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IMPLEMENTING GUIDELINES ON THE EXTENSION OF SPECIAL CREDIT ASSISTANCE TO DISPLACED WORKERS AFFECTED BY THE ERUPTION OF MT. PINATUBO

OWWA MEMORANDUM OF INSTRUCTIONS NO. 003 S. 1992, February 05, 1992

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In pursuance with OWWA's commitment to co-implement the credit assistance project of the National Government for the benefit of displaced workers in Region III who were affected by the eruptions of Mt. Pinatubo, the following guidelines are hereby promulgated for the information of all concerned:

I
Objective

The credit assistance program is aimed at providing financial assistance to displaced workers in Region III who were affected by the eruptions of Mt. Pinatubo desiring to work overseas. The financial assistance is primarily intended to defray the workers placement fee, pre-qualification and documentary expenses prior to deployment for work abroad.

II
Description of the Scheme

The scheme provides for a financial tie-up between OWWA and the participating recruitment agency through a Memorandum of Agreement wherein the recruitment, pre-qualification, and documentary expenses of qualified workers pre-selected or hired on the spot by the recruitment agency shall be charged against the proceeds of pre-departure loans availed of by the OCW. To expedite processing of the loan, the recruitment agency shall sponsor its own OCW in the latter's application for financial assistance. The recruitment agency shall act as solidary co-maker of the loan and as such, shall guarantee the collection and repayment of the loan on due date.

III
General Provisions

1. All pre-departure loans granted under this scheme shall be processed according to the terms and conditions of the existing Pre-departure Loan package except that the loanable amount for the Pinatubo victims shall be in the amount of P5,000.00 per worker regardless of their contracted salary.

Claims of pre-selected workers/participating agency for re-imbursement of pre-qualification expenses not exceeding P2,000.00 shall be allowed only upon prior approval of DOLE-Task Force Mt. Pinatubo and provided said expense shall be repaid from the proceeds of the loan that may be approved for the OCW.

2. The accumulated loan liability of any participating agency at any given time shall not exceed its loan ceiling;

3. Failure on the part of the participating agency to pay two (2) or more monthly amortizations when due shall cause any or all of the following:

- The full individual loan amount shall automatically become due and demandable;

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- Imposition of penalty charge of 12% p.a. compounded monthly on unpaid amortizations;

- Suspension or cancellation of the loan facility with the defaulting agency;

- Non-renewal of the loan schemes; and

- Collection on the surety bond.

IV
Loan Ceiling
The maximum amount of cumulative loan per participating agency shall be based on the agency's paying capacity or 100% of net equity whichever is lower.

The agency's paying capacity shall be based on 80% of the agency's annual current NET income based on the last twelve (12) months immediately preceding the application period. This loan ceiling shall be reviewed and/or adjusted (as the case may be) every twelve (12) months to consider changes in the agency's paying capacity or net equity subject to the other provisions of this Memorandum.

V
Security

The participating agency shall put up a surety bond in the amount not lower than the loan ceiling granted to said agency as pre-determined by OWWA. Such surety bond shall be issued in favor of OWWA by a duly reputable bonding company acceptable to OWWA and duly accredited by the Insurance Commission.

VI
Eligibility of Participating Agency

1. The agency shall be duly certified by POEA as an agency of good standing.

2. Disqualified from availing of this scheme are agencies who have defaulted in any of their loan liability with OWWA. The disqualification shall hold for as long as the liability remains unpaid or until the same shall have been placed in current form.

VII
Documents to be Submitted

1. Individual loan application co-signed by the participating agency duly attested;

2. Articles of Incorporation or Partnership duly registered with the Securities and Exchange Commission (SEC) in case applicant is a corporation or a partnership; or Certificate of Registration of firm or business name with the Bureau of Domestic Trade (BOT) in case applicant is a single proprietorship;

3. Agency's audited financial statements for the last two (2) years;

4. Duly audited interim financial statement for the current year;

5. Memorandum of Agreement;

6. Other pertinent papers that may be required relative to the availment of pre-departure loans; and

7. Copy of income statement submitted to the BIR shall be furnished regularly to OWWA Loans Department within one (1) week after deadline for filing of the quarterly returns while the tie-up or loan scheme subsists.

VIII

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Others

An administrative fee equivalent to 4% of all loans granted under this Project determined after each month shall be allowed and paid from the Fund to OWWA.

IX
Effectivity

This Memorandum of Instruction (MOI) shall take effect immediately.

Adopted: 5 Feb. 1992

(SGD.) ATANACIO V. MARONILLA
Administrator

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