

MITSUKOSHI MOTORS PHILS., INC.		
POLICY		
POLICY TITLE :	REPO ACTION PLAN	Ref. No. 2015-12-003
DEPARTMENT :	OPERATIONS SUPPORT DEPARTMENT	
TO :	AREA MANAGER, REGIONAL MANAGER, BRANCH MANAGER, CREDIT SUPERVISOR, ACCOUNT COUNSELOR	December 1, 2015

## OBJECTIVE

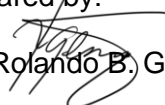

1. To monitor the proper execution of repossession.
2. To ensure that all effort to rehabilitate the account have been exhausted before repossession have been made.
3. To minimize repossession proceeding and to lower branch repossessed inventory level.

## POLICY

1. It is the responsibility of the branch to identify problematic accounts that needs the collateral to be pulled out due to failure of the customer to settle or pay his/her obligation to the company.
2. The Repo Action Plan shall be prepared or filled out by the field personnel (Account Counselor/Credit Supervisor) not later than the 3<sup>rd</sup> day of the beginning of the month based on the results of his fieldwork from the previous month.
3. Repossession of the financed motorcycle unit should be properly plan because this proceeding almost always results into losses and is considered as one of the last recourse of the branch in settling the customer's account.
4. The branch must ensure that necessary actions have been made to rehabilitate the account prior to arriving at the decision of repossessing the unit.
  - 4.1. The arrears in the delinquent account is part of the collectibles in determining the collection efficiency rate and overdue level of the branch, thus if not properly plan and recognize will have a negative effect in the branch performance.
5. Any repossession of financed unit on disapproved recommendation or not included in the Repo Action Plan must be explained in writing by the concerned field personnel and will be subjected to disciplinary action if not tenable to management.
6. The Repo Action Plan must concur with the repossessed sales target of the branch and Repo Management Group. The number of financed units for repossession included in the Repo Action Plan must be always lower that the repossession sales target to **REDUCE** branch repossessed inventory.

## PROCEDURES

1. Field Personnel (Account Counselor/Credit Supervisor)
  - 1.1. Request from cashier Aging Report per AC generated from Branch Monitoring System (BMS) showing status of account, action plan and action taken,

Prepared by:  Rolando B. Galang	Approved by:  Richmond Ngan Executive Officer	Effective  December 1, 2015	Page 1 of 5
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including but not limited to customer's promised to pay, field personnel scheduled follow-up date, for repossession, missing and for skip-tracing.

1.1.1. Ensure that the results of field follow-up were shown in the Daily Itinerary Report and recorded in the BMS including accounts subject for repossession.

1.2. Plan foreclosure of unit based on the existing policy of the company on the repossession period using the Aging Report Per Account Counselor;

<u>No. of Payment</u>	<u>Repossession Period</u>
0-3 Months	- The branch has to pull-out the financed motorcycle unit on the 4 <sup>th</sup> day after 3 days grace period.  A five (5) days grace period is given to customer to redeem the motorcycle unit. On this period, the branch will put back its right to dispose the unit; however, after the five (5) days period the branch has the prerogative to dispose the unit.
4- 12 Months	- Repossess within 30 days or 1 month
Over 12 Months	- Repossess within 60 days or 2 months

1.3. Summarize delinquent account subject for repossession as indicated in the "Remarks" portion of the Aging Report in the Repo Action Plan template.

1.3.1. Indicate in the "Status" portion the actual aging status of the customer both on the number of consecutive months the customer has not paid (NP) and number of monthly installments overdue or in arrears (AR).

1.4. Forward duly accomplished Repo Action Plan to the Branch Manager for review and evaluation.

## 2. Branch Manager

2.1. Receive duly accomplished Repo Action Plan from the field personnel on the required date.

2.2. Pull-out the Field Visit Card/Index Card of the customer included in the Repo Action Plan.

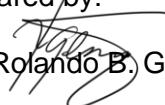

2.3. Review actions taken by the field personnel on the account; and evaluate paying habits and history of payments of the customer.

2.4. Check accuracy of the status of account of the customer as indicated in the Repo Action Plan.

2.5. Determine if all effort has been made by the field personnel to resolve the account and necessary action to rehabilitate the account prior to the recommendation of the latter to repossess the financed unit.

2.6. If not satisfy with the actions taken and recommendation of the field personnel, conduct personal follow-up to the customer to resolve any doubt and issue.

2.6.1. If convince that the account can still be rehabilitated, indicate in the "Reason (s) portion of the Repo Action Plan specific recommendations

Prepared by:  Rolando B. Galang	Approved by:  Richmond Ngan Executive Officer	Effective  December 1, 2015	Page 2 of 5
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and instructions to the field personnel. Do not sign in the "Recommended by" portion of the plan.

2.6.2. If the decision is to proceed with the repossession, schedule pull-out of the financed unit and indicate the scheduled date in the "Particular" portion and sign in the "Recommended" portion of the Repo Action Plan.

2.6.3. Ensure that the Repo Action Plan concur with the Repo Sales target of the branch and Repo Management Group.

2.7. Scan reviewed Repo Action Plan and forward to Area Manager via web mail for approval.

3. Area Manager

3.1. Receive the Repo Action Plan from the branch via web mail and review data indicated therein.

3.2. Ask the branch for any additional justification for any clarification or other issues of concern through web mail, text or cell phone call.

3.3. If everything is in order and convince on the recommendation of the Branch Manager, sign in the "Approved" portion of the Repo Action Plan.

3.4. Scan the approved Repo Action Plan to the branch via web mail.

4. Branch Manager

4.1. Receive approved Repo Action Plan from the Area Manager via web mail.

4.2. Discuss approved Repo Action Plan to concern field personnel immediately upon receipt for the execution of the repossession proceeding.

4.3. Ask explanation in writing from the field personnel any repossession of financed unit that has been disapproved or excluded in the Repo Action Plan.

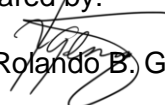

4.4. Instruct the field personnel that in case of inevitable circumstances wherein repossession must be done to protect the interest of the Company, e.g. customer is trying to abscond or escape with the unit or customer is trying to sell the unit. The repossession must still be substantiated and explained in writing.

4.5. File Repo Action Plan in a temporary dossier accessible at all times and check regularly if it is being carried out according to approved plan.

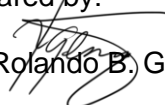

4.6. Review and discuss with field personnel results of the Repo Action Plan on a branch regular meeting which is normally done within the first week of the month.

5. Form Explanation- Repo Action Plan

Particulars	Description
5.1. Branch	: Name of the branch.
5.2. Dealer	: Name of dealer.
5.3. Date	: Date the Repo Action Plan was prepared by the field personnel.

Prepared by:  Rolando B. Galang	Approved by:  Richmond Ngan Executive Officer	Effective  December 1, 2015	Page 3 of 5
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- 5.4. No. : Number series of accounts included in the Repo Action Plan.
- 5.5. A/C No. : Assigned customer's account number.
- 5.6. Customer Name : Complete name of the customer.
- 5.7. Model : The motorcycle model financed by company and subject for repossession.
- 5.8. MI : Monthly installment of the financing contract.
- 5.9. Overdue : Overdue amount of the account.
- 5.10. Total Due : Total collectible due to the customer, current and overdue amount.
- 5.11. Term : Term of the financing contract entered into by the customer.
- 5.12. NP : Number of consecutive months the customer has not paid the monthly amortization.
- 5.13. AR : Number of monthly installments in arrears or number of overdue monthly installment.
- 5.14. Co-Maker : The latest date the co-maker, if any, of the customer was visited by the branch.
- 5.15. Buddy2 : The date of visitation of the customer by the field personnel in tandem with other field personnel as part of the branch collection effort to resolve the account.
- 5.16. Notices Issued : Date of latest demand letter send to the customer by the branch.
- 5.17. Barangay Hearing : Schedule or last barangay hearing concerning the account of the customer.  
If not endorse to the barangay, cause of not filing shown be shown in the "Reason (s)" portion of the form.
- 5.18. Others : Other action taken by the branch to resolve the account but was not successful.
- 5.19. Reason (s) : Reason/s for recommending the repossession of the financed motorcycle. Also includes other pertinent information to substantiate the Repo Action Plan.
- 5.20. Prepared by : Signature over printed name of field personnel submitting the Repo Action Plan.
- 5.21. Recommended : Signature of the Branch Manager who checked and endorsed the approval of the Repo Action Plan to the AM.
- 5.22. Approved by : Signature of Area Manager who approved the Repo Action Plan.

Prepared by:  Rolando B. Galang	Approved by:  Richmond Ngan Executive Officer	Effective  December 1, 2015	Page 4 of 5
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