

[OWWA MEMORANDUM OF INSTRUCTIONS NO. 085, April 24, 1990]

**ADDENDUM TO MEMORANDUM OF INSTRUCTION NO. 57
PRESCRIBING THE POLICY GUIDELINES ON LOAN
RESTRUCTURING**

In the interest of the service and in view of the growing number requests received from our Re-Entry Program beneficiaries for loan restructuring the following guidelines are hereby issued for the observance of all concerned.

Loan restructuring shall be prepared/recommended by the Project Officer/Monitoring Officer. This shall be forwarded to the Regional Supervisor in the region while the Chief of the Project Documentation and Monitoring Division in the National Capital Region. The request shall be accompanied by an Alternative Plan, Actual and Projected Cash Flow Statements, copies of which shall be furnished to OWWA Main Office for reference and adjustments.

Request for loan restructuring shall be granted only on the following conditions:

1. When business is hardly hit by natural calamity i.e. typhoon, flood, earthquake, drought, crop infestation, pestilence and the likes;
2. When business is struck by man-made calamity i.e. arson, power interruption causing projects to operate below projected capacity level, robbery, civil disorder and the likes;
3. When client met an accident, contracted a disease or injury causing the project to close shop or to operate below normal level;
4. When loan release is made within the business cycle and the amortization due date does not fall during the harvest season;
5. When projects with semi-annual/annual gestation period are erroneously extended a monthly repayment term;
6. High/optimistic projections in the documentation process that were not realized in the actual business operation;
7. When the project is liquid that the proponent wishes to shorten the loan term;
8. When all other means have been exhausted and the proponent has no other choice but to continue drawing out funds from the business for basic personal necessities;

Request for loan restructuring shall be denied under the following circumstances:

1. Mismanagement of business operation;