

FOR : **MR. JOSE I. CADIZ, JR.**
President & CEO

THRU : **MS. LYNN T. PUNSALAN**
General Manager

FROM : **MGR – FRANCISCO E. FERNANDEZ JR.**
CI and Collection Head

CLAS : **INTERNAL**

SUBJECT : **REVISED APPRAISAL PROCESS (MOTOR VEHICLES)**

DATE : **AUGUST 03, 2017**

Existing Process:

1. For Financing account - Average of purchase price, PIRA appraised value, appraised value from 1 competitor, and 3 dealers
2. For Refinancing account - Based on appraised value given by 3 dealers and PIRA appraised value. It is the appraiser's prerogative to provide the appraised value of collateral

Recommended Process:

This is to recommend that the following process be implemented to improve the appraisal process of the company:

1. A standard price index for second hand vehicles (except trucks) shall be created by the CI and Collection Head. The price index shall be available to the following:
 - a. Sales
 - b. CI and Collection
 - c. COA
 - d. Approving officers
2. Price index shall be updated every 6 months. Reference for the creation of Price Index shall include but not limited to the following:
 - a. Brand new price quotation
 - b. Prices from buy and sell magazines
 - c. Online prices (OLX, Carmudi, Carguide, autodeal)
 - d. PIRA index
 - e. Dealer's price verification
3. The price index shall serve as the initial reference for the vehicle appraisal. Final appraisal will be performed by the appraiser. The amount indicated in the price index may either decrease or increase depending on the condition of the unit (with complete accessories, with damage verified etc.)
4. The CI and Collection Head will be designated as the Chief Appraiser. The Chief Appraiser has the authority to increase the appraised value up to 10%.
5. A checklist of appraised vehicle shall be executed for all appraised collaterals (see annex). The checklist will also serve as reference during the post inspection of collaterals.

6. The designated approvers are allowed to give additional 10% on the allowable loanable amount in consideration of the other C's of credit. \

As per Mgr – Francisco E. Fernandez Jr., they will be needing maximum of 2 months period to develop the price index mentioned above. To immediately address the concerns of dealers and to fight head-on, the following temporary guidelines is recommended:

1. The Chief Appraiser shall immediately provide price range of collateral during dealer's inquiry. The range provided will adjust depending on the condition of the unit during actual inspection. Prices of units may come from the Chief Appraiser's insight or even thru the use of online verifications.
2. Inspection of collaterals shall be made immediately (dealers who has concerns are close to our office).

Justifications:


1. The creation of price index will standardize the amount of appraisal awarded to our vehicles.
2. Streamlining of process:
 - a. The price index will empower our sales partners to immediately provide price range to dealers who are referring clients to us. Sales can also immediately negotiate loan amount for refinancing accounts.
 - b. It will reduce the time of our appraisers in dealing with unscheduled vehicle price queries.
3. Using price index, we can immediately identify which units need to be re-evaluated.
4. The temporary process implemented can catch-up with the existing process of our competitor (specially Global Dominion) who can immediately provide price range and has capacity to adjust on the amount of loan depending on the income of loan applicant.


For your approval.

Prepared by:

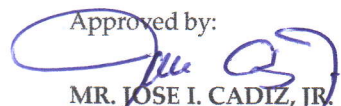

MGR. ALBERT V. DELA FUENTE
Credit, Operations and Administration

Recommending approval:


MGR - FRANCISCO E. FERNANDEZ JR.
Credit Investigation and Collection


MS. LYNN T. PUNSALAN
General Manager

Approved by:


MR. JOSE I. CADIZ, JR.
President & CEO

8/19/17

VEHICLE CHECKLIST

Customer's Name: _____
 Address/Phone No.: _____
 Plate No.: _____
 Model: _____
 Color: _____

Date: _____
 Branch: _____
 Odometer: _____
 Motor No.: _____
 Serial No.: _____

A. Interior

Inspection Item	G	F	D	N	N/A	REMARKS
Fuel Gauge						
Window Riser						
Windshield/Washer/Wiper						
Door Handles						
Speakers						
Door Knobs						
Door Sidings						
Door Weather Strip						
Safety Belts						
Dome Lights						
Seats/Covers/Buckles						
Dashboard						
Glove Compartment						
A/C & A/C Knobs						
Radio/CD Player						
Equalizer						
3rd Brake Light/Spoiler						
Console Box						
Lighter/Ashtray						
Rear View Mirror						
Shifting Knob						
Head Rest						
Clock						
A/C Louver						
Odometer Reading						
Door Levers/Guide						
Floor Matings						

B. Engine Compartment

Inspection Item	G	F	D	N	N/A	REMARKS
Windshield Washer Reservoir						
Radiator Cap						
Oil Dip Stick						
Brake Reservoir/Cap						
Valve Cover/Cap						
Clutch Reservoir/Cap						
Battery						
Fuse Box Cover						
Engine Hood Stoppers						

C. Exterior

Inspection Item	G	F	D	N	N/A	REMARKS
Head Lights						
Bumper Lights						
Clearance Lights						
Tail Lights						
Fender Lights						
Radiator Grills						
Bumper Front/Rear						
Rain Gutter/Moulding						
Windshield Wiper						
Wiper Nozzles						
Side Mirror LH/RH						
Door Handles/Protectors						
Radio Antenna						
Hub Caps						
Side Moulding						
Tail Pipe Extension						
Emblem/Logo						
Gasoline Tank Cover						
Door Glass						
Tint						
Mud Guards						
Alarm & Remote Control						

D. Trunk Compartment

Inspection Item	G	F	D	N	N/A	REMARKS
Matings						
Weather Strips						
Spare Tires						
Jack & Wrench						
Tools						

Others/Personal Belongings

E. Tires

Brand _____
 Type _____

OTHER ITEMS:

Legend: G - Good, F-Fair, D-Damaged, N/A - Not Applicable, N-None

Selling Price: _____
 Appraised Value: _____

Sources: _____ Amount _____

Appraised by: _____
 Signature over printed name

Validated by: _____
 Signature over printed name