DA-QUEDANCOR-SRA AGRIKULTURANG MAKAMASA SUGAR FARM MODERNIZATION

Read online (full-text search, related cases, audio case brief): https://batas.org/library/c6d370614e8d/

The following guidelines shall govern the implementation of AGRIKULTURANG MakaMASA — Sugar Farm Modernization, which is a joint program of the Department of Agriculture, Quedan and Rural Credit Guarantee Corporation (Quedancor) and the Sugar Regulatory Administration.

1. RATIONALE

The past decade has been a decadent period for the Sugar Industry. During this time, crop production consistently declined culminating in crop year 1997-1998 where sugar production dropped to 1.74MMT. At this level, the Industry could hardly meet local demand and the country's export commitment.

One of the factors, that brought about the sorry state of the Industry was inaccessibility to credit. During this period, institutional credit to the Sugar Industry was almost nil. Interest rates, when credit was available, were prohibitive and unconscionable.

Under the present dispensation where Food Security is the priority concern, the Agrikulturang Makamasa for Sugar Farm Modernization Program has been launched to frogleap the Sugar Industry towards modernization to regain its position as a major employment generator and export earner.

2. OBJECTIVES

1. To revitalize the Sugar Industry through mechanized farming.
2. To promote the bankability and access of sugar farmers/planters with formal credit institutions.
3. To facilitate the flow of credit from the banking system to the Sugar Industry.
4. To promote the acceptance of sugar farms as collateral for credit capital.

3. LEGAL BASES

3.1 RA 7393, dated 13 April 1992, which mandated Quedancor to establish a credit support mechanism and guarantee system for the benefit of farmers, fisherfolk and other agricultural enterprises.

3.2 RA 8435, dated February 9, 1998, which mandated Quedancor to be the credit guarantee institution for the Agri-fishery sector.

3.3 Memorandum of Agreement, dated 14 April 1999, between the Department of Agriculture and Quedan and Rural Credit Guarantee Corporation (Quedancor) and the Sugar Regulatory Administration (SRA).

4. DEFINITION OF TERMS

4.1 Sugar Production — refers to the cultivation, growing or tending of sugarcane in the open field.

4.2 Sugar Farmer/Planter — any natural person whose primary livelihood is cultivation of land for sugarcane production, either by himself or primarily with the assistance of his immediate farm household or worker, whether the land is owned by him or another person under a leasehold tenancy agreement or arrangement with the owner thereof.

4.3 Cooperative — a group of farmers who voluntarily form themselves into a business enterprise to promote their common needs through mutual action, democratic control and sharing of economic benefits on the basis of the patronage of members.

4.4 Sole Proprietor — a natural person owning a business enterprise or engaged in commercial activity.

4.5 Partnership — an entity of two or more persons who bind themselves to contribute money, property or industry to a common fund with the intention of dividing profits among themselves.

4.6 Quedan Operations Officer (QOO) — Quedancor's field personnel duly authorized to implement the Agrikulturang MakaMASA for Sugar Farm Modernization Program.

4.7 Corporation — a juridical person, created by operation of law, having the right of succession and the powers, attributes and properties expressly authorized by law or incidental to its existence.

4.8 Lending Bank (LB) — any banking institution organized and existing under the laws of the Philippines and duly accredited by Quedancor to participate under the SGM of AGRIKULTURANG MakaMASA - SFM.

4.9 Sole Guarantee Mode (SGM) — a mode of lending to service the credit guarantee of farmers sole, proprietorships, cooperatives, partnerships or corporations wherein Quedancor provides guarantee cover on the loan fully funded by LB.

5. SCOPE

Farmers, sole proprietors, cooperatives, partnerships or corporations, intending to purchase tractor/implements for the production of sugarcane.

6. STATEMENT OF POLICIES

6.1 Purpose of Loan

To finance the purchase of tractors/implements.

6.2 Eligibility Requirements

6.2.1 Must be indorsed by SRA.
6.2.2 Must be duly Accredited with Quedancor
6.2.3 Must be able to put up 20% as down payment for tractor/implements.

6.3 Loaning Mode

Mode shall be SGM only.

6.4 Loanable Amount

The loanable amount shall be 80% of the total cost of tractor/implement.

6.5 Interest Rate

The interest rate shall be at the discretion of the Lending Bank which has been observed to be lower than the prevailing commercial rates.

6.6 Term and Mode of Payment

The Lending Bank shall determine the term (ranging from one to five years) and the Mode of Payment (monthly, quarterly, semi-annually, annually) based on the project study submitted.

Bar review courses, mock exams and a study planner that keeps you on pace - batas.org

On a case to case basis, a grace period may be allowed.

6.7 Guarantee Fee

A guarantee fee of 2.5% per annum of the outstanding principal shall be paid by the Lending Bank to support its application for guarantee cover at the start of every annual anniversary of the loan.

6.8 Guarantee Coverage

Quedancor's guarantee cover shall be 30%-100% of the outstanding principal plus accrued interest up to maturity date or demand for full payment, whichever comes first.

6.9 Leveraging Ratio

Quedancor's total guarantee exposure on outstanding loans shall not, at any given period, exceed five (5) times the amount of available guarantee fund established therefor.

6.10 Compliance with Agri-Agra Law

Originating or secondary banks participating in the program may be credited for compliance with the Agri-Agra law pursuant to Section 20 of RA No. 7393.

7. MECHANICS OF IMPLEMENTATION

7.1 Program Promotion

Quedancor, with the issuance of the Department of Agriculture and the Sugar Regulatory Administration, shall promote the program with prospective banks and borrower-clients to orient them with AGRIKULTURANG MakaMASA-SFM's objectives, features and mechanics of implementation.

QOO shall promote through meetings and dialogues with prospective clients and use of promotional materials such as posters and brochures.

7.2 Lending Bank Accreditation

Banks intending to practice under AGRIKULTURANG MakaMASA - SFM shall sign an Integrated or Supplemental Agreement with Quedancor, pay a non-refundable accreditation fee and submit the following documents:

7.2.1 Board Resolution authorizing the bank to participate and designating the officer(s) with specimen signatures who shall represent the bank and sign all documents pertaining to its accreditation;

7.2.2 List of Key Lending Bank officers; and

7.2.3 Latest Audited Financial Statements.

7.3 Clientele Accreditation

Any farmer, sole proprietor, partnership, cooperative or corporation, intending to apply for a loan under AGRIKULTURANG MakaMASA-SFM shall submit an Application for Accreditation, pay a non-refundable accreditation fee of P1,000.00 and submit the following:

7.3.1 General Requirements

a. Duly accomplished Application for Accreditation;
b. Two 2x2 photos of individual applicant or authorized representative(s); and
c. Duly certified Financial Statements for the last two years.

Study hands-free: podcast-style lessons with read-along highlighting - batas.org

7.3.2 Additional Requirements

For Cooperatives

a. Certificate of Registration or Confirmation from CDA;
b. Copy of Articles of Cooperation and By-Laws, and amendments, if any;
c. Board Resolution and Secretary's Certificate authorizing the cooperative to participate in the specified program and designating its authorized representative(s) thereof with specimen signatures; and
d. List of names and addresses of current key officials and members.

For Partnerships/Corporations

a. Certificate of SEC Registration;
b. Copy of Articles of Partnership/Incorporation and By-Laws, and amendments, if any;
c. Board Resolution and Secretary's Certificate authorizing the firm to participate in the specified program and designating its authorized representative(s) thereof with specimen signatures; d. List of names and addresses of current key officials; and
e. List of Stockholders with corresponding percentage of ownership, if a corporation.

The QOO shall conduct a background/credit investigation of the applicant, accomplish the Evaluation Sheet and forward the application together with the required documents to the Regional Assistant VicePresident (RAVP) for review, approval and issuance of Certificate of Accreditation.

7.4 Processing of Loan

7.4.1 Application for loan shall be submitted by accredited applicants either to the QOO, SRA or through Lending Bank together with the following requirements:

a. Two copies of Project Proposal (PFS1 Format);
b. Two photocopies of documents supporting the collateral offered for the loan, to wit:

Real Estate

— Transfer Certificate of Title (TCT)
— Tax Declaration
— Official Receipts (OR) of latest realty tax payments for land and improvements, if any
— Lot plan and vicinity map
— Insurance cover on improvements, if any

Chattel

— Certificate of Registration and/or substitute documents
— OR of latest payment of registration fee
— Insurance policy cover and OR of premium payment

Assignment

— Government bonds/securities, commercial share of stocks or bank deposits/placements.

Co Maker's Statement

7.4.2 QOO shall authenticate photocopies of the above documents.

7.4.3 Inspection and appraisal of collateral, background/credit investigation and project proposal evaluation shall be conducted immediately by the QOO.

Turn this case into an audio lecture - facts, issues, ruling and doctrine - at batas.org

7.4.4 The QOO shall prepare the corresponding Credit Evaluation Report (CER 1) and the Loan Proposal Memo (LPM) which shall be reviewed by the respective RAVP.

If the loan amount is not within the approving authority of the RAVP, the LPM together with all the loan documents should be forwarded to the AGRI-AQUA INVENTORY MANAGEMENT DIVISION, Program Operations Department (AAD-POD) for further review, evaluation, approval/disapproval. If the loan is beyond the approving authority of the AVP of the AAD, he shall recommend approval/disapproval to higher authorities in accordance with Circular No. 090-A on the Specifications of Authority.

7.4.5 The Lending Bank shall review the Credit Evaluation Report submitted by Quedancor or conduct its own investigation and evaluation, if deemed necessary. Lending Bank has the final discretion to approve/disapprove the loan application. It shall ensure that the amount and term of loan do not exceed Quedancor's recommendation and the collateral provided are, likewise, as recommended.

Any loan not favorably recommended, or which exceeds the amount or term of the loan recommended by the duly authorized Quedancor's representative, or is not covered by the recommended collateral shall not be shared nor guaranteed by Quedancor.

7.5 Preparatory Clearance for Guarantee Coverage (PCGC)

Using the prescribed form (Exhibit 1 — 1A *), Lending Bank shall secure a written clearance from QUEDANCOR Central Office either through fax, telefax, radiogram, telegram or letter. This is to ensure that QUEDANCOR maintains a total guarantee exposure on outstanding loans under the program of not more than five (5) times the amount of available guarantee fund. The loan shall be released within ten (10) calendar days upon receipt of the PCGC.

7.6 Loan Release and Documentation

7.6.1 The loan proceeds shall be directly credited by Lending Bank to the borrower's S.A.

7.6.2 Proper loan documentation shall be the sole responsibility of Lending Bank. This shall cover the LAF, PN, duly notarized REM/CM, as the case may be.

The Deed of REM and/or Deed of CM shall be duly registered with the Registry of Deeds.

In case of motor vehicles as collateral, Section 5 (e) of the Revised Motor Vehicle Law requiring the recording of CM with the Land Transportation Office must, likewise, be complied with.

7.6.3 Original copies of loan documents shall be retained by Lending Bank. Quedancor shall receive two copies and the borrower, one copy.

7.7 Amortization of Loan

The borrower shall remit the loan amortization directly to the Lending Bank on the scheduled amortization dates as specified in the PN.

7.8 Project Monitoring

During the term of the loan, periodic inspection and reporting shall be undertaken by the QOO to closely monitor the project. The QOO shall submit to Quedancor C.O. a monthly Accounts Status Report.

Spot inspection shall be conducted at any time by Quedancor and/or Lending Bank personnel to check the project.

7.9 Certificate of Loan Settlement (CLS)

Bar review courses, mock exams and a study planner that keeps you on pace - batas.org

Upon full settlement of the Loan, LB shall submit to Quedancor Head Office, at the soonest possible time, a CLS (Exhibit 2 *). Failure or delay in submission of CLS will affect LB's pending request for guarantee cover.

7.10 Restructuring of Loans

Restructuring of loans shall be covered by Circular No. 014 on Remedial Account Management.

8. APPLICATION FOR GUARANTEE COVERAGE

8.1 Nature of Guarantee Cover

Quedancor's guarantee cover is on the loan per se.

8.2 Requirements/Procedure for Guarantee Coverage

8.2.1 The Lending Bank applying for guarantee coverage must submit within thirty (30) days from the date of loan release, two copies of the Request for Guarantee Coverage (RCG), Exhibit 3 *, together with its guarantee fee payment.

The aforementioned requirements, shall be submitted directly either to Quedancor Head Office Cashier or to the nearest Quedancor District Office Cashier.

8.2.2 The date of acknowledgement by Quedancor Head Office/District Office on the copies of the RGCM shall be considered as the date of filing or submission.

8.3 Issuance of Guarantee Coverage

Issuance of Guarantee Coverage, duly signed by the authorized Quedancor representative, shall be issued upon submission by LB of the required documents pursuant to the procedures outlined in the preceding paragraphs and shall last until the maturity date of the loan which in no case be beyond Quedancor's recommended loan term.

8.4 Lending Bank's Option Against Borrowers

Whenever the loan is past due or in arrears for two (2) amortizations, Lending Bank has the option in lieu of filing a guarantee claim to foreclose the collateral or file a case against the borrower/co-makers. Within fifteen (15) days from date of such action taken, Lending Bank shall accordingly inform Quedancor in writing.

8.5 Claim for Guarantee Payment

8.5.1 Lending Bank may claim for guarantee payment in the following cases after it has fully exhausted the remaining balance of the borrower's SA:

a. When the loan account is in arrears; and
b. When the loan account is not settled upon maturity date.

8.5.2 The following are documents required in filing a guarantee claim:

a. Claim for Guarantee Payment - Exhibit 4 *;
b. Affidavit of Non-Payment executed by the duly authorized Lending Bank Officer — Exhibit 5 *;
c. Statement of Account;
d. Certified copy of the bank's loan ledger updated as of filing of guarantee claim; and
e. Copy of duly received demand letter issued by the bank.

8.6 Processing of Guarantee Claim

Claim for guarantee payment shall be submitted by Lending Bank to the QOO, who shall then verify its

Study hands-free: podcast-style lessons with read-along highlighting - batas.org

completeness. The District RAVP shall review the guarantee claim and forward it to AAD for processing and payment. An acknowledgement letter shall be sent by AAD to Lending Bank. If defects/deficiencies are discovered in the claim documents while being processed, Lending Bank shall accordingly be informed in writing to make immediate correction/completion.

Quedancor shall pay the Lending Bank within sixty (60) days after having submitted/completed all proper documents.

8.7 Subrogation of Rights

Lending Bank shall, on the same day of receipt of guarantee payment, surrender the original copy of the Certificate of Guarantee Coverage and provide Quedancor with a subrogation receipt (Exhibit 6 *) assigning and transferring to Quedancor the claim and demand against the defaulting borrower arising from or connected with the said borrower's loan obligation. original copies of PN and documents listed in Paragraph 7.4.1 shall now be required for submission.

8.8 Recoveries

Recoveries refer to any amount collected from the date a guarantee claim is filed by Lending Bank with Quedancor.

Any amount collected from the borrower shall be remitted to Quedancor.

8.9 Grounds for Cancellation/Nullification of Guarantee Coverage

Any of the following shall be a ground for cancellation or nullification of guarantee coverage and/or non-payment of guarantee claim:

8.9.1 Collusion between and/or among the borrower, QOO and LB in the extension of credit such as but not limited to the following:

a. When the borrower and the officer(s) and/or employee(s) of Quedancor/LB enter into an agreement for fraudulent purposes or whenever said parties conspire to defraud Quedancor; and

b. When LB officer/employee acquiesces, consents, or agrees with anyone to the granting of loan to unqualified borrower.

8.9.2 When any LB officer/employee fails to apply in payment of the borrower's loan any amount authorized to be deducted from a deposit account and subsequently allows withdrawal by the borrower, without payment of the loan to the prejudice of Quedancor;

8.9.3 When LB makes false statement, misrepresentation, omission or concealment in the reports submitted and/or in the guarantee claim filed with Quedancor;

8.9.4 When LB releases a loan that is not favorably recommended, or exceeds the amount or term of loan recommended by the duly authorized Quedancor representative, or has incomplete or defective documentation and/or is not covered by the recommended collaterals; and

8.9.5 When LB holds-out any portion of the borrower's loan.

Any aforementioned provisions shall not preclude Quedancor from cancellation or nullifying its guarantee coverage for violation of this Circular or for other causes involving fraud, bad faith or other machinations.

Turn this case into an audio lecture - facts, issues, ruling and doctrine - at batas.org

9. SPECIAL PROVISIONS

9.1 There shall be periodic consultation among the officers of Quedancor, SRA, LB and clients for the purpose of enhancing the effectiveness of the program.

9.2 The Quedancor reserves the right to promulgate such rules and regulations (including exemption thereto) and adopt other measures as may be incidental to, appropriate and necessary for the attainment of the objectives of the AGRIKULTURANG makaMASA-SUGAR FARM MODERNIZATION.

10. EFFECTIVITY

This Circular shall take effect immediately.

Adopted: 01 June 1999

(SGD.) GALO B. GARCHITORENA
President & CEO

Bar review courses, mock exams and a study planner that keeps you on pace - batas.org

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at https://batas.org

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.