



MEMORANDUM CIRCULAR NO. 6 '87  
Series of 1987

*7/25/87*

Subject: GUIDELINES IN THE REPOSSESSION, VOLUNTARY SURRENDER AND REDISTRIBUTION OR RESALE OF HAND TRACTORS AND ACCESSORIES TO FARMER-BENEFICIARIES

I. OBJECTIVES

1. Beginning of January 1987, campaign for repossession and redistribution of hand tractors and accessories should have been started.
2. At the end of December 1992, unpaid balance on amortization payment should have been collected.

II. PROCEDURES

1. Creation of the Regional Committee

The Regional Director shall create a Regional Committee composed of the following:

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| a. CARPO (Regional)                      | - | Chairman |
| b. Regional Mechanical Engineer          | - | Member   |
| c. Regional Accountant                   | - | Member   |
| d. Settlers' Affairs Officer             | - | Member   |
| e. District Officer Covering<br>the Area | - | Member   |

2. Functions of the Committee

a. Repossession

- (a) Prepare list of handtractors and accessories for repossession.
- (b) Determine the owners, location, status (present condition) and the total unpaid amortization of the implements recommended for repossession.
- (c) Prepare systematic procedures in the repossession of the implements.
- (d) Assess and evaluate the cost of repair per unit.

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- (e) Identify reasons and causes for non-payment of the equipment in collaboration/coordination with the Team Leader concerned.
- (f) Assess and determine if unpaid amortization shall be assumed/answered by the original holder or by the successor.



b. Redistribution

- (a) Review and process the applications for re-acquiring the hand tractors and the supporting documents thereto for approval by the Regional Director.
- (b) Maintain books of accounts on collection of repossessed and redistributed farm implements.
- (c) Monitor the status of the hand tractors.
- (d) Prepare a program for the effective way of reprocessing the Kubota Hand Tractors still in the possession of the farmer-beneficiaries.
- (e) Determine the willingness of the prospective applicants to assume the unpaid balance including the cost of repair of the unit.

III. QUALIFIED APPLICANTS

1. Owner-cultivators
2. Amortizing owners
3. Agricultural lessees
4. Agrarian Reform Beneficiaries in Resettlement, Landed Estates and OLT Areas
5. Individuals who are members of duly organized/registered FAS.

IV. PROCEDURES IN THE FILING OF APPLICATIONS FOR RE-POSSESSED AGRICULTURAL MACHINERIES

1. Apply with the nearest Agrarian Reform Team Office covering the area of the applicants.
  2. Accomplish the prescribed form (Form No. 1) in five (5) copies to be secured from the Team Office guided by the Agrarian Reform Technologist assigned in the area where the applicant is residing. The original and duplicate copy shall bear a 2x2 inexpensive photo of the applicant.
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3. Application form duly accomplished shall be verified and processed by the Team Leader or his duly authorized representative to determine the following:
  - a. Whether the farmer-applicant is qualified under paragraph no. III.
  - b. Purchaser's capacity to pay.
  - c. Necessity of the farmer-applicant to buy the item.
  - d. Full understanding by the farmer about his obligations.

V. PREPARATION AND EXECUTION OF THE CONTRACT

1. The Team Leader upon satisfactory reviewing/completing all the requirements of the applicants shall proceed with the preparation of the contract (Form No. 2) P.D. 287.
2. The Team Leader shall see to it that the farmer purchaser understood all the terms and conditions of the contract.
3. The Team Leader and the Agrarian Reform Technologist who performs the verification and evaluation of the applications of qualified applicants shall sign as witnesses in the contract.

VI. PROCESSING AND APPROVAL

1. The Team Leader through the District Officer shall forward the duly accomplished applications and contracts to the Regional Director.
2. The Regional Committee shall process and evaluate the recommendation of the Team Leader and examine the application and contract for approval by the Regional Director.

VII. MODE OF PAYMENT

1. The remaining balance of the repossessed farm implements shall be paid, interest free, by the new amortizing beneficiary.
  2. It shall be payable for 7 years in equal amortization from the date of acquisition.
  3. In case on non-payment of at least two (2) consecutive amortizations, the Team Leader shall notify the purchaser of such default.
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4. Thereafter, non-payment by the defaulting purchaser of the defaulted amortizations notwithstanding the notice served, shall cause the termination of the contract, retrieval of the machines and accessories and forfeiture of previous payments tendered in favor of the Department.

VIII. COLLECTION

1. Collection shall be made by the bonded Bill Collector of the Department who shall deposit his collection immediately to the nearest authorized accredited depository for the account of the Department.
2. The Team Leader shall transmit to the Regional Director a monthly report of collection.
3. The Regional Office shall keep and maintain a separate accounting books or records of funds and collection of this accounts.

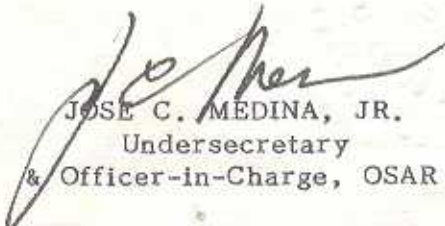
IX. LEGAL TITLE OVER HAND TRACTORS

1. Absolute legal title to the repossessed items shall remain with the name of the Department until such time it is fully paid.
2. Default for 2 consecutive amortizations/payments shall terminate or cause the termination of the contract and forfeiture of previous payments in favor of the Department.

X. INSPECTION OF THE ITEMS

1. The Team Leader or his duly authorized representative shall conduct periodic inspection of the item.
2. The Team Leader shall render a quarterly report on the condition of the implements to the Regional Director.

Dillman, Quezon City, July 21, 1987.

  
JOSE C. MEDINA, JR.  
Undersecretary  
& Officer-in-Charge, OSAR