ADDENDUM TO MEMORANDUM OF INSTRUCTION NO. 57 PRESCRIBING THE POLICY GUIDELINES ON FORECLOSURE OF MORTGAGED PROPERTIES

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On Real Estate Mortgages

1. The EDD/Regional Units shall send first a demand letter to the delinquent clients for settlement of their obligation;

2. If the above fails, the Legal Counsel shall send a final demand letter for final settlement of their accounts;

3. If the delinquent client fails and continues to ignore the demand, the Legal Counsel shall file extra-judicial foreclosure with the Sheriff's Office, pursuant to the provisions of Act 3135 as amended by RA 4118;

4. Since this involves extra-judicial foreclosure in real estate mortgage, notice to mortgagor is imperative;

5. If mortgagor fails to reply, a foreclosure proceedings is in order;

6. After filing, a notice shall be sent to mortgagor, informing the latter that the foreclosure proceedings has already been filed against him/her;

7. A client properly notified cannot later on seek relief from the court alleging non-notification or assailing the procedure taken;

8. Publication of the extra-judicial sale shall be contemplated in a newspaper of general circulation for three (3) consecutive weeks;

9. REDEMPTION shall take effect one (1) year from the date of registration of the Certificate of Sale with the Registry of Deeds;

10. After one (1) year, the highest bidder shall petition the sheriff who conducted the auction sale to issue the final deed of sale.

On Chattel Mortgages

1. The EDD/Regional Units shall first send a demand letter to the delinquent clients for settlement of their outstanding obligation;

2. If the above fails, the Legal Counsel shall send a final demand letter for final settlement of their accounts;

3. If the delinquent client fails and continues to ignore the demand, then the Legal Counsel shall file extra-judicial foreclosure with the Sheriff's Office pursuant to provisions of Act 1508;

4. No notice is needed in a chattel mortgage, mortgagor might abscond with the property mortgaged; no publication is likewise required in this instance; but only posting of notice of sale is required, from 5 to 10 days but in any case be not more than 10 days;

5. Certificates of sale issued to the highest bidder is final; no redemption required;

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6. The property seized by the Sheriff should be placed under his custody for 5 to 10 days. To the sheriff is reposed the responsibility of hiring guards, deputized by him to protect the chattel;

7. The Mortgagee OWWA pays for services of the guards and other sheriff's fees and expenses.

On the Bidding Proper

1. If no bidders appear, the mortgagee will be declared the highest bidder;

2. In both cases (real/chattel) OWWA must set a floor price and set a starting bid;

3. The sheriff shall preside over the sale per the rule of extra-judicial foreclosure;

4. Proceeds of the sale shall be applied to the outstanding balance of the loan. In cases of deficiency, this is without prejudice to the mortgagee instituting a separate civil action for recovery of sum of money.

For compliance.

Adopted: 20 Aug. 1990

(SGD.) ATANACIO V. MARONILLA
Administrator

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