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|                                  | <b>Chapter:</b>           | <b>Prepared by:</b> | <b>Checked by:</b>                   | <b>Approved by:</b>         |
| Doc. No. :                       | <b>CREDIT POLICIES</b>    |                     |                                      |                             |
| Date Effective :<br>Dec. 1, 2014 | <b>Topic:</b>             |                     |                                      |                             |
| Revision # 1                     | <b>RESTRUCTURE POLICY</b> | CCD                 | <i>by celicious</i><br>MNF Celicious | <i>BT Alano</i><br>BT Alano |

## I. POLICY STATEMENT

It is the policy of Alano & Sons Credit Corporation to set guidelines in debt restructuring of clients' accounts.

## II. OBJECTIVES

1. To maximize ASCC's chances of getting repayment subject to the debtors ability to repay the loan.
2. To help debtors who have difficulties in loan repayments caused by uncertainties/crisis but are expected to recover in the future.

## III. SCOPE OF APPLICATION

This policy shall apply to all kinds of loan programs offered by ASCC.

## IV. DEFINITION OF TERMS

**Re-loan** - shall mean the renewal, re-availment or re-granting of a loan.

**Restructured Account** - shall mean the renewal of a troubled account to bring its account classification to current.

## V. KINDS OF DEBT RESTRUCTURING

1. Update interest and penalties
2. Set aside interest, penalty and amortize separately

## VI. QUALIFICATIONS

1. Update Interest and Penalties
  - i. Client is still connected with his employer
  - ii. Still have fix/enough monthly income for the current amortization
  - iii. Appraised value of the collateral shall warrant the new restructured amount (applicable for the loan with collateral)
  - iv. Must have a co-maker (if applicable)
  - v. Should have a spouse consent (if applicable)
2. Set aside interest, penalty and amortize separately
  - i. Terminated/separated/resigned from previous employer
  - ii. Still have fix monthly income but is not sufficient for the current amortization
  - iii. Appraised value of the collateral shall warrant the new restructured amount
  - iv. Must have a co-maker (if applicable)
  - v. Should have a spouse consent (if applicable)

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## VI. GUIDELINES

### 1.1 Restructure term

- 1.1.1 Based on the BOP of the Branch.

### 1.2 Restructure Conditions

- 1.2.1 Troubled accounts can be restructured as the need arises. Provided, for the account that qualified to qualification no. 1, all the charges including interest, penalties, LPPP, notarial fee etc. must be paid by the client before restructuring the account.

However, for cases which may fall under conditions set for qualification no. 1 & 2 (such that the client is still connected with his employer but monthly income is insufficient to pay for the monthly amortization), the charges which includes the LPPP, notarial fee, finance charge shall be paid by the client and the interest and penalties can be set aside and to be amortized monthly. But in the succeeding restructure, the interest and penalties that are already amortized must be updated or fully paid and the charges which include LPPP, notarial fee, finance charges, interest and penalties (current account) must be paid before restructuring the account.

- 1.2.2 Collaterals of restructured accounts must be re-appraised to be sufficient in the present restructure loan (applicable for the account with collateral).
- 1.2.3 New set of legal documents shall be used for restructured accounts.
- 1.2.4 Restructured accounts should not exceed the present outstanding balance.
- 1.2.5 Strictly no cash advance and incentive on restructured accounts unless the client's salary change is enough to pay for the cash advance and incentive. This requires thorough assessment from the manager before allowing the client to avail the cash advance and incentive on restructured accounts.
- 1.2.6 Strictly no restructure of accounts outside the office premises.
- 1.2.7 In general, restructured accounts can be re-loaned provided the salary of the client is sufficient.

### 1.3 Reports

- 1.3.1 The branch shall submit a monthly report on restructured accounts to the Area Manager on or before the 15<sup>th</sup> day of the following month after the debt was restructured.



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1.4 Monitoring

- 1.4.1 The CCD shall be responsible for the monitoring and submission of the findings directly to the concerned Area Manager.

**VII. RESTRUCTURE APPROVAL**

1. Every restructured account shall be approved by the Area Manager. However, for account involving amount that is higher than the approval limit of the Area Manager, the Chief Operating Officer shall approve the account.
2. In cases wherein amount to be restructured is not in consonance with the stated guidelines, the branch shall seek the approval of the Area Manager.

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