

Republic of the Philippines  
Province of Davao del Norte  
Municipality of Braulio E. Dujali  
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BEFORE THE SANGGUNIANG BAYAN

EXCERPT FROM THE MINUTES OF THE 1<sup>ST</sup> SPECIAL SESSION OF THE SANGGUNIANG BAYAN OF BRAULIO E. DUJALI, DAVAO DEL NORTE AND HELD AT THE SANGGUNIANG BAYAN SESSION HALL ON JANUARY 19, 2017.

PRESENT:

HON. GREGORIO S. FACULA, MDMG	Sangguniang Bayan Member (Presiding Officer)
HON. MELFAR C. AGUILUZ	Sangguniang Bayan Member
HON. ATTY. YASMIN V. CAMPION, REA REB	Sangguniang Bayan Member
HON. RICKY T. DELCO	Sangguniang Bayan Member
HON. NELSON C. BAER, RA	Sangguniang Bayan Member
HON. ANNA C. CAGULADA	Sangguniang Bayan Member
HON. FRANCISCO D. BUCADON	IPMR/Ex-Officio Member

ABSENT:

HON. ADHEM F. FUNA	Sangguniang Bayan Member
HON. GERALD J. ABIERA	Sangguniang Bayan Member
HON. ANGELITO P. ORILLOSA	ABC Pres/Ex-Officio Member

RESOLUTION NO. 2017-04

A RESOLUTION AUTHORIZING THE LOCAL CHIEF EXECUTIVE TO ENTER INTO MEMORANDUM OF AGREEMENT WITH THE CENTURY RURAL BANK IN CONNECTION WITH THE LATTER'S SALARY LOAN PROGRAM OFFERED TO THE LGU's OFFICIAL AND EMPLOYEES.

WHEREAS, the Century Rural Bank, a legitimate financing institution has offered salary loan for this local government unit's officials and employees with an interest rate and other charges similar if not equal to a government bank and is very much lower compared to other private commercial banks;

WHEREAS, some officials and employees had already signified intent to avail of such loan for various purposes;

WHEREAS, inorder to protect each and every party's interest, a Memorandum of Agreement has to be executed, contents of which are as follows:

**MEMORANDUM OF AGREEMENT**  
*(Salary Loan via Automatic Payroll Deduction System)*

**KNOW ALL MEN BY THESE PRESENTS:**

This Memorandum of Agreement is executed by and between:

**CENTURY RURAL BANK, INC.**, a banking institution duly organized and established in accordance with law, with principal address at Barangay Villarica, Babak District, Island Garden City of Samal, Davao del Norte, represented herein by its **General Manager**,

**JESUSA G. BINONDO** and by its **Branch Manager, ANTOINETTE M. FELIX**, hereinafter referred to as **CRBI**;

And

**LOCAL GOVERNMENT UNIT OF BRAULIO E. DUJALI**, a local government unit existing under the laws of the Republic of the Philippines, with its business address at Municipality of Braulio E. Dujali, Province of Davao del Norte duly represented herein by its Municipal Mayor, **HON. MAYOR ATTY. LEAH MARIE MORAL- ROMANO** in her capacity as **the Local Chief Executive of Municipality of Braulio E. Dujali** by virtue of Sangguniang Bayan Resolution No.\_\_\_\_, hereinafter referred to as **LGU BRAULIO E. DUJALI**.

- **WITNESSETH** -

WHEREAS, CRBI, as a private banking institution, has the legal mandate to engage in lending operations by granting salary loans to bonafide permanent and regular employees of LGU BRAULIO E. DUJALI operating within Davao del Norte.

WHEREAS, LGU BRAULIO E. DUJALI as the employer of qualified personnel has the full responsibility for the preparation of the monthly payroll and payment of salary loans via Automatic Payroll Deduction.

WHEREAS, LGU BRAULIO E. DUJALI has signified their interest to provide its employees salary loans offered by CRBI, payable through automatic payroll deduction system charged to the monthly salary of its employees who availed of loans upon preparation of the payroll; and through the issuance of a check payable to CRBI representing the total loan repayments due from the employees of LGU BRAULIO E. DUJALI.

NOW THEREFORE, for and in consideration of the foregoing premises and mutual covenants and stipulations hereafter set forth, the parties hereby mutually agree to the following terms and conditions, to wit:

1. **BORROWER'S ELIGIBILITY CRITERIA**

- 1.1 Must be a regular and/or permanent employee of Local Government Unit of Braulio E. Dujali and has been in the service for at least two (2) years;
- 1.2 An elected official and its co-terminus appointees of the local government unit of Municipality of Braulio E. Dujali;
- 1.3 Must have no pending administrative/criminal case filed against him/her;
- 1.4 Must be 21 to 56 years of age and not more than 60 years of age at the time of loan maturity, and physically fit and able to perform the usual duties of his office;
- 1.5 Must have no pending application for retirement or must not be due for mandatory retirement within the term of the loan;
- 1.6 Must have at least thirty (30) days of unexpected vacation and/or sick leaves;
- 1.7 The employee must have a net take home pay greater than Three Thousand Pesos (Php 3,000.00) per month after considering all statutory deductions and amortization of all existing loans, including loan applied for under CRBI Facility and before he or she can apply for a loan; and

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- 1.8 Must have a co-maker/surety who(a) is employed in the same office (b) with at least equal rank/salary grade and monthly net take home pay as the borrower, and (c) is a co-maker/surety for not more than two (2) employee-borrowers under CRBI loan.

## 2. LOAN AMOUNT

### 2.1 Non-Elected

- Qualified rank and file employees may avail of a loan equivalent to up to eight (8) months of their Gross Pay but not to exceed Two Hundred Thousand Pesos (P200,000.00).
- Qualified officer employees may avail of a loan equivalent to up to eight (8) months of their Gross Pay but not to exceed Three Hundred Thousand Pesos (P300,000.00).

### 2.2 Elected

- Elected Officials may avail of a loan to up to P 400,000.00 maximum amount and Co-terminus Appointees to up to P 200,000.00 maximum amount or equivalent of up to eight (8) months of their Gross Pay but not to exceed Four Hundred Thousand Pesos and Two Hundred Thousand Pesos respectively.
- If the borrower's monthly net take home pay qualifies to avail more than the maximum loanable amount; it shall be subject for prior approval of the Credit Committee prior to any loan accommodation.

### 2.3 MODE OF RELEASE

The proceeds of the loan shall be credited to the Borrower's Savings Account with CRBI upon loan release.

### 2.4 REPAYMENT OF TERMS

- 2.4.1 Minimum Loan Term – Six (6) months  
Maximum Loan Term – Three (3) years;
- 2.4.2 The loan shall be paid in equal monthly amortization, via (a) deduction from the employee's salary by LGU BRAULIO E. DUJALI and remittance to CRBI not later than five (5) banking days after deduction date;
- 2.4.3 Deduction from the employee's salary and/or debit from payroll account shall commence on the payroll date immediately succeeding the month after the loan was released;
- 2.4.4 Loan re-availments shall only be allowed by CRBI after receipt of payments equivalent to at least six (6) monthly amortization;
- 2.4.5 For the elected officials and co-terminus appointees, the loan must mature three (3) months prior to the end of their elected term.

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## 3. INTEREST AND OTHER CHARGES

- 3.1 The interest rate is 12% per annum for a maximum term of three (3) years computed by annuity method. CRBI has the right to adjust the interest rate from time to time;
- 3.2 The service fee is 2% straight and deducted one time upon loan release;
- 3.3 Credit Life Insurance (CLI) premium on the outstanding loan amount based on such rates as maybe charged by the insurance company. CLI for the first year shall be deducted from the loan proceeds. CLI for the second year shall be payable at the start of the second year;
- 3.4 Documentary stamps as maybe imposed under existing tax laws and regulations;
- 3.5 Notarial fee is charged to the borrower according to existing rates.

#### 4. SAVINGS MOBILIZATION PROGRAM

- 4.1.1 Each employee/borrower is required to enrol in CRBI's Savings Mobilization Program via a mandatory savings deposit of Php 100.00 every month during the term of the loan; and shall be withdrawn by the Borrower upon full payment of loan.

#### 5. COLLATERAL/SECURITIES

- 5.1 Deed of Assignment of the Employees' salary, allowances, bonuses, retirement benefits, separation/gratuity pay, monetary value of accumulated leave credit and other money benefits in favour of CENTURY RURAL BANK, INC.;
- 5.2 Each borrower must have one (1) co-maker who is also regular and permanent employee for LGU BRAULIO E. DUJALI for at least two (2) years.

#### 6. PAST DUE ACCOUNT

- 6.1 An account shall be considered past due if the borrower fails to pay any monthly amortization on due date;
- 6.2 A penalty fee of 3% per month shall be imposed on the past due amount from date of default up to the date of actual payment;
- 6.3 The granting of salary loan to the employees of LGU BRAULIO E. DUJALI shall be temporarily suspended by CRBI whenever the technical past due rate of all its borrowing employees reaches ten percent (10%) of the total outstanding balance and shall be resumed only when the past due accounts become current; and
- 6.4 Continue the payroll deductions from the employees/borrower until receipt of a written notice from CRBI of the full settlement of the borrower's obligation.

#### 7. ROLES AND RESPONSIBILITIES OF THE LOCAL GOVERNMENT UNITS OF BRAULIO E. DUJALI (LGU)

- 7.1 Must validate and certify the employment status and capacity to pay of its employees through a certification issued by its Finance and Accounting Department together with the co-makers who are qualified to avail of the salary loan facility;
- 7.2 Collect or cause the collection of the monthly amortization due on the loans of their employees through automatic salary deductions to commence on the payroll date immediately succeeding the date the loan was released;
- 7.3 Remit to CRBI not later than five (5) banking days after payroll date the employees payment made out of the automatic payroll deductions;



- 7.4 Notify CRBI within five (5) days when an employee and/or co-makers is transferred or is terminated from LGU BRAULIO E. DUJALI;
  - 7.5 In case of transfer of assignment of an employee, instruct the Disbursing Officer of the employee's new work station to deduct the appropriate amortization from the employee's salary and remit the same not later than five (5) working days after payroll date to the CRBI branch where the employee's loan account is located;
  - 7.6 In case of termination or separation of an employee, withhold the corresponding amount due to CRBI from all moneys, bonuses, retirement and other benefits accruing to the employee and remit the amount collected to CRBI within seven (7) days. In the event the amount collected is not sufficient to pay the loan, LGU BRAULIO E. DUJALI shall collect from the co-makers the amount required to fully pay the outstanding balance of the loan;
  - 7.7 Continue the payroll deductions from the employee until receipt of a written notice from CRBI of the full settlement of the employee's loan; and
  - 7.8 Comply with all pertinent terms and conditions.
8. ROLES AND RESPONSIBILITIES OF THE CENTURY RURAL BANK, INC. (CRBI)
- 8.1 Provide salary loans to qualified employees of LGU BRAULIO E. DUJALI according to CRBI's implementing loan program guidelines. The determination of who among the LGU BRAULIO E. DUJALI employees are qualified to borrow under this program shall remain the sole prerogative of CRBI;
  - 8.2 CRBI shall process, grant and release loan proceeds in accordance with the terms and conditions herein agreed upon;
  - 8.3 Provide the LGU BRAULIO E. DUJALI a list of all Borrowers, the amount of their salary loans, their amortization schedules and a copies of the documents signed by the employee/borrower authorizing LGU BRAULIO E. DUJALI to deduct from his/her salary the monthly amortization;
  - 8.4 CRBI shall effect loan payments from the LGU BRAULIO E. DUJALI remittance upon collection;
  - 8.5 CRBI shall not refuse to accept payments made in advance by LGU BRAULIO E. DUJALI borrowers, whether partially or in full. An official receipt shall be issued in both cases;
  - 8.6 In case of advance full payment, CRBI shall charge and collect interest only up to the actual date of payment;
  - 8.7 When loans are fully paid, CRBI shall in addition to the Official Receipt (OR), issue a Certificate of Full Payment of Loan (CFPL) to the LGU BRAULIO E. DUJALI borrower and send a written notice to LGU BRAULIO E. DUJALI to stop the salary deductions, together with the attached copies of said OR and CFPL;
  - 8.8 Secure notarized authority from employees availing of the loan for the LGU to deduct loan repayments from their salaries, allowances, bonuses, retirement benefits, separation/gratuity pay, monetary value of accumulated leave credit and other money benefits.

9. EFFECTIVITY

This Agreement shall be effective from the date of execution hereof and shall remain in full force and effect unless terminated by any of the Parties upon sixty (60) days prior written notice to the other, provided that at the time of termination, all loan accounts of the employees of LGU BRAULIO E. DUJALI shall have already been settled. However, this Agreement shall continue to be in effect with respect to the loan obligations of those Borrowers and Co-makers who still have outstanding unpaid loans, which LGU BRAULIO E. DUJALI shall continue to collect from them and remit to CRBI until fully paid.

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10. AMENDMENTS

The Parties may execute amendments to this Agreement. Provided that no amendment, modification, change or addition shall be effective or binding on any of the Parties unless the same is made in writing and signed by each of their duly authorized representatives.

IN WITNESS WHEREOF, the parties through the respective authorized representative have hereunto set their hands this \_\_\_\_ day of \_\_\_\_\_, 2016.

CENTURY RURAL BANK, INC.  
(CRBI)  
Represented by:

LOCAL GOVERNMENT UNIT OF B. E. DUJALI  
(LGU BRAULIO E. DUJALI)  
Represented by:

JESUSA G. BINONDO  
General Manager

HON. MAYOR ATTY. LEAH MARIE M. ROMANO  
Mayor of Municipality of Braulio E. Dujali

ANTOINETTE M. FELIX  
Branch Manager

SIGNED IN THE PRESENCE OF:

\_\_\_\_\_ & \_\_\_\_\_

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ACKNOWLEDGEMENT

Republic of the Philippines       )  
Province of Davao del Norte       )  
Municipality of Braulio E. Dujali, Davao del Norte       )  
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BEFORE ME, a Notary Public for and in the Municipality of Braulio E. Dujali, Province of Davao del Norte this \_\_\_\_ day of \_\_\_\_\_, 2016, at \_\_\_\_\_, Philippines, personally appeared:

<u>Name</u>	<u>TIN</u>
JESUSA G. BINONDO	180-058-996
ANTOINETTE M. FELIX	170-184-102
ATTY. LEAH MARIE M. ROMANO	

KNOWN to me to be the same persons who executed the foregoing instrument, and they acknowledged to me that the same is their free and voluntary act and deed; as well as the voluntary act and deed of the corporations herein represented.

This instrument, consisting of six (6) pages, including the page on which this acknowledgment is written, has been signed by the parties together with their respective witnesses on each and every page thereof.

IN WITNESS WHEREOF, I have hereunto set my hand and seal on the day, year and place above written.

Doc. No. \_\_\_\_\_;  
Page No. \_\_\_\_\_;  
Book No. \_\_\_\_\_;  
Series of 2016.

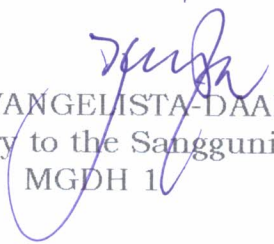
WHEREFORE, on motion of Hon. Nelson C. Baer and duly seconded by all members present, it is hereby

RESOLVED TO AUTHORIZE AS THIS BODY HEREBY AUTHORIZES THE LOCAL CHIEF EXECUTIVE TO ENTER INTO MEMORANDUM OF AGREEMENT WITH THE CENTURY RURAL BANK IN CONNECTION WITH THE LATTER'S SALARY LOAN PROGRAM OFFERED TO THE LGU's OFFICIAL AND EMPLOYEES.

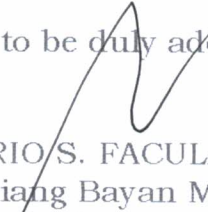
CARRIED.



I HEREBY CERTIFY to the correctness of the foregoing resolution.

  
JULIET EVANGELISTA-DAANTON  
Secretary to the Sanggunian  
MGDH 1

Attested to be duly adopted:

  
GREGORIO S. FACULA, MDMG  
Sangguniang Bayan Member  
(Presiding Officer)