



Republic of the Philippines  
Province of Oriental Mindoro  
MUNICIPALITY OF BULALACAO

File

# OFFICE OF THE SANGGUNIANG BAYAN

*Municipal Building, Poblacion, Bulalacao, 5214, Oriental Mindoro*

EXCERPTS FROM THE MINUTES OF THE SPECIAL SESSION OF THE SANGGUNIANG BAYAN OF BULALACAO, ORIENTAL MINDORO HELD ON JANUARY 28, 2010 AT THE SANGGUNIANG BAYAN SESSION HALL

**PRESENT:**

Hon. Teresita S. Bantugan	-	Presiding Officer
Hon. Emelita A. Osorio	-	Sang. Bayan Member
Hon. Eduardo C. Acheron	-	-do-
Hon. Rosalinda M. Cabagay	-	-do-
Hon. Gideon B. Abuel	-	-do-
Hon. Leonardo A. Andallon	-	-do-
Hon. Ramon G. Magbanua	-	-do-
Hon. Senen C. Familara	-	-do-
Hon. Virgelio M. Astillo	-	Pangulo, Liga ng mga Brgy.

**ABSENT:**

Hon. Guillermo G. Salas, Jr.	-	Sang. Bayan Member
Hon. Ronelle G. Feranil	-	SK Fed. President

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## SPECIAL ORDINANCE NO. 10-01-03

SPECIAL ORDINANCE RATIFYING THE LOAN AGREEMENT ENTERED INTO BY AND BETWEEN THE LAND BANK OF THE PHILIPPINES, PINAMALAYAN BRANCH, PINAMALAYAN, ORIENTAL MINDORO WITH THE MUNICIPALITY OF BULALACAO REPRESENTED BY MAYOR ERNILO C. VILLAS IN THE AMOUNT OF THREE MILLION THREE HUNDRED SIXTY NINE THOUSAND PESOS (PHP3,369,000.00) TO BE USED FOR THE IMPLEMENTATION OF VARIOUS PROGRAMS AND PROJECTS

**SPONSOR:** Councilor Gideon B. Abuel  
**CHAIRMAN:** Committee on Finance, Budget and Appropriation  
**CO-SPONSORS:** Councilor Rosalinda M. Cabagay  
Councilor Ramon G. Magbanua

**BE IT ORDAINED** by the Sangguniang Bayan of Bulalacao, Oriental Mindoro:

**SECTION 1.** The Loan Agreement entered into by and between the Land Bank of the Philippines, Pinamalayan Branch, Pinamalayan, Oriental Mindoro with the Municipality of Bulalacao represented by Mayor Ernilo C. Villas in the amount of Three Million Three Hundred Sixty Nine Thousand Pesos (Php3,369,000.00) to be used for the implementation of the following programs and projects is hereby ratified subject to the following Standard Terms and Conditions per Credit Policy Issuance No. 009, series of 2006 and to the specific standard terms and conditions as approved by the Loan Agreement Group of the LBP; to wit:

*[Handwritten signatures and initials]*

**Purpose of Loan** - Term Loan 6:  
Php1.214 M – for the Rehabilitation/regravelling of Cambunang Farm –To-Market Road  
Php0.955 M – for the construction of Storm Drainage and Concrete Pavement  
Php1.200 M – LGU Counterpart in the completion of Philippine National Police Building-Bulalacao Station

**Interest Rate** - At prevailing LBP prime rate at the time of availment plus minimum spread of 3% per annum, subject to quarterly repricing, payable in arrears or applicable special financing rate if funded under Special Funds plus allowable spread.

**Fees & Charges** - Gross Receipt Taxes (GRT) shall be for the account of the LGU. All applicable fees and charges such as commitment and appraisal shall be waived except if required under Special Financing Program. However, the loan is subject to handling fee of ¼% based on amount approved.

**Term** - Five (5) years inclusive of two (2) quarters grace period on principal repayment

**Availability** - Available up to one (1) year from the date of issuance of loan approval.

- Appropriating the amount of for loan repayment; LGU required equity, repair and maintenance/equipment and insurance premium payments in the LGU's annual budget until the loan interest and other charges are fully paid.
- Authorizing LBP to deduct for set-off and/or deduct amounts from any deposits or funds of the LGU with LBP and apply the same to the payment of the loan or any portion thereof, or interests and penalties thereon as may be deemed necessary by LBP.
- Authorizing the DBM to deposit and remit directly the LGU's IRA to LBP for the LGU's account.
- Authorizing the Mayor to sign, execute, endorse and deliver all DA's loan agreement and other documents necessary for proper implementation.
- Authorizing the Municipal Treasurer to disburse the amount.

**The Local Government of Bulalacao shall provide the following Certification:**

- Budget Appropriation Certification of the Budget Officer and Treasurer noted by the Mayor, that
  - i. The LGU equity, amount of repairs and maintenance of the sub-project and equipment, insurance premium and principal and interest repayments on the loan have been fully appropriated; and

*(Handwritten signatures and initials)*

ii. Full provision has been appropriated by the LGU for its obligation

- Certification by the LGU Treasurer noted by the Mayor that the proposed sources or repayments are available and not restricted by law or its other obligation.
- Certification by the LGU Treasurer and Accountant noted by the Mayor that the contractual obligation/loan shall be entered or has been entered (as may be applicable), in the LGU books of accounts.
- BAC certification duly noted by the Mayor that the bidding process were conducted in conformity with RA 9184 or harmonized procurement procedures.

**Penalty** - At 24% per annum in case of non-payment shall be charged to start on the day after due date of loan amortization/credit accommodation up to date of actual settlement.

**Repayment:**

**Principal** - Payable in eighteen (18) equal quarterly amortizations to start at the end of the third quarter from the initial drawdown date.

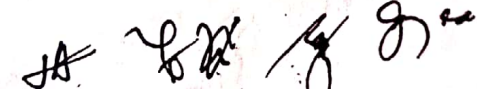
**Interest** - Payable quarterly in arrears to start at the end of the first quarter after initial drawdown date.

**Mode of Release** - Releases shall be progress billing supported by Statement of Work Accomplishment which shall be subject to validation by an LBP Appraiser. First tranche per project shall be limited to 15% of the approved loan and final release shall be 10% at 100% project completion. Total releases shall be for a maximum of only four (4) tranches per project.

**The LGU is committed to comply with the following requirements:**

1.) Pre-release requirements: Loan release is subject to submission of the following:

- **Borrowing Resolution** passed by the Sanggunian of the Municipal Government of Bulalacao, hereby referred to as the LGU, expressly:
- Confirming, approving and ratifying all previous representations, acts, warranties and all the terms and conditions of the loan;
- Approving/authorizing the assignments/use of the LGU's IRA as collateral;
- Committing not to contract other loans/credit with other creditors/banks if the said credit/loan will impair the LGU's paying capacity for the duration of the loan;
- directing the LGU Treasurer and the Accountant to enter the loan in the appropriate books of the LGU.

*esb.* 

- designating the LBP as LGU's official depository bank for IRA and major depository bank for its other LGU deposits, revenue and collections which designation shall not be revoked while the loan obligations remain outstanding and directing the LGU Secretary to provide a copy of the Resolution to DBM or other IRA administering office.
- Deed of Assignment of LGU's IRA in favor of LBP indicating that said assignment shall be irrevocable until the loan, including interest and other charges due thereon is fully paid.
- Prior to initial release, the LGU shall submit a certification from the Department of Agriculture that the proposed Cambunang Farm-To-Market Road project is not part of the agency's budget.

2.) Post release requirements:

- The LGU shall annually appropriate in their respective budgets such amount sufficient to pay the loan and other indebtedness or contractual obligation. For this purpose, the LGU shall annually submit to LBP a certification on the appropriation that:
  - Submission
    - The proposed sources of repayment are available and not restricted by law or its obligations
    - The contractual obligation/loan shall be entered in the LGU Books of Accounts
  - Submission of Certificate of Acceptance by the LGU upon the completion of the project.

3.) The object of financing shall not be included in the collateral pool but the LGU shall not dispose, mortgage or lease the same while the loan is outstanding.

4.) LBP shall remain to be the major depository bank of the LGU's IRA and other revenues.

5.) Pre-payment fee of 3% shall be waived provided that payment is not in the form of loan take-out or imposed by Special Financing Program.

6.) The LGU shall not contract any loan from other Banks without the consent of LBP.

7.) The Bank has the right to debit the LGU's deposit account/s to cover payments due on loan including all related charges/fees and insurance premium.

8.) LBP reserves the right to withhold loan releases should there be:

*[Handwritten signatures and initials]*

- A case filed against the LGU and its officials involving the project to be financed.
  - An adverse finding/s on the project to be financed.
  - A withdrawal by the Sanggunian to the authority given to the LCE to contract the loan.
- 9.) The LGU shall commit to submit other requirements as may be imposed by the Bank's Legal Officer and Loan Approving Group for purposes of loan documentation.
- 10.) Cost overrun shall be for the account of the LGU.
- 11.) If enrolled under Special Financing Program, the loan shall further be governed/subjected to the guidelines and procedures of the program being accessed.
- 12.) All applicable insurance coverages shall be secured from any LBP accredited insurance company thru LIBL.
- 13.) All Philhealth, taxes and other payments to the government shall be coursed through LBP.
- 14.) All terms and conditions of the existing loans not inconsistent herewith shall remain in force and in effect.

Further, the LGU shall commit to the following standard terms & conditions of the Bank:

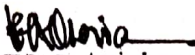
- 1.) That default on payment of any amortization or other charges when due and/or violation of any of the terms and conditions set forth herein shall at the option of the Bank, without need of prior notice or demand, accelerate the maturity of the loan such that the entire principal and all the amount owing thereon shall immediately become due and payable, and thereafter, the Bank shall have the right to take the necessary legal steps to protect its interest. The books of the Bank shall be considered final and conclusive evidence on the matter of the total amount due it;
- 2.) That in case of failure to pay insurance premiums, taxes and other expenses on their due dates and the Bank is constrained to advance the corresponding amount, the borrower redemptioner of buyer, as the case maybe, as well as his duly authorized representative or successor-in-interest shall be charged interest at prevailing prime rate plus a minimum spread of 3% per annum on such advances until they are fully paid;
- 3.) That in the event of suit for collection of unpaid balance of the loan in addition to interest and other charges due, an Attorney's fee equivalent to twenty (20%) percent of the unpaid balance, which shall in no case be less than PESOS: TWO THOUSAND & 100/100 (P2,000.00), shall be collected from the borrower/s;
- 4.) That the loan is subject to availability of funds and may be cancelled at any time at the option of the lender.

*[Handwritten signatures and initials]*

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SEC. 2. This Special Ordinance shall take effect immediately.


ENACTED this 28<sup>th</sup> day of January, 2010, Bulalacao, Oriental Mindoro.


  
EMELITA A. OSÓRIO  
SB Member

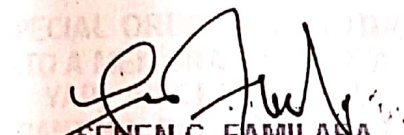
  
EDUARDO C. ACERON  
SB Member

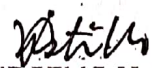
  
ROSALINDA M. CABGAY  
SB Member

  
GIDEON B. ABUEL  
SB Member


  
LEONARDO A. ANDALLON  
SB Member

  
RAMON C. MAGBANUA  
SB Member

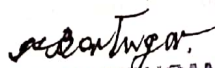
  
SENEC C. FAMILARA  
SB Member

  
VIRGELIO M. ASTILLO  
Pangulo, Liga ng mga Barangay

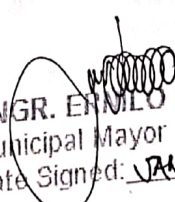
CERTIFIED TRUE AND CORRECT:

  
Secretary to the Sanggunian

ATTESTED:

  
TERESITA S. BANYUGAN  
Municipal Vice Mayor/Presiding Officer

APPROVED:

  
ENGR. EMILIO C. VILLAS  
Municipal Mayor  
Date Signed: JAN. 29, 2010