OVERSIGHT CLEARING LINE OF THRIFT BANKS

BSP CIRCULAR LETTER, April 22, 1998

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Please be informed that under Circular No. 163 dated April 8, 1998, thrift banks directly participating in the clearing operations of the Philippine Clearing House Corporation (PCHC) and the Bangko Sentral ng Pilipinas (BSP) may apply for an overnight clearing line with the BSP Department of Loans and Credit (DLC). The guidelines governing this facility are as follows:

I. Application for an Overnight Clearing Line

1. The applicant-bank shall submit to the DLC a duly accomplished Agreement on a continuing loan line, together with a board resolution authorizing the bank to apply for such loan line and designating the officers authorized to negotiate and sign pertinent papers thereto. The Agreement must be duly registered and annotated on the collateral TCT/CCT.

2. The loan line, once approved, can no longer be amended.

3. Considered eligible collaterals are unencumbered real estate properties duly registered in the name of the applicant-bank and/or its stockholders. The submitted collaterals may be given a loan value of 70% based on the appraised value as determined by reputable independent appraisers.

4. The collateralized overnight clearing line shall be the lower among the amounts applied for, 50% of the total deposit liabilities of the applicant bank as of the date of application, or the loan value of the collateral.

5. The approved loan line shall bear interest rates of the higher of 1/10 of 1% per day or the prevailing 91 day Treasury Bill rate plus three (3) percentage points at the time of the approval.

II. Availments Against the Approved Loan Line

1. Upon receipt of the letter-request, the duly accomplished promissory notes in favor of the BSP and the covering accounting tickets from the BSP Accounting Department, the DLC shall immediately effect the availment.

2. The total clearing losses for the day subject for availment against the credit line shall be determined by the BSP Accounting Department.

3. Each availment is due on demand but in no case shall be recalled beyond 30 days from date of release. In the event that the availment remains unpaid, it will be subject to 5% liquidated damages. Moreover, no further availments shall be allowed until the matured loan is paid.

Adopted: 22 April 1998

(SGD.) GABRIEL C. SINGSON
Governor

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