

SMALL BUSINESS CORPORATION

INVITATION TO PARTICIPATE/SUBMIT PROPOSAL RE COLLECTION AGENCY/IES

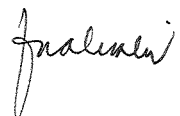
Pursuant to ManCom Resolution No. 2019-0123-026, the Small Business Corporation is outsourcing its collection function for delinquent/past due MSME loan accounts/borrowers through a Collection Agency.

I. CRITERIA OF A COLLECTION AGENCY/LAW FIRMS

1. Must have nationwide and/or local branches
2. Must be in good standing and no records of violation with any regulatory agencies of past clients;
3. With successful track records, qualified collectors or systems/tools/logistics in place to support the business;
4. Must have at least 10 years or more in the business
5. Must be a member of at least three (3) related organization/association;
6. Must have government dealings of the same services

II. RESPONSIBILITY OF COLLECTION AGENCY

1. It shall assume the responsibility in behalf of SB Corporation for the collection of outstanding loan obligation of the client.
2. Any terms and conditions arrived at during the negotiation with the borrower-client the Collection Agency shall seek prior written approval from SB Corporation
3. For cash payment, the Collection Agency may advise the borrower-client to pay directly to SB Corporation's bank account,
4. The Collection Agency may receive payments (cash or check), however, it should be deposited to SB Corporation immediately or at least one (1) day after receipt of payment;
5. The same shall be issued an Official Receipt in the name of the borrower-client;
6. To observe the confidentiality of information. It shall not be given or made known by the Collection Agency to any person or entity without the prior consent of SB Corporation
7. To return to SB Corporation the borrower's folder/documents within five (5) working days after successful collections or after the lapse of the 6-months period for unsuccessful transaction.
8. To assume the responsibility with regards to compliance with regulatory requirements as Collection Agency;
9. Documents endorsed to Collection Agency shall remain to be the property of SB Corporation;
10. Any act committed by employees of Collection Agency shall be its own full responsibility. The Collection Agency shall assure SB Corp free from harm or any liabilities arising from its employer-employee relationship, including any other related issues



III. SCOPE OF SERVICES

1. Collect loan obligations of borrower-clients as endorsed by SB Corporation within 45 to 60 days upon receipt of loan documents
2. Establish the borrower-clients/business state of being in support to the collection effort made by Collection Agency such as but not limited to the following:
 - a. the where-about of the borrower-clients; and that he/she could not be located despite diligent efforts to find him/her or the business firm/address;
 - b. the capacity/incapacity to pay the outstanding loan obligation/or insolvency;
 - c. Issue demand letters to borrower-clients of SB Corporation and exhaust any possible remedies to demand and collect the receivables/loan balance.

IV. SUCCESS FEE AND MANNER OF PAYMENT

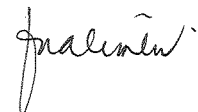
1. The service fee for this transaction shall be based on success fee ranges from 25% to 40% of the amount collected.
2. On top of the success fee, an incentive of 5% shall be given to Collection Agent for transactions collected earlier than the agreed period within which to collect.
3. Payment of success fee inclusive of incentive, if there is any, shall be net of applicable taxes (2% at source and 5% final tax), within 3 calendar days upon receipt of the Billing Statement.

V. DOCUMENTS TO BE SUPPLIED BY SB CORPORATION

1. Written authority issued to Collection Agency to collect, negotiate the terms and conditions of the loan, or any subject payment arrangement.
2. Duly certified and correct information of the borrower's name, address and amount involved for collection Borrower-clients folder containing loan documents.

VI. DURATION OF CONTRACT

One (1) year to commence on 31 March 2019 up to 31 March 2020 or unless terminated by SB Corporation with or without cause by giving the agency a written notice thirty (30) days prior to the date of termination.



SMALL BUSINESS CORPORATION
4th Regular Management Committee Meeting
18F Miniconference Room, January 23, 2019
10:45 AM- 4:45 PM

ManCom Resolution No. 2019-0123- 026
Terms of Reference (TOR) of the proposed outsourcing of Collection Agencies

The ManCom approves for notation of the Governing Board the attached TOR for outsourcing of Collection Agencies/Law Firms to collect past due accounts of borrower-clients with full provision. The payment of services rendered by the Collection Agent shall be based on the success fee ranging from 20% to 40% on collected amount.

APPROVED BY THE MANAGEMENT COMMITTEE:


CORAZON A. DIMAYUGA
Head- Controllership Group


ATTY. RICHARD B. DASAL
OIC Sector Head, CSS


LOURDES M. BAULA
OIC Sector Head, Financing Sector


EVELYN T. FELIAS
OIC Sector Head, SSCS


MA. LUNA E. CACANANDO
President/ CEO

ManCom member not present

(on-leave)
MELVIN E. ABANTO
Executive Vice President