



Republic of the Philippines
Department of Education

DepEd ORDER
No. **49**, s. 2017

18 SEP 2017

**REVISED GUIDELINES ON ACCREDITATION AND RE-ACCREDITATION
OF PRIVATE LENDING INSTITUTIONS UNDER THE AUTOMATIC
PAYROLL DEDUCTION SYSTEM PROGRAM**

To: Undersecretaries
Assistant Secretaries
Bureau and Service Directors
Regional Directors
Schools Division Superintendents
Public Secondary Schools Heads
All Others Concerned

1. In line with its continued thrust to protect its personnel from private lenders charging excessive rates on loans and engaging in unscrupulous practices, the Department of Education (DepEd) hereby issues the enclosed **Revised Guidelines on Accreditation and Re-Accreditation of Private Lending Institutions (PLIs) under the Automatic Payroll Deduction System (APDS) Program** and announces the re-opening of the said accreditation and re-accreditation.
2. All APDS-Memorandum of Agreement (APDS-MOA) for lending business of accredited PLIs shall be effective until **October 31, 2017** for the simultaneous implementation of the revised guidelines. The effectivity of existing APDS-MOA expiring earlier and later than the said date is hereby amended accordingly.
3. The DepEd Central Office, through the Office of the Undersecretary for Finance-Disbursements and Accounting, and the Offices of Regional Directors (for DepEd personnel cooperatives engaged in lending business in one region) shall receive applications for accreditation and re-accreditation from interested entities on or before the following dates, in accordance with the enclosed guidelines:
 - a. Applicants for Re-accreditation - Until October 2, 2017; and
 - b. Applicants for Accreditation - Until October 16, 2017
4. DepEd Memorandum No. 228, s. 2011 entitled Re-opening of Accreditation/Re-accreditation of the Private Lending Institutions (PLIs) under the Automatic Payroll Deduction System (APDS) Clean Up Program and other related issuances, rules, regulations, and provisions which are inconsistent with these guidelines are hereby repealed, rescinded, or modified accordingly.
5. Immediate dissemination of and strict compliance with this Order is directed.


LEONOR MAGTOLIS BRIONES
Secretary

Encls:

As stated

Reference:

DepEd Memorandum (No. 228, s. 2011)

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

ACCREDITATION
CHANGE
DEDUCTIONS
EMPLOYEES
POLICY
PROGRAMS
SALARY

MCDJ/CAR R DO Revised Guidelines on Accreditation and Re-accreditation
0843/September 9, 2017

I. RATIONALE

These guidelines are issued to enhance the existing rules and criteria set under DepEd Memorandum No. 228, s. 2011, on the Department's Accreditation/Re-accreditation of Private Lending Institutions (PLIs), for continuous systems improvement.

II. LEGAL BASIS

- A. Only entities expressly authorized by law may avail of the privileges under APDS, in view of the following:
1. Section 21 of RA 4670 re: Magna Carta for Public School Teachers which states that *"No person shall make any deduction whatsoever from the salaries of teachers except under specific authority of law authorizing such deductions"*,
 2. Section 66, Title I(A), Book V of the Administrative Code of 1987, which stipulates that *"Except as may otherwise be provided by law, it shall be unlawful for a treasurer or other fiscal officer to draw or retain from the salary due an officer or employee, any amount for contribution or payment of obligations other than those due the government or its instrumentalities"*;
 3. General Provisions, Section 47. Authorized Deductions (General Appropriations Act for FY 2017) which states that *"Deductions from salaries and other benefits accruing to any government employee, chargeable against the appropriations for Personnel Services, may be allowed for the payment of an individual employee's contributions or obligations due the following, and in the order of preference stated below:*
 - a. *The BIR, PHILHEALTH, GSIS and HDMF;*
 - b. *Non-stock savings and loan associations and mutual benefits associations duly operating under existing laws and cooperatives which are managed by and/or for the benefit of the government employees;*
 - c. *Associations or provident funds organized and managed by government employees for their benefit and welfare;*
 - d. *GFI's authorized by law and accredited by appropriate government regulating bodies to engage in lending;*
 - e. *Licensed insurance companies; and*
 - f. *Thrift banks and rural banks accredited by the BSP."*
 4. Department of Justice (DOJ) Opinion No. 36, s. 2008 signed by former DOJ Secretary Raul M. Gonzales, stating that financing companies are duly qualified to participate in the APDS by virtue of the Financing Company Act, as amended.

III. SCOPE

1. The revised guidelines shall apply to all entities identified under Item IV.4.1 aspiring to participate in the APDS at the national, regional, division, district and school levels.
2. Accreditation/Re-accreditation shall be valid for a period of **three (3) years** from the date of the signing of the APDS-Memorandum of Agreement (MOA) by the Department Secretary, unless earlier revoked by DepEd for legitimate causes.
3. All DepEd personnel and offices at the Central, Regional, Schools Division, and school level, with or without fiscal autonomy, shall abide by these guidelines.

IV. POLICY STATEMENT

1. The grant of automatic payroll deduction for loans extended to DepEd teachers/personnel and the issuance of a "lending code" to private lending institutions (PLIs) is a privilege extended by the Department and not a right to be invoked by any party and shall be subject to DepEd regulations.
2. The DepEd shall regulate the use of its APDS to protect and secure its employees' welfare. Specifically, this shall translate into:
 - 2.1 Accreditation/Re-accreditation of PLIs specifically authorized by law to make deductions from the salaries of government employees (particularly DepEd personnel). Such organizations shall be duly registered with the proper government regulatory bodies¹;
 - 2.2 Provision of a ceiling on interest rates, service charges, and other fees charged by lending institutions participating in the scheme in order to prevent usurious lending; and
 - 2.3 Prevention and/or elimination of illegal and unauthorized deductions from DepEd personnel's salaries.
3. A centralized accreditation/re-accreditation system shall be implemented with the assignment of an APDS Code for lending by Central Office (CO), through the Employee Account Management Division (EAMD), which will act as the APDS Secretariat, after which, the Office of the Secretary shall sign an APDS-MOA with the accredited/re-accredited PLI. However, signing of the APDS-MOA for cooperatives that offer lending services, whose membership is exclusive to teaching, non-teaching, and teaching-related DepEd personnel, current or retired (hereinafter referred to as "**DepEd personnel cooperatives**"), and **whose operations are limited to one region**, shall be delegated by the Secretary to the Regional Director.
4. Accreditation/Re-accreditation shall be granted to entities, as defined and enumerated under Item 4.1 below, that agree to abide with these specific guidelines, with reference to the following:
 - 4.1 Legal existence and license to operate as granted by the government through its different regulators. "Entities" shall include all companies, cooperatives, and associations enumerated under Items II.3 (b to f) and II.4 (financing companies).
 - 4.2 Full transparency in reporting operations and financial status.

¹ Government regulatory bodies include the Securities and Exchange Commission (SEC), Bangko Sentral ng Pilipinas (BSP), Insurance Commission (IC), and the Cooperative Development Authority (CDA).

4.3 Other conditions set forth in the MOA.

5. Affiliates/associates/partners and PLIs with problem on chairmanship/ownership are not allowed under APDS.
6. Entities shall be allowed to utilize the APDS facility in the **province²** where they have an office/branch. The term "office"/"branch" shall be defined as a fully equipped physical site of transaction, inside a building or commercial structure, with local business permit, proper sign board, landline, with a full-time manager and staff who shall maintain the complete records/loan documents, accept payments, issue Statement of Accounts, Official Receipts, and Certificates of Full Payment of Loans within specified timeframes, and attend to other loan transactions and any queries/complaints of DepEd teachers/personnel.
7. Entities that do not have an office/branch in a province shall be allowed to offer loans through APDS to DepEd personnel in that province by making arrangements and entering into corresponding legal agreements with affiliate banks, which shall act as the former's agent. The said affiliate banks must have an office/branch in that province as defined in Item IV.6. Notwithstanding this, the APDS accredited entity shall maintain at least one office/branch in regions where it is allowed to utilize the APDS facility.
8. Entities applying for re-accreditation shall have up to three (3) months to comply with items IV.6 and IV.7 from the date of the effectivity of the new APDS-MOA. Otherwise, they shall no longer be allowed to transact under the APDS in provinces where they have no presence.
9. Entities participating in the APDS shall also conform with the ceilings on interest and non-interest rates on loans as shown below. Only loans with term of up to three (3) years will be accommodated under the APDS. Illustrations for the loan computations from one (1) to three (3) years are attached and marked as Enclosures "A-1" to "A-3". The said rates may be adjusted anytime by the Department depending on the prevailing market rates and other policy considerations.

Particulars	Ceilings
Contractual Interest Rates (based on diminishing/declining principal balance)	1 year – 7.500% per annum (p.a.) or 0.625% per month 2 years – 9.000% p.a. or 0.750% per month 3 years – 9.660% p.a. or 0.805% per month
One-time Other Charges (Must be itemized in the Disclosure Statement)	6.000%, deducted upfront from the principal amount of loan
Effective Interest Rates (EIR) p.a.	1 year – 21.091% 2 years – 16.351% 3 years – 14.886%

10. Entities participating in the APDS shall be subject to the following service fees, which shall be collected by the DepEd implementing units (central, regional, division, and

² For this case, Metro Manila will be considered as one province.

schools with fiscal autonomy), through automatic deduction from the remittance due to the PLI, and deposited to its Trust Receipt Account in the National Treasury:

- 10.1 For banks, insurance companies, and financing companies = One percent (1%) of amount remitted/collected.
- 10.2 For non-stock savings and loans associations, mutual benefits associations, and DepEd personnel cooperatives and associations = One-half of one percent (0.5%) of the amount remitted/collected.

V. ACCREDITATION/RE-ACCREDITATION CRITERIA

A. MINIMUM REQUIREMENTS

To be eligible for consideration for accreditation/re-accreditation, applicants must satisfy the following:

1. Institutional Criteria

- a. Legally organized; duly registered with government regulatory agencies such as the Securities and Exchange Commission (SEC), Bangko Sentral ng Pilipinas (BSP), Insurance Commission (IC) and Cooperative Development Authority (CDA);
- b. Authorized to lend based on the primary or secondary purpose stated in Articles of Incorporation/Cooperation;
- c. Operating and in good standing for the current year as certified by SEC/BSP/PDIC/IC/CDA;
- d. Must have full-time manager and staff who shall maintain the complete records/loan documents, issue SOA, ORs, and CFPLs within specified timeframes, and attend to other loan transactions and any queries/complaints of DepEd teachers/personnel; and
- e. With a track record of at least five (5) years lending operation (for new applicants only).

2. Financial Criteria

- a. Must have sufficient capitalization as required by the appropriate government regulatory agency, but in no case shall the capitalization of an applicant entity be less than PhP 5 million, except for DepEd personnel cooperatives, which shall be required capitalization of at least PhP 2 million.
- b. For entities applying for accreditation, capitalization based on the previous year's Audited Financial Statements (AFS) divided by the total number of branches/offices should be equal to the minimum required capitalization under item V.A.2.a above. For entities applying for re-accreditation, no new branch can be used as a basis of authorization in a province until this condition is met.

B. NECESSARY DOCUMENTS FOR SUBMISSION BY APPLICANTS

1. For Accreditation (New Applicants)

- 1.1. The applicant must submit the following original or duly certified photocopies of the documents issued by the appropriate government regulatory agency:
 - a. For SEC registered entities:
 - i. Certificate of Incorporation/Registration;
 - ii. Articles of Incorporation and By-Laws and as well as Amendments, if any;
 - iii. Updated General Information Sheet;
 - iv. Certification from SEC that the entity has not been dissolved nor has the Commission received any information derogatory to said entity that would prevent it from exercising its primary franchise; and
 - b. For BSP registered entities (in addition to the required documents from SEC):
 - i. Certificate of Authority;
 - ii. Certification of Good Standing issued by the Philippine Deposit Insurance Corporation (PDIC)
 - c. For IC registered entities (in addition to the required documents from SEC):
 - i. Certificate of Registration; and
 - ii. Certificate of Authority
 - d. For CDA registered entities:
 - i. Certificate of Registration;
 - ii. Articles of Cooperation and By-Laws and as well as Amendments, if any;
 - iii. Updated Cooperative Annual Progress Report (CAPR); and
 - iv. CDA Certificate of Good Standing/Compliance intended for DepEd APDS Accreditation purposes (original to be presented for validation purposes).
- 1.2. Additional documents required from all new applicants:
 - a. Letter of Intent signed by the President/Chairman/Chief Executive Officer;
 - b. Latest organization profile;
 - c. Ownership structure, including, among others, the percent shares owned by each of the stockholders/members;
 - d. Curriculum vitae/bio-data of corporate directors and officers with photocopy of ID with picture and signature. For government employees, the accomplished and filed Civil Service Commission Form 212 (Personal Data Sheet) must be submitted;
 - e. All services and/or products offered to DepEd personnel;
 - f. In case of mutual benefits association, DepEd personnel cooperatives and associations, a Certification from its President/Chairman that the organization is duly operating under existing laws which are managed by and/or for the benefit of government employees;
 - g. AFS for the two (2) immediately preceding fiscal years, stamped received by the BIR;

- h. Copy of Income Tax Return (ITR) for the two (2) immediately preceding fiscal years, with proof of payment;
- i. BIR Certificate of Registration (Form 2303) of Tax Identification Number (TIN);
- j. List of main and all field offices/branches, including the names of its managers, with complete addresses, landline telephone numbers, and official e-mail addresses, with corresponding Certification that the said offices/branches can sufficiently render all the services mentioned in item IV.6;
- k. Sample amortization schedules for each type and term of loan, showing the rates of interest, non-interest, and other/one-time charges (itemized), following the Effective Interest Calculation Model in Enclosures "A-1" to "A-3";
- l. Subscribed statement attesting to the Truth in Lending Act with attached expanded Disclosure Statement on Loan/Credit Transaction (as required under R.A. 3765, Truth in Lending Act);
- m. Business Permits of all offices/branches intended for lending purposes;
- n. Contract of Lease (effective during the term of the APDS-MOA) or proof of ownership of offices/branches; and
- o. For affiliate banks specified in item IV.7: Certification executed by both the PLI and the affiliate bank stating that the latter can sufficiently render all the services mentioned in item IV.6 in the province.

2. For Re-accreditation (with existing APDS Code for Lending)

2.1. The applicant must submit the following original or duly certified photocopies of the documents issued by the appropriate government regulatory agency:

- a. For SEC registered entities:
 - i. Amended Articles of Incorporation and By-Laws, if any;
 - ii. Updated General Information Sheet; and
 - iii. Updated Certification from SEC that the entity has not been dissolved nor has the Commission received any information derogatory to said entity that would prevent it from exercising its primary franchise
- b. For BSP registered entities (in addition to the required documents from SEC): Certification of Good Standing issued by the Philippine Deposit Insurance Corporation (PDIC)
- c. For IC registered entities (in addition to the required documents from SEC): Updated Certificate of Authority
- d. For CDA registered entities:
 - i. Amended Articles of Cooperation and By-Laws, if any;
 - ii. Updated Cooperative Annual Progress Report (CAPR); and
 - iii. CDA Certificate of Good Standing/Compliance intended for DepEd APDS Re-accreditation purposes (original to be presented for validation purposes).

2.2. Additional documents required from applicants for re-accreditation:

- a. Letter of Intent signed by the President/Chairman/Chief Executive Officer;
- b. Latest organization profile;
- c. Ownership structure, including, among others, the percent shares owned by each of the stockholders/members;
- d. Updated curriculum vitae/bio-data of corporate directors and officers with photocopy of ID with picture and signature. For government employees, the accomplished and filed Civil Service Commission Form 212 (Personal Data Sheet) must be submitted;
- e. Updated services and/or products offered to DepEd personnel;
- f. In case of mutual benefits association, DepEd personnel cooperatives and associations, a Certification from its President/Chairman that the organization is duly operating under existing laws which are managed by and/or for the benefit of government employees;
- g. AFS for the immediately preceding fiscal year;
- h. Corporate ITR for the immediately preceding fiscal year;
- i. Updated BIR Certificate of Registration (Form 2303) of TIN;
- j. List of main and all field offices/branches, including the names of its managers, with complete addresses, landline telephone numbers, and official e-mail addresses, with corresponding Certification that the said offices/branches can sufficiently render all the services mentioned in item IV.6;
- k. Sample amortization schedules for each type and term of loan, showing the rates of interest, non-interest, and other/one-time charges (itemized), following the Effective Interest Calculation Model in Enclosures "A-1" to "A-3";
- l. Subscribed statement attesting to the Truth in Lending Act with attached expanded Disclosure Statement on Loan/Credit Transaction (as required under R.A. 3765, Truth in Lending Act);
- m. Business Permits of all offices/branches intended for lending purposes;
- n. Contract of Lease (effective during the term of the APDS-MOA) or proof of ownership of offices/branches;
- o. For affiliate banks specified in item IV.7: Certification executed by both the PLI and the affiliate bank stating that the latter can sufficiently render all the services mentioned in item IV.6 in the province; and
- p. MS Excel file/s containing the universal listing of all existing loans by DepEd borrowers, with the following information:
 - Name, Region, Schools Division, Station, and Employee number of the DepEd borrower;
 - Date/s of loan granted;
 - Principal amount/s of loan/s granted;
 - Amount of other/one-time charges;
 - Net proceeds;
 - Starting month and ending month of the salary deduction/s;
 - Amount/s of monthly amortization;
 - All payments made as of the previous month;
 - Rates of interest: nominal and effective; and
 - Outstanding loans receivables as of the previous month.

3. PLIs must coordinate with the EAMD and DepEd Regional Offices, as applicable, to ascertain the completeness of their submissions, especially those applying for re-accreditation.
4. The Department may, from time to time, require lending institutions to submit hard copy/ies of Promissory Notes, Authority to Deduct, Disclosure Statements and Subsidiary Ledgers of DepEd borrowers.

VI. PROCEDURES

A. ACCREDITATION/RE-ACCREDITATION

1. Accreditation/Re-accreditation shall be made in cycles of three (3) years starting 2017. Except for the first cycle that shall run from October 1, 2017 until December 31, 2020, subsequent cycles shall run for a full cycle of three (3) years starting January 1, 2021.
2. Entities aspiring to participate in the APDS must submit the complete set of documentary requirements to the following:
 - a. DepEd Central Office (CO) – For banks, insurance companies, financing companies, non-stock savings and loans associations, DepEd associations, and DepEd personnel cooperatives that offer lending services to more than one (1) region; or
 - b. DepEd Regional Office (RO) – For DepEd personnel cooperatives, whose operations are limited to one (1) region.
3. The schedule of acceptance of applications shall be as follows:
 - a. For applicants for re-accreditation – Until the 30th of September, or the immediately succeeding working day if September 30 falls on a non-working day.
 - b. For applicants for accreditation – Until the 15th of October, or the immediately succeeding working day if October 15 falls on a non-working day.

Only applications with complete documents submitted on or before the deadline may be considered for accreditation/re-accreditation.

4. DepEd APDS Task Forces comprising a total of seven (7) members shall be formed at the Regional Offices (RO) and Central Office (CO). Each Task Force shall be composed of the following personnel holding plantilla positions:

Designation	RO	CO
Chairperson	1. Regional Director or Assistant Regional Director	1. Director for Finance Service – DA
Members	2. Chief Administrative Officer, Administrative Division	2. Chief Administrative Officer, EAMD
	3. Chief Administrative Officer, Finance Division	3. Supervising Administrative Officer, EAMD
	4. Head, Personnel Unit, Administrative Division	4. Chief Administrative Officer, Personnel Division
	5. Head, Accounting Unit, Finance Division	5. One (1) representative from the Information and Communications Technology Service

Designation	RO	CO
Members (Continued)	6. One (1) representative from the Quality Assurance Division	6. One (1) representative from Accounting Division
	7. One (1) representative from the Legal Unit, preferably holding an Attorney position	7. One (1) representative from the Legal Service, preferably holding an Attorney position

5. The members of the Task Force may recommend a permanent alternate within the same office, holding a plantilla position, to attend meetings in his/her absence. Similarly, the Chairperson may designate an officer from the members of the Task Force to officiate a meeting in the Chairperson's absence.
6. The following procedures shall be followed for entities applying at the DepEd CO:
 - a. The complete set of documentary requirements must be submitted in accordance with the deadlines specified above, with the Letter of Intent addressed to the Office of the Secretary, through the Undersecretary for Finance-Disbursements and Accounting (DA);
 - b. The Office of the Undersecretary for Finance – DA, through the designated APDS Technical Working Group (TWG), with the assistance of the APDS Secretariat and Regional APDS Task Forces, shall review and evaluate the submitted documents as well as validate the compliance with all the necessary requirements by the applicants;
 - c. The Office of the Undersecretary for Finance-DA, on the basis of the evaluation made by the TWG, may disapprove outright or recommend approval of the application to the Department Secretary. For applications for re-accreditation, records of the concerned entities' compliance with the previous APDS-MOA will be considered in making the decision on whether to disapprove outright or recommend approval. A letter of notification shall be served by the aforesaid Office to the applicants of the action taken thereof; and
 - d. If approved, a corresponding APDS-MOA shall be executed by and between the Department Secretary and the PLI's President or his/her duly authorized representative. The roles and responsibilities of both parties, as well as the other terms and conditions of the MOA, are enumerated in the attached Enclosure "B", subject to further modification whenever necessary. Accreditation is considered complete only upon the notarization of the APDS-MOA, duly signed/executed by the contracting parties.
7. The following procedures shall be followed for entities applying at the DepEd RO:
 - a. The complete set of documentary requirements must be submitted to the concerned DepEd Regional Office in accordance with the deadlines specified above, with the letter of intent addressed to the Regional Director;
 - b. The Regional APDS Task Force shall review and evaluate the submitted documents as well as validate the compliance of the cooperative with all the necessary requirements under these guidelines;

- c. On the basis of the evaluation made by the Regional APDS Task Force, the Regional Director may disapprove outright or approve the application for accreditation. For applications for re-accreditation, records of the concerned cooperative's compliance with the previous APDS-MOA will be considered in making the decision on the approval. A letter of notification on the action taken thereof shall be served by the aforesaid Office to the applicants;
- d. For approved applications, the Regional Director shall send a written request for the assignment of the APDS lending code to the Undersecretary for Finance-DA, through EAMD; and
- e. Upon receipt of the APDS lending code, the corresponding APDS-MOA shall be executed by and between the Regional Director and the cooperative's President or his/her duly authorized representative. The roles and responsibilities of both parties, as well as the other terms and conditions of the MOA, are enumerated in the attached Enclosure "B", subject to further modification whenever necessary. Accreditation is considered complete only upon the notarization of the APDS-MOA, duly signed/executed by the contracting parties.

B. EFFECT OF NON RE-ACCREDITATION AND CANCELLATION OF ACCREDITATION

- 1. Non-reaccreditation shall result in the denial of the PLI's privilege to transact new business under APDS. The DepEd, however, shall continue servicing the collection of existing loans already incorporated in the payroll system as of the date of the termination of the MOA and remitting the same to the PLIs until full payment of said loans. Thereafter, the lending code is automatically revoked.
- 2. In case of revocation of the Certificate of Registration/Authority of the entity by the IC/SEC/BSP/CDA, the DepEd shall automatically cancel/revoke the APDS-MOA upon receipt of written notice of revocation from the appropriate government regulatory agency.

VII. MONITORING AND EVALUATION

- A. Monitoring the compliance of APDS accredited entities with these guidelines and the APDS-MOA, including addressing issues that arise in the implementation thereof, shall be undertaken by DepEd through the APDS Task Forces and the APDS Secretariat.
 - 1. The APDS Task Forces shall have the following responsibilities within their respective jurisdictions:
 - a. Validate the existence of offices/branches of PLIs during the application stage and as the need arises;
 - b. Conduct spot-checking or monitoring activities of the compliance of PLIs;
 - c. Submit annual reports to the Undersecretary for Finance-DA on the compliance of and/or violations committed by PLIs in relation to the APDS-MOA on or before the end of February of each year;

- d. Monitor the submission of annual documentary requirements of school-based cooperatives;
 - e. Conduct investigations, fact-finding activities, meetings, and/or mediating activities as necessary to address issues raised by various stakeholders, and submit a corresponding report and/or recommendations to the Undersecretary for Finance – DA for centrally accredited PLIs and to the Regional Director for school-based cooperatives; and
 - f. Other tasks as may be assigned by the Secretary or the Undersecretary for Finance – DA.
2. When conducting monitoring activities such as validation of existence of offices/branches and spot-checking, at least three (3) members of the Task Force should be present.
 3. The APDS Secretariat shall have the following responsibilities:
 - a. Monitor the submission of annual documentary requirements of centrally accredited PLIs;
 - b. Validate and consolidate all reports submitted by the APDS Task Force;
 - c. Seek opinion from the Office of the Undersecretary for Legal Affairs as needed;
 - d. Prepare complete staff work on matters needing policy decision and/or implementation of sanctions due to violations; and
 - e. Recommend to the Secretary, through the Undersecretary for Finance – DA, appropriate action, including creation of ad hoc bodies to resolve issues when needed.
- B. A periodic review of this policy to further enhance its provisions and effectiveness shall be conducted by the EAMD, with guidance from the Office of the Undersecretary for Finance – DA.

VIII. FINAL PROVISIONS

A. REPEALING CLAUSE

All rules, regulations and issuances, which are inconsistent with these guidelines are hereby repealed or modified accordingly.

B. PENALTY CLAUSE

Violation of any provision of these revised guidelines or parts thereof shall be dealt with accordingly.

C. EFFECTIVITY/TRANSITORY PROVISION

These guidelines shall take effect upon its posting on the DepEd website. In case of re-accreditation, the terms and conditions of loans contracted under the previous MOA shall continue to be enforced until fully settled.

IX. REFERENCES

- DepEd Order (DO) No. 30, s. 2003- Salary Loans and Automatic Payroll Deduction
- DepEd Memorandum (DM) No. 478, s. 2004 - Lifting of the Moratorium on the Issuance of APDS Lending Codes Exclusive to Teachers' Cooperatives

- DM No. 118, s. 2008 - Lifting of the Moratorium on the Issuance of APDS Lending Codes to Private Lending Institutions
- DM No. 540, s. 2009 - Re-opening of Accreditation of Private Lending Institutions under the Department's Automatic Payroll Deduction System
- DM No. 228, s. 2011 - Re-opening of Accreditation/Re-accreditation of the Private Lending Institutions (PLIs) under the DepED Automatic Payroll Deduction System (APDS) Clean-up Program
- DM No. 229, s. 2012 - Re-opening of Accreditation of Private Lending Institutions under the Department's Automatic Payroll Deduction System

**DEPARTMENT OF EDUCATION
CEILINGS ON INTEREST AND NON-INTEREST CHARGES
AND PRO-FORMA AMORTIZATION SCHEDULE
FOR THE AUTOMATIC PAYROLL DEDUCTION SYSTEM (APDS) PROGRAM**

DECLINING/DIMINISHING BALANCE METHOD

<u>ENCLOSURE</u>	<u>A-1</u>	<u>A-2</u>	<u>A-3</u>
Loan Term (in years)*	1	2	3
Principal Amount (in Php) <Sample only>	100,000.00	100,000.00	100,000.00
No. of installments (in months)	12	24	36
Grace period (in months)	-	-	-
No. of periods (in months)	12	24	36
<u>Ceilings:</u>			
Contractual Interest Rate (CIR) per annum (p.a.)	7.500%	9.000%	9.660%
CIR per month	0.625%	0.750%	0.805%
Other Charges (one-time)	6.000%	6.000%	6.000%
Nominal Interest Rate	4.109%	4.822%	5.196%
Effective Interest Rate (EIR) p.a.	21.091%	16.351%	14.886%
EIR per month	1.608%	1.270%	1.163%
<u>Based on Principal Amount (in Php):</u>			
Other Charges	6,000.00	6,000.00	6,000.00
Monthly Installment	8,675.75	4,568.48	3,210.78
Total Interest Payments	4,108.91	9,643.37	15,588.05

*The loan term for loans under the APDS are allowed only up to three (3) years or 36 months.

Republic of the Philippines

Department of Education

AUTOMATIC PAYROLL DEDUCTION SYSTEM (APDS) PROGRAM**EFFECTIVE INTEREST CALCULATION MODEL FOR A ONE (1)-YEAR LOAN
DECLINING/DIMINISHING BALANCE METHOD**

	A	B	C	D	E	F	G
1	Principal Amount (in PHP)		100,000.00		Contractual Interest Rate		
2	Loan Term (in years)		1		Per Annum	= 7.500%	
3	No. of installments (in months)		12		Per Month	= 0.625%	
4	Grace period (in months)		-		Nominal Interest Rate	= 4.109%	
5	No. of periods (in months)		12		Effective Interest Rate (EIR)		
6	Other Charges		6.000%		Per Annum	= 21.091%	
7	Monthly Installment		PHP 8,675.75		Per Month	= 1.608%	
8							
9	<u>Installment</u> <u>Period</u>	<u>Gross Loan</u>	<u>Principal</u>	<u>Interest</u>	<u>Other</u> <u>Charges</u>	<u>NET PROCEEDS</u> <u>Cash Flows</u>	<u>Outstanding</u> <u>Balance</u>
10	0	100,000.00			6,000.00	94,000.00	100,000.00
11	1		8,050.75	625.00		(8,675.75)	91,949.25
12	2		8,101.07	574.68		(8,675.75)	83,848.18
13	3		8,151.70	524.05		(8,675.75)	75,696.48
14	4		8,202.65	473.10		(8,675.75)	67,493.83
15	5		8,253.91	421.84		(8,675.75)	59,239.92
16	6		8,305.50	370.25		(8,675.75)	50,934.42
17	7		8,357.41	318.34		(8,675.75)	42,577.01
18	8		8,409.64	266.11		(8,675.75)	34,167.37
19	9		8,462.20	213.55		(8,675.75)	25,705.17
20	10		8,515.09	160.66		(8,675.75)	17,190.08
21	11		8,568.31	107.44		(8,675.75)	8,621.77
22	12		8,621.77	53.89		(8,675.66)	-
23	Total		100,000.00	4,108.91	6,000.00		

Republic of the Philippines
Department of Education

AUTOMATIC PAYROLL DEDUCTION SYSTEM (APDS) PROGRAM

**EFFECTIVE INTEREST CALCULATION MODEL FOR A TWO (2)-YEAR LOAN
DECLINING/DIMINISHING BALANCE METHOD**

	A	B	C	D	E	F	G
1	Principal Amount (in PhP)		100,000.00		Contractual Interest Rate		
2	Loan Term (in years)		2		Per Annum	=	9.000%
3	No. of installments (in months)		24		Per Month	=	0.750%
4	Grace period (in months)		-		Nominal Interest Rate	=	4.822%
5	No. of periods (in months)		24		Effective Interest Rate (EIR)		
6	Other Charges		6.000%		Per Annum	=	16.351%
7	Monthly Installment		PhP 4,568.48		Per Month	=	1.270%

	<u>Installment</u> <u>Period</u>	<u>Gross Loan</u>	<u>Principal</u>	<u>Interest</u>	<u>Other</u> <u>Charges</u>	<u>NET PROCEEDS</u> <u>Cash Flows</u>	<u>Outstanding</u> <u>Balance</u>
10	0	100,000.00			6,000.00	94,000.00	100,000.00
11	1		3,818.48	750.00		(4,568.48)	96,181.52
12	2		3,847.12	721.36		(4,568.48)	92,334.40
13	3		3,875.97	692.51		(4,568.48)	88,458.43
14	4		3,905.04	663.44		(4,568.48)	84,553.39
15	5		3,934.33	634.15		(4,568.48)	80,619.06
16	6		3,963.84	604.64		(4,568.48)	76,655.22
17	7		3,993.57	574.91		(4,568.48)	72,661.65
18	8		4,023.52	544.96		(4,568.48)	68,638.13
19	9		4,053.69	514.79		(4,568.48)	64,584.44
20	10		4,084.10	484.38		(4,568.48)	60,500.34
21	11		4,114.73	453.75		(4,568.48)	56,385.61
22	12		4,145.59	422.89		(4,568.48)	52,240.02
23	13		4,176.68	391.80		(4,568.48)	48,063.34
24	14		4,208.00	360.48		(4,568.48)	43,855.34
25	15		4,239.56	328.92		(4,568.48)	39,615.78
26	16		4,271.36	297.12		(4,568.48)	35,344.42
27	17		4,303.40	265.08		(4,568.48)	31,041.02
28	18		4,335.67	232.81		(4,568.48)	26,705.35
29	19		4,368.19	200.29		(4,568.48)	22,337.16
30	20		4,400.95	167.53		(4,568.48)	17,936.21
31	21		4,433.96	134.52		(4,568.48)	13,502.25
32	22		4,467.21	101.27		(4,568.48)	9,035.04
33	23		4,500.72	67.76		(4,568.48)	4,534.32
34	24		4,534.32	34.01		(4,568.33)	-
35	Total		100,000.00	9,643.37	6,000.00		

Republic of the Philippines
Department of Education

AUTOMATIC PAYROLL DEDUCTION SYSTEM (APDS) PROGRAM

**EFFECTIVE INTEREST CALCULATION MODEL FOR A THREE (3)-YEAR LOAN
DECLINING/DIMINISHING BALANCE METHOD**

	A	B	C	D	E	F	G
1	Principal Amount (in PhP)		100,000.00		Contractual Interest Rate		
2	Loan Term (in years)		3		Per Annum	=	9.660%
3	No. of installments (in months)		36		Per Month	=	0.805%
4	Grace period (in months)		-		Nominal Interest Rate		= 5.196%
5	No. of periods (in months)		36		Effective Interest Rate (EIR)		
6	Other Charges		6.000%		Per Annum	=	14.886%
7	Monthly Installment		PHP 3,210.78		Per Month	=	1.163%
8							
9	<u>Installment</u> <u>Period</u>	<u>Gross Loan</u>	<u>Principal</u>	<u>Interest</u>	<u>Other</u> <u>Charges</u>	<u>NET PROCEEDS</u> <u>Cash Flows</u>	<u>Outstanding</u> <u>Balance</u>
10	0	100,000.00			6,000.00	94,000.00	100,000.00
11	1		2,405.78	805.00		(3,210.78)	97,594.22
12	2		2,425.15	785.63		(3,210.78)	95,169.07
13	3		2,444.67	766.11		(3,210.78)	92,724.40
14	4		2,464.35	746.43		(3,210.78)	90,260.05
15	5		2,484.19	726.59		(3,210.78)	87,775.86
16	6		2,504.18	706.60		(3,210.78)	85,271.68
17	7		2,524.34	686.44		(3,210.78)	82,747.34
18	8		2,544.66	666.12		(3,210.78)	80,202.68
19	9		2,565.15	645.63		(3,210.78)	77,637.53
20	10		2,585.80	624.98		(3,210.78)	75,051.73
21	11		2,606.61	604.17		(3,210.78)	72,445.12
22	12		2,627.60	583.18		(3,210.78)	69,817.52
23	13		2,648.75	562.03		(3,210.78)	67,168.77
24	14		2,670.07	540.71		(3,210.78)	64,498.70
25	15		2,691.57	519.21		(3,210.78)	61,807.13
26	16		2,713.23	497.55		(3,210.78)	59,093.90
27	17		2,735.07	475.71		(3,210.78)	56,358.83
28	18		2,757.09	453.69		(3,210.78)	53,601.74
29	19		2,779.29	431.49		(3,210.78)	50,822.45
30	20		2,801.66	409.12		(3,210.78)	48,020.79
31	21		2,824.21	386.57		(3,210.78)	45,196.58
32	22		2,846.95	363.83		(3,210.78)	42,349.63
33	23		2,869.87	340.91		(3,210.78)	39,479.76
34	24		2,892.97	317.81		(3,210.78)	36,586.79
35	25		2,916.26	294.52		(3,210.78)	33,670.53
36	26		2,939.73	271.05		(3,210.78)	30,730.80
37	27		2,963.40	247.38		(3,210.78)	27,767.40
38	28		2,987.25	223.53		(3,210.78)	24,780.15
39	29		3,011.30	199.48		(3,210.78)	21,768.85
40	30		3,035.54	175.24		(3,210.78)	18,733.31
41	31		3,059.98	150.80		(3,210.78)	15,673.33
42	32		3,084.61	126.17		(3,210.78)	12,588.72
43	33		3,109.44	101.34		(3,210.78)	9,479.28
44	34		3,134.47	76.31		(3,210.78)	6,344.81
45	35		3,159.70	51.08		(3,210.78)	3,185.11
46	36		3,185.11	25.64		(3,210.75)	-
47	Total		100,000.00	15,588.05	6,000.00		

**TERMS AND CONDITIONS IN THE APDS-MOA
For Accreditation/Re-Accreditation Applications found in Order**

1. STATEMENT OF PRINCIPLES

- 1.1 Participation in the DepEd APDS at the national, regional and school levels may be granted to lending institutions that subscribe to the following governing principles:
 - 1.1.1 Full transparency in reporting operations and financial status as evidenced by audited financial statements and appropriate disclosure statements; and
 - 1.1.2 Integrity of operations as attested to by proper and complete documentation of loans to DepEd teachers/personnel;
- 1.2 The grant of automatic payroll deduction for loans extended to DepEd teachers/personnel and the issuance of a "lending code" to private lending institutions (PLIs) is a privilege extended by the Department and not a right to be invoked by any party and shall be subject to DepEd regulations.
- 1.3 The DepEd shall ensure that the objectives and purposes of APDS are achieved through proper regulation by conducting periodic review and accreditation/re-accreditation.
- 1.4 Notwithstanding the grant of services of the APDS to PLIs, it is understood that BIR, PhilHealth, GSIS, and HDMF premiums and loans are mandated deductions and shall take precedence over all other deductions.

2. ROLES AND RESPONSIBILITIES OF THE LENDER

Granting of loans

- 2.1 The Lender shall process, grant and release loan proceeds in accordance with the terms and conditions herein agreed upon.
- 2.2 For loans to be collected through the DepEd APDS, the Lender shall accept loan applications only from DepEd personnel who have served at least one (1) year in DepEd, who hold a permanent appointment, who are incorporated in the regular payroll, and issued an employee number, whether assigned at the national, regional, schools division, or school level [implementing unit (IU) or non-IU], and with capacity to pay.
- 2.3 The Lender shall exercise due diligence to determine the capacity of the borrower to pay the loan. It shall observe the minimum monthly net take-home pay (NTHP) as stated in the General Appropriations Act for the current year, and/or existing DepEd orders, rules and regulations and other laws on the matter. Deductions for new loans granted by the Lender that will reduce NTHP to lower than what is prescribed under the law will not be accommodated and shall be returned to the Lender. The required NTHP for the current year when the loan was granted to the DepEd borrower and entered into the APDS shall apply throughout the whole duration of its loan repayments. This condition shall be included in the Authority to Deduct to be signed by the DepEd borrower. It shall be the Lender's responsibility to verify and pick-up the returned billings from DepEd, if any.

- 2.4 Prior to approval of the loan, the Lender shall require the DepEd borrower to present the original pay slip, duly certified by the concerned PSU/IU.
- 2.5 Upon approval of the loan and prior to release of loan proceeds, the Lender shall stamp the following on the original pay slip, e-mail the same to the concerned DepEd GSIS Authorized Approving Officer (AAO) in the Schools Division Office/IU, and return it to the DepEd borrower for confirmation by the DepEd GSIS AAO:
- Corporate name of the Lender
 - Principal amount of the loan granted
 - Term of the loan (effectivity of deductions)
 - Amount of Monthly amortization
- 2.6 The Lender shall immediately release the loan proceeds to the DepEd borrower upon receipt of the e-mail from the DepEd GSIS AAO, confirming that the approved loan can be accommodated in the APDS.
- 2.7 The Lender shall abide by the APDS policies on the terms and conditions of loans to be offered to DepEd borrowers, especially the ceilings on interest rates and non-interest charges, and shall not impose any other charges except as provided in Annexes C-1 to C-3 of this MOA. Conditions on penalties and/or past due interest on loans, if any, shall be reflected in the Disclosure Statement (DS) to be signed by DepEd borrowers in the interest of full disclosure, consistent with rules and regulations issued by the Bangko Sentral ng Pilipinas (BSP). However, the Lender shall not collect these through the APDS Program. The DS without a notation stating "Not Applicable Under APDS" for the imposed penalties and/or past due interest shall not be accepted by DepEd for inclusion in the payroll program.
- 2.8 Claims for insurance premia by the Lender which also have deduction codes for insurance may not be enforced under the deduction codes for lending. The Lender shall not compel any DepEd borrower to take out any type of insurance contract as a condition to the loan agreement, except credit life insurance, the premia for which shall be included in the one-time other charges specified in Annexes C-1 to C-3.
- 2.9 The Lender shall ensure that every loan is fully documented with a completely filled out Authority to Deduct (ATD), Promissory Note (PN), and DS, with consistent information and in conformity with the DepEd standard forms/templates as contained in Annexes B-1 and B-2, and furnish the Borrower all copies of those documents, free of charge, upon release of the loan, including a copy of the amortization schedule, in accordance with Annexes C-1 to C-3 of this MOA, which set the ceilings for interest rates and other charges.
- 2.10 The Lender shall fully explain the terms and conditions of the loan to the Borrower. For this purpose, the Lender shall submit a Sworn Statement to this effect together with its billing. (See Annex D for the sample.)
- 2.11 The Lender shall not require Automated Teller Machine (ATM) card or any kind of collateral from DepEd borrowers for their loans under APDS.
- 2.12 In case of loan renewal, the Lender shall deduct the outstanding principal balance from the proceeds of the renewed loan and reflect such in the DS. Such renewal shall be treated as a new loan, subject to items 2.3, 2.13, 2.19, and 2.20, and other pertinent items of this MOA.

- 2.13 The Lender shall not deduct advance payments from the loan proceeds of the DepEd borrowers.
- 2.14 The Lender shall ensure that the venue of litigation in the event of legal suit against the DepEd borrower is within the location of the latter's work station.

Billing of Loans

- 2.15 The Lender shall bill only one (1) loan per DepEd borrower which can be spread over a maximum period of thirty-six (36) months. Should there be any amortization balances after the maturity of the loan, the Lender shall not refuse payments over the counter. All loans billed shall be subject to the "First-In-First Served" queuing system and relevant issuances by the DepEd and the provision on Authorized Deductions in the General Provisions of the General Appropriations Act. It is understood that all loans billed were approved by the Lender in consideration of the borrower's take home pay to absorb it, subject to the required NTHP threshold.
- 2.16 The Lender shall not bill loans of borrowers who have existing undeducted or queued obligations as reflected in their pay slip.
- 2.17 The Lender shall not re-bill loans of DepEd borrowers which are already incorporated in the "Undeducted Obligations" of their pay slips. It is the responsibility of the Lender to verify if all loans billed are incorporated in the payroll program.
- 2.18 For the loan amortizations to be incorporated in the next payroll month, the Lender shall submit billing statements for loans granted from the 15th day of the previous month to the 14th day of the current month on or before the 15th day of current month. Such term must be embodied in the DS for purposes of transparency. Under no circumstance shall the Lender bill a borrower for loans not yet granted.
- 2.19 The Lender shall submit billings to the DepEd in an electronic medium acceptable to the concerned DepEd PSU, with a hardcopy duly certified. Any billing not supported by the required ATD, PN, DS, and proof of loan release (i.e. cheques, loan vouchers, credit memos, remittance lists, and others) issued by the Lender and duly acknowledged by DepEd borrowers, shall not be accepted. Any misrepresentation on the part of the Lender shall be considered as Grave Offense and a ground for cancellation of accreditation.
- 2.20 The Lender shall not collect from the co-maker, if any, the loan balance of the principal borrower through the APDS.

Over-the-Counter Payments

- 2.21 The Lender shall not refuse to accept tender of payment made in advance by DepEd borrowers, whether partially or in full. In case of loan take-out/buy-out by other lending institutions, the Lender shall also accept payment directly from the former provided that it is with written consent from the DepEd borrower. Official receipt shall be issued within the date of payment in both cases.
- 2.22 In case of advance payment, the Lender shall collect only the outstanding principal balance and shall charge interest only up to the date that the advance payment was made. Interest accruing for the remaining life of the loan shall not be levied nor collected from the DepEd borrowers.

2.23 In case of advance payment in full, the Lender shall, in addition to the Official Receipt (OR), issue a dated Certificate of Full Payment of Loan (CFPL) to the DepEd borrower, free of charge, on the date of payment, and send a corresponding written request to the IUs and PSUs concerned for the stoppage of deduction in the next payroll month, with the attached copies of said OR and CFPL.

Failure of the Lender to comply with DepEd policies through the concerned IUs and PSUs within a period of thirty (30) days from the time it is ordered to comply shall cause the stoppage of the deduction upon the borrower's request and presentation of the SOA and original OR indicating the full payment.

Over-deduction

2.24 In case of over-deductions, the Lender shall refund the corresponding amount to the DepEd borrower concerned within thirty (30) days from discovery thereof, with or without any written notice.

Remittance

2.25 The Lender shall pay DepEd a service fee of ____ percent (___%) of the total monthly collection, which shall be automatically deducted from their collection before remittance. *[Figures will be based on Title IV Policy Statement, Section 10, of the Revised Guidelines on Accreditation/Re-Accreditation of PLIs.]*

2.26 The Lender shall issue an Official Receipt (OR) within fifteen (15) days after every collection. Failure to do so will cause the suspension of the release of succeeding remittances until the issuance of the OR. The Lender may request DepEd to remit the collections through either of the following modes:

a. Through intra- or interbank fund transfer: The Lender shall coordinate with the remitting DepEd office for the procedure in setting up the fund transfer. The Lender shall shoulder the service charge, if any.

b. Through check: The Lender shall pick up the check from DepEd within the succeeding month after the deductions were effected in the payroll. Otherwise, the preparation of succeeding remittance checks will be suspended until the prepared remittance check is picked up. Any claim for replacement of stale remittance checks shall be supported with written justification from the Lender.

2.27 In case of revocation or suspension of the Certificate of Registration/Authority of the Lender by the concerned government regulatory bodies, the Lender shall make proper representations with DepEd for the collection of remittances for loan deductions already incorporated in the payroll program.

Documentary requirements

2.28 The Lender shall ensure the issuance of a Statement of Account (SOA) for every loan granted to a DepEd borrower, free of charge, annually and anytime upon request, within the day that the request was made, by DepEd or by the DepEd borrower, duly supported with an up-to-date payment history.

2.29 The Lender shall submit the following annually to the DepEd Central Office on or before September 30 (except for business permit/s, the deadline for which is March 31):

- Audited Financial Statements for the previous year, duly filed and stamped received by the BIR
- Corporate income tax return for the previous year, duly filed and stamped received by the BIR
- Business Permit/s for the current year in the region/s where the Lender has its office/s or branch/es

[Additional documents as applicable to the entity:]

- SEC Certification that (i) the Lender has not been dissolved and (ii) that the Commission has not received any information derogatory to the former that would prevent it from exercising its primary franchise, covering the current year
- General Information Sheet for the current year stamped received by the SEC
- Certificate of Compliance issued by the CDA for the current year
- Cooperative Annual Progress Report (CAPR) for the current year
- PDIC Certificate of Good Standing covering the current year
- IC Certificate of Authority covering the current year

2.30 The Lender shall likewise submit to the DepEd Central Office, copy furnished the concerned DepEd Regional Offices, reports on Outstanding Loan Receivables from DepEd Borrowers on a semi-annual basis (in electronic and hard copies), scheduled as follows:

Cut-off Period	Deadline
As of June 30 of the year	On or before September 30 of the year
As of December 31 of the year	On or before March 31 of the following year

Others

2.31 The Lender shall conform to any APDS policy subsequently issued by DepEd (in the form of DepEd Memoranda, Orders, etc.) which shall form part of this MOA. Any provision in this MOA affected by the aforesaid APDS policy as issued is deemed automatically modified or repealed.

2.32 The Lender shall not enter into any contract or MOA with DepEd offices other than the Central Office regarding salary loans under APDS. Likewise, it shall not enter into any contract or MOA with government servicing banks for collection of its loans not accommodated within the APDS.

2.33 The Lender shall limit its operation to provinces where it has office/s or branch/es. The office shall employ a full-time manager and staff who shall maintain the complete records/loan documents, accept payments, issue SOA, OR, and CFPL, and attend to other loan transactions and any queries/complaints of DepEd teachers/personnel. Annex E, which forms an integral part of this MOA, contains the province/s, including the location of the main branch per region, where the Lender is authorized to operate based on its reported office/s or branch/es.

2.34 In case of transfer of the Lender’s office/s or branch/es to another location or site, the Lender shall notify DepEd in writing regarding such transfer before the closure of the existing office/s or branch/es, and submit corresponding necessary documents, for proper validation.

2.35 The Lender shall make available to DepEd for inspection at any reasonable time all ATDs, PNs, DS and other related documents in the course of periodic review of the loan portfolio.

2.36 In case of a merger or consolidation involving the Lender, the Lender shall make sure that the surviving entity shall submit the following within three (3) months upon their availability, in addition to the documents required for accreditation:

- Formal letter signifying their intention to maintain their APDS accreditation for lending under the same deduction code together with a board resolution or secretary's certificate;
- Certified true copy of the Articles of Merger or Consolidation; and
- Deed of Assignment, if any.

2.37 The Lender shall not use the name of DepEd or the term "public school teacher" in its promotions or in any form of advertisement.

3. ROLES AND RESPONSIBILITIES OF THE DEPED

Release of loan proceeds

3.1 The DepEd, through the concerned DepEd GSIS AAO, shall, upon presentation by the DepEd borrower of the pay slip stamped by the Lender indicating the approved loan, e-mail the Lender if the loan amortization can be accommodated in the APDS, cognizant of the requirements of the NTHP rule. This e-mail shall trigger the release of the proceeds of the loan.

Processing of monthly billings

3.2 The DepEd (CO, RO, SDO, and IU) shall validate the monthly deduction billings submitted by the Lender in accordance with the schedule specified in item 2.17 and other provisions in this MOA.

3.3 The DepEd shall deduct from the salary of the concerned DepEd borrowers the sum as stipulated in the ATD, subject to the minimum monthly NTHP as stated in the General Appropriations Act of the current year, and/or existing DepEd issuances and other laws on the matter.

3.4 The DepEd shall accept only one (1) bill from the Lender per DepEd borrower, which can be spread over a maximum period of thirty-six (36) months.

3.5 The DepEd shall strictly observe the "First In-First Served" queuing system for accredited PLIs subject to relevant issuances by the DepEd and other government regulatory agencies in managing the order of salary deductions. However, it is understood that there shall be no queuing for loans that can no longer be accommodated within the NTHP.

Remittance to Lender

3.6 The DepEd shall remit to the Lender on a monthly basis the authorized deductions net of service fee within thirty (30) days after each payroll month.

3.7 The DepEd shall replace stale remittance checks only once for a particular check on the basis of written justification from the Lender.

Others

- 3.8 The DepEd shall review the operation of the Lender at any time during office hours to ensure compliance with the agreed terms and conditions of this MOA. It may also call for meetings for this purpose.
- 3.9 In case of a merger or consolidation, the DepEd shall continue loan remittances until it is informed otherwise on changes in corporate personality.
- 3.10 In case of revocation of Certificate of Registration/Authority of the Lender by the concerned government regulatory body, the DepEd shall continue servicing the collections of existing loans already incorporated in the payroll system until fully paid, but shall no longer accept new business from the Lender. Thereafter, the lending code is automatically revoked. The remittances to this effect shall be temporarily withheld until proper representations by the Lender with DepEd.
- 3.11 The DepEd shall, from time to time, issue advisories and issuances regarding APDS policies and guidelines, copy furnished the Lender.

4. ASSIGNMENT OF LENDING CODE

- 4.1 The DepEd shall assign **APDS lending code <number>** for the exclusive use of the Lender.
- 4.2 The APDS Code is strictly for loans extended to DepEd teachers/personnel only.¹
- 4.3 The APDS Code is not transferable, for sale, or further assignment to any other entity. In the event the Lender changes corporate name or effects other corporate changes, the Lender shall furnish DepEd with duly certified copies of the amended Articles of Incorporation/Cooperation [as applicable to the entity] and by-laws approved by the SEC/CDA [as applicable to the entity] to enable the DepEd to update its records accordingly.

5. NECESSARY ATTACHMENTS

- 5.1 This MOA shall include as integral parts thereof, the following attachments:
- 5.1.1 **Annex A** – Notarized Secretary’s Certificate supporting by a Board Resolution authorizing the Lender’s representative to enter into and execute this MOA.
 - 5.1.2 **Annexes B-1 and B-2** – APDS Templates/Standard Format of Authority to Deduct, Promissory Note and Disclosure Statement.
 - 5.1.3 **Annexes C-1 to C-3** – Effective Interest Rate Calculation Models for 1-, 2-, and 3-year loans using the DepEd ceilings for interest rates and other charges.
 - 5.1.4 **Annex D** – Sample Sworn Statement regarding the loan documents submitted and full explanation of the terms and conditions of the loans to the borrowers
 - 5.1.5 **Annex E** – Region/s where the Lender has office/s or branch/es, as validated by DepEd, with the head office and main branch per region identified,

¹Deductions for insurance premium and mutual aid system (MAS) membership are prohibited under this MOA.

indicating therein the address/es, landline telephone numbers, and the name/s of manager/s and contact person/s.

5.1.6 **Annex F** – Possible Violations, Classification of Offenses, and Corresponding Sanctions.

6. CONDITIONS FOR SUSPENSION AND/OR REVOCATION/ CANCELLATION OF THE MOA

6.1 The violations or offenses considered for the suspension, and/or revocation/ cancellation of this MOA are enumerated in Annex F.

6.2 The impossible sanctions for the violations that may be committed by the Lender are classified as follows:

6.2.1 LIGHT

- **1st Offense** – Written warning.
- **2nd Offense** –Withholding of remittance for not less than one (1) month but not more than six (6) months, and the corresponding non-acceptance of new business or deduction billing for not less than one (1) month.
- **3rd Offense** – Cancellation/revocation of the privilege to transact business under the APDS.

6.2.2 LESS GRAVE

- **1st Offense** – Withholding of remittance for not less than one (1) month but not more than six (6) months, and the corresponding non-acceptance of new business or deduction billing for not less than one (1) month.
- **2nd Offense** – Cancellation/revocation of the privilege to transact business under the APDS.

6.2.3 GRAVE

- **1st Offense** – Cancellation/revocation of the privilege to transact business under the APDS.

6.3 The imposition of the corresponding administrative sanctions enumerated under Item 6.2 is subject to the following rules:

6.3.1 Any sanction handed down against a particular office/branch shall likewise be considered as sanction against all its other offices/branches within the same province, with the DepEd Central Office treated as a separate province; and in case the violation is committed by the Head Office, all sanctions handed down against the latter shall likewise be imposed upon all its other offices/branches in the national level; and

6.3.2 In case the Lender is determined to have committed a second offense of a grave violation, the Lender shall no longer be allowed to grant new business in the affected province/s under the APDS. The DepEd, however, shall continue servicing the collection of existing loans already incorporated in the payroll system as of the date of the imposition of the sanction and remit the same to the Lender, until fully paid. Thereafter, the APDS Code is automatically revoked.

6.4 No penalties/fines/surcharges due to lapses/delays of payments shall be charged to the concerned DepEd borrowers by the Lender, as a result of any of the following:

6.4.1 Failure on the part of the Lender to pick up remittance checks;

6.4.2 Non-remittance due to imposition of sanctions stipulated under Items 2.25 and 6.2; and

6.4.3 Failure of the DepEd to remit on time due to mistake, inadvertence, force majeure, or any extreme circumstance.

6.5 Any complaint for the commission of any grounds for suspension/cancellation/revocation mentioned above should be made in writing and sufficient in form and substance. For the purposes of a formal investigation, the complaint must:

- Contain the names and addresses of the complainant/s;
- Contain the entity or person subject of the complaint;
- Contain the acts or omissions complained of constituting the violation, based on the personal knowledge of the complainant;
- Be accompanied with supporting documents, as needed; and
- Be notarized.

However, DepEd shall not be precluded from conducting an investigation/fact-finding on the basis of any complaint received. The APDS Task Force will evaluate and recommend the course of action for complaints when needed.

6.6 Offenses arising from violations of this MOA as reported by the APDS Task Force and/or APDS Secretariat based on documents received shall be validated by the appropriate committee or task force designated by the Secretary in a DepEd issuance. The said committee or task force shall recommend the sanctions to be imposed in accordance with this MOA, for the approval of the Secretary.

6.7 The Lender, in case it commits any of the following, as determined by the aforementioned committee or task force shall no longer be allowed to participate in the re-accreditation:

6.7.1 Those who at the time of the application for re-accreditation, have already sold, transferred or assigned its APDS Lending Code without the prior consent and approval of DepEd Central Office.

6.7.2 Those found guilty of violating five (5) or more provisions of this MOA regardless of the penalty/sanction imposed for such violations.

6.8 The venue of civil actions arising from violation of the terms and conditions of this MOA shall be under the exclusive jurisdiction of the courts of Pasig City.

7. EFFECTIVITY OF THE MOA

7.1 This MOA shall be valid upon signing/execution by both parties and shall be effective until December 31, 20___. The DepEd, however, may anytime revoke this MOA for cause.

In case of re-accreditation, the terms and conditions of loans contracted under the previous MOA shall continue to be enforced until fully settled.

7.2 For purposes of renewal of this MOA, the Lender shall submit the required documents for APDS re-accreditation at least three (3) months prior to the date of expiration of this MOA.

8. FINAL PROVISIONS

8.1 This MOA, its annexes, and pertinent DepEd issuances shall be the governing documents of the relationship between the Lender and DepEd with reference to the APDS. These supersede all previous communications, unless incorporated as annexes to this MOA.

8.2 Either party may make amendments to this MOA, including annexes, only through written notice to and appropriate conformer by the other party. This provision, however, does not limit DepEd's prerogative to issue amendments or addenda to the APDS policy and guidelines, as provided under Item 2.31 above.

* NOTHING FOLLOWS *

VERSION 4

**AUTHORITY TO BILL, DEDUCT AND COLLECT
THROUGH THE DEPED AUTOMATIC PAYROLL DEDUCTION SYSTEM (APDS)**

I hereby authorize NAME OF PLI to bill and for DepEd to deduct from my salary through the DepEd APDS the sum of **PESOS:** _____ (P_____) for _____ consecutive months beginning _____ and ending on _____ in consideration of the loan in the principal amount of **PESOS:** _____ (P_____) **plus interest**, which was granted to me on _____.

The authorization is VALID AND BINDING within the aforementioned loan period or upon written notice to DepEd of its discontinuance by the NAME OF PLI or, in case of non-action by the latter, within thirty (30) days, upon my presentation of the original official receipt and statement of account showing full payment.

Signature over Printed Name of Borrower

Date: _____

PROMISSORY NOTE

For value received, the undersigned promises to pay through APDS to the order of the Name of PLI at its office located in _____, Philippines, the sum of PESOS: _____ (P_____) with interest rate of _____ percent (___%) per annum, **TO BE PAID IN EQUAL MONTHLY INSTALLMENTS IN THE AMOUNT OF P_____ FOR _____ MONTHS, BEGINNING _____ AND ENDING _____.**

Default in the payment for six (6) consecutive installments shall render the entire unpaid balance due and demandable.

IN WITNESS WHEREOF, I have hereunto set my hand this _____ day of _____ at _____.

(Signature over Printed Name of Borrower)

ID No. _____

Employee No. _____ Division No. _____ Station No. _____

Date Issued _____

School or Station Address: _____

Place Issued _____

Telephone Number: _____

Home Address: _____

Subscribed and sworn before me, A Notary Public in and for the above jurisdiction, this _____ day of _____ by the affiant identified as such person after presenting the following:

NAME

ID NO.

DATE AND PLACE ISSUED

NOTARY PUBLIC

Doc. No _____

Page No _____

Book No _____

Series of _____

(Business Name of Creditor)

DISCLOSURE STATEMENT ON LOAN/ CREDIT TRANSACTION
(As Required under R.A. 3765, Truth in Lending Act)

NAME OF BORROWER _____
ADDRESS _____

1. LOAN GRANTED (Amount to be financed) P _____ (A)
2. FINANCE CHARGES

	Not Deducted From	Deducted From
	Proceeds of Loan	
	P _____	P _____
a. Interest _____ % p.a. from ____ to ____		
() Simple () Monthly		
() Compound () Quarterly		
() Annual		
() Semi-Annual		
b. Non-Interest Charges		
c. Commitment Fee	X	X
d. Guarantee Fee	X	X
e. Other charges incidental to the extension of credit (Specify) _____	X	X
Total finance charges	P _____	P _____ (B)

3. NON-FINANCE CHARGES

a. Insurance Premium	_____	_____
b. Taxes	X	X
c. Documentary/ Science Stamps	_____	_____
d. Notarial fees	_____	_____
e. Others (Specify) _____	_____	_____
Total non-finance charges	P _____	P _____ (C)

4. OUTSTANDING LOAN BALANCE OF PREVIOUS LOAN (If loan renewal) P _____ (D)

5. TOTAL DEDUCTIONS FROM PROCEEDS OF LOAN (B + C + D) P _____ (E)

6. NET PROCEEDS OF LOAN (A less E) P _____ (F)

7. PERCENTAGE OF FINANCE CHARGES TO TOTAL AMOUNT FINANCED (Computed in accordance with Subsec. X301.1) _____ %

8. EFFECTIVE INTEREST RATE (Method of computation attached) _____ %

9. SCHEDULE OF PAYMENT
a. Single Payment due on _____ (Date)

b. Total Installment Payments P _____
 Payable _____ in months/year
 (no. of payments)
 at P _____ each installment

10. COLLATERAL
This loan is wholly/partly secured by (check):
 Real Estate Chattels
 _____ Government Securities UNSECURED (Thru DepEd's Automatic Payroll Deduction System)

11. ADDITIONAL CHARGES IN CASE CERTAIN STIPULATIONS ARE NOT MET BY THE BORROWER.

NOT APPLICABLE UNDER APDS

Nature	Amount
_____	_____
_____	_____

CERTIFIED CORRECT:

(Signature of Creditor/Authorized Representative Over Printed Name)

Position

I ACKNOWLEDGE RECEIPT OF A COPY OF THIS STATEMENT PRIOR TO THE CONSUMMATION OF THE CREDIT TRANSACTION AND THAT I UNDERSTAND AND FULLY AGREE TO THE TERMS AND CONDITIONS THEREOF.

Date _____

(Signature of Borrower over Printed Name)

- Notice to Borrower:
1. You are entitled to a copy of this paper which you shall sign.
 2. Disclosure on loan is computed using the "diminishing method" while charges are deducted in advance (upfront) from loan proceeds.
 3. Items marked "X" are not allowed under DepEd's Automatic Payroll Deduction System.

ANNEX "C-1"
Sample Amortization Schedule

Republic of the Philippines
Department of Education
AUTOMATIC PAYROLL DEDUCTION SYSTEM (APDS) PROGRAM
[Lender's Corporate Name]

**EFFECTIVE INTEREST CALCULATION MODEL FOR A ONE (1)-YEAR LOAN
DECLINING/DIMINISHING BALANCE METHOD**

	A	B	C	D	E	F	G
1	Principal Amount (in PhP)		100,000.00		Contractual Interest Rate		
2	Loan Term (in years)		1		Per Annum	= 7.500%	
3	No. of installments (in months)		12		Per Month	= 0.625%	
4	Grace period (in months)		-		Nominal Interest Rate	= 4.109%	
5	No. of periods (in months)		12		Effective Interest Rate (EIR)		
6	Other Charges		6.000%		Per Annum	= 21.091%	
7	Monthly Installment		PhP 8,675.75		Per Month	= 1.608%	
8							
9	<u>Installment</u> <u>Period</u>	<u>Gross Loan</u>	<u>Principal</u>	<u>Interest</u>	<u>Other</u> <u>Charges</u>	<u>NET PROCEEDS</u> <u>Cash Flows</u>	<u>Outstanding</u> <u>Balance</u>
10	0	100,000.00			6,000.00	94,000.00	100,000.00
11	1		8,050.75	625.00		(8,675.75)	91,949.25
12	2		8,101.07	574.68		(8,675.75)	83,848.18
13	3		8,151.70	524.05		(8,675.75)	75,696.48
14	4		8,202.65	473.10		(8,675.75)	67,493.83
15	5		8,253.91	421.84		(8,675.75)	59,239.92
16	6		8,305.50	370.25		(8,675.75)	50,934.42
17	7		8,357.41	318.34		(8,675.75)	42,577.01
18	8		8,409.64	266.11		(8,675.75)	34,167.37
19	9		8,462.20	213.55		(8,675.75)	25,705.17
20	10		8,515.09	160.66		(8,675.75)	17,190.08
21	11		8,568.31	107.44		(8,675.75)	8,621.77
22	12		8,621.77	53.89		(8,675.66)	-
23	Total		100,000.00	4,108.91	6,000.00		

ANNEX "C-2"
Sample Amortization Schedule

Republic of the Philippines
Department of Education
AUTOMATIC PAYROLL DEDUCTION SYSTEM (APDS) PROGRAM
[Lender's Corporate Name]

**EFFECTIVE INTEREST CALCULATION MODEL FOR A TWO (2)-YEAR LOAN
DECLINING/DIMINISHING BALANCE METHOD**

	A	B	C	D	E	F	G
1	Principal Amount (in PhP)		100,000.00		Contractual Interest Rate		
2	Loan Term (in years)		2		Per Annum	= 9.000%	
3	No. of installments (in months)		24		Per Month	= 0.750%	
4	Grace period (in months)		-		Nominal Interest Rate		= 4.822%
5	No. of periods (in months)		24		Effective Interest Rate (EIR)		
6	Other Charges		6.000%		Per Annum	= 16.351%	
7	Monthly Installment		PhP 4,568.48		Per Month	= 1.270%	
8							
9	<u>Installment</u> <u>Period</u>	<u>Gross Loan</u>	<u>Principal</u>	<u>Interest</u>	<u>Other</u> <u>Charges</u>	<u>NET PROCEEDS</u> <u>Cash Flows</u>	<u>Outstanding</u> <u>Balance</u>
10	0	100,000.00			6,000.00	94,000.00	100,000.00
11	1		3,818.48	750.00		(4,568.48)	96,181.52
12	2		3,847.12	721.36		(4,568.48)	92,334.40
13	3		3,875.97	692.51		(4,568.48)	88,458.43
14	4		3,905.04	663.44		(4,568.48)	84,553.39
15	5		3,934.33	634.15		(4,568.48)	80,619.06
16	6		3,963.84	604.64		(4,568.48)	76,655.22
17	7		3,993.57	574.91		(4,568.48)	72,661.65
18	8		4,023.52	544.96		(4,568.48)	68,638.13
19	9		4,053.69	514.79		(4,568.48)	64,584.44
20	10		4,084.10	484.38		(4,568.48)	60,500.34
21	11		4,114.73	453.75		(4,568.48)	56,385.61
22	12		4,145.59	422.89		(4,568.48)	52,240.02
23	13		4,176.68	391.80		(4,568.48)	48,063.34
24	14		4,208.00	360.48		(4,568.48)	43,855.34
25	15		4,239.56	328.92		(4,568.48)	39,615.78
26	16		4,271.36	297.12		(4,568.48)	35,344.42
27	17		4,303.40	265.08		(4,568.48)	31,041.02
28	18		4,335.67	232.81		(4,568.48)	26,705.35
29	19		4,368.19	200.29		(4,568.48)	22,337.16
30	20		4,400.95	167.53		(4,568.48)	17,936.21
31	21		4,433.96	134.52		(4,568.48)	13,502.25
32	22		4,467.21	101.27		(4,568.48)	9,035.04
33	23		4,500.72	67.76		(4,568.48)	4,534.32
34	24		4,534.32	34.01		(4,568.33)	-
35	Total		100,000.00	9,643.37	6,000.00		

ANNEX "C-3"
Sample Amortization Schedule

Republic of the Philippines
Department of Education
AUTOMATIC PAYROLL DEDUCTION SYSTEM (APDS) PROGRAM
[Lender's Corporate Name]

**EFFECTIVE INTEREST CALCULATION MODEL FOR A THREE (3)-YEAR LOAN
DECLINING/DIMINISHING BALANCE METHOD**

	A	B	C	D	E	F	G
1	Principal Amount (in PhP)		100,000.00		Contractual Interest Rate		
2	Loan Term (in years)		3			Per Annum	= 9.660%
3	No. of installments (in months)		36			Per Month	= 0.805%
4	Grace period (in months)		-		Nominal Interest Rate		= 5.196%
5	No. of periods (in months)		36		Effective Interest Rate (EIR)		
6	Other Charges		6.000%			Per Annum	= 14.886%
7	Monthly Installment		PhP 3,210.78			Per Month	= 1.163%
8							
9	<u>Installment</u> <u>Period</u>	<u>Gross Loan</u>	<u>Principal</u>	<u>Interest</u>	<u>Other</u> <u>Charges</u>	<u>NET PROCEEDS</u> <u>Cash Flows</u>	<u>Outstanding</u> <u>Balance</u>
10	0	100,000.00			6,000.00	94,000.00	100,000.00
11	1		2,405.78	805.00		(3,210.78)	97,594.22
12	2		2,425.15	785.63		(3,210.78)	95,169.07
13	3		2,444.67	766.11		(3,210.78)	92,724.40
14	4		2,464.35	746.43		(3,210.78)	90,260.05
15	5		2,484.19	726.59		(3,210.78)	87,775.86
16	6		2,504.18	706.60		(3,210.78)	85,271.68
17	7		2,524.34	686.44		(3,210.78)	82,747.34
18	8		2,544.66	666.12		(3,210.78)	80,202.68
19	9		2,565.15	645.63		(3,210.78)	77,637.53
20	10		2,585.80	624.98		(3,210.78)	75,051.73
21	11		2,606.61	604.17		(3,210.78)	72,445.12
22	12		2,627.60	583.18		(3,210.78)	69,817.52
23	13		2,648.75	562.03		(3,210.78)	67,168.77
24	14		2,670.07	540.71		(3,210.78)	64,498.70
25	15		2,691.57	519.21		(3,210.78)	61,807.13
26	16		2,713.23	497.55		(3,210.78)	59,093.90
27	17		2,735.07	475.71		(3,210.78)	56,358.83
28	18		2,757.09	453.69		(3,210.78)	53,601.74
29	19		2,779.29	431.49		(3,210.78)	50,822.45
30	20		2,801.66	409.12		(3,210.78)	48,020.79
31	21		2,824.21	386.57		(3,210.78)	45,196.58
32	22		2,846.95	363.83		(3,210.78)	42,349.63
33	23		2,869.87	340.91		(3,210.78)	39,479.76
34	24		2,892.97	317.81		(3,210.78)	36,586.79
35	25		2,916.26	294.52		(3,210.78)	33,670.53
36	26		2,939.73	271.05		(3,210.78)	30,730.80
37	27		2,963.40	247.38		(3,210.78)	27,767.40
38	28		2,987.25	223.53		(3,210.78)	24,780.15
39	29		3,011.30	199.48		(3,210.78)	21,768.85
40	30		3,035.54	175.24		(3,210.78)	18,733.31
41	31		3,059.98	150.80		(3,210.78)	15,673.33
42	32		3,084.61	126.17		(3,210.78)	12,588.72
43	33		3,109.44	101.34		(3,210.78)	9,479.28
44	34		3,134.47	76.31		(3,210.78)	6,344.81
45	35		3,159.70	51.08		(3,210.78)	3,185.11
46	36		3,185.11	25.64		(3,210.75)	-
47	Total		100,000.00	15,588.05	6,000.00		

[Date]

DR. _____
Regional Director
DepEd – Region _____

SWORN CERTIFICATION

Sir/Madam:

As an accredited Lending Institution, may we request for automatic payroll deduction of the amortization of the loans obtained by the following teachers for the month of JULY, 2017.

	<u>Teachers' Name</u>	<u>School</u>	<u>Date of Loan Release</u>
1.	_____	302536	September 20, 2016
2.	_____	302103	January 12, 2017

In this regard, the Company hereby certifies on the following:

1. Name of PLI and the DepEd borrowers have executed Promissory Notes and Disclosure Statements, and copies of the said documents were furnished to the concerned DepEd borrowers;
2. The terms and conditions of the loan were properly discussed with the DepEd borrowers and they have understood the same; and
3. That the proceeds of the loan, as appearing in the documents signed by the DepEd borrowers, were actually released to and received by them.

Very truly yours,

NAME _____
[Position/Official Designation]

SUBSCRIBED AND SWORN to this 28th day of June 2017 by the affiant who is personally known to me/identified by me as such persons after presenting his or her UMID ID – CRN XXX – XXXXXXX – X.

Doc No.
Page No.
Book No.
Series of 2017

LENDER'S CORPORATE NAME

No.	Region	Branch Name	Province	City/ Municipality	Room/Building name/no. (if any), Street name/no., Village/Barangay	Landline number/s	Name of Manager	Remarks
1								Head Office
2								Main Branch/Office for Region ____
3								
4								
5								
6								Main Branch/Office for Region ____
7								
8								
9								
10								Main Branch/Office for Region ____
11								
12								
13								
14								
15								
16								
17								
18								
19								
20								

NOTED BY:

LENDER'S REPRESENTATIVE (Signature over Printed Name)

Corporate Name of Lender

Violations/Offenses Considered for the Suspension and/or Revocation/Cancellation of the APDS-MOA and their Corresponding Sanctions

Violation	Affected Provisions in the MOA	Classification of Violation
1. <i>Acceptance of loan applications from DepEd personnel who do not fulfill the criteria specified in the APDS-MOA.¹</i>	<i>Item 2.2, 2.15, and 2.16</i>	<i>Light</i>
2. <i>Not requiring the presentation of the original duly certified pay slip prior to approval of the loan.</i>	<i>Item 2.4</i>	<i>Light</i>
3. <i>Failure to stamp, e-mail a copy of, and/or return the original pay slip of the DepEd borrower upon approval of the loan</i>	<i>Item 2.5</i>	<i>Less Grave</i>
4. <i>Releasing the loan proceeds prior to the receipt of the e-mail from the DepEd GSIS AAO, confirming that the approved loan can be accommodated in the APDS.</i>	<i>Item 2.6</i>	<i>Light</i>
5. <i>Any false representation to the DepEd borrower regarding the terms and conditions of the loan.</i>	<i>Item 2.10 and 2.19</i>	<i>Grave</i>
6. <i>Non- or delayed submission of the Sworn Statement (Annex D of the APDS-MOA).</i>	<i>Item 2.10</i>	<i>Light</i>
7. <i>Billing more than one (1) loan per DepEd borrower.</i>	<i>Item 2.15</i>	<i>Light</i>
8. Violation of the Truth in Lending Act		
8.1 Acceptance/Submission of blank Authority to Deduct (ATD), Promissory Note (PN), Disclosure Statement, but duly signed by the concerned DepEd borrowers.	Items 2.9 and 2.18	Grave
8.2 ATD, PN, and DS are not properly accomplished.	Items 2.7, 2.9, 2.12, and 2.18	Grave
8.3 Not using the prescribed DepEd template/standard format for PN, ATD, DS, and amortization schedule.	Item 2.9	Grave
8.4 Charging of legal fee/notarial fee but the DS/ATD/PN is not notarized.	Items 2.7 and 2.9	Grave
8.5 Submission of false/fraudulent/grossly negligent documents.	Items 2.7, 2.9, 2.12, 2.18, 2.19, and 2.35	Grave
8.6 Inclusion of deductions not indicated in the Annexes C1 – C3 (sample loan computation) of the APDS-MOA (e.g. Capital Build-Up, Insurance Premia, Cellphone conversion, etc.)	Items 2.7, 2.9, and 2.19	Grave
8.7 <i>Not furnishing the borrower copies of the ATD, PN, DS, and/or amortization schedule in accordance with Annexes C-1 to C-3.</i>	<i>Item 2.9</i>	<i>Light</i>
8.8 <i>Charging the borrower/DepEd a fee for the copies of the ATD, PN, DS, and/or amortization schedule.</i>	<i>Item 2.9</i>	<i>Light</i>
9. <i>Billing the co-maker, through APDS, for the loan balance of the principal borrower.</i>	<i>Item 2.19</i>	<i>Light</i>
10. Misrepresentation of interest and non-interest rates		
10.1 Computation of interest and non-interest rates on Loan not in accordance with the APDS-MOA but the Effective Interest Rate is still within <i>the ceiling specified in the pertinent DepEd issuance.</i>	Items 2.7 and 2.9	Light

¹ *Italicized items/text* are additions/amendments to the previous list of violations and corresponding sanctions, as contained in Enclosure C of DepEd Memorandum No. 228, s. 2011.

Violation	Affected Provisions in the MOA	Classification of Violation
10.2 Computation of interest and non-interest rates on Loan not in accordance with the APDS-MOA and the Effective interest Rate has exceeded <i>the ceiling specified in the pertinent DepEd issuance.</i>	Items 2.7 and 2.9	Grave
10.3 <i>Not reflecting the conditions on penalties and/or past due interest on loans, if any, in the DS to be signed by DepEd borrowers.</i>	Items 2.7 and 2.9	Light
11. Billing of loans not yet granted to DepEd borrowers.	Item 2.18	Grave
12. Submission of deduction billings not yet availed by teachers for reasons of expected renewals.	Item 2.18	Grave
13. <i>Deduction of advance payments from the loan proceeds of DepEd borrowers.</i>	<i>Item 2.13</i>	<i>Grave</i>
14. <i>Submission of billing not in accordance with the prescribed timelines.</i>	<i>Item 2.18</i>	<i>Less Grave</i>
15. Refusal to accept tender payment of loan in advance, <i>whether partially or in full, during or after the term of the loan, from DepEd borrower/s or from other lending institutions, in case of loan take-out/buy-out by the latter.</i>	Items 2.15 and 2.21	Light
16. <i>Non- or delayed issuance of the Official Receipt in case of partial or full payment.</i>	<i>Item 2.21 and 2.23</i>	<i>Light</i>
17. Charging and collecting interest for the remaining life of the loan in case of advance payment of loan in full.	Item 2.22	Less Grave
18. Failure <i>or delay in the issuance of a dated Certificate of Full Payment of Loan to the DepEd borrower and/or failure to send a written request to the concerned payroll servicing unit concerned for the immediate stoppage of deduction, in case of advance payment of loan in full.</i>	Item 2.23	Light
19. Unrefunded over-deductions for the third time/ <i>payroll month.</i>	Item 2.24	Grave
20. Unrefunded over-deductions for the second time/ <i>payroll month.</i>	Item 2.24	Less Grave
21. Unrefunded over-deductions for the first time/ <i>payroll month.</i>	Item 2.24	Light
22. Failure to provide duly certified Statement of Account <i>for every loan granted to a DepEd borrower, free of charge, annually and anytime upon request, within the day that the request was made by DepEd or the DepEd borrower, duly supported by an up-to-date payment history.</i>	Item 2.28	Light
23. Non-submission of required loan documents such as PN, ATD, and DS <i>in the course of periodic review of the loan portfolio.</i>	Item 2.35	Grave
24. Extending the termination date of loan amortization beyond what is stipulated in the Authority to Deduct signed by DepEd borrowers.	--	Light
25. Extending the terms of loan amortization beyond what is stipulated in the APDS-MOA.	Items 2.9 and 2.15	Light
26. Illegal/Unauthorized Deductions	Items 2.9 and 2.19	Grave
27. Charging fee for <i>and/or delay or non-issuance of a Certificate of Full Payment of Loan (CFPL).</i>	Item 2.23	Light
28. Business permit used is in the name of another company.	Item 2.29	Less Grave
29. Purpose indicated in the business permit is not related to lending business	Item 2.29	Less Grave
30. No prior authority from Central Office to operate lending business in a certain <i>province.</i>	Item 2.33	Less Grave

Violation	Affected Provisions in the MOA	Classification of Violation
31. Physical office/branch as reported in the Annex <i>E</i> of the APDS-MOA is not existing/cannot be located.	Item 2.33	Less Grave
32. Sharing office and personnel with other accredited PLIs.	Item 2.33	Less Grave
33. Office/branch has been transferred to other location but the DepEd Regional/Central Office is not informed for purposes of updating the Annex <i>E</i> of the MOA.	Item 2.34	Light
34. Office/branch is an abandoned house/closed.	Item 2.33	Less Grave
35. Reported branches/offices are situated in either a house/restaurant	Item 2.33	Less Grave
36. Non- or <i>delayed</i> submission of <i>annual</i> and semi-annual documentary requirements <i>within the required timeframe in the APDS-MOA</i> .	Items 2.29 and 2.30	<i>Less Grave</i>
37. Non-disclosure of the revocation or suspension of the Certificate of Registration/Authority by the concerned government regulatory bodies.	Item 2.27	Grave
38. Entering into a local MOA with fiscally autonomous secondary schools regarding salary deductions.	Item 2.32	Grave
39. Entering into a contract with Government Servicing Banks to pay loans contracted by DepEd borrowers outside APDS.	Item 2.32	Grave
40. PLIs accepting Automated Teller Machine (ATM) card <i>or any kind of collateral</i> from DepEd employees <i>for their loans under APDS</i> .	Item 2.11	Less Grave
41. Inclusion in the <i>billing statement for lending business</i> of the supposed mutual aid system/insurance premia deductions <i>and/or compelling any DepEd borrower to take out any type of insurance contract, other than credit life insurance, as a condition to the loan agreement</i> .	Item 2.8	Less Grave
42. Transfer, reassignment, and sale of deduction code.	Item 4.3	Grave
43. Piggy-backing (PLI allowing the use of the APDS Lending Code in favor of other unaccredited PLI).	Item 4.3	Grave
44. Loan collectibles absorbed by other company.	Item 4.3	Grave
45. Failure to submit the required documents <i>within the specified timeframe</i> as stipulated in the APDS-MOA, in case of consolidation or merger with other company/ies.	Item 2.36	Less Grave
46. <i>Using the name of DepEd or the term "public school teacher" in promotions or in any form of advertisement.</i>	<i>Item 2.37</i>	<i>Light</i>
47. <i>Venue of litigation, in the event of legal suit against the DepEd borrower, is not within the location of the latter's work station.</i>	<i>Item 2.14</i>	<i>Light</i>
48. Any malicious and defamatory imputation against DepEd <i>officials and/or personnel</i> as tactic by PLIs to force or to prevent the Department from further refining and upgrading the APDS Clean-Up Program.	--	Grave
49. Non-compliance with the existing APDS policies as issued by DepEd in the form of DepEd Orders, Memoranda, and other issuances.	Item 2.1 and 2.31	<i>Depends on the gravity of the violation</i>
50. Other acts or omissions similar or analogous to the above.	--	Depends on the gravity of the violation

* End of List *