



THE EMPLOYEES' ALLIANCE MULTI-PURPOSE COOPERATIVE OF OGPI

DIDIPIO, KASIBU, NUEVA VIZCAYA

CDA Registration No. 9520-02022951 CIN:102020142 TIN: 434108686

POLICY AREA:	Policy No. CRE-2026-01
CREDIT MANAGEMENT POLICY MANUAL	Author(s): Romeliza Lunag Gladys Baatan Joy Nicano
POLICY TITLE:	Approved by: The Board of Directors under BOD Resolution # 02 s. 2026
CREDIT LENDING POLICY	Approval Date: August 14, 2026
	Effectivity Date: August 15, 2026
	Revision Date:

I. PURPOSE

This Credit Policy establishes guidelines for granting, managing, and collecting credit extended to members and/or customers of TEAMCO Cooperative. It aims to ensure responsible lending, safeguard cooperative funds, and promote financial discipline.

The credit origination role, which is central to TEAMCO operations, must be done judiciously. The Organization's responsibility is to determine who can be entrusted with credit. Client relationship officers working in credit origination must ensure that every loan not only meets the needs of the client but that the loan also contributes positively towards the long-term viability and mission of the organization. TEAMCO must take adequate care at all stages of the credit process to determine that clients have the capacity to repay without becoming over-indebted. The long-term viability of the institution can only be ensured by having a healthy, high-quality portfolio. Thus, to maintain a healthy portfolio, every step taken in the origination of credit shall take into consideration a healthy, high-quality portfolio as the end objective.

II. SCOPE

This policy applies to all credit transactions of TEAMCO Cooperative, including:

1. Member loans
2. Product credit arrangements at D'cafe

III. DEFINITIONS OF TERMS

Borrower

A qualified member who has been granted a loan by the Cooperative and is primarily responsible for complying with the loan agreement, including the repayment of the principal, interest, penalties, and other applicable charges within the approved loan term.

Co-Maker

A qualified member who guarantees the loan of the borrower and assumes joint and solidary liability for the repayment of the loan in case of default by the borrower.

Loan

A sum of money granted by TEAMCO to a qualified member under agreed terms and conditions, including repayment period, interest, and applicable charges.



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Loan Application

The prescribed form and supporting documents submitted by a member requesting a loan.

Loan Balance

The outstanding amount owed by the borrower, including principal, accrued interest, penalties, and other applicable charges.

Principal

The original amount of money borrowed, excluding interest and other charges.

Interest

The charge imposed on the loan amount for the use of funds, expressed as a rate approved by the Cooperative.

Default

The failure of a borrower to comply with the repayment terms and conditions of the loan agreement.

Amortization

The periodic repayment amount consists of principal and interest due over the loan term.

Credit Limit

The maximum loan amount a member may borrow based on eligibility, repayment capacity, and Cooperative policies.

Share Capital

The member's ownership contribution in the Cooperative, which may be used as collateral or offset against unpaid obligations, subject to existing policies.

Savings Deposit

Funds maintained by a member with the Cooperative which may be subject to authorized offset in the event of loan default.

Good Standing

A member's status indicates compliance with Cooperative obligations, policies, and membership requirements.

Credit Committee

The body authorized by the Cooperative to evaluate loan applications and recommend approval, disapproval, or modification of loan requests.

Loan Term

The approved period within which the borrower must fully repay the loan.



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Offset

The application of a member's savings, share capital, dividends, or other receivables to settle unpaid loan obligations.

IV. POLICY PROVISIONS/GUIDELINES

1. Eligibility Requirements

Credit may be granted only to members who meet the following:

1. Active membership in good standing
2. Completed required capital contributions of 100 shares
3. No outstanding delinquent obligations
4. Verified income or repayment capacity through self-declaration of monthly gross income
5. Declared co-maker must be an active member in good standing
6. Approval by the Credit Committee

2. Credit Type

A. Regular Loan

- a. The loan amount is based on the member's paid-up share capital (their ownership contribution to the coop) & Savings Deposits.
- b. A member can borrow an amount equivalent to one hundred percent (100%) of his/her share capital, less existing loans, if any.

B. Emergency/Calamity Loan

- a. Available to members to address urgent financial needs arising from emergencies such as death in the family, hospitalization due to serious illness, or natural calamities subject to evaluation based on valid documents presented.
- b. The maximum loanable amount under this type is ₱30,000.00, payable within one (1) year but subject to borrower's capacity to pay.

3. Credit Limits

- a. The members' loanable amount shall be equivalent to three (3) times their paid share capital and savings deposits subject to a maximum loan amount of PHP 250,000.00.
- b. Credit limits shall be based on:
 - i. Income capacity and creditworthiness
 - ii. Existing obligations with TEAMCO
- c. Maximum loan/credit ceiling shall be determined and approved by the Credit Committee.
- d. Monthly deduction must not exceed 30% of the declared monthly net income
- e. At least 50% of the existing loan must be settled to qualify for reloan eligibility.



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4. Credit Terms

- ✓ Standard repayment period: as approved by credit committee and accepted by borrower
- ✓ Interest rate per annum:
 - Regular Loan – 15 percent (%)
 - Emergency/Calamity Loan – 12 percent (%)
- ✓ Interest method: Diminishing balance method
- ✓ Service charges and processing fees: applicable per approved schedule
- ✓ Payment frequency: Semi-monthly
- ✓ Grace periods prior deduction starts: One (1) month
- ✓ Capital Build-up on member's equity: For loans amounting to ₱50,000.00 and above, a capital build-up equivalent to one percent (1%) of the loanable amount or ₱1,000.00, whichever is higher, shall be deducted from the loan proceeds. The deducted amount shall be automatically credited to and form part of the borrower's paid-up share capital.

5. Credit Approval Process

1. Borrower to submit the complete loan application to Bookkeeper/Office Admin.
2. The Bookkeeper shall verify the completeness of the application and ensure that all required information and supporting documents are properly completed prior to submitting the application to the General Manager for final review and approval.
3. The form then passes to Credit Committee for review and evaluation of the application
4. The Credit Committee to recommend for final approval and proceed with the loan.
5. The BOD Chairman for final approval to release the loan.
6. Treasurer to release the funds to borrower.

6. Security Requirements

Credit will require:

- ✓ At least two Co-makers
- ✓ Share capital hold-out
- ✓ Savings Deposit hold-out up to the extent of unpaid loan balance

7. Payment and Collection

- ✓ Payments will be through Payroll deduction Semi-monthly
- ✓ Other accepted payment methods:
 - Cash / bank deposit / digital payment to TEAMCO Account
- ✓ Official receipts must be issued for all payments

8. Write-Off Policy

Accounts may be considered for write-off under the following:

- ✓ Proven inability to collect after exhaustive efforts
- ✓ Legal or financial impracticality
- ✓ Subject of Board approval



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V. ROLES AND RESPONSIBILITIES

Office Admin/Bookkeeper

- ✓ Provide details of member for further basis of assessment

General Manager

- ✓ Review the application for completeness and accuracy

Credit Committee

- ✓ Review, evaluate, and approve loan applications

BOD Chairman

- ✓ Final approver of loan applications for fund release

Treasurer

- ✓ Manage disbursement and collection

Borrower/Maker Responsibility

- ✓ Comply with all loan terms and repayment schedules.
- ✓ Pay all principal, interest, penalties, and applicable charges on time.
- ✓ Provide accurate information and required supporting documents.
- ✓ Maintain good standing and adhere to Cooperative policies.
- ✓ Inform the Cooperative of circumstances affecting repayment capacity.
- ✓ Assume full responsibility for the loan until fully settled and discharged.

Co-Makers Responsibility

- ✓ Guarantee repayment of the loan in case of borrower default.
- ✓ Share joint and solidary liability with the borrower for the full loan obligation.
- ✓ Maintain good standing and comply with Cooperative policies.
- ✓ Exercise due diligence in assessing the borrower's ability to repay.
- ✓ Accept authorized deductions or offsets from savings, share capital, dividends, or other receivables to settle unpaid obligations.
- ✓ Remain liable until the loan is fully paid and discharged.

VI. COMPLIANCE AND ENFORCEMENT (SANCTIONS)

Periodic reviews and audits shall be conducted to assess compliance.

Employees found violating this policy may be subject to disciplinary action in accordance with company rules and regulations.

VII. REVIEW AND AMENDMENT

This policy shall be reviewed annually by the board of directors or as needed to ensure relevance and effectiveness.



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VIII. LEGAL BASIS

This Credit Lending Policy is established pursuant to Republic Act No. 9520 (Philippine Cooperative Code of 2008), its Implementing Rules and Regulations, CDA Memorandum Circular No. 2024-07, the Articles of Cooperation and By-Laws of TEAMCO Cooperative, and relevant Board of Directors Resolutions. These serve as the authority for the Cooperative's credit and lending operations and promote responsible lending, member protection, and financial sustainability.

IX. APPROVAL AND EFFECTIVE DATE

Approved by the Board of Directors under Resolution No 02.

Effective Date: August 15, 2026.

X. LIST OF TOOLS

Loan Application Form

ATTESTED BY:


Rosario Guimbangan
Board Secretary

APPROVED BY:


Claribel B. Pugong
Chairperson

Anna Rose L. Danao
Board Member


Aldrin B. Lachica
Board Member


Rodeth V. Paladiaz
Board Member


Rodel L. Ret
Vice Chairperson


Marissa L. Puguwen
Board Member


Boizer G. Larida Jr.
Board Member