

GENERAL LOAN POLICY

Deo Et Patria Credit Cooperative (DEPCC) is dedicated to enhancing members' financial well-being through responsible lending aligned with our integrity, transparency, and mutual benefit values. Our General Policy on Loans outlines clear criteria and processes for loan issuance and management, ensuring efficient, fair, and effective lending. This policy fosters trust and provides members with the financial tools necessary for personal and business success, contributing to community prosperity. DEPCC commits to a sustainable and responsive lending service that supports our community's economic growth by upholding stringent regulatory standards and prioritizing members' needs.

SECTION 1. OBJECTIVES

- To enable members to meet personal and business financial needs effectively, thereby improving their overall economic well-being and quality of life.
- To educate members on effective financial management, responsible borrowing, and informed decision-making, helping them to achieve long-term financial stability.
- To encourage members to adopt regular saving habits and participate in programs that build financial resilience, ensuring preparedness for future needs or emergencies.
- To safeguard the cooperative's assets through prudent risk management practices, secure lending, and ensuring the protection of both the members' and cooperative's financial interests.
- To ensure all members, including those in remote or underserved regions, have easy access to comprehensive financial services provided by the cooperative.
- To cultivate a strong sense of community and loyalty among members by offering favorable loan terms, engaging them in the governance processes, and ensuring transparency in operations.

SECTION 2. BORROWER'S QUALIFICATION

- Must be an active regular or associate member of DEPCC with good standing.
- Must have been a member for a minimum specified period, usually ranging from three months to one year, depending on the loan type.
- Demonstrated ability to repay the loan, evidenced by steady income or sufficient cash flow.
- A history of responsible credit usage and no outstanding delinquent loans with DEPCC or other financial institutions.
- Consistent savings or share capital contributions that meet or exceed minimum requirements.
- For certain loans, attendance in specific pre-loan issuance seminars or training sessions may be required.

SECTION 3. LOAN SECURITY

DEPCC implements several measures to secure loans, which can vary depending on the type and amount of the loan. Here are the common types of loan securities used by DEPCC:

1. Collateral

- **Real Estate Mortgages:** For larger loans such as housing and real estate loans, DEPCC typically requires a mortgage on the property being financed. The property must have a clear title and be fully appraised to determine its value.
- **Vehicle Liens:** For car & motorcycle loans, the cooperative takes a lien on the vehicle being purchased. The vehicle's official receipt (OR) and certificate of registration (CR) are often held by DEPCC until the loan is fully repaid.
- **Equipment or Machinery:** In the case of business or farm equipment loans, the equipment or machinery purchased with the loan funds may serve as collateral.

2. Guarantors or Co-makers

For personal loans, emergency loans, and other unsecured loans, DEPC may require the borrower to have one or more guarantors or co-makers. These individuals commit to repaying the loan if the primary borrower fails to do so. They must meet certain criteria, similar to primary borrowers, such as being members in good standing with a stable financial background.

3. Savings or Deposits

Some loans may be secured against the borrower's savings or fixed deposits with DEPC. The amount available in the borrower's accounts can act as collateral, with restrictions placed on withdrawing these funds until the loan is repaid.

4. Shares

Borrowers might also pledge their member shares in the cooperative as collateral. This provides security to the loan while still allowing members to earn dividends on their shares.

5. Insurance

- **Loan Protection Insurance:** DEPC often requires borrowers to have loan protection insurance, which covers the loan balance in the event of the borrower's death or permanent disability.
- **Property Insurance:** For loans secured by property or vehicles, borrowers must maintain adequate insurance (such as property or comprehensive vehicle insurance) that covers the value of the asset against damage or loss.

6. Post-Dated Checks

For certain types of loans, especially where regular installment payments are required, borrowers may be asked to provide post-dated checks covering the loan's term. This ensures regular payments and provides a layer of security for the loan.

SECTION 4. TYPES OF LOAN

1. Appliance Loan

- **Purpose:** To assist in the purchase of major household appliances.
- **Maximum Amount:** Up to ₱50,000
- **Collateral:** None
- **Interest Rate:** 5% to 10% per annum, diminishing balance
- **Eligibility:** At least six months of membership and good credit standing

2. Business Loan

- **Purpose:** To support the start-up or expansion of member-owned businesses.
- **Maximum Amount:** Up to ₱500,000
- **Collateral:** Required for loans over ₱100,000; may include business assets or property
- **Interest Rate:** 6.5% per annum, diminishing balance
- **Eligibility:** Minimum one year of membership and an approved viable business plan

3. Calamity Loan

- **Purpose:** Provides financial support to members affected by natural disasters.
- **Maximum Amount:** Up to ₱50,000
- **Collateral:** None
- **Interest Rate:** Approximately 1% to 3% per month, diminishing balance
- **Eligibility:** Proof of impact by a natural disaster, such as a barangay certification

4. Car Loan

- **Purpose:** To assist members in purchasing new vehicles.
- **Maximum Amount:** Up to ₱2,000,000
- **Collateral:** Vehicle registration and official receipt.
- **Interest Rate:** 6% to 8% per annum on a diminishing balance

- Eligibility: Members must have sufficient net pay and be in good standing, and the vehicle must be insured.

5. Education Loan

- Purpose: To finance educational expenditures, including tuition fees, books, and other academic materials.
- Maximum Amount: Generally covers full tuition for a semester or academic year
- Collateral: None required
- Interest Rate: Approximately 5% per annum, diminishing balance
- Eligibility: Member or member's dependent enrolled in an accredited educational institution

6. Emergency Loan

- Purpose: To provide immediate financial assistance for unforeseen emergencies, like sudden medical issues or urgent home repairs.
- Maximum Amount: ₱20,000
- Collateral: Not required
- Interest Rate: 1% per month, diminishing balance
- Eligibility: At least three months of active membership in good standing

7. Farm Equipment Loan

- Purpose: To help acquire agricultural machinery and equipment.
- Maximum Amount: Based on equipment type and farm size
- Collateral: The equipment or other farm assets
- Interest Rate: 6% to 8% per annum, diminishing balance
- Eligibility: Active engagement in farming with proof of agricultural operations

8. Hospitalization Loan

- Purpose: To cover medical and hospitalization expenses for members and their immediate family.
- Maximum Amount: 20,000.
- Collateral: None
- Interest Rate: 12% per annum, diminishing balance
- Eligibility: Steady income, good credit history, and at least two years of active membership

9. Housing Loan

- Purpose: To enable members to buy, build, or renovate residential properties.
- Maximum Amount: Up to 80% of the property's appraised value
- Collateral: Mortgage on the property
- Interest Rate: 5% to 7% per annum, diminishing balance
- Eligibility: Steady income, good credit history, and at least two years of active membership

10. Motorcycle Loan

- Purpose: Assists in purchasing motorcycles, new or used.
- Maximum Amount: Up to 70% of the motorcycle's purchase price
- Collateral: Motorcycle being purchased
- Interest Rate: 6% to 10% per annum, diminishing balance
- Eligibility: Adequate income, good standing, motorcycle insurance

11. Multi-Purpose Loan

- Purpose: Serves various personal needs like medical expenses, education costs, or home repairs.
- Maximum Amount: Up to ₱300,000, depending on creditworthiness
- Collateral: May be required for larger loan amounts
- Interest Rate: 6% to 12% per annum, diminishing balance

- Eligibility: Good standing in the cooperative, membership for at least one year, proof of purpose

12. Real Estate Loan

- Purpose: Finances the purchase, construction, or renovation of real estate properties.
- Maximum Amount: Up to 80% of the property's value
- Collateral: Mortgage on the property
- Interest Rate: 5% to 7% per annum, diminishing balance
- Eligibility: Steady income, good credit history, membership duration typically over two years

13. Renovation Loan

- Purpose: Funds home improvement projects.
- Maximum Amount: Up to 50% of the home's value
- Collateral: Secured against home equity
- Interest Rate: Between 5% and 8% per annum
- Eligibility: Homeownership, proof of planned renovations, good standing with the cooperative

14. Salary Loan

- Purpose: Helps members manage short-term liquidity challenges between paychecks.
- Maximum Amount: Up to three times the monthly salary, capped at ₱500,000
- Collateral: None required, MOA is required.
- Interest Rate: 6.5% per annum, diminishing balance
- Eligibility: Continuous employment for six months with verifiable income

SECTION 5. LOAN TERMS AND INTEREST RATES

Loan Type	Maximum Amount	Collateral Required	Interest Rate	Eligibility Criteria
Appliance Loan	Up to ₱50,000	None	5% to 10% per annum	At least six months of membership, good credit standing
Business Loan	Up to ₱500,000	Required for loans over ₱100,000	6.5% per annum	Minimum one year of membership, approved viable business plan
Calamity Loan	Up to ₱50,000	None	1% to 3% per month	Proof of impact by a natural disaster (e.g., barangay certification)
Car Loan	Up to ₱2,000,000	Car being purchased, CR and OR	6% to 8% per annum	Members must have sufficient net pay and be in good standing, and the vehicle must be insured.
Education Loan	Covers full tuition	None	About 5% per annum	Member or member's dependent enrolled in an accredited institution
Emergency Loan	₱20,000	None	1% per month	At least three months of membership in good standing
Farm Equipment Loan	Based on equipment type	The equipment or other farm assets	6% to 8% per annum	Active engagement in farming with proof of agricultural operations
Hospitalization Loan	₱20,000	None	12% per annum	Steady income, good credit history, at least two years of membership
Housing Loan	Up to 80% of property value	Mortgage on the property	5% to 7% per annum	Steady income, good credit history, at least two years of membership

Motorcycle Loan	Up to 70% of motorcycle price	Motorcycle being purchased	6% to 10% per annum	Adequate income, good standing, motorcycle insurance
Multi-Purpose Loan	Up to ₱300,000	May be required for larger amounts	6% to 12% per annum	Good standing in the cooperative, at least one year of membership, proof of purpose
Real Estate Loan	Up to 80% of property value	Mortgage on the property	5% to 7% per annum	Steady income, good credit history, typically over two years of membership
Renovation Loan	Up to 50% of home's value	Secured against home equity	5% to 8% per annum	Homeownership, proof of planned renovations, good standing with the cooperative
Salary Loan	Up to 3 times monthly salary, capped at ₱500,000	None	6.5% per annum	Continuous employment for six months with verifiable income, MOA required

SECTION 6. LOAN POLICIES

1. Eligibility Criteria

- **Membership Requirement:** All loan applicants must be active members of DEPC with good standing at the time of the loan application.
- **Contribution Compliance:** Applicants must have complied with the minimum required capital contributions as specified in DEPC's membership policies.
- **Creditworthiness:** Applicants must demonstrate financial responsibility and creditworthiness through a review of their financial history with DEPC and other financial institutions.

2. Loan Application Process

- **Submission of Application:** Members must submit a completed loan application form along with any required documentation such as proof of income, purpose of the loan, and identification.
- **Assessment:** The Credit Committee will assess all loan applications based on the member's eligibility, purpose of the loan, and ability to repay.
- **Approval:** Loan approvals are subject to the discretion of the Credit Committee and, for larger amounts, may require approval from the Board of Directors.

3. Co-maker and Collateral Requirements

- **Co-maker Requirements:**
Loans up to One Hundred Thousand Pesos (Php 100,000.00) require only one co-maker. Loans exceeding One Hundred Thousand Pesos require three co-makers, unless the member's capital shares sufficiently cover the loan amount. The Board of Directors' approval is required for these loans and board members may serve as co-makers only for other board members.
- **Collateral Requirements:**
Members whose Capital Contribution exceeds the amount of the loan applied for may not require a co-maker. If the loan amount exceeds the member's Capital Contribution, collateral equal to the excess amount is required.

4. Special Conditions for New Members

- New members are eligible for a maximum loan of Thirty Thousand Pesos (Php 30,000.00), repayable within 12 months.
- Reloans may only be applied for after a six-month period.

5. Joint and Several Liability

- Co-makers and borrowers are jointly and severally liable under the terms and conditions set by DEPCC.

6. Default Management

- Unsettled accounts where co-makers are unable to pay will be referred to the Mediation Committee for due process.
- Membership of the borrower will be terminated after due process is completed.

7. Interest Rates and Fees

- Competitive Rates: Interest rates are competitive and commensurate with market rates, reflecting the risk and duration of the loan.
- Transparent Fees: All applicable fees, such as processing fees, service charges, and insurance premiums, are disclosed at the time of application.

8. Repayment

- Scheduled Payments: Repayment schedules will be established at the time of loan disbursement and can vary by loan type.
- Methods of Payment: Payments can be made through direct bank debits, payroll deductions, online payments, or in-person at DEPCC branches.

9. Loan Monitoring and Follow-Up

- DEPCC will monitor the status of each loan and provide assistance through financial counselling and support to ensure members meet their repayment commitments.

10. Regulatory Compliance

- All loan processes and practices will comply with local financial regulations and laws to ensure ethical lending practices.

Mandatory Deductions

1. Loan Protection Insurance

- Description: All loans are required to have Loan Protection Insurance to cover the loan in case of the borrower's death or incapacity.
- Calculation: Premiums are calculated based on the loan amount and the term of the loan

2. Service Fee

- Description: A one-time service fee is applied to cover the administrative costs associated with processing the loan.
- Rate: 1% of the loan amount.
- Exceptions: This fee does not apply to Emergency and Calamity Loans.

3. Capital Build-Up Retention

- Description: A percentage of the loan amount is retained to contribute to the borrower's capital build-up within the cooperative.
- Rate: 3% of the total approved loan amount is deducted and allocated to the borrower's capital account.

4. Advance Interest

- Description: One month's interest is deducted in advance for loans exceeding a specified amount. This helps mitigate the risk of default.
- Rate: 2% of the loan amount.
- Applicability: This deduction applies only to loans amounting to One Hundred Thousand Pesos (Php 100,000.00) and above.

These mandatory deductions are designed to cover the costs associated with loan issuance, protect the cooperative's financial health, and support the cooperative's capital. All borrowers

are informed of these deductions at the time of loan application to ensure full transparency and understanding of their financial obligations under the terms of their loan agreement.

Mode of Collection:

1. Direct Bank Debits (Auto-Debit Arrangements):

Members can authorize DEPCC to automatically debit their designated bank accounts for due payments on specific dates. This ensures timely payments and minimizes the risk of late charges.

2. Salary Deduction:

For members employed by partner organizations or entities that have formal agreements with DEPCC, loan repayments and other dues can be deducted directly from their monthly salary. This method provides a hassle-free way to ensure consistent and timely payments.

3. Online Payments:

Members can use DEPCC's online portal to make payments via credit/debit cards or through net banking. The portal will be secured with the latest encryption standards to ensure transaction safety.

Integration with major payment gateways to accept payments from all major banks and credit card providers.

4. Mobile Payments:

Enable payments via mobile wallets and apps, such as GCash, PayMaya, and other popular platforms in the region. This method offers convenience, especially for members who prefer using their smartphones for financial transactions.

8. Eagles Regional Collection Points:

Region of Eagles will be responsible for collecting loan repayments from its members on behalf of DEPCC. In recognition of their efforts and to support Region's operations, DEPCC will allocate a specified percentage of the total amount collected as additional income to the club. This partnership is designed to leverage the club's local presence and engagement to streamline the collection process efficiently.

Renewal of Loan

1. Eligibility for Renewal

- **Repayment History:** Members must have a proven track record of timely repayments on their previous loans. Typically, at least 50% of the existing loan must be repaid before consideration for renewal.
- **Current Membership Status:** Members must be in good standing with no outstanding major disciplinary issues or defaults.
- **Ongoing Financial Stability:** Members must demonstrate continued financial stability to support potential new loan commitments.

2. Application Process for Renewal

- **Submission of Request:** Members seeking to renew their loan must submit a formal application along with justification for the renewal and details of the intended use of the additional funds.
- **Documentation:** Updated financial statements, proof of income, and other relevant documents must be provided to assess the current financial condition.
- **Evaluation:** The Credit Committee reviews the renewal application based on the member's updated financial status, repayment history, and the performance of the project initially financed (if applicable).

3. Terms and Conditions

- Adjustment of Terms: Loan terms, including interest rates and repayment schedules, may be adjusted based on current policy and the member's financial assessment at the time of renewal.
- Loan Amount: The amount for a renewed loan may not necessarily match the original; it could be higher or lower depending on the member's needs, repayment capacity, and DEPCC's lending policy at that time.

4. Collateral and Security

- Review of Collateral: Existing collateral will be re-evaluated, and additional collateral may be required to secure the renewal based on the revised loan amount and terms.

6. Approval Process

- Committee Review: The Credit Committee will review all renewal applications. The Board of Directors must approve renewals for larger amounts or under special terms.
- Notification: Members will be notified of the approval or rejection of their renewal application within 3 days from the submission of complete documentation.

SECTION 8: LOAN RESTRUCTURING

Eligibility for Restructuring

- Past Due Accounts: Members who have accounts past due for six (6) months are eligible for assessment by the Conciliation and Mediation Committee, which may recommend loan restructuring.

Restructuring Process

- Consolidation of Loans: All outstanding loans of a member will be consolidated into one single principal amount under a regular loan category.
- Repayment Terms: The restructured loan period shall not exceed twelve (12) months, maintaining the same interest rate as previously agreed.

Effects of Restructuring

- Restriction on New Loans: Members under a restructuring plan are temporarily barred from availing of any new loans until the restructured loan is fully paid.
- Delinquency Interest: A delinquency interest rate of 1% will be assessed on the restructured loan.
- Post-Restructuring Loan Availability:
 - After the full payment of the restructured loan, members may provisionally avail of new loans only up to the amount of their paid-up capital. These loans are payable within a maximum period of twelve (12) months.
 - Full loan privileges will only be restored to the member upon complete repayment of these provisional loans.

Additional Guidelines

- Committee Involvement: The restructuring proposal must be reviewed and approved by the Conciliation and Mediation Committee, ensuring that all terms are clear and agreed upon by both the cooperative and the member.
- Documentation: All terms of the restructured loan, including the new repayment schedule and interest rates, must be documented in a new loan agreement signed by the member.

SECTION 9: General Documentary Requirements for All Loan Applications

1. Completed Loan Application Form: A fully filled out and signed application form specific to the type of loan being requested.

2. Proof of Membership: Copy of membership ID, Passbook or any official document proving active membership in DEPC.

3. Proof of Income:

- For employed members: Recent payslips (last 3 months) and employment certificate.
- For self-employed members: Latest Income Tax Return (ITR) and financial statements (if applicable).
- For farmers: Evidence of agricultural activities and any relevant sales receipts or contracts.

4. Valid Government-Issued IDs: At least two valid IDs such as a passport, driver's license, SSS ID, PRC ID, or voter's ID.

5. Proof of Residence: Recent utility bill, barangay certification, or lease agreement indicating current address.

Additional Requirements Based on Loan Type

Business Loan:

- Business plan or project proposal.
- Business permits and registrations.
- Bank statements for the last six months (for existing businesses).

Housing Loan and Real Estate Loan:

- Copy of the title (TCT or CCT), recent tax declaration, and location plan of the property.
- Appraisal report from an accredited appraiser, if required.

Vehicle Loan (Car and Motor Cycle):

- Pro forma invoice or quotation.
- Copy of registration and insurance (for second-hand vehicles).

Educational Loan:

- Enrolment or admission slip.
- School assessment form detailing payable tuition and other fees.

Post-Loan Approval Requirements

- Signing of Loan Agreement: Legal document detailing the loan amount, interest rate, repayment schedule, and other terms and conditions.
- Disbursement Form: Signed upon receiving the loan amount.
- Collateral Documents (if applicable): Including but not limited to deed of pledge, chattel mortgage, or deed of hypothecation.

SECTION 10: LOAN APPLICATION PROCESS

Step 1: Loan Inquiry and Pre-Qualification

- Member Consultation: Members can contact DEPC via phone, online through the coop portal, or in person to inquire about loan products, terms, and eligibility requirements.
- Information Gathering: DEPC provides comprehensive information on various loan types, including interest rates, repayment terms, and required documentation.
- Initial Eligibility Check: Members provide basic information to assess their preliminary eligibility for the desired loan product.

Step 2: Formal Application Submission

- Completion of Application Form: Members can download and fill out the loan application form from the DEPC website or obtain one at the DEPC office.

- Document Submission: Members submit all required documents, such as proof of income, valid IDs, and, if applicable, collateral documents as specified in the cooperative's documentary requirements.

Step 3: Application Review and Processing

- Document Verification: DEPCC staff verify the authenticity and completeness of all submitted documents.
- Credit Assessment: A comprehensive credit assessment is conducted to evaluate the member's creditworthiness based on financial stability, repayment history, and other risk factors.
- Collateral Appraisal: If the loan requires collateral, an appraisal is performed to determine the value and suitability of the pledged assets.

Step 4: Loan Approval and Signing of Agreement

- Loan Approval: The Credit Committee reviews the application and decides. For larger loans, additional approval from the Board of Directors may be required.
- Notification: Members are informed about the approval or rejection of their loan. Approved members receive clear communication of the loan terms, conditions, and repayment obligations.
- Loan Agreement: Approved members sign a loan agreement detailing all terms of the loan, including interest rates, repayment schedule, and legal obligations.

Step 5: Loan Disbursement

- Signing of Disbursement Form: Members sign a disbursement form upon agreeing to the loan terms.
- Funds Release: Loan funds are disbursed to the member's bank account or issued via check as agreed.

Step 6: Repayment and Monitoring

- Repayment Commencement: Members start repayment according to the agreed schedule, which may include monthly instalments via direct debit, payroll deduction, or manual payments at the Eagles Regional Treasurer's or DEPCC office.
- Account Monitoring: DEPCC actively monitors the repayment status and overall financial health of the loan, offering assistance or restructuring advice if necessary.

Step 7: Loan Closure

- Completion of Payment: Once the loan is fully repaid, the loan account is officially closed.
- Document Issuance: Members receive formal documentation confirming the full repayment of the loan and the release of any collateral.