



DEVELOPMENT THRUSTS



**Accessing Financial Facilities
(Term Loan) charge against the
Special Education Fund (SEF)**

LEGAL BASIS

Republic Act. 7160 Local Government Code

- Title IV Credit Financing
- Chapter II
 - Article I Receipts, Safekeeping Article and Disposition of Local Funds
 - Section 309 – Special Funds

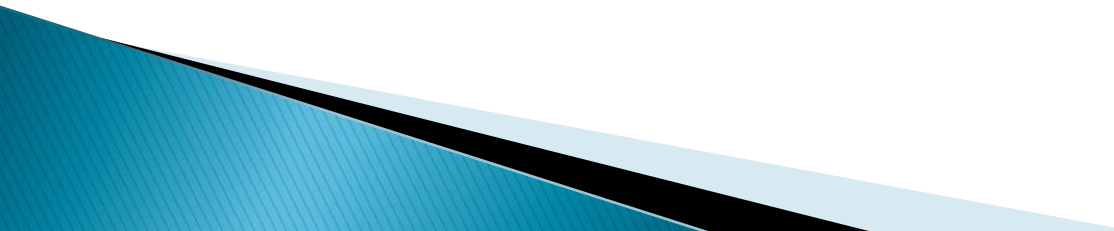
FIRST STEP

THE LSB CHAIRMAN (LCE)
PRESENTS THE SCHOOL BUILDING
LOAN PROGRAM
TO THE LOCAL SCHOOL BOARD
FOR ITS APPRECIATION AND
APPROVAL



SECOND STEP

**ACQUIRE AUTHORIZATION FROM
THE LOCAL SCHOOL BOARD TO
NEGOTIATE WITH GOVERNMENT
BANKS FOR THE TERM LOAN
USING THE SEF FUNDS AS SOURCE
OF LOAN AMORTIZATION**



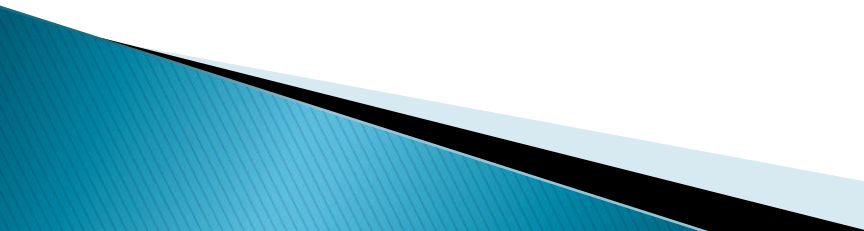
THIRD STEP

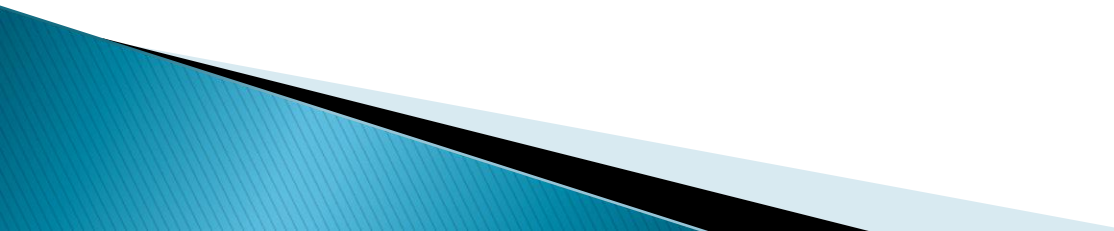
PRESENT TO THE LOCAL SCHOOL BOARD AND TO THE LOCAL FINANCE COMMITTEE THE NEGOTIATED LOAN TERMS AND CONDITIONS AND ENDORSE SUCH TO THE DEPARTMENT OF FINANCE FOR THE ACQUISITION OF A BLGF CERTIFICATION (DEBT SERVICE AND BORROWING CAPACITY)

REQUIREMENTS FOR THE BLGF CERTIFICATION:

- ▶ **Letter request from the Local Chief Executive indicating:**
 - *The lending institution where to apply a loan;*
 - *Terms and conditions for the proposed loan; and*
 - *The specific purpose of the loan.*
- ▶ **Statement of Receipts and Expenditures for the past three (3) years uploaded and approved by the BLGF Central Office**
- ▶ **Certification of absence of loan/s under SEF, when applicable**

- ▶ **Certification of existing and approved loans under SEF, when applicable, with the following details:**
 - *Types of Loan and Other Obligations contracted;*
 - *Purpose of Loan and other Obligations contracted;*
 - *Name of Lending Institutions;*
 - *Dates of approval and maturity;*
 - *Terms and Conditions (Interest rate and No. years to pay);*
 - *Annual Amortization schedule (segregating the principal from the interest) issued by the lending institution; and*
 - *Remaining balances of loans and other obligations.*

 - ▶ **Commission on Audit (COA) Annual Audit Certificate for the past three (3) years showing no adverse finding against the LGU which is supported by the following year – end financial reports:**
 - *Pre – Closing Trial Balance (SEF);*
 - *Balance Sheet (SEF); and*
 - *Statement of Income and Expenses (SEF).*
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- ▶ **Certification by the Local Accountant that the LGU has not incurred default in the payment of the amortization of an existing loan under the SEF;**
 - ▶ **Certification from the Secretary of the Sanggunian of the Local Legislative Body that the proposed project to be financed by the loan is included in the Approved Annual Investment Plan for the current year;**
 - ▶ **Department of Interior and Local Government (DILG) Seal of Good Financial Housekeeping awarded to the LGU; and**
 - ▶ **Local School Board Resolution Authorizing the utilization of the Special Education Fund for the repayment of the proposed loan.**
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FOURTH STEP

WITH THE BUREAU OF LOCAL GOVERNMENT FINANCE (BLGF) CERTIFICATION, LGU NEEDS TO GET HOLD OF A MONETARY BOARD OPINION APPROVING THE LGU'S SCHOOL BUILDING LOAN PROGRAM WITH ITS SET OF TERMS AND CONDITIONS FROM THE FINANCING INSTITUTION

REQUIREMENTS:

- ▶ **Letter by the LGU, or the lending bank on behalf of its client, requesting for the MB Opinion on the proposed loan, and providing information on the terms and condition of the proposed loan (i.e., loan amount, purpose of loan, [whether for infrastructure or importation of equipment, etc.], interest rate, maturity, fees and other charges;**
- ▶ **Certification on the Debt Service and Borrowing Capacity of the LGU obtained from the Department of Finance – Bureau of Local Government Finance (DOF – BLGF);**
- ▶ **Designation of a contact person/s responsible for coordinating with the Bangko Sentral along with contact information, and a Sanggunian Resolution on the specific acts/services he/she has been authorized to perform;**
- ▶ **Indication of the lending bank on the source of the funds to be lent to the LGU; and**
- ▶ **Certification of the Local Chief Executive that the proceeds of the proposed loan will not be used for importation of any materials and/or equipment.**

FIFTH STEP

PRESENT THE SCHOOL LOAN BUILDING PROGRAM WITH THE BLGF CERTIFICATION AND THE MONETARY BOARD OPINION TOGETHER WITH THE LOAN TERMS AND CONDITIONS TO THE LOCAL SANGGUNIAN FOR ITS REVIEW, ADOPTION AND APPROVAL AND COME UP WITH A BORROWING ORDINANCE

SIXTH STEP

AFTER THE BORROWING ORDINANCE IS APPROVED, A RATIFICATION ORDINANCE IS REQUIRED FOR THE FINALIZATION OF THE TERMS AND CONDITIONS

ALL OF THESE SHALL PASS THROUGH THE PROVINCIAL SANGGUNIAN FOR ITS CONCURRENCE AND APPROVAL IF THE AVAILING PARTY IS A COMPONENT LGU

SEVENTH STEP

COMPLY BANK REQUIREMENTS
AND AWAIT FOR FUND RELEASE

EAGLE WINGS PROGRAM



Education, Employment and Culture
Agriculture, Fisheries and Environment Development
Genuine Peace, Safety and Security
Livelihood and Tourism Development
Economy and Affordability of Taxes
Wellness, Sports and Health

Infrastructure, Transportation and Communication Development
NGO's, GO's and Cooperatives Convergence and Recognition Development
God-Centered and Good Governance
Social Services

END OF PRESENTATION

Thank You....

