

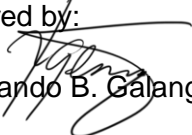
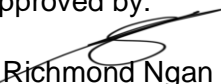
MITSUKOSHI MOTORS PHILIPPINES, INC.		
POLICY AND PROCEDURE		
POLICY TITLE :	RELEASE OF FINANCED MOTORCYCLE UNIT	Ref. No.
DEPARTMENT :	OPERATIONS SUPPORT DEPARTMENT	OPS 15-11-003
TO :	MARKETING ASSISTANT / BRANCH MANAGER / CASHIER	November 02, 2015

OBJECTIVE

1. To guide the branch in releasing motorcycle units whether brand new or repossessed.
2. To define necessary documents needed in the release of purchased motorcycle units.

POLICIES

1. No motorcycle unit sold will be released, whether cash or installment, without proper documentation:
 - 1.1. Collection/Official Receipt for down payment or initial cash outlay for assumed account;
 - 1.2. Delivery Receipt;
 - 1.3. Sales Invoice for brand new motorcycle unit; and
 - 1.4. Sales Kit which include financing contracts for installment sale.
 - 1.4.1. Individual Information Sheet : 2 Copies
 - 1.4.1.1. This is an information sheet showing vital information about the customer and must be filled out in printed letters. A copy must be forwarded to Liaison Officer for motorcycle registration purposes.
 - 1.4.2. Warranty Explanation : 1 Copy
 - 1.4.2.1. This show acknowledgement of the customer that the warranty policy of the company has been explained properly by the branch and must forwarded to Spare Parts Department.
 - 1.4.3. Pre-Delivery Inspection : 1 Copy
 - 1.4.3.1. This form shall be duly acknowledged by the customer and signed by the authorized branch representative who conducted the inspection of the motorcycle unit. Further, this evidence that the customer is satisfy with the motorcycle unit he /she received.
 - 1.4.4. Terms and Condition (Tagalog) : 1 Copy
 - 1.4.4.1. This form educate the customer with the terms and conditions as promulgated and implemented by the

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Company with respect to terms of payment, prompt payment discount, terms of contract, etc.

1.4.5. Co-Maker Statement : 1 Copy

1.4.5.1. The report shows information about the co-maker of the customer to be accomplished by field personnel and evaluated by Branch Manager. This will only be accomplished if the prospective customer failed to pass the capacity standard.

1.4.6. Dacion En Pago (Payment in Kind) : 2 Copies

1.4.6.1. This a financing contract conveying the financed motorcycle unit in favor of the company in satisfaction of the customer's indebtedness.

1.4.7. Voluntary Surrender of Unit : 2 Copies

1.4.7.1. A pre-signed arrangement between the branch and the customer that the latter will voluntary surrender the financed motorcycle unit to the former for failure to pay monthly installments due on the promissory note without grace period and waived his right over the motorcycle unit and gives the company the right to dispose the same.

1.4.8. Disclosure Statement : 1 Copy

1.4.8.1. The Republic Act 3765 or Abstract of Truth in Lending Act protects the borrowers from lack of awareness of the cost of credit by assuring a full disclosure of such cost. This is standard format of the "Disclosure Statement" as issued by the Banko Sentral ng Pilipinas.

1.4.9. Deed of Absolute Sale : 2 Copies

1.4.9.1. This is a contract for the transfer of ownership of the financed motorcycle unit by the company from original buyer to new buyer on cash sale or installment.

1.4.10. Chattel Mortgage & Promissory Note : 2 Copies

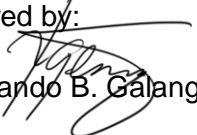
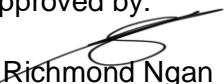
1.4.10.1. A financing contract which secures the loan of the customer with the motorcycle unit bought on installment to the branch. Included in this contract are the following;

1.4.10.1.1. Affidavit of Good Faith

1.4.10.1.2. Certification of Oath

1.4.10.1.3. Acknowledgement

1.4.10.1.4. Promissory Note

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Detail terms of promise of the customer or maker to pay a sum of money to the Company in equal monthly installment. Also included are the following provisions;

1.4.10.1.4.1. First due date and maturity date of the obligation;

1.4.10.1.4.2. Provision for five (5%) percent penalty on the unpaid monthly installments; and

1.4.10.1.4.3. Rights of the Company in the event of a default to file legal action in the courts of Quezon City.

2. In case of installment sales;

2.1. No release of motorcycle unit without proper credit investigation process and decision to accommodate the customer on installment sale must be based on sound basis.

2.2. No delivery of financed motorcycle unit without the primary requirement on installment sales.

2.3. All information and data must be properly accomplished and filled out in all financing contracts.

2.4. The customer has to sign all the sales documents and financing contracts in the branch office.

3. Delivery of sold motorcycle unit to the customer is prohibited.

4. The sales of repossessed motorcycle units are covered only by Delivery Receipt. This is to prevent problems in the computation and payment of Value Added Tax (VAT) which already have been paid in the first or original sales of the motorcycle unit.

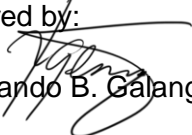
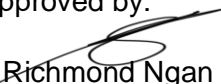
5. Before turn-over of any motorcycle unit sold to customer, the branch must conduct pre-delivery inspection to ensure that the released motorcycle unit is free from any scratches, dents, defects and/or missing parts and accessories.

PROCEDURES

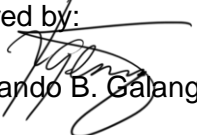
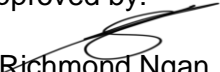
1. Marketing Assistant (MA)

1.1. Receive Credit Investigation Report (CIR) and Customer Application Form (CAF) from Branch Manager (BM) and record decision in the Inquiry and CAF Control Register.

1.1.1. Record date of decision in the appropriate column provided in the Inquiry and CAF Control Register.

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- 1.2. Whether approved or disapproved, inform applicant regarding branch decision on their application.
 - 1.2.1. If approved, request the applicant to visit the branch to pay the necessary down payment or initial cash outlay for assumed account.
 - 1.2.1.1. In case there is no available motorcycle model that will be purchased on installment by the applicant in the branch; secure from main warehouse or other branches before communicating with the applicant.
 - 1.2.1.2. File CAF and CIR in a temporary file.
 - 1.2.2. If disapproved, files CAF and CIR in a permanent file.
 - 1.3. Instruct customer to pay the down payment or initial cash outlay to the Cashier upon visit to the branch.
 - 1.4. Simultaneous with the payment of the down payment or initial cash outlay by the customer to the Cashier, prepare Sales Kit for signature of the customer;
 - 1.4.11. In some instances, wherein the customer refuses to sign blank documents and insist for a copy of the financing contract;
 - 1.4.11.1. Explain that the signing of the documents in blank for the immediate release of the motorcycle unit to the customer.
 - 1.4.11.2. If the customer still insists in filling up all information and data in the financing documents before signing; defer release of motorcycle unit until all financing contracts have been filled out and completed.
 - 14.12. If the customer requests for copies of financing contracts, explain that we cannot give copies of financing documents because the same have to be forwarded to the Main Office for signature and notarization.
 - 1.5. Get or request branch mechanic to get the stencil of the chassis and engine number of the motorcycle unit to be released to the customer.
2. Mechanic
- 2.1. Obtain four-(4) copies of stencil of the chassis and engine numbers of the motorcycle unit being purchased by the customer.
 - 2.1.1. Rub the chassis and engine numbers with carbon paper.
 - 2.1.2. Wipe the chassis and engine numbers rubbed with carbon paper using 1 inch size scotch tape to transfer the number to the latter.

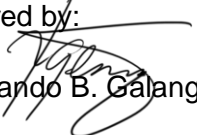
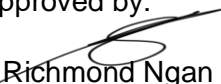
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- 2.1.3. Tape or attach the acquired stencils in the lower portion of the Motor Vehicle Inspection Report (MVIR) Form.
- 2.1.4. Ensure that stencils are readable to avoid rejection by the Land Transportation Office.
- 2.2. Forward stencil of chassis and motor numbers of the unit to the Marketing Assistant.
3. Marketing Assistant
 - 3.1. Receive stencil of chassis and motor numbers of the unit from the mechanic.
 - 3.2. Retrieve the CAF and approved CIR from the temporary file; and attach Sales Kit and financing contracts.
 - 3.3. Forward stencils, CAF, CIR, Sales Kit and financing contracts to the cashier.
4. Cashier
 - 4.1. Receive payment from the customer and issue Collection/Official Receipt for the down payment or initial cash outlay from the customer and distribute copies as follows;

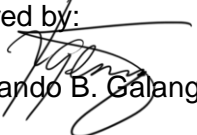
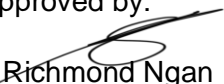
Original copy	: Customer
Pink copy	: Accounting Department
Yellow copy	: Branch
Green copy	: File, remains in the OR Booklet
 - 4.2. Receive stencils of chassis and engine numbers of the motorcycle unit and other supporting papers such as CAF, CIR, Sales Kit and financing contracts from MA and prepare Delivery Receipt and/or Sales Invoice to affect sales.
 The CAF, CIR and Individual Information Sheet are necessary to ensure accuracy of information and data to be indicated in the Sales Invoice and Delivery Receipt.
 - 4.2.1. Distribute copies of Sales Invoice as follow;

Original	: Liaison Officer
Yellow copy	: Customer
Green copy	: Accounting Department
Pink copy	: Branch Copy
Blue copy	: File which remains to the booklet
 - 4.2.2. Distribute copies of the Delivery Receipt as follow;

Original	: Customer
Green and Blue	: Accounting Department
Yellow	: Branch Copy

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- 4.3. Assign account number to the customer, whether on cash or installment.
- 4.4. Prepare Customer Ledger Card and Customer's Field Card for installment sales.
- 4.5. Forward branch copies of Delivery Receipt and/or Sales Invoice together with other supporting documents to MA for preparation of Customer's Loan Folder and filing.
- 4.6. Forward Customer Field Card to concerned field personnel.
- 4.7. Post sale transaction in the Branch Monitoring System (BMS) immediately after the release of the sold motorcycle unit.
5. Marketing Assistant
 - 5.1. Receive Sales Invoice and/or Delivery Receipt together with other supporting documents from the Cashier.
 - 5.2. Orient and educate the customer regarding the terms and conditions of the financing contracts.
 - 5.3. Ask the branch Mechanic to orient the customer about the operations of the unit and give the motorcycle key to the customer.
 - 5.4. Conduct ocular inspection of the unit with the customer using the Pre-Delivery Inspection Form.
 - 5.4.1. Obtain signature of the customer after conducting pre-delivery inspection of the financed unit.
 - 5.5. Create Customer's Loan Folder and file financing documents and precautionary papers; including the duplicate key of the motorcycle.
The keeping of duplicate key of the financed motorcycle unit is important when the account becomes delinquent and we have to repossess the unit.
 - 5.6. File the Sales Invoice and Delivery Receipt progressively, that is from lower number to higher one.
 - 5.7. Record sales in the Sales Control Register which is necessary in monitoring the total releases of the branch.
 - 5.8. Post the release motorcycle unit sold to the Daily Motorcycle Inventory Report and TBAs given to customer in case of brand new unit to TBAs Control Logbook.

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