

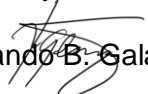
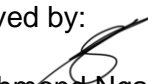
MITSUKOSHI MOTORS PHILIPPINES, INC.		
POLICY AND PROCEDURE		
POLICY TITLE	ASSUMPTION OF ACCOUNTS	Ref. No. 2015-12-031
DEPARTMENT	OPERATIONS SUPPORT DEPARTMENT	
TO	BRANCH MANAGER, CREDIT SUPERVISOR, ACCOUNT COUNSELOR	December 1, 2015

OBJECTIVE

1. To guide the branch in documenting and recording assumption of account by a third party.
2. To define conditions in allowing assumption of account by a third party.
3. To prevent repossession of financed unit which almost always result to losses in the part of the company.

POLICY

1. The Branch should ensure that the assuming party was credit investigated, evaluated and approved by the Branch Manager before releasing the unit.
 - 1.1. A new Credit Investigation Report should be prepared by the branch based on the company's standard operating policies and procedures.
2. No assumption of account will be made outside the branch premises.
 - 2.1. Transfer of repossessed motorcycle unit to assuming party must be properly documented.
 - 2.1.1. Repossessed motorcycle unit must be surrendered to the branch and covered by Pull-Out Order to close the original account.
 - 2.1.2. Corresponding Delivery Receipt must be issued to affect the assumption of account and a new account number must be issued.
 - 2.1.3. Assumed account not disclosed to the branch, a Pull-Out-Order and a Delivery Receipt shall be simultaneously issued to document financed motorcycle movement from the original customer to assuming party.
 - 2.2. Financing contract must be signed by the assuming party in the branch office.
3. The spouse of the customer is not allowed to assume the account.
 - 3.1. Relative residing on the same address with the principal is likewise prohibited.
 - 3.2. Using other person to assume the account just to reclassify the account from delinquent status to current is tantamount to deception and is a grave violation under Company Code of Discipline.
4. To affect the assumption of account, the assuming party must pay an equivalent of one (1) monthly amortization plus full payment of partial payment, if any or any partial payment shall be reclassified to other income of the company.

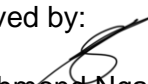
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PROCEDURES

1. Branch Manager
 - 1.1. Review delinquent accounts of the branch and instruct the field personnel (Account Counselor or Credit Supervisor) to give recommendations for the early resolution of the accounts.
2. Field Personnel
 - 2.1. Conduct collection follow-up and determine financial condition of the overdue customer and the latter's willingness to continue the account.
 - 2.2. If the overdue customer has no longer capacity and/or willingness to pay, discuss with the latter ways to resolve the account including assumption of account.
 - 2.3. Ask the customer if he has relatives or friends with financial capability to continue and assume the account; else, look for someone who can assume the obligation of the customer.
 - 2.3.1. If all effort to look for someone to assume the account fails, proceed with the repossession of financed unit.
 - 2.4. Conduct initial interview and assessment of the credit worthiness of the candidate person who will assume the account.
 - 2.5. If everything is in order, advice the assumer to visit the branch to fill-up Credit Application Form (CAF).
 - 2.6. Advice the BM about the outcome of your field follow-up and result of initial assessment of the credit worthiness of the assuming party.
3. Branch Manager
 - 3.1. Discuss with field personnel the result of the field follow-up and the credit worthiness of the assumer.
 - 3.2. In the recommendation is acceptable, instruct the field personnel to proceed with the processing of the assumption of account.
4. Marketing Assistant
 - 4.1. Receive CAF of the assuming party and record to Inquiry and CAF Control Logbook.
 - 4.2. Conduct initial interview and check for the following;
 - 4.2.1. Completeness of information in the CAF.
 - 4.2.2. Accuracy of location map or sketch of assuming party's address. The sketch should be associated to the main road or highway, nearest landmark, public building and other edifice that will facilitate location of the assuming party's address.
 - 4.2.3. Assuming party's signature against presented ID to establish true identity of the latter.
 - 4.2.3.1. Driver's License
 - 4.2.3.2. Passport
 - 4.2.3.3. SSS/GSIS

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- 4.2.3.4. TIN Card
- 4.2.3.5. PRC License
- 4.2.3.6. Company's ID
- 4.2.3.7. Other valid IDs with picture
 - 4.2.3.7.1. If the applicant cannot present any ID, the CAF can still be processed, however, the establishing of identity must be ensured during the credit investigation process.
- 4.2.4. Pertinent information required to be filled out by the assuming party in the CAF.
- 4.2.5. Give assuming party list of requirements to be submitted to effect the assumption;
 - 4.2.5.1. Two (2) 2X2 colored pictures
 - 4.2.5.2. Two (2) photo copy of any valid ID with signature
 - 4.2.5.3. Proof of Income
 - 4.2.5.3.1. If employed, submit any of the following;
 - 4.2.5.3.1.1. Latest Pay Slip
 - 4.2.5.3.2. Certificate of Employment
 - 4.2.5.3.3. Latest Income Tax Return
 - 4.2.5.3.4. Latest BIR Form No. 2316 or Certificate of Compensation Payment/Tax Withheld
 - 4.2.5.3.5. Latest Community Tax- Unless it shows the annual gross income of the applicant, this requirement is only for notarization purposes.
 - 4.2.5.3.2. With business, submit any of the following;
 - 4.2.5.4.1. Business Permit
 - 4.2.5.4.2. Latest Income Tax Return
 - 4.2.5.4. Proof of Billing, submit any of the following;
 - 4.2.5.4.1. Electric Bill
 - 4.2.5.4.2. Water Bill
 - 4.2.5.4.3. Telephone Bill
 - 4.2.5.4.4. Cell Phone Bill
 - 4.2.5.4.5. Cable Bill
 - 4.2.5.4.6. Credit Card Bill
 - 4.2.5.5. TCT or Declaration of Real Property
 - 4.2.5.6. Lease Contract
 - 4.2.5.7. Barangay Clearance
 - 4.2.5.8. Photo copy of LTO Certificate of Registration
 - 4.2.5.9. Proof of other income and other supporting papers, e.g. Bank Statement, Allotment papers, Money market Placement, etc.
- 4.3. Forward duly filled out CAF to field personnel.

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5. Field Personnel
 - 5.1. Conduct thorough credit investigation to establish credit worthiness of the assuming party.
 - 5.2. Sort and summarize results of the investigation process in the Credit Investigation Report (CIR).
 - 5.3. Forward CIR to BM for review and approval to effect the assumption of account.
6. Branch Manager
 - 6.1. Receive and review the CIR from the field personnel and if everything is in order, advice the Marketing Assistant and cashier to effect assumption of account.
7. Marketing Assistant
 - 7.1. Receive approved CIR from the BM and advice the assuming party to visit the branch to pay at least one (1) monthly amortization to effect the assumption.
 - 7.2. Upon visit of the assuming party and upon payment of the monthly amortization, ask the assuming party to sign sales kit including new financing contract.
 - 7.3. Inform the assuming party that the new due date will be thirty (30) days after payment of the monthly amortization unless it was made between the 26th and end of the month and in that case, the due date will be 1st of the following month after next and every succeeding month thereafter.
 - 7.4. Assign new account number and record the transaction in the Inquiry and CAF Control Logbook and Sales Control Logbook under repossessed unit sales.
8. Cashier
 - 8.1. Receive payment of the assuming party for the monthly amortization to effect the assumption of account.
 - 8.2. Effect repossession to close the original account by issuing Pull-Out Order and consider any partial payment as other income.
 - 8.3. Prepare Delivery Receipt in four-(4) copies to document transfer of financed motorcycle from the original customer to assuming party.
 - 8.4. Sign duly accomplished Delivery Receipt and obtain signature of the Branch Manager at "Review by" portion of the receipt.
 - 8.5. Obtain signature of the assuming party at the "Received by" portion of the receipt upon transfer of the motorcycle unit to the assuming party.
 - 8.5.1. Check and ensure that the signature of the assuming party in the Delivery Receipt is the same as appearing in the ID submitted to the branch.
 - 8.6. Distribute copies of Delivery Receipt as follow;


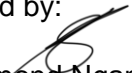
Original	: Assuming Party
Pink	: Accounting Department
Yellow	: Branch
Green	: File which remains to the booklet

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- 8.6.1. Give Original Copy to the assuming party after obtaining the latter's signature in the Delivery Receipt and transfer of the motorcycle unit.
- 8.6.2. Detach the Accounting (pink) Copy of the Delivery Receipt in the booklet.
- 8.6.3. Post Delivery Receipt in the Branch Monitoring System (BMS). It must be posted as the transaction occurs.
- 8.6.4. Place the posted Delivery Receipt in a temporary file.
 - 8.6.4.1. At the end of the day and after printing the branch Daily Performance Report (DPR), pull-out all Delivery Receipts issued during the day from the temporary file.
 - 8.6.4.2. Attach Delivery Receipts to the DPR for transmittal to the DPR Section based on the required schedule days together with other supporting documents.
 - 8.6.4.3. 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.
 - 8.6.4.4. Retain the green copy in the booklet and when all the series have been used up, return the booklet to the DPR Section.

9. 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 effect the assumption of account.

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