

**[QUEDANCOR-NDA JOINT CIRCULAR NO. 474 S.
2010, June 24, 2010]**

COLLECTION SYSTEM GUIDELINES FOR THE DAIRY PROGRAM

1. RATIONALE

In view of the desire of both NDA and QUEDANCOR to ensure and accelerate collections of loan accounts, current and past due, including appropriate interests and charges, the PMC for Dairy has resolved that the NDA can directly assist QUEDANCOR in collecting all loan and interest receivables under the Dairy Program. Thus, this Collections System Guidelines are hereby issued to formalize and effectuate this joint collection effort.

2. OBJECTIVES

- 2.1 Hasten and sustain collection of outstanding receivables.
- 2.2 Provide borrowers easier means to settle their accounts on time to avoid unnecessary charges and penalties.

3. BASES

- 3.1 Republic Act (RA) No. 7393 dated 13 April 1992
- 3.2 QUEDANCOR – NDA Memorandum of Agreement
- 3.3 Program Management Committee (PMC) Resolution Nos. 32 issued on 25 June 2009 and 33 issued on 03 December 2009.

4. DEFINITION OF TERMS

- 4.1 **Area Field Office (AFO)** – the field office unit of QUEDANCOR under the new organizational structure approved under the Rationalization Plan. In the meantime that the new structure is not in place, the Regional Office (RO) shall be the QUEDANCOR field office.
- 4.2 **Collection and Remedial Management Unit (CRMU)** – a

QUEDANCOR Field Office Unit tasked to conduct collection from the borrowers and facilitate remedial measures in case of in-arrears or defaulting borrowers and the like.

- 4.3 **Finance and Administrative Services Department (FASD)– Accounting Division** – a FASD division tasked to consolidate the Monthly Collection Reports prepared and submitted monthly to the QUEDANCOR Area Filed Office (AFO) Accountant by NDA and CRM Officers. The consolidated report shall serve as FASD's basis in the preparation of the Schedule of Remittance for NDA's share on loan collections.
- 4.4 **Outstanding Balance** – total balance of the account consisting of the principal, interest, surcharges, penalties, additional interest, applicable tax, service fee and other finance charges as of the indicated period.
- 4.5 **Outstanding Principal** – the principal balance of the account as of the indicated date.
- 4.6 **Program Management Committee (PMC) for Dairy** – the policy-making body tasked to act, consider and decide on all matters or issues that may arise from the implementation of the Dairy program. It is composed of senior officers from both QUEDANCOR and NDA.
- 4.7 **NDA Loan Officer** – NDA designated loan officer tasked to assist in the collection of the loan amortizations of the borrower.

5. SCOPE

This Circular shall govern the implementation of the joint collection effort to be conducted by QUEDANCOR and NDA under the Dairy Program.

6. POLICY STATEMENTS

To ensure success of the collection efforts and continuity of repayment on outstanding receivables under the Dairy Program, the following policy statements shall be observed:

- a. Effective and efficient collection system shall be instituted to ensure full recovery of the dairy fund/s loans released.
- b. Authority is given to all NDA Loan Officers to collect loan amortization of borrowers under the QUEDANCOR-NDA Dairy Program in all areas where borrowers are located.
- c. Shared collection responsibility and cooperation between QUEDANCOR and NDA shall be observed at all times.
- d. Whenever necessary/applicable, all outstanding loans under the QUEDANCOR-NDA Dairy Program may be subjected to

QUEDANCOR's existing remedial management programs, namely: 1) Account Remediation Program (ARP); 2) Loan Modification Program (LMP); and 3) Small Claims Program.

- e. Any promulgation or issuance of amendments, revisions or exemptions to the Dairy Program Guidelines shall be subject to approval/confirmation of the PMC for Dairy.

7. FUNCTIONS AND RESPONSIBILITIES

7.1 Functions and Responsibilities

7.1.1 NDA Loan Officer

- a. Secures photocopy of the Dairy Program borrower's Loan Amortization Schedule and updated Statement of Account from concerned QUEDANCOR AFO/RO preparatory to this program's collection activities;
- b. Collects loan amortizations directly from the borrowers and deposits collections in a Trust Fund maintained by NDA for the purpose;
- c. Prepares **Monthly Collection Report (Exhibit A)** for collections undertaken supported by certified photocopy of Official Receipts/Deposit Slips and submits copy of the report to NDA Head Office and QUEDANCOR AFO/RO every 3rd day of the following month;
- d. Prepares **Monthly Interest Collection Remittance Report and remits to QUEDANCOR AFO/RO every 10th day of the following month the interest portion (100%)** of the loan amortization collected from the borrowers;

N.B. QUEDANCOR's share on the principal (29%) shall remain with the NDA as partial payment by the former to the latter for the contribution to the Dairy Program Fund.

- e. Conducts regular visitation of the borrowers with outstanding loans and monitors progress of the project; and,
- f. Coordinates regularly with the concerned QUEDANCOR AFO/RO and NDA Head Office on matters relating to the implementation of the Dairy Program and this guideline.

7.1.2 QUEDANCOR AFO/RO – CRM Officer

- a. Provides photocopy of **Amortization Schedule** and up-dated **Statement of Account** of borrowers under the Dairy Program to designated NDA Loan Officer;
- b. Collects loan amortizations and regularly updates own copy of the borrower's individual loan ledgers;
- c. Prepares **Monthly Collection Report (Exhibit A)** for collections undertaken and furnishes AFO/RO Accountant a copy of the report every **3rd day of the following month**; and
- d. Coordinates regularly with the concerned NDA Loan Officer and AFO/RO Accountant on matters pertaining to the implementation of the Dairy Program and this guideline.

7.1.3 **QUEDANCOR AFO/RO Accountant**

- a. Monitors regular submission of the AFO/RO Cashier's Collection Report and the CRM Officer's Monthly Collection Report for collections made under the Dairy Program;
- b. Verifies/reviews correctness of **AFO's/RO's Consolidated Monthly Collection Report** prepared by the AFO/RO Cashier I;
- c. Submits AFO's/RO's Consolidated Monthly Collection Report to **FASD/Fin- Accounting Division every 7th day of the following month**;
- d. Assists in the conduct of quarterly reconciliation with NDA for collections/remittances under the Dairy Program; and,
- e. Coordinates regularly with the NDA RO, FASD/Fin and CRM Officers on matters pertaining to the implementation of the Dairy Program and this guideline.

7.1.4 **QUEDANCOR AFO/RO – Account Analyst**

- a. Updates borrowers QLMS records and individual loan ledgers.

7.1.5 **QUEDANCOR AFO/RO – Cashier I**

- a. Prepares AFO's/RO's Consolidated Monthly Collection Report including the reports submitted by CRM Officers and