



REPUBLIKA NG PILIPINAS  
REPUBLIC OF THE PHILIPPINES  
**KAGAWARAN NG EDUKASYON**  
DEPARTMENT OF EDUCATION  
DepEd Complex, Meralco Avenue, Pasig City, Philippines

*Tanggapan ng Kalihim*  
*Office of the Secretary*

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**APR 25 2003**

DepEd ORDER  
No. 30, s. 2003

**SALARY LOANS AND AUTOMATIC PAYROLL DEDUCTION**

To: Regional Directors  
Assistant Regional Directors  
Schools Division/City Superintendents  
District Supervisors  
Heads, Public Elementary and Secondary Schools

1. The program to review and re-accredit private lending institutions has been concluded and the Department is formalizing or has formalized the memoranda of agreement with those PLIs who will be allowed to use the Automatic Payroll Deduction system, either at the Central Office or through regional payroll services. The revamp of the system includes the following notes for all administrators to observe and abide by.

2. The Office of the Secretary, through the Undersecretary (Finance & Administration), shall be the only office that can assign lending codes, whether this is for national or regional lending purposes. No region shall be allowed to assign separate codes. Application must be made to the Central Office only.

3. Private lending institutions allowed to use the system are limited to organizations that are regulated by the following regulators:

- a. Bangko Sentral ng Pilipinas (banks and banking institutions)
- b. Insurance Commission (insurance companies)
- c. Cooperatives Development Authority (cooperatives)
- d. Securities and Exchange Commission (other non-stock, non-profit organizations with mandates to lend)

No lending investors or sole proprietorships will be allowed in the system.

4. Private lending institutions shall only be allowed to lend to teachers in regions where they have offices.<sup>1</sup> Any inclusion of loans incurred outside of the regions identified in their MOAs will not be entertained under the APDS.

5. An agent who is not an employee of the lending institution or member of the teacher cooperative/association is not considered an "office". Any DepEd administrator, principal or teacher who serves as an agent for a private lending institution shall be deemed to have a conflict of interest and can be administratively charged or suspended for such.

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<sup>1</sup> "Office" is defined as a physical site with local business permit and a full-time manager who is answerable for complaints raised by local teachers concerning loans.

6. The private lending institutions that will be allowed to use the APDS have agreed to charge no more than 18% interest per annum<sup>2</sup> (1.5% per month or 9.75 – 10.25% deducted up front)<sup>3</sup> and no more than 6% of the principal borrowed as service fees and other charges. Any private lending institution found to be charging higher than these rates will be in violation of the MOA and can have their lending codes revoked.

7. The APDS limits service charges on collections to: 0.5% for non-stock non-profit organizations including teacher cooperatives and associations, and 1.0% for commercial lenders. This is based on a Monetary Board circular (No. 153) issued in January 30, 2003 limiting service fees charged to non-stock, non-profit savings and loans associations to 0.5%.

8. Attached is a list of the re-accredited private lending institutions and the regions where they can operate and use the DepEd APDS. Included in the list are their rates of interest and service fees. The list will continue to be updated on a regular basis. A region-by-region list will be provided for posting in all schools.

9. The Department has worked hard to clean up the system. We ask for the full cooperation of all DepEd administrators to ensure that the system remains transparent, accountable and well-governed.

10. For information and strict compliance.



EDILBERTO C. DE JESUS  
Secretary

Reference:

N o n e

Allotment: 1—(D.O. 50-97)

To be indicated in the Perpetual Index  
under the following subjects:

EMPLOYEES  
POLICY  
SALARY

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<sup>2</sup> Prior to the review and reaccreditation program, private lending institutions charged from 20% to 130% interest with an average interest rate of 57%.

<sup>3</sup> Depending on the grace period given on the loan.

COMPANY	Deduction Code	NOMINAL INTEREST RATE		OTHER FEES		EFFECTIVE INTEREST RATE (p.a.)	Depd Service Charge	Regions where they are authorized to lend (presence of office)
		%	Remarks	%	Remarks			
1 BENEFICIAL-PNB LIFE INSURANCE CO., INC.	531	9.00%	discounted	3.60% - 6.00%	depending on amount of loan, discounted	17.30% - 21.26%	1.00%	ARMM, NCR, I to XIII
2 CAGSAWA RURAL BANK, INC.	896	9.75%	discounted	6.00%	discounted	22.10%	1.00%	V
3 CAMARINES SUR TEACHERS AND EMPLOYEES MPC	368	12.00%	p.a., add-on w/ 3 mos. g.p.	6.00%	discounted	26.82%	0.50%	V
4 CENTRAL BUKIDNON AGRO-FOREST DEVT. MPC	957	9.9%-10.02%	depending on amount of loan and the no. of amortization p.a., add-on w/ 3 mos. g.p. and add-on w/o g.p.	2.26%-5.25%	depending on amount of loan, discounted	15.16%-26.04%	0.50%	X
5 CITY SAVINGS BANK	339	8.52% 9.96%	discounted, no g.p. p.a. add-on, no g.p.	6.00% 6.00%	discounted discounted	29.92% 29.92%	1.00%	VII & VIII
6 CORDILLERA SAVINGS BANK	208	8.24%	discounted, w/ 3 mos. g.p.	5.54%	discounted	21.29%	1.00%	II
7 COUNTRY BANKERS LIFE INSURANCE	74	10.00%	discounted, w/ 4 mos. g.p.	6.00%	discounted	20.29%	1.00%	I to XIII, CAR, ARMM, NCR (through rural banks)
8 DAVAO EDUCATORS AND PERSONNEL CREDIT COOP.	958	10.00%	discounted	6.00%	discounted	22.70%	0.50%	XI
9 ENRILE TEACHERS INTEGRATED DEVT COOP, INC.	162	10.00%	discounted	6.00%	discounted	25.24%	0.50%	II
10 FIRST CONSOLIDATED BANK	312	11.68%	p.a., add-on w/ 3 mos g.p.	4.55%	discounted	29.50%	1.00%	IV & VI to XIII
11 HYVAS BANKING CORPORATION	302	12.15%	p.a., add-on w/ 3 mos. g.p. (w/ 3 mos. advance interest)	5.69%-5.94%	depending on amount of loan, discounted	22.86%-23.22%	1.00%	III
12 INTEGRATED TEACHERS CREDIT COOPERATIVE	355	9.80%	p.a., add-on w/ 2 mos. g.p.	6.00%	discounted	22.43%	0.50%	NCR, VI
13 LUZON EDUCATORS' CREDIT COOPERATIVE	315	12.60%	p.a., add-on w/ 3 mos g.p.	5.00%	discounted	21.92%	0.50%	NCR, III, V, VI, VIII
14 MANILA TEACHERS' SAVINGS AND LOAN ASSO., INC.	085	10% to 16%	depending on amount of loan, p.a., add-on w/ 3 mos. g.p.	3.75%	add-on	16.54% - 23.28%	0.50%	NCR, CAR, I to VII, IX to XIII
15 NETWORK RURAL BANK, INC.	918	12.20%	p.a., add-on w/ 3 mos g.p.	5.18%	discounted	26.33%	1.00%	X to XIII
16 NOVO ECHIANO TEACHERS MUTUAL BENEFIT ASSO.	143	10%-16%	depending on amt. of loan p.a., add-on w/ 3 mos. g.p.	3.75%	add-on	16.53%-23.27%	0.50%	III
17 PAMPANGA TEACHERS LEAGUE, INC.	951	9.75%	discounted	4.50%	discounted	29.38%	0.50%	III
18 PHIL. PRUDENTIAL LIFE INS. CO	212	10.02%	p.a., add-on w/ 3 mos. g.p.	5.49%-6%	depending on amount of loan, discounted	19.55%-20.26%	1.00%	NCR, III, IV, VI, VII, XI
19 PHIL PUBLIC SCHOOL TEACHERS ASSN. (PPSTA)	119	13.52%	p.a., add-on w/ 2 mos. g.p.	6.48%	add-on	26.43%	0.50%	I to XIII, CAR, ARMM, NCR

COMPANY	Deduction Code	NOMINAL INTEREST RATE		OTHER FEES		EFFECTIVE INTEREST RATE (p.a.)	Depend Service Charge	Regions where they are authorized to lend (presence of offices)
		%	Remarks	%	Remarks			
20 PROVIDENT RURAL BANK OF COTABATO, INC.	950	12.20%	p.a., add-on w/ 3 mos g.p.	5.18%	discounted	26.33%	1.00%	XII
21 PURA PUBLIC SCHOOL TEACHERS ASSOCIATION, INC.	316	10.02%	p.a., add-on w/ 3 mos g.p.	6.00%	discounted	16.88%	0.50%	NCR, III
22 RANG-AY RURAL BANK, INC.	300	11.17%	p.a., add-on w/ 2 mos. g.p.	6.00%	discounted	28.29%	1.00%	I, CAR
23 REG. EDUCATORS MULTI-PURPOSE COOP (REMCO)	366	9.97%	p.a., add-on w/o g.p.	6.00%	discounted	30.00%	0.50%	I to III, VII to XI, XIII, NCR
24 RURAL BANK OF BARILI	502	8.52%	discounted, no g.p.	6.00%	discounted	29.92%	1.00%	VII
		9.92%	p.a., add-on, no g.p.	6.00%	discounted	29.92%		
25 RURAL BANK OF CAMALIG	895	9.75%	discounted	6.00%	discounted	26.22%	1.00%	V
		10.02%	p.a., add-on - no g.p.	6.00%	discounted	30.09%		
26 RURAL BANK OF ORMOC CITY, INC.	520	9.11% - 10.02%	depending on amount of loan, discounted	5.41% - 6.00%	depending on amount of loan, discounted	28.81% - 30.00%	1.00%	VII & VIII
27 RURAL BANK OF PANABO (Davao), INC.	915	12.20%	p.a., add-on w/ 3 mos g.p.	5.18%	discounted	26.33%	1.00%	XI
28 SAN NICOLAS BANK, INC.	358	16.00%	p.a., add-on w/ 3 mos g.p.	5.22% - 5.65%	depending on amount of loan, discounted	26.15% - 26.75%	1.00%	NCR, I, III to V, VII to VIII, X & XI
29 SOUTHERN PHILIPPINES MILLENIUM MPC	230	9.75%	discounted	6.00%	discounted	24.80%	0.50%	XII
30 STA. CRUZ SOUTH DISTRICT TEACHERS ASSO. INC.	553	9.80% - 10%	depending on amount of loan, p.a., add-on w/ 3 mos. g.p.	6.00%	discounted	24.17% - 30.06%	0.50%	III, VI to XIII
31 TEACHERS' ASSOCIATION OF PANGASINAN DCSC, INC.	691	7.78%	discounted, 1 mo. g.p.	6.00%	discounted	28.10%	0.50%	I
32 TEACHERS ASSOCIATION OF PANGASINAN MPC (TAP)	372	10.00%	discounted	6.00%	discounted	25.24%	0.50%	I
33 TEACHERS ASSOCIATION OF PANGASINAN, INC.	116	9.75%	discounted	6.00%	discounted	27.96%	0.50%	I
34 UNITED TEACHERS CREDIT COOPERATIVE	357	10.00%	discounted	6.00%	discounted	25.12%	0.50%	NCR, I, III, IV
35 VICTORIA EAST DISTRICT PSTA, INC.	367	10.02%	p.a., add-on w/ 3 mos. g.p.	6.00%	discounted	20.25%	0.50%	III, NCR, IV-A & IV-B
36 VISAYAS EDUCATORS LEAGUE INC.	153	9.80% - 10%	depending on amount of loan, p.a., add-on w/ 3 mos. g.p.	6.00%	discounted	24.17% - 30.06%	0.50%	V, VII to XIII
37 WORLD PEACE MISSIONARY ASSISTANCE, INC.	962	10.00%	p.a., add-on no g.p.	6.00%	add-on	28.33%	0.50%	XI, XII