

[OWWA MEMORANDUM OF INSTRUCTIONS NO. 125, July 30, 1991]

PRESCRIBING GUIDELINES FOR THE DECENTRALIZATION OF PRE-DEPARTURE LOAN PROGRAM IN CEBU

In the interest of the service and pursuant to Board Resolution No. 109, Series of 1991, dated June 3, 1991, the Regional Office Unit in Cebu (ROU-VII-Cebu) is hereby instructed to pilot the decentralization of the Pre-departure Loan Program in Cebu to expedite the granting of the PDL loan to applicants residing in the Visayas and Mindanao areas. With the establishment of one-stop processing center of the POEA in Cebu City, the Regional Office Unit (ROU-VII-Cebu) thereat shall henceforth, until further advised, process and approve applications for *pre-departure loans* in the aforementioned regions instead of sending them to Head office in Manila for approval and release. Pending decentralization of the program for all the regions, ROU-VII-Cebu shall serve as the focal processing center for other regional office units located in the Visayas and Mindanao.

I

Policies and Guidelines

1. *Nature and Purpose of Loan* — Pre-departure loan is a financial assistance program for newly-hired overseas contract workers (OCWs) aimed at providing them with certain amount of money to help defray documentation expenses prior to departure.
2. *Coverage* — The loan shall be extended to newly-hired OCWs with valid employment offers and confirmed departure schedule.
3. *Entitlement* — The pre-departure loan can be availed of by newly-hired OCWs (land-based and sea-based) who have at least one recorded paid contribution to OWWA fund.
4. *Loanable Amount* — The maximum loanable amount under the Pre-departure Loan shall be P5,000.00 based on the following schedule:

Salary	Loanable Amount	Salary of co-maker	
		Monthly	Annually
US\$			
450.00	P5,000.00	P3,703.00	P44,444.40
—			
above			
350.00			
—	4,500.00	3,333.33	39,999.96
449.00			
250.00	4,000.00	2,962.97	35,555.64
—			

349.00			
200.00			
—	3,500.00	2,592.59	31,111.08
249.00			
150.00			
—	2,500.00	1,851.86	22,222.32
199.00			

5. *Terms and Conditions*

a. **Loan Period** — the pre-departure loan is payable within six (6) months from the release of the loan. This includes one (1) grace period and five (5) months equal payment period.

b. **Interest** — the loan is interest free if paid within the scheduled installment due dates.

c. **Handling Charges** — an administrative handling fee of 4% shall be deducted from the loan proceeds.

d. **Default** — failure to pay two (2) consecutive installments shall render the entire obligation due and demandable.

e. **Penalty Charge** — a penalty charge of 1% per month shall be imposed on unpaid amortization/due obligation.

f. **Loan requirements** — the loan applicant is required to accomplish and submit the loan application forms together with the following requirements:

1. Xerox copy of Overseas Employment Certificate (OEC); OCW Info Sheet and Contract of Employment duly certified true copy from the original by the POEA;
2. Xerox copy of Passport/Seaman's book (with OCW's name, picture and validity date) duly certified true copy from the original by the Agency Manager;
3. Xerox copy of Visa/NOC, Working Permit and Plane Ticket with confirmed flight schedule duly certified true copy from the original by the Agency Manager; and
4. Original copy of latest Income Tax Return (ITR) and Tax Withheld Certificate (W-2) of locally, and gainfully employed co-maker and certificate of employment indicating basic salary, position and length of service together with employee's Identification Card (ID).

A co-maker is any person except spouse, of good moral standing and has the capacity to pay.

6. *Others* — As a matter of policy, availment of the program shall be open only to applicant with no outstanding loan account under his name, either as principal borrower or as a co-maker to another borrower. Outstanding loans previously contracted shall be first liquidated before any applicant under this program is accorded the loan privilege.

II Revolving Fund

A revolving fund of P100,000.00 which is hereby initially appropriated for this purpose shall be immediately transferred and placed under the full responsibility of ROU-Cebu. For control and accounting purposes, the fund shall be immediately