

MITSUKOSHI MOTORS PHILS., INC.		
POLICY		
POLICY TITLE :	<b>NP MONITORING</b>	Ref. No. 2015-12-004
DEPARTMENT :	OPERATIONS SUPPORT DEPARTMENT	
TO :	AREA MANAGERS, BRANCH MANAGER, CREDIT SUPERVISOR, ACCOUNT COUNSELOR	December 1, 2015

## OBJECTIVE

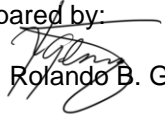
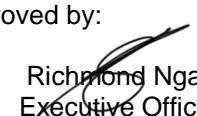
1. To monitor the status of accounts assigned and being handled by each field personnel (FP).
2. To come-up with remedies and plans to rehabilitate delinquent accounts of the branch.
3. To provide data and information to management in determining level of risk in the branch at any given time.
4. To identify problematic accounts of the branch that has high credit risk affecting the **HEALTH** of the branch receivable portfolio.
5. To equip the FP in reducing delinquent accounts.

## POLICY

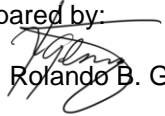
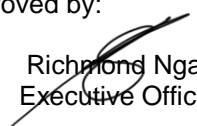
1. Delinquent accounts with NP2 and AR3 must be immediately foreclosed or repossessed.
2. It is the responsibility of the branch to identify problematic accounts that has **HIGH CREDIT RISK**.
  - 2.1. Risk can be measured and influenced by value and time such as the risk for a loan amounting to P 100,000 is higher than loan valued at P 20,000 or an account that has not paid for four (4) monthly installments has higher risk than account with one (1) monthly installment in arrears.
3. The following term shall be used in this policy and procedures;
  - 3.1. NP Account  
NP means non-paying, number of consecutive months the customer has not paid his/her account, e.g. NP 4; the customer has not paid for four (4) consecutive months.
  - 3.2. AR  
AR means arrear, the number of monthly installment in arrear or delayed by the customer, e.g. AR 3; customer has not paid three (3) monthly installments.
4. The NP Monitoring Form shall be prepared or filled out by the Account Counselor (AC) not later than the 3<sup>rd</sup> day of the beginning of the month and shall be based on previous month balance in the Customer's Field Card and/or Aging Summary.

## PROCEDURE

1. Field Personnel (Account Counselor/Credit Supervisor)
  - 1.1. Fill out NP'S Action Plan Form and submit the same to BM for review and approval every 2<sup>nd</sup> day of the month.
    - 1.1.1. The accounts in the form must be arranged by due date on ascending sequence.

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- 1.2. Evaluate carefully each account regarding its collectibility or risk to the company in relation to the number of months the account has not paid and the number of monthly installments in arrear or number of monthly installment overdue.
  - 1.3. Indicate in the appropriate space in the form latest action take and any action plan to be taken to resolve the account.
    - 1.3.1. Explain to the BM reason for the non-payment of the customers shown in the Aging Report.
    - 1.3.2. Ensure that all collection effort and results of fieldwork are duly recorded in the field peesonnel's Collection Field Card.
    - 1.3.3. Submit plan of actions to the BM to resolve the non-paying accounts.
    - 1.3.4. Conduct fieldwork and follow-up for the early resolution of the non-paying accounts.
  - 1.4. Sign in the "Prepared by" portion of the form and forward to BM for review and evaluation.
    - 1.4.1. Submit justification and action taken on unresolved Non-Paying accounts as of month end to the BM.
2. Branch Manager
- 2.1. Receive NP Monitoring Form from the field personnel and review action taken and action plan indicated therein.
  - 2.2. Revise or add necessary action to be taken to rehabilitate or resolve the delinquent accounts.
    - 2.2.1. If everything is in order, affix signature in the "Approved by" portion of the form.
  - 2.3. Discuss action plan on NP and AR and level of performance during the regular monthly meeting of the branch. This will prepare the field personnel during his field work in handling them.
  - 2.4. Review status of non-paying accounts and collection effort made by the field personnel on a daily basis and sough reason (s) for non-payment of the accounts.
  - 2.5. Conduct collection follow-up together with the field personnel to resolve the non-paying account.
    - 2.5.1. Before fieldwork, plan the collection call.
      - 2.5.1.1. Review account and organize facts;
      - 2.5.1.2. Discuss with field personnel on what to say and how to say collection message, and;
      - 2.5.1.3. Most important is what the BM wants to achieve on the customer's visit.
        - 2.5.1.3.1. Push for payment of the account or for payment arrangement, always cover the payment arrangement in writing and should be based on a mutually amiable timetable.
        - 2.5.1.3.2. Push for the surrender of the financed unit, if the customer refuses to pay or enter into a payment arrangement.

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2.5.1.3.3. Enforce the financing contract, act expeditiously and keep pushing for the settlement of the account. Act decisively and enforce all the leverages of the company without hesitation.

2.6. Include the results and status of NP Monitoring in the Manager's Monthly Report to the Area Manager.

3. Area Manager

3.1. Review and check status of the NP Monitoring upon visit to the branch.

3.2. Check action plans and actions taken by the AC/CS and BM to resolve Non-Paying Accounts.

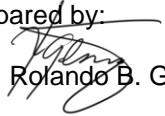
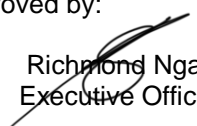
3.2.1. Check field personnel's Field Collection Cards to validate actions taken by the field personnel and results of field follow-up.

3.3. Conduct meeting and offer solutions to the branch regarding early settlement of their non-paying accounts.

3.4. Record branch visit in the AM Checklist and Daily Accomplishment and Attendance Report (DAR).

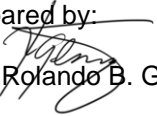
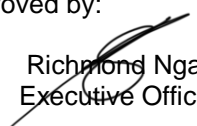
**FORM EXPLANATION- NP MONITORING FORM**

Particular	Description
1. Branch	: Name of branch where the field personnel was assigned.
2. Dealer	: Name of dealer where the branch is included.
3. Month	: Specific month covered by the action plan.
4. No.	: Numerical series of the accounts assigned to the field personnel with NP category.
5. A/C No.	: Assigned control number of the customer's account.
6. Account Name	: Complete name of the customer.
7. MI	: Monthly installment of the financing contract.
8. Overdue	: Overdue amount of the account.
9. Total Due	: Total collectible due to the customer, current and overdue amount.
10. Term	: Term of the financing contract entered into by the customer.
11. NP	: Number of consecutive month/s the customer has not paid his/her monthly amortization. Any partial of a month is equivalent to one (1) month, e.g. if the due date of the customer is June 24 and he has not paid his/her month amortization at month end. Although it involves only six (6) days, the account will be included in NP1.
12. AR	: Number of monthly installment/s in arrears.

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Any partial monthly installment unpaid is equivalent to one (1) MI in arrear, e.g. if Monthly Installment is P 2,000.00 and the customer has made a partial payment of P 1,500.00, the account will be included in AR1.

- 13. Reason for Delinquency : Reason for the delinquent of the customer or for his non-payment of his/her obligation to the branch.
- 14. Action Taken : Last action taken by the field personnel to collect or resolve the account.
- 15. Action to be Taken : Specific action plan to be made by the AC/CS to rehabilitate the account.
- 16. Remarks : Any information pertinent to the customer's account that will help the branch in rehabilitation of the account, e.g. Promised date (PTP), red flags noticed during field work such as marital and financial problems.
- 17. Total NP : Last Total Non-Paying accounts of the branch from previous month.
- 18. Resolved : Resolved Non-Paying accounts from previous month.
- 19. Performance : Percentage of NP Accounts resolves against from previous month.
- 20. Prepared by : Signature over printed name of AC and BM/OIC concerned.
- 21. Approved by : Signature over printed name of BM/OIC who reviewed the action plan.


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NP MONITORING	
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Prepared by:	Approved by:	Total NP	_____
_____	_____	Resolved	_____
Signature Over Printed Name	Signature Over Printed Name	Performance	_____



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