CRMD-AAMD shall maintain a record of leased properties to monitor renewal in a timely manner.
- In case the subject property is duly awarded for sale, the lessee must voluntarily and unconditionally vacate the property and the contract shall be automatically terminated. The lessee shall be given an allowance of 30 calendar days to vacate the premises, for residential property. In case of agricultural property (e.g. rice field, cornfields, fishponds, etc.), the lessee shall be given 60 calendar days or until the standing crops have been harvested, whichever comes first. Above provisions must be duly stipulated in the lease contract.

6.12 Reporting

a. Reports on the Disposition of Acquired Assets/Properties

1. An Inventory of Acquired Assets shall be prepared and submitted by the CRM Officer to the CRMD-AAMD.
2. The following reports are required to be submitted on a regular basis by the following unit/persons:

Report Title	Responsible Unit	Frequency	User
a. Report on recommendations made by COMBIDS	CRMD-AAMD	Monthly	President & CEO / EVP
b. Consolidated reports on the status of acquired assets of QUEDANCOR	CRMG	Monthly	VP-CRMD AVP-AAMD/ RAVP
c. Report on the result of bidding after consolidation	CRMD-AAMD	Monthly immediately after bidding	President & CEO/ AVP- CAD/RAVP
d. Report on Real Estate Property Tax	CRMG	Monthly	CRMD-AAMD

CRMD-AAMD shall be responsible for monitoring and consolidation of the above reports that may be needed from time to time in the administration of acquired assets nationwide.

6.13 Accounting Treatment

a. Recording

1. Foreclosure

- **Upon Issuance of Certificate of Sale**

Recording shall be based on the fair market value of the property based on the latest appraisal conducted or the outstanding balance on the date the certificate of sale is awarded to QUEDANCOR, whichever is lower including foreclosure expenses and attorney's fees if QUEDANCOR is not the winning bidder. The recording shall be made under the account title "Foreclosed Property under Redemption." Deficiency Claim account should likewise be set up for the remaining balance not covered by the property foreclosed. All income accounts related to the foreclosure shall be recognized while expense incurred shall be credited to close the advances made by QUEDANCOR.

Foreclosed Property under Redemption	XXXXX	
Deficiency Claims, if applicable	XXXXX	
Program – Service fee, if applicable		XXXXX
Program – Penalty/Surcharge, if applicable		XXXXX
Program – Interest		XXXXXX
T/R – Program		XXXXXX
Litigation Expenses/ Prior Year's		XXXXXX
Attorney's fee – 50% of the 10% AF		XXXXXX
Payable to Handling Lawyer – 50% of 10%		XXXXXX

- **Upon Expiration of the Rights of Redemption**

Upon expiration of the rights of redemption, the foreclosed property shall be reclassified to "acquired asset for consolidation" to signify absolute ownership of QUEDANCOR over the asset awaiting completion of transfer of title to its name.

Acquired Assets for consolidation – Land/Equipment	XXXXX	
Foreclosed property under Redemption		XXXXX

The following entries shall be recorded to close the temporary account for dacion en pago, assignment and foreclosure under the title, "Acquired Asset for consolidation", and recognize absolute ownership of these assets:

Acquired Assets – Land/Equipment	XXXXX	
Acquired Assets for consolidation		XXXXX

For properties covered by Certificate of Land Title/ Certificate of Land Ownership Award covering any action whether dacion en pago, assignment or foreclosure, the appraisal value shall be equivalent to 80% of the valuation rendered by the Department of Agrarian Reform (DAR) on the subject property.

For consolidation of properties acquired thru dacion en pago, assignment and foreclosure which QUEDANCOR has absolute ownership as evidenced by a new Transfer Certificate of Title (TCT), a journal entry should be prepared to close the temporary account "acquired asset for consolidation."

2. Sale of Acquired Properties

In Cash and Installment

Payment of Bond Cash

Collecting Officer	XXXXX	
Bidders Bond		XXXXX

If accepted in cash

Cash Collecting Officer	XXXXX	
Bidders Bond	XXXXX	
Loss on sale (if price is lower), if applicable		XXXXX
Acquired Asset (Program)		XXXXX
Foreclosure Expenses (Prior year charge)		XXXXX
Deficiency Claims (Program), if applicable		XXXXX
Gain on Sale (recognized if no deficiency claim or amount is greater), if applicable		XXXXX

If accepted thru Installment

Installment Receivable (Program)	XXXXX	
Bidders Bond	XXXXX	
Loss on sale (if price is lower), if applicable		XXXXX
Acquired Asset (Program)		XXXXX
Foreclosure Expenses (Prior year charge)		XXXXX
Deficiency Claims (Program), if applicable		XXXXX
Gain on Sale (recognized if no deficiency claim or amount is greater), if applicable		XXXXX

b. Statement of Account

Issuance of SOA shall serve as a guide in the disposition of acquired assets. A copy of SOA shall be prepared by AFSG and verified/certified by the CRPD-ARMD prior to submission to COMBIDS by the QUEDANCOR FO.

c. Collection of Rental Income

- The Lessor-FO shall prepare and submit a SOA or bill to the Lessee in accordance with the manner and time stipulated in the approved lease contract.
- The Lessee shall pay the rental either in cash or check to the FO Cashier.
- The Collecting Officer of the Lessor-FO shall acknowledge acceptance of payment by immediately issuing an O.R. pursuant to Section 69, GAAM, Vol. I.
- All collections of rental income shall be deposited under QUEDANCOR FO account, as the case may be.

d. Reporting and Reconciling of Acquired Assets

All acquired assets, regardless of mode of acquisition, whether through dacion en pago, assignment or foreclosure, should be immediately reported and recorded by the FO Bookkeeper after the receipt of the complete documentation of the transaction in accordance with the provisions of the Guidelines on the Accounting of Trade Receivables and Allowance for Bad Debts.

The CRM Officer shall furnish the concerned AFSG at the FO levels, CRPD and the CRMD-AAMD, complete copy of the documents acquired through foreclosure.

CRMD-AAMD shall furnish the concerned FO and the CRPD documents relative to the proposals for Dacion en Pago or Assignment duly approved by the President and CEO.

e. Upon Turn-Over of Acquired Assets

- Assets are lodged under the *"Acquired Assets"* account.
- Acquired assets for Dacion en Pago or Deed of Assignment shall be booked based on the current 100% Fair Market Value, at the date of execution of the contract, whichever is lower.

For chattel involving agri-fishery machinery/equipment/implements, the property shall be computed and booked based on the NDV using the COA table of Estimated Useful Life of Property, Plant and Equipment.

For properties for foreclosure, the booking shall be based on the total outstanding balance of the loan or assigned value of the property which is equivalent to 100% of the Current Fair Market Value, whichever is lower.

- For personal properties, ownership is established on the date of the auction sale or the date of the execution of the Deed of Assignment for transfer of property.
- For real estate, the ownership of the property shall be established upon consolidation.

f. Expenses on Acquired Assets

- Incidental expenses incurred after foreclosure such as preservation and maintenance of the acquired assets shall be taken up as *"Acquired Assets Expense."*
- All allowable expenses incurred for properties under redemption shall form part of the total claim from the borrower.
- Expenses on acquired chattels and improvement shall be capitalized if they are incurred to prolong the life of the acquired assets or if they add to the beneficial use of the acquired assets. The COA rule on capitalization of expenses shall also apply in this case.
- For purposes of control, a subsidiary ledger shall be maintained by the custodian to be checked by the Accountant for individual accounts and shall be reconciled every month with the General Ledger.

Allowance for probable losses shall also be set up for acquired real properties. It shall be computed on a straight-line basis after deducting the ten percent (10%) salvage value. The FO, upon turn over of the property shall determine the economic life of the depreciable assets. An allowance for probable losses is provided on consumable personal properties held on said account and is set up based on the given table:

End of Yr. after foreclosure or Perfection of contract	Annual Provision (% of Acquisition Cost)	Accumulated Allowance for Probable Losses
1st Year	30%	30%
2 nd Year	30%	60%
3 rd Year	40%	100%

- Personal properties assessed and declared as valueless shall be written-off in the books but shall be classified and auctioned by the COMBIDS in accordance with the existing guidelines for this purpose.

g. Income from Acquired Assets

Income earned in the administration of the assets (e.g. rental) shall be credited to the "Income from Assets Acquired" account. All income earned shall be posted in the subsidiary ledger for the account(s) being considered.

All income derived from properties under redemption shall not be deducted from the redemption price once the acquired assets is redeemed.

h. Closing/Dropping of Accounts

After disposal, the book value of the property must be zeroed out from the book of accounts by an appropriate accounting entry supported by the IIR, copy of the sales invoice, copy of the official receipt of payment and Tally-out Sheet. Appropriate adjustments on items transferred with costs shall be made in the book of accounts.

7. OPERATING PROCEDURES

7.1 Preparation of ADP

Responsible Person/Unit	Responsibility
CRMD-AAMD	1. Prepares inventory of acquired properties, including unconsolidated properties submitted by the LEAD.
CRMG	2. Identifies properties for disposal (initially includes properties for negotiated sale) and endorses the proposed ADP to the RAVP together with certified photocopy of TCT, Certificate of Sale, Official Receipt of expenses relating to consolidation of property, latest Appraisal Reports and previous reports during loan release, foreclosure, during public bidding (for negotiated sale), if available, and updated Statement of Account.
RAVP	3. Evaluates/reviews the ADP, certifies correctness and recommends the same to CRMD-AAMD.
CRMD-AAMD	4. Checks completeness, authenticity and validity of pertinent documents, and requests review of appraisal report, if necessary. 5. Conducts thorough evaluation on the properties subject for disposal by examining their fairness and sets minimum bid price/selling price.

- | | |
|-------------------|--|
| President and CEO | 6. Prepares final ADP and recommends the same to the President and CEO. |
| Governing Board | 7. Assesses ADP and if acceptable, recommends the same to the Governing Board for approval otherwise instructs CRMD-AAMD for compliance. |
| CRMD-AAMD | 8. Approves ADP. If disapproved, instructs CRMD-AAMD for compliance of any requisite / requirements needed. |
| | 9. Informs all FOs and executes ADP accordingly. |

7.2 Scheduling of Bidding

- | | |
|----------------------------|---|
| COMBIDS | 1. Determines schedule of publication – place, date and time – of actual bidding and passes resolution. |
| CRMD-AAMD | 2. Prepares voucher for publication. |
| | 3. Publishes invitation to bid in selected newspaper. |
| | 4. Posts Notice of Sale in at least three conspicuous places at CO and FO and sends ITPB to known bidders in coordination with CRMG. |
| | 5. Publishes ITPB and Notice of Sale at QUEDANCOR website and furnishes partner banks with the same. |
| FO-CRMG | 6. Posts Notice of Sale in at least three conspicuous places at CO and FO and sends ITPB to known bidders. |
| Interested Bidder | 7. Secures and fills out application form and pays a non-refundable application fee. |
| Cashier | 8. Accepts payment and issues corresponding O.R. |
| Interested Bidder | 9. Submits application and presents O.R. to CO/FO. |
| | If application and payment are made at FO: |
| CO/FO | 10. Reviews orderliness of document and endorses application. |
| CO/FO | 11. Reviews documents and requests BI/CI, as the need arises. |
| Investigation Division/CAG | 12. Conducts BI/CI and submits report. |
| | 13. Evaluates the submitted application and endorsed the same to CRMD-AAMD. |
| COMBIDS | 14. Deliberates on eligibility of bidder and decides and passes resolution. If disqualified, informs the bidders citing the reasons for disqualification. |
| CRMD-AAMD/FO-CRMG | 15. Delivers notice to bidders at CO or thru CRMG at FO. |

7.3 Opening and Declaration of Winning Bidder

- | | |
|----------------------|--|
| Bidder | 1. Pays 10% cash bond. |
| Cashier | 2. Accepts payment and issues OR. |
| Bidder | 3. Submits bid with OR. |
| FO-CRMG/CRMD-AAMD | 4. Accepts bids and copy of OR and transmits the same to COMBIDS. |
| COMBIDS | 5. Receives bids. |
| | 6. Opens and evaluates each bid. If successful, determines winning bidder through a resolution within three calendar days. If unsuccessful, declares failure and schedules rebidding and passes resolution. |
| CRMD-AAMD | 7. Endorses result of bidding to President and CEO for review/evaluation. |
| President and CEO | 8. Review result of bidding. If bidding result is favorable, endorses the same to the CAAD otherwise issues pertinent instruction. |
| CAAD | 9. Reviews/evaluates result of the bidding or recommended proposal for negotiated sale. If favorable, recommends winning bid/recommended proposal to the Governing Board otherwise issues pertinent instruction. |
| Governing Board | 10. Approves winning bidder/recommended proposal. |
| CRMD-AAMD | 11. Prepares NOA. |
| President & CEO | 12. Reviews and signs NOA. |
| CRMD-AAMD/CRMG | 13. Forwards NOA to CRMG within three calendar days, if winning bidder is from FO, or directly delivers NOA to the winning bidder within three days, if bid is made at CO. |
| Winning Bidder/Buyer | 14. Receives NOA and pays balance in full within 10 calendar days. |
| Cashier | 15. Accepts payment in cash and issues OR. |
| Winning Bidder/Buyer | 16. Presents OR. |
| CRMD-AAMD | 17. Presents DOAS within a day. |
| President and CEO | 18. Reviews DOAS. If result is favorable, signs DOAS otherwise issues pertinent instructions. |
| CRMD-AAMD/CRMG | 19. Forwards signed DOAS directly to winning bidder or to CRMG, if bidder is from FO. |
| Winning Bidder/Buyer | 20. Acknowledges receipt of DOAS and pertinent documents. |

7.4 Negotiated Sale

- | | |
|------------------|--|
| Interested Buyer | 1. Submits offer indicating amount and manner of payment together with the pertinent documents. |
| | 2. Pays at least 10% cash of the selling price as deposit/down payment. |
| Cashier | 3. Accepts payment and issues O.R. |
| CRMG | 4. Evaluates offer according to the set criteria. In case of two or more offers for the same property, chooses offer based on the order of priority based on the established policies. |

- | | |
|-------------------|---|
| CRMD-AAMD | 5. Submits proposal to CRMD-AAMD together with the pertinent documents. |
| CRMD-AAMD | 6. Checks completeness, authenticity, validity of documents and accuracy of the computation of the minimum bid price taking into consideration other variables, and evaluates overall proposal. If result is satisfactory, prepares recommendation and endorses the same to the President and CEO otherwise issues pertinent instruction. |
| President and CEO | 7. Reviews proposal. If outcome is favorable, endorses proposal to the CAAD otherwise issues pertinent instruction. |
| CAAD | 8. Reviews proposal. If favorable presents the same to the Governing Board for approval otherwise issues pertinent instruction. |
| Governing Board | 9. Deliberates proposal. If favorable, approves proposal decision through issuance of resolution by the Board Secretary otherwise issues pertinent instruction. |
| CRMD-AAMD | 10. Informs concerned FO on the approval/disapproval of the proposal. If disapproved, issues instruction. |
| CRMD-AAMD | 11. If approved, prepares NOA and Deed of Conveyance for DOAS for cash or DOCS for installment, and requests CRPD for the amortization schedule and endorses the same to the President and CEO for signature. |
| CRPD-ARMD | 12. Prepares and submits Amortization Schedule. |
| President and CEO | 13. Signs NOA and DOAS/DOCS. |
| CRMD-AAMD | 14. Facilitates transmittal/delivery of NOA, DOAS/DOCS and amortization schedule thru the concerned CRMG. |
| CRMG | 15. Delivers NOA, DOAS/DOCS and amortization schedule to winning buyer. |
| Buyer | 16. Receives NOA, DOAS/DOCS and amortization schedule and pays balance/amortizations within 10 calendar days or issues PDCs in case of installment scheme. |
| Cashier | 17. Accepts payment and issues O.R. or receives PDCs in case of installment scheme. |
| CRM Officer | 18. Turns over all pertinent documents i.e. copy of DOAS/DOCS, amortization schedule, photocopy of OR to AFSG Bookkeeper and CRMD-AAMD for recording and monitoring, respectively. |

N.B. In case payment is made at CO, informs concerned FO CRMG and provides pertinent documents.

7.5 Leasing

- | | |
|------------------------|---|
| CRMG | 1. Conducts ocular inspection of properties within operational area and identifies properties eligible for lease. If the subject properties are occupied, requires tenants to submit a formal proposal of lease. |
| Interested Lessee | 2. Submits proposal of lease together with the pertinent documentary requirements. |
| CRM Officer | 3. Conducts at least three surveys and prepares corresponding report together with the lessee profile.
4. Prepares recommendation and endorses the same to RAVP. |
| RAVP | 5. Reviews lease proposal including survey result and pertinent documents. If outcome is favorable, forwards the same to CRMD-AAMD thru CRM Officer. |
| CRMD-AAMD | 6. Evaluates proposal and ascertains the veracity of the information and completeness and authenticity of documents. If outcome is unsatisfactory, issues pertinent instruction.
7. Recommends proposal to the VP-CRMD and SVP for Loans Management, respectively. |
| VP-CRMD & Cluster Head | 8. Reviews proposal. If result is unfavorable, issues pertinent instruction otherwise endorse the same to the President and CEO. |
| President and CEO | 9. Approves proposal and returns the same to CRMD-AAMD. If disapproved, issues pertinent instruction. |
| CRMD-AAMD | 10. Prepares Contract of Lease and forwards the same to the President and CEO for signature. |
| President and CEO | 11. Signs contract. |
| CRMD-AAMD | 12. Transmits contract to the concerned FO together with all the pertinent documents. |
| CRM Officer | 13. Facilitates signing of Contract of Lease. |
| Lessee | 14. Signs contract. |
| CRM Officer | 15. Notarizes contract and requires lessee to either pay cash or issue PDCs. |
| Lessee | 16. Pays cash or issues PDCs representing payment for rental including deposit and advance payment requirements. |
| Cashier | 17. Accept payment and issues O.R. |
| AFSG | 18. Records payment as income. |

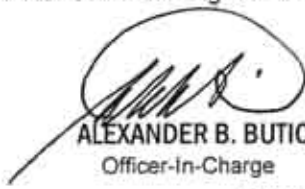

8. SPECIAL PROVISION

Policies and provisions of existing Circulars, SOPs, Memoranda, Special Orders and similar issuances consistent with this Circular shall remain in effect.

9. EFFECTIVITY

This revised Circular shall supersede Circular No. 384 including its amendments and shall take effect upon its approval.

Dec. 8, 2011
Date


ALEXANDER B. BUTIC
Officer-in-Charge


SUMMARY OF EXHIBITS

Form No.	Exhibit
1	Master List of Properties
2	Acquired Assets Inspection Report
3	Summary of Real Property Taxes Due
4	Request of Real Estate Property Tax Payment
5	Proposed Annual Disposal Plan
6	Turn-Over of Account/Property
7	Annual Disposal Plan
8	Status of Report of Disposed Properties
9	Invitation to Pre-Qualify and Bid
10	Bidder's Application Form
11	Bid Tender
12	Notice of Award
13	Deed of Absolute Sale (DOAS)
14	Buyer's Information Sheet
15	Negotiated Offer to Purchase
16	Deed of Conditional Sale (DOCS)
17	Lessee's Information Sheet

B. Negotiated Sale

District	Name of Borrower	Program	TCT No.	Area (sq. m.)	Property Classification	Location of Property	Date of Foreclosure	QUEDANCOR Bid	Date of Appraisal	Latest Market Value	Actual Physical Condition/Remarks
Sub-total											
Total											

IV. CONSOLIDATED

A. Public Bidding

District	Name of Borrower	Program	TCT No.	Area (sq. m.)	Property Classification	Location of Property	Date of Foreclosure	QUEDANCOR Bid	Date of Appraisal	Latest Market Value	Actual Physical Condition/Remarks
Sub-total											
Total											

B. Negotiated Sale

District	Name of Borrower	Program	TCT No.	Area (sq.m.)	Property Classification	Location of Property	Date of Foreclosure	QUEDANCOR Bid	Date of Appraisal	Latest Market Value	Actual Physical Condition/Remarks
Sub-total											
Total											

Prepared by:

Reviewed by:

CRM Officer

Regional Assistant Vice President

Exhibit No : 4
Prepared by : CRM Officer
User : CRMD-AAMD
Frequency : As the need arise

Date

FOR : President and CEO
THRU : VP-CRMD
SUBJECT : REQUEST OF REAL ESTATE PROPERTY TAX PAYMENT

May we request for the approval of real estate property tax payment for the following:

TCT No.	Area	Location	Date of Tax Due	Amount of Tax Due

Prepared by:

CRM Officer

Noted:

RAVP

Reviewed by:

AVP - CRMD-AAMD

Approved:

President and CEO

Exhibit No : 5
Prepared by : CRM Officer/Concerned RAVP
User : Receiving Field Office
Frequency : As the need arise

Republic of the Philippines
QUEDAN AND RURAL CREDIT GUARANTEE CORPORATION
Region _____

Date

TO : The Regional Assistant Vice President
Region _____

FROM : The Regional Assistant Vice President
Region _____

SUBJECT : TURN-OVER OF ACCOUNT/PROPERTY

This is to turnover the account of _____ (name of borrower)
together with the following collateral and loan documents:

Prepared by:

CRM Officer

Noted:

RAVP

Received by:

Printed Name and Signature

Date

Exhibit No : 9
 Prepared by : COMBIDS Secretariat
 User : COMBIDS
 Frequency : As the need arise

Republic of the Philippines
 QUEDAN AND RURAL CREDIT GUARANTEE CORPORATION
 34 Panay Avenue, Quezon City

INVITATION TO PRE-QUALIFY AND BID

The QUEDANCOR COMBIDS will receive SEALED BIDS for the SALE through Public Bidding of the following properties, on "AS IS, WHERE IS" basis, on _____, at _____, at _____, at _____

(Date)

(Time)

(QUEDANCOR Office address)

A. Real estate properties for Sale through Public Bidding:

TCT/OCT No.	AREA (sq. m.)	DESCRIPTION/ CLASSIFICATION	PHYSICAL CONDITION	LOCATION	MIN. BID PRICE

B. Chattels for Sale through Public Bidding:

UNIT CODE	MODEL	SERIAL NO.	ENGINE NO.	LOCATION	MIN. BID PRICE

Interested bidders may secure application to pre-qualify and bid forms at QUEDANCOR Central Office at _____ or at any of its QUEDANCOR offices upon payment of a non-refundable application fee of ONE THOUSAND PESOS (P 1,000.00). Deadline of submission of application to pre-qualify is until _____.

Qualified bidders are required to enclose/post a bidder's bond equivalent to ten percent (10%) of the minimum bid price of the item being auctioned, in the form of cash, cashier's or manager's check.

The properties can be expected during office hours at the above-mentioned locations. For more information, you may call (contact person) _____ or _____ (contact person) _____ at the QUEDANCOR Region _____ Office at Tel. Nos. _____.

QUEDANCOR RESERVES THE RIGHT TO REJECT ANY OR ALL BIDS, TO WAIVE ANY DEFECT THEREIN AND ACCEPT THE OFFER MOST ADVANTAGEOUS TO THE GOVERNMENT. THE DECISION OF QUEDANCOR IS FINAL AND BINDING.

 SGD Chairman, COMBIDS

Republic of the Philippines
Department of Agriculture
QUEDAN AND RURAL CREDIT GUARANTEE CORPORATION
34 Panay Avenue, Quezon City

APPLICATION FOR PRE-QUALIFICATION TO BID

Date: _____

Bidding Date: _____

GENERAL INFORMATION

I. INDIVIDUAL

Name: _____ Sex: _____ Status: _____
Home Address: _____
Age: _____ Birthday: _____
Tel. No.: _____ Mobile No.: _____
Business Name: _____
Address: _____
Tel. No.: _____
Business License: _____

Signature over printed name

II. ENTITY (i.e. Corporation, Cooperative)

Business Name: _____
Business Address: _____
Tel. No.: _____

Authorized Representatives:

Name	Address	Tel. No
_____	_____	_____
_____	_____	_____
_____	_____	_____

Specimen Signatures:

Signature over printed name

Signature over printed name

Signature over printed name

III. CREDIT RECORD WITH QUEDANCOR

	Program	Loan Amount	Date Granted	Date Due
1.	_____	_____	_____	_____
2.	_____	_____	_____	_____
3.	_____	_____	_____	_____

Exhibit No	11
Prepared by	Bidders
User	COMBIDS
Frequency	As the need arise
Due Date	On or before the date and time prescribed in the IPE

Republic of the Philippines
QUEDAN AND RURAL CREDIT GUARANTEE CORPORATION

(Office)

BID TENDER FORM

Date: _____

Label No. _____

Submission Deadline: _____

THE CHAIRMAN
 Committee on Bids and Awards (COMBIDS)
 34 Panay Avenue, Quezon City

Gentlemen:

I/We submit hereunder my/our CASH BID to purchase the property described below.

Description/Location of Property	Advertised Floor Price	Required Deposit	Min. Bid Price
1.			
2.			
3.			

Bidder must attach to their offer the following:

1. Special Power of Attorney or a Board Resolution in the case a bidder is representing a company, corporation or similar collective organization; and
2. Bidder's Bond equivalent to ten percent (10%) of the total bid price.

TERMS AND CONDITIONS

Bidder's Bond, equivalent to ten percent (10%) of the total bid price, shall be made in favor of Quedancor, in the form of Cash Manager's check or Cashier's check issued by a reputable bank acceptable to QUEDANCOR and callable upon demand, and must be submitted with the sealed bid. The winning bidder must effect full payment within five (5) calendar days or as scheduled by the COMBIDS from receipt of the written Notice of Award and must completely withdraw items bid within five (5) working days or as scheduled from the date of payment otherwise, bidder's bond shall be automatically forfeited in favor of the QUEDANCOR.

My/Our deposit is covered by Manager's/Cashier's Check No. _____ for P _____ dated _____
 _____ issued by _____

Thank you.

 Bidder

 Bidder

For and in behalf of Certain Principals:

 (Authorized Signature)

 (Authorized Signature)

Address: _____

Address: _____

Tel. No. : _____

Tel. No. : _____

Note to Bidder: This Bid form is good for one (1) item only.

Exhibit No	12
Prepared by	COMBIDS Secretariat
User	Winning Bidder
Due Date	Within 3 calendar days from the date of opening the bids

NOTICE OF AWARD

The QUEDAN AND RURAL CREDIT GUARANTEE CORPORATION (QUEDANCOR for brevity) hereby awards the sale of parcel of land / vehicle covered by (TCT No./Registration No.) _____ having an area of _____ square meters, located at _____ (for real estate) Chassis No. _____ and O.R. No. _____ (for Chattel) to (buyer) _____ in the amount of (amount in words) _____ (amount in figures) (P_____) subject to the following terms and conditions:

1. The initial payment made amounting to (amount in words) _____ (amount in figures) (P_____) per Official Receipt No. _____ dated _____, shall be considered as deposit and shall form part of the purchase price;
2. The balance of (amount in words) _____ (amount in figures) (P_____) shall be amortized _____ within _____ years subject to _____ percent (___%) interest per annum and based on annuity factor;
3. The Vendee shall pay for all applicable local taxes, fees and assessments, such as capital gains tax, documentary stamp tax, transfer tax, registration fees, real estate taxes and such other expenses incidental for the transfer of its ownership; and
4. Further conditions that are stated in the Rules and Procedures on Negotiated Sale.
5. _____

Issued this _____ day of _____, 20____ at Quezon City, Philippines.

President and CEO

Exhibit No	13
Prepared by	CRMD-AAND
User	Buyer & QUEDANCOR
Frequency	Every after award of bid
Due Date	After full payment of the buyer

DEED OF ABSOLUTE SALE

KNOW ALL MEN BY THESE PRESENTS:

This DEED OF ABSOLUTE SALE made and executed by and between:

QUEDAN AND RURAL CREDIT GUARANTEE CORPORATION, a government owned and controlled corporation, with principal office address at Quedancor Center, No. 34 Panay Avenue Quezon City, herein represented by its President and CEO, _____ hereinafter referred to as the "**VENDOR**";

And

_____, Filipino, of legal age, (if married) married to (name of spouse _____, with residence _____ and postal address _____, hereinafter referred to as the "**VENDEE**".

Vendor

Witness

WITNESSETH THAT:

- The **VENDOR** is the absolute owner of the parcels of land (unconsolidated) more particularly described as follows:

TCT NO. _____

- That for in consideration of the sum of (amount in words) _____ (amount in figure) (P _____) paid by the **VENDEE** to the **VENDOR**, the latter hereby **SELLS, TRANSFERS, and CONVEYS** absolutely and unconditionally unto the said **VENDEE**, his heirs and assigns the said parcel of land free from all liens and encumbrances with full guarantee of legal title thereto.
- It is hereby mutually agreed that the **VENDEE** shall shoulder the payment of the Capital Gains Tax (CGT), Documentary Stamp Tax (DST), Transfer Tax (TT), Real Property Tax, dues and such other expenses incidental for the transfer of its ownership.

Vendee

Witness

IN WITNESS WHEREOF, the **VENDOR** and the **VENDEE** have hereunto set their hands this _____ day of _____, 20____ at _____.

QUEDAN AND RURAL CREDIT
 GUARANTEE CORPORATION

VENDOR

BY:

 President & CEO

 Vendee

SIGNED IN THE PRESENCE OF:

 Witness

 Witness

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
_____) S.S.

BEFORE ME, this _____ day of _____ 20____ in
_____.

NAME	RES. CERT. NO.	ISSUED DATE/PLACE
-------------	-----------------------	--------------------------

Known to me to be the same persons who executed the foregoing DEED OF ABSOLUTE SALE of real properties and they acknowledged to me that the same is their free act and deed.

This instrument, consisting of two (2) pages, including the page on which the acknowledgement is written, has been signed on the left margin of each and every page thereof by the parties and their witnesses and sealed with a notarial seal.

WITNESS MY HAND AND SEAL, at the place and on the date first above written.

NOTARY PUBLIC

Doc. No. _____ :
Page No. _____ :
Book No. _____ :
Series of 20_____.

Exhibit No. 14
Prepared by Interested buyer
User CRMD-AAMD

QUEDAN AND RURAL CREDIT GUARANTEE CORPORATION
Collection and Remedial Management Department
Acquired Assets Management Division
Telephone Nos. (02) 373-9705 / 374-7177

For TCT No. _____

Paste 2 x 2
photo here

BUYER'S INFORMATION SHEET

First Name _____ Middle Name _____ Last Name _____
Residential Address : _____
Home Tel. No. : _____ Mobile No. : _____ Fax No. : _____
Provincial Address : _____ E-Mail Address : _____
Place of Birth : _____ Date of Birth : _____ Age : _____
Nationality : _____ Civil Status : _____ Name of Spouse : _____
TIN No. _____ CTC No. : _____ Place Issued: _____
Date Issued: _____

Employment Data:

Name of Employer	Business Address	Monthly Salary
_____	_____	_____

Business Name : _____ Address: _____
Telephone No. _____

Other Sources of Income:

Company Name	Type of Business	Estimate Annual Income
_____	_____	_____

CERTIFICATION

I hereby certify that all data stated herein, as well as its attachments, are true and correct. I likewise authorize Quedan and Rural Credit Guarantee Corporation to undertake whatever research, investigation or checking to verify the validity of all information stated herein.

Printed Name and Signature

Date

Documentary Requirements

Individual:

- Photocopy of Community Tax Certificate
- 2" x 2" ID Picture
- Proof of Income (latest ITR, Certificate of employment, Business permit, etc.)
- Employer's Certificate
- Bank Accounts

Corporate:

- SEC Registration, Articles of incorporation, Business Permit
- Audited Financial Statements for the last two years
- Board Resolution and Secretary's Certificate authorizing the lease and the signatories

NEGOTIATED OFFER TO PURCHASE FORM

_____ Date

Committee on Bids and Awards
QUEDAN AND RURAL CREDIT GUARANTEE CORPORATION
 34 Panay Avenue, Quezon City

Gentlemen:

This is to submit my/our offer to purchase the following Quedancor property on an "AS IS WHERE IS BASIS":

TCT NO.	LOCATION/DESCRIPTION
_____	_____

Under the following terms:

Purchase Price	P _____
Deposit _____ %	P _____
Terms of Payment: Balance payable in _____ years/months	

To be filled up after payment of Deposit OR No. _____	Amount P _____ Date: _____
--	----------------------------

With this offer, I/we bind myself/ourselves to comply with the attached QUEDANCOR Rules and Procedures on Negotiated Sale, which I/we have read, fully comprehended, and signed each and every page.

Upon approval of my/our offer to purchase, the deposit shall form part of the purchase price and the balance shall be paid in accordance with the terms and conditions specified in the Notice of Approval/Award.

My/Our failure to pursue the sale or comply with the conditions of the accepted and approved offer to purchase would mean forfeiture in favor of Quedancor of 50% of my/our tendered deposit.

Should my/our offer be disapproved, I/we am/are entitled to the return of the deposit tendered, without interest.

Very truly yours,

Name of Individual/Organization

7. Where there are two or more offers for the same property, the best offer shall be determined in accordance with the following order of priorities:
 - a. First priority shall be given to offers payable in spot cash within 30 calendar days upon receipt of the Notice of Approval/Award;
 - b. Second priority shall be given to offers payable in 12 months or less; and
 - c. Third priority shall be given to offers payable on installment over 12 months or up to 60 months.

The primary consideration, within the same priority, shall always be the highest offer price. In case the same offer price is received, the next consideration shall be the highest down payment. Finally in case the offers received have the same offer price and the same down payment, the shortest payment period will be accepted.

8. Where the difference for offers in the same priority is 5% or less, the offerors will be asked to resubmit on a designated date and time improved sealed offers to the COMBIDS Secretariat.

At the appointed time, the sealed envelopes will be opened and the offers read in their presence. The initial offers of offerors who will not re-submit on the appointed time will be evaluated together with the improved offers submitted. The best offer (in accordance with Guideline No. 7) shall be announced right after the opening of the offers. Each offeror shall be required to complete the minimum deposit requirement based on the new offer price either in cash or manager's/cashier's Check drawn payable to QUEDANCOR, which shall serve as earnest money in case he submits the best offer. QUEDANCOR Cashier shall receive the deposit or earnest money of the best offeror.

9. A report on the best offer shall be prepared by COMBIDS, after which the best offeror shall be notified in writing.
10. Withdrawal without justifiable cause of an offer already accepted by the COMBIDS shall mean forfeiture in favor of QUEDANCOR of 50% of the deposit.
11. A Contract To Sell shall cover purchases on installment. Upon full payment of the purchase price, a Deed of Absolute Sale will be executed in favor of the buyer. QUEDANCOR shall shoulder expanded withholding tax and the buyer shall pay for all applicable local taxes, fees and assessments, such as documentary stamp tax, transfer tax, registration fees, real estate taxes, insurance premiums, and all other expenses incidental to the sale.
12. The buyer shall be responsible at his own expense for the ejectment of squatters and/or occupants, if any, on the property subject of sale.
13. Any and all claims, liens, assessments, liabilities and/or damages whatsoever arising from any suit or litigation involving the property shall solely be assumed and borne by the buyer, accruing from date of signing of the sale documents.
14. QUEDANCOR reserves the right to reject any or all offers, as well as to waive any defect or infirmity in the offers, and to accept such offers as may be considered most advantageous to QUEDANCOR. Failure to comply with any of the terms and conditions mentioned above may cause the rejection of the offer.

CONFORME:

Signature over Printed Name of Offeror

Individual Partnership* Corporation*

**Authorization on the designation of representative attached.*

Date: _____

Exhibit No	16
Prepared by	CRMD-AAMD
User	Buyer & QUEDANCOR
Frequency	Every after receipt of NOA by the buyer

DEED OF CONDITIONAL SALE

KNOW ALL MEN BY THESE PRESENTS:

This DEED OF CONDITIONAL SALE made and executed by and between:

QUEDAN AND RURAL CREDIT GUARANTEE CORPORATION, a government-owned and controlled corporation, with principal office address at Quedancor Center, No. 34 Panay Avenue, Quezon City, herein represented by its President and CEO, _____, hereinafter referred to as the "**VENDOR**";

And

_____, Filipino, of legal age, (if married) married to _____, with residence and postal address at _____, hereinafter referred to as the "**VENDEE**".

Vendor

Witness

WITNESSETH THAT:

FIRST - The **VENDOR** is the absolute owner of the parcel of land more particularly described as follows:

TCT No. _____

SECOND – The **VENDEE** is interested to buy the above-described property and the **VENDOR** is willing to sell the same under the following terms and conditions:

1. The total purchase price shall be in the amount of (amount in words) _____ (amount in figure) (P _____);
2. The remaining balance in the amount of (amount in words) _____ (amount in figure) (P _____) shall be paid within five (5) years on a monthly installment basis, subject to a twelve percent (12%) interest per annum based on annuity factor;
3. The installment payments shall be covered by post-dated checks. The **VENDEE** shall issue sixty (60) post-dated checks upon signing of this agreement;
4. The **VENDEE** agrees to pay the monthly installment without delay and necessity of demand;
5. A surcharge of 2% per month shall be charged for late payments;
6. Default in payment shall cause the rescission of this DEED OF CONDITIONAL SALE and all payments shall be forfeited in favor of the **VENDOR**, subject to the provision of R.A. 6552 "An Act to provide Protection to Buyers on Installment Payments";

Vendee

Witness

7. The **VENDOR** shall only execute a DEED OF ABSOLUTE SALE upon full payment by the **VENDEE** of the selling price, including interest and penalties, if applicable;
8. The **VENDEE** shall occupy the premises upon signing of this agreement; and

Other conditions:

- a. Sale of the properties shall be on an "as-is, where-is" basis;
- b. Ownership of the property sold shall be transferred to the **VENDEE** only upon full payment of the consideration of sale; and
- c. It is hereby mutually agreed that the **VENDEE** shall assume all taxes, imposts, assessments of other charges and liabilities, including Transfer Tax, Capital Gains Tax, Documentary Stamp Tax, Real Property Tax, Notarial Fees, presentation and registration fees and such other expenses incidental to the transfer of its ownership.

NOW THEREFORE, foregoing premises considered, the **VENDOR** do hereby **SELL**, **TRANSFER**, and **CONVEY** unto the **VENDEE**, her heirs and assigns the above described properties, subject to the above-stated consideration, terms and conditions.

IN WITNESS WHEREOF, the **VENDOR** and the **VENDEE** have hereunto set their hands this _____ day of _____, 20____ at _____.

**QUEDAN AND RURAL CREDIT
GUARANTEE CORPORATION**
VENDOR

VENDEE

BY:

BY:

President and CEO

Printed Name and Signature of Vendee

SIGNED IN THE PRESENCE OF:

Witness

Witness

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
_____) S.S.

BEFORE ME, this _____ day of _____ 20____ in _____

Name	Res. Cert. No.	Issued date/place
------	----------------	-------------------

Vendor

Witness

Known to me to be the same persons who executed the foregoing DEED OF CONDITIONAL SALE of real property and they acknowledged to me that the same are their free act and deed.

This instrument, consisting of three (3) pages, including the page on which the acknowledgment is written, has been signed on the left margin of each and every page thereof by the parties and their witnesses and sealed with a notarial seal.

WITNESS MY HAND AND SEAL, at the place and on the date first above written.

Vendee

Witness

NOTARY PUBLIC

Doc. No. _____
Page No. _____
Book No. _____
Series of _____

QUEDAN AND RURAL CREDIT GUARANTEE CORPORATION
Collection and Remedial Management Department
Acquired Asset Management Division
Telefax No. (02) 373-97-05/(02) 374-71-77

LESSEE'S INFORMATION SHEET



Individual / Corporate Name : _____
Address: _____
Home Tel. No. : _____ Mobile No. _____ FAX No _____
TIN No. : _____ VAT No.: _____ NON-VAT _____
Nationality _____ CTC No. _____ Place Issued _____
Date Issued: _____

For Individual:

Date / Place of Birth _____ Civil Status _____
Line of Business Individual _____ Corporate _____

Employment:

Name of Employer: _____
Business Address: _____
Tel. No.: _____ Monthly Salary: _____ Business Type: _____

Other Sources of Family Income: _____
Company Estimated Annual Income: _____
Corporate Yearly Net Income for the Last Two Years: _____

Principal Officers: _____ Position _____
Bank References: _____
Name of Bank Branch Address: _____

In case of return of the security deposits and unused rent, the same shall be returned without interest and credited to CA/SA No. _____ maintained with _____, _____ Branch.

CERTIFICATION

I hereby certify that all data stated above, as well as its attachments, are true and correct. I likewise authorize the Bangko Sentral ng Pilipinas to undertake whatever research, investigation or checking to verify the validity of all information stated herein.

Printed Name and Signature of Lessee _____ Date _____

Documentary Requirements

- Individual:**
- a) Photocopy of Community Tax Certificate
 - b) 2" x 2" ID Picture
 - c) Proof of Income (latest ITR, Certificate of employment, Business Permit, etc.)
 - d) Employer's Certificate
 - e) Bank Accounts
- Corporate:**
- a) SEC Registration, Articles of incorporation, Business Permit
 - b) Audited Financial Statements for the last two years
 - c) Board Resolution and Secretary's Certificate authorizing the lease and the signatories



Republic of the Philippines
Department of Agriculture

QUEDANCOR

QUEDANCOR
Memorandum No. 041

01 February 2013

TO : All Concerned Officers and Employees
FROM : The Officer-In-Charge – President, QUEDANCOR
**SUBJECT : AMENDMENT TO CIRCULAR NO. 407 ON THE REVISED
GUIDELINES ON GUARANTEE CLAIM PAYMENT
AND RECOVERY**

This amendment to Memorandum Circular No. 407 dated 12 April 2006, is being issued to adopt new collection strategies and procedures for subrogated accounts and to determine the appropriate remedial and recovery measures to be pursued, taking into consideration the prohibitive cost of litigation, security of the loan, amount of loan granted and the borrower's capacity to pay, among other things.

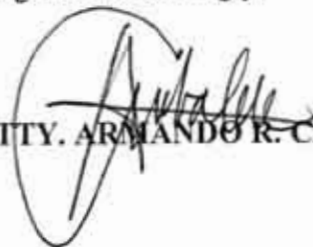
In line with this, Section 6.5 of the aforesaid circular which requires the timely filing of claims against Insurance Companies relative to fire insurance, surety and property bonds securing the loan account shall be amended to include the following policies, rules and procedures:

1. Prior to the release of payment of guarantee claims to the Lending Entity (LE), the CGD-GMD/concerned Field Office (FO) – AFSG, shall review, check and authenticate completeness of submitted original loan, collateral and supporting documents together with the subrogation receipt.
2. If complete and in order, the original documents and subrogation receipt received shall be photocopied by the receiving unit and the original copies of the documents are forwarded immediately to the Central Filing Unit/Regional Office Filing Unit (CFU/RFU) for safekeeping. At the FO, the AFSG shall send/provide certified photocopies of the documents to CGD-GMD who shall acknowledge receipt of the said documents.

3. The CGD-GMD shall likewise provide certified photocopies of all documents upon endorsement of the same to either LEAD, if with surety or property bond, or to CRMD, if not covered by the same, for appropriate remedial action and monitoring of collection as follows:
 - a. In coordination with the FO, the CRMD shall determine appropriate action based on their assessment of the account/borrower. If the borrower is willing to pay or enter into a compromise agreement/ other remedial measure, the CRMD shall facilitate the appropriate remedial action, otherwise, the account shall be endorsed to LEAD.
 - b. Accounts qualified under the Small Claims Cases shall be pursued in accordance with Memorandum No. 500 dated 30 November 2010, on the Implementation of Small Claims Cases Program. All accounts including those qualified under the Small Claims Cases shall be monitored by the CGD-GMD in coordination with LEAD, CRMD and concerned FO.
4. CGD-GMD shall maintain a masterlist with complete record of all subrogated accounts endorsed to LEAD, CRMD and/or FO. For monitoring and reporting purposes, the LEAD and CRMD shall provide CGD-GMD with its monthly updated reports on the actions undertaken and/or the status of each account in accordance with the existing report format on the same. The CGD-GMD shall consolidate the reports submitted by LEAD and CRMD and submit a copy to the President and CEO/Executive Vice President on or before the 10th working day of the month.
5. Accounts endorsed to FO under the Small Claims Cases shall be properly identified in the monthly report prepared by the FO and submitted to LEAD, with details on the status of the account. Said report shall be included by LEAD in its Monthly Status of Account Report.
6. The Corporate Receivables and Payables Department (CRPD) shall regularly provide information to the CGD-GMD on the status of accounts with filed guarantee claims for closed Lending Banks under the receivership of the Philippine Deposit Insurance Corporation (PDIC). Subrogation receipts and other original documents received from closed Lending Banks/PDIC shall be forwarded to CFU and photocopies of the same shall be endorsed to CGD-GMD (then proceed to the same process of handling subrogated accounts).

This memorandum circular shall take effect immediately.

Be guided accordingly.


ATTY. ARMANDO R. CROBALDE, Jr.

7




QUEDANCOR

The Credit & Guarantee Company

Memorandum
Circular No. 407

12 April 2006

TO : All Concerned
FROM : The President & CEO
SUBJECT : **REVISED GUIDELINES ON GUARANTEE CLAIM PAYMENT AND RECOVERY**

1. RATIONALE

The expeditious processing and payment of guarantee claims and efficient recovery measures are crucial in the implementation of the various QUEDANCOR guarantee programs. These twin activities are necessary in strengthening QUEDANCOR's credibility among lending entities and in reducing credit losses. Thus, the existing Standard Operating Procedures (SOP) in the Filing, Processing, and Payment of Guarantee Claim is hereby revised to include recovery, specifically from surety bonds, insurance coverages and other security instruments, to ensure that policies are well-defined and are given preferential attention by the concerned departments.

2. OBJECTIVES

- 2.1 To strengthen the systems and procedures in the filing, processing and payment of guarantee claims.
- 2.2 To ensure recovery from the bonds/insurance coverages/security coverages of QUEDANCOR guaranteed accounts and effect appropriate action to settle outstanding loan balance of the borrowers.

3. LEGAL BASES

- 3.1 Republic Act No. 7393 dated 13 April 1992;
- 3.2 Board Resolution No. 54-95;
- 3.3 QUEDANCOR SOP No. 036 dated 09 October 2001;
- 3.4 QUEDANCOR Circular No. 351 dated 16 February 2005; and
- 3.5 QUEDANCOR Circular No. 023 Series of 1993 as amended by QUEDANCOR Circular No. 092 Series of 1998 and QUEDANCOR Circular No. 383 dated 22 October 2005;


Quedan & Rural Credit Guarantee Corporation

QUEDANCOR Center, 34 Panay Avenue, Quezon City Tel. No.: 373 97 11 Telefax. No.: 373 94 52
Website: <http://www.quedancor.gov.ph/> E-mail: quedan@quedancor.gov.ph

4. DEFINITION OF TERMS

- 4.1 Fire Insurance** – refers to the insurance against fire on grains and other agricultural-based commodities stored in a QUEDANCOR franchised warehouse and on any building, structure or improvements erected on a real estate property mortgaged with QUEDANCOR.
- 4.2 Guarantee Claim** – refers to the right granted to the lending entity (LE) to demand the agreed guarantee amount from QUEDANCOR in case the loan is not fully paid upon maturity or upon demand by the LE. Under the AIM Program however, the claim shall be granted to LE in any of the following instances:
- 4.2.1** When there is a total non-existence of deposits covered by quedan and Deed of Assignment; or
- 4.2.2** When there has been a reduction in the quantity of deposits covered by quedan and Deed of Assignment and the value and/or sales proceeds of the remainder is insufficient to satisfy the outstanding loan.
- 4.3 Lending Entity (LE)** – refers to any banking or lending institution organized under existing laws and duly accredited by QUEDANCOR to participate under its various guarantee programs.
- 4.4 Recoveries** - refer to collection from accounts, which are past due or in arrears, when the LE has already filed a claim with QUEDANCOR, or with paid guarantee claims, including cash payments, non-cash settlement arising from foreclosure, payment-in-kind or conversion of receivable to investment and collection from securities/collaterals like surety bond, fire insurance, deed of assignment and the like.
- 4.5 Property Bond** – refers to an undertaking conditioned to respond or answer for the value of commodities actually delivered, in the form of transferring rights on a property stated in the bond, at any time the warehouseman is unable to return said deposited commodities or pay for its value.
- 4.6 Surety Bond Insurance** – refers to a guarantee to the obligee that the principal obligation named in the bond will perform a certain obligation that is to maintain his/her pledged stocks stored in QUEDANCOR franchised warehouse for the duration of the loan term. Failure to perform such obligation shall render the surety due and demandable.

5. SCOPE

This circular shall cover the policies, rules and procedures on guarantee claim payment and recovery under the QUEDANCOR Sole Guarantee Programs namely: Agri-aqua Inventory Management Program (AIM), Retail Guarantee Program (RGP); and Wholesale Guarantee Program (WGP), and Guaranteed Co-Financing Program. 

6. STATEMENT OF POLICIES

6.1 Eligibility

All loans covered by QUEDANCOR's guarantee as evidenced by a Certificate of Guarantee Coverage (CGC) and QUEDANCOR's Official Receipt (OR) on guarantee fee payment.

6.2 Duties and Responsibilities

The following shall be the duties and responsibilities of the concerned department/unit:

6.2.1 Credit and Guarantee Department – Guarantee Management Division (CGD-GMD)

- a. Verify submitted guarantee claim documents, LE's reports and other documents necessary in processing the claim;
- b. Prepare guarantee claim voucher under the Sole Guarantee Mode (SGM);
- c. Furnish copies of the Notice of Default (ND), and the monthly reports submitted by the LE, to the Collection and Remedial Management Department – Remedial Management Division (CRMD-RMD) and the Corporate Receivables and Payables Department - Accounts Receivables Management Division (CRPD-ARMD1);
- d. Furnish monthly reports on the Outstanding Guaranteed Accounts to CRPD-ARMD1 for reference in the computation of the total guarantee exposure;
- e. Obtain copies of the original loan, collateral documents and subrogation receipts submitted by the LE and submit the same to the Central Filing Unit (CFU);
- f. Provide other required documents/reports to CRMD and/or to LEAD to take the necessary actions against the borrower; and
- g. Review, evaluate and process QUEDANCOR's claim from the insurance company (IC) on the borrower's bonds/insurance coverages/security coverages.

6.2.2 Corporate Receivables and Payables Department – Accounts Receivable Management Division 1 (CRPD-ARMD1)

- a. Evaluate the correctness of the guarantee claim computation;
- b. Reconcile the payments of the borrower based on the submitted borrower's loan ledger and reports;
- c. Verify submitted guarantee claim documents, LE's reports and other documents necessary in processing the claim; ✓

- d. Prepare the guarantee claim voucher under the QUEDANCOR Guaranteed Co-Financing Program; and
- e. Verify the completeness of the monthly reports submitted by the LE.

6.2.3 Treasury Department-Fund Management and Cash Division (TrD-FMCD)

- a. Fund, prepare the checks and pay the guarantee claim to the LE; and
- b. Provide monthly reports on available Guarantee Fund to CGD-GMD, to serve as reference in computing the leverage ratio at any given period.

6.2.4 Collection and Remedial Management Department – Remedial Accounts Division (CRMD-RMD)

- a. Collect the remaining balance of the account or pursue possible remedial action against the borrower, through coordination with the RO/DO and LE; and
- b. Endorse the accounts to LEAD/PLO for appropriate legal action in cases of non-payment or default of accounts after exhausting all remedial actions possible or until QUEDANCOR has paid the claim of the concerned LE, whichever comes first.

6.2.5 Central Filing Unit (CFU)

File/Safekeep the original loan documents, subrogation receipts and the original and photocopies of OR/debit advice submitted by the LE to CGD-GMD.

6.2.6 Accounting and Budget Department - Claims Disbursement Division (ABD-CDD)

Process the guarantee claim voucher.

6.2.7 Legal Affairs Department (LEAD)

- a. In coordination with the RO/DO, undertake the necessary legal action and/or litigation against the borrower; and
- b. Provide the necessary legal support to the CGD-GMD in pursuing claim against the IC.

6.3 Notice of Default

Concerned LE shall file a Notice of Default (ND) to QUEDANCOR CGD-GMD/CAG by mail, fax or e-mail within (five) **5 working days** from the date of default. Non-compliance by the LE to file the ND within the prescribed period shall be a ground for denial of the guarantee claim payment.

Upon receipt of the ND by QUEDANCOR, the CGD-GMD/CAG shall provide a copy of ND to CRMD/CRMG, which shall then evaluate the reasons

for the default, determine/compute the payments made by the borrower - in coordination with CRPD-ARMD1/AFSG/FG - and undertake appropriate action to collect the remaining loan balance in coordination with the LE.

6.4 Guarantee Claim

6.4.1 Filing and Processing of Claim by the LE

- a. Concerned LE shall submit the documentary requirements for guarantee claim to QUEDANCOR within **30 calendar days** from filing of the ND. Failure to comply within the prescribed period shall be a ground for denial of the guarantee claim payment by QUEDANCOR.
- b. All guarantee claims together with the requirements stated in section 6.4.3 shall be filed by the LE at the CGD-GMD. However, for guarantee claim filed at the RO/DO, the RO/DO Accountant shall verify completeness of the submitted documents and ensure submission by the LE of the required reports (i.e. monthly bank report supported by collection report). If complete, the RO/DO Accountant shall forward all submitted guarantee claim documents to the CGD-GMD.
- c. The CGD-GMD shall verify and review submitted guarantee claim documents and prepare the Program Processing Form (PPF). If complete, CGD-GMD shall serve the acknowledgement letter to the LE within five (5) working days from receipt of said documents, approves PPF and prepares voucher. CGD-GMD shall forward these documents to CRPD-ARMD1 for further processing.

If the documents are incomplete, CGD-GMD shall send a letter to the LE, copy furnished the RO/DO Accountant, requiring the concerned LE to comply and submit lacking documents/requirements.

In case the claim is denied, CGD-GMD shall inform the LE through a letter detailing the reasons for the denial or disapproval of the guarantee claim.

- d. The LE can file a guarantee claim only once for every account.

6.4.2 Filing and Withdrawal of Quit Claim

- a. In cases where the borrower has paid his/her obligations to LE after the latter has already filed a claim with QUEDANCOR, the LE is obliged to inform the CGD-GMD and RO/DO immediately and deposit the payment to QUEDANCOR's account with the LE or remit said payment to QUEDANCOR RO/DO within three (3) working days from receipt of the payment, otherwise the LE shall pay a penalty of 2% per day for every delay of remittance of the borrower's payment.
- b. In case the LE decides to withdraw its guarantee claim with QUEDANCOR, the LE shall inform CGD-GMD and execute a Quit /

Claim, Waiver and Release Agreement to be signed by the LE representative and QUEDANCOR President and CEO.

- c. The LE shall not be allowed to file again a claim with QUEDANCOR on the same account, once it has filed a Withdrawal or Quit Claim.

6.4.3 Guarantee Claim Requirements

The following documentary requirements shall be submitted by the LE in filing for guarantee claim:

a. General Requirements

- i Claim for Guarantee Payment;
- ii Certificate/Affidavit of Non-Payment;
- iii CGC (supported by Request for Guarantee Coverage, if applicable);
- iv Promissory Note;
- v Statement of Account (SOA);
- vi Certified photocopy of the loan ledger;
- vii Certified photocopy of the duly received demand letter(s) or with proof of registry return card/receipt;
- viii Evaluation and recommendation for loan restructuring (for restructured accounts);
- ix Duly notarized Restructuring Agreement (for restructured accounts);
- x Co-makers Statement, if applicable; and
- xi Certified photocopy of OR of guarantee fee payment, if applicable.

b. Collateral Requirements

i Real Estate Mortgage

- Duly annotated /registered Deed of REM;
- Appraisal and Inspection Report of Collateral Property duly signed by the concerned QOO-CAG, Unit Head-CAG and RAVP/DS;
- Certified photocopy of OCT/TCT registered at ROD, Tax Receipt, Tax Clearance and Tax Declaration.
- Vicinity Map/Lot plan duly certified by a Geodetic Engineer;
- Fire Insurance for Improvement duly endorsed to LE/QUEDANCOR, if applicable;
- OR of premium payment, if applicable; and
- Special Power of Attorney (SPA), if applicable.

ii Chattel Mortgage

- Duly annotated/registered Deed of Chattel Mortgage;
- Appraisal and Inspection Report of Motor Vehicle duly signed by the concerned QOO-CAG, Unit Head-CAG and RAVP/DS;
- Certificate of Registration;
- OR of Registration of Motor Vehicle; /

- Comprehensive Insurance duly endorsed to LE/QUEDANCOR;
 - OR of premium payment; and
 - SPA, if applicable.
- iii Deed of Assignment of QUEDANOR Shares of Stocks
- Certified photocopy of Stock Certificate(s).
- iv Deed of Assignment of Bank Deposits/Placements
- Certified photocopy of Certificate of Deposits/Placements
- v Deed of Assignment of Government Bonds/Securities
- Certified photocopy of Certificate and/or Certification of Bank Deposits/Placements.
- c. Additional Requirements
- i For AIM Program
- Notice of Default;
 - Joint Commodity Inspection Report;
 - Duly notarized Deed of Assignment;
 - Commodity Inspection Report;
 - Certified photocopy of Certificate of Quedan Franchise;
 - Duly notarized Integrated Guarantee Agreement;
 - Bond Secured by REM and/or Surety bond Coverage Policies;
 - Certificate of Non-Cancellation of Guarantee (prepared by QUEDANCOR); and
 - Certified photocopy of Negotiable Warehouse Receipt.
- ii For FARE Program
- Continuing Deed of Assignment of Stocks-In-Trade, if applicable;
 - Inventory of Stocks-In-Trade, if applicable;
 - Food Trust Receipt, if applicable;
 - Photocopy of Issued PDCs, if applicable; and
 - Photocopy of duly notarized Funding Agreement.
- iii For Local Government Unit (LGU)
- Sanggunian Resolution authorizing the concerned LGU to participate in the specified program and designating its authorized representative(s) thereof with specimen signature(s);
 - List of key officials in the project; and
 - List of participating farmer/fishermen/association in the credit program.
- iv For Partnerships/Corporations
- Certified photocopy of Certificate of SEC Registration; *h*

- Certified photocopy of Articles of Partnership/Incorporation and By-Laws and amendments, if any;
- Board Resolution/Secretary's Certificate authorizing the firm to participate in the specified program and designating its authorized representative(s) thereof with specimen signature(s) and act as beneficiary for insurance claims, if any;
- List of names and addresses of current key officials; and
- List of Stockholders with the corresponding percentage of ownership.

v For Cooperatives/Associations

- Certified photocopy of Certificate of Registration and/or Confirmation from CDA;
- Certified photocopy of Articles of Cooperation and By-Laws and amendments, if any;
- Board Resolution/Secretary's Certificate authorizing the cooperative to participate in the specified program and designating its authorized representative(s) thereof with specimen signature(s) and act as beneficiary for insurance claims, if any; and
- List of names and addresses of current key officials and members.

vi For Federation of People's Organizations (FPO)

- Certified photocopy of Certificate of Registration from SEC or CDA;
- Certified photocopy of Articles of Incorporation or Cooperation and amendments, if any;
- List of names and addresses of current key officials and members;
- Board Resolution/Secretary's Certificate authorizing the association to participate under the program and designating its authorized representative(s) thereof with specimen signature(s) and act as beneficiary for insurance claims, if any; and
- List of members/clients/borrowers.

vii For LEs

- Certified photocopy of Certificate of Registration from SEC or CDA;
- Certified photocopy of Articles of Incorporation and By-Laws and amendments, if any;
- Board Resolution(s) signed by all members designating the conduit's authorized representative(s) to sign as Joint and Solidary Signatories (JSS) and approval of participation in the program; and
- Certified copies of the PNs of the individual borrowers. /

6.4.4 Payment of Guarantee Claim

- a. Upon receipt of the necessary claim documents from CGD-GMD, CRPD-ARMD1 shall evaluate the correctness of claim and reconcile payments of the borrower based on the submitted loan ledger as against the record of payments by the borrower based on the monthly reports submitted by the LE. If the result is favorable, CRPD-ARMD1 shall prepare the SOA and the corresponding Certification on Approval of Guarantee Claim Payment to be signed by the President and CEO. CRPD-ARMD1 shall then forward the voucher and claim documents to the ABD-CDD. If the result is non-favorable, CRPD ARMD1 shall return the documents to CGD-GMD for appropriate action.
- b. ABD-CDD shall process/audit the guarantee claim voucher and shall certify the availability of Guarantee Fund. If result is favorable, the concerned signatories, in accordance with the Specifications of Authority, shall approve the voucher before it is forwarded to the TrD-FMCD for funding and check preparation.
- c. TrD-FMCD shall forward the duly approved check to CGD-GMD, which shall then mail the check to the concerned RO/DO for payment/release. The RO/DO shall ensure that prior to the release of check, the original loan documents, the OR/Debit Advice and Subrogation Receipt issued by the LE are complete. The RO/DO shall then forward the OR/debit advice and subrogation receipt to CGD-GMD, which shall forward the subrogation receipt and the original and photocopy of OR/debit advice and voucher to CFU and the voucher to TrD-FMCD.

6.5 QUEDANCOR Recovery from Securities/Collaterals

6.5.1 Filing of Claim

a. Surety Bond

As a general policy, QUEDANCOR shall file a claim for payment of the surety bond with the concerned IC, only after its payment of the LE's guarantee claim. The CGD-GMD shall notify the concerned IC signifying the intention of QUEDANCOR to claim payment of the Surety Bond through mail, fax or e-mail, within **60 calendar days** after the maturity date of the bond, as may be mutually agreed upon by the IC and QUEDANCOR.

b. Fire Insurance

Under the AIM program, QUEDANCOR may file a claim for payment of Fire Insurance from the IC upon payment of the LE's guarantee claim, provided, that the reason for the default or loss of QUEDANCOR stocks and/or of concerned warehouse/improvement is caused by fire and lightning, as determined by both QUEDANCOR and IC. The CGD-GMD shall notify the concerned IC signifying its intention to claim payment of the Fire Insurance through mail, fax or e-mail, **on or a day immediately after the fire incident** as may agreed upon by IC and

QUEDANCOR. Check payment made by the IC shall be forwarded to LE.

6.5.2 Property Bond

Under the AIM program, in case of default and the borrower has a property bond assigned to QUEDANCOR, the LE may opt to claim the property bond instead of the guarantee payment. The LE shall issue a Quit Claim, Waiver and Release Agreement to CGD-GMD within **30 calendar days** from the date of default. Upon receipt of the Agreement, CGD-GMD shall execute the Assignment of Rights on Property Bond and release the same to LE together with the Bond Secured by REM.

In case the LE pursues to file the claim to QUEDANCOR, CGD-GMD shall endorse the property bond to LEAD, which will then take the necessary legal actions (e.g. filing of cases, foreclosure of property).

6.5.3 Documentary Requirements

The following documents shall be submitted by the CGD-GMD to the IC in filing claim or recovery:

- Certified photocopy of the Subrogation Receipt;
- Certified photocopy of OR of Guarantee Claim Payment;
- Certified photocopy of Guarantee Claim Policy;
- Official Receipt of Premium Payment;
- Incident Report (for Fire Insurance); and
- Other applicable documents as may be required by the concerned IC.

7. OPERATING PROCEDURES

7.1 Issuance of ND and Collection of Payables not Covered by Bonds

Responsibility	Action
LE	1. Issues ND to CGD-GMD/CAG.
CGD-GMD/ CAG	2. Acknowledges receipt of ND and records the date of receipt. 3. Provides copy to CRMD/CRMG.
CRMD/CRMG	4. Ascertains default and determines partial payments made by the borrower in coordination with CRPD-ARMD1/AFSG and LE. 5. Coordinates with LE in collecting remaining loan payments of the LE's borrower. 6. If unable to collect sufficient payment from borrower after exhausting all remedial actions possible or if QUEDANCOR has paid the LE its claim, endorses account to LEAD together with the loan documents for litigation or other necessary legal actions. (

7.2 Filing of Guarantee Claim at the RO/DO

- LE
1. Files guarantee claim.
 2. Informs CGD-GMD on the filing of claim.
- RO/DO
3. Acknowledges receipt of guarantee claim.
 4. Reviews/Evaluates completeness of submitted documents.
 5. Prepares Action Taken Report and SOA if claim documents submitted are complete, otherwise, prepares communication informing the LE of the lacking documents.
 6. Forwards/Endorses claim documents to CGD-GMD.
- CGD-GMD
7. Acknowledges receipt of claim documents.
 8. Reviews/Evaluates validity of claim and completeness of documents.
 9. Prepares/Accomplishes the Program Processing Sheet/Form for recommendation/approval of AVP-GMD/VP-CGD if claim is valid/documents submitted are complete, otherwise, prepares letter informing the LE of the violation(s)/ lacking documents, copy furnished the concerned RO/DO.
 10. Prepares voucher upon approval of the Program Processing Sheet/Form.
- VP-CGD
11. Signs in the "Box A" portion of the voucher and endorses/forwards voucher /claim documents to CRPD-ARMD1 for processing and payment.
- CRPD-ARMD1
12. Acknowledges receipt of voucher and claim documents.
 13. Verifies completeness of the monthly reports and evaluates correctness of claim and reconciles payments of borrower based on the loan ledger submitted as against record of payments by borrower based on the reports of the LE.
 14. If result is favorable, prepares SOA; otherwise, informs and returns documents to CGD-GMD.
 15. Upon signature/approval of SOA, prepares Certification on Approval of Guarantee Claims Payment to be signed by the President and CEO.

N.B. Certification shall be approved by the President and CEO thru the EVP as recommended by the AVP-ARMD1 and VP-CRPD.

- | | |
|-------------------------------------|--|
| | 16. Upon approval of the Certification, forwards voucher and claim documents to ABD-CDD. |
| ABD-CDD | 17. Acknowledges receipt of voucher and claim documents. |
| | 18. Processes/Audits guarantee claim voucher. |
| | 19. Certifies availability of Guarantee Fund. |
| | 20. Endorses voucher for signature to concerned official in accordance with the Specifications of Authority. |
| VP-ABD/SVP Cluster C | 21. Reviews voucher and signs in "Box B" portion of the voucher. |
| | 22. Forwards voucher to concerned official in accordance with the Specifications of Authority for approval. |
| SVP Cluster C/EVP/President and CEO | 23. Signs in "Box C" of voucher and forwards voucher to TrD-FMCD for funding/check preparation. |
| TrD-FMCD | 24. Prepares and endorses check for signature to concerned official in accordance with the Specifications of Authority. |
| VP-TrD/SVP Cluster C | 25. Signs check and endorses it to concerned official in accordance with the Specifications of Authority for countersignature. |
| SVP Cluster C/President and CEO | 26. Countersigns and forwards check to TrD-FMCD for recording/release. |
| TrD-FMCD | 27. If check is ready for pick-up/payment, forwards check to CGD-GMD. |
| CGD-GMD | 28. Mails guarantee claim check to concerned RO/DO for payment/release. |
| RO/DO | 29. Informs LE on release of check and requests for the submission of the original loan documents. |
| LE | 30. Submits required original loan documents. |
| RO/DO | 31. Acknowledges receipt of original loan documents. |
| | 32. Reviews/ensures completeness and propriety of submitted documents. |
| | 33. Releases check payment of guarantee claim upon confirmation on the completeness of documents, otherwise informs LE of the lacking original documents. <i>h</i> |

- | | |
|---------|---|
| LE | 34. Acknowledges receipt of guarantee claim payment and submits/issues OR/debit advice and subrogation receipt. |
| RO/DO | 35. Acknowledges receipt of OR/debit advice and subrogation receipt.

36. Forwards OR/debit advice and subrogation receipt to CGD-GMD. |
| CGD-GMD | 37. Acknowledges receipt of original documents/OR/debit advice and subrogation receipt.

38. Forwards subrogation receipt and photocopy of OR/debit advice to CFU and attaches original OR/debit advice to voucher. |
| CFU | 39. Acknowledges receipt and files/safekeeps subrogation receipt and photocopy of OR/debit device. |

7.3 Filing of Guarantee Claim at Central Office

- | | |
|---------|--|
| LE | 1. Files guarantee claim at CGD-GMD. |
| CGD-GMD | 2. Acknowledges receipt of guarantee claim.

3. Reviews/Evaluates validity and completeness of documents.

4. Prepares the Program Processing Sheet for recommendation/approval of AVP-GMD/VP-CGD if claim is valid and documents submitted, otherwise prepares letter informing the LE of the violation(s)/lacking documents.

5. Prepares voucher upon approval of the Program Processing Sheet.

6. Proceeds to section 7.2 items 10 to 39. |

7.4 Filing of Request to Release Property Bond

- | | |
|---------|--|
| LE | 1. Informs RO/DO regarding withdrawal of claim; issues Quit Claim, Waiver and Release Agreement. |
| RO/DO | 2. Acknowledges receipt of the Agreement and forwards it to CGD-GMD. |
| CGD-GMD | 3. Acknowledges receipt of the document and files the same. / |

- | | |
|---------|---|
| | 4. Executes Assignment of Rights on Property Bond in favor of LE to be signed by the QUEDANCOR President and CEO. |
| LE | 5. Signs the Assignment of Rights on Property Bond |
| CGD-GMD | 6. Forwards Assignment of Rights on Property Bond together with bond to RO/DO. |
| RO/DO | 7. Releases property bond to LE together with a copy of Assignment of Rights on Property Bond. |
| LE | 8. Acknowledges receipt of documents. |
| | In case the LE pursues to file claim with QUEDANCOR: |
| CGD-GMD | 9. Forwards property bond to LEAD |
| LEAD | 10. Undertakes legal action (e.g. filing of cases, foreclosure of properties). |

7.5 Filing of Claim for Surety Bond

- | | |
|-------------------|--|
| CGD-GMD | 1. Notifies IC in writing on QUEDANCOR's intention to claim from the Surety Bond. |
| IC | 2. Acknowledges receipt of notice and suspends the cancellation of Surety Bond upon maturity. |
| CGD-GMD | 3. Upon settlement of LE's guarantee claim, notifies IC on claim of Surety Bond and submits the necessary documents. |
| IC | 4. Reviews/Evaluates completeness and validity of submitted documents. |
| | 5. Settles Surety Bond claim of QUEDANCOR. |
| QUEDANCOR Cashier | 6. Issues OR to IC. |

Policies and operating procedures stated herein shall automatically supersede provisions and procedures of the existing QUEDANCOR Guarantee Programs and Guarantee Claim Operating Procedures (SOP No. 036) not consistent with this memorandum circular.

For your guidance and reference.


 NELSON C. BUENAFLOR

April 27, 2016
 Date