LOAN FUND FOR CERTAIN COOPERATIVES

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Upon the motion of Adm. Omera H.D. Lucman and duly seconded by Adm. Arcadio S. Lozada, RESOLVED as it is hereby RESOLVED to set aside a portion of the CRDLF to be the loan fund for cooperatives organized by indigenous communities, rebel returnees, agrarian reform beneficiaries, the disabled, women and the youth.

RESOLVED further that the lending guidelines and policies on the matter, a copy of which is being hereto attached as Annex "A", be APPROVED as it is hereby APPROVED.

RESOLVED finally that BOA Resolution No. 137, s. 1995 dated March 20, 1995 be amended by deleting the creation of the Special Loan Fund.

APPROVED.

Adopted: 20 Apr. 1995

(SGD.) FELIPE G. DERI
Board Secretary IV

Annex "A"

Lending Guidelines and Policies

Background

The Board of Administrators of CDA in its meeting held on March 20, 1995 initially set aside the remaining loanable funds of Cooperative Rehabilitation Development Loan Fund (CRDLF) to fund the business activities of cooperatives organized by rebel returnees, tribal or indigenous cultural minorities, agrarian reform beneficiaries, the disabled, women and the youth.

SECTION 1. Objectives -

a. To finance the entrepreneurial activities of the organized special groups of cooperatives; and

b. To provide institutional support requirements for the identified business enterprises for the benefit of their members.

SECTION 2. General Loaning Policies and Operations - The basic loaning policy is to provide the special types of cooperatives with funds to meet their needs and purposes based on the identified business undertaking and/or the terms the borrowers can reasonably be expected to achieve and repay at reasonable terms and conditions.

SECTION 3. Types of Loans - The following are the types of loans that may be extended:

1. Marketing/Operating Loan - for the purchase of the produce of members and for the procurement and distribution to members of supplies and inputs and for operational and working capital for the cooperative's marketing activities.

2. Facility Loan - for the purchase of facilities such as hand tractor, thresher, ricemill machineries, solar dryer, etc.

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to support business activities of the cooperatives.

3. Land/Building Loan - for the purchase of land and materials for the construction of building.

4. Merchandising Loan - for the purchase of consumers goods and other items for resale to members.

SECTION 4. Eligible Borrowers -

1. The following duly registered special types of cooperatives may borrow whether primary, secondary and tertiary cooperatives undertaking economic business activities.

a. Agrarian Reform Cooperatives
b. Rebel Returnees Cooperatives
c. Cooperatives among Tribal/Indigenous Cultural Minorities
d. Cooperatives among the Disabled
e. Cooperatives among the Women and Youth

2. The cooperative must have been in operation for at least one year, shown satisfactory operating performance, maintained books of accounts and has qualified officers and staff.

SECTION 5. Specific Terms and Conditions -

1. Amount of Loan - The amount of loan shall be based on the actual needs of the project but not to exceed P500,000.00. The borrower shall be required to provide counterpart (equity contribution), a minimum of 20% of the project cost. The equity contribution of the borrower may not necessarily be in cash. Labor, raw materials, project sites and other facilities may be acceptable.

2. Security of the Loan - Collaterals should be linked to the loan. Collaterals may be real estate, equipment, as well as any improvements and pledges of various types of personal property. Rolling stocks are also acceptable collateral. A real estate or chattel mortgage of the collateral shall be executed by the borrower.

3. Interest rates -

a. Marketing/Operating/Merchandising Loan - not less than eight percent (8%) per annum.

b. Land/Building Loan - not less than eight percent (8%) per annum.

c. Facility Loan - not less than six percent (6%) per annum.

4. Terms and Repayment

a. Marketing/Merchandising Loan - payable within a period of one (1) year.

b. Operating Loan - One (1) year to two (2) years to be paid in equal quarterly amortizations including interest.

c. Facility Loan - 3 to 5 years to be amortized semi-annually including interest.

d. Land/Building Loan - 5 to 10 years with a grace period of one (1) year on the payment of principal. Computation of interest will start on the first year.

SECTION 6. Other Conditions Attached to the Approval of the Loan -

1. The borrowing cooperative shall implement and undertake savings mobilization and capital build-up program to develop the internal and independent liquidity of the cooperative to support its business undertaking.

2. CDA shall conduct a background information and credit investigation of the borrowing cooperative and its accountable officers.

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3. Upon release of the loan, CDA will conduct visitorial audit and inspection of the funded project within one (1) month from the release of the loan to verify actual utilization of the loan proceeds and status of the funded projects.

4. The borrower shall be required to submit to CDA semi-annual financial statements.

SECTION 7. General Documentary Requirements

1. Duly accomplished application for loan form.

2. Project Feasibility Study together with the projected balance sheet and income statements, cash flows, loan budget and repayment schedule covering the period of five (5) years for long term loans and two (2) years for short term loans.

3. Resolution of the general assembly authorizing the incurrence of indebtedness and resolution of the Board authorizing officer/s to apply, negotiate, contract and sign documents for the loan with CDA. Such resolution shall be certified by the Secretary and Chairman of the Board.

4. Latest financial statements and/or audited annual financial statements for the year preceding the date of loan application, if applicable and practicable.

5. Certification of the Area Extension Director of CDA that the cooperative is registered, operating and in good standing.

6. Listing of cooperative officers indicating position, addresses, expiration of terms certified by secretary and attested by Chairman/President.

7. Certified xerox copy of Certificate of Registration/Confirmation, By-Laws and Articles of Cooperation.

8. Favorable indorsement of the loan application by the CDA Area Extension Director together with the preliminary evaluation by local CFG on the loan application.

9. Other specific requirements depending on the purpose of the loan being applied for.

Adopted: 20 Apr. 1995

FOR THE BOARD OF ADMINISTRATORS:

(SGD.) EDNA ABERILLA
Chairperson

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