



BANGKO SENTRAL NG PILIPINAS

OFFICE OF THE GOVERNOR

MEMORANDUM NO. 2020-024

To : **All Concerned Banks**

Subject : **Additional Eligible Credit Instruments, Revised Loan Documents and Availment Procedures for the Bangko Sentral ng Pilipinas (BSP) Rediscount Facilities**

The Monetary Board (MB), in its Resolution No. 500 dated 07 April 2020, approved the acceptance of the following credits for rediscounting to the BSP until 19 May 2020, subject to further extension as may be approved by the MB, as additional response in providing the needed liquidity to banks and to support and protect the enterprises and industries amidst the economic threat of the Corona Virus Disease 2019 (COVID-19) pandemic crisis in the Philippines pursuant to the relevant provisions of Republic Act (RA) No. 11469 or the "Bayanihan to Heal as One Act" approved on 24 March 2020 and its Implementing Rules and Regulations (IRR):

1. Under Exporters' Dollar and Yen Rediscount Facility (EDYRF) - United States Dollar (USD) and Japanese Yen (JPY)-denominated credit instruments related to the economic activities enumerated in Department of Trade and Industry (DTI) Memorandum Circular No. 20-08 dated 20 March 2020, except for loans to banks and capital markets; provided that, these credits are booked under the regular banking unit of the rediscounting bank and are compliant with the requirements on eligible papers and collaterals under Section 282 of the Manual of Regulations for Banks (MORB); provided further, that the said USD and JPY-denominated credits are only to those end-user borrowers (EUBs) operating during the enhanced community quarantine.
2. Under the Peso Rediscount Facility and EDYRF - Credit instruments compliant with the requirements on eligible papers and collaterals under Section 282 of the MORB, which were granted mandatory 30-day grace period pursuant to Memorandum No. 2020-017 dated 01 April 2020 and Section 4(aa) of RA No. 11469 and its IRR, subject to the submission of certification signed by the authorized officer/s of the bank stating that the maturities of said credit instruments were extended pursuant to RA No. 11469 and its IRR¹.

For rediscounting of credit instruments in Item No. 1 above, which may not be performed through the Electronic Rediscounting System, the application may be submitted to and processed by BSP - Department of Loans and Credit following the procedures set forth in Attachment "1".

Moreover, Peso-denominated credit instruments related to economic activities allowed to operate by the DTI during the enhanced community quarantine of Luzon, except for loans to banks and capital markets, are allowed to be rediscounted under the Peso Rediscount Facility as long as these are compliant with the requirements on eligible papers and collaterals under Section 282 of the MORB.

Furthermore, upon effectivity of this Memorandum, all rediscounting banks are required to submit the following for all subsequent availments under the BSP Peso Rediscount Facility and EDYRF:

1. Prior to drawdown –
 - a. Signed and notarized Supplemental Rediscounting Line Agreement¹ (Attachment “2”), which contains, among others, an undertaking by the rediscounting banks to be submitted on or before the date set in the notice by the BSP; the consent of the EUBs to the possible endorsement or similar commercial transactions of their Promissory Notes (PNs) with the BSP; and provision that the rediscounting bank may be required by the BSP to submit government securities and/or other bank assets against which the BSP may enforce payment, in the event of default; and
 - b. Certified true copy/ies of the PN between the bank and the EUB with endorsement²;

2. After release of the proceeds –

Promissory Note² in favor of the BSP (Attachment “3”); and

3. Upon notice by BSP -

Certified true copy/ies of the consent of the EUBs to the possible endorsement or similar commercial transactions of their PNs with the BSP with the following stipulation, as referred to in 1.a above¹:

“In the event that the PN of the borrower is subsequently indorsed, assigned, transferred, or otherwise becomes subject of a similar commercial transaction by the participating bank with another institution, the borrower automatically gives his/her/its consent thereto and fully understands and agrees that his/her/its PN and its underlying collaterals shall serve as security for the obligation of the participating bank with such other institution; that accordingly, the endorsee, holder, transferee, assignee, or other institution, shall be entitled to directly proceed against the borrower under this note to collect the participating bank’s obligations, in accordance with such remedies as may be applicable under the law.”

¹ To be submitted following the procedures in Memorandum No. M-2020-016 dated 31 March 2020.

² To be submitted following the procedures in Item No. 4 of Attachment “1” of this Memorandum.

This memorandum shall take effect immediately until subsequent notice of revocation from the BSP.

For strict compliance.



BENJAMIN E. DIOKNO

Governor

Atts.: A/S

8 April 2020

Subject: Additional Eligible Credit Instruments, Revised Loan Documents and Availment Procedures for the
Bangko Sentral ng Pilipinas (BSP) Rediscount Facilities

**PROCEDURES FOR AVAILMENTS FROM THE EXPORTERS' DOLLAR AND YEN
REDISCOUNTING FACILITY (EDYRF) THROUGH MANUAL PROCESSING**

This set of procedures is intended for the temporary processing of rediscounting loan applications under the EDYRF of eligible United States Dollar (USD) and Japanese Yen (JPY)-denominated credit instruments, which may not be performed through the Electronic Rediscounting System (eRS).

1. Qualified banks shall submit a scanned copy of a letter request (duly signed by the authorized officer/s of the Bank) indicating the amount to be borrowed in USD or JPY and purpose of availment thereof to the Bangko Sentral ng Pilipinas – Department of Loans and Credit (BSP-DLC) through DLCmail@bsp.gov.ph and eRediscounting@bsp.gov.ph, addressed to:

MS. CARYL T. VALDEZ

Director

Department of Loans and Credit

Bangko Sentral ng Pilipinas

A. Mabini St., Malate

1004 Metro Manila

2. The letter request mentioned in Item No. 1 shall be accompanied by the scanned copies of the following documents:
 - a. List of Accounts for Rediscounting – should be properly filled out by the bank in accordance with the attached template (Schedule “A”); and must be signed by appropriate bank officers (i.e. the preparer, reviewer and approver); and
 - b. Promissory note/s (PN/s) between the bank and the end-user borrower (EUB) with endorsement, and if notified by BSP, together with the express consent of the EUB to the possible endorsement or similar commercial transactions of their PNs with the BSP, if such consent was made in a separate document.
3. Once the loan application is approved, BSP-DLC shall notify the Bank through email of the crediting of rediscounting proceeds to the Bank’s foreign correspondent bank account, as well as the details of approved rediscounting loan (e.g., BSP grant date, due date, interest rate, amount granted, and corresponding PN/s of EUB/s securing the loan).
4. Thereafter, the Bank shall accomplish the PN in favor of the BSP and have the duly authorized officer/s of the Bank to sign the same prior to notarization. The scanned copy of the notarized PN in favor of the BSP and the Rediscount Schedule (RS) shall be sent to aforementioned email addresses immediately after the PN’s notarization. The RS should be properly filled out by the Bank in accordance with the attached suggested

template (Schedule “B”) and must be signed by appropriate bank officers (i.e., the preparer, reviewer and approver).

Safekeeping/submission of documents and communications to the BSP-DLC will follow the procedures in Memorandum No. 2020-016 dated 31 March 2020.

The acceptability of the collateral documents including the conditions set forth by the BSP shall be reviewed during post credit verification to be conducted by BSP-DLC. Banks are reminded that any acts/omissions in violation of applicable laws, BSP rules and regulations or misrepresentation by the bank and/or its officer/s will be considered as “Serious offense” subject to appropriate enforcement action/s against the bank and/or its concerned officers pursuant to existing relevant laws and BSP regulations.

CONTACT PERSONS:

1. For rediscounting line concerns:
Atty. Elaine C. Calleja – Deputy Director
Telephone Number: 8708-7701 local 2411
Email: CallejaEC@bsp.gov.ph
2. For loan availment and accounts management concerns:
Leah C. Ozar – Deputy Director
Telephone Number: 8708-7701 local 2415
Email: LCOzar@bsp.gov.ph
3. For eRS-related concerns:
Ronald C. Barlan – Manager
Telephone Number: 8708-7701 local 2807
Email: rcbarlan@bsp.gov.ph

NAME OF BANK:

LIST OF ACCOUNTS FOR INTERCOUNTING

[illegible]

NOTE: Columns V to XII are applicable to loans secured by Real Estate Mortgage.

Prepared by:

Reviewed by:

Appendix

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DEPOSITION STATEMENT

DESIGNATION

NAME OF BANK: _____
INTERCOUNTRY SCHEME _____

Schedule "B"

BSP Loan Details												Final User Borrower's Details												Remarks		
BSP Application No.	Redeemout Rate	Grant Date	Due Date	Currency	Amount Granted	Custodian Bank	Address	Borrower	PN Court	Premium/Yield of Exchange No.	Grant/Booked Date	Due Date	PN/BX Rate	PN/BX Currency (Pec, Yen)	PN/BX Face Amount (in original currency)	PN/BX Face Amount (in local currency)	PN/BX Balance when Redeemed (in original currency)	PN/BX Balance when Redeemed (in local currency)	Loan Value* (in original currency)	Loan Value* (in local currency)	Loan Purpose (IC/PO/SC/No. if applicable)	Type of Collateral (IC/PO/SC/No. if applicable)	Collateral No./Invoice/ Is applicable		QCT/CT No. whenever applicable	Tral Dec. Amount/Land

* 90% of outstanding balance

We hereby certify that the collateral documents and the related documents evidencing and securing the above rediscounted loans are safely kept in the bank's custody or custodian bank.

Prepared by: _____

Reviewed by: _____

Approved: _____

SIGNATURE OVER PRINTED NAME
DESIGNATION

SIGNATURE OVER PRINTED NAME
DESIGNATION

SIGNATURE OVER PRINTED NAME
DESIGNATION

As provided receipt by:

SIGNATURE OVER PRINTED NAME
DESIGNATION

SUPPLEMENTAL REDISCOUNTING LINE AGREEMENT

This Agreement is made and executed by:

BANGKO SENTRAL NG PILIPINAS, a government instrumentality created and existing under and by virtue of the provisions of Republic Act (R.A.) No. 7653, as amended by R.A. No. 11211, with principal office at A. Mabini corner P. Ocampo, Sr. Streets, Malate, Manila, represented herein by its [Position Title of Authorized **BSP** Official], **[NAME OF AUTHORIZED BSP OFFICIAL]**, hereinafter referred to as "**BSP**";

-and-

[NAME OF PARTICIPATING BANK], a banking corporation duly organized and existing under Philippine laws, with principal office at [Bank Address], represented herein by its [Position Title of Authorized Bank Official], **[NAME OF AUTHORIZED BANK OFFICIAL]** and its [Position Title of Authorized Bank Official], **[NAME OF AUTHORIZED BANK OFFICIAL]**, hereinafter referred to as "**PARTICIPATING BANK**".

WITNESSETH That –

WHEREAS, under Chapter IV, Article IV of R.A. No. 7653, as amended by R.A. No. 11211, **BSP**, as lender of last resort,¹ is authorized to extend rediscounts, discounts, loans and advances to banking institutions to influence the volume of credit consistent with the objective of price stability and maintenance of financial stability;

WHEREAS, there is a need to revise current rediscounting procedures and forms for consistency with law and jurisprudence;

WHEREAS, the **PARTICIPATING BANK** has an approved and existing Rediscounting Line Agreement (RLA) dated _____ with the **BSP**, with the **PARTICIPATING BANK** therein denominated as "Borrower";

WHEREAS, there is a need to execute this agreement as supplement to the RLA as regards credit instruments acceptable for rediscounting, and to amend the RLA insofar as loan documentation, additional collaterals, enforcement against securities, termination, and legal bases for the parties' obligations;

WHEREAS, this agreement has been approved by the Monetary Board, **BSP**, in its Resolution No. ____ dated _____;

WHEREAS, the availments/drawdowns of the **PARTICIPATING BANK** under the RLA shall continue to be governed by the terms and conditions of the RLA. Further availments/drawdowns of the **PARTICIPATING BANK** shall be governed by the RLA and this Agreement.

¹ Monetary Board Resolution No. 1918 dated 13 December 2019.

[NAME OF BANK SIGNATORY]

[NAME OF BANK SIGNATORY]

[NAME OF BSP-DLC
AUTHORIZED OFFICIAL]

[NAME OF FIRST WITNESS]

[NAME OF SECOND WITNESS]

NOW, THEREFORE, for and in consideration of the foregoing premises and of the mutual covenants and stipulations hereinafter set forth, the parties hereto have executed this Agreement as follows:

1. AVAILMENTS/DRAWDOWNS

- 1.1 The **PARTICIPATING BANK** shall execute the attached Promissory Note (PN) (Annex "A") to cover each availment/drawdown. Upon execution of this Agreement, the document originally denominated as PNTRADA in the RLA is hereby changed to PN.
- 1.2 The **PARTICIPATING BANK** shall endorse the security documents to **BSP** in accordance with Section 86 of R.A. No. 7653, as amended, and shall submit the original copies of said security documents to **BSP**. A summary/list of the said security documents shall be attached to and shall form integral part of the PN and this Agreement. The underlying collateral documents shall be covered or included in the endorsement of the security documents to **BSP**.
- 1.3 The **PARTICIPATING BANK** shall execute such other documents as may be required by **BSP**, such as deed of pledge, deed of mortgage, deed of assignment or other documents. Such other documents shall be attached to and shall form integral part of the PN.

2. SECURITY DOCUMENTS AS COLLATERAL

- 2.1 The security documents endorsed by the **PARTICIPATING BANK** to **BSP**, including its underlying collaterals, shall secure the payment of the PN of the **PARTICIPATING BANK** mentioned in the foregoing section.
- 2.2 To be eligible for rediscounting under this Agreement, the PN of the borrower of the **PARTICIPATING BANK** must contain the express consent of the borrower empowering the **PARTICIPATING BANK** to endorse the said security document to **BSP** and for the **BSP** to directly collect from the PN of the borrower, to foreclose upon the mortgage, and/or to proceed upon other underlying collaterals securing it
- 2.3 The express consent of the borrower mentioned in the preceding paragraph may be in a separate document to be made an integral part of the security document rediscounted to **BSP**. The **PARTICIPATING BANK** undertakes to submit such document to **BSP** on or before the date set in the notice of the BSP, otherwise the PN of the **PARTICIPATING BANK** shall become immediately due and demandable.
- 2.4 The **PARTICIPATING BANK** shall ensure that the PN of the borrower and the underlying collaterals shall remain valid and subsisting, and that all documents submitted to the BSP are compliant with the standards as enumerated in this section.

[NAME OF BANK SIGNATORY]

[NAME OF BANK SIGNATORY]

[NAME OF BSP-DLC
AUTHORIZED OFFICIAL]

[NAME OF FIRST WITNESS]

[NAME OF SECOND WITNESS]

3. OTHER COLLATERAL

- 3.1 The **BSP** may require the **PARTICIPATING BANK**, upon notice, to submit additional collateral by executing deed of pledge on Government Securities (GS) and/or deed of mortgage on acceptable assets of the **PARTICIPATING BANK**.
- 3.2 The **BSP** shall have the option to go after any or all of the collaterals mentioned above.

[NAME OF BANK SIGNATORY]

4. PROCEEDS OF PN

- 4.1 **BSP** shall credit the proceeds of the PN to the deposit account enrolled by the **PARTICIPATING BANK** in connection with the RLA.

[NAME OF BANK SIGNATORY]

5. PAYMENT OF THE PN

- 5.1 Upon maturity of the PN of the **PARTICIPATING BANK**, the **BSP** is authorized to deduct/debit from the Demand Deposit Account (DDA) of the **PARTICIPATING BANK** such amount to cover the full payment of the PN mentioned in par. 2.1 of this Agreement. For this purpose, the **PARTICIPATING BANK** undertakes to maintain sufficient balance in its DDA with the **BSP** at all times.
- 5.2 Collections before maturity of PN of the **PARTICIPATING BANK** shall be remitted to the *Bangko Sentral* within five (5) banking days from said payment. Upon maturity, any and all payments by the borrower under the security documents and its underlying collaterals endorsed to **BSP** shall be segregated and held in trust by the **PARTICIPATING BANK** in favor of the **BSP** and shall be remitted to the **BSP** without need of demand. This express trust agreement and obligation to remit shall subsist until the full payment of the obligation and shall be deemed extinguished if the DDA of the **PARTICIPATING BANK** has sufficient fund to cover the outstanding obligation.
- 5.3 In the event that the borrower whose PN was endorsed to the **BSP** becomes a debtor of the **PARTICIPATING BANK** under a separate or different account, any and all payment made by the borrower under said account shall, as between the **BSP** and the **PARTICIPATING BANK**, be conclusively deemed to apply first to the obligation of the **PARTICIPATING BANK** with the **BSP** and shall be covered by the express trust agreement and obligation to remit under the preceding paragraph.

[NAME OF BSP-DLC
AUTHORIZED OFFICIAL]

[NAME OF FIRST WITNESS]

[NAME OF SECOND WITNESS]

6. OTHER TERMS AND CONDITIONS

- 6.1 The **PARTICIPATING BANK** agrees that **BSP** may collect payments directly from the PN of the borrower. The **BSP** may also foreclose upon the mortgage of the borrower. The **PARTICIPATING BANK** hereby irrevocably designates and constitutes the **BSP** as its Attorney-in-Fact (AIF), with full power and authority to demand and collect payments from the borrower, to foreclose upon the mortgage of the borrower, and to apply the payments and proceeds of the

collection or foreclosure sale to the outstanding obligation of the **PARTICIPATING BANK**.

- 6.2 The failure of the **PARTICIPATING BANK** to pay any of its obligation under the RLA or under this Agreement within the prescribed period, or to comply with any of the terms of the RLA and this Agreement, shall render all the availments/drawdowns of the **PARTICIPATING BANK** under the RLA and this Agreement due and demandable.
- 6.3 In case the DDA is insufficient to cover any of the outstanding obligation of the **PARTICIPATING BANK**, the **BSP** may suspend or cancel the RLA and this Agreement.
- 6.4 The **PARTICIPATING BANK** undertakes, as part of its Covenants or Undertakings under Section 7, in relation to Section 8.1.b of the RLA, that it shall comply with the eligibility requirements for rediscounting line in Section 282 of the Manual of Regulations for Banks (MORB) throughout the effectivity of the RLA and this Agreement. The **PARTICIPATING BANK'S** Representations and Warranties under Section 6.1 of the RLA, insofar as may be applicable, shall likewise be a continuing undertaking of the Bank.
- 6.5 The RLA and the existing Electronic Rediscounting System Participation Agreement (ERSPA), including all documents executed in relation thereto, shall form integral parts of this Agreement and vice-versa. The requirements, rules, and procedures stated in these agreements shall suppletorily apply to this Agreement.
- 6.6 In case of conflict, this Agreement shall govern as regards issues relative to the PN of the **PARTICIPATING BANK** and the PN of the borrower and its underlying collaterals; the express trust created between the **BSP**, the **PARTICIPATING BANK**, and its borrower; the required consent of the borrower and the undertaking from the **PARTICIPATING BANK** to obtain and submit the borrower's consent to the **BSP**; the GS and other bank assets submitted as collaterals to the **PARTICIPATING BANK's** availment; termination; and the additional eligible underlying collaterals.

7. EFFECTIVITY AND TERMINATION OF THE AGREEMENT

- 7.1 This Agreement shall take effect and be available upon execution and notarization of both parties and shall continue to be in full force and effect until the expiry of the RLA, unless sooner revoked, cancelled or terminated by **BSP**. In the latter case, the termination shall take effect upon written notice to the **PARTICIPATING BANK** or an announcement duly made through appropriate issuances of the **BSP**, whichever comes first. This amends in part Section 9.1 of the RLA.

8. SANCTIONS

The violation or breach of any of the foregoing terms and conditions shall be subject to such sanctions as are applicable under Section 282 of the MORB on

[NAME OF BANK SIGNATORY]

[NAME OF BANK SIGNATORY]

[NAME OF BSP-DLC
AUTHORIZED OFFICIAL]

[NAME OF FIRST WITNESS]

[NAME OF SECOND WITNESS]

Rediscounting, including suspension of any or all rediscounting privileges, if warranted. This is without prejudice to such sanctions, corrective actions and supervisory actions that the **BSP** may take under applicable enforcement policies.

Any misrepresentation made herein and in all documents executed pursuant to this Agreement will subject the offender to criminal liability in accordance with pertinent laws, in addition to the sanctions that may be imposed on the erring bank and/or its authorized/certifying officers under Section 282 of the MORB.

IN WITNESS WHEREOF, the parties have caused the instrument to be signed by their authorized officers on the date first above written.

BANGKO SENTRAL NG PILIPINAS

[NAME OF PARTICIPATING BANK]

By:

By:

[NAME OF AUTHORIZED BSP OFFICIAL]

[NAME OF AUTHORIZED BANK OFFICIAL]

[Position Title of Authorized BSP Official]

[Position Title of Authorized Bank Official]

By:

[NAME OF AUTHORIZED BANK OFFICIAL]

[Position Title of Authorized Bank Official]

Signed in the presence of

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
) S.S.

BEFORE ME, this ____ day of _____, 20__, at _____ personally appeared the following:

NAME	Gov't. ID No/ Date Issued/ Place of Issue	CTC No. / Date Issued/ Place of Issue
------	---	---

[NAME OF AUTHORIZED BANK OFFICIAL]

[NAME OF AUTHORIZED BANK OFFICIAL]

all known to me and to me known to be the same persons who executed the foregoing instrument and acknowledged to me that the same is their free and voluntary act and deed and of the entities they respectively represent.

This instrument, referring to Supplemental Rediscounting Line Agreement, consists of __ pages including this page where the Acknowledgment is written and which is signed by the parties and their instrumental witnesses on each and every page thereof.

WITNESS MY HAND AND SEAL, on the date and at the place first written above.

NOTARY PUBLIC

Doc. No. _____
Page No. _____
Book No. _____
Series of _____

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
City of Manila) S.S.

BEFORE ME, this ____ day of _____, 20__, at _____ personally appeared the following:

	Gov't. ID No/ Date Issued/ Place of Issue	CTC No. / Date Issued/ Place of Issue
NAME		

[NAME OF AUTHORIZED BSP OFFICIAL]

known to me and to me known to be the same person who executed the foregoing instrument and acknowledged to me that the same is her free and voluntary act and deed and of the entity she represents.

This instrument, referring to Supplemental Rediscounting Line Agreement, consists of __ pages including this page where the Acknowledgment is written and which is signed by the parties and the instrumental witnesses on each and every page thereof

WITNESS MY HAND AND SEAL, on the date and at the place first written above.

NOTARY PUBLIC

Doc. No. _____
Page No. _____
Book No. _____
Series of _____

File in 4 copies

PROMISSORY NOTE OF PARTICIPATING BANK

(Name of PARTICIPATING BANK)

PHP/US\$/JP¥ _____
(Date)

On demand but not beyond _____, or such date as the Monetary Board will prescribe, for value received, (PARTICIPATING BANK) promises to pay to the order of the *Bangko Sentral ng Pilipinas (Bangko Sentral)* the sum of _____
(PHILIPPINE PESO/US DOLLAR/JAPANESE YEN) with interest at the rate of _____ per cent (____) per annum.

Annual interest shall be computed using 365/360 as basis, that is, by applying the ratio of the annual interest rate over a year of 360 days, multiplied by the outstanding principal balance, multiplied by the actual number of days the principal balance is outstanding.

The PARTICIPATING BANK agrees that the securities described in the Schedule included in the Supplemental Rediscounting Line Agreement (RLA) dated _____, attached as Annex "A" hereof, together with its underlying collaterals, including but not limited to, real estate mortgages covering the properties listed in Annex "B" hereof, shall serve as collateral to secure the obligation under this note and any other liability or liabilities, whether direct or contingent, of the PARTICIPATING BANK to the *Bangko Sentral* due or to become due or that may be hereafter contracted. The PARTICIPATING BANK shall endorse the said securities pursuant to Section 86 of Republic Act No. 7653, as amended, and, in addition, shall submit to the *Bangko Sentral* the corresponding covering documents, *i.e.*, deed of pledge, deed of mortgage, or deed of assignment, as the case may be, as may be required by the *Bangko Sentral*.

The PARTICIPATING BANK agrees that the *Bangko Sentral* may directly demand and collect payment from the promissory note of the borrowers listed in the Schedule, foreclose upon their mortgage, and/or directly collect from the underlying collaterals securing the promissory note of the said borrowers. The PARTICIPATING BANK irrevocably designates the *Bangko Sentral* as its Attorney-in-Fact, with full power and authority to demand and collect payments from the said borrowers, to foreclose upon their mortgage, to apply the payments and proceeds of foreclosure to the outstanding obligation under this note.

Collections before maturity of PN of the PARTICIPATING BANK, shall be remitted to the *Bangko Sentral* within five (5) banking days from said payment. Upon maturity, any and all payments received by the PARTICIPATING BANK from the borrowers listed in the attached Schedule shall be held in trust by the PARTICIPATING BANK in favor of the *Bangko Sentral* and shall be transmitted to the *Bangko Sentral*.

At the exclusive option of the *Bangko Sentral*, payment of the remaining outstanding obligation on this note may be sourced from any of the collaterals or from the demand deposit account of the PARTICIPATING BANK. The express trust agreement and obligation to remit stated in the immediately preceding paragraph, however, shall subsist until full satisfaction of the obligation.

The PARTICIPATING BANK shall ensure that the securities listed in the Schedule together with its underlying collaterals shall remain valid and subsisting, otherwise this note shall become immediately due and demandable.

It is agreed that in the event of the insolvency or bankruptcy of, or the appointment of a receiver for the PARTICIPATING BANK, in the event that its business is suspended or closed by the authorized governmental authority, or in case of occurrence of any of the events of default under the RLA and Electronic Rediscounting System Participation Agreement, this note shall immediately become due and payable, without demand or notice.

The PARTICIPATING BANK shall pay the penalty, and/or be subjected to the sanctions prescribed under the Manual of Regulations for Banks (MORB) in cases of violation of the terms and conditions of this note or the RLA and the Supplemental RLA. An additional interest of twelve percent (12%) per annum shall be assessed on non-payment of the penalties, from date of demand until full settlement thereof. Past due *Bangko Sentral* loans and unpaid matured notes shall be levied liquidated damages equivalent to five percent (5%) per annum.

In the event of a dispute over this PN or when the same is referred for collection of the amount due or any unpaid balance thereof, the PARTICIPATING BANK shall pay the *Bangko Sentral* a sum equivalent to ten percent (10%) of the amount unpaid but in no case less than Fifty Thousand Pesos (PHP50,000.00) as attorney's fees, in addition to costs of litigation and collection, interest rate, liquidated damages, penalties, and fines applicable. Any such legal action or dispute arising out of or relating to this PN shall be instituted exclusively in the courts of the City of Manila.

The provisions of the RLA dated _____, and the Supplemental RLA dated _____, shall be deemed written in this note and shall form integral parts hereof.

Name of PARTICIPATING BANK

By:

Authorized Officer/Designation

By:

Authorized Officer/Designation

SIGNED IN THE PRESENCE OF:

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)

_____) S.S.

BEFORE ME, a Notary Public, this ____ day of _____ 20____, personally appeared the following:

NAME	GOVERNMENT ISSUED I.D.	ISSUED ON/AT

all known to me to be the same persons who executed the foregoing instrument as identified through their competent evidence of identity as defined by the Rules on Notarial Practice and they acknowledged to me that the same is their free and voluntary act and deed and of the entities they respectively represent.

This instrument, referring to a Promissory Note of PARTICIPATING BANK, consists of _____ () pages including this page where the Acknowledgment is written and which is signed by the parties and their instrumental witnesses on each and every page thereof.

WITNESS MY HAND AND SEAL, on the date and at the place first written above.

NOTARY PUBLIC

Doc. No. _____

Page No. _____

Book No. _____

Series of _____