**LBP LEASING AND FINANCE CORPORATION**

**LOAN AGREEMENT NO. \_\_\_**

KNOW ALL MEN BY THESE PRESENTS:

This Loan Agreement made and entered into by and between:

**LBP LEASING AND FINANCE CORPORATION**, a corporation duly organized and existing under the laws of the Philippines, with principal office at 15/F SyCip Law Center, #105 Paseo de Roxas St., Makati City, represented herein by its President, **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**, hereinafter referred to as the “**LENDER**”;

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- and -

**COMPANY NAME**, a corporation duly organized and existing under and by virtue of the laws of the Philippines with principal place of business at**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**, represented herein by its Position, **AUTHORIZED SIGNATORY**,hereinafter referred to as the “**BORROWER**”;

# **WITNESSETH:**

WHEREAS, the BORROWER has applied with the LENDER for a (Type of Facility) in the principal amount of **PESOS: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ AND \_\_/100 ONLY** **(₱ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_)** Philippine Currency;

WHEREAS, the LENDER has agreed to grant the said loan applied for to the BORROWER subject to the terms and conditions hereinafter set forth, all of which are acceptable to the BORROWER;

NOW, THEREFORE, for and in consideration of the foregoing premises and of the mutual covenants provided herein, the parties hereto hereby agree and bind themselves as follows:

# **ARTICLE I. THE LOAN**

SECTION 1. **AMOUNT OF THE LOAN**.-The LENDER hereby agrees upon the terms and conditions hereafter set forth, to extend to the BORROWER, and the BORROWER agrees to partially avail of a LOAN in the principal amount of **PESOS: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ AND \_\_/100 ONLY** **(₱ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_)** Philippine Currency (hereafter referred to as the “LOAN”).

SECTION 2. **PURPOSE OF THE LOAN**.-The proceeds of the LOAN shall be used to (purpose of the loan).

SECTION 3. **DRAWDOWNS.-**Upon effectivity of this Agreement, the BORROWER may avail of the LOAN in staggered drawdowns or in lumpsum. The proceeds of the LOAN shall be released by the LENDER in such sums and at such times subject to the faithful compliance with all the conditions for the release of the LOAN.

SECTION 4. **INTEREST RATE**.-The LOAN shall bear an interest rate based on applicable LBP Lease Reference Rate at the time of availment; subject to annual repricing.

SECTION 5. **TERM AND MANNER OF PAYMENT**.-The BORROWER hereby undertakes and promises, without the need for any notice or demand, or any act or deed from the LENDER, to pay the LOAN together with the interest in (term of the loan) monthly amortization payments to commence one month after each drawdown or availment.

SECTION 6. **PROMISSORY NOTE**.-The availments on the LOAN shall be evidenced by Promissory Note/s to be executed by the BORROWER, (optional: SPS. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ as Sureties) in favor of the LENDER which shall contain a more particular schedule of payment of the principal, interest and other charges on the loan based on the provisions of Sections 4 and 5 above. The provisions of the Promissory Note/s, once executed, shall complement the terms and conditions of this Agreement.

LLFC PRESIDENT AUTHORIZED SIGANTORY ACCOUNT OFFICER WITNESS

**ARTICLE II. SECURITY**

SECTION 1. The payment of the LOAN, its interests, penalties and other charges, as well as the faithful compliance with all the terms and conditions hereof, shall be secured by the following:

* 1. Chattel Mortgage on asset to be acquired.
  2. REM on property located at \_\_\_\_\_\_\_\_\_\_\_\_\_\_ under TCT/CTC No. \_\_\_\_\_\_\_\_\_\_
  3. (Sureties) shall be jointly and solidarily liable with BORROWER for the payment of all availments on the LOAN. For this purpose, (Sureties) shall execute a Continuing Surety Agreement in favour of the LENDER.
  4. Fallback on the existing **PESOS: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ AND \_\_/100 (₱ \_\_\_\_\_\_\_\_\_\_)** deposit hold-out with LBP Trust Banking Group.

**ARTICLE III. CONDITIONS PRECEDENT**

SECTION 1. DOCUMENTS REQUIRED. The initial availment on the LOAN shall not be released until the LENDER has received from the BORROWER the following:

* 1. Duly authenticated resolution by the Board of Directors or notarized Secretary’s Certificate thereof authorizing the corporation to incur indebtedness with the LENDER and to mortgage properties or assets to secure the payment thereof, and naming the signatories to the LOAN documents and other documents in connection therewith;
  2. Duly accomplished and signed Promissory Note/s covering the LOAN availment.
  3. Duly accomplished, signed and notarized Continuing Surety Agreement.
  4. Such other documents as may be required by the LENDER.

SECTION 2. SPECIFIC UNDERTAKINGS.

* 1. The BORROWER hereby undertakes to execute a Chattel Mortgage in favor of the LENDER over the equipment acquired out of the proceeds of the LOAN within a reasonable time after the release of the proceeds of the LOAN.
  2. Others, if any.

# **ARTICLE IV. REPRESENTATIONS AND WARRANTIES OF BORROWER**

## The BORROWER represents and warrants that-

SECTION 1. This Agreement constitutes, and the Promissory Note and the mortgage documents, when executed and delivered, will constitute the legal, valid and binding obligations of the BORROWER enforceable in accordance with their terms.

SECTION 2. There are no pending or threatened court actions or administrative proceedings against the BORROWER in any jurisdiction which might materially or adversely affect the validity of this Agreement, the Promissory Note, mortgage documents, or and of the documentation contemplated hereby or which, if adversely determined, might have a material adverse effect on the ability of the BORROWER, to discharge its obligations hereunder or thereunder nor are these proceedings which might result in any material adverse change in business operations, properties or assets or in the present condition, financial or otherwise, of the BORROWER.

SECTION 3. All of its properties and assets are free and clear of mortgages, pledges, liens, charges and other encumbrances except those communicated to the LENDER.

SECTION 4. The BORROWER is not in default under any agreement, obligations or duty to which it is a party or by which any of its assets are bound.

# **ARTICLE V. COVENANTS OF THE BORROWER**

SECTION 1. **POSITIVE COVENANTS**. During the period of this Agreement and as long as the LOAN is outstanding, the BORROWER shall:

1. Repay the LOAN, interests, fees and other charges according to the terms of this Agreement and the Promissory Note;
2. Furnish the LENDER annually the audited financial statements of the BORROWER together with the Income Tax Return (ITR) duly stamped received by the Bureau of Internal Revenue (BIR) for as long as the loan and/or credit accommodation is outstanding;
3. Duly pay and discharge all taxes, assessments and governmental charges of whatsoever kind or nature and by whomsoever levied unless and to the extent only that the same shall be contested in good faith and reserves having been set aside or provided for the payment thereof.
4. At all times, comply with, or cause to be complied with, all laws, statutes, rules, regulations, orders and directives of any government authority having jurisdiction over the BORROWER or its business;
5. Maintain a substantial deposit account with the Land Bank of the Philippines.

LLFC PRESIDENT AUTHORIZED SIGANTORY ACCOUNT OFFICER WITNESS

1. Immediately notify LENDER of any damage on the insured collaterals so that the necessary claim could be filed on time.
2. Undertake to use the proceeds of the LOAN for the purposes specified herein.

SECTION 2. **NEGATIVE COVENANTS**. For as long as the LOAN is outstanding, the BORROWER, without the prior written consent of the LENDER, shall not:

1. Make any material change in the nature of its business;
2. Except those already existing as of the date hereof, create incur, permit or suffer to exist any lien, encumbrances, adverse right, defense, set-offs, or counterclaim of whatever kind and nature, to pass upon or sell, convey, dispose of or alienate any and all of the properties given as security for the obligation;
3. Sell, assign, lease, mortgage or otherwise dispose of or convey all or substantially all of their assets, receivables, with or without recourse, except in the ordinary course of business;

# **ARTICLE VI. DEFAULT**

SECTION 1. **EVENTS OF DEFAULT.** The BORROWER shall be considered in default in case any of the following events occur:

* 1. The BORROWER fails to pay when due and payable any amount which the BORROWER is obliged to pay the LENDER under this Agreement, the Promissory Note and the mortgage documents.
  2. The BORROWER fails or refuses to comply with any provision, term or condition of this Agreement, the Promissory Note, the Mortgage Contracts and such other documents executed pursuant to this LOAN.
  3. The BORROWER voluntarily suspends its operations, dissolves itself, become insolvent, or petition or apply to any tribunal for the appointment of any receiver, liquidator, or trustee for the BORROWER or any substantial part of its assets, or the BORROWER commences any proceeding relating thereto; or the appropriate government authorities suspend the operation of the BORROWER.

SECTION 2. **EFFECTS OF DEFAULT.** The occurrence of any of the foregoing events of default shall produce the following effects:

* 1. Unless waived by the LENDER, the BORROWER shall pay on demand a penalty charge of twenty four percent (24%) per annum on the total outstanding balance of the LOAN, including all accrued interests;
  2. The entire outstanding balance of the LOAN, including all accrued interests and all other unpaid obligations shall become immediately due and payable and forthwith said outstanding balance and accrued interest without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by the BORROWER, shall be paid by the BORROWER at such time and in such manner as the LENDER may require.
  3. Should the BORROWER be guilty of default, the LENDER shall have full power and authority to proceed against the BORROWER, the solidarily obligors or co-makers of the Promissory Note, as well as foreclosed judicially or extrajudicially the mortgages securing the LOAN, and to take such other remedies as the LENDER may deem necessary and proper for the full protection and enforcement of its rights and interests.

# **ARTICLE VII. GENERAL TERMS AND CONDITIONS**

1. **INSURANCE**. The BORROWER shall provide insurance coverage on all insurable assets mortgaged to the LENDER (thru an LBP - accredited Insurance Company or thru Land Bank of the Philippines’ Insurance Brokerage, Inc.), against all risks of loss or damage, endorsing and delivering to the LENDER the corresponding policies with loss payable clauses in favor of the LENDER, as its interest may appear. The cost of premium and other charges shall be shouldered by the BORROWER.
2. **RIGHT OF INSPECTION**. The BORROWER hereby authorizes the LENDER or any person authorized by the latter to inspect, during reasonable hours, the BORROWER’s business establishment, books of accounts, and other relevant records and/or documents and bank deposits wherever this may be found. The BORROWER hereby waives the benefits of R.A. 1405, as amended, otherwise known as the Law on Secrecy of Bank Deposits, and presentation of a signed copy of this Agreement shall be sufficient authorization by the BORROWER to the bank/s concerned, to implement the LENDER’s inspection right under this Section.

LLFC PRESIDENT AUTHORIZED SIGANTORY ACCOUNT OFFICER WITNESS

1. **ASSIGNMENT OF RIGHTS OF LENDER.** The LENDER may, without need of any notice to, or consent of, the BORROWER or any other act or deed negotiate, endorse, sell or assign any or all of its rights, title and interests in and to this Agreement, the Promissory Note and/or the Mortgage Contracts. In any and all such cases, the Mortgage Contracts shall remain in full force and effect in favor of the LENDER’s assignee and/or successors-in-interest.
2. **TAXES, FEES AND EXPENSES**. The BORROWER shall pay the documentary stamp taxes and all other fees and expenses necessary for the due execution, notarization, delivery and registration of this Agreement, the Promissory Note, the Mortgage Contracts and any and all documents and instruments required or related therewith. The LENDER may, but is not obliged to advance the same, in which case, the BORROWER shall, upon demand by the LENDER, reimburse the amount advance, with twelve percent (12%) interest per annum from date of advance until full payment thereof.
3. **PENALTY**. In case of failure of the BORROWER to pay, when due and payable the amortization, whether on the principal or interest, the BORROWER shall, without prior notice from the LENDER be liable unconditionally to pay late payment penalty charge equivalent to twenty four percent (24%) per annum of the amount due and payable together with and in addition to the amortization due.
4. **ATTORNEY’S FEES**. If the LENDER engages the services of counsel to enforce any of its rights in and to this Agreement, the Promissory Note, the Mortgage documents and any other related documents, it shall be entitled to recover from the BORROWER as and for Attorney’s fees, a sum equal to twenty percent (20%) of the sum sought to be recovered, but in no case shall it be less than Twenty Thousand (₱ 20,000.00) Pesos, in addition to all other fees and expenses incurred by the LENDER.
5. **DISCLOSURE OF INFORMATION.** The borrower hereby agrees to the following:
6. Pursuant to Republic Act (R.A.) No. 9510 and its Implementing Rules and Regulations (IRR), creating the Credit Information Corporation (CIC), LENDER is mandated to submit BORROWER’s basic credit data, as well as any updates or corrections thereof to CIC. Consequently, these data may be disclosed or shared with other lenders or credit reporting agencies as authorized and accredited by the CIC, for the purpose of establishing BORROWER’s credit worthiness.
7. Waive confidentiality of information provided to LENDER pursuant to BSP Circular No. 622 and Subsection 4312N1 of the BSP MORNBFI. Furthermore, authority is given to LENDER to conduct random verification with the Bureau of Internal Revenue in order to establish the authenticity of the Income Tax Return and accompanying financial statements submitted. This waiver and authority shall continue to be in full force and effect until the loan/or credit obligations with LENDER have been fully extinguished.

Execute an authorization with waiver of confidentiality in favor of LENDER.

1. **SEPARABILITY OF PROVISIONS**. If any provision of this Agreement, the Promissory Note, and/or Mortgage Contract is declared invalid, the other provisions shall not be affected thereby and shall continue to be in full force and effect.
2. **NO IMPLIED WAIVER**. The exercise of the rights, powers, privileges and remedies provided in this Agreement, the Promissory Note, the Mortgage Contracts and all other documents executed in connection with this Agreement shall be at the absolute discretion and option of the LENDER. No failure, omission or delay on the part of the LENDER in exercising any of the said rights, powers, privileges or remedies shall operate as a waiver thereof. Neither shall any single or partial exercise of any such rights, privileges or remedies preclude any other or further exercises thereof or the exercise of any other privileges, powers, rights or remedies. No modification or waiver of any provision and no consent to any departure by the BORROWER shall in any event be effective unless the same is in writing, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which it was given. No notice or demand on the BORROWER in any case shall entitle him to any further notice or demand in similar other circumstances. Each and every right, power, privileges or remedies granted to the LENDER hereunder or under any other document or instrument delivered hereunder or in connection herewith, shall be cumulative and may be exercised from time to time.
3. **NOTICES**. If required or if a party so desires though not required, all communications relative to this Agreement, the Promissory Note, the Mortgage Contracts and any and all related documents shall be in writing and shall be personally delivered, or transmitted by registered mail, telegram, cable or fax to the address of the BORROWER and at the address of the LENDER as set forth above. The LENDER or the BORROWER may change their address for purposes hereof; provided that written notice is given with respect thereto.
4. **VENUE**. Any legal action or proceeding arising out of or connected with this Agreement, the Promissory Note, the Mortgage Contracts and all related documents shall be brought in the proper court of Makati City. The BORROWER hereby irrevocably submits to such venue.

# **ARTICLE VIII. OTHER TERMS AND CONDITIONS**

1. Availment of the LOAN shall be within six (6) months from date of approval. Upon expiration of the said period and no availments were made, the loan facility shall automatically be deemed cancelled.
2. The BORROWER shall issue in favor of the LENDER postdated checks covering the amortizations due under this Agreement and the Promissory Note/s.

IN WITNESS WHEREOF, the parties hereto through their duly authorized representative have set their hands this \_\_\_\_\_\_\_ day of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, 2019 at Makati City.

|  |  |
| --- | --- |
| **LBP LEASING AND FINANCE CORPORATION** | **COMPANY NAME** |
| LENDER | BORROWER |
| By: | By: |

|  |  |
| --- | --- |
| **LLFC President** | **AUTHORIZED SIGNATORY** |
| President | Position |

SIGNED IN THE PRESENCE OF:

|  |  |
| --- | --- |
| **WITNESS** | **ACCOUNT OFFICER** |

**A C K N O W L E D G M E N T**

REPUBLIC OF THE PHILIPPINES)

)S.S.

BEFORE ME, A Notary Public for and in the above stated locality, on this \_\_\_\_\_\_\_\_\_ day of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 2019 personally appeared:

|  |  |
| --- | --- |
| **NAME** | TIN |
| **LBP LEASING AND FINANCE CORPORATION** | **000-164-275-000** |
| **LLFC PRESIDENT** | **LLFC PRESIDENT TIN** |

LLFC PRESIDENT AUTHORIZED SIGANTORY ACCOUNT OFFICER WITNESS

known to me to be the same person who executed the foregoing instrument and acknowledged to me that the same is his free and voluntary act and deed and that of the corporation he represents.

This instrument refers to a Loan Agreement consisting of six (6) pages, including this page and duly signed by the parties and their instrumental witnesses on all pages.

**IN WITNESS WHEREOF**, I have hereunto set my hand and seal on the date and at the place first above-written.

Doc No. \_\_\_\_\_\_\_\_ NOTARY PUBLIC

Page No. \_\_\_\_\_\_\_

Book No.\_\_\_\_\_\_\_

Series of 2019.

**A C K N O W L E D G M E N T**

REPUBLIC OF THE PHILIPPINES)

)S.S.

BEFORE ME, A Notary Public for and in the above stated locality, on this \_\_\_\_\_\_\_\_\_ day of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ 2019, personally appeared:

|  |  |
| --- | --- |
| NAME | TIN |
| **COMPANY NAME** |  |
| **AUTHORIZED SIGNATORY** |  |

known to me to be the same person who executed the foregoing instrument and acknowledged to me that the same is his free and voluntary act and deed and that of the corporation he represents.

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