



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF EDUCATION, CULTURE AND SPORTS
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Pasig, Metro Manila

OFFICE OF THE SECRETARY

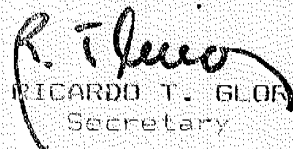
January 28, 1997

DECS MEMORANDUM
No. 21. s. 1997

FINANCIAL ASSISTANCE PROGRAM FOR QUALIFIED TEACHERS AND EMPLOYEES
OF THE DEPARTMENT OF EDUCATION, CULTURE AND SPORTS

To: Undersecretaries
Assistant Secretaries
Bureau Directors
Regional Directors
Schools Superintendents

1. In line with the policy of the Department of Education, Culture and Sports to provide its teachers and employees with relevant and meaningful welfare and benefit programs, DECS and the Philippine Veterans Bank executed a Memorandum of Agreement for the latter to extend financial assistance to qualified teachers and personnel of the Department.
2. The financial assistance is in the form of a salary loan equivalent to a maximum of three (3) months salary of the DECS qualified employees. The rate of interest shall be 16% per annum and the loan shall be paid within two (2) years through automatic payroll deduction.
3. Inclosed is the implementing guidelines of the program for the information of all concerned.
4. Immediate and widest dissemination of the contents of this Memorandum is desired.


RICARDO T. GLORIA
Secretary

Incl.: As stated
Reference: None
Allotment: 1-2--(M.O. 1-87)
To be indicated in the Perpetual Index
under the following subjects:

EMPLOYEES
OFFICIALS

PROGRAMS
TEACHERS

**IMPLEMENTING GUIDELINES FOR THE FINANCIAL ASSISTANCE
PROGRAM OF THE PHILIPPINE VETERANS BANK (PVB)
FOR DECS TEACHERS AND EMPLOYEES**

Pursuant to the Memorandum of Agreement executed by and between the Department of Education, Culture and Sports (DECS) and the Philippine Veterans Bank (PVB) a financial assistance program shall be implemented by the PVB for DECS teachers and employees. The financial assistance program shall be in the form of a salary loan equivalent to up to three (3) months salary of the DECS teacher/employee with an interest rate of 16% per annum. The loan shall be payable in two (2) years through automatic payroll deduction.

OBJECTIVE

The program aims to provide financial relief for DECS teachers and employees in times of financial crisis in the form of soft-term salary loans at minimal bank interest rates.

BENEFICIARIES

The financial assistance is available to DECS teachers and employees with the following qualifications:

1. Must be a permanent employee and employed by DECS for at least two (2) years
2. Must not be on leave of absence without pay
3. Must have no pending administrative charges
4. Must have at least thirty (30) days of unused vacation/sick leave credits in the case of non-teaching employees
5. Must have no pending application for retirement or must not be due for retirement within the term of the loan
6. Must be up-to-date in the payment of existing loans with the Bank and other financing institutions.

The borrower must have a co-maker who must also possess the above qualifications and whose salary grade must not be less than that of the principal borrower. An employee cannot be a co-maker more than once.

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TERMS AND CONDITIONS

The amount of the financial assistance per borrower is the maximum of three (3) months gross salary, provided that the net take home pay shall not be less than P1,000.00 after deducting the loan amortization. The rate of interest shall be 16% per annum, add-on, that is the full amount of loan will be granted with the interest added on to the amortizations. The loan amount and interest shall be payable in two (2) years through automatic payroll deduction. The security on loan shall be the assignment of salaries, leave credits and other benefits of the teacher/employee to the bank during the pendency of his/her loan.

OPERATIONAL MECHANICS

1. The DECS shall maintain a deposit account with the PVB during the pendency of the program.
2. To facilitate automatic payroll deduction, the DECS shall assign a PSD-IBM code to the PVB.
3. For the Central Office employees, applications may be secured at the Employees Welfare and Benefits Division where the accomplished forms will also be filed. For the teaching and non-teaching personnel in the school and field offices, application forms may be secured from the regional office or from the PVB branch nearest the school/office but these will be filed with the regional office.
4. In the case of the Central Office, the Chief of the Personnel Division shall certify that the borrower and co-maker meet the above-mentioned qualifications. For the teachers and field personnel, the Regional/Division Administrative Officer shall certify as to the qualifications of the borrower and co-maker.
5. The DECS shall collect or cause the collection of the installment amortizations due on the loan from the borrower through automatic payroll deductions to commence on the payroll date of the month immediately succeeding the date the loan was granted. In the case of borrowers whose salaries are drawn from the PSD-IBM, a three (3) months lag time/grace period shall be provided, but a three (3) months advance interest shall be collected. The amount deducted from the borrower's payroll shall be remitted to the PVB within seven (7) working days after each payroll date. For this purpose, the DECS shall issue and deliver its check covering the accumulated amortization payments made/deducted from the borrower's

payroll and the bank shall issue a receipt for each remittance.

6. In areas where there are no servicing branches of the PVB, the DECS Central Office shall remit to the PVB Head Office or Conduit Bank identified by PVB, the amount deducted from the borrower's payroll in the manner specified in the preceding paragraph.
7. In case of transfer of assignment of borrower, where he no longer receives his salary from his former work station, the loan shall be transferred to the PVB's servicing branch nearest to the borrower's new work station. To facilitate collection, the DECS shall instruct the Disbursing Officer/Cashier of the new work station where the borrower is based, to deduct every payday the appropriate amortization from the salary of the borrower within seven (7) working days from each payday, and to remit the amount so deducted to the PVB branch where the account was transferred.
8. In case of separation or termination of a borrower from the service of DECS, the outstanding loan shall become due and demandable and DECS, through the EWBD in the case of the Central Office employees or the regional/division office in the case of field personnel, shall notify the PVB of the separation/termination of the borrower from the service within five (5) working days from separation/termination. Unless the borrower present to the DECS a duly executed clearance from the PVB certifying that all outstanding obligations of the borrower to the PVB have been fully settled, the DECS shall upon notice from the PVB of the statement of account of the borrower, withhold the corresponding amount due the PVB from all benefits to be received by the borrower including salaries, allowances, bonuses, retirement benefits and others, and remit the amount collected to the PVB within seven (7) working days from collection/deduction from the borrower, which should not exceed thirty (30) working days from receipt of notice from the PVB. In the event the amount collected is insufficient to pay the loan, the DECS shall collect from the borrower's co-maker the balance of the loan plus all interests, fees and other charges under the same terms and conditions of the original obligation and remit the same to the PVB within seven (7) working days after the payroll date to the corresponding amount shall have been deducted.
9. In the event that only the co-maker is terminated or separated from the service of DECS, the DECS shall immediately notify the PVB of said separation/termination within five (5) working days from termination/separation. Thereupon, the borrower and the DECS shall replace the resigned/separated co-maker and notify the PVB of the new

qualified co-maker of the loan within five (5) working days from the outgoing co-maker's separation/resignation and the borrower shall cause the new qualified co-maker to execute the necessary loan documents. Otherwise, the entire obligation shall become due and demandable.

10. The DECS, through the EWBD or regional/division office shall assist in the implementation of the terms and conditions of the loan agreement and other documents signed by the borrower and/or co-maker.
11. The DECS shall continue the payroll deductions from the borrower's payroll until receipt of written notice from the PVB to stop the deduction.
12. The PVB shall provide the DECS, through the Employees Welfare and Benefits Division and/or regional/division offices, from time to time: (1) a copy of the document signed by the borrower authorizing the DECS to deduct from his/her salary the periodic installments/amortizations; (2) a list of DECS personnel whose loan applications have been approved stating among others the amount of financial assistance granted, the date it was granted and the amortization schedule; and (3) a list of maturing obligations.
13. In the event that DECS fails to remit any amount deducted from the borrower and/or co-maker in the manner and specified period stated in the above paragraphs, the PVB may at its option cancel the loan facility granted to DECS for its teachers and employees.
14. PVB shall be responsible in retrieving application forms filed in the Central Office and regional offices.
15. Checks shall be released by and received from the PVB servicing branch.

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