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Republic of the Philippines
Province of South Cotabato
City of Koronadal

OFFICE OF THE SANGGUNIANG PANLUNGSOD

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EXCERPT FROM THE JOURNAL OF PROCEEDINGS OF THE REGULAR SESSION OF THE SANGGUNIANG PANLUNGSOD OF THE CITY OF KORONADAL, PROVINCE OF SOUTH COTABATO CONDUCTED VIA TELECONFERENCE HELD ON JANUARY 11, 2022

Present:

- | | |
|--------------------------------------|------------------------------------|
| Hon. Peter B. Miguel | City Vice Mayor/Presiding Officer |
| Hon. Edwin G. Abris | SP Member |
| Hon. Jose Henry D. Aguirre | SP Member |
| Hon. Maylene May S. Bascon-De Guzman | SP Member |
| Hon. Handel Dee R. Cadellino-Cubilo | SP Member |
| Hon. Francis Ross S. Dideles | SP Member |
| Hon. Bernardo B. Hinay | SP Member |
| Hon. Marie Antonina I. Hurtado | SP Member |
| Hon. James M. Lagasca | SP Member |
| Hon. Prechie Louella B. Ogoy | SP Member |
| Hon. Annabelle G. Pingoy | SP Member |
| Hon. Gregorio O. Presga | LnB Federation President/SP Member |
| Hon. Antonio S. Abing | IP Mandatory Rep/SP Member |
| Hon. Clarisse Mae T. Sorongon | SK Fed. President/SP Member |

Absent:

None

ORDINANCE NO. 1

Series of 2022

AN ORDINANCE CONFIRMING AND RATIFYING THE LOAN AGREEMENT ENTERED INTO BY THE CITY OF KORONADAL WITH LAND BANK OF THE PHILIPPINES (LBP) INCLUDING THE SPECIAL CONDITION OF CONTRACT IN THE AMOUNT OF ONE HUNDRED ELEVEN MILLION AND FIVE HUNDRED THOUSAND PESOS (P 111,500,000.00) TO FUND THE MOTORPOOL EXPANSION VIA ACQUISITION OF VARIOUS HEAVY EQUIPMENT OF THE CITY OF KORONADAL

Principal Sponsor

Hon. Edwin G. Abris
on Unanimous Sponsorship

WHEREAS, the Sangguniang Panlungsod has approved Ordinance No. 8, Series of 2021, "An Ordinance authorizing the Borrowing of the City of Koronadal with Land Bank of the Philippines (LBP) in the amount of One Hundred Eleven Million Five Hundred Thousand Pesos (P 111,500,000.00) to fund the Acquisition of Various Heavy Equipment of the City of Koronadal" last June 22, 2021;

WHEREAS, through the said ordinance the City Mayor, in representation of the City of Koronadal, was authorized to enter into a loan agreement with Land Bank of the Philippines (LBP) in accordance with Section 287 of the Local Government Code, in the amount of One Hundred Eleven Million and Five Hundred Thousand Pesos (P111,500,000.00) and in connection thereto, the City Mayor was also given full power and authority to represent the City in the said borrowing and in signing and delivering such agreements, contracts, deeds, papers, and documents as may be necessary and proper for the full and total implementation of the authority that was granted;

[Handwritten signatures and initials on the left margin, including a large signature that appears to be 'Edwin G. Abris']

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WHEREAS, last September 8, 2021 the City Government of Koronadal represented by Hon. Eliordo U. Ogena and Land Bank of the Philippines represented by Ms. Lilibeth D. Alvarez has finally entered into and signed the Loan Agreement consisting of 14 pages, a copy of which is herein attached to this ordinance, which is consistent to the authority given earlier by the Sanggunian, hence;

BE IT ENACTED, as it is hereby enacted, by the Sangguniang Panlungsod of the City of Koronadal, in session assembled that:

Section 1. The Loan Agreement entered into by the City Government of Koronadal with Land Bank of the Philippines (LBP) including the Special Condition of Contract for a loan of One Hundred Eleven Million and Five Hundred Thousand Pesos (P 111,500,000.00) to fund the Motorpool Expansion via acquisition of various heavy equipment of the City of Koronadal is hereby confirmed and ratified.

Section 2. This Ordinance shall take effect immediately upon approval.


ENACTED this 11th day of January 2022, in the City of Koronadal, Province of South Cotabato.

CONCURRED:


EDWIN G. ABRIS
SP Member



MARIE ANTONINA I. HURTADO
SP Member


ANNABELLE G. PINGOY
SP Member


FRANCIS ROSS S. DIDELES
SP Member


PRECHIE LOUELLA B. OGO
SP Member


JOSE HENRY D. AGUIRRE
SP Member


MAYLENE MAY S. BASCON-DE GUZMAN
SP Member


HANDEL DEE R. CADELLINO-CUBILO
SP Member


JAMES M. DAGASCA
SP Member

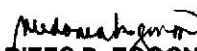

BERNARDO B. HINAY
SP Member


GREGORIO D. PRESGA
SP Member



CLARISSE MAE T. SORONGON
SP Member


ANTONIO S. ABING
SP Member

CERTIFIED CORRECT:


MARITES D. TOGONON
Secretary to the Sanggunian

ATTESTED:


PETER B. MIGUEL, M.D, FPSO-HNS
City Vice Mayor/Presiding Officer

APPROVED:


ATTY. ELIORDO U. OGENA
City Mayor

LOAN AGREEMENT

This Loan Agreement is made and executed by and between **LAND BANK OF THE PHILIPPINES**, a government financial institution created and existing under and by virtue of the provisions of Republic Act No. 3844, as amended, with principal office at LandBank Plaza 1598, M.H. del Pilar corner Quintos Streets, Malate, Manila (the "Lender") and the Borrower as specified in the Special Conditions.

PART I - GENERAL CONDITIONS

Article 1. DEFINITIONS

1.1 Defined Terms

"Agreement" means this Loan Agreement inclusive of the General Conditions and Special Conditions, respectively.

"Assignment" means the assignment by the Borrower of its IRA as may be delivered pursuant to Section 5.1.

"Availability Period" means the period when the Loan may be availed by the Borrower as specified in this Agreement, which begins on the date of approval of the Loan by the Lender and ending on the earliest of (i) the date the Loan is initially drawn by the Borrower, or (ii) the date the Loan is cancelled or terminated in accordance with the provisions of this Agreement.

"Banking Day" means a day, other a Saturday, Sunday or non-working legal holiday, on which banks and other financial institutions are open for business in Metro Manila.

"BIR" means the Bureau of Internal Revenue.

"COA" means the Commission on Audit.

"Event of Default" means an event specified as such in Section 8.1

"IRA" means the internal revenue allotment of a local government unit.

"Loan" means the aggregate principal amount of the drawdowns granted by the Lender to the Borrower hereunder, or as the context may require, the amount thereof then outstanding;

"Loan Documents" means collectively its Agreement, the Notes, the Assignment and all other agreements or documents required or contemplated hereunder, as the same may be amended from time to time.

"Note" means the promissory note of the Borrower evidencing the borrowing.

"Project" means the project or object of financing to which the loan proceeds shall be used as indicated in the Special Conditions.

"Special Conditions" means the Special Conditions of Contract constituting Part II of this Agreement.

"Taxes" means any and all present and future taxes (including, but not limited to documentary stamp or value added taxes), fees or charges, of any kind and nature, imposed by the Republic of the Philippines or any political subdivision or taxing authority thereof.

1.2 Construction

Unless the context otherwise requires, the capitalized terms in its Agreement shall have the meaning ascribed to them in the General Conditions or in the Special Conditions. The headings in this Agreement are inserted for convenience of reference only and shall not limit or affect the interpretation of the provisions hereof. Unless the context otherwise requires, words denoting the singular shall include the plural and vice versa, words denoting the masculine gender shall include the feminine gender and words denoting persons shall include individuals and juridical entities. Unless otherwise provided therein, all terms of accounting used

LILIBETH D. ALVAREZ
Head, South Cotabato Lending Center

MARLOYN C. GUMBAG
City Treasurer

ATTY. ELIORDO U. GENA
City Mayor

CHARME-G. BACULNA
Account Officer

herein shall be construed in accordance with generally accepted accounting principles in the Republic of the Philippines on the date applied. Any reference to "days" shall mean calendar days, unless the term "Banking Days" is used.

ARTICLE 2. LOAN AMOUNT AND TERMS

2.1 Loan Amount

The Lender agrees to grant the Loan to the Borrower in the aggregate principal amount as specified in the Special Conditions.

2.2 Availability

The Loan shall be available for drawdown by the Borrower within the Availability Period. The obligation of the Lender to allow drawdown shall terminate upon expiration of the Availability Period without any drawdown being made.

2.3 Use of Proceeds

The Borrower agrees that the proceeds of the Loan shall be used exclusively for the purpose of financing the Project as specified in the Special Conditions.

2.4 Release of Proceeds

The Loan shall be released in the manner prescribed in the Special Conditions.

2.5 Notes

Each drawdown shall be evidenced by a Note which, once executed, shall be complemented by the terms and conditions of this Agreement.

2.6 Term; Repayment

- (a) The Borrower shall repay the Loan over a term and under such number and frequency of instalments as specified in the Special Conditions.
- (b) If any payment hereunder or under the Notes would otherwise be due on a day that is not a Banking Day, such payment shall be made on the next immediately succeeding day that is a Banking Day.

2.7 Voluntary Prepayment

The Borrower may, at its option, prepay, in whole or in part the Loan, together with accrued interest thereon to the date of prepayment; provided, that:

- (a) Prepayment shall be made on a date required for the payment of the interest;
- (b) In case of partial prepayments, the amount prepaid shall be applied in the inverse order of maturity;
- (c) Any amount prepaid may not be reborrowed hereunder;
- (d) Where the prepayment is a result of the loan being taken out by another bank, the Borrower shall pay to the Lender a prepayment penalty of two percent (2.0%) based on the amount of the principal prepaid.

2.8 Interest

- (a) The Borrower shall pay interest on the outstanding principal amount of the Loan in arrears on the last day of each Interest Period at the rate as specified in the Special Conditions.

MARLOUNG GUMBAO
City Treasurer

UP
ATTY. ELIORDO LOPEÑA
City Mayor

CHARIE G. BACULNA
Account Officer

Lilibeth D. Alvarez
LILIBETH D. ALVAREZ
Head, South Cotabato Lending Center

- (b) The determination by the Lender of the amount of interest due and payable hereunder shall be conclusive and binding on the Borrower in the absence of manifest error and bad faith in the computation thereof.
- (c) The interest shall be subject to upward or downward adjustment if, during the term of the Loan, any law rule or regulation is issued which has the effect of increasing or decreasing the Lender's cost of funds or intermediation cost, including reserve requirements, taxes, salaries or wages. Such adjustment in interest rate shall be effective upon a thirty (30)-day written notice to the Borrower and each advice shall form part of its Agreement by reference.

2.9 Automatic Debit Authorization

The Borrower authorizes the Lender to debit, without need of notice, from any deposit account being maintained with it for all such amounts that may be due the Lender under this Agreement, including those that may result from acceleration.

2.10 Application of Payments

Any payment made to the Lender shall be applied first against any advances made by the Lender, then against penalty, then against fees and other charges, then against interest due on the Loan, then against the Loan due and payable.

2.11 No Counterclaim; Taxes

All payments due to the Lender shall be made by the Borrower without any deduction, including those for set-off, counterclaim or Tax.

ARTICLE 3. FEES AND CHARGES

3.1 Payment of Fees

The Borrower shall pay to the Lender the following fees and charges:

- (a) A commitment fee computed at the rate of one-half (1/2) of one percent (1.0%) per annum of the undrawn amount of the Loan. The commitment fee shall be applicable from the approval of the Loan by the Lender until the expiration of the Availability Period, in each case calculated on the daily undrawn balance of the Loan on the basis of the actual number of days elapsed.
- (b) All others fees and charges as may be provided in the Special Conditions.

3.2 Expenses

Within thirty (30) Banking Days from date of receipt by the Borrower of the statement of account submitted by the Lender, in connection with the preparation, negotiation, execution, delivery and administration of the Loan Documents, as well as costs and expenses, if any, in connection with the notarization thereof, or its amendment, and the issuance of any consents or waivers in connection therewith, and any and all fees, stamps and other taxes. The Borrower shall hold the Lender free from any liability with respect to or resulting from any delay or omission to pay any such cost, expenses, fees or Taxes which may be payable or determined to be payable in connection with the execution and delivery of the Loan Documents.

3.3 Non-Reimbursable Nature

The obligation of the Borrower to pay fees and charges is absolute and unconditional. The fees, expenses and other amounts payable by the Borrower under its Section shall be payable, and, if already paid, shall not be reimbursable by the Lender, notwithstanding the failure by the Borrower to make any drawdown under its Agreement or any other failure of the transactions contemplated herein. However, if the Lender fails to allow drawdowns after the conditions borrowing under Article 4 have been complied with, the Borrower shall no longer be liable to the Lender for the fees, expenses and other amounts payable under Section 3.1, and any such fees, expenses and other amounts already paid by the Borrower to such Lender shall be reimbursable by the latter.

LILIBETH D. ALVAREZ

Head, South Cotabato Lending Center

MARLOUJ C. GUMBAL
City Treasurer

MATTY. ELIORDO U. SENA
City Mayor

CHARLIE G. BACULNA
Account Officer

ARTICLE 4. CONDITIONS FOR BORROWING

4.1 Conditions for First Drawdown

The obligation of the Lender to allow the release of the initial drawdown shall be subject to the prior fulfillment of the following conditions in addition to those that may be provided in the Special Conditions:

(a) Unless otherwise already existing as of this Agreement, the Borrower shall have established a deposit account with a branch office of the Lender through which the proceeds of drawdown shall be credited;

(b) The Lender shall have received the following documents each in form and substance satisfactory to the Lender at least three (3) Banking Days (or such shorter period as may be acceptable to the Lender) prior to the intended date of initial drawdown:

(i) Certificate of the Secretary to the Sanggunian certifying to the ordinance of the Borrower's Sanggunian approving the terms and conditions of the Loan and specifically providing for the following:

1. Authorizing the local chief executive to negotiate and enter into this Agreement with the Lender, and to execute and deliver any and all promissory notes, deed of assignment and other necessary documents;
2. Directing the Borrower's Treasurer and Accountant to enter the Loan in the appropriate books of the Borrower;
3. Authorizing the assignment by the Borrower of its IRA, or any other specified collateral, as security for the Loan;
4. Appropriating the amounts for the repayment of the Loan, interests and other charges in the annual budget of the Borrower, until full payment thereof; and
5. Authorizing the Lender to set off or deduct amounts from any deposits or funds of the Borrower with the Lender and apply the same to the payment of the Loan, interests and other amounts due thereon.

(ii) Certification by the Budget Officer, Accountant and Treasurer, as the case may be, of the Borrower, noted by its local chief executive, that:

1. The Borrower's equity, amount for repairs and maintenance of the Project, insurance premium and the principal and interest payments on the loan have been fully appropriated and that full provision has been made by the Borrower's for all its obligations;
2. The amount required for the Borrower's equity, the repair and maintenance of the Project, insurance premium, the repayment of the principal, interest and other charges will be fully appropriated;
3. That the proposed sources of repayment are available and not restricted by law or its other obligations; and
4. That the Loan shall be entered or has been entered, as the case may be, in the Borrower's books of account.

(iii) Certificate of the Bureau of Local Government Finance showing favorable borrowing and debt servicing capacities for the Borrower.

(iv) Opinion of the Monetary Board of the Bangko Sentral issued pursuant to Section 123 of Republic Act 7653, otherwise known as the Bangko Sentral Act.

4.2 Conditions for All Drawdowns

The obligation of the Lender to allow the release of the proceeds of all drawdowns shall be subject to the prior fulfillment of the following conditions in addition to those that may be provided in the Special Conditions:

(a) The Borrower shall be in compliance with all terms and conditions set forth herein on its part to be observed or performed, and no Event of Default or any event which, with due notice or lapse of time or both, would become an Event of Default shall have occurred and be continuing;

MARLOUN C. GUMBABO
City Treasurer

ATTY. ELIORDO U. SIGENA
City Mayor

CHARLIE G. BACULNA
Account Officer

LILIBETH D. ALVAREZ
Head, South Cotabato Lending Center

- (b) The representations and warranties contained in Section 6.1 shall be true and correct on the date of drawdown as if made on and as of such date;
- (c) The Lender shall have received the Note and the Disclosure Statement duly executed and signed by the Borrower at least three (3) Banking Days (or such shorter period as may be acceptable to the Lender) prior to the intended date of initial drawdown; and
- (d) The Borrower shall have paid the fees and charges specified in Article 3 hereof.

4.3 Right of Lender to Refuse Drawdowns

Without prejudice to the Lender's remedies as provided in Section 8.2 in case of an Event of Default, the Lender reserves the right to refuse drawdowns, and for which the Lender is held free and harmless from any and all consequences as a result of its inability to make funds available, in any of the following cases:

- (a) A case is filed against the Borrower or any of its officials involving the Project;
- (b) Any adverse finding on the Project; and
- (c) Withdrawal by the Borrower's Sanggunian of the authority given to its local chief executive to contract the Loan.

ARTICLE 5. ASSIGNMENT OF INTERNAL REVENUE ALLOTMENT

5.1 Assignment

As a source of repayment and by way of security, the payment of the Loan, interest, advances, fees, penalties and other charges thereon, including those may be due to the amendment, extension or restructuring of the Loan, shall be secured by the Borrower's assignment of its internal revenue allotment.

ARTICLE 6. REPRESENTATIONS AND WARRANTIES

6.1 Representations and Warranties

Except as otherwise disclosed to the Lender, the Borrower represents and warrants to the Lender that:

- (a) This Agreement will constitute its legal, valid and binding obligation, enforceable in accordance with their respective terms; there is no judgment, decree or order of any court or agency applicable to it which would be contravened by the execution and delivery of this Agreement, or by the performance of any provision of this Agreement.
- (b) The Project is within a duly approved local development plan or public investment program of the Borrower.
- (c) All procurements relevant to the Project have been made in accordance with applicable laws.
- (d) The audited financial statements of the Borrower as of its immediately preceding fiscal year covering and all other data furnished by it to the Lender are complete and correct, in all material respects, and such financial statements, have been prepared in accordance with government accounting and auditing standards. Since such date, there has been no change in its financial condition or results of operations sufficient to impair its ability to perform its obligations under this Agreement in accordance with the terms thereof. Except as disclosed to the Lender in writing, the Borrower has no contingent obligations, liabilities for Taxes, or other outstanding financial obligations which are material in the aggregate.
- (e) There is no litigation, arbitration proceeding or dispute pending, or to its knowledge threatened against or affecting it or its properties, the adverse determination of which might have a material and adverse effect on its capacity to perform its obligations in this Agreement.

MARLOUNE G. GUMBABO
City Treasurer

ATTY. ELIORDO L. LOPEZ
City Mayor

CHARLIE G. BACULNA
Account Officer

LILIBETH D. ALVAREZ
Head, South Cotabato Lending Center

- (f) No event has occurred and is continuing, or would result from the making of this Agreement, which constitutes an Event of Default or which, upon the lapse of time or notice or both, would become such an Event of Default.

6.2 Survival of Representations and Warranties

The representations and warranties contained herein are true and correct as of the date of this Agreement and shall remain true and correct as long as the Loan is outstanding.

ARTICLE 7. COVENANTS

7.1 Affirmative Covenants

The Borrower covenants and agrees that during the term of the Loan and until payment in full of all amounts due hereunder, unless the Lender shall otherwise consent in writing, which consent shall not be unreasonably withheld, the Borrower shall:

- (a) Use the proceeds from the Loan exclusively for the purpose as specified in the Special Conditions;
- (b) Keep its properties and business in good working condition, insured to their full insurable value with the Government Service Insurance System or such insurer as may be allowed by law against loss or damage in such manner and to the same extent as are required under existing rules and regulations applicable to local government units;
- (c) Within thirty (30) days after the COA's issuance of its report, furnish the Lender with a copy of its audited financial statements duly certified by the treasurer or equivalent officer of the Borrower as having been prepared in accordance with generally accepted accounting principles in the Philippines and the relevant regulations of the COA, including therein a balance sheet of the Borrower as of the end of such fiscal year and statements of income and retained earnings and cash flows of the Borrower for such fiscal year.
- (d) Regularly appropriate in its annual budget full provision for the payment of the Loan or any portion thereof as they become due and all other statutory and contractual obligations of the Borrower and for its required equity, including the cost for overruns that may arise on the Project; duly pay and discharge all Taxes, assessments and governmental charges or levies imposed upon it or against it or against its properties and business prior to the date on which penalties are assessed thereto, unless and to the extent only that the same shall be contested in good faith and by proper proceedings diligently conducted, and take such steps as may be necessary in order to prevent its properties or any part thereof from being subjected to the possibilities of loss, forfeiture or sale;
- (e) Promptly, and in no case more than five (5) Banking Days after the occurrence of an Event of Default, give written notice to the Lender of any Event of Default or other event which, upon a lapse of time or giving of notice or both, would become an Event of Default, specifying the details thereof and the steps which the Borrower is taking or proposes to take for the purpose of curing the occurrence or preventing the occurrence of such an Event of Default; and
- (f) Execute and deliver such instruments, documents and reports as the Lender may reasonably request to give full force and effect to its Agreement.

7.2 Negative Covenant

The Borrower covenants and agrees that during the term of the Loan and until payment in full of all amounts due hereunder, unless the Lender shall otherwise consent in writing, which consent shall not be unreasonably withheld, the Borrower shall not permit its appropriations for debt servicing to exceed twenty percent (20%) of its annual regular income.

ARTICLE 8. EVENTS OF DEFAULT

MARLOUN C. GUMBAO
City Treasurer

ATTY. ELIORDO U. BICENA
City Mayor

CHARME G. BACULINA
Account Officer

LILIBETH D. ALVAREZ
Head, South Cotabato Lending Center

8.1 Events of Default

Each of the following events shall constitute an Event of Default under its Agreement:

- (a) The Borrower defaults in the payment of any of the principal, interest or any other sum payable under its Agreement, as the same becomes due and payable, whether at maturity, by acceleration or otherwise.
- (b) Any representation or warranty in its Agreement, the loan application or in any writing at any time furnished the Lender in connection with its Agreement becomes false or misleading in any material respect.
- (c) The Borrower fails to perform or observe any covenant or other provision of its Agreement or in any other document delivered to the Lender in connection with its Agreement, or if any such document shall terminate or become void or unenforceable without the written consent of the Lender.
- (d) The Borrower defaults in the payment of any of the principal, interest or other amount due with respect to any other indebtedness for borrowed money with the Lender or a third party, whether executed prior to or after its Agreement.
- (e) The Assignment or any portion thereof shall become ineffective or ceases to be in full force and effect.
- (f) An involuntary petition is filed under any insolvency law against the Borrower, or a receiver, trustee, liquidator or conservator shall be appointed to take possession of the properties of the Borrower.
- (g) A material change in the financial circumstances or condition of the Borrower occurs which, in the reasonable opinion of the Lender, would materially and adversely affect the ability of the Borrower to perform its obligations under its Agreement.
- (h) A judgment against the Borrower or any attachment or execution against the Borrower in any litigation the contingent or accrued liability of which would materially and adversely affect the Borrower's financial conditions or the Borrower's ability to perform its obligations under this Agreement is issued.

8.2 Consequences of Default

- (a) If an Event of Default has occurred and is continuing pursuant to its Agreement, the Lender may, by written notice to the Borrower, declare all or part of the Loan, together with interest accrued and unpaid thereon, and all other unpaid sums be forthwith due and payable, whereupon the same shall become immediately due and payable, without need of demand which is hereby expressly waived by the Borrower.
- (b) A declaration of default under its Section shall further result into the following consequences:
 - (i) As to any undrawn portion of the Loan, the Lender's obligation to allow drawdowns shall forthwith terminate;
 - (ii) The Lender shall have the right to exercise and enforce all rights and remedies now or hereafter available to it under the Loan Documents.

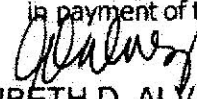
8.3 Default Interest

- (a) Without prejudice to the provisions of Section 8.2, if the Borrower fails to make payment when due of any sum payable hereunder (whether at stated maturity, by acceleration or otherwise and whether for principal, interest or otherwise), the Borrower shall pay penalty fees equivalent to twenty-four percent (24%) *per annum* computed from due date up to full payment, based on the total amount due.
- (b) The Borrower shall likewise indemnify the Lender against any actual, reasonable and documented loss or expense which it may sustain or incur as a direct consequence of the default by the Borrower in payment of the principal amount of the Loan held by the Lender or interest thereon.

MARLOU C. GUMBAO
City Treasurer

MATTY ELIORDO U. COENA
City Mayor

CHARLIE B. BACULNA
Account Officer


LILIBETH D. ALVAREZ
Head, South Cotabato Lending Center

ARTICLE 9. MISCELLANEOUS PROVISIONS

9.1 Waiver; Cumulative Rights

No failure or delay on the part of any party in exercising any right or remedy under its Agreement and no course of dealing between them shall operate as a waiver thereof, nor shall any single or partial exercise of any right or remedy preclude the exercise of any other right under its Agreement. The rights and remedies expressly provided are cumulative.

9.2 Governing Law; Submission to Jurisdiction

- (a) Its Agreement shall be governed by, and construed in accordance with, the laws of the Republic of the Philippines.
- (b) The Borrower irrevocably agrees that any legal action, suit or proceeding arising out of or relating to the Loan Documents shall be instituted in any competent court in any competent court of the city or municipality where the concerned lending center or department, as the case may be, of the Lender as provided in the Special Conditions is located, to the exclusion of all other courts.
- (c) If any legal action or other proceeding is brought in connection with any provision of the Loan Documents, the prevailing party shall be entitled to recover reasonable attorney's fees and other costs incurred in such action or proceedings.

9.3 Severability of Provisions

If any one or more of the provisions contained in the Loan Documents or any document executed in connection therewith shall be declared by any court of competent jurisdiction as invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions contained therein or such document executed in connection therewith shall not in any way be affected or impaired.

9.4 Entire Agreement

Its Agreement and the documents referred to herein constitute the entire agreement of the parties with respect to the subject matter in its Agreement and shall supersede any prior expressions of intent or understanding with respect to its transaction.

9.5 Amendments and Waivers

The written consent of the parties shall be required for an amendment or any waiver of any of the provisions of its Agreement

9.6 Successors and Assigns

- (a) Its Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.
- (b) The Borrower may not assign its rights or obligations hereunder without the prior written consent of the Lender.

9.7 Notices

(a) All communications and notices provided for herein shall be in writing and shall be personally delivered or transmitted by postage prepaid registered mail or facsimile transmission addressed to the other party at the addresses set forth below in the Special Conditions (or such other address, contact details or contact person as shall be designated by a party in a notice to the other party in accordance herewith):

(b) Except as otherwise specified herein, all notices shall be deemed duly given (i) on the date of receipt, if personally delivered, (ii) seven (7) days after posting, if by registered mail, or (iii) upon receipt of

MARLOUN C. GUMBAC
City Treasurer

ATTY. ELORDO USORINA
City Mayor

CHARLE G. BACULNA
Account Officer

LILIBETH D. ALVAREZ
Head, South Cotabato Lending Center

the written confirmation of the facsimile, if by facsimile transmission. Any party hereto may change its address for purposes hereof by written notice to the other party.

9.8 Liability for Taxes

The Borrower agrees to pay any Taxes imposed on or with regard to the execution and notarization, of its Agreement or any other document delivered pursuant to its Agreement. In the event that the Borrower fails to pay, and the Lender is required by law to pay any such Taxes, the Borrower shall, upon demand, reimburse the Lender for such Taxes paid, including penalty and other charges imposed thereon, if any.

9.9 Set-Off

The Lender shall have the right to set off and apply any credit balance on any account of the Borrower with the Lender or any of the Lender's branches, subsidiaries or affiliates, and any other indebtedness due and owing by the Lender to the Borrower, against the liabilities of the Borrower due and owing under the Loan Documents, in reduction of amounts past due thereunder.

9.9 Waiver of Confidentiality

The Borrower hereby waives its rights under applicable laws on bank secrecy and information security and issues to the Lender the following authorizations:

- (a) Pursuant to Bangko Sentral Circular No. 472, Series of 2005, and BIR Revenue Regulation No. 4-2005, as the same may be amended from time to time, to verify with the BIR in order to establish the authenticity of the tax returns and any accompanying financial statement and documents or information submitted by the Borrower;
- (b) To inquire into any of the deposit accounts or properties maintained by the Borrower with the Lender for the purpose of implementing the automatic debit authorization or the set-off provisions under this Agreement;
- (c) Obtain from or submit to the Credit Information Corporation, pursuant to Republic Act No. 9510, otherwise known as the Credit Information System Act, credit bureaus and other data processors, credit data pertaining to the Borrower and the Loan in the regular course of business.

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MARLOUN C. GUMBABO
City Treasurer

MATTY ELIORDO LUISA
City Mayor

CHARLIE G. BACULNA
Account Officer

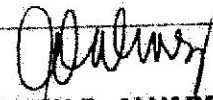

LILIBETH D. ALVAREZ
Head, South Cotabato Lending Center

PART II - SPECIAL CONDITIONS OF CONTRACT

Name of Borrower : CITY GOVERNMENT OF KORONADAL
Principal Office Address: City Hall of Koronadal, Brgy. Zone III, Koronadal City, South Cotabato

<p>Section 2.1 (Amount Php)</p>	<p>Term Loan 2 Motor pool expansion via acquisition of Heavy Equipment (Usable as LC) ONE HUNDRED FIFTEEN MILLION ONLY(P 115,000,000.00) or Contract Price, whichever is lower</p>
<p>Section 2.2 (Availability Period)</p>	<p>One (1) year from date of loan signing</p>
<p>Section 2.3 (Used of Proceeds)</p>	<p>To finance acquisition of brand new/Class-A Reconditioned Heavy Equipment (Usable as LC)</p>
<p>Section 2.6 (Repayment)</p>	<p>PRINCIPAL – Payable in twenty-six (26) equal quarterly amortizations, to start at the end of 3rd quarter from date of initial loan release. INTEREST – Payable quarterly in arrears to start at the end of the 1st quarter from date of initial loan release.</p>
<p>Section 2.8 (Interest)</p>	<p>RATE: Fixed at 4.0% per annum up to 31 December 2022 inclusive of the interest rate subsidy under the Bayanihan Act 2 subject to availability of funds. REPRICING: Interest Rate after 31 December 2022 shall be fixed at 4.0% for the entire term of the loan, provided ADB on deposits is at least 1.10x of outstanding loan and cost of fund/deposit should not be more than 0.10%. In the event that required ADB is not met, it will be priced at LANDBANK prevailing rate, subject to annual repricing. Note : GRT shall be at the Bank's expense.</p>
<p>Section 5.1 (Collateral)</p>	<p>Assignment of 20% Internal Revenue Allotment.</p>
<p>Other Terms and Conditions</p>	<p>TENOR Seven (7) years, with two (2) quarters grace period on Principal.</p> <p>MODE OF RELEASE: Lumpsum or staggered based on supplier's pro-forma invoice/price quotation on Heavy Equipment. Proceeds shall be directly credited to the LGU's account with the Bank subject to completion of all documentary requirements and compliance to pre-release requirements.</p> <p>PRE-RELEASE REQUIREMENT: Submission of guarantee from the winning dealer/supplier as to availability of spare parts in the local market if acquired thru importation.</p> <p>OTHER TERMS AND CONDITIONS:</p> <ol style="list-style-type: none"> 1. Inspection / validation of PV-CID Appraiser and acceptance by the LGU shall be required once the equipment has been delivered to the LGU. In case of importation, opening of Letters of Credit (LCs) shall be coursed through LANDBANK, subject to standard fees and charges. 2. Submission of the following pre-release requirements: <ul style="list-style-type: none"> • City Resolution allowing the LGU to negotiate for a loan with LANDBANK, to borrow and finance the proposed projects and the authorized signatories for the proposed borrowing, duly confirmed by the Provincial Board of South Cotabato. In case, no action has been taken by the Provincial Board within thirty (30) days after submission of such ordinance, the same shall be presumed consistent with law and therefore valid as stated in the Republic Act 7160 (Local Government Code of the Philippines) Section 56 (d) shall apply. • City Ordinance confirming and ratifying the terms and conditions of the loan and authorizing the Local Chief Executive (LCE) to sign documents in behalf of the City Government of Koronadal pertaining to the loan duly confirmed by the Provincial Board of South Cotabato. In case, no action has been taken by the Provincial Board within thirty (30) days after submission of such ordinance, the same shall be presumed consistent with law and therefore valid as stated in the Republic Act 7160 (Local Government Code of the Philippines) Section 56 (d) shall apply. • BAC Certification that the implementation of the projects is in accordance with the Revised Implementing Rules and Regulations of RA No. 9184

MARLOYN C. GUMBAO
 City Treasurer
 ATTY. ELIORDO U. DIGNA
 City Mayor
 CHARLIE G. BACULNA
 Account Officer


LILIBETH D. ALVAREZ
 Head, South Cotabato Lending Center

[Handwritten Signature]
MARLOUN C. GUMBAO
 City Treasurer

[Handwritten Signature]
MATTY ELIORDO U. OJERA
 City Mayor

[Handwritten Signature]
CHARLIE S. BACULNA
 Account Officer

- (Government Procurement Reform Act) as well as COA rules and regulations.
- Certified true copies of the BAC's Notice of Award, Notice to Proceed and Contract Agreement / PO with the winning supplier/contractor.
 - Certification by the Municipal Treasurer and the Municipal Budget Officer, duly noted by the Municipal Mayor, that the sources of loan repayment are available and not restricted by law and other obligations.
 - Certification of BLGF as to the Net Borrowing Capacity (NBC) and Monetary Board Opinion (MBO) on the probable effects of the proposed borrowing of the Borrower on the monetary aggregates, the price level and balance of payments.
3. Penalty rate of Twenty-four percent (24%) per annum, in case of non-payment, shall be charged to start on the day after the due date of credit accommodation up to the date of settlement.
 4. Remittances to government agencies such as BIR payments, PhilHealth contributions, GSIS premiums shall be coursed thru LANDBANK;
 5. Cost overruns, if any, shall be for the account of the LGU.
 6. The Bank reserves the right to withhold loan releases should there be:
 - a) A case filed against the LGU or any of its officials involving the projects to be financed;
 - b) Any adverse finding on the objects of financing, or
 - c) Withdrawal by the Sangguniang Bayan of the authority given to the Mayor to contract the loan.
 7. The LGU shall not sell, convey, dispose or mortgage the object of financing for as long as the loan is outstanding.
 8. Waiver of the following fees and charges:
 - a) 1% Handling Fee amounting to about P5.45M based on the approved amount;
 - b) Commitment Fee of 1/2 of 1% of the un-availed amount of loan amounting to about P 2.73M; and
 - c) Prepayment penalty fee of 2% based on outstanding amount shall be waived except in case of loan take out by other banks.
 9. LANDBANK shall be authorized to set-off and/or deduct amounts from any deposit of funds of the LGU with LBP and apply the same for the payment of the loan principal, interests, penalties and other charges or portion thereof, as may be deemed necessary by LBP.
 10. The insurable components of the proposed projects to be financed shall be insured for full appraised value or contract amount, whichever is higher, through the local GSIS and shall be duly endorsed in favor of LANDBANK.
 11. The financed projects shall be implemented in accordance with Republic Act (RA) 9184 and the harmonized procurement guidelines of the special funder.
 12. Annual submission of Certification by the Municipal Treasurer and the Municipal Budget Officer, duly noted by the Municipal Mayor, that the sources of loan repayment are available and not restricted by law and other obligations until the loan is fully paid.
 13. The Borrower shall give its consent to LANDBANK to disclose credit information pertaining to herein Borrower to other banks, financial institutions and the Banker's Association of the Philippines-Credit Bureau (BAP-CB), and other credit bureaus and financial institutions.
 14. The BORROWER hereby waives his/her/its rights under applicable laws on bank secrecy and information security existing or may hereafter be enacted, such as Republic Act (R.A) no. 1405 (The Law on Secrecy of Bank Deposits), R.A. 6426 (Foreign Currency Deposits Act). R.A. 8791 (The General Banking Law), R.A. 10173 (Data Privacy Act), and authorizes the LENDER: (a) Pursuant to BSP Circular no. 472, Series of 2005, as amended, and as implemented by BIR Revenue Regulation 4-2005, to verify with the Bureau of Internal Revenue (BIR) (as such other taxing authority that may substitute it) in order to establish authenticity of the annual income tax returns and accompanying financial statements and documents or information submitted by the BORROWER; (b) to inquire into any of the deposit accounts or properties

[Handwritten Signature]
LILIBETH D. ALVAREZ
 Head, South Cotabato Lending Center

	<p>maintained by the BORROWER with the LENDER, its parent, subsidiaries or affiliates for the purpose of implementing the Automatic Debit Authorization or set-off provisions, and (c) obtain from or disclose to its parent subsidiaries, affiliates, or credit bureau any information regarding the BORROWER, the Loan/Line or this Agreement, as the LENDER may deem necessary to exercise his/her/its rights under this Agreement or as may be allowed or required by applicable laws, rules and regulations. The BORROWER also hereby authorizes the LENDER to request information on the status of any court case to which he/she/it is a party. Pursuant to R.A. 9510 (Credit Information System Act), the BORROWER finally authorizes the submission of basic credit data in connection with any credit availment from the LENDER to the Credit Information Corporation (or its successor entity) and authorize the latter to provide the same information to the BSP.</p>
<p>Address For Notices:</p> <p>To the Borrower Address Email Facsimile</p> <p>To the Lender Address Email Facsimile</p>	<p>CITY GOVERNMENT OF KORONADAL City Hall of Koronadal, Brgy Zone III, Koronadal City, South Cotabato</p> <p>---</p> <p>(083) 228-3627</p> <p>LAND BANK OF THE PHILIPPINES – SOUTH COTABATO LENDING CENTER 3/F LBP Bldg, Abad Santos corner Aquino Sts., City of Koronadal koronadal.lending@yahoo.com (083) 228-2663</p>

IN WITNESS WHEREOF, its Agreement is signed at _____, Philippines, on its _____.

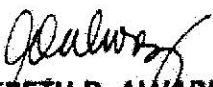
LANDBANK OF THE PHILIPPINES

Lender

By:

CECILIA C. BORROMELO
President & CEO

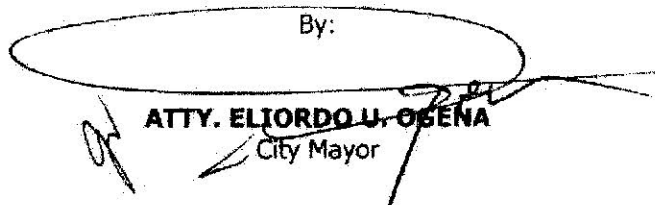
Thru:


LILIBETH D. ALVAREZ
Head, South Cotabato Lending Center

CITY GOVERNMENT OF KORONADAL

Borrower

By:


ATTY. ELIORDO U. OSENA
City Mayor

Signed in the presence of:


CHARLIE G. BACULNA
Witness


MARLOUN C. GUMBAO
Witness

ACKNOWLEDGMENT

Republic of the Philippines)

) S.S.

Before me, a Notary Public for and in the City of _____ on this of _____ personally appeared the following:

Name	Competent Evidence of Identity
-------------	---------------------------------------

LILIBETH D. ALVAREZ	TIN 138-359-763
---------------------	-----------------

personally known to or identified by me to be the same person/s who executed the foregoing instruments, and he/she/they acknowledged to me that his/her/their signatures, that the same is his/her/their own free and voluntary act and deed.

This instrument which consists of FOURTEEN [14] pages, refers to a Loan Agreement signed by the parties and the instrumental witnesses on each and every page.

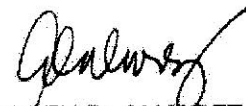
IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal on _____, in the above jurisdiction.

Doc. No. _____;
 Page No. _____;
 Book No. _____;
 Series of _____.


MARLON C. GUMBAO
 City Treasurer


ATTY. ELJARDO S. SERNA
 City Mayor


CHARLIE G. BACULNA
 Account Officer


LILIBETH D. ALVAREZ
 Head, South Cotabato Lending Center

ACKNOWLEDGMENT

Republic of the Philippines)
Province of South Cotabato) S.S.

Before me, a Notary Public for and in the City of Koronadal on this
of 8th day of September 2021 personally appeared the following:

Name	Competent Evidence of Identity
CITY GOVERNMENT OF KORONADAL	TIN 004-416-300
ATTY. ELIORDO U. OGENA	TIN 114-216-547

personally known to or identified by me to be the same person/s who executed the foregoing instruments, and he/she/they acknowledged to me that his/her/their signatures, that the same is his/her/their own free and voluntary act and deed.

This instrument which consists of FOURTEEN [14] pages, refers to a Loan Agreement signed by the parties and the instrumental witnesses on each and every page.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal on _____, in the above jurisdiction.

Doc. No. 226 ;
Page No. 46 ;
Book No. 7 ;
Series of 2021

Christy Joys Sollesta
CHRISTY JOYS SOLLESTA
 Notary Public
 KORONADAL CITY - TAMPARAN
 Unit 2A, 2nd Fl., J161 Bldg., General Santos Dr., Kor. City
 PIA No. 2349578, Jan. 4, 2021, Koronadal City
 BAP Receipt No. 321825, Jan. 4, 2021, SocGen Chapter
 Roll No. 46678
 P.E. Commission No. VI-0915514, September 10, 2019
 Notarial Commission No. 485-43, Granted on Jan. 21, 2020
 Valid until Dec. 31, 2022
 TIN No. 925-Jee-176

Marlouin C. Gumbao
MARLOUIN C. GUMBAO
City Treasurer

Atty. Eliordo U. Ogena
ATTY. ELIORDO U. OGENA
City Mayor

Charlie G. Baculina
CHARLIE G. BACULINA
Account Officer

Lilibeth D. Alvarez
LILIBETH D. ALVAREZ
Head, South Cotabato Lending Center