REPUBLIC OF THE PHILIPPINES
REGION VI-WESTERN VISAYAS
PROVINCE OF ILOILO
MUNICIPALITY OF TIGBAUAN

EXCERPT FROM THE MINUTES OF THE CY 2025 –41ST REGULAR SESSION OF THE NEWLY ELECTED MEMBERS OF THE HONORABLE SANGGUNIANG BAYAN TIGBAUAN, ILOILO HELD AT THE S.B. SESSION HALL, TIGBAUAN MUNICIPAL BUILDING ON OCTOBER 08, 2025 AT 9:10 IN THE MORNING

PRESENT:

HON. MARLON R. TERUÑEZ	-	OIC-Vice Mayor & Temp. Presiding Officer
HON. PINKY A. JARINA	-	SB Member
HON. ADRIAN S. CAMPOSAGRADO	-	SB Member
HON. GENE ROSE C. CANAYA	-	SB Member
HON. JOEL L. SAYSON	-	SB Member
HON. NORA ROSE T. TUBIANO	-	SB Member
HON. REYNALDO E. TUMABOTABO	-	SB Member
HON. NORBERTO T. TURALBA	-	SB Member
HON. LORNA T. DOMINGO	-	Liga President
HON. FLORENCE JOY V. CABALONGA	-	SKMF President

OFFICIAL BUSINESS: *(To attend the Developmental Talk of the DILG, Diversion 21 Hotel, Iloilo City.)*

HON. GENE ROSE C. CANAYA	-	SB Member

ABSENT:

HON. LUGEN T. ORTILANO,	-	Vice Mayor –(Vacation Leave)

Resolution No. 2025-161

RESOLUTION AUTHORIZING THE MUNICIPAL MAYOR, ATTY. VIRGILIO T. TERUEL, TO SIGN AND ENTER INTO A MEMORANDUM OF AGREEMENT (MOA) WITH LANDBANK OF THE PHILIPPINES FOR THE IMPLEMENTATION OF THE SALARY LOAN FACILITY FOR LOCAL GOVERNMENT UNITS

WHEREAS, in a letter dated October 7, 2025, the Local Chief Executive has formally requested authority from the Sangguniang Bayan to sign the Memorandum of Agreement (MOA) for and in behalf of the Municipality of Tigbauan;

WHEREAS, the said **Memorandum of Agreement** shall be made and entered into by, and between the following parties:

- **LAND BANK OF THE PHILIPPINES**, a government financial institution created and existing under and by virtue of the provision of Republic Act No. 3844, as amended, with principal office at LandBank Plaza 1598 M. H. del Pilar cor. Dr. J. Quintos Street, Malate, Manila, Philippines, represented by this Act by its President and Chief Executive Officer, LYNETTE V. ORTIZ through his duly authorized representative, BENANDRO J. GONZALES as evidenced by Secretary's Certificate, hereinafter referred to as "LANDBANK", and
- **MUNICIPALITY OF TIGBAUAN**, a local government unit created and existing under and by virtue of Philippine laws with principal office address at Tigbauan, Iloilo, represented herein by its MUNICIPAL MAYOR, ATTY. VIRGILIO T. TERUEL, hereinafter referred to as "LGU TIGBAUAN".

WHEREAS, Section 22 of Republic Act No. 7160, otherwise known as the Local Government Code of 1991, provides that local government units (LGUs) may enter into contracts and such other transactions as may be necessary, proper, or incidental to the exercise of their corporate powers;

WHEREAS, Section 444(b)(1)(vi) of the same Code empowers the Municipal Mayor to represent the municipality in all its business transactions and to sign contracts and obligations on its behalf, subject to the authorization of the Sangguniang Bayan;

WHEREAS, Land Bank of the Philippines offers a Salary Loan Facility for Local Government Units to extend credit accommodation to qualified LGU employees, to be repaid through automatic salary deductions;

WHEREAS, the Municipality of Tigbauan recognizes the need to provide access to lawful financial services to its employees through the said facility, ensuring convenience and promoting employee welfare;

WHEREAS, there is a need to authorize the Municipal Mayor to enter into a Memorandum of Agreement (MOA) with the Landbank of the Philippines to formalize the participation of the Municipality and its employees in the program;

WHEREAS, for and in consideration of the foregoing premises, the grant of a loan under the Facility to the employees of MUNICIPALITY OF TIGBAUAN are subject to the following terms and conditions:

A. Borrower's Eligibility Criteria

1. *Except for elected officials and their co-terminus appointees, the borrower must be a regular/permanent employee of the MUNICIPALITY OF TIGBAUAN and has been in its service for at least one (1) year;*
2. *Must have no pending administrative/criminal case/electoral protest (in case of elected official).*
3. *Must be eighteen (18) to sixty three (63) years old during loan application and 64 years old at the time of loan maturity; Elected Officials and their co-terminus appointees whose age is above the maximum requirement maybe accommodated, provided there is an approved special insurance coverage which must be coursed thru the Insurance Provider and the relevant special insurance premium coverage for the whole term of the loan has been paid.*
4. *Must have no pending application for retirement/resignation or not due for retirement/resignation within the term of the loan;*
5. *Must be up-to-date in the payment of his/ her existing loans with LANDBANK, if any, should be in current performing status.*
6. *Must have a minimum monthly net take-home pay (MNTHP) as may be prescribed by the General Appropriations Act which is in effect at the time of loan application. For avoidance of doubt, MNTHP is the resulting amount after considering all deductions and amortizations of all existing loans, including the salary loan applied for.*
7. *Must have an existing LANDBANK automated teller machine (ATM) Payroll/Regular Account with the LANDBANK Branch where proceeds of loan shall be credited and/or loan payments shall be debited, as may be applicable.*
8. *Must comply with other eligibility requirements as may be imposed by LANDBANK.*

B. Loan Amount

1. *Maximum loanable amount shall be up to ten (10) months gross pay, provided that the amount of loan shall not be less than PhP20,000.00 but not more than PhP2,000,000.00.*
2. *For Co-terminus appointees maximum loan amount shall not be more than Php1,000,000.00.*
3. *For avoidance of doubt Gross Pay shall include Basic Pay and RATA/ACA/PERA, meal allowance and other fixed allowances of the same nature.*
4. *No loan shall be granted within the six (6) month-period immediately preceding an election.*

C. Manner of Release

The loan proceeds shall be net of Credit Life Insurance premium (or special insurance coverage premium, for those applicants whose age is 65 years old and above at the time of application), documentary stamp tax (if applicable), interest charges from date of loan approval up to the date before the start of the first loan amortization period and other charges. The same shall be credited to borrower's existing LANDBANK ATM Payroll/ Regular Account maintained with the LANDBANK Branch.

D. Repayment Terms

1. *Loan shall have a minimum term of six (6) months and a maximum term of thirty-six (36) months with a monthly term divisor. The maximum loan term of more than thirty-six (36) months, but not to exceed sixty (60) months, may be allowed:*

   A. *For New Loan, under the following meritorious cases:*
      a. *Calamity stricken areas, or*
      b. *Emergency Expenses, such as:*
         i. *Educational;*
         ii. *Hospitalization, or*
         iii. *Natural or man-made disasters such as fire, floods or pandemic*

   B. *For Loan Renewal*

PROVIDED, further, that the loan maturity date for elected, appointed and co-terminus officials, in any case, must not go beyond three (3) months prior to the end of term of office and the loan term should not be more than thirty-six months (36) months or not more than the duration of his term.

2. *The loan shall be paid in equal monthly amortization thru:*

Option1: Debit by LANDBANK from employee-borrower's LANDBANK ATM Payroll/ Deposit Account (thru Debit Memo Validation "DMVAL" Facility) on the scheduled remittance date.

Option2: Salary/Payroll deduction from Employee-Borrower by the <u>MUNICIPALITY OF TIGBAUAN</u> and remitted to LANDBANK through on-us check or Authority to Debit Account (ADA) or weAccess not later than five (5) banking days after the scheduled remittance date.

In case of short or non-payment of amortization due, the Employee-Borrower may pay through the Bank's Mobile Banking Application (MBA) or the Branch may accept over-the-counter individual payment through cash or check (on-us).

The first amortization of loan shall be based on the approval date of the loan, as follows:

If the remittance date of the <u>MUNICIPALITY OF TIGBAUAN</u> is on the 1st quincena of the month

- *Loans approved and released within the 1st to 15th day of the month, the first amortization date shall be due on the 1st quincena of the following month.*
  Ex. Loan Approval Date: July 1-15, 2019
  First Amortization Due: August 15, 2019
- *Loans approved and released within the 16th to 31st day of the month, the first amortization date shall be due on the 1st quincena of the month succeeding the following month (on date of approval)*
  Ex. Loan Approval Date: July 16-31, 2019
  First Amortization Due: September 15, 2019

- *If the remittance date of the <u>MUNICIPALITY OF TIGBAUAN</u> is on the 2nd quincena of the month, loans approved and released within the month shall be due on the 2nd quincena of the following month*
  Ex. Loan Approval Date: July 1-31, 2019
  First Amortization Due: August 31, 2019

E. Loan Renewal

Loan renewal shall only be allowed (a) six (6) months after approval date (b) LANDBANK has received atleast six (6) monthly amortizations and (c) status should be current performing.

In case of loan renewal, reimbursement of the unexpired insurance premium shall be credited separately and shall not be deducted from the computed CLI premium of the new loan.

F. Interest Rates, Fees, and Other Charges

1. *The interest rate on the loan under the Facility shall be fixed at eight and half percent (8.5%) per annum.*
2. *System Fee*

   <u>Term of 36 months and below:</u>
   1% of loan, minimum of P500.00 to maximum of P5,000.00

   <u>Term of beyond 36 months:</u>
   1% of loan, but not to exceed P10,000.00

3. *Pre-termination fee – 1% of remaining loan balance, minimum of P500.00 to maximum of P10,000.00.*
4. *Interest shall be computed based on diminishing balance and shall be payable monthly in arrears (except interest charges mentioned Part I item C. Manner of Release, which shall be paid in advance from the proceeds of the loan).*
5. *The borrower shall be required to obtain a Credit Life Insurance (CLI) for the entire term of the loan. Accordingly, payment for premiums thereon that may be charged within the term of the loan shall be deducted by LANDBANK from the loan proceeds.*

   In case of loan renewal, any unexpired insurance premium (net of fees and charges by the Insurance Provider) shall be refunded to the Borrower after a reasonable time following the release of the check by the insurance provider and shall not be deducted from the CLI premium due on the new loan.

6. *Documentary stamp taxes as may be imposed under existing tax laws and regulations shall be for the account of the employee-borrower.*

7. *All fees and other charges that may be due under the loan may be adjusted at any time during the term of the loan, on account of a regulation of the Monetary Board of the Bangko Sentral ng Pilipinas an increase in LANDBANK's cost of funding and/or maintaining the loan, or other factors including, but not limited to, any special reserve requirements, exchange rate fluctuations and changes in the financial market. LANDBANK shall notify the MUNICIPALITY OF TIGBAUAN and the Borrower of such adjustment, which shall take effect on the next succeeding amortization period following such notice.*

G. Collaterals/Securities

The salary loan shall be secured by the borrower's assignment of his salaries, allowances, bonuses, retirement benefits, separation/gratuity pay, monetary value of accumulated leave credits and other monetary receivables from the MUNICIPALITY OF TIGBAUAN and ATM Payroll /Deposit Account in favor of LANDBANK.

H. Past Due Account

1. *A loan account shall be considered 'Past Due Performing' if the borrower fails to pay his monthly amortization due after the cure period up to 90 calendar days.*

   Note: If due date falls on a weekend or a holiday, then the payment shall be made until the last banking day before the end of the cure period.

2. *A loan account shall be considered 'Past Due Non-Performing' under the following circumstances:*
   a. *the borrower has unpaid amortization due (principal and/or interest) for more than 90 calendar days from contractual due date; or*
   b. *failure to pay/post the monthly amortization due of a Current Non-Performing account on the exact due date or last banking day; or*
   c. *the borrower fails to pay within the cure period after the maturity date of the PN.*

3. *A loan account will turn Current Non-Performing in status when all the unpaid dues of a Past Due Non-Performing (PD-NPL) account is paid and has no cure period.*
4. *A penalty fee equivalent to two percent (2%) per month shall be imposed on the unpaid principal amount to commence on the day immediately after the due date of the loan up to the date of actual payment.*
5. *The granting of loan to the employees of MUNICIPALITY OF TIGBAUAN shall be temporarily suspended when past due reaches 10% of the total outstanding loan balance.*

   The loan releases shall resume when the MUNICIPALITY OF TIGBAUAN past due are reduced to below 10% of the total outstanding balance.

   The servicing LANDBANK branch shall provide the MUNICIPALITY OF TIGBAUAN with schedule of past due accounts on a monthly basis for proper monitoring.

I. Reciprocal Business Requirement

The granting of salary loan to the qualified employees of MUNICIPALITY OF TIGBAUAN shall continue provided it maintains reciprocal business with LANDBANK that warrants availment of the Facility.

II. Covenants of the Parties

A. *The MUNICIPALITY OF TIGBAUAN shall:*
   1. *Have an existing agreement on ATM Payroll Facility with LANDBANK, as may be applicable.*
   2. *Maintain any of the following reciprocal business with LANDBANK to warrant availment of the Salary Loan Facility:*
      a. Maintain Peso or Dollar Deposit (Current, Savings or Time)
      b. ATM Payroll Tie-up

B. *Availment of Loan Products*

C. *Other identified reciprocal business*
   1. *Submit filled-out BC List template and transmittal sheet certified by its Personnel Department. Ensure that the employee-borrower is qualified to avail of the loan.*
   2. *If applicable, require the employee-borrower to authorize LANDBANK to collect or cause the collection of the installments/amortizations due on his/her loan through automatic debit against employee-borrower's ATM Payroll/Regular Account using the DMVAL Facility until full settlement of the loan.*
   3 *If applicable, collect or cause the collection of the installments/amortizations due on the loans of its employee-borrower through automatic salary deductions and remit to LANDBANK not later than five (5) banking days after the scheduled remittance date until full settlement of the loan.*

4 *Notify LANDBANK within seven (7) days when a Borrower has resigned or is otherwise separated from the service.*
5 *In case of reassignment of an employee-borrower to another government agency or termination/separation from service of a borrower, the loan shall become due and demandable. For this reason, the MUNICIPALITY OF TIGBAUAN shall require the employee-borrower to secure prior clearance from LANDBANK to ensure settlement of his/her obligation.*
6. *Ensure adherence of its employees who are borrowers to the Salary Loan Program guidelines and assist LANDBANK in the collection of past due accounts.*
7. *Submit its duly signed Sangguniang Resolution authorizing the execution of this Agreement and the processing of the insurance claim of deceased employee-borrower, and designating its authorized signatory/ies and representative/s hereto.*
8. *In case of death of employee-borrower the MUNICIPALITY OF TIGBAUAN shall assist LANDBANK in the processing of the insurance claim, including the provision of the Death Certificate and other documents that may be required by the insurance provider*

D. *LANDBANK shall:*

1. *Provide salary loans to the qualified employees of MUNICIPALITY OF TIGBAUAN subject to LANDBANK's guidelines;*
2 *Provide the Personnel Department of MUNICIPALITY OF TIGBAUAN the list of approved loan applications under the Facility, including the loan amount, date of release and Schedule of Amount Due and Collectible.*
3. *Notify the MUNICIPALITY OF TIGBAUAN for any changes in interest rates, fees/charges and penalty.*

NOW, THEREFORE, on motion of HON. NORA ROSE T. TUBIANO, *Chairperson,* Committee on Appropriations, Budget, Finance and Accounts and Ways & Means and duly seconded by Hon. Pinky A. Jarina, Hon. Adrian S. Camposagrado, Hon. Joel L. Sayson, Hon. Reynaldo E. Tumabotabo, Hon. Norberto T. Turalba, Hon. Lorna T. Domingo, and Hon. Florence Joy V. Cabalonga;

BE IT RESOLVED, AS IT IS HEREBY RESOLVED, by the Sangguniang Bayan to authorize the Municipal Mayor, ATTY. VIRGILIO T. TERUEL, to sign and enter into a Memorandum of Agreement (MOA) with Landbank of the Philippines for the implementation of the Salary Loan Facility for Local Government Units, subject to existing laws, rules, and regulations;

RESOLVED FURTHER, that copies of this Resolution be furnished to the Office of the Municipal Mayor, Atty. Virgilio T. Teruel and to the Landbank of the Philippines and for their information and/or appropriate action.

APPROVED.

CERTIFIED CORRECT:

MARLENE TAYO-NAVA
SB Secretary

ATTESTED:

MARLON R. TERUÑEZ
OIC-Vice Mayor & Temporary Presiding Officer