Republic of the Philippines
Department of Education
REGION XII
DIVISION OF SULTAN KUDARAT

DEPARTMENT OF EDUCATION
DIVISION OF SULTAN KUDARAT
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DIVISION MEMORANDUM
OSDS-PS No. 206, s. 2026

CLARIFICATORY PROCEDURES ON LOAN APPLICATION TO ALL ACCREDITED LENDING INTITUTIONS UNDER THE AUTOMATIC PAYROLL DEDUCTION SYSTEM (APDS) PROGRAM

To: Assistant Schools Division Superintendent
Chiefs of the Functional Divisions
Education Program Supervisors
Public Schools District Supervisors / Principals In-charge
Elementary and Secondary School Heads
All Teaching and Nonteaching Personnel
This Division

1. Pursuant to the New Terms and Conditions of the Automatic Payroll Deduction System (APDS), all accredited lending institutions shall comply with the Terms and Conditions of APDS Accreditation (TCAA) for Loans in the processing, approval, billing, and collection of loans availed of by DepEd personnel.

2. In line with the implementation of the APDS Program, all personnel are reminded of the following provisions:

a. Loan applications intended for inclusion in the APDS shall undergo verification by the designated DepEd Loan Verifier to determine whether the loan amortization can be accommodated within the prescribed Net Take-Home Pay (NTHP) requirement.

b. Loan applications shall be processed in accordance with the prescribed APDS procedures, whether through manual or online transactions. The **first-in, first-served policy** shall be strictly observed in the verification of applications. The designated DepEd Loan Verifier shall evaluate the application and communicate the verification result to both the lender and the borrower, through the official DepEd email system, **within seven (7) working days** from receipt of the request. Upon receipt of the Verifier's confirmation that the loan can be accommodated under the APDS, the lending institution shall approve the loan and release the proceeds to the borrower **within seven (7) working days**. The lender shall likewise notify the Verifier of the loan release through email **within twenty-four (24) hours** from the date of release.

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c. Teachers and other employees are advised to transact only with duly accredited lending institutions under the APDS Program and to ensure that loan terms and conditions are properly explained and that copies of all loan documents are furnished to them before accepting any loan offer.

d. Accredited lending institutions are prohibited from requiring the surrender of Automated Teller Machine (ATM) cards as collateral and from deducting advance payments from loan proceeds.

e. Lenders shall consolidate all approved loans into a single monthly billing statement and submit the same, together with complete supporting documents, on or before the fifth (5th) working day of the succeeding payroll month. Only verified loans that comply with the Net Take-Home Pay (NTHP) requirement shall be accepted and processed.

f. Requests for Statements of Account (SOA), Certificates of Full Payment, and other loan-related documents may be obtained from the concerned lending institution in accordance with the provisions of the TCAA. Lenders are required to provide SOAs free of charge upon request. Requests may be made through email or personal appearance and shall be acted upon **within three (3) working days** from receipt thereof. An authorized representative may receive the SOA upon presentation of the following:

i. Original signed Authorization Letter;
ii. Valid ID of the borrower; and
iii. Valid ID of the authorized representative.

Personal appearance of the borrower shall not be required when a duly authorized representative transacts on the borrower's behalf.

g. Lenders shall accept advance, partial, full, or buy-out payments and shall immediately request the stoppage of payroll deductions once a loan has been fully settled. No pre-termination fees, charges, or penalties shall be imposed on borrowers.

h. All accredited lending institutions are reminded that violations of the APDS Guidelines and the Terms and Conditions of APDS Accreditation (TCAA) may constitute grounds for suspension or revocation of accreditation. These include, but are not limited to, the approval or billing of loans without the required verification, submission of false or fraudulent documents, charging fees or imposing conditions contrary to APDS policies, requiring the surrender of ATM cards, deducting advance payments from loan proceeds, billing loans

not yet released, and other acts classified as Simple or Serious Grounds under **Annex "H"** of the TCAA. Lending institutions shall promptly address all complaints, notices, and documented violations to avoid the imposition of sanctions, including suspension from accepting new business or revocation of accreditation.

3. Attached is the Terms and Conditions of the APDS Accreditation (TCAA) for Loans.

4. All accredited lending institutions are directed to strictly comply with the APDS Terms and Conditions of Accreditation and related DepEd issuances to ensure transparency, accountability, and protection of the welfare of DepEd personnel.

5. Immediate dissemination of and strict compliance with this Memorandum is directed.

ROBERTO J. MONTERO, CESO V
Schools Division Superintendent

Enclosure: as stated
Reference: as stated

To be indicated in the Perpetual Index under the following subjects

APDS CLARIFICATORY PROCDURES TCAA

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(ENCLOSURE 2)

TERMS AND CONDITIONS OF THE APDS ACCREDITATION (TCAA) FOR LOANS

1. STATEMENT OF PRINCIPLES

1.1 Participation in the DepEd Automatic Payroll Deduction System (APDS) at the Central, Regional, Division Offices and School Levels may be granted to private institutions authorized under specific law to be paid through salary deductions and accredited by DepEd after fulfillment of requirements as provided in DepEd APDS guidelines or other issuances on the matter.

1.2 The accredited private institution shall subscribe to the following principles:

1.2.1 Full transparency in reporting operations and financial status as evidenced by audited financial statements and appropriate disclosure statements; and

1.2.2 Integrity of operations through proper and complete documentation of loans of DepEd personnel.

1.3 The DepEd shall ensure that the objectives and purposes of APDS are achieved through proper regulation, periodic review, and accreditation/re-accreditation.

1.4 The APDS shall be implemented in accordance with the limitations imposed by existing and new laws, such as monthly net take-home pay (NTHP) and order of preference of deductions.

2. ACCREDITATION AND ASSIGNMENT OF APDS CODE

2.1 Accredited entities shall be assigned APDS codes for their exclusive use.

2.2 **APDS Code <number>** for loans shall strictly be used for the collection of loan payments only[1].

2.3 The APDS Code and/or loan portfolio shall not be transferred, sold, or assigned to any other entity, except in the following cases:

- Merger, acquisition, or consolidation, including instances where an accredited entity is merged or consolidated with another entity not accredited under the APDS
- Transactions involving a parent–subsidiary relationship
- Other analogous and meritorious cases expressly approved by DepEd after proper evaluation

In case of merger or consolidation between two (2) accredited entities, the APDS Code of the surviving entity shall be used.

In the event that the transfer of a loan portfolio has been validly and expressly approved, payroll deductions already enrolled in the APDS shall continue until the termination date reflected in the DepEd personnel's pay slip. The

[1]The APDS Code issued in this TCAA shall not be used for deductions for insurance premia and/or membership dues/contributions.

corresponding remittances shall continue to be made to the accredited Lender that granted the loan, unless otherwise directed by DepEd.

The surviving entity shall inform DepEd of such merger, acquisition or consolidation within thirty (30) calendar days from the effectivity thereof.

2.4 In the event that the Lender amends its Articles of Incorporation/Cooperation and By-Laws, including changes in its corporate name and principal office, or effects other similar corporate changes, including but not limited to changes in control of ownership, the Lender shall, within thirty (30) calendar days from the effectivity of such amendments or changes, furnish DepEd with duly certified copies of the amended Articles of Incorporation/Cooperation, and By-Laws as approved by Securities and Exchange Commission (SEC)/Cooperative Development Authority (CDA), together with the General Information Sheet (GIS)/Cooperative Annual Progress Report (CAPR), for updating of DepEd's records. DepEd shall not be liable for any issues arising from the changes in the entity prior to its receipt of the written notification.

3. GRANTING OF LOANS

3.1 For loans intended to be serviced through the APDS, the Lender shall process loan applications and release loan proceeds in accordance with the terms and conditions herein.

3.2 Processing of **online/digital applications** may be allowed under APDS, provided DepEd is notified by the Lender in writing, duly supported with information on its detailed procedures/mechanics and online process flow in granting loans presented to the DepEd APDS National Task Force, and acknowledged/authorized by DepEd prior to its implementation.

3.3 The Lender **shall exert all efforts to examine the authenticity of documents submitted online by the applicant**. In case of fraud, and/or misrepresentation in the loan applications of DepEd personnel, DepEd shall not be held liable in any way.

3.4 The Lender may approve a loan only upon certification by the DepEd Verifier, secured by the Lender through the DepEd Borrower (hereinafter referred to as "Borrower"), stating that the monthly payments can be accommodated within the threshold of the monthly NTHP as required in the General Appropriations Act (GAA) at the time of approval of loan. Succeeding deductions shall conform to the monthly NTHP as provided by the GAA or other applicable laws at the time of the deduction.

3.5 The Lender shall accept loan applications only from DepEd personnel who are incorporated in the regular payroll with issued employee number and with approved appointment, whether assigned at the national, regional, schools division, or school level [implementing unit (IU) or non-IU].

3.6 The Lender shall follow the procedure on the processing of loan application and approval as contained in **Annex "B-1" (for on-site/manual processing) and Annex "B-2" (for online processing).**

3.7 The Lender shall immediately release the loan proceeds to the Borrower upon approval.

3.8 The Lender shall ensure that every loan is fully documented with a completely filled-out Application Form, Authority to Deduct (ATD), Promissory Note (PN), and Disclosure Statement (DS). The ATD, PN and DS must be accomplished following

the standard forms/templates as contained in Annexes "C-1" and "C-2", and with consistent information. The Lender shall furnish the Borrower copies of these documents free of charge, upon release of the loan, including a copy of the amortization schedule, in accordance with Annexes "D-1" to "D-5" of this TCAA.

3.9 The Lender may, from time to time, adjust the rates of interest and other charges, provided that such adjustments remain within the prescribed ceilings set by DepEd, and do not contravene the provisions of the TCAA and the APDS guidelines.

3.10 The Lender is authorized to grant two (2) loans per Borrower for inclusion in the APDS. However, the Lender may grant one (1) additional calamity loan to Borrowers in the event of a declaration of state of calamity in the particular province/s, subject to prior notification and confirmation of DepEd and the usual NTHP verification.

3.10.1 Availment of this additional calamity loan shall be available within three (3) months after the declaration of state of calamity. The Lender shall grant only one (1) calamity loan at a time, regardless of the number or frequency of calamity declarations.

3.10.2 Additional loans due to calamities shall have a maximum nominal interest rate of 7.00% per annum and 3% other charges, payable for a maximum of 3 years.

3.10.3 Additional loans shall also be allowed upon the approval of the DepEd Secretary through the Undersecretary for Finance, in case of other forms of national emergency.

3.10.4 DepEd shall issue a sub-code, if necessary.

3.11 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 Disclosure Statement (DS). All loan renewals, shall also observe the first-in-first-served policy.

3.12 The Lender may be allowed to offer restructuring of current and past due loans (Undeducted Obligations) to the Borrower, subject to the following conditions:

i. Application for loan restructuring by the Borrower is voluntary;

ii. Only loans reflected on the pay slip of the Borrower shall be restructured;

iii. In case the Lender has granted more than one (1) loan to a Borrower as reflected on the Borrower's pay slip, the Lender shall consolidate these into one (1) loan during restructuring; and

iv. Penalties, if any, shall be waived (i.e., shall not be charged against the Borrower directly or indirectly).

3.13 Granting of additional, renewal and restructuring of loans shall be subject to DepEd's verification process if the corresponding loan amortization can be accommodated in the payroll.

3.14 The Lender shall abide by the APDS policies on the terms and conditions of loans to be offered to Borrowers, including but not limited to the ceilings on interest rates and non-interest charges, and shall not impose any other charges except as provided in Annexes "D-1" to "D-5" of this enclosure.

3.15 The Lender shall ensure that conditions on penalties and/or past due interest on loans, if any, shall be reflected in the DS to be signed by Borrowers, with a

notation that the same shall not be collected through the APDS. The fully accomplished DS shall be an indispensable requirement for inclusion of the loan in the APDS.

3.16 The Lender shall not compel any Borrower to take out any type of insurance contract as a condition to the loan agreement, except credit life insurance.

3.17 The Lender shall fully explain the terms and conditions of the loan to the Borrower. The Lender shall submit a Sworn Statement to this effect together with its billing. (See Annex "E")

3.18 The Lender shall not require the surrender of an Automated Teller Machine (ATM) card as collateral from Borrowers for their loans regardless of the consent of the Borrowers.

3.19 The Lender shall not deduct advance payments from the loan proceeds of the Borrowers.

3.20 The Lender shall ensure that the venue of litigation in the event of legal suit against the Borrower or the Lender shall exclusively be within the location of the Borrower's workstation only.

4. BILLING OF LOANS

4.1 The Lender shall consolidate all the loan accounts granted within a month into one billing.

4.2 The Lender shall be responsible for submitting monthly billings to the PSU and IU, and checking and retrieving any returned billings **(refer to Annex F for the procedure).** Any billing for new loans granted by the Lender that will reduce the monthly minimum NTHP shall not be accommodated and shall be returned to the Lender.

4.3 The Lender shall be responsible for promptly notifying DepEd in writing in cases where the termination period reflected in the Borrower's pay slip is not automatically adjusted for each month of non-deduction, in accordance with the Borrower's written authorization.

4.4 The Lender shall not grant new loans if the Borrower has existing Undeducted Obligations as reflected in his/her pay slip.

4.5 For loan amortizations to be incorporated in the next payroll month, the Lender shall submit billings for all loans granted within the current month on or before the **5th working** day of the next payroll month. Under no circumstance shall the Lender bill a Borrower for verified loans not yet granted/released.

4.6 The Lender shall submit billing statement to DepEd in an electronic format as agreed with the PSU and IU. Each billing shall be supported with soft copies of the required documents, including the Application Form, ATD, PN, DS, proof of loan release (i.e. checks, loan vouchers, credit memos, remittance lists, and others) duly acknowledged by Borrowers and Sworn Statement mentioned in item 3.17 above. The Lender shall be solely responsible in case of misrepresentation in the submission of the said supporting documents.

4.7 Only billing statements certified by the DepEd Verifier that such loan amortization could be accommodated in the payroll and with complete supporting documents shall be processed by the PSU/IU. The Lender may transmit billing statements electronically via email or through direct submission to the PSU/IU

secondary school's office (refer to Annex F for the procedure).

4.8 DepEd shall adjust the termination period in the Borrower's payslip by one (1) month for every month of delay in case the loan amortization is not deducted in the payroll.

4.9 Notarization of the PN is optional. In such case that the PN is not notarized, no notarial fee shall be charged or included under Other Charges.

4.10 The Lender shall provide copies of the billings, via email, to the concerned Schools Division Offices within ten (10) days after the submission of its billing to the DepEd.

4.11 The Lender shall not charge penalties/fines/surcharges due to delays of payments as a result of any of the following:
4.11.1 Failure on the part of the Lender to pick up remittance checks;
4.11.2 Non-remittance due to suspension or revocation of Accreditation;
4.11.3 Failure of the DepEd to remit on time due to errors, inadvertence, force majeure, or any extreme circumstance;
4.11.4 Non-existence of office or affiliate company in a particular province; and
4.11.5 Other reasons/causes similar or analogous to the above

4.12 In case of a Borrower's transfer of workstation to another region, division or school, DepEd shall notify the concerned Lender for purposes of collection. The Lender may continue collecting the Borrower's loan regardless of whether it has an established office or affiliate in the Borrower's new workstation. The Lender shall submit the corresponding billing to the concerned PSU/IU, supported with a copy of the ATD signed by the Borrower and the other requirements specified in item 4.6 above, for verification and recording. The Lender shall not renew or grant new loans unless the Lender has established an office or affiliate duly acknowledged by DepEd in the Borrower's new place of assignment.

4.13 In case the Borrower was temporarily removed from the regular payroll due to prolonged leave of absence, (or any other similar or analogous reasons), the loan deductions on his/her pay slip shall be retained and shall appear once he/she has reported back to office and is integrated back to the regular payroll.

4.14 The Lender shall be responsible for collecting, outside of the APDS, the outstanding loans of its Borrowers, in the event of separation from service (e.g, retirement, resignation, dismissal or termination of appointment, etc.). DepEd shall notify the concerned Lender of such separation; provided, however, that the failure to give such notice shall not be construed as a liability on the part of DepEd, nor shall it relieve the Lender of its sole responsibility to collect the outstanding loans.

5. OVER-THE-COUNTER PAYMENTS

5.1 The Lender shall not refuse to accept any tender of payment made in advance by the Borrowers or their authorized representative/s, whether partial, in full or through a buy-out. Service Invoice/Official receipt (OR) shall be issued on the date of payment. In case of full payment or buy-out, the Lender shall immediately: a) inform the PSU/IU to delete the loan deduction; and b) submit the deletion file for the said deduction.

5.2. In the event of advance payment or buy-out, the Lender shall collect only the outstanding principal balance and shall charge interest only up to the date when the advance payment was made and **no pretermination penalty/fee shall be charged**.

5.3 In case of full payment or buy-out of the loan, the Lender shall automatically include the Borrower's name in the list of loan amortizations for stoppage in the payroll and in the Deletion File to be effected immediately in the next payroll month.

5.4 The Borrower may request for stoppage from the PSU/IU by presenting a Certificate of Full Payment of the loan, duly verified by DepEd from the Lender. If the Lender fails to respond within five (5) working days, the said request shall be deemed valid.

5.5 The Lender may request the PSU and IU the monthly list of payroll deductions that were stopped, and the corresponding supporting documents such as the Borrower's request for stoppage.

6. OVER-DEDUCTION

6.1 In case of over-deductions, the Lender shall refund the corresponding amount to the Borrower concerned within thirty (30) days from knowledge or notice thereof.

6.2 The Lender shall request DepEd for the adjustment of Service Fee in the next payroll month, corresponding to the amount refunded on over-deductions. The said request must be duly supported with proof of refund, duly acknowledged by the Borrower.

7. REMITTANCE

7.1 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.

a. For loans granted by banks and insurance companies: One percent (1%) of amount to be remitted.

b. For loans granted by non-stock savings and loans associations, mutual benefit associations, cooperatives and other associations: One-half of one percent (0.5%) of the amount to be remitted.

7.2 The Lender shall issue a service invoice/OR to DepEd within fifteen (15) days after remittance of payments. Failure to do so will cause the suspension of the release of succeeding remittances until the issuance of the service invoice/OR. The Lender may request DepEd to remit the payments 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 remittance check from DepEd within the succeeding month after the deductions were reflected in the payroll. Otherwise, the preparation of succeeding checks will be suspended until the prepared check is picked up. Any request for replacement of stale checks shall be supported by written justification from the Lender.

7.3 Loan amortizations shall be refunded to the Borrowers in case the corresponding remittance check becomes stale and not requested by the Lender for replacement after notification by the DepEd for three (3) times.

8. DOCUMENTARY REQUIREMENTS

8.1 The Lender shall ensure the issuance of a Statement of Account (SOA) for every loan granted to a Borrower, free of charge, anytime upon request, preferably within the day that the request was made by DepEd or by the Borrower, but in no case after more than three (3) working days from such request. The Borrower may request for a SOA either via email (using official DepEd email address), in-person or other available means. The requested SOA shall be released also via email and other available means deemed convenient to the Borrower. The SOA shall include an up-to-date payment history as well as the outstanding loan balance required for full settlement of the loan, indicating the date until which such amount shall be valid for payment.

8.2 The Lender shall submit through email or electronic medium (USB), and other digital means, the following documents, duly certified as true copies by the concerned government regulatory agencies (i.e. SEC/CDA/IC), to the DepEd Central Office (CO), annually, through the APDS Secretariat, on or before September 30, except for business permit/s, the deadline for which is March 31 of the current year.

- Audited Financial Statements for the previous year, duly filed and received by the BIR
- Corporate income tax return for the previous year, duly filed and received by the BIR
- Business Permit/s of the offices of the Lender for the current year

[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 derogatory information that would prevent the entity from exercising its purpose/s as stated in its Articles of Incorporation. The Certification shall cover a period of one year immediately preceding its issuance.
- GIS for the current year received by the SEC (or every time in case of changes mentioned in Item 2.4)
- Certificate of Compliance issued by the CDA for the current year
- CAPR for the current year
- PDIC Certificate of Good Standing covering the current year
- IC Certificate of Authority covering the current year
- Updated list of the Officers and Board of Directors with corresponding updated Curriculum Vitae/bio-data/bio-note (with picture) of directors/trustees and officers (based on updated official filings – GIS and CAPR)

8.3 The Lender shall submit to the DepEd CO, copy furnished the concerned DepEd Regional Offices (ROs), reports on Outstanding Loan Receivables and Collection/Remittance, duly certified/signed by the Lender's Chief Accountant or his/her equivalent, on a quarterly basis (in electronic–MS Excel format and PDF copies) scheduled as follows:

Table 1: Schedule of Submission of Report on Outstanding Loan Receivables and Collection/Remittance

Cut-off Period	Deadline
As of March 31	On or before May 15 of the year
As of June 30	On or before August 15 of the year
As of September 30	On or before November 15 of the year
As of December 31	On or before February 15 of the following year

8.4 The Lender shall submit to DepEd their updated rates of interest and other charges on a quarterly basis for purposes of record-keeping and monitoring of compliance

with applicable ceilings.

8.5 The Lender shall submit to the Department of Education authentic and faithful copies of all required documents, which shall not be falsified, altered, or otherwise modified to misrepresent their original content.

9. OTHER CONDITIONS

9.1 The Lender shall not enter into any contract or agreement with DepEd offices other than the CO regarding salary loans under APDS.

9.2 The Lender shall in no case require, directly or indirectly, any DepEd personnel to execute/sign any document containing provisions or conditions that contradict the APDS guidelines.

Likewise, the Lender shall be fully accountable for any misconduct, improper and/or illegal act done on behalf of or in favor of said entity committed by its staff, collecting agent, or any personnel engaged by the Accredited Entity regardless of nature or kind of employment.

9.3 The Lender shall conduct financial literacy programs and related initiatives for DepEd personnel to promote responsible borrowing and sound financial management.

9.4 The Lender shall not use financial obligations to interfere with renewal of professional licenses of concerned DepEd personnel.

9.5 The Lender shall limit its operation to provinces/**regions** where it has office/s or **affiliate companies**. The office shall employ a full-time manager **or authorized personnel,** and staff who shall maintain the complete records/loan documents, accept payments, issue SOA, service invoice/OR, and CFPL, and attend to other loan transactions and any queries/complaints of DepEd personnel. Annex **"G",** which forms an integral part of this TCAA, contains the provinces/**regions**, including the location of its offices (main and branches) and affiliate companies, if any, per province/**region,** where the Lender is authorized to operate.

9.6 In case of closure or transfer of the Lender's office/affiliate to another location or site, the Lender shall notify DepEd in writing at least thirty (30) calendar days prior to the intended closure or relocation, and submit the necessary supporting documents for proper recording/validation.

9.7 In case of change in email address or contact number/s regardless if post-paid or registered mobile or landline telephone number in the name of the Lender, the Lender shall notify/update DepEd Central Office by submitting a Certification stating therein the changes in email address or contact number/s that will be officially used in transacting with DepEd personnel.

9.8 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.

9.9 In case of merger or consolidation, the surviving entity shall submit the following documents within three (3) months upon their availability:

- Deed of Assignment, if any
- Certified true copy of the Articles of Merger or Consolidation
- Secretary's Certificate indicating the name of the authorized collecting agent/personnel

In case the surviving entity is not accredited under the APDS, they can use the

code of the accredited entity for collection of existing loans until termination or full payment. The surviving entity may apply for accreditation in accordance with the prescribed APDS accreditation requirements.

9.10 In case the Lender is put under Receivership/Liquidation, DepEd shall continue the payroll deduction from the monthly salary of the Borrower until full payment and the corresponding remittance to the appropriate government regulatory agency (PDIC for banks, CDA for cooperatives, Insurance Commission for insurance companies, etc.). However, DepEd shall automatically stop the deductions of loan amortization in case of written request from the Borrower.

9.11 The Lender shall not use the name of DepEd or any designation referring to DepEd school personnel, including but not limited to "public school teacher", in its promotions or in any form of advertisement.

10. NECESSARY ATTACHMENTS

10.1 This TCAA shall include as integral parts the following attachments:

10.1.1 **Annex "A"** – Notarized Secretary's Certificate supported by a Board Resolution authorizing the Lender's representative to execute this TCAA.

10.1.2 **Annexes "B-1" and "B-2"** - Procedures for the Processing of Loan Applications of DepEd Borrowers Under the Department's APDS (on-site/manual and on-line process, respectively).

10.1.3 **Annexes "C-1" and "C-2"** – APDS Templates/Standard Format of Authority to Deduct, Promissory Note, and Disclosure Statement.

10.1.4 **Annexes "D-1" to "D-5"** – Effective Interest Rate Calculation Models for 1 to 5 year loan terms using the DepEd ceilings for interest rates and other charges.

10.1.5 **Annex "E"** – Sample Sworn Statement regarding the loan documents submitted and full explanation of the terms and conditions of the loans to the Borrowers.

10.1.6 **Annex "F"** – Sample Procedures for the Online Process on the Submission of Monthly Billing Statements by the Lender Under the Department's APDS Program.

10.1.7 **Annex "G"** – Regions/Provinces where the Lender has office/s as validated by DepEd, with the main office per province/region identified, indicating therein the address/es, the name/s of authorized personnel with designation, official contact numbers, and official email address.

10.1.8 **Annex "H"** – Grounds for Suspension or Revocation of Accreditation/Re-accreditation.

11. GROUNDS FOR SUSPENSION OR REVOCATION

11.1 The Lender agrees that its Accreditation may be suspended or revoked by DepEd based on grounds enumerated in Annex **"H".**

11.2 The Lender shall receive formal written notification from DepEd Central Office of any reported violations of the APDS guidelines, requiring them to address or resolve the issue or complaint. Accumulating a total of ten unresolved or unaddressed notices shall result in the enforcement of sanctions as stated under Annex H.

All complaints, however, may be addressed through alternative dispute resolution or other remedial measures that are fair and not prejudicial to either DepEd personnel or the Lender.

11.3 The Lender is strictly prohibited from engaging in any form of act that may be construed as harassment, coercion, or attempts to improperly influence the conduct of the DepEd personnel's official functions.

11.4 Suspension, which involves non-acceptance of new business, shall be imposed upon repeated commission of grounds classified as "Simple".

11.5 The Accreditation shall be revoked upon commission of grounds classified as "Serious". When the Accreditation is revoked, the Lender shall no longer be allowed to grant new business under the APDS. However, collection of deductions already incorporated in the APDS as of the date of revocation shall continue up to the termination dates reflected in the pay slip. Thereafter, the APDS Code is automatically cancelled.

11.6 Any suspension imposed upon a particular office shall likewise be considered as sanction against all its other offices within the same province. If imposed on the Head Office, the same shall be imposed upon all its other offices on the national level.

11.7 Any complaint for the commission of any of the grounds for revocation 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 infraction, 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 other information received or discovered.

11.8 The commission of grounds for suspension or revocation shall be validated by the appropriate committee or task force designated by the Secretary. The APDS Task Forces in the CO and ROs may impose the corresponding suspension or revocation based on the results of their investigation and shall report such action to the Secretary, through the Undersecretary for Finance, for monitoring and recording purposes. The revocation may be appealed to the Office of the Secretary, through the Office of the Undersecretary for Finance, within a period of fifteen (15) working days from notice. Pending the resolution by the Office of the Secretary, the revocation shall be held in abeyance.

12. EFFECTIVITY OF THE TCAA

12.1 This TCAA shall be valid upon signing and notarization, and shall be effective until **December 31, 2035.**

12.2 For purposes of renewal of this TCAA, the Lender shall submit its Letter of Intent for the APDS re-accreditation at least three (3) months prior to the date of expiration.

13. FINAL PROVISIONS

13.1 This TCAA, its annexes, and pertinent DepEd issuances shall be the governing documents with reference to the inclusion of the Lender in the APDS.

13.2 The Lender shall conform to any APDS policy issued by DepEd in the form of DepEd Order, Memorandum, or other issuance. Any provision in this TCAA affected by subsequent APDS policy is deemed automatically modified or repealed as applicable.

CONFORME:

[NAME OF ENTITY]

[NAME OF AUTHORIZED REPRESENTATIVE]
[Position/Designation]

ACKNOWLEDGEMENT

REPUBLIC OF THE PHILIPPINES)
CITY OF) s.s.

BEFORE ME a Notary Public, for and in the above jurisdiction, personally appeared _____, with his/her _____ issued on_____ at _____, known to me to be the same person who executed the foregoing instrument and acknowledged to me that the same is his/her own free will and voluntary act and deed.

WITNESS MY HAND AND SEAL this _____ day of _____ at _____, Philippines.

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

ANNEX "B-1"

PROCEDURES FOR THE MANUAL PROCESSING OF LOAN APPLICATIONS OF DEPED BORROWERS UNDER THE DEPARTMENT'S AUTOMATIC PAYROLL DEDUCTION SYSTEM (APDS) PROGRAM

1. The **DepEd Borrower** (hereinafter referred to as the "**Borrower**") shall present his/her latest available pay slip (original) to the APDS accredited lending entity (hereinafter referred to as the "**Lender**") as part of his/her loan application.

2. The **Lender** shall evaluate the Borrower's loan application using its own criteria, including the Borrower's capacity to pay based on the pay slip. The presence of "Undeducted Obligations" in the Borrower's pay slip indicates his/her lack of capacity to pay the loan through the APDS, hence, such borrower is ineligible to borrow under the APDS.

3. If the loan application passes the Lender's evaluation, the **Lender** shall stamp the following on the face of the pay slip without obscuring the pertinent details therein:

    a. Corporate name of the Lender and APDS Code for loans;
    b. Principal amount of the loan;
    c. Term of the loan (first and final months of deduction);
    d. Amount of monthly amortization;
    e. Date of loan evaluation; and
    f. Name and signature of Lender's Loan Officer.

4. The **Lender** shall e-mail a scan of the stamped pay slip to the Borrower using the e-mail subject, "Request for Confirmation of Evaluated APDS Loan- <Lender's APDS Code> - <Borrower's complete name>"[2] and return the stamped pay slip to the Borrower.

5. The **Borrower** shall forward the e-mail received from the Lender to the official/designated DepEd e-mail address of the concerned DepEd Verifier (hereinafter referred to as "Verifier") using the Borrower's official DepEd e-mail.

6. The **Verifier** shall record the details of the Borrower and of the loan evaluated by the Lender that are pertinent to the assessment of the Borrower's capacity to pay.

7. The **Verifier** shall determine if the stamped monthly amortization can be accommodated in the APDS, cognizant of the Borrower's eligibility to avail of loans under the APDS, the NTHP rule, and the Borrower's capacity to pay based on the presented pay slip and the Verifier's records. The Verifier, based on his/her records, shall also check if the Borrower has approved obligations that are not yet reflected in the latter's stamped pay slip.

    First-in first-served rule shall be strictly observed in the verification of loan applications.

8. The **Verifier**, using the official/designated DepEd e-mail, within seven (7) working days, shall e-mail the Lender, copy furnished ("Cc") the Borrower, either of the following messages depending on the Verifier's assessment:

[2]The DepEd Office concerned may prescribe its own e-mail subject through official communications with the Lenders, copy furnished the Office of the Undersecretary for Finance.

a. If the monthly loan amortization can be accommodated in the APDS:

Please be informed that as validated in our records, the loan you evaluated **can be accommodated in the APDS:**

Borrower's Name	
Employee No.	
Station Code	
Principal Amount of Approved Loan	
Amount of Monthly Amortization	

Any misrepresentation in the Borrower's application evaluated by the Lender shall not be the liability of the Verifier.

b. If the monthly loan amortization cannot be accommodated in the APDS:

Please be informed that as validated in our records, the loan you evaluated cannot be accommodated in the APDS for reasons stated below:

Borrower's Name	
Employee No.	
Station Code	
Principal Amount of Approved Loan	
Amount of Monthly Amortization	
Reason/s	e.g. Insufficient NTHP; With approved obligations that are not yet reflected in the stamped pay slip

9. Depending on the Verifier's assessment, the **Lender** shall do either of the following upon receipt of the former's e-mail:

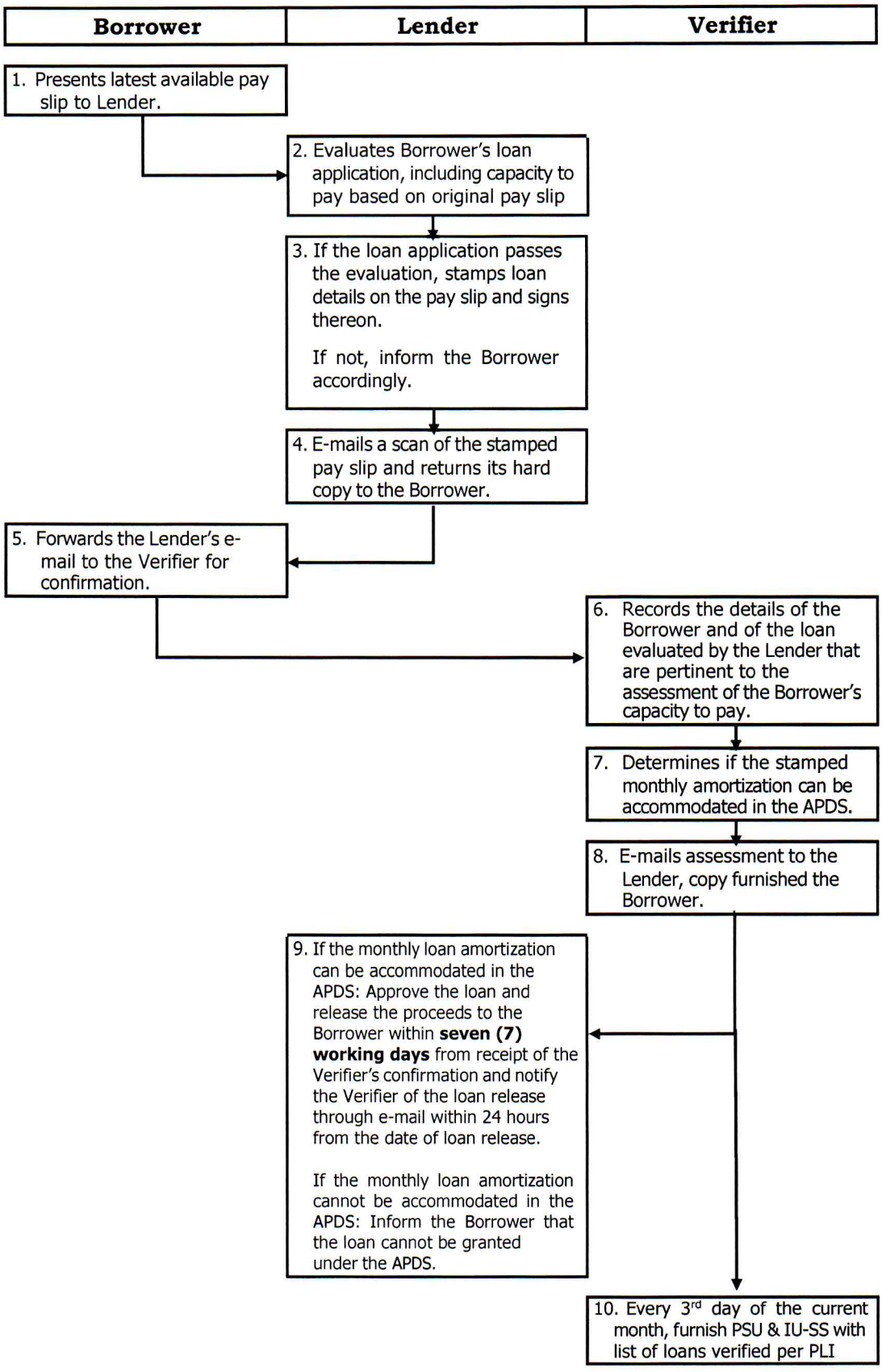
a. If the monthly loan amortization can be accommodated in the APDS: Approve the loan and release the loan proceeds to the Borrower within **seven (7) working days** from receipt of the Verifier's confirmation and notify the Verifier of the release of the loan proceeds through e-mail within 24 hours from the date of loan release.

b. If the monthly loan amortization cannot be accommodated in the APDS: Inform the Borrower that the loan cannot be granted under the APDS.

10. Every 3rd day of the current month, the Verifier shall furnish the PSU & IU-SS with list of verified loans per PLI that can be accommodated in the payroll.

-- End --

PROCESS FLOW ON LOAN APPLICATIONS OF DEPED BORROWERS UNDER THE DEPARTMENT'S AUTOMATIC PAYROLL DEDUCTION SYSTEM (APDS) PROGRAM – VIA APPLICATION TO THE LENDER'S PHYSICAL OFFICE



ANNEX "B-2"

SAMPLE PROCEDURES FOR THE ONLINE PROCESS OF LOAN APPLICATIONS OF DEPED BORROWERS UNDER THE DEPARTMENT'S AUTOMATIC PAYROLL DEDUCTION SYSTEM (APDS) PROGRAM

1. The **DepEd Borrower** (hereinafter referred to as the "**Borrower**"), using the deped.gov.ph email address shall:

   a. Secure ONLINE Loan Application Form (LAF) from the APDS accredited lending entity (hereinafter referred to as the "Lender");

   b. Accomplish the LAF and submit the same to the Lender together with digital copy of the latest available pay slip. The submission shall be done securely online using the Lender's online system or through email. If done through email, the Borrower shall use their official DepEd email account for sending to the official account of the Lender; and

   c. Wait for the response of the Lender through its online system or email, if he/she is eligible to be granted loan or not. In case eligible, forward the Lender's response to the official e-mail address of designated DepEd Verifier (hereinafter referred to as "Verifier").

2. The **Lender** shall:

   a. Perform background check on the legitimacy of the loan being applied for by the Borrower to prevent occurrence of loans applied by fictitious borrowers;

   b. Evaluate the Borrower's loan application using the Lender's own criteria, including the Borrower's capacity to pay based on the presented pay slip. The presence of "Undeducted Obligations" in the Borrower's pay slip indicates his/her lack of capacity to pay the loan through the APDS, hence, such borrower is ineligible to borrow under the APDS;

   c. If the loan application passes the Lender's evaluation, stamp the following on the copy of the pay slip without obscuring the pertinent details therein:

      i. Corporate name of the Lender and APDS Code for loans;
      ii. Principal amount of the loan;
      iii. Term of the loan (first and final months of deduction);
      iv. Amount of monthly amortization;
      v. Date of loan evaluation; and
      vi. Name and signature of Lender's Loan Officer;

   d. E-mail a scan of the stamped pay slip to the Borrower using the e-mail subject, "Request for Confirmation of Evaluated APDS Loan- <Lender's APDS Code> - <Borrower's complete name>"[3]; and

   e. Depending on the Verifier's assessment, shall do either of the following upon receipt of the former's e-mail:

      i. If the monthly loan amortization can be accommodated in the APDS: 1) Approve the loan and release the loan proceeds to the Borrower **within seven (7) working days** from receipt of the Verifier's confirmation; and 2) notify the Verifier of the release of the loan proceeds through e-mail within 24 hours from the date of loan release.

      ii. If the monthly loan amortization cannot be accommodated in the APDS: Inform the Borrower that the loan cannot be granted under the APDS.

[3]The DepEd Office concerned may prescribe its own e-mail subject through official communications with the Lenders, copy furnished the Office of the Undersecretary for Finance.

3. The **Verifier** shall:

a. Record the details of the Borrower and of the loan evaluated by the Lender that are pertinent to the assessment of the Borrower's capacity to pay;

b. Determine if the stamped monthly amortization can be accommodated in the APDS, cognizant of the Borrower's eligibility to avail of loans under the APDS, the NTHP rule, and the Borrower's capacity to pay based on the presented pay slip and the Verifier's records. The Verifier, based on his/her records, shall also check if the Borrower has approved obligations that are not yet reflected in the latter's stamped pay slip.

First-in first-served rule shall be strictly observed in the verification of loan applications;

c. Using the official/designated DepEd e-mail, within seven (7) working days shall e-mail the Lender, copy furnished ("cc") the Borrower, either of the following messages depending on the Verifier's assessment:

i. If the monthly loan amortization can be accommodated in the APDS:

Please be informed that as validated in our records, the loan application you evaluated can be accommodated in the APDS:

Borrower's Name	
Employee No.	
Station Code	
Principal Amount of Approved Loan	
Amount of Monthly Amortization	

Any misrepresentation in the Borrower's application verified by the Lender shall not be the liability of the Verifier.

ii. If the monthly loan amortization cannot be accommodated in the APDS:

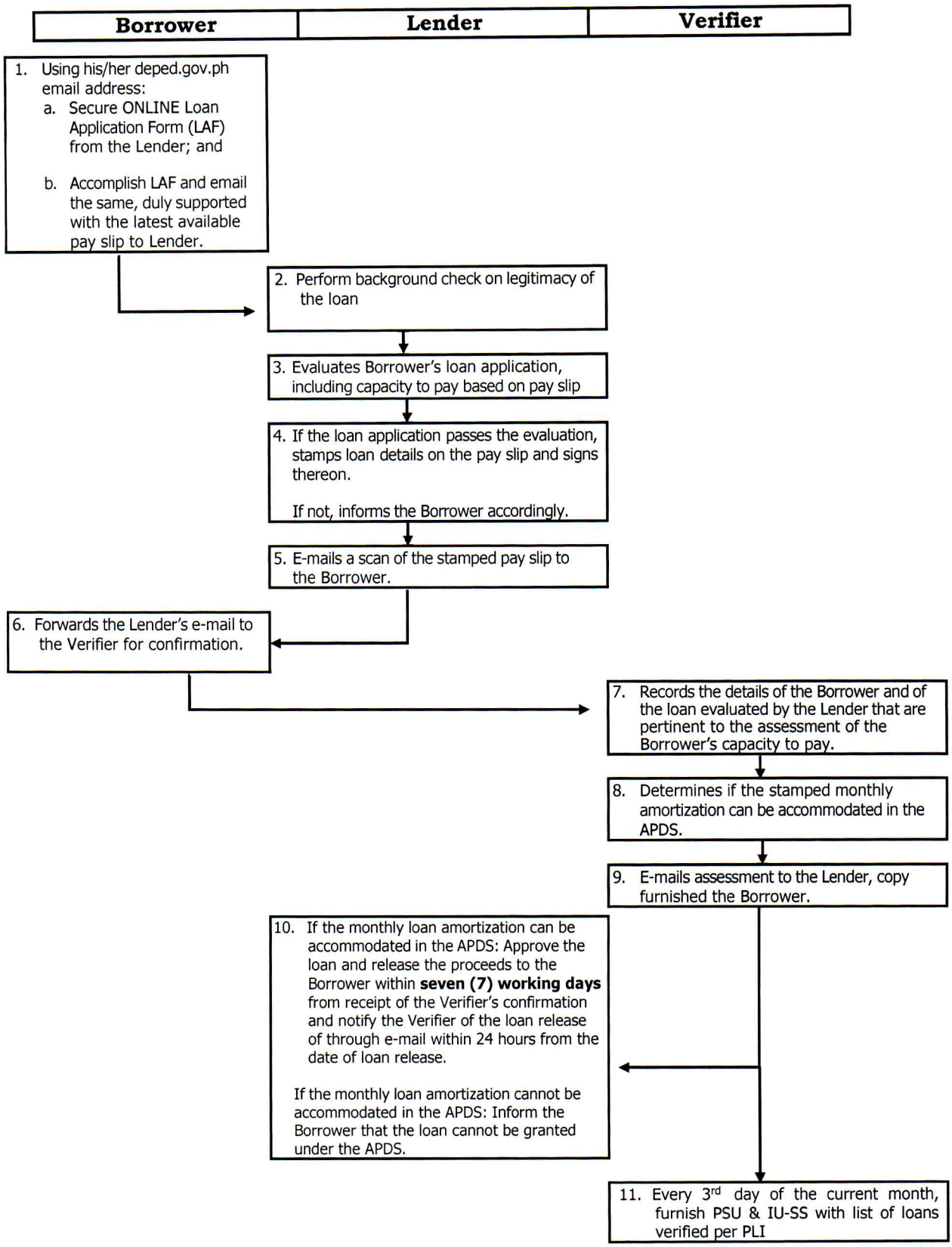
Please be informed that as validated in our records, the loan application you evaluated cannot be accommodated in the APDS for reasons stated below:

Borrower's Name	
Employee No.	
Station Code	
Principal Amount of Applied Loan	
Amount of Monthly Amortization	
Reason/s	e.g. Insufficient NTHP; With approved obligations that are not yet reflected in the stamped pay slip

d. Every 3rd day of the current month, furnish the Payroll Services Unit (PSU) and/or Implementing Unit-Secondary Schools (IU-SS) with list of verified loan amortizations per PLI that can be accommodated in the payroll.

-- End --

PROCESS FLOW ON LOAN APPLICATIONS OF DEPED BORROWERS UNDER THE DEPARTMENT'S PROGRAM ON AUTOMATIC PAYROLL DEDUCTION SYSTEM (APDS) – VIA ONLINE PROCESS



ANNEX "C-1"

PRESCRIBED TEMPLATES FOR AUTHORITY TO DEDUCT AND PROMISSORY NOTE

AUTHORITY TO DEDUCT
THROUGH THE DEPED AUTOMATIC PAYROLL DEDUCTION SYSTEM (APDS)

I hereby authorize DepEd to deduct monthly from my salary, through the DepEd APDS, the sum of **PESOS:**_____(P_____), inclusive of principal and interest, beginning on _____and ending on _____, and to remit the same to NAME OF LENDER in consideration of the loan which was granted to me on _____. **In case my loan amortization is not deducted in the payroll, regardless of the reason, I also authorize DepEd to automatically adjust the termination period in my pay slip by one (1) month for every month of delay of its deduction.**

The authorization is VALID AND BINDING within the aforementioned loan period, unless the loan is pre-terminated, or the authorization is otherwise revoked. Moreover, I agree that deductions that will reduce my monthly net take-home pay to lower than what is allowed under the law shall not be accommodated in the APDS.

_____
Signature over Printed Name of DepEd Borrower
Employee Number:
Station Code:
Division Code:
Region:

Date: _____

PROMISSORY NOTE

For value received, the undersigned promises to pay through APDS to the **NAME OF LENDER** the sum of **PESOS:**_____(P_____) with interest rate of _____percent (____%) per annum, **TO BE PAID IN EQUAL MONTHLY INSTALLMENTS, INCLUSIVE OF PRINCIPAL AND INTEREST, IN THE AMOUNT OF P**_____, **BEGINNING ON** _____ **AND ENDING ON** _____, **or until full payment.**

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 to before me, this __day of _____20___, 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 _____

(NOTE: Entities that do not collect notarial fees, as reflected in their declared breakdown of Other Charges, are not required to have this Promissory Note notarized)

ANNEX "C-2"

PRESCRIBED TEMPLATE FOR DISCLOSURE STATEMENT

_____
(Business Name of Creditor)

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

NAME OF BORROWER _____
ADDRESS _____

		Not Deducted From Proceeds of Loan	Deducted From Proceeds of Loan	
1.	LOAN GRANTED (Amount to be financed)		P _____	(A)
2.	FINANCE CHARGES			
	a. Interest _____ % p.a. from ____ to ____ ( ) Simple ( ) Compound ( ) Monthly ( ) Quarterly ( ) Annual ( ) Semi-Annual	P _____	P _____	
	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 fee	_____	_____	
	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 Payable _____ in months/year (no. of payments) at P _____ each installment		P _____	

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 TO BE COLLECTED THROUGH THE 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.

_____
(Signature of Borrower over Printed Name)

Date _____

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 "D-1"

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 mo		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	= 21.0907%
	Breakdown:					Per Month	= 1.608%
		xxx	%				
		xxx	%				
		xxx	%				
7	Monthly Installment		PhP 8,675.75				
8							
9	*Installment Period*	*Gross Loan*	*Principal*	*Interest*	*Other Charges*	*NET PROCEEDS Cash Flows*	*Outstanding Balance*
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		8,621.86	53.89		(8,675.75)	-
23	Total		100,000.00	4,108.91	6,000.00		

ANNEX "D-2"

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 mo		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	= 16.3511%
	Breakdown:					Per Month	= 1.2700%
		xxx	%				
		xxx	%				
		xxx	%				
7	Monthly Installment		PhP 4,568.48				
8							

9	*Installment Period*	*Gross Loan*	*Principal*	*Interest*	*Other Charges*	*NET PROCEEDS Cash Flows*	*Outstanding Balance*
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		4,534.47	34.01		(4,568.48)	-
35	Total		100,000.00	9,643.37	6,000.00		

ANNEX "D-3"

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 mor		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	= 14.8865%
	Breakdown:					Per Month	= 1.163%
		xxx	%				
		xxx	%				
		xxx	%				
7	Monthly Installment		PhP 3,210.78				
8							

9	*Installment Period*	*Gross Loan*	*Principal*	*Interest*	*Other Charges*	*NET PROCEEDS Cash Flows*	*Outstanding Balance*
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		3,185.14	25.64		(3,210.78)	-
47	Total		100,000.00	15,588.05	6,000.00		

ANNEX "D-4"

EFFECTIVE INTEREST CALCULATION MODEL FOR A FOUR (4)-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)		4			Per Annum	= 9.660%
3	No. of installments (in mor		48			Per Month	= 0.805%
4	Grace period (in months)		-		Nominal Interest Rate		= 5.240%
5	No. of periods (in months)		48		Effective Interest Rate (EIR)		
6	Other Charges		6.000%			Per Annum	= 13.759%
	Breakdown:					Per Month	= 1.080%
		xxx	%				
		xxx	%				
		xxx	%				
7	Monthly Installment		PhP 2,519.97				
8							

9	*Installment Period*	*Gross Loan*	*Principal*	*Interest*	*Other Charges*	*NET PROCEEDS Cash Flows*	*Outstanding Balance*
10	0	100,000.00			6,000.00	94,000.00	100,000.00
11	1		1,714.97	805.00		(2,519.97)	98,285.03
12	2		1,728.78	791.19		(2,519.97)	96,556.25
13	3		1,742.69	777.28		(2,519.97)	94,813.56
14	4		1,756.72	763.25		(2,519.97)	93,056.84
15	5		1,770.86	749.11		(2,519.97)	91,285.98
16	6		1,785.12	734.85		(2,519.97)	89,500.86
17	7		1,799.49	720.48		(2,519.97)	87,701.37
18	8		1,813.97	706.00		(2,519.97)	85,887.40
19	9		1,828.58	691.39		(2,519.97)	84,058.82
20	10		1,843.30	676.67		(2,519.97)	82,215.52
21	11		1,858.14	661.83		(2,519.97)	80,357.38
22	12		1,873.09	646.88		(2,519.97)	78,484.29
23	13		1,888.17	631.80		(2,519.97)	76,596.12
24	14		1,903.37	616.60		(2,519.97)	74,692.75
25	15		1,918.69	601.28		(2,519.97)	72,774.06
26	16		1,934.14	585.83		(2,519.97)	70,839.92
27	17		1,949.71	570.26		(2,519.97)	68,890.21
28	18		1,965.40	554.57		(2,519.97)	66,924.81
29	19		1,981.23	538.74		(2,519.97)	64,943.58
30	20		1,997.17	522.80		(2,519.97)	62,946.41
31	21		2,013.25	506.72		(2,519.97)	60,933.16
32	22		2,029.46	490.51		(2,519.97)	58,903.70
33	23		2,045.80	474.17		(2,519.97)	56,857.90
34	24		2,062.26	457.71		(2,519.97)	54,795.64
35	25		2,078.87	441.10		(2,519.97)	52,716.77
36	26		2,095.60	424.37		(2,519.97)	50,621.17
37	27		2,112.47	407.50		(2,519.97)	48,508.70
38	28		2,129.47	390.50		(2,519.97)	46,379.23
39	29		2,146.62	373.35		(2,519.97)	44,232.61
40	30		2,163.90	356.07		(2,519.97)	42,068.71
41	31		2,181.32	338.65		(2,519.97)	39,887.39
42	32		2,198.88	321.09		(2,519.97)	37,688.51
43	33		2,216.58	303.39		(2,519.97)	35,471.93
44	34		2,234.42	285.55		(2,519.97)	33,237.51
45	35		2,252.41	267.56		(2,519.97)	30,985.10
46	36		2,270.54	249.43		(2,519.97)	28,714.56
47	37		2,288.82	231.15		(2,519.97)	26,425.74
48	38		2,307.24	212.73		(2,519.97)	24,118.50
49	39		2,325.82	194.15		(2,519.97)	21,792.68
50	40		2,344.54	175.43		(2,519.97)	19,448.14
51	41		2,363.41	156.56		(2,519.97)	17,084.73
52	42		2,382.44	137.53		(2,519.97)	14,702.29
53	43		2,401.62	118.35		(2,519.97)	12,300.67
54	44		2,420.95	99.02		(2,519.97)	9,879.72
55	45		2,440.44	79.53		(2,519.97)	7,439.28
56	46		2,460.08	59.89		(2,519.97)	4,979.20
57	47		2,479.89	40.08		(2,519.97)	2,499.31
58	48		2,499.85	20.12		(2,519.97)	-
59	Total		100,000.00	20,958.02	6,000.00		

ANNEX "D-5"

EFFECTIVE INTEREST CALCULATION MODEL FOR A FIVE (5)-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)		5			Per Annum	= 9.660%
3	No. of installments (in mon		60			Per Month	= 0.805%
4	Grace period (in months)		-		Nominal Interest Rate		= 5.296%
5	No. of periods (in months)		60		Effective Interest Rate (EIR)		
6	Other Charges		6.000%			Per Annum	= 13.082%
	Breakdown:						
		xxx	%				
		xxx	%				
		xxx	%				
7	Monthly Installment		PhP 2,108.02			Per Month	= 1.030%
8							

9	*Installment Period*	*Gross Loan*	*Principal*	*Interest*	*Other Charges*	*NET PROCEEDS Cash Flows*	*Outstanding Balance*
10	0	100,000.00			6,000.00	94,000.00	100,000.00
11	1		1,303.02	805.00		(2,108.02)	98,696.98
12	2		1,313.51	794.51		(2,108.02)	97,383.47
13	3		1,324.08	783.94		(2,108.02)	96,059.39
14	4		1,334.74	773.28		(2,108.02)	94,724.65
15	5		1,345.49	762.53		(2,108.02)	93,379.16
16	6		1,356.32	751.70		(2,108.02)	92,022.84
17	7		1,367.24	740.78		(2,108.02)	90,655.60
18	8		1,378.24	729.78		(2,108.02)	89,277.36
19	9		1,389.34	718.68		(2,108.02)	87,888.02
20	10		1,400.52	707.50		(2,108.02)	86,487.50
21	11		1,411.80	696.22		(2,108.02)	85,075.70
22	12		1,423.16	684.86		(2,108.02)	83,652.54
23	13		1,434.62	673.40		(2,108.02)	82,217.92
24	14		1,446.17	661.85		(2,108.02)	80,771.75
25	15		1,457.81	650.21		(2,108.02)	79,313.94
26	16		1,469.54	638.48		(2,108.02)	77,844.40
27	17		1,481.37	626.65		(2,108.02)	76,363.03
28	18		1,493.30	614.72		(2,108.02)	74,869.73
29	19		1,505.32	602.70		(2,108.02)	73,364.41
30	20		1,517.44	590.58		(2,108.02)	71,846.97
31	21		1,529.65	578.37		(2,108.02)	70,317.32
32	22		1,541.97	566.05		(2,108.02)	68,775.35
33	23		1,554.38	553.64		(2,108.02)	67,220.97
34	24		1,566.89	541.13		(2,108.02)	65,654.08
35	25		1,579.50	528.52		(2,108.02)	64,074.58
36	26		1,592.22	515.80		(2,108.02)	62,482.36
37	27		1,605.04	502.98		(2,108.02)	60,877.32
38	28		1,617.96	490.06		(2,108.02)	59,259.36
39	29		1,630.98	477.04		(2,108.02)	57,628.38
40	30		1,644.11	463.91		(2,108.02)	55,984.27
41	31		1,657.35	450.67		(2,108.02)	54,326.92
42	32		1,670.69	437.33		(2,108.02)	52,656.23
43	33		1,684.14	423.88		(2,108.02)	50,972.09
44	34		1,697.69	410.33		(2,108.02)	49,274.40
45	35		1,711.36	396.66		(2,108.02)	47,563.04
46	36		1,725.14	382.88		(2,108.02)	45,837.90
47	37		1,739.02	369.00		(2,108.02)	44,098.88
48	38		1,753.02	355.00		(2,108.02)	42,345.86
49	39		1,767.14	340.88		(2,108.02)	40,578.72
50	40		1,781.36	326.66		(2,108.02)	38,797.36
51	41		1,795.70	312.32		(2,108.02)	37,001.66
52	42		1,810.16	297.86		(2,108.02)	35,191.50
53	43		1,824.73	283.29		(2,108.02)	33,366.77
54	44		1,839.42	268.60		(2,108.02)	31,527.35
55	45		1,854.22	253.80		(2,108.02)	29,673.13
56	46		1,869.15	238.87		(2,108.02)	27,803.98
57	47		1,884.20	223.82		(2,108.02)	25,919.78
58	48		1,899.37	208.65		(2,108.02)	24,020.41
59	49		1,914.66	193.36		(2,108.02)	22,105.75
60	50		1,930.07	177.95		(2,108.02)	20,175.68
61	51		1,945.61	162.41		(2,108.02)	18,230.07
62	52		1,961.27	146.75		(2,108.02)	16,268.80
63	53		1,977.06	130.96		(2,108.02)	14,291.74
64	54		1,992.97	115.05		(2,108.02)	12,298.77
65	55		2,009.01	99.01		(2,108.02)	10,289.76
66	56		2,025.19	82.83		(2,108.02)	8,264.57
67	57		2,041.49	66.53		(2,108.02)	6,223.08
68	58		2,057.92	50.10		(2,108.02)	4,165.16
69	59		2,074.49	33.53		(2,108.02)	2,090.67
70	60		2,091.19	16.83		(2,108.02)	-
71	Total		100,000.00	26,480.68	6,000.00		

ANNEX "E"

SAMPLE SWORN STATEMENT REGARDING THE LOAN DOCUMENTS SUBMITTED AND FULL EXPLANATION OF THE TERMS AND CONDITIONS OF THE LOANS TO THE BORROWERS.

[Date]

DR. _____
Regional Director
DepEd –Region _____
_____
_____

SWORN CERTIFICATION

Sir/Madam:

As a/an <type of private entity> accredited under the Automatic Payroll Deduction System (APDS) Program of the Department of Education, may we request for automatic payroll deduction of the obligations obtained by the following DepEd personnel for the month of _____, 20____.

	Name of Employee	**Work Station**	**Date of Loan Release**
1.	_____	_____	_____
2.	_____	_____	_____

In this regard, the Company hereby certifies the following:

1. Name of Entity and the DepEd borrowers have executed Authorities to Deduct, 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;
3. The loans granted herein were duly verified by the designated DepEd Verifier; and
4. That the proceeds of the loan, as appearing in the documents signed by the DepEd borrowers, were actually released to and received by them in full as of the date of loan release.

The company agrees that any falsity of the certification herein is a ground for the revocation of the company's accreditation in the DepEd APDS.

Very truly yours,

NAME
[Position/Official Designation]

SUBSCRIBED AND SWORN to this _ day of _____by the affiant who is personally known to me/identified by me as such persons after presenting his or her
<government issued ID>.

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

ANNEX "F"

SAMPLE PROCEDURES FOR THE ONLINE PROCESS ON THE SUBMISSION OF MONTHLY BILLING STATEMENTS BY THE LENDER UNDER THE DEPARTMENT'S APDS PROGRAM

A. The **Lender** shall:

1. Consolidate all loan accounts granted to DepEd borrowers within a month, and prepare monthly billing statement in accordance with the prescribed template provided by the Payroll Services Units (PSU) and/or Implementing Unit-Secondary Schools (IU-SS). The billing statement must be duly supported with pertinent documents, as shown below.

   a. For each loan applied by concerned DepEd borrowers:

      i. Processed Loan Application Form;
      ii. Authorization to Deduct (ATD);
      iii. Promissory Note (PN);
      iv. Disclosure Statement;
      v. Amortization Schedule; and
      vi. Proof of loan release such as checks, loan vouchers (duly acknowledged by the DepEd borrowers), credit memos, remittance lists and other proof of fund transfer issued by the Lender.

   b. Subscribed Sworn Certification stating that:

      i. The Lender and the DepEd borrowers have executed ATDs, PNs, and DS, and copies of the said documents were furnished to the concerned DepEd borrowers;

      ii. The Lender properly discussed the terms and conditions of the loans with the DepEd borrowers and they have understood the same;

      iii. The loans granted herein were duly verified by the designated DepEd Verifier;

      iv. The proceeds of the loan, as appearing in the documents signed by the DepEd borrowers, were actually released to and received by them in full as of the date of loan release; and

      v. The Lender agrees that any falsity of the certification herein is a ground for the revocation of the company's accreditation in the DepEd APDS.

2. Every 5th day of the month, submit through email the monthly billing statement/s for all loans of DepEd borrowers granted within the previous month, together with the scanned copies of the pertinent documents listed in Items 1 (a and b) above, to the official email addresses of PSUs and/or IU-SSs (__@deped.gov.ph). Under no circumstance shall the Lender bill a Borrower for loans not yet granted.

3. Check and retrieve any returned billings through email from PSUs and/or IU-SSs, and re- submit the same as rectified, on or before the 10th day of the current month. **Any billing for new loans granted by the Lender that will reduce the minimum monthly NTHP to an amount lower than what is allowed under the law shall not be accommodated and shall be returned to the Lender.**

4. Provide copies of the billing statement to the concerned Schools Division Offices, Attention: DepEd Verifiers, within ten (10) days after the submission of its final billing statement to the PSUs and/or IU-SSs through email. If necessary, submit hard copies of signed billing statement (original copy) and the supporting documents to the PSU and/or IU-SS.

ANNEX "G"

PROVINCES/REGIONS WHERE THE NAME OF LENDER HAS OFFICE/S AS VALIDATED BY DEPED ***(Including affiliate offices, if any)***

NAME OF ENTITY:
APDS CODE:

REGION	PROVINCIAL LOCATION	COMPLETE ADDRESS (Floor, Building, Lot/Block/Street No., Street, Barangay, Municipality/City)	NAME OF AUTHORIZED PERSONNEL	DESIGNATION	BRANCH/OFFICE CONTACT NUMBER	OFFICIAL EMAIL ADDRESS

I hereby certify that the said offices/branches can sufficiently render services such as, but not limited to: maintaining complete records, accepting payments, issuance of statements of accounts, service invoice/official receipts, certificates of full payment, and contracts and membership documents, all within specified timeframes, and attending to other transactions, queries, and complaints of DepEd personnel.

(Signature)
Name of Authorized Representative
Designation

ANNEX "H"

GROUNDS FOR SUSPENSION OR REVOCATION OF ACCREDITATION/RE-ACCREDITATION
(For Lending, Insurance Premia, or Membership Dues/Contributions, as Applicable)

Simple Grounds

"Simple grounds" are acts or omissions of an accredited entity in violation of the guidelines on accreditation/re-accreditation or TCAA that can cause minor damage to DepEd personnel in relation with the APDS.

Any violation may affect the accreditation standing of the entity, based on the complaints raised by concerned DepEd personnel as recorded by the Department.

Accredited entities shall receive formal written notifications of any reported violations of the APDS guidelines, requiring them to address or resolve the issue or complaint within the prescribed period. Accumulating a total of ten (10) unresolved or unaddressed notices shall result in the enforcement of penalties for simple grounds [to be applied to all the branches within the province/s with complaints]. For monitoring purposes, the number of validated and unresolved notices shall be tracked on a per-calendar-year basis. Each calendar year shall be monitored independently to allow a new annual compliance record.

a. First Offense – non-acceptance of new business for one (1) month
b. Second Offense – non-acceptance of new business for two (2) months
c. Third Offense – non-acceptance of new business for three (3) months
d. Fourth Offense – Revocation of accreditation

Simple grounds include, but are not limited to, the following:

a. Billing more than the allowed loan per DepEd borrower.

b. Not furnishing the DepEd personnel, or charging the DepEd borrower fees for copies of the ATD, PN, DS, and/or amortization schedule in accordance with Annexes D-1 to D-5, or copies of the Certificate of Membership, Policy Contract, and/or other documents evidencing membership for insurance/mutual benefits/association duly acknowledged by DepEd personnel.

c. Billing/requiring a co-maker, through APDS, for the loan balance of the principal borrower.

d. Computation of interest and non-interest charges on Loan not in accordance with the guidelines, but the Effective Interest Rate is still within the specified ceiling.

e. Not reflecting the conditions on penalties and/or past due interest on loans, if any, in the DS signed by DepEd borrowers.

f. Failure to implement financial literacy initiatives for DepEd personnel.

g. Refusal to accept tender of payment of loan in advance, 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.

h. Non- or delayed issuance of the service invoice/official receipt in case of partial or full payment.

i. Failure 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 for the immediate stoppage of deduction, in case of advance payment of loan in full.

j. Unrefunded over-deductions for the first time/payroll month.

k. Failure to provide duly certified Statement of Account/Status of Premium Payments for every loan/transaction granted to a DepEd borrower/member, free of charge, anytime upon request [within the day that the request was made by DepEd or the DepEd borrower/member, but in no case after more than three (3) working days], duly supported by an up-to-date payment history, outstanding loan balance for full-settlement with its valid-through date.

l. Unauthorized or invalid extension of the termination date of loan amortization beyond what is stipulated in the Authority to Deduct signed by DepEd borrowers, or beyond the period allowed by the guidelines.

m. Charging fee for and/or delay or non-issuance of a Certificate of Full Payment of Loan (CFPL).

n. Failure to promptly inform DepEd Regional and Central Office of any change in office address, relocation, or closure of its office or affiliate for purposes of updating Annex G of the TCAA.

o. Using the terms "DepEd" or any designation referring to DepEd school personnel, including but not limited to "public school teacher", in promotions or in any form of advertisement.

p. Submission of billing not in accordance with the prescribed timelines.

q. Charging and collecting interest and pre-termination penalty/fee for the remainder of the term of the loan in case of advance payment in full of the loan.

r. Operating lending/insurance premia/mutual benefits business in a province without prior authority from DepEd.

s. Maintaining an office that is not compliant with the requirements of the guidelines/TCAA.

t. Non- or delayed submission of documentary requirements.

u. Accepting Automated Teller Machine (ATM) card as collateral from DepEd employees for their loans/obligations under APDS.

v. Inclusion in the billing statement for lending business of mutual aid system/ insurance premia deductions, 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.

w. Failure to submit the required documents within the period specified by the guidelines.

x. Deduction of advance payments from the loan proceeds of DepEd borrowers.

y. Other acts or omissions similar or analogous to the above.

Serious Grounds

The Accreditation shall be revoked upon commission of grounds classified as "Serious". When the Accreditation is revoked, the Accredited Entity shall no longer be allowed to grant new business under the APDS. However, collection of deductions already incorporated in the APDS as of the date of revocation shall continue up to the termination dates reflected in the pay slip. Thereafter, the APDS Code is automatically cancelled.

"Serious grounds" are acts or omissions of an accredited entity in violation of the guidelines on accreditation/re-accreditation or TCAA, which manifest fraud, bad faith, or willful misrepresentation intended to obtain undue financial gain at the expense of a DepEd employee who is a borrower, policy holder or member of accredited entities, or to undermine the effectiveness of the APDS.

Serious grounds include, but are not limited to the following:

a. Approval/release/billing of loans/insurance premium/membership dues or contributions without requisite assessment/verification by DepEd Verifier.

b. Making false representation to the DepEd employee regarding the terms and conditions of the loan/insurance premium/membership dues or contributions.

c. Acceptance of blank ATD, PN and DS signed by the concerned DepEd borrowers.

d. Submission of false/fraudulent documents.

e. Inclusion of deductions not indicated in Annexes D1 – D5 (sample loan computation).

f. Computation of interest and non-interest rates on Loan not in accordance with the guidelines and the Effective interest Rate exceeds the specified ceiling.

g. Billing of loans not yet granted, renewed or released to DepEd borrowers.

h. Entering into automatic payroll deduction agreements with DepEd fiscally autonomous schools.

i. Transfer, reassignment, and sale of deduction code and loan portfolio not in accordance with the APDS guidelines.

j. "Piggy-backing" (Accredited entities allowing the use of the APDS Code by non- accredited entities).

k. Engaging in any form of harassment, coercion, or attempts to improperly influence the conduct of official functions, such as but not limited to, making malicious or defamatory imputation, threat and physical injury against DepEd personnel and filing of unfounded or baseless complaints against DepEd officials and/or personnel in relation to the implementation of the APDS.

l. Requiring DepEd personnel to sign any documents containing provisions or conditions that contradict the APDS guidelines.

m. The Certificate of Registration/Authority of the entity is cancelled or terminated by the IC, SEC, BSP or CDA.

n. Non-disclosure of the revocation or suspension of the Certificate of Registration/Authority by the concerned government regulatory bodies.

o. Repeated suspensions arising from simple grounds, demonstrating refusal to comply with or blatant disregard of the APDS Guidelines, as evidenced by the accumulation of third-offense violations for three (3) consecutive years.

p. Other acts or omissions constituting fraud, bad faith, or willful misrepresentation intended to obtain undue financial gain at the expense of a DepEd personnel who is a borrower, policy holder or member of accredited entities, or to undermine the effectiveness of the APDS.