GUIDELINES ON THE RESTRUCTURING OF UNPAID ACCOUNTS/ASSESSMENTS

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1
Authority

1.1 Section 26 of Presidential Decree 857
1.2 Board Com Resolution No. 98-576
1.3 PPA Board Resolution No. 1733

2
Rationale

Port users with big unpaid accounts and cargo handling operators with substantial COA/ICD assessments find it financially difficult to deliver a lump sum payment of their account. There is a need therefore to allow a reasonable period of staggered payment to accelerate the collection of dormant or long overdue receivables and assessments.

3
Mechanics

The guidelines on the restructuring/staggered payment of unpaid accounts/assessments is hereby issued for implementation.

3.1 Dormant or long overdue/assessments refer to those aged over 365 days.

3.2 The restructuring shall be supported by a written request/application filed by the port user with the PMO where the account its outstanding; or minutes of meeting if the account is being negotiated or compromised for settlement.

3.3 The port user's Audited Financial Statements for the last three years shall be submitted.

3.4 Amortization period shall be within a maximum period extending up to the expiry date of their existing Permit/Contract to Operate or the Allowed Bracket of Amortization Period whichever is the shorter period.

3.5 The Allowed Bracket of Amortization Period shall be based on the amount to be restructured against the average annual gross revenue of the port user as follows:

[*]Ratio of Restructured Amount to the Average Annual Gross Revenue of the Port User No. of Years/Months Amortization Period

20% and above 2 years

10%-19% 1 year

below 10% 6 months

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[*]Ratio= Restructured Amount= Audited Gross Revenue for the last 3 years

3

3.6 The restructured amount shall be comprised of:

Principal Amount
Plus Interest Charges as of the date of the Restructuring Agreement
Plus Penalty Charges as of the date of the Restructuring Agreement

3.7 Interest Charges during the amortization period (built-in) shall be imposed based on diminishing (principal) balance.

3.8 Penalty charges shall not be imposed during the amortization period.

3.9 Any unpaid monthly amortization, however, shall be subject to interest and penalty charges based on the unpaid principal amount.

3.10 failure to pay three months amortization payments shall automatically render the full amount of the restructuring agreement due and demandable and shall serve as sufficient ground for the revocation of the Permit/Contract to Operatew or Lease Contract.

3.11 The restructuring agreement shall not be transferable in any eventual sale/transfer of ownership or rights by the port user and the unpaid balance shall be fully paid before such sale or transfer.

3.12 The request for restructuring shall be evaluated and recommended by the PMO concerned (thru the PDO, if warranted)

3.13 The approving authorities for the Restructuring Agreement or Promissory Note shall be in accordance with the PPA Matrix of Delegation of Authority.

3.14 The periodic amortization and other terms of the Restructuring Agreement shall be strictly monitored by the PMO and the PDO until full payment of the obligation. Any deviation from the agreed terms and condition shall be reported to the Head Office within reasonable time.

4
Repealing Clause

This Administrative Order supersedes paragraph IV-C of PPA Memorandum Circular No. 29-94

5
Effectivity

This Administrative Order takes effect thirty (30) days after publication in a newspaper of general circulation.

Adopted: 3 Sept. 1998

(SGD.) JUAN O. PENA
General Manager

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