

[ **QUEDANCOR MEMORANDUM CIRCULAR NO. 366, May 31, 2005** ]

**REVISED LOAN SECURITY REQUIREMENTS UNDER THE VARIOUS QUEDANCOR PROGRAMS**

The corporation's primary task of establishing a convenient credit support mechanism and reliable guarantee system for the credit needs of the agri-fishery sector necessitates an effective program implementation that will support its investment blueprint for countryside development. In line with this, QUEDANCOR's program policies and loan security requirements must be strengthened and standardized to encourage good repayment and improve collection performance.

1. OBJECTIVES

1.1 Strengthen the loan security requirements under the various QUEDANCOR credit programs to ensure good repayment on loans and intensify collection of loan receivables.

1.2 Ensure a steady source of loanable funds through an effective management of its loan receivables and borrowed funds.

2. SCOPE

This guideline shall cover all QUEDANCOR borrowers under its various financing programs except, IAL Program for Government Employees; NCB Card Program; Inventory Financing Programs; and all other programs with existing Memorandum of Agreement as to source of funds/co-program implementors, with pre-arranged provisions on loan collateral or security requirements such as Dairy Program, CDA-CLP Program, Livecor Agri-Aqua Equipment Leasing Program, Palay Warehouse Receipt Program; and other Special Programs.

3. STATEMENT OF POLICIES

3.1 Standardized Security Requirements

3.1.1 For SRT

For loans up to P 50,000.00

- a. Joint and Several Signatures (JSS) of members of the SRT group; and
- b. Deed of Assignment of Receivables supported by a Marketing Contract/ Agreement, if applicable.

For loans above P 50,000.00

- a. Joint and Several Signatures (JSS) of members of the SRT group;
- b. Deed of Assignment of Receivables supported by a Marketing Contract/Agreement, if applicable; and
- c. A loan guarantee from the participating LGU or Buyer-Firm/IS.

3.1.2 For Individual Borrowers (Entity and Non-Entity)

For loans up to P 50,000.00

- a. Continuing Deed of Assignment of Stocks-in-Trade with Trust Receipt Agreement (*for Food/Market Retailers/Sari-Sari Stores*) or Deed of Assignment of Receivables supported by a Marketing Contract/Agreement, if applicable; and
- b. Co-Maker/s.

For loans above P 50,000.00

- a. *At least 80% REM; or at least 80% combination of REM, Non-Interest Bearing Cash Trust Fund, Bank/Time Deposits, LandBank/Government Bonds/ Securities and similar Investments; and*
- b. Deed of Assignment of Receivables supported by a Marketing Contract/Agreement, if applicable.

To be eligible for the loan, individual borrowers must have an equity equivalent to at least 20% of the total project cost. The borrower's equity can be in the form of agri-fishery machinery and equipment, inputs or labor.

In addition, borrowers (except LGU, National Government Agencies and Government Owned and Controlled Corporations) shall be required to issue post-dated checks (PDCs) to cover all loan amortizations, and execute Joint and Several Signatures (JSS) of Officers or authorized representative/s for Corporations, Cooperatives, Federations, Associations and other entities with juridical personality.

3.2 Basis of Valuation

Basis of valuation shall be as follows:

Type of Security	Percentage of Valuation
a. Real Estate Mortgage	100% of Appraisal Value
b. Cash Bond	100% of Cash Value (in Php)
c. Deed of Assignment of Liquid Risk-Free Assets - Cash/TDs/Government Securities	100% of Cash Value