

[BSP MEMORANDUM, February 28, 2001]

MORTGAGE TRUST INDENTURES

The Monetary Board, in its Resolution No. 128 dated January 25, 2001 decided to adopt a uniform booking of mortgage trust indentures (MTIs) specifically on the valuation of MTIs at a nominal value of P.1.00 for every title or document or ownership. Accordingly, the Manual of Accounts for Trust, Other Fiduciary Business and Investment Management Activities is hereby amended as follows:

1. Adopt new account titles, "Real and Other Properties Held Under Deeds of Trusts or Mortgage" and "Miscellaneous Liabilities - Under Deeds of Trust or Mortgage", with the following definitions/descriptions:

"Other Assets

"x x x

"e. Real and Other Properties Held Under Deeds of Trust or Mortgage

"This represents properties held by the trustee that are used as security for loans extended to borrowers or for bond issues under a mortgage or collateral trust indenture.

"Appropriate records shall be kept for purposes of reporting to the borrower/bond issuer and beneficiaries/creditors, as may be required in the mortgage or collateral trust indenture.

"Valuation

" Real and other properties held under mortgage or collateral trust shall be booked at P1.00 per title or document of ownership. In the event of foreclosure of the property on account of borrower's default in accordance with the terms and conditions of the trust indenture, each of the title or document of ownership shall continue to be booked at P1.00.

"The account shall be decreased upon full payment of the obligation by and return of title or document of ownership to the borrower/bond issuer/mortgagor, or upon sale or disposal of foreclosed property.

"Sales proceeds of foreclosed properties shall be recorded at actual realized value under the account "Deposit in Bank". Subject to the expressed provision of the mortgage/collateral trust indenture, sales proceeds may be invested/managed by the trustee. Such investment shall be debited to an appropriate investment account. Income earned from deposits/investments and expenses incurred shall be recorded and