

**[QRCGC MEMORANDUM CIRCULAR NO. 355, S.
2005, March 21, 2005]**

**QUEDANCOR WHOLESALE LENDING FACILITY - A WINDOW
UNDER THE QUEDANCOR-NFA PALAY NEGOTIABLE WAREHOUSE
RECEIPT PROGRAM (PNWRP)**

1. Rationale

Considered as the main staple food, rice is the main crop planted by majority of our farmers in the countryside. Aside from contribution to food security, the production of rice and corn has generated employment and has greatly helped in alleviating poverty. Most of the financing assistance extended to this group of farmers however, is concentrated on the production aspect of farming. With the outset of Palay Negotiable Warehouse Receipt (PNWR) program initiated by NFA, the flow of credit to address the marketing-related problems of the rice farmers shall be enhanced. To provide more credit access to a greater number of rice and corn farmers. Quedancor creates a wholesale lending facility to financial institutions which grant loans to farmers who are holders of PNWR and Warehouse Stock Receipt (WSR) instruments issued by NFA.

2. Objectives

2.1 Encourage the participation of the various financing institutions to provide interim cash for farmers while awaiting better market prices for their products.

2.2 Promote and enhance the negotiability of PNWR and other negotiable instruments as an alternative to collateral credit financing.

3. Scope

The wholesale lending facility shall cover loans extended by accredited Financial Institution (FIs) to farmers/cooperatives/associations covered by NFA's PNWR and WSR.

4. Statement of Policies

4.1 Lending Scheme

The program shall be implemented under the Special Window Mode (SWM).

4.2 Eligible Clientele

Viable FIs are qualified to be accredited under the program.

4.3 Loanable Amount

Quedancor shall grant loans at a maximum of 80% of the loan value indicated in the PNs of qualified Sub-borrowers duly endorsed by the FIs. The loan value of the sub-PN however, must not exceed 80% of the face value of the PNWR/WSR.

4.4 Accreditation

FIs intending to participate under this program shall apply for accreditation and submit the following requirements to Quedancor RO/DO:

4.4.1 Duly accomplished Application for Accreditation;

4.4.2 Two 2x2 recent photos of officers/authorized representatives;

4.4.3 Duly certified copy of Permit/License/DTI or SEC registration, whichever is applicable;

4.4.4 Board Resolution authorizing the FIs to apply for accreditation under the program and designating its authorized representative thereof with specimen signatures and to act as beneficiary for insurance claims, if any;

4.4.5 Duly updated Tax Clearance, Official Receipt of Tax Payment and Income/Business Tax Returns duly stamped and received and validated by the Bureau of Internal Revenue;

4.4.6 Authority to operate by BSP;

4.4.7 Duly certified copy of audited Financial Statements (FS) for the last two years, if applicable;

4.4.8 Duly certified copy of the FI's report on Required and Available Reserves against Deposit Liabilities submitted to the Bangko Sentral ng Pilipinas (BSP) for the past four weeks immediately preceding the date of application;

4.4.9 List of names and addresses of current key officials

4.4.10 Certified true copy of Articles of Incorporation/Partnership, By-Laws and amendments, if any; and

4.4.11 Certified true copy of the track record in agri-fishery lending of at least two years, if applicable.

The FI shall pay the corresponding accreditation fee and shall be issued a Certificate of Accreditation upon approval of application for accreditation. Quedancor and FI shall then execute the Memorandum of Agreement.

4.5 Term of Loan

The term of loan shall exceed the prescribed loan term covered by the PNWR or WSR for grain/corn commodity as follows:

CommodityTerm

Palay 180 days from date of issuance