NATIONAL ADMINISTRATIVE REGISTER · APRIL 26, 1991

# ADDENDA/AMENDMENTS TO MEMORANDUM OF INSTRUCTION 99 — PRESCRIBING POLICY GUIDELINES ON FUND UTILIZATION, DOCUMENTARY REQUIREMENT, PROJECT TYPE, RE-LOAN, WRITING OFF OF ACCOUNT RE...

*OWWA MEMORANDUM OF INSTRUCTIONS NO. 114, April 26, 1991*

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In the interest of the service and to further streamline policies regarding program implementation, the following addenda/amendments are hereby prescribed.

On Fund Utilization

To accommodate meritorious requests from our proponents, the loan fund originally intended for working capital, purchase of equipment and machineries, and building improvements shall now include reconditioning of vehicles, machineries, equipment, pigpen and poultry construction, and infusion of additional funds to restructure socio-economic projects financed by this office. The infusion of additional funds shall, however, be limited to projects which are suffering from heavy losses due to fortuitous events i.e., earthquake, fire and the likes, and man-made calamities. The additional funds requested for restructuring shall not apply to projects suffering losses due to mismanagement and diversion of project funds of the latter if not approved by the office.

On Documentary Requirement

The Affidavit of Ownership pertaining to loan securities shall no longer be required since the ownership of the property mortgaged is established upon registration of the Deed of Mortgage with the Registry of Deeds.

For backyard livestock and poultry raising projects, no business permit shall be secured. However, Permit to Operate shall be secured from the Home Owners' Association or Barangay Officials as the case may be.

Projects with a loan application of P5,000 and below shall likewise be exempted from securing the necessary permit. This is to unburden the client of added cost which may adversely affect the viability of the project.

Start-up projects approved in the last quarter of the calendar year shall be required to present their business permit on the first month of the next calendar year.

On Project Type

The following additional project type may be considered for funding, to wit

1. Service vehicle but limited to cargo and school bus;

2. Professional service (on-going and start-up provided the proponent shall provide 50% of the fixed assets requirement); and

3. Licensed mini-drug store

On Re-Loan



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Re-loan on the same or related type of project shall be granted twice to micro-industry and once to small industry loan applicant. Second loan availment on different type of project shall be treated as re-application. Reckoning on the number of loan availment shall commence on the first slot.

On Writing Off
of Accounts Receivable

To unburden the proponent's family of the hardship in the event of the former's death, force majeure, or permanent incapacity, the financial assistance availed of under this program may be condoned. The following procedures shall be observed:

1. A request to the undersigned, through the Manager-RPD, for condonation of the debt shall be made by the proponent himself (in case of total incapacity or force majuere) or by his heir/s in case of death stating inter alia:

- That the death, force majeure, or permanent incapacity would render the proponent's family in financial difficulty whereby payment of his monthly dues would exacerbate the problem; and

2. Upon receipt of the request, the undersigned through the Manager-RPD shall immediately send an evaluator to determine if the proponent or his immediate family is entitled to the relief applied for;

3. The evaluator, based upon his investigation, shall recommend due course to the request. If denied, the heir or proponent shall be required to pay his monthly amortization or face forfeiture proceedings;

4. Meritorious request shall be forwarded by the Regional Supervisors/Chief, Operation Division for NCR, to the Administrator through the Manager, RPD, who shall forward the request for condonation to the Commission on Audit (COA), through the office of the OWWA auditor for approval;

5. If the COA approves the request, the Administrator through the Manager, RPD, shall order the FMD to write off the account of the proponent.

6. Pending approval or disapproval by the Commission, the period within which to compute additional interest and penalty shall be suspended from the time of the submission of the Resolution to the Commission.

On Reconsideration for
Disapproved Projects

To accommodate appeals from denied clients, disapproved projects may be reconsidered provided the reason for disapproval is non-viability of the project. The client may then propose a new project in lieu of the disapproved one. However, the following cases are deemed non-appealable:

Proponent found to be:

- more interested in the loan rather than the project;

- engaged in vices such as women/men, wine, gambling;

- of poor credit standing/paying habit;

- inclined to spend more than he earns (high living);

- engaged in illegal or nefarious activities;

- inclined to exaggeration;

- inclined to bribe;


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- inordinate in his follow-up; and

- withholding or giving false information.

On Reckoning Date

The seven (7) days bank-clearing allowance shall be the maximum bank clearing time except for provinces located in far flung areas where reckoning date shall be based on actual date of encashment. The proponent is required to encash the check immediately after receipt of the loan proceeds.

On Penalty Exemption

In cases of force majeure and or unusual circumstances, the proponent shall be exempted from the payment of penalties, subject to the following guidelines:

- A letter request for exemption shall be made by the proponent stating the reason/s and or circumstances for non paying on the due date;

- An investigation shall be made to ascertain the facts stated in the request before relief can be granted; and

- The reprieve shall cease after the stipulated date.

The Regional Supervisor/Chief for NCR Operations Division shall be authorized to deny/grant on penalty exemptions.

On Rebate

Whenever a borrower decides to make advance payment (full amortization)/full settlement of his account before maturity date, the Regional Supervisor/Fund Management Chief for NCR shall be authorized to grant rebates on the unearned interest, as long as the proponent is of good standing. This privilege, however, shall not apply to clients who make partial advance payment on the amortization due.

On Group Loan

Non-Colat — Group Loan for non-collateral shall have a loan ceiling of P50,000 regardless of the number of its members.

For strict compliance.

Adopted: 26 Apr. 1991

(SGD.) ATANACIO V. MARONILLA
Administrator


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