

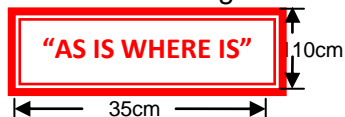
| MITSUKOSHI MOTORS PHILIPPINES, INC. | | |
|-------------------------------------|---|---------------|
| | | |
| POLICY TITLE : | DISPOSAL OF REPOSSESSED UNIT | Ref. No. |
| DEPARTMENT : | OPERATIONS SUPPORT DEPARTMENT | OPS 16-01-049 |
| TO : | REGIONAL MANAGER, AREA MANAGER, BRANCH MANAGER, CASHIER, MARKETING ASSISTANT | |

OBJECTIVE:

1. To standardize documentation in the disposal of repossessed unit.
2. To guide the branch in disposing repossessed unit under "As Is Where Is" basis.
3. To minimize if not totally eliminate customers' complaints regarding non-compliance on releasing original LTO Official Receipt and Certificate of Registration (OR/CR) on disposal of repossessed units with minimal or low appraisal.

POLICIES:

1. Disposal of repossessed unit whether for cash or instalment shall be covered by Delivery Receipt (DR) stamped with "AS IS WHERE IS" on the lower portion of the receipt.
 - 1.1. The Operations Support Department shall provide nearby branches rubber stamp bearing "As Is Where Is" to be used in the disposal of repossessed unit and other branches are allowed to procure the rubber stamp locally.
 - 1.2. The size of the rubber stamp will be 7cm height x 25cm width with color red:



2. It is the responsibility of the Branch Manager to explain to all buyers of repossessed motorcycle unit the terms and conditions of the transaction under "As Is Where Is" basis.
 - 2.1. The motorcycle registration (OR/CR) can only be provided depending on its availability.
 - 2.1.1. The BM or any branch personnel must not commit of releasing the original Certificate of Registration (CR) to the customer for minimal appraisal amount. Thus, available CR will be release if there is any.
 - 2.1.1.1. The appraisal price is considered minimal if the price is Five Thousand (P5,000.00) and below.
 - 2.2. It is not the obligation of the company to provide the motorcycle registration and all related cost and expenses in obtaining a copy of the motorcycle OR/CR will be shouldered by the buyer.
 - 2.2.1. This includes any unpaid licensing fee, fines and apprehension charges of the previous owner affecting the renewal of motorcycle unit registration.
 - 2.2.1.1. If the selling price is based on the book value, the fines and apprehension charges of the previous owner will be deducted to the book value if the latter was used as disposal price.

| | | | |
|---|---|-------------------------------|-------------|
| Prepared by:  Larry Francisco Repo Management | Approved by:  Richmond Ngan Executive Officer | Effective January 2016 | Page 1 of 3 |
|---|---|-------------------------------|-------------|

- 2.2.1.2. The fines and apprehension charges will be shouldered by the buyer if the selling price is based on the appraisal price of the repossessed motorcycle unit.
 - 2.2.1.2.1. In determining the appraisal price of the repossessed unit, the unpaid fines and apprehension charges was already factored and considered.
- 2.2.2. Cost of transfer of ownership from first owner to buyer and renewal of motorcycle registration will be at the latter's expense.
- 2.2.3. Any defects, latent or otherwise.
 - 2.2.3.1. The "As Is Where Is" stamped in the Delivery Receipt indicates that the buyer has inspected the motorcycle and had checked for any defects and accepted its actual state and conditions at the time sales.
 - 2.2.3.2. The branch personnel have the responsibility of disclosing the actual state or condition of the repossessed unit to the prospective buyer; especially on its engine, to avoid future complains
- 3. Policies on the "As Is Where Is" policies shall be strictly implemented and non-adherence will be dealt with in accordance with our Company Code of Discipline.

PROCEDURE

1. Marketing Assistant

- 1.1. Explain to the customer that the repossessed unit sale is on "As Is Where Is" basis and if the customer agrees with the term and condition of the sale.
 - 1.1.1. It is the responsibility of the Marketing Assistant to tell the customer that the sale of the repossessed unit is on "As Is Where Is" basis and explain the terms and conditions thereof.
 - 1.1.2. During credit investigation process, the field personnel must explain again to the customer the terms and conditions of the "As Is Where Is".
 - 1.1.2.1. Obtain acceptance from the customer of the terms and conditions and indicate this on the Credit Application Report.
- 1.2. Obtain or ask the mechanic to get the stencils of engine and chassis numbers of the unit.
- 1.3. Retrieve the Credit Application Form (CAF) and approved Credit Investigation Report (CIR) from the temporary file; and attach Sales Kit and financing contracts.
- 1.4. Forward stencils, CAF, CIR, Sales Kit and financing contracts to the cashier.

2. Cashier

- 2.1. Receive stencils of chassis and engine numbers of the motorcycle unit, CAF, CIR, Sales Kit and financing contracts from MA and prepare Delivery Receipt to affect sale.
- 2.2. Prepare Delivery Receipt in four-(4) copies to cover release of motorcycle unit to the customer.

Original : Customer
 Pink : Accounting Department
 Yellow : Branch

| | | | |
|---|---|-------------------------------|-------------|
| Prepared by:  Larry Francisco Repo Management | Approved by:  Richmond Ngan Executive Officer | Effective January 2016 | Page 2 of 3 |
|---|---|-------------------------------|-------------|

Green : File which remains to the booklet

2.2.1. Fill-out pertinent information in the Delivery Receipt (DR).

2.2.2. Stamp the DR with "As Is Where Is" (Figure 1).

2.2.3. Sign duly accomplished Delivery Receipt and obtain signature of the Branch Manager at "Review by" portion of the receipt.

2.2.4. Obtain signature of the customer at the "Received by" portion of the receipt upon release of the motorcycle unit.

2.2.3.1. Check and ensure that the signature of the customer in the Delivery Receipt is the same as appearing in the ID submitted to the branch.

2.2.5. Distribute copies of Delivery Receipt as follow;

2.2.3.1. File the Branch (yellow) Copy of the Delivery Receipt in a permanent file arrange progressively or in series, that is from lower to higher one.

2.2.3.2. Retain the green copy in the booklet and when all the series have been used up, return the booklet to the DPR Section.

3. Branch Manager

3.1. Receive Delivery Receipt, Sales Kit and financing contracts from branch cashier.

3.2. Check Delivery Receipt, Sales Kit and financing contracts and if everything is in order, sign the Delivery Receipt.

3.3. Return signed Delivery Receipt to branch cashier together with the Sales Kit and financing contracts for the release of the motorcycle unit.

Figure 1

VB RACER MOTORS COMPANY LTD.
7th Bayani St., Brgy. San Isidro, Quezon City
A.T Reg. TIN 008-373-582-036

DELIVERY RECEIPT
Nº 1010

Delivered to: Trinidad, Cyril Saturnino Date: 11-19-15
IN: _____
Address: 90 N. Ramirez St. Galas Quezon City Terms: _____

| QUANTITY | UNIT | ARTICLES |
|----------|-------|------------------------|
| | BRAND | Mitsubishi/SYM |
| | Unit | RV-2 |
| | Color | blue-white |
| | E# | VMVX3E20012299 |
| | C# | RL6MD11BDE0612162 |
| | A# | 432151024 |
| | | BV - 35000 |
| | | HP - 1000 |
| | | MA - 2,042 |
| | | Term - 24 months |
| | | HPV - |
| | | UP - 19th of the month |

Received the above goods and services in good order and condition.

1st owner: Narwal Fredolite Adoracion PK# 10949
AC - Brix CYRIL S. TRINIDAD
Customer Signature Over Printed Name

Printed Name: CYRIL S. TRINIDAD

Printer's Accreditation No. 052MP20130000000002
Date Issued: 01-13-14

"AS IS WHERE IS"

"THIS DOCUMENT IS NOT VALID FOR CLAIMING INPUT TAXES"
THIS DELIVERY RECEIPT SHALL BE VALID FOR FIVE (5) YEARS FROM THE DATE OF ATP

| | | | |
|--|--|-------------------------------|-------------|
| Prepared by: Larry Francisco Repo Management | Approved by: Richmond Ngan Executive Officer | Effective January 2016 | Page 3 of 3 |
|--|--|-------------------------------|-------------|