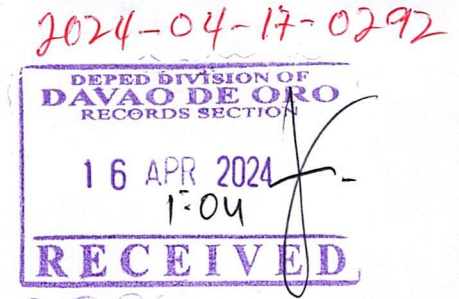




Republic of the Philippines  
**Department of Education**  
REGION XI

**SCHOOLS DIVISION OF DAVAO DE ORO**



Office of the Schools Division  
Superintendent

April 16, 2024

**DIVISION MEMORANDUM**

No. 306, s. 2024

**REMINDER TO ALL EMPLOYEES WITH EXISTING SALARY  
LOANS WITH LANDBANK**

To : Assistant Schools Division Superintendent  
Chief Education Supervisors  
Education Program Supervisors  
Public Schools District Supervisors/  
District Coordinating Principals  
Public Elementary and Secondary School Heads  
All Non-Teaching Personnel  
All Others Concerned

1. Attached is a letter dated February 18, 2024 from Mary Del S. Banzuela, Branch Head, Land Bank of the Philippines, Nabunturan Branch, Nabunturan, Davao de Oro, reminding all DepEd personnel with existing salary loans with the branch on the provisions stipulated in Item No. 5, Covenants of the Parties, in the Memorandum of Agreement (MOA) for Livelihood Loan Facility between LandBank and DepEd to read as follows:

***“In case of transfer/reassignment of employee-borrower to another unit/department within DepEd; reassignment of a borrower to another government agency; or termination/separation from service of a borrower, the loan shall become due and demandable. For this reason, DepEd shall require the employee-borrower to secure prior clearance from LANDBANK to ensure settlement of his/her obligation.”***

2. Immediate and wide dissemination of this Memorandum is desired.

By authority of the  
Schools Division Superintendent:

**NORBERTO S. MANLANGIT, MPA**  
Administrative Officer V  
Officer-In-Charge



Address: Capitol Complex, Brgy. Cabidanan, Nabunturan, Davao de Oro  
Contact No. 0951-387-1728 (TNT); 0915-399-7779 (Globe)  
Email Address: [davaodeoro@deped.gov.ph](mailto:davaodeoro@deped.gov.ph)  
Website: [www.depeddavaodeoro.ph](http://www.depeddavaodeoro.ph)

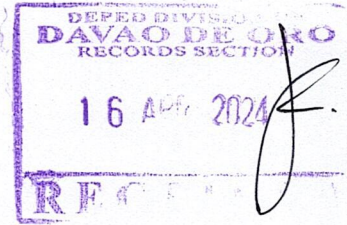
Doc. Ref. Code	PAWIM-F-034	Rev	00
Effectivity	09.12.22	Page	1 of 1



LANDBANK OF THE PHILIPPINES  
NABUNTURAN BRANCH

February 18, 2020

**Ms. Cristy C. Epe, CESO V**  
School Division Superintendent  
Division of Davao de Oro  
Department of Education  
Nabunturan , Davao de Oro



Mam,

Greetings from Land Bank!

This is to request assistance from your office concerning Teachers with existing salary loans with Landbank- Nabunturan Branch. As stipulated in the Memorandum of Agreement for Livelihood Loan Facility between Landbank and DEP ED , in case of termination or separation from service of a borrower, the loan shall become due and demandable. In line with this, we would like to request your assistance in requiring teacher-borrower to secure prior clearance from Landbank Nabunturan or settle their accounts with us in the event that he/she will file for resignation or go on indefinite leave.

Attached is the MOA for your reference and guidance. Thank you very much for your support.

Respectfully yours,

**Mary Del S. Banzuela**  
Branch Head



**MEMORANDUM OF AGREEMENT FOR  
LIVELIHOOD LOAN FACILITY**

**KNOW ALL MEN BY THESE PRESENTS:**

This Memorandum of Agreement (the "Agreement") made and entered by and between:

**LAND BANK OF THE PHILIPPINES**, a government financial institution created and existing under and by virtue of the provision of Republic Act No. 3844, as amended, with principal office at LANDBANK Plaza, 1598 M. H. del Pilar cor. Dr. J. Quintos Street, Malate, Manila, Philippines, represented by this Act by its President and Chief Executive Officer, **GILDA E. PICO**, hereinafter referred to as "**LANDBANK**",

-and-

**DEPARTMENT OF EDUCATION** a government agency created and existing under and by virtue of Philippine law, with principal office address at **DEPED Complex**, Meralco Avenue, Pasig City, Philippines, represented herein by its Secretary, **ARMIN A. LUISTRO**, hereinafter referred to as "**DEPED**".

WITNESSETH: That

**WHEREAS, DEPED** requested **LANDBANK** to extend its Livelihood Loan Facility (the "Facility") to its qualified employees;

**WHEREAS, LANDBANK** has agreed to the **DEPED's** request subject to such terms and conditions as may be mutually agreed upon;

**WHEREAS, DEPED**, as the employer of public school teachers and non-teaching personnel nationwide, has the responsibility for the preparation of the payroll and payment of their salaries;


**WHEREAS, DEPED** has an Automatic Payroll Deduction System (APDS) set-up to help **DEPED** teachers/personnel with the prompt repayment of their obligations from loans thru salary deductions;

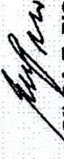
**WHEREAS, DEPED** has the responsibility to ensure that the APDS is properly maintained and regulated in order to protect and secure the **DEPED** teachers/personnel's welfare and well-being;

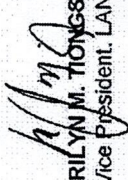
**NOW, THEREFORE**, for and in consideration of the foregoing premises and of mutual covenants and stipulations hereafter set forth, the parties hereby mutually agree as follows:

- i. The grant of a livelihood loan under the Facility to the employees of **DEPED** are subject to the following terms and conditions:


  
**HON. BR. ARMIN A. LUISTRO**  
Secretary, Department of Education

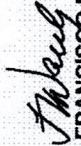
  
**HON. FRANCISCO M. VARELA**  
Undersecretary, Department of Education

  
**GILDA E. PICO**  
President and CEO, LANDBANK

  
**MARILYN M. TONGSON**  
Senior Vice President, LANDBANK



  
HON. BR. ARMIN A. LUISTRO  
Secretary, Department of Education

  
HON. FRANCISCO M. VARELA  
Undersecretary, Department of Education

**A. Borrower's Eligibility Criteria**

1. Except for appointive officials and their co-terminus appointees, the borrower must be a regular/permanent employee of DEPED and has been in its service for at least one (1) year;
2. Must have no pending administrative/criminal case;
3. Must be eighteen (18) to sixty two (62) years of age at the time of loan application; The Head of Agency whose age is above the maximum requirement maybe accommodated, provided a special insurance coverage thru Landbank Insurance Brokerage, Inc. (LIBI) is approved / facilitated and the special insurance premium coverage for the whole term of the loan is paid.
4. Must have no pending application for retirement or not due for retirement within the term of the loan;
5. Must be up-to-date in the payment of his/her existing loans with LANDBANK, if any;
6. Monthly Net Take Home Pay (MNTHP) must not be less than Three Thousand Pesos (P3,000.00) or such amount as may be prescribed by the General Appropriations Act which is in effect at the time of loan application.

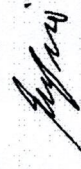
For avoidance of doubt, MNTHP is the resulting amount after considering all deductions and amortizations of all existing loans, including the livelihood loan applied for.

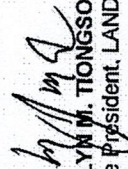
7. Must have an existing LANDBANK ATM Payroll Account with the LANDBANK Branch nearest to his/her place of work, where proceeds of loan shall be credited and/or loan payments shall be debited, as may be applicable.

**B. Loan Amount**

- Qualified rank and file (SG 23 & below) employees may avail of a loan equivalent to up to eight (8) months of their Gross Pay but not to exceed Five Hundred Thousand pesos (P500,000.00).
- Qualified officers (SG 24 & Up) may avail of a loan equivalent to up to eight (8) months of their Gross Pay but not to exceed One Million pesos (P4,000,000.00).

For avoidance of doubt, Gross Pay shall include Basic Pay and RATA/ACA/PERA, meal allowance and other fixed allowances of the same nature.

  
GILDA E. PICO  
President and CEO, LANDBANK

  
MARILYN M. TONGSON  
Senior Vice President, LANDBANK



C. Manner of Release

The loan proceeds shall be net of Credit Life Insurance (CLI) premium, penalty (if applicable) and other charges. The same shall be credited to borrower's existing LANDBANK ATM payroll account maintained with the Processing Branch;

D. Repayment Terms

1. The Loan shall have a minimum term of twelve (12) months and maximum term of thirty six (36) months with monthly term divisor.
2. The loan shall be paid in equal monthly amortizations thru Salary/Payroll deduction from employee-borrower by **DEPED** and remitted to LBP on the scheduled remittance date.
3. The loan repayment shall commence on the payroll date of the following month after the loan was released.

E. Loan Renewal

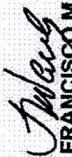
Loan renewal shall only be allowed on or after the anniversary date of the loan provided that (a) **LANDBANK** has received payments equivalent to at least twelve (12) monthly amortizations.

F. Interest Rates and Other Charges

1. The interest rate on the loan under the Facility shall be fixed at 10.5% per annum.
2. Interest shall be computed based on monthly diminishing balance.
3. The borrower shall be required to obtain a Credit Life Insurance (CLI) for the entire term of the loan. Accordingly, payment of premiums thereon that may be charged within the term of the loan shall be deducted upfront by **LANDBANK** as other charges from the loan proceeds.
4. In case of loan renewal, unexpired insurance premium shall be applied / deducted from the computed CLI premium due of the new loan or to be added to the loan proceeds.
5. Documentary stamp taxes as may be imposed under existing tax laws and regulations shall be for the account of the employee-borrower.
6. All fees and other charges that may be due under the loan may be adjusted at any time during the term of the loan, on account of a regulation of the Monetary Board of the Bangko Sentral ng Pilipinas, an increase in **LANDBANK's** cost of funding and/or maintaining the loan or other factors including, but not limited



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Secretary, Department of Education



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Senior Vice President, LANDBANK



to, any special reserve requirements, exchange rate fluctuations and changes in the financial market. **LANDBANK** shall notify **DEPED** and the Borrower of such adjustment, which shall take effect on the next succeeding amortization period following such notice.

  
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**G. Collaterals/Securities**

The livelihood loan shall be secured by the borrower's assignment of his salaries, allowances, bonuses, retirement benefits, separation/gratuity pay, monetary value of accumulated leave credits and other monetary receivables from the **DEPED** and ATM payroll account in favor of **LANDBANK**.

**H. Past Due Account**

1. An account shall be considered technical past due if the borrower fails to pay his/her amortization on due date, and such failure to pay is not remedied within five (5) banking days from due date thereof;
2. A penalty fee equivalent to three percent (3%) per month shall be imposed on the unpaid principal amortization from the day after due date of the loan up to the date of actual payment. However, such penalty may be waived if the cause of the delay in payment is not attributed to the borrower (i.e. late remittance by **DEPED**-office).
3. The granting of loan to the employees of **DEPED** shall be temporarily suspended whenever:
  - a. Technical past due rate (PDR) reaches 10%; or
  - b. Actual PDR reaches 10%; or
  - c. Combined Technical and Actual PDR reaches 10%.

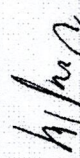
The loan releases shall resume when **DEPED** technical and actual PDR are reduced to below 10%.

**I. Loan Take-out**

In case of Loan Take-out, **DEPED** shall submit to LBP the list of the institutional lenders of the teachers.

The borrower must submit to LBP the statement of account/outstanding balance or the most recent billing statement of the borrower from other Private Lending Institutions (PLIs) duly certified by the borrower.

  
GILDA E. PICO  
President and CEO, LANDBANK

  
MARILYN M. TONGSON  
Senior Vice President, LANDBANK



LBP will take-out the existing loans of the **DEPED** personnel with other PLIs. The borrower shall sign on the Livelihood Loan Application/Agreement Form authorizing **LANDBANK** to:

1. issue a check payable to the PLI/PLIs representing the outstanding balance of the loan;
2. remit the check/payment directly to the PLI/PLIs;
3. receive the Official Receipt and Certificate of Full Payment from the PLI/PLIs; and
4. withhold the release of the net loan proceeds/outstanding balance of the payroll account pending its receipt of the Official Receipt and Certificate of Full Payment from the PLI/PLIs.

**LANDBANK** will not be held responsible for the verification of the authenticity of documents pertaining to the loan take-out and shall not be held accountable for any and all complaints regarding or arising from the loan take-out.

**J. Reciprocal Business Requirement**

The granting of this Livelihood Loan Facility to qualified employees and officials of **DEPED** shall continue provided it maintains the reciprocal business with **LANDBANK** that warrants availment of the Facility.

**Covenants of the Parties**

**A. The Department of Education shall:**

1. Have an existing agreement on ATM Payroll Facility with **LANDBANK**, as may be applicable.
2. Maintain the following reciprocal business with **LANDBANK** to warrant availment of the Livelihood Loan Facility:
  - a. Maintain Peso or Dollar Deposit (Current, Savings or Time)
  - b. Maintain MDS Accounts
  - c. ATM Payroll Tie-up
  - d. Other identified reciprocal business
3. Certify through its Chief of Personnel Division for Central Office-based personnel, Chief of Administrative Division for Regional Office-based personnel and Head of Administrative Unit for the Division Office and school-based personnel as to the **DEPED** Borrower's status of appointment, monthly salary



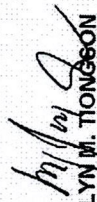
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and latest MNTHP and that the borrower is qualified to avail of the loan.

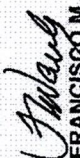
4. Collect or cause the collection of the installments/amortizations due on the loans of its employee-borrower through automatic salary deductions and remit to **LANDBANK** on a monthly basis the authorized deductions net of service fee within thirty (30) days after each payroll month or on the scheduled remittance date until full settlement of the loan.
5. In case of transfer/reassignment of employee-borrower to another unit/department within **DEPED**; reassignment of a borrower to another government agency; or termination/separation from service of a borrower, the loan shall become due and demandable. For this reason, **DEPED** shall require the employee-borrower to secure prior clearance from **LANDBANK** to ensure settlement of his/her obligation.
6. Ensure adherence of its employees-borrowers in the Livelihood Loan Program guidelines.
7. **DEPED**, upon request of **LANDBANK**, may provide related documents pertaining to the employees' loan application/existing loan and status of employment.

**B. LANDBANK shall:**

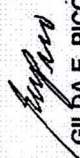
1. Provide livelihood loans to the qualified employees of **DEPED** subject to **LANDBANK**'s guidelines;
2. Provide the **DEPED** the list of approved loan applications under the Facility, including the loan and amortization amount and date of release.
3. Provide a 0.5% service fee on the total monthly collections to **DEPED** in consideration for the administrative function that they will render regarding the processing of deductions and remitting of payments.
4. In case of advance payment in full, the **LANDBANK** send a written request to the RPSU/fiscally autonomous secondary school concerned for the immediate stoppage of deduction.
5. In case of advance partial payment, **LANDBANK** shall apply the said payment on the last amortization.
6. In case of over-deductions, **LANDBANK** shall refund the corresponding amount to **DEPED** borrower concerned within thirty (30) days from discovery thereof, with or without any written notice as regards the over-deduction.



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