

Grounds for Suspension and/or Cancellation/Revocation of Lending Code and its Corresponding Sanctions

Grounds		Violated Provision in the MOA	Classification of Violation
1	Violation of Truth in Lending Act		
1.1	Acceptance/submission of blank Authority to Deduct (ATD), Promissory Note (PN), Disclosure Statement (DS) but duly signed by the concerned DepEd borrowers	Item A.3	Grave
1.2	ATD, PN and DS are not properly accomplished	Item A.3	Grave
1.2.1	No information on the amount of loan granted	Item A.3	Grave
1.2.2	No information on the loan amortization, including the effectivity and termination of deductions	Item A.3	Grave
1.2.3	Inconsistent information of terms of loan (e.g. interest and non-interest rates, duration of payment, etc.) in the DS, PN, and ATD	Item A.3	Grave
1.2.4	Computation of the Net Proceeds on Loan in the DS is not revealed	Item A.3	Grave
1.3	Not using the prescribed DepED template/standard format for PN, ATD and DS	Item A.3	Grave
1.4	Charging of legal fee/notarial fee but the DS/ATD/PN is not notarized	Item A.3	Grave
1.5	Submission of false/fraudulent/grossly negligent documents	Item A.3 and A.13	Grave
1.6	Inclusion of deductions not indicated in the Annex C (sample loan computation) of the APDS-MOA (e.g. Capital Build up, Insurance premia, Cellphone conversion, etc.)	Item A.5	Grave
2	Unjustified billing to co-makers	Item A.3	Less Grave
3	PLI is requiring several co-makers (e.g. at least 21 co-makers)	Item A.3	Grave
4	Misrepresentation of Interest and Non-Interest Rates		
4.1	Computation of interest and non-interest rates on Loan not in accordance with the APDS-MOA but the Effective Interest Rate is still within 19.49% cap	Item A.4	Light
4.2	Computation of interest and non-interest rates on Loan not in accordance with the APDS-MOA and the Effective Interest Rate has exceeded the 19.49% cap	Item A.4	Grave
4.3	Inclusion of penalty charges and accrued interest on loan	Item A.5	Light
5	Non-compliance with the existing APDS policies as issued by DepEd in the form of DepEd Memoranda, Orders, Etc.	Item A.4	Grave

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6 Billing of loans not yet granted to DepEd borrowers	Item 5 and 6	Grave
7 Submission of billing before the 2 months grace period after the actual release of loan.	Item A.6	Grave
8 Refusal to accept tender payment of loan in advance from DepEd borrower.	Item A.7	Light
9 Charging and collecting interest for the remaining life of the loan in case of advance payment of loan in full.	Items A.8	Less Grave
10 Failure to issue a dated Certificate of Full Payment of Loan to the DepEd borrower, and correspondingly send a written request to the RPSU/fiscally autonomous secondary school concerned for the immediate stoppage of deduction, in case of advance payment of loan in full.	Item A.9	Light
11 Unrefunded over- deductions for the third time	Item A.10	Grave
12 Unrefunded over-deductions for the second time	Item A.10	Less Grave
13 Unrefunded over- deductions for the first time	Item A.10	Light
14 Failure to provide duly certified Statement of Account every six (6) months or upon full payment of loan in advance by DepEd borrowers	Item A.11	Light
15 Non-submission of required loan documents such as the PN, ATD and DS during spot checking	Item A.12	Grave
16 Extending the termination date of loan amortization beyond what is stipulated in the Authority to deduct signed by DepEd borrowers	Item A.12	Light
17 Illegal/unauthorized deductions	Items A.3 & A.13	Grave
18 Submission of deduction billings not yet availed by teachers for reasons of expected renewals	Items A.6 & A.13	Grave
19 Charging fee for every request for a Certification of Full Payment on Loan (CFPL) by DepEd borrowers	Items A.9 & A.10	Light
20 Inclusion of unauthorized re-billing in the APDS	Item A.13	Light
21 No business permit	Items A.16 & A.17	Grave
22 With incomplete business permit for PLIs branches	Items A.16 & A.17	Less Grave
23 Business permit used is in the name of other company	Items A.16 & A.17	Less Grave
24 Purpose indicated in the business permit is not related to lending business	Items A.16 & A.17	Less Grave
25 No prior authority from Central Office to operate lending business in a certain region	Item A.16	Less Grave
26 Physical Office/branch as reported in the Annex D of the APDS-MOA is not existing/cannot be located	Item A.16	Less Grave

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27 Sharing office and personnel with other accredited PLIs	Item A.16	Less Grave
28 Office/branch has been transferred to other location but the <u>DepEd Regional/Central</u> Office is not informed for purposes of updating the Annex D of the MOA	Item A.16	Light
29 Office/branch is an abandoned house/closed	Item A.16	Less Grave
30 Reported branches/offices are situated in either a house/restaurant	Item A.16	Less Grave
31 Business permit is still on process after month of January of the year	Item A.17	Light
32 Non-filing of Income Tax Return and non-submission of Audited Financial Statements and other documentary requirements on annual basis.	Item A.17	Grave
33 Non-disclosure of the Cancellation of CDA/SEC/IC/BSP registration	Item A.18 & C.6	Grave
34 Entering into a local MOA with fiscally autonomous secondary schools regarding salary deductions	Item A.19	Grave
35 Entering into a contract with Government Servicing Banks to pay loans contracted by DepEd borrowers outside APDS.	Item A.19	Grave
36 PLIs accepting Automated Teller Machine (ATM) card of DepEd employees to serve as collaterals of their loans.	Item A.20	Less Grave
37 Inclusion in the loan computation of the supposed Mutual Aid System/Insurance premia deductions	Item C.2	Less Grave
38 Transfer, reassignment and sale of deduction code	Item C.3	Grave
39 Piggy-backing (PLI allowing the use of the APDS Lending Code in favor of other unaccredited PLI)	Item C.3	Grave
40 Loan collectibles absorbed by other company	Item C.3	Grave
41 PLI is merged with other company without updating the Regional/Central Office	Item C.4	Less Grave
42 Failure to submit the required documents as stipulated in the APDS-MOA, in case of consolidation or merger with other company/ies.	Items C.4 & C.5	Less Grave
43 Extending the terms of loan amortization beyond what is stipulated in the Annex C of the APDS-MOA	Item D.3	Light
44 Any malicious and defamatory imputation against DepED APDS members as a tactic by PLIs to force or to prevent the Department from further refining and upgrading the APDS Clean-up Program		Grave
45 Other acts or omissions similar or analogous to the above.		Depends on the gravity of violation