



IMPC

| Document Number | Revision No | Description |
|------------------------|--------------------|---|
| IMPC – 0005 | 01 | Define delinquency policy and corresponding sanctions for delinquent members in IMPC |

Title: Delinquency Policy

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Delinquency Policy

1.0 PURPOSE

- 1.1 To guide all IMPC officers, members and employees of their obligations in the IMPC.
- 1.2 To provide a mutual understanding on delinquency, past dues and non-patronizing of IMPC business and services.
- 1.3 To understand the different level of sanctions on members and officers who did not patronize IMPC products and services.
- 1.4 To guide all IMPC officers and management in executing its mandate including termination of members and officers with utmost professionalism.

2.0 SCOPE

- 2.1 This policy applies to members and officers who become delinquent.
- 2.2 This covers member's obligation in paying debt and sanctions for failure to perform their obligations.
- 2.3 This also covers loan restructuring procedure.

3.0 DEFINITIONS

- 3.1 Officers of the Cooperatives – are the members of the Board of Directors, members of the different committees created by the general assembly, manager, secretary, treasurer and members holding other positions as may be provided for in the By-laws.
- 3.2 Past Due – is the condition or act of member's failure to comply with their loans and pledges payment obligations for the period he/she is due to pay.
- 3.3 Delinquent – is a member who acted and failed to comply with his loans and/or pledges payment obligations for a period he/she is due to pay.
- 3.4 Default – is the act of member's failure to comply with his loans and/or pledges payment obligations after a period of three (3) consecutive pay periods.
- 3.5 Non-patronizing – is the act of failure to patronize any one product, services, and activities for a period of time and amount prescribed by the Board of Directors e.g. availing of loans, availing of IMPC services, paying pledges, attending the annual regular or special general assembly and others.
- 3.6 Sanctions – are disciplinary actions assign as a penalty for any violation of the member's obligation.
- 3.7 Regular member – is one who has complied with all the membership requirements and entitled to all the rights and privileges of membership.

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3.8 Associate member – is one who has no right to vote nor be voted upon and shall be entitled only to such rights and privileges as the by-laws may provide.

4.0 REQUIREMENTS

- 4.1 All IMPC regular members are required to attend the General Assembly.
- 4.2 All IMPC regular members, associate members and associate member employees are required to patronize the Cooperative’s businesses and services. (refer to Member’s Rights and Privileges Guideline)
- 4.3 All IMPC officers and aspiring officers must role model and must patronize Cooperative’s businesses and services. (refer to Member’s Rights and Privileges Guideline)

5.0 PROCEDURE:

5.1 Any members who failed to comply with his/her loans and/or pledges payment obligations will be notified by IMPC management and sanctioned.

| FAILURE | FREQUENCY/ KIND | SANCTIONS |
|----------|-------------------------|---|
| PAST DUE | 1 st Failure | 1.) A phone call and email from IMPC management. 2.) Freezing of the privilege to avail loan Note: A three (3) days grace period to respond is cited on the notice and is being given as consideration. If no response was received; next step of action will be applied 3.) Application of 1 % penalty per pay period after a three (3) days grace period or 2 % per month after three (3) days grace period. |
| | 2 nd Failure | 1.) A phone call and email from IMPC management citing legal action is to be undertaken if failed to comply and a warning of membership termination. 2.) Freezing out of all membership privileges. If no response was received; next step of action will be |

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| | | <p>applied.</p> <p>3.) Application of penalty for non-response. 1 % per pay period or 2 % per month.</p> <p>4.) Other cost incurred e.g. registered mail, etc. will be charged to the borrower.</p> |
| | 3 rd Failure | <p>1.) A phone call and email from IMPC management informing member of a meeting with credit and mediation committee for the settlement of all pending obligations.</p> <p>2.) Freezing out of all membership rights and privileges. Non-response will automatically proceed to the next step of action (escalation of non payment to MCDC, CDA or secondary coop mediation).</p> <p>3.) Application for non-response. 1 % penalty per pay period or 2 % per month.</p> <p>4.) Other cost incurred e.g. registered mail, per diem of committees, etc. will be charged to the borrower.</p> |
| DEFAULT | 1 st Failure | <p>1.) Notice to pay and legal action notice. Failure to comply within a grace period will automatically proceed to actual legal action.</p> <p>2.) Termination to commence as cited by legal laws. Note: continued non-compliance. Reference is Phil Code of 2008 Chapter 3, Art 30 # 3 letter b</p> |

5.2 Any members who failed to patronize IMPC products and services will be notified by IMPC management and sanctioned.

| FAILURE | KIND | SANCTIONS |
|------------------|----------------------------|--|
| NON-PATRONIZING | IMPC products and services | <ol style="list-style-type: none"> 1.) Phone call and email for failing to patronize within one (1) year for products. 2.) Advance phone call and email from IMPC management advising (at least 30 days before GA) them of freezing out of all membership rights and privileges if continued to fail. 3.) Termination of membership for continued failure to comply. |
| GENERAL ASSEMBLY | GA Attendance | <ol style="list-style-type: none"> 1.) A phone call and email from IMPC management with advice for failure to attend previous GA. 2.) Advance phone call and email from IMPC management (at least 30 days before GA) with note of freezing of membership benefits if failed to attend GA. 3.) Termination for continued failure to comply. Note: Applied to regular members only. |

5.3 Additional sanctions for any officers and aspiring officers who failed comply with their responsibilities.

| FAILURE | FREQUENCY/KINDS | SANCTIONS |
|-----------------|--|---|
| PAST DUE | 1.) Failure for three (3) consecutive pay periods. 2.) Failure in any of the last three (3) months before General Assembly. | 1.) Discontinue his/her function as Officer of the Cooperative. 2.) Forfeits his/her rights to run as officer in the election. |
| NON-PATRONIZING | 1.) Failure to avail products and services in one (1) year. | 1.) Discontinue his/her function as Officer of the Cooperative and forfeits his/her rights to run as officer in the election. |

5.4 All IMPC members may, for any valid reason, withdraw his/her membership from the cooperative by giving sixty (60) day notice subject to the Board of Directors approval.

- 5.4.1 Shall be entitled to a refund only of his/her share capital contribution less all his/her unpaid loans.
- 5.4.2 Refund shall not be made if the value of the assets of the cooperative would be less than the aggregate amount of its debts and liabilities exclusive of his share capital contributions.
- 5.4.3 The Cooperative shall have the first option to buy any share offered for sale. The amount to be paid for such shares shall be at par value or book value, whichever is lower.
- 5.4.4 If the cooperative is not in a position or refuses to purchase such shares, the member shall have the right to sell them to any person eligible for membership in the cooperative.

- 5.5 Members and officers of the cooperative may be terminated by a vote of majority of all the members of the Board of Directors.
- 5.5.1 When he/she has not patronized the services of the cooperative for one (1) year.
 - 5.5.2 When he/she failed to comply with his/her obligations for three (3) consecutive pay periods.
- 5.6 The Board of Director shall inform in writing and shall give a member whose membership is for termination an opportunity to be heard before making the final decision.
- 5.6.1 All complaints for the removal of any elected officer shall be filed with the board of directors. Such officer shall be given the opportunity to be heard. Majority of the board of directors may place the officer concerned under preventive suspension pending the resolution of the investigation. Upon finding of a *prima facie* evidence of guilt, the board shall present its recommendation for removal to the general assembly.
 - 5.6.2 An elective officers may be removed by three-fourths ($\frac{3}{4}$) of the regular members present and constituting a quorum, in a regular or special general assembly meeting called for the purpose. The officer concerned shall be given the opportunity to be heard at said assembly.
- 5.7 Members and/or officers whose membership is recommended for termination may appeal to the General Assembly by submitting a letter of appeal to GA or Appeal and Grievance committee 30 days before the assembly.
- 5.8 General Assembly may create an Appeal and Grievance committee whose members shall serve for a period of one (1) year and shall decide appeals on membership.
- 5.8.1 The committee is given thirty (30) days from receipt of letter to decide on the appeal.
 - 5.8.2 Failure to decide within the prescribed period, the appeal is deemed approved in favor of the member. Pending a decision by the general assembly, the membership remains in force.



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Revision History:

| Title | Document No | Revision No | Date | Owner | Changes |
|--------------|--------------------|--------------------|-------------|----------------|---------------------|
| | | 1 | Oct 7, 2010 | Frederick Pano | Section 5.1 and 5.2 |

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