



**IMPC**

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<b>IMPC – 0002</b>	<b>00</b>	<b>Define the requirements and procedures in availing loan at IMPC</b>

## **Title: Guidelines for Availing Loan**

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## **Guidelines for Availing Loan**

### **1.0 PURPOSE**

- 1.1 To identify members who are eligible to avail loans.
- 1.2 To guide all officers, employees and members in applying a loan in IMPC.
- 1.3 To explain where the different types of loans are intended for and its maximum loanable amount.

### **2.0 SCOPE**

- 2.1 This is applicable only to all IMPC members in good standing.

### **3.0 DEFINITIONS**

### **4.0 REQUIREMENTS**

#### 4.1 Eligibility

- 4.1.1 All IMPC members who are in good standing can avail loan (refer to MIGs policy),
- 4.1.2 Must not have an existing co-borrower loan transaction and
- 4.1.3 Fifty percent (50%) or more of current loan has been paid for loan renewal.

#### 4.2 Types of loan

- 4.2.1 Petty cash loan is intended and similar to salary advances at a maximum of Php 3,000.00
- 4.2.2 Providential loan is a personal all purpose loan where maximum amount is equivalent to eighty percent (80%) of paid-up capital.
- 4.2.3 Productive loan is intended for business purposes and maximum loanable amount is two (2) times of the paid-up capital.

#### 4.3 Terms of Payment

- 4.3.1 Petty cash loan repayment period shall not exceed to one month from the release date of loan.
- 4.3.2 Providential loan repayment period shall not exceed to two (2) years from the release date of loan.

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- 4.3.3 Productive loan repayment period shall not exceed to three (3) years from the release date of loan.
- 4.3.4 A borrower may at any time prior to agree maturity date may repay in full amount the unpaid balance of loan.
- 4.4 Interest and other charges
  - 4.4.1 The Board of Director shall prescribe the rate of interest and other charges.
  - 4.4.2 The interest of one and one fourth percent (1.25%) per month shall be paid based on diminishing balance.
  - 4.4.3 The service charge of two percent (2%) based on the amount of loan will be deducted from the proceeds of the loan.
  - 4.4.4 Two percent (2%) of the loan granted round up to the nearest Fifty Pesos (Php 50.00) equivalent to one (1) share is deducted from the proceeds of the loan as additional share capital build up.
- 4.5 Aging of Share Capital and Deposit.
  - 4.5.1 New member can start availing a loan equivalent to eighty percent (80%) of his/her paid-up capital only after three (3) months from date of his/her membership.
  - 4.5.2 Additional share capital and deposits shall be held by IMPC for a period of three (3) months before it becomes part of the computation.
  - 4.5.3 IMPC Savings and time deposits use to secure a loan cannot be withdrawn during the term of loan.
- 4.6 Securities of Loan
  - 4.6.1 The primary requirements when availing loan of any types are the following (Employed, self employed and unemployed):
    - 4.6.1.1 Must have an active IMPC Savings or Time deposit account
      - 4.6.1.1.1 If IMPC savings or time deposits is/are use as collateral for loan ( refer to 4.6.4.1.1 and on savings deposit policy )
    - 4.6.1.2 Proof of identification - Original copy of government acceptable identification,
    - 4.6.1.3 Proof of billing - Latest original copy of utility bill, credit or bank statement,
    - 4.6.1.4 Post dated check equivalent to the total loan amount.
      - 4.6.1.4.1 If PDC is from spouse, the following must be submitted

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4.6.1.4.1.1 Member to request a letter of authorization form from IMPC and seek signature of spouse

4.6.1.4.1.2 Proof of income of spouse – certified true copy of payroll slip

4.6.1.4.1.3 Certified true copy of marriage contract

4.6.2 In addition to the above requirements providential loan application must have the following:

4.6.2.1 Employed

4.6.2.1.1 Proof of income - Certified true copy of payroll slip equivalent to one (1) month and original certificate of employment.

4.6.2.1.2 Loan computation must be based on eighty percent (80%) of savings or time deposits.

4.6.3 In addition to the above requirements productive loan must have the following:

4.6.3.1 With existing business

4.6.3.1.1 Business permit

4.6.3.1.2 Business plan

4.6.3.1.3 For the purpose of business expansion - Latest audited financial statement with BIR or bank stamp or

4.6.3.1.4 Proof of income - Certified true copy of payroll slip equivalent to one (1) month and original certificate of employment.

4.6.4 Other acceptable securities are the following:

4.6.4.1 For Providential loan

4.6.4.1.1 25% of savings deposits of members with fixed deposit of Php 20,000.00 and below.

4.6.4.2 For Productive loan

4.6.4.2.1 Co-borrower paid-up capital must have a one hundred percent (100%) equivalent of the borrower's paid-up capital.

4.7 Approval of loan

4.7.1 All petty cash loans will be approved by Credit and Collection Staff

4.7.2 Both providential and productive loans will be approved by Credit Committee except if CreComm is the borrower.

4.7.3 Board of Director will approve CreComm loan application.

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- 4.8 Grace Period (refer to collection policy)
- 4.9 Penalty Provision (refer to collection policy).

## **5.0 PROCEDURE:**

- 5.1 Loan Application forms must be accessible and available in the IMPC website and in the IMPC office.
- 5.2 All loan application form must be completely filled out and signed by the loan applicant.
  - 5.2.1 All the notes, agreement, etc in the loan application form must read and understand before signing.
  - 5.2.2 The type of loan in the application form whether it's a Petty Cash Loan, Providential Loan or Productive Loan must be specified.
  - 5.2.3 Employment status must also be clearly specified.
- 5.3 Signature of co-borrower signifying that he/she read and understands his/her role and obligations as co-borrower.
- 5.4 Loan eligibility/entitlement set by IMPC must be satisfied.
- 5.5 All loan application must be approved prior check releasing and/or depositing of approved loanable amount to IMPC member's IMPC savings account or BPI account.
- 5.6 All approved loan application forms and documents must be maintained and kept for archive by Credit and Collection Staff (need to come out with archiving policy).

## **5.7 IMPC Member**

- 5.7.1 Must physically present him/herself in the IMPC office if he/she wants to avail/apply for a loan.
- 5.7.2 Must read and understand, fill-out, and sign the loan application form available in the IMPC website and in IMPC office.
- 5.7.3 Present the co-borrower to IMPC office for interview, orientation and signing of form.
- 5.7.4 Submit all the required documents mentioned in section 4.4 to the Credit and Collection staff.
- 5.7.5 Attend free Book Keeping training arranged and scheduled by IMPC if productive loan application is approved.

## **5.8 IMPC Member's Representative**

- 5.8.1 If IMPC member could not present him/herself physically.

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- 5.8.1.1 He/she must send a representative to Credit and Collection staff and submit the following:
  - 5.8.1.1.1 His/her authorization letter
  - 5.8.1.1.2 Photocopy of two (2) acceptable ID
  - 5.8.1.1.3 Entirely filled-out and signed loan application form and
  - 5.8.1.1.4 Documents required mentioned in section 3.3
- 5.8.1.2 In case where he/she needs a co-borrower, he/she must send his/her co-borrower together with his/her representative.

## **5.9 Co-Borrower**

- 5.9.1 Must physically present him/herself to IMPC if he/she will be signing as co-borrower to a member availing a loan.
- 5.9.2 Must read and understand and commit to the obligation of co-borrower before signing a form.
- 5.9.3 He/she must submit the following to Credit and Collection staff
  - 5.9.3.1 His/her signature in the co-borrower agreement portion of the loan application form
  - 5.9.3.2 Photocopy of acceptable identification

## **5.10 Credit and Collection Staff**

- 5.10.1 Assist and guide the IMPC member in filling out the loan application form.
- 5.10.2 Review submitted loan application form to ensure all necessary information is filled-out and completed.
- 5.10.3 Inspect validity of all the documents submitted.
- 5.10.4 Validate eligibility of members
  - 5.10.4.1 Capital (Shares capital, proof of income, proof of savings or investment)
  - 5.10.4.2 Character of applicants (paying habits based on historical data, member's profile, feedback from neighbors, etc)
  - 5.10.4.3 Capacity to pay (source of income based on documents submitted)
  - 5.10.4.4 Collateral or securities (PDC and/or micro financing account and/or savings/time deposit account)
  - 5.10.4.5 Condition (outside factors that may affect member's paying capacity)

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- 5.10.5 Compute and inform member of his/her loanable amount and schedule of payment according to the loan eligibility report form.
- 5.10.6 Ensure that all submitted documents including the read and understand form of co-borrower, if there is, are attached in the loan application form.
- 5.10.7 Daily consolidate filed loan application form for submission to credit committee/officer.
- 5.10.8 Prepare a banklist form for all loan processed in a weekly basis for notification, certification of correctness and approval of Accounting Supervisor, Credit Committee/Officer, General Manager and Board of Directors.
- 5.10.9 In case of delinquency (refer to delinquency policy)

**5.11 Credit Committee/Officer**

- 5.11.1 Review individual loan application form and counter-check all the attached documents including the read and understand form of co-borrower if there is.
- 5.11.2 Clarify any findings e.g. unclear writing, blank information and/or validity of documents with credit and collection staff.
- 5.11.3 Separate loan application form with open findings and instruct credit and collection staff to inform applicants to close the findings before re-filing the loan application.
- 5.11.4 Sign individual loan application form with zero findings.
- 5.11.5 Send EdCom all approved productive loans on a monthly basis.
- 5.11.6 Coordinate with EdCom Book Keeping training for members availing a productive loan.
- 5.11.7 Regularly present credit performance to the BOD during regular meeting (refer to committee roles and responsibilities)

**5.12 Education Committee**

- 5.12.1 Regularly get with credit and collection staff approved productive loans.
- 5.12.2 Arrange Book Keeping training with secondary coop or qualified instructor for member's with approved productive loans.
- 5.12.3 Schedule the free Book Keeping training for members with approved productive loan.

**5.13 Associate Accountant**

- 5.13.1 Prepare Prooflist Report for notification and approval of Accounting Supervisor and General Manager.

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- 5.13.2 Prepare voucher (need to include the purpose)
- 5.13.3 Prepare and release check
- 5.13.4 Deposit to individual member's bank account their approved loans.

**5.14 Accounting Supervisor**

- 5.14.1 Double check all information written in the loan application form and data from the banklist form prepared by the Credit and Collection Staff.
- 5.14.2 Double check the prooflist prepared by the Associate Accountant.
- 5.14.3 Certifies correctness of the entries.

**5.15 General Manager**

- 5.15.1 Review/check on where/what account will the payment be coming from
- 5.15.2 Sign banklist and prooflist report as evidence of approved payment

**5.16 Board of Directors**

- 5.16.1 Review loan application of credit committee/officer and IMPC employees to ensure eligibility and requirements are met before signing
- 5.16.2 Sign check and/or banklist report as proof of approved payment



**Revision History:**

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