



Tanod Baybayin ng Pilipinas
HEADQUARTERS PHILIPPINE COAST GUARD
139 25th Street, Port Area
1018 Manila

CGFC

26 August 2014

MEMORANDUM CIRCULAR
NUMBER 05-14

Policies, Guidelines and Procedures in the Application and Processing of Loans

I. REFERENCES:

- a. Section 14 of Republic Act 9993
- b. Section 46 of the General Appropriations Act (GAA) FY 2014
- c. Approved Memorandum for the Commandant, PCG dated 21 January 2014 and dated 21 March 2014 respectively
- d. Memorandum of Agreement (MOA) between the PCG and the Different Financial Institutions (FIs)
- e. Article 1207 of the New Civil Code of the Philippines

II. SCOPE:

This Circular shall apply to all PCG Personnel including the non-uniformed.

III. OBJECTIVE:

To prescribe policies, rules and procedures relative to the application of loan by PCG personnel to include signing authority.

IV. DEFINITION OF TERMS:

- a. Borrower/Debtor - A person who applies loans who agrees to and/or obligates himself/herself vis-à-vis the rules and regulation imposed by the Financial Institution.
- b. Co-Maker - A person who formally and voluntarily accepts the responsibility for the payment of loan upon failure of the principal borrower/debtor to pay same.

c. Collateral Allowances – are monetary benefits given apart from the regular pay and allowances such as but not limited to Hazardous Duty Pay, Flying Pay, Sea Duty Pay, Instructor's Duty Pay, and Magna Carta.

d. Commanding Officer/ Chief of Office - immediate superior officer duly designated and appointed as head of office authorize to sign and endorse application for loan.

e. Financial Institution (FIs) - Institution accredited by the PCG offering loans either in cash or in kind for a considerable interest.

f. Mandatory Deductions - are those deductions such as but not limited to BIR contribution, PhilHealth, Pag-IBIG, GSIS and MBI (Basic Premium and Special Group Term Insurance).

g. Monthly Net Take Home Pay (MNTHP) - is the sum total of all earnings excluding subsistence allowance and collateral allowances less authorized loan deductions and mandatory deductions.

h. Subsistence Allowance – allowance intended to defray the cost of daily regular meals by each PCG personnel and which may vary from 2,520.00 to 2,790.00 depending on the calendar days in a month.

V. POLICIES:

a. Collateral Allowances and Subsistence Allowance shall not be included in the computation of loan.

b. The required MNTHP shall be based on the current/prevaling Provisions of the General Appropriation Act (GAA). Under Section 46 of the GAA FY 2014, deductions from salaries, emoluments or other benefits accruing to any government employee's chargeable against the appropriations for Personnel Services maybe allowed for the payment of individual employee's contributions or obligations provided that such deductions shall in no case reduce the employee's MNTHP to an amount lower than Three Thousand Pesos (Php 3,000.00). Consequently, this policy shall adhere to the conditions set forth in succeeding GAA.

c. Upon failure of the principal borrower/debtor to pay the loan for any reason, the Co-maker shall automatically pay the outstanding obligation or balance of the loan. He shall be solidarily liable with the borrower pursuant to Article 1207 of the New Civil Code.

d. In case, the principal borrower is separated or retires from the service, all loan obligations will be deducted from his/her separation pay or retirement benefits due to him.

e. As a policy from PCGSLAI, a principal borrower who has already attained fifteen (15) years of PCG Service may no longer require a co-maker to

obtain a loan. Provided, that similar policies of other FIs regarding the same condition shall be henceforth adopted by this Policy.

VI. GUIDELINES:

a. All personnel applying for loan, shall ensure that all documents required by accredited financial institutions are properly complied with and submitted, to wit; authenticated copies of CAD orders for Officers, Enlistment orders for Non-officers, Appointment orders for Non-uniformed personnel; Certification of Non-Pending Case from Coast Guard Internal Affairs Service (CGIAS), Original Payslip for the borrower's, Photocopy of Payslip for Co-maker's and Certification of Willing to Re-enlist in case the applicant is due for re-enlistment.

b. Computation of loan shall be attached to the application form duly signed by concerned Financial Institution reflecting the monthly deduction and the remaining MNTHP.

c. Co-maker's shall be atleast of the same rank or higher than the borrower/debtor and has the capacity to pay. Co-maker shall also submit his MNTHP.

d. A Loan Application Form (LAF) shall be submitted by the principal borrower/debtor which shall include an Authorization for Payroll Deduction and Remittance and duly signed by the principal borrower/debtor and by his co-makers, in accordance with the requirements set forth by the FIs.

VII. PROCEDURES:

a. The principal borrower/debtor's Commanding Officer/Head of Office shall determine the completeness of the documentary requirements needed in the loan application and borrower/debtor's capability to avail of loan before signing the application. Incomplete requirements shall not be endorsed by the Commanding Officer.

b. The Coast Guard Finance Center (CGFC) shall review the accomplished LAF and other supporting requirements to ensure that the borrower has complied with the required MNTHP before signing for the approval of the application.

c. The Financial Institution shall submit hard copies and e-copies (Excel format) of summary/billing of personnel loan to CGFC. The billing summary shall include the complete name of the borrower, serial number, loan description, deduction code, monthly amortization, and duration of the loan.

d. The CGFC shall deduct loan's monthly amortization from borrower's salary and shall likewise terminate the same upon completion of payment. The FIs shall issue a clearance letter upon completion of the loan payment.

VIII. RESPONSIBILITY:

PCG personnel who are responsible in the processing of loan applications with any accredited Financial Institution who will be found remiss of their duties and responsibilities shall be held administratively liable for violation of PCG Code of Conduct for Uniformed Personnel under Para VII (B)(2) for inefficiency and incompetence in the performance of official duties. However, the same applies to non-uniformed personnel.

IX. EFFECTIVITY:

This Circular shall take effect upon publication.

BY COMMAND OF VICE ADMIRAL ISORENA:

OFFICIAL:

JOSELITO F DELA CRUZ
COMMO PCG
Chief of Coast Guard Staff, PCG


LIEZEL B BAUTISTA
LCDR PCG
Coast Guard Adjutant *9/12/14*