

[BSP CIRCULAR NO. 143, October 01, 1997]

LOANS/RECEIVABLES PAYABLE IN INSTALLMENTS

Pursuant to Monetary Board Resolution No. 1266 dated October 1, 1997, the provisions of the Manual of Regulations for Banks and Other Financial Intermediaries (Book I to IV) are hereby amended as follows:

SECTION 1. Item e of Subsecs. ____ 304.1 (Books I and II) and 4304Q.1 (Book IV) and item c of Section 3304 (Book III), are hereby amended to read as follows:

"Loans/receivables payable in installments — the total outstanding balance thereof shall be considered past due in accordance with the following schedule:

Mode of Payment	Minimum Number of Installments in Arrears
Monthly	3
Quarterly	1
Semestrally	1
Annually	1

Provided, however, That when the total amount of arrearages reaches twenty per cent (20%) of the total outstanding balance of the loan/receivable, the total outstanding balance of the loan/receivable shall be considered as past due, regardless of the number of installments in arrears: Provided further, That for modes of payment other than those listed above (e.g. daily, weekly or semi-monthly), the entire outstanding balance of the loan/receivable shall be considered as past due when the total amount of arrearages reaches ten per cent (10%) of the total loan receivable balance."

The booking of additional past due accounts as a result of the change in the criteria for determining past due loans and receivables payable in monthly or quarterly installments as required above, shall be made within one hundred eighty (180) days from date of this Circular.

SECTION 2. Subsecs. ____ 306.5 (Books I to III) and 4306Q.5 (Book IV) regarding allowance for probable losses are hereby amended to read as follows:

"Allowance for probable losses. — An allowance for probable losses on the loan accounts and other risk assets should be set up in accordance with the following:

Classification	Allowance
a. Unclassified	0%
b. Loans specially mentioned	0%