

PROVISIONS ON EXPORTERS DOLLAR FACILITY (EDF)

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Pursuant to Monetary Board Resolution No. 1197 dated December 01, 1994 establishing an Exporters Dollar Facility (EDF), qualified banks may avail themselves of the EDF against the eligible dollar-denominated loans of their exporter-borrowers (both direct and indirect), including service exporters who are engaged in rendering technical, professional, and other services.

The terms and conditions of the loans under the EDF shall be as follows:

1. The interest rate shall be based on the prevailing three-month LIBID (initially at 6.0625% p.a.) to be reviewed and set every three (3) months: Provided, that the bank's spread shall not be higher than $\frac{1}{2}$ of 1 percent, after applicable taxes on foreign exchange loans.
2. The loan value of the eligible credit instrument offered by the bank as collateral shall be 100 percent of the face amount or outstanding balance of the loan. The amount of the loan that a bank may grant to a qualified exporter-borrower shall depend on the bank's own credit assessment and valuation procedures, but in no case shall it exceed the amount of the Letter of Credit (LC), Purchase Order (PO) or Sales Contract (SC) or Service Contract.
3. The maturity period for export packing credits shall not exceed 90 days, but shall not extend beyond the expiry/validity period of the assigned LC/PO/SC. For export bills, the maturity period shall be based on the location of the drawee bank as follows:
 - a. 10 days for Asia, Australia, and the US West Coast;
 - b. 15 days for the US East Coast;
 - c. 30 days for Europe; and
 - d. 40 days for Africa and the Middle East.

Credits to service exporters shall have maturities not to exceed 180 days from date of availment, or not later than the expiry date of the contract, whichever comes first.

The dollar proceeds of the loan shall be released through the Treasury Department, BSP, for credit to the designated correspondent bank of the borrowing bank on the same date the said application is filed with the Department of Loans and Credit, provided that such application is received at or before 12:00 noon and the supporting papers are complete.

The loan shall be repaid in dollars. For this purpose, the borrowing bank shall submit to the Department of Loans and Credit an authority to debit its designated correspondent bank in an amount sufficient to cover partial or full payment of the maturing loan, plus the corresponding accrued interest.

A penalty rate of 3% shall be imposed by the BSP in the following cases:

- Use of ineligible/unacceptable collaterals to secure the loan;
- Non-negotiation/non-compliance, one (1) month after expiry date/validity of the LC/PO/SC or service contract

up to an amount equivalent to at least the face value of the collateral promissory note;

- Non-remittance or delayed remittance of the corresponding loan values of collections on the collateral promissory notes.

Availments against dollar-denominated loans shall be charged against the rediscount ceiling of the borrowing bank (100% of net worth) as of the end of the quarter immediately preceding the date of application. In the case of branches of foreign banks, the rediscount ceiling shall be 25% of "Net Due To" plus assigned capital.

The documentary requirements pertaining to peso-denominated loans shall likewise apply to dollar-denominated loans.

This Circular shall take effect immediately.

Adopted: 9 Dec. 1995

(SGD.) GABRIEL C. SINGSON
Governor

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