



Published on *Overseas Filipino Bank, Inc.* (<http://overseasfilipinobank.gov.ph>)

Home > Products & Services > Loan Products > LGU Loan

LGU Loan ^[1]

Body:

Overview

LGU (Local Government Unit) Loan is a financing facility that aims to support the government's thrust towards accelerating countryside economic growth and development by financing local infrastructure and other socio-economic development projects in accordance with the approved local development plan and public investment program of Local Government Units (LGUs).

The loan facility may be availed for the following purposes:

- To promote dispersal of commercial and industrial activity by setting up needed infrastructures (public markets, farm-to-market roads, hospitals, schools, etc.)
- To assist the LGU in project development that will augment income and improve delivery of services and facilities to its constituents

Product Features

Loan Amount	<p>Shall be determined based on the following, whichever is the lowest, viz:</p> <ul style="list-style-type: none">a.) Borrower's actual need / requirement;b.) Paying capacity;c.) Loan value against offered collateral; or,d.) Single borrower's Limit (SBL) of OFBank (formerly Postbank) <p>The total yearly amortization (principal and interest), however, shall not exceed twenty percent (20%) of the average annual income of the LGU-Borrower realized during the last three (3) years, and shall not exceed the amount of Internal Revenue Allotment (IRA) share of the LGU-Borrower for the year preceding the application date, as certified by the Bureau of Local Government Finance (thru the Certification of Borrowing Capacity and net debt service capacity)</p>

Loan Term	Up to a maximum of ten (10) years, starting from date of availment An approved loan shall have a validity of six (6) months from date of approval. The loan shall be considered cancelled if no availment was made within the validity period.
Mode of release	Either thru direct credit to the LGU's account maintained at OFBank (formerly Postbank) or thru issuance of Manager's Check in favor of the LGU. Loan proceeds shall be released either in lump sum or in tranches depending on the nature of the project
Availability	Term Loan: Lump sum or in tranches depending on the nature of the project (especially for construction / development)
Interest Rate	Based on the prevailing posted lending rate of the Bank at the time of loan availment or as may be contracted or agreed upon by the Bank and the borrower, provided that such rate does not drastically deviate from the prevailing posted rate and is well above the break-even threshold of the Bank
Interest Repricing	Monthly, Quarterly, Semi-annually, Annually and Fixed for the term
Mode of Repayment	a.) Issuance of Post-Dated Checks (PDCs) covering all installments/ amortizations every repricing period; or, b.) Direct debit from the borrower's deposit account with OFBank (formerly Postbank); or, Term Loan: Monthly, quarterly, semi-annual or annual amortization (Principal and Interest). Grace period may be granted up to a maximum of one (1) year depending on approval
Collateral	Assignment of Internal Revenue Allotment (IRA) of the LGU

Fees and Charges

UPON APPLICATION:	
Application Fee	?1,000.00 / Not applicable for credit line renewals

AFTER APPROVAL:	
Bank Fees:	

Processing / Service Fee	₹1,000.00 or 1/10 of 1% of the approved amount whichever is higher but not more than ₹5,000.00
Handling Fee	½ of 1% of the approved loan amount
Third Party Fees:	
Documentary Stamp Tax	₹1.50 for every ₹200.00 of approved loan amount
Notarial Fee	Dependent on the nature of the document and based on the prescribed IBP rates

CONDITIONAL FEES (UPON OCCURENCE):	
Commitment Fee	½ of 1% of the undrawn balance, to be collected if no drawdown was made within the required period. Not applicable to Revolving Credit Line (RCL)
Pre-Termination Fee	3% of outstanding balance terminated within the term of the loan
Penalty	2% per month on amortization in arrears
Certification Fee	₹200 to cover cost of administrative expenses
Bank Guarantee - Fee	½ of 1% of the total amount in the guarantee letter
Bank Statement - Fee	₹30 per page upon request of the client except the monthly statement issued by the bank

Minimum Qualifications / Eligibility of Borrowers

-

LGU with no past due obligations and adverse findings based on checking to be conducted by the Bank

- LGU with satisfactory profitable track record of at least two (2) consecutive years per COA audited financial statements, and not operating on a budgetary deficit for the past three (3) years as certified by the Department of Finance
- The project must have the approval of the Sangguniang Bayan/ Panglunsod/ Panlalawigan

Documentary Requirements

- Completely filled-out application forms and other bank documents including Customer Information Sheet (CIS)
- Presentation of at least one primary ID or two valid secondary IDs, one of which with photo and signature of authorized signatories and representatives
- Application for the loan in the form of a Sanggunian Bayan/ Panglungsod/ Panlalawigan Resolution
- Financial Documents
- Other LGU documents as required

Contact Information

For more information, please feel free to call or visit your nearest or preferred OF Bank Branch.

Postbank Center Liwasang Bonifacio 1000, Manila Tel. No. (632) 527-0053. Telefax No. (632) 527-0043.

Source URL: <http://overseasfilipinobank.gov.ph/lgu-loan>

Links

[1] <http://overseasfilipinobank.gov.ph/lgu-loan>