[NIA MEMORANDUM CIRCULAR, October 28, 1991]

CLARIFICATION OF THE PROVISIONS OF MC NO. 68 S. 1991

As a clarification of the provisions of MC No. 68 s. 1991 which amended Section B.1 item C of MC No. 27 s. 1991, the computation of the amount to be paid by the IA should be as follows:

Amount to be paid by the $IA^* = [30\%$ (remaining balance of amortizable amount)] + surcharges

= [30% (account not yet due + back account)] + surcharges

Example:

Total	=	P100
chargeable cost		
Total equity	=	P10,000
paid		
Amount of loan	=	P90,000
to be amortized		
Amount paid as	=	P20,000
of date		
Remaining	=	P70,000
balance of		
amortizable		
amount		
Amount of back	=	P10,000
account as of		
date		
Account not yet	=	P60,000
due		
Surcharges as	=	P1,000
of date		

Computation:

Amount to be paid by IA = [30% (remaining balance of amortizable amount)] + surcharges

= [0.30 (not yet due + back accounts) + surcharges

= [0.30 (P60,000 + P10,000)] + P1,000

= P22,000