



BANGKO SENTRAL NG PILIPINAS

OFFICE OF THE GOVERNOR

MEMORANDUM NO. M-2020-064

To : All Concerned Banks

Subject : Documentary Requirements and Procedures on the Use of Bank Asset (Real Property in the Name of the Bank) as Underlying Collateral for Rediscounting

The following guidelines are issued on the documentary requirements and procedures on the use of bank asset (real property in the name of the Bank) as underlying collateral for the rediscounting of unsecured loans with the Bangko Sentral ng Pilipinas (BSP):

A. DOCUMENTARY REQUIREMENTS

1. Original Certificate of Title (OCT), Transfer Certificate of Title (TCT), or Condominium Certificate of Title (CCT);
2. Tax Declaration (TD);
3. Real Estate Tax Receipt for the current year and Tax Clearance;
4. For agricultural land measuring over five hectares, clearance from the Department of Agrarian Reform;
5. Current insurance policy and official receipt evidencing payment of insurance premium on improvements, if any;
6. Appraisal Report by an acceptable independent appraiser¹, dated not later than six months from date of application; and
7. Deed of Real Estate Mortgage (REM) – Bank Asset in favor of the BSP with the following attachments: i) technical description of the properties mortgaged; and ii) copy of Board Resolution authorizing the pledge/mortgage of the Bank's property.

B. PROCEDURES

1. Banks intending to use bank assets as underlying collateral for the rediscounting of unsecured loans shall submit a Letter of Intent signed by the president or its equivalent rank signifying its intention to mortgage such real property to secure

¹ Based on the latest available List of Appraisal Companies Acceptable to the BSP.

its rediscounting loans with the BSP, together with items 1-6 of Section A hereof, addressed to:

MS. CARYL T. VALDEZ

Director

Department of Loans and Credit

BangkoSentral ng Pilipinas

Rm. 215, 5-Storey Bldg.

A. Mabini corner P. Ocampo, Sr. Sts.

1004 Malate, Manila

Applications with incomplete documentation will be returned without prejudice to re-submission of a complete application.

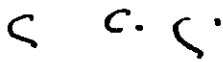
2. Upon receipt of a complete application, the Department of Loans and Credit (DLC) shall evaluate the same and elevate to the appropriate authority of the BSP its recommended action/s.
3. Once approved as acceptable, Banks shall be required to accomplish and to submit the Deed of REM² in favor of the BSP and the corresponding OCT/TCT/CCT with the Register of Deeds (RD) for annotation. Cost of annotation shall be for the account of the Bank.
4. The Bank shall submit the annotated OCT/TCT/CCT and a copy of the Deed of REM stamped received by the RD to DLC. Thereafter, DLC shall encode details of the bank asset in the Electronic Rediscounting System of the BSP, which can then be used as collateral for the rediscounting of unsecured loans.

The following temporary measures are allowed for the duration of the quarantine in view of the possible limitations in the operations of the RDs and the difficulty of procuring an independent appraisal due to quarantine restrictions:

- a) The Bank shall submit an undertaking to cause the registration of the REM on the real property in the name of the Bank within a reasonable time as determined by DLC. Failure of the Bank to register within the said period will cause the related loan to become due and demandable; and
- b) Acceptance of the latest available appraisal report on the real property, either by the Bank's internal appraiser, or an independent appraiser, but prepared not more than three years ago, for purposes of determining the value of the real property in the name of the Bank which will serve as basis in determining the loanable amount, subject to review by licensed appraisers of the DLC.

This memorandum shall take effect immediately until subsequent notice of revocation, in whole or in part, from the BSP.

For the guidance of all concerned.


BENJAMIN E. DIOKNO
Governor

 August 2020

² Template to be provided by DLC.