

SHORT-TERM CREDIT FACILITY AGREEMENT

KNOW ALL MEN BY THESE PRESENTS:

This AGREEMENT, made and entered into this ____ day of _____ 20__ at _____ by and between:

NATIONAL ELECTRIFICATION ADMINISTRATION a government corporation organized and existing under Presidential Decree No. 269, as amended, with office address at #57 NIA Road, Government Center, Diliman Quezon City, hereinafter referred to as "NEA" represented herein by its Deputy Administrator, **MARIANO T. CUENCO** ;

- and -

ELECTRIC COOPERATIVE, INC. an electric cooperative organized and existing under the laws of the Philippines with office address at _____ represented herein by _____ hereinafter referred to as "BORROWER".

WITNESSETH: THAT -

WHEREAS, the BORROWER has applied for a loan under NEA's Short Term Credit Facility (STCF) to finance its monthly shortfall on the settlement of its power accounts with the National Power Corporation (NPC) and National Transmission Corporation (TRANSCO);

WHEREAS, the NEA is willing to extend said loan to the BORROWER which meets the following criteria;

- 1) temporarily experiencing problem in cash flow;
- 2) must have a debt service ratio of 1.2;
- 3) must show substantial compliance on the implementation of its 5-year plan.

NOW THEREFORE, for and in consideration, of the mutual covenants herein contained, NEA and BORROWER hereby agree as follows:

SECTION I TERMS OF THE LOAN

1.01 Loan – The NEA agrees to lend to the BORROWER an amount not exceeding pesos: _____ (P _____)

payment of the power account arrearages with the National Power Corporation (NPC) and TRANSCO. The parties further agree that the proceeds of the loan shall be transferred by NEA's depository bank to the corresponding depository/account of NPC/TRANSCO. NPC/TRANSCO shall issue a notice of receipt of payment and NEA shall advise them accordingly of the schedule of payment of the availment.

1.02 The BORROWER can avail of the credit facility in part, its aggregate, the principal amount or full amount.

1.03 Service Charge – NEA shall apply service charge on the processing of Short-term Credit Facility (STCF) of ECs, as follows:

- The service fee shall be equivalent to ½ of 1% or 0.50% of the approved amount of the credit facility
- One-time payment or a maximum of two (2) payments within the six month facility

1.04 Interest – The BORROWER shall pay to NEA interest at the rate of 1% per month based on the outstanding balance of the principal and any due and unpaid interest.

MARIANO T. CUENCO
Deputy Administrator
Corporate Resources and
Financial Services

SONIA B. SAN DIEGO
Director
Finance Services Department

President

General Manager

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Director
Finance Services Department

President

General Manager

1.05 Repayment –

- A. The BORROWER may avail of the STCF for a period not exceeding six (6) months. It shall repay NEA, the principal and interest within 30 days from release thereof;
- B. NEA, however, may require accelerated repayment if the financial condition of the BORROWER warrants;
- C. Should there be default in the payment of any loan amortization, the amount in arrears shall bear interest at the rate of 1.5% per month;
- D. The BORROWER has the option, to prepay the availment/borrowing in part or in full together with the accrued interest thereon up to the date of prepayment.

1.06 Application and Place of Payment - All payments by the BORROWER shall be made thru an inter-bank fund transfer/electronic transfer of funds to the account of NEA-STCF Fund without further demand from NEA.

1.07 Amortization payment shall first be applied to the STCF over other existing loans.

1.08 Other conditions – The Borrower must file a rate adjustment with the ERC, in case of insufficient systems rate.

1.09 Effectivity Date –

**SECTION II
REQUIREMENTS PRIOR TO DISBURSEMENT**

2.01 The BORROWER shall before the implementation of the STCF, submit a Board Resolution covering the same a, 12 months projected Income Statement and Cash Flow including Schedules and assumptions thereto.

**SECTION III
DEFAULTS, REMEDIES, AND SANCTIONS**

3.01 The occurrence of any of the following events shall constitute default by the BORROWER:

- a. failure to perform any term, covenant, promise, condition or agreement as set forth in the contract;
- b. breach of any warranty or gross misrepresentation;
- c. violation of any policy, rules or regulations issued by NEA.

3.02. In the event of default, the NEA may, in addition to the rights, privileges, powers and remedies granted to it under Presidential Decree No. 269 as amended and other pertinent laws, exercise any or all of the following remedies:

- a. Suspend and/or stop all types of assistance (financial, technical & institutional);
- b. Declare all unpaid obligations to be immediately due and payable;
- c. Assign or designate an Acting General Manager and/or Project Supervisor;
- d. Take over the construction, operation, management and control of the SYSTEM;
- e. Foreclose any mortgage or deed of trust or other security held by the NEA on the properties of such borrower.

**SECTION IV
MISCELLANEOUS**

4.01 This contract maybe revised or amended by mutual consent of the parties.

4.02 The Projected Income or Cash Flow Statements submitted by the BORROWER to NEA along with the commitments/assumptions used in such statements shall form an integral part of this Contract.

4.03 The BORROWER shall not assign or transfer to a third party any of the rights arising from this Agreement.

4.04 Should any part of this Contract be declared invalid, such declaration shall not affect the validity and enforceability of the other provisions.

IN WITNESS WHEREOF, the parties have affixed their signatures on the date and place first above-written.

**NATIONAL ELECTRIFICATION
ADMINISTRATION**

ELECTRIC COOPERATIVE, INC.

By:

By:

MARIANO T. CUENCO
Deputy Administrator
Corporate Resources and
Financial Services

President

SIGNED IN THE PRESENCE OF:

SONIA B. SAN DIEGO
Director
Finance Services Department

General Manager

ACKNOWLEDGEMENT

MARIANO T. CUENCO
Deputy Administrator
Corporate Resources and
Financial Services

REPUBLIC OF THE PHILIPPINES)
_____)

BEFORE ME, a Notary Public for and in _____,
Philippines, on this _____ day of _____, 20____ personally
appeared:

Name	CTC No.	Date/Place Issued
MARIANO T. CUENCO	_____	_____
_____	_____	_____

SONIA B. SAN DIEGO
Director
Finance Services Department

known to me and to me known to be the same persons who executed the foregoing Short Term Credit Facility Agreement and who acknowledged to me that the same is their true and voluntary act and deed and the true and voluntary act and deed of the Offices they respectively represent.

I CERTIFY that this Contract consists of 4 pages including this page whereupon this Acknowledgment is written each page duly signed by the PARTIES and their instrumental witnesses at the left-hand margin except page 3 which is signed at the foot thereof.

WITNESS MY HAND AND SEAL on the date and at the place first above-written.

President

Notary Public
Until December 31, 20____

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

General Manager

PROMISSORY NOTE

(STILL TO BE PAID BY EC)

STCF

P _____

On or before _____, for value received I/we jointly and severally, promise to pay the **NATIONAL ELECTRIFICATION ADMINISTRATION**, or order at its Office at Quezon City, Philippines, the sum of _____
_____ (**P** _____) Philippines
Currency, representing principal plus interest at the rate of 1% per month. All unpaid amortizations shall earn penalty rate of 1.5% per month.

In case of non-payment of the amount of this note or any portion of it on demand, when due, or any other amount or amounts due on account of this note, the entire obligation shall become due and demandable, and if for the enforcement of the payment thereof, the **NATIONAL ELECTRIFICATION ADMINISTRATION** is constrained to entrust the case to its attorney's, I/we jointly/severally, bind myself/ourselves to pay for attorneys, as provided for in the mortgage contract, in addition to the legal fees and other incidental expenses. In the event of foreclosure of the mortgage securing this note, I/we further bind myself/ourselves jointly and severally, to pay, the deficiency if any.

ELECTRIC COOPERATIVE, INC.

By:

President

IN THE PRESENCE OF:

SONIA B. SAN DIEGO

Director
Finance Services Department

General Manager