

**[ OWWA MEMORANDUM OF INSTRUCTION NO.  
003, S. 2001, February 23, 2001 ]**

**IMPLEMENTING GUIDELINES FOR THE AMNESTY PROGRAM ON  
LIVELIHOOD LOANS**

In the interest of the service and pursuant to Executive Order No. 329 dated December 29, 2000 declaring an amnesty program for the agency's direct-lending operations in livelihood development, the following guidelines and procedures are hereby issued for the guidance of all concerned.

*I. Coverage and Applications*

1. The Amnesty Program shall apply to livelihood loans released under the following loan facilities: a) National Livelihood Support Fund (NLSF), b) Expanded Livelihood Fund (ELF), and c) Non-collateralized Loan Fund.
2. OFW livelihood avalees, including dependents, who have availed of livelihood loans on behalf of OFWs, with arrearages as of effectivity of this Memorandum of Instruction shall be entitled to benefit from the amnesty program subject to processing and action according to policies and rules stated herein.
3. Applications for penalty condonation are to be addressed to the Regional OWWA Units (ROU) where the livelihood loan accounts originated.

*II. Amount to be Condoned*

The amount to be condoned shall include all penalties on delinquent loans or the remainder of the total outstanding balance and the sum of unpaid principal and interests.

*III Precondition for Amnesty*

In order to qualify for penalty condonation, delinquent borrowers shall be required to settle a minimum of 20% of their unpaid principal and interests as a precondition for acceptance to the Amnesty Program.

Payment of this amount may be made in the following manner:

1. Payment in full of the required fraction upon application for amnesty; or
2. Staggered payment of the required fraction over a specified period, commensurate to the amount of unpaid principal and interests, following application for amnesty. Payment options are as follows:

Unpaid Principal & Interest

Payment Period

a) P100,001.00 and above	and-	six months
b) P80,001 - P100,000.00	-	five months
c) P60,001 - P80,000.00	-	four months
d) P40,001 - P60,000.00	-	three months
e) P20,001 - P40,000.00	-	two months
f) P20,000 and below	-	one payment only

*Example:*

Principal	Interest	Penalties	Outstanding Balance
P23,573.00	P2,425.00	P37,760.00	P63,758.00

In the above example, the client - who has an outstanding balance of P63,758.00 - had accumulated a total of P37,760.00 in penalties over years of non-payment.

These penalties will be excluded in determining the base amount.

The base amount, which is the sum of the unpaid principal and interest, will also be used in computing for the required fraction as a precondition for acceptance to the Amnesty Program.

Thus:

Step 1

$$\begin{array}{rclcl}
 n1 & = & B & - & P \\
 & = & 63,758.00 & - & 37,760.00 \\
 n1 & = & \underline{25,998.00} & & 
 \end{array}$$

After arriving at the base amount, the proponent may now choose his or her option to complete the payment of the required 20%. In this example, aside from paying in full, option 2 is also open to the proponent.

Step 2

$$\begin{array}{rclcl}
 n2 & = & n1 & * & .20 \\
 & = & 25,998.00 & * & .20 \\
 n2 & = & \underline{5,199.60} & & 
 \end{array}$$

Following the formal approval of the application for amnesty and the payment of the required 20% what remains of the base amount will then be restructured according to the cashflow of the business or the proponent's capacity to pay.