



Republic of the Philippines
Region IX
Province of Zamboanga del Sur
MUNICIPALITY OF DUMALINAO



PROVINCIAL SECRETARIAT
LIVED

OFFICE OF THE SANGGUNIANG BAYAN

09-29-23 10:15 AM

OFFICE OF ZAMBOANGA DEL SUR

EXCERPTS FROM THE MINUTES OF THE 43rd REGULAR SESSION OF THE 12TH SANGGUNIANG BAYAN OF DUMALINAO, ZAMBOANGA DEL SUR, HELD AT SB SESSION HALL ON AUGUST 7, 2023.

Present:

- | | |
|-----------------------------------|------------------------|
| HON. LORENZO S. ALCANTARA | - Municipal Vice Mayor |
| HON. RONALDO D. ENCABO | - SB Member |
| HON. ARNOLD L. FLORES | - SB Member |
| HON. FREDERICK R. BALANDRA | - SB Member |
| HON. HERMES B. CABALES | - SB Member |
| HON. MA. GEMMA C. ALBISO | - SB Member |
| HON. RHOLLY A. LABANG | - SB Member |
| HON. ROMEO G. LIGAN | - SB Member |
| HON. JELITO R. PEÑONAL | - SB Member |
| HON. JESSIE NIEL C. PAULO | - ABC President |
| HON. JEZIEL R. DAGUPAN | - SKF President |
| HON. ROMEO D. PARILA | - IPMR |

Absent:

NONE

ORDINANCE NO. 2023-08-489

AN ORDINANCE APPROVING THE BORROWING AND RATIFYING THE TERM LOAN AGREEMENT EXECUTED AND SIGNED BY AND BETWEEN THE LOCAL GOVERNMENT UNIT OF DUMALINAO, ZAMBOANGA DEL SUR, AND THE DEVELOPMENT BANK OF THE PHILIPPINES (DBP) AMOUNTING TO THIRTY MILLION PESOS (PHP30, 000, 000.00) FOR THE CONSTRUCTION OF THE NEW MEMORIAL GARDEN OF THE MUNICIPALITY OF DUMALINAO, ZAMBOANGA DEL SUR, WITH ALL THE TERMS AND CONDITIONS AND OTHER DOCUMENTS RELATED THEREOF.

WHEREAS, the Sangguniang Bayan of Dumalinao, Zamboanga del Sur, per SB Resolution No. 0148-2023, hereby authorized the Municipal Mayor Honorable Junafior S. Cerilles, RMT, MAGD, to negotiate and enter on behalf of the Local

SANGGUNIANG BAYAN OF DUMALINAO, ZAMBOANGA DEL SUR

(Handwritten signatures and stamps)



Government Unit of Dumalinao into a Contract of Loan amounting to Thirty Million Pesos (Php30, 000, 000.00) with the Development Bank of the Philippines (DBP)-Pagadian City, to finance the construction of the New Memorial Garden located at Barangay Anonang, Dumalinao, Zamboanga del Sur;

WHEREAS, the necessary documentary requirements such as Term Loan Agreement, Deed of Continuing Assignment with hold-out, and other related loan documents have been ratified, hereby confirming and approving the foregoing undertaking;

WHEREAS, after careful review and exhaustive deliberation, and after finding the same to be proper and in order;

NOW THEREFORE, on motion by **HON. ARNOLD L. FLORES** and severally seconded;

BE IT ORDAINED by the 12th Sangguniang Bayan of Dumalinao, Zamboanga del Sur, in session assembled that:

SECTION I. TERM LOAN AGREEMENT. This Ordinance shall approve and ratify the Term Loan Agreement executed and signed between the Municipality of Dumalinao, Zamboanga del Sur, represented by Hon. Junaflor S. Cerilles, RMT, MAGD, with the Development Bank of Philippines (DBP) to finance its development project in the total principal amount of Thirty Million Pesos (Php30, 000,000.00).

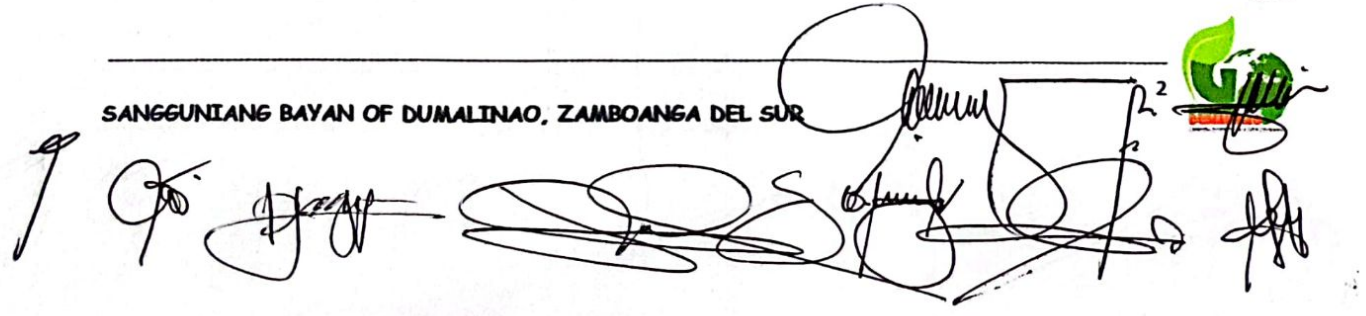
SECTION II. LOAN PROCEED. The proceed of the loan in the sum of Thirty Million Pesos (Php30,000,000.00) shall be used to finance the Construction of the New Memorial Garden located at Barangay Anonang, Dumalinao, Zamboanga del Sur.

SECTION III. AUTHORITY TO ENTER INTO A LOAN. The Municipal Mayor is hereby authorized to negotiate and conclude such loan, to sign, execute and deliver loan and collateral agreements, promissory notes and such other pertinent papers, instruments, and documents and to do all acts and things necessary, proper and convenient under the premises for and in behalf of the LGU-Dumalinao in order to secure payment of the loan applied for.

SECTION IV. RATIFICATION OF THE APPROVED TERMS AND CONDITIONS OF THE LOAN. The approved terms of the loan with the Development Bank of the Philippines (DBP) as embodied in the Notice of Loan Approval (Annex A), including the Term Loan Agreement, Assignment of Deposit with Hold-out and Control Agreement, Deed of Undertaking and such other agreements as



SANGGUNIANG BAYAN OF DUMALINAO, ZAMBOANGA DEL SUR



maybe entered into by the LGU-Dumalinao in connection with the borrowing are hereby ratified.

a. This ratification includes all subsequent request by the LGU-Dumalinao for modification/revision and/or amendment to be made on the project as well as on its approved terms and conditions, and which makes the loan a statutory obligation of the LGU-Dumalinao.

b. The obligations of the LGU-Dumalinao thereunder, as well as the terms and conditions thereof, shall be valid and binding on the Municipality and shall not be subject to recall by the Sangguniang Bayan for the whole term of loan, regardless of any change in its composition.

c. Further and in compliance to the approved terms and conditions, the LGU-Dumalinao agrees to:

1. The continuing assignment of the LGU's deposit with hold – out on deposit equivalent to one (1) monthly amortization until loan is fully paid.

2. Authorize DBP to automatically debit on due date from the Municipality's deposit account with DBP an amount equivalent to the maturing loan installments, interest, fees, and other charges until the loan is fully paid.

3. The inclusion of appropriation for debt – servicing in the LGU's annual budget in accordance with the Local Government Code until the loan is fully paid.

4. The undertaking that the LGU-Dumalinao shall exercise prior notice to the Development Bank of the Philippines in cases the former will undertake other future loans.

5. Authorize DBP to provide and obtain credit information to/from credit bureaus and other banks/creditors as required under RA 9510 on Credit Information System Act and RA 10173 on Data Privacy Act of 2012.

6. That the Municipal Mayor, be authorized to execute that letter to Bangko Sentral ng Pilipinas (BSP) waiving the Municipality's right to confidentiality of investments and bank deposits, whether in Peso of foreign currency and secure certification of Net Debt – Service Ceiling and Borrowing Capacity to be obtained from the Bureau of Local Government Finance (BLGF) – Department of Finance (DOF).

7. Waive its right of confidentiality of information by authorizing DBP, and all banks or financial institutions with which it has transactions, to disclose

SANGGUNIANG BAYAN OF DUMALINAO, ZAMBOANGA DEL SUR

transactions to the Bangko Sentral ng Pilipinas (BSP) all information pertaining to the deposits, investments, loan or other transactions including the history or status of our dealings with said banks of financial institution and for the BSP to make all inquiries as may be necessary regarding the same. And that the BSP is likewise authorized to disclose and share any such information furnished or obtain from the said banks or financial institution to the Department of Finance in relation the performance by said Department of its functions.

8. Direct the Municipal Treasurer and/or Accountant to enter the loan in the appropriate books of the LGU;

9. Appropriate the amount for loan repayment in the LGU'S Annual Budget until the loan, interest and other charges are fully paid;

10. Authorize the assignment of the LGU-Dumalinao's deposits (NTA and other income); revenues and collections as collateral/security to the loan obtained and declaring them to be available and not restricted by law or its other obligations;

11. Authorize DBP to deduct for set – off and/or deduct amounts from deposit with DBP and apply the same to the payment of the loan or any portion thereof, or interest and penalties thereon as may be deemed necessary by the Bank;

12. Authorize the Municipal Mayor to sign the Data Privacy Consent Form as required under RA 9510 on Credit Information System Act and RA 10173 on Data Privacy Act of 2021.

SECTION V. The Local Government Unit of Dumalinao hereby appropriates the entire proceeds of the borrowing exclusively to finance the project specified under Section II of this ordinance.

SECTION VII. The Team Loan Agreement, Assignment of Deposit with Hold – out and Control Agreement and Deed of Undertaking and any other related documents/s as may be executed shall form part of this ordinance.

SECTION VIII. REPEALING CLAUSE. All previous ordinances, executive orders, rules and regulations, which are inconsistent with the provisions of this Ordinance, are hereby deemed amended, modified or repealed accordingly.

SECTION IX. EFFECTIVITY CLAUSE. This Ordinance shall take effect immediately upon its approval.

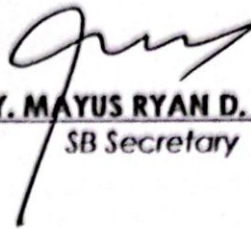
ENACTED this 7TH day of AUGUST 2023 at Dumalinao, Zamboanga del Sur.

SANGGUNIANG BAYAN OF DUMALINAO, ZAMBOANGA DEL SUR

[Handwritten signatures and stamps of the Sangguniang Bayan of Dumalinao, Zamboanga del Sur]



I HEREBY CERTIFY to the correctness of the foregoing Ordinance.



ATTY. MAYUS RYAN D. ANDO
SB Secretary

Attested by:



LORENZO S. ALCANTARA
Vice Mayor - Presiding Officer

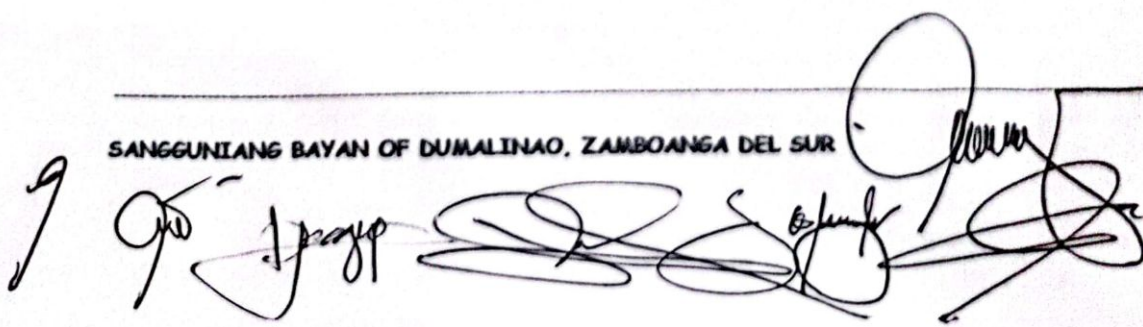
Approved by:



JUNAFIOR S. CERILLES, RMT, MAGD
Municipal Mayor



SANGGUNIANG BAYAN OF DUMALINAO, ZAMBOANGA DEL SUR





TERM LOAN AGREEMENT

This Term Loan Agreement is executed by and between:

The DEVELOPMENT BANK OF THE PHILIPPINES, a government financial institution created and operating pursuant to the provisions of Executive Order No. 81 dated December 3, 1986, as amended by Republic Act No. 8523 dated February 14, 1998, with address at DBP Building, Sen. Gil J. Puyat Avenue, Makati City, Philippines, represented by its Acting Head, Zamboanga Lending Center, SM AL BRAIN C. TENORIO, hereinafter referred as to the "Lender",

- and -

DUMALINAO MUNICIPALITY, ZAMBOANGA DEL SUR, a local government unit, duly organized and existing under Philippine laws, with principal office address at Dumalinao, Zamboanga Del Sur, represented by HON. JUNAFLO R. S. CERILLES, Municipal Mayor, hereinafter referred to as the "Borrower"

WITNESSETH: THAT-

WHEREAS, the Lender has approved to extend in favor of the Borrower a term loan (the "Loan") in the aggregate principal amount of PESOS: THIRTY MILLION (PhP30,000,000.00) or 100% of winning bid price, whichever is lower, provided, it does not exceed the LGU's net debt service ceiling and borrowing capacity as certified by DOF-Bureau of Local Government Finance (BLGF), upon the terms and conditions hereinafter stipulated;

NOW, THEREFORE, the Parties hereto hereby agree, as follows:

ARTICLE I

Definitions; References, Headings

Section 1.01. Definitions

As used herein, the following terms shall have the following meanings (terms used in the singular to have a correlative meaning when used in the plural and vice versa):

"Adjustment Date" means the date referred to in Section 2.07 (a) of this Term Loan Agreement.

"Adjusted Interest Rate" means the rate of interest referred to in Section 2.07 (a) of this Term Loan Agreement.

"Advance" means the advance by the Lender to the Borrower pursuant to Section 2.01 of this Term Loan Agreement or, as the context may require, the amount of such advance from time to time outstanding.

"Agreement" means this Term Loan Agreement as the same may be amended or supplemented from time to time.

"Availability Period" means the period from the date hereof to and including the earliest of (a) the date the Commitment is fully availed of by the Borrower, or (b) the date the Commitment is terminated or cancelled in accordance with the terms of this Agreement or (c) up to two (2) years from date of initial loan release, unless otherwise extended upon the sole discretion of the Lender and after due payment of the required Extension Fee, if any. Provided further, that the Gross Receipts Tax or other substitute tax shall be for the account of the Borrower.

"Availment" or "Borrowing" shall mean each availment by the Borrower of the part or of the full amount of the Loan under the terms of this Agreement.

Handwritten signatures and names of officials: SM AL BRAIN C. TENORIO, HON. JUNAFLO R. S. CERILLES, MGR. MECHIE T. SARASALES, MGR. GUILLERMO L. GENINA.

"**Banking Day**" means a day in a week on which banks are not required or authorized by law to close for business in Metro Manila, Philippines; provided, that all other days not otherwise specified herein shall mean calendar days which shall be construed as successive periods of twenty four (24) hours each, whether such periods are Banking Days or not.

"**Borrowing**" means each borrowing or availment made by the Borrower under this Agreement.

"**Collateral**" means all property, rights, title and interests of any kind or character covered by, or purported to be covered by, any or all of the Security Document.

"**Commitment**" means the aggregate principal amount of Pesos: **THIRTY MILLION & 00/100 (PhP30,000,000.00)**, or one hundred percent (100%) of winning bid price, whichever is lower provided it does not exceed the LGU's net debt service ceiling and borrowing capacity as certified by DOF- BILGF, or as the context may require, the obligation of the Lender to lend up to such amount in accordance with the terms of this Agreement.

"**Event of Default**" means any of the events specified in Article VIII of this Agreement.

"**GRT**" means the gross receipts tax under Section 121 of the National Internal Revenue Code, or any tax to be imposed by statute adopted after the date of this Agreement as a substitute thereof.

"**Interest Payment Date**" shall mean the last day of an Interest Period.

"**Interest Period**" has the meaning ascribed to it in Section 2.07(b) of this Agreement.

"**Lien**" means any lien, pledge, mortgage, charge, encumbrance, title retention or other security arrangement on or with respect to any asset or revenue of the Borrower.

"**Loan Obligation**" means: (i) the aggregate principal amount of the Advances made by the Lender to the Borrower; (ii) all interests due on the Advances, including Capitalized Interests and Other Charges (CIOC); (iii) all fees, costs and expenses payable by the Borrower under the terms of this Agreement and such other agreements of the Borrower with the Lender; and (iv) all other obligations and liabilities of the Borrower to the Lender now existing or hereafter incurred either as a new loan or as extension, renewal or restructuring of the existing loan/s. The term shall include all advances made by the Lender for insurance premiums and realty taxes.

"**Note**" means the Promissory Note/s of the Borrower evidencing the Borrowing under the Agreement.

"**Notice of Borrowing**" means the notice referred to in Section 2.02, and substantially in the form of Annex "A" of this Agreement, duly executed by the Borrower and delivered to the Lender.

"**PDS**" means the Philippine Dealing System or any entity succeeding to the functions thereof.

"**Repayment Date**" means each of the dates occurring upon maturity of the Note/s. The term also means the simultaneous payment date of the interest and principal.

"**Secured Obligations**" means all indebtedness, liabilities and obligations of the Borrower to the Lender under or pursuant to this Agreement.

"**Security Document**" has the meaning ascribed to it in Section 2.09 of Article II of this Agreement.

"**Taxes**" means any present or future taxes (including, but not limited to, stamp tax and gross receipts tax or any substitute tax), levies, imposts, stamps, duties, and other fees or charges imposed by the Republic of the Philippines or any political subdivision or taxing authority thereof, excluding taxes on the overall income of the Lender.

Section 1.02. Interpretation

(a) Except where the context otherwise requires, references in this Agreement to Article, Section, or Annex are to Article, Section, or Annex of this Agreement as amended or supplemented from time to time.

(b) The headings of the Agreement's Articles and Sections are inserted for convenience of reference only and shall not limit or affect the interpretation of the provisions.

(c) A "month" is a thirty (30) calendar day period commencing on a specified day in a calendar month and ending thirty (30) calendar days after in the relevant subsequent calendar month (or if there is no day so corresponding in the calendar month in which such period ends, such period shall end on the last day of such calendar month). If the months are designated by their name, they shall be computed by the number of days which they respectively have. In computing a period, the first day shall be excluded, and the last day included.

(d) All accounting terms not specifically defined in this Agreement shall be construed in accordance with Philippine Financial Reporting Standards in effect in the country on the date applied.

(e) Unless the context otherwise requires, words denoting the singular number shall include the plural and vice versa, and words denoting persons shall include corporations, partnerships, business organizations and any government or any agency or its political subdivision. References to Sections are to be constructed as references to the sections of this Agreement.

ARTICLE II
The Loan

Section 2.01. Advance

(a) The Lender agrees, upon the terms and subject to the conditions hereinafter set forth, to make the Advance to the Borrower during the Availability Period, in the following manner of drawdowns, in the aggregate principal amount up to, but not in excess of, its Commitment and in accordance with the following guidelines:

New 15 year Term Loan under Assistance For Economic and Social Development (ASENSO) for LGUS for Thirty Million & 00/100 (P30,000,000.00) or 100% of the winning bid price, whichever is lower, provided it does not exceed the LGU's net debt service ceiling and borrowing capacity as certified by DOF- BLGF.

Provided that, procurement of the Project shall be conducted strictly in accordance with the requirements prescribed under the provisions of Republic Act (R.A.) 9184, otherwise known as the "Government Procurement Reform Act" and its 2016 Revised Implementing Rules and Regulations. Provided further, that the loan releases shall be credited to the deposit account opened and maintained by the Borrower with the Lender for the purpose.

Any undrawn amount on the Commitment at the expiry of the Availability Period shall be automatically cancelled.

(c) The Advance shall be denominated in Philippine Pesos, and Philippine Pesos shall be the currency of account, disbursement, and any payment to be made by the Borrower under this Agreement.

Section 2.02. Procedure for Borrowing

(a) The Borrower shall deliver a Notice of Borrowing and a Certificate of Borrowing, substantially in the form of Annex "A" and Annex "B", respectively, at least five (5) Banking Days (or such shorter period as may be agreed upon) prior to the date of any proposed Borrowing in this Agreement. Such Notice of Borrowing, once delivered to the Lender, shall be irrevocable and shall commit the Borrower to avail of the amount stated therein on the proposed date of Borrowing.

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MR. GUALBERTO U. GEMINA

[Handwritten signature]
MGR. MECHIE T. SABASALES

[Handwritten signature]
HON. JUNAFUER S. CERILLES

[Handwritten signature]
SM AL BRAN C. TANORIO

(b) Subject to the fulfillment of all applicable conditions set forth in this Agreement, the Lender shall make available the amount of the Advance not later than 11:00 a.m. on the proposed date of Borrowing specified in the Notice of Borrowing. All releases shall be subject to Borrower's fulfillment of all the Conditions for Borrowing set forth in Article VII.

Section 2.03. Use of Loan Proceeds

The Borrower agrees that the proceeds of the Loan will be used to finance the following priority development projects of the Borrower:

To finance the construction of New Memorial Garden at Brgy. Anonang, Dumalinao, Zamboanga Del Sur.

Section 2.04. Note

Each Advance by the Lender shall be evidenced by a Note dated on the date on which such Advance is made and payable to the order of the Lender in the amount of such Advance, provided, however, that the maturity of all promissory note/s shall coincide with the maturity of the Note covering the initial drawdown. The provisions of the Note once executed shall be complemented by the terms and conditions of this Agreement; provided, however, that in case of conflict between the Note and this Agreement, this Agreement shall prevail.

Section 2.05. Repayment

The Borrower shall repay the Loan in fifteen (15) years, inclusive of two (2) years grace period on principal repayment. The principal payable in one hundred fifty-six (156) equal monthly installments commencing at the end of the twenty fifth (25th) month from the date of initial drawdown.

Section 2.06 Prepayment

(a) Provided that the Borrower is not in default in payment of any sum due under this Agreement or under the Note, the Borrower may, at its option, prepay the Loan in part or in full, with or without prior notice subject to paragraph (b) hereof and to the following conditions: (i) the partial prepayment shall be applied against the repayment installments of the Loan in the inverse order of their maturity; (ii) the amount prepaid may not be re-borrowed; and (iii) accrued interest thereon is paid on prepayment date.

(b) **For fixed interest rate Loan:**

- No prepayment penalty shall be charged if a Borrower prepays the Loan on the interest payment date.
- If prepayment of the Loan is made on a date other than an interest payment date, the prepayment shall be subject to a prepayment penalty at a rate that shall be prescribed by the Lender from time to time. Currently, the prepayment penalty is computed at three percent (3%) of the amount prepaid.

(c) In the event of prepayment, the Gross Receipts Tax (GRT) shall be recomputed and the corresponding Statement of Account shall be issued and furnished the Borrower within one (1) week from date of full payment. The Borrower understands and agrees to any deficiency tax or any applicable tax that may be determined and computed on the pre-terminated account after the actual full payment, on account of changes in tax rates (GRT) when the repayment schedule is shortened.

Section 2.07. Interest

The Borrower agrees to pay the interest on the Advance on or before the Interest Payment Date without need of prior demand.

The Borrower agrees to pay the interest in the following manner:

(a) It shall be payable monthly in arrears to commence at the end of the first month from initial drawdown.

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MIC. GUAYBERTO II. GEMINA

MGR. MECHIEL T. TABASALES

HON. JUNAL ROS, CERILLAS

SM AL BRAY C. TENORIO

Any interest adjustment shall be upon prior notice and acceptance by the Borrower. If the interest adjustment is not acceptable to the Borrower, the Borrower shall notify in writing the Lender of such fact and shall prepay the entire sum of principal and interest due, without penalty, at the rate existing as of the last Interest Period and to be paid on Interest Payment date. If the Borrower fails or refuses to notify the Lender and to prepay, the Adjusted Interest Rate shall be considered deemed accepted by the Borrower.

For purposes of the Borrowing, Interest Period shall mean each of the successive periods of one (1) month. Each Interest Period shall end on the numerically corresponding day of each month end period after the date of Borrowing (or if there is no day so corresponding in such month, such Interest Period shall end on the last day of such month); Provided that, if any Interest Period would otherwise end on a day which is not a Banking Day, such Interest Period shall be extended to the next succeeding day which is a Banking Day, unless the result of such extension would be to carry such Interest Period over into another calendar month, in which event, such Interest Period shall end on the immediately preceding Banking Day.

(b) In the event that (i) the current benchmark is replaced by other mark-to-market benchmark that the members of the Bankers Association of the Philippines shall utilize, or (ii) on the interest rate setting date, due to generally prevailing market conditions, the benchmark to be applied to the loan during such Interest Period does not accurately reflect the cost of maintaining the amount advanced for such Interest Period, the Lender shall give the Borrower prompt notice thereof. During the seven (7) days succeeding the giving of such notice, the Lender and the Borrower shall negotiate in good faith and agree on the adoption of an alternative mark-to-market benchmark for the relevant Interest Period, failing which, the Borrower shall have the right to prepay the loan and interest (computed in accordance with the interest rate applicable during the immediately preceding Interest Period) accruing thereon as of the date of prepayment, without any prepayment penalty, within a period to be agreed upon by the Lender and the Borrower over which such period shall not be later than thirty (30) calendar days from the date of notice.

Upon determination by any of the Parties that the Interest Rate is no longer reflective of the market, a new interest rate shall be determined subject to the agreement of both the Parties. Nevertheless, such pricing will only take effect on the immediately succeeding Interest Payment Date unless otherwise allowed by the Parties.

(c) 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 in the computation thereof.

(d) GRT or any substitute tax shall be for the account of the Borrower.

Section 2.08. Payment

(a) All payments to be made by the Borrower in this Agreement or under the Note shall be made in immediately available funds at the office of the Lender, not later than 11:00 a.m., Philippine time, on the relevant date when they are due (each such payment made after such time on such due date to be deemed to have been made on the next succeeding Banking Day).

(b) Any payment made to the Lender in this Agreement or under the Note shall be applied in accordance with the following order: (i) against costs, expenses and indemnities due hereunder; (ii) against default charge on advances; (iii) against advances; (iv) against default charge on past due interest and/or past due principal; (v) against past due interest; (vi) against past due principal; (vii) against current interest; and (viii) against current principal.

(c) Notwithstanding anything in this Agreement to the contrary, the Lender may apply any payment received from the Borrower or for its account to the payment of any or all existing accounts of the Borrower in the order of priority that the Lender may prescribe from time to time.

Section 2.09. Security Document

(a) The payment of all Loan Obligations at any time owing under this Agreement, as well as the prompt observance and performance of the terms and conditions contained herein, shall be secured by the Collateral described or covered under the following Collaterals to be

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MGR. GERARDO L. GERINA

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MGR. MECHIEL T. ABASALES

[Handwritten signature]
MR. JUNAYLOR S. CERILLES

[Handwritten signature]
MR. AL BRAUN C. TORIO

evidenced by the following documents in such form acceptable to the Lender (the "Security Document"):

- (i) Assignment of Deposit with Hold-out and Control Agreement equivalent to one (1) monthly loan installment;
- (ii) Contractor's All Risk (CAR) Insurance coverage shall be obtained prior to initial release of the loan based on the estimated cost of the project when completed.

(b) The Security Document shall take effect upon full or partial avallment of the Loan and shall subject the Collaterals described or covered thereunder as security or Lien for the outstanding obligation in accordance with the terms of the Agreement, the Note, and other related documents or agreements.

ARTICLE III
Funding and Yield Protection

Section 3.01. Taxes

(a) All payments due to the Lender under the Note, whether of principal or of interest, as well as advances, penalties, costs, fees or otherwise, shall be made without set-off or counterclaim, free and clear of and without deduction for or on account of any Taxes, all of which shall be for the account of the Borrower and paid by it directly to the relevant taxing or other authority when due. The Borrower shall forward to the Lender official receipts establishing the rate and payment of any such Taxes within ten (10) days from such payment. In the event that the Borrower is required or prohibited by law to make any deduction or withholding in respect of Taxes on any payment hereunder, then the Borrower shall pay such additional amount as will result in the receipt by the Lender, after such deduction/s or withholding/s, of an amount equal to the amount that the Lender would have received if such deduction/s or withholding/s had not been required.

(b) In the event that the Lender shall be required to pay any Tax of whatever nature, filing and other fees or charges imposed by any taxing authority of the Philippines on or with regard to the execution, formalization or perfection of any documentation contemplated hereunder or delivered pursuant hereto, the Borrower shall, upon demand, reimburse the Lender for such Taxes, fees or charges.

(c) Documentary Stamp Tax shall be deducted from the proceeds of the Loan.

Section 3.02. Change in Circumstances

(a) In the event that there shall occur at any time during the term of the Agreement any change in applicable law, rule or regulation or in the interpretation or administration thereof, which shall (i) increase the rate of GRT or substitute, related, or similar tax applicable to any payment made by the Borrower thereunder, or (ii) increase the cost of maintaining any reserve or special deposit against the Loan or (iii) increase any other cost of complying with any law, regulation or condition with respect to the Loan, and the result of any of the foregoing, as determined by the Lender, is to increase the cost to the Lender of making or maintaining the Loan, or to reduce the amount of any payment (whether of principal, interest or otherwise) receivable by the Lender thereunder, then the Borrower shall pay or reimburse to the Lender such amounts as will compensate it for such additional cost or reduction of payment.

(b) If the Borrower shall be required to pay or reimburse the Lender pursuant to Section 3.02(a), the Borrower shall be free at any time within thirty (30) days from the effectiveness of the law, regulation or circumstance giving rise to the requirement of such payment or reimbursement, to prepay the Loan in full, without premium or penalty, together with interest thereon to the date of prepayment.

(c) In the event it shall become unlawful for the Lender to honor its commitment or to maintain the Loan under the Agreement, then the Commitment shall be cancelled and the Borrower shall forthwith prepay the Loan in full, without premium or penalty, but with interest accrued thereon to the date of prepayment. Upon the occurrence of any such event, the Lender shall promptly notify the Borrower of such illegality.

(d) In case the Single Borrower's Limit (SBL) set by the Bangko Sentral ng Pilipinas (BSP) is exceeded at any time during the term of the Loan, the Lender shall have the right either

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MR. GUALBERTO U. GEMINA

MGR. MECHIEL T. SABASALES

HON. JUNAFLORE S. CERRILLES

SM JL BRAIN C. TENORIO

to withhold the unreleased balances of the Borrowings or demand the prepayment of any portion thereof in order to bring the Borrower's outstanding balance within the SBL.

Section 3.03. Costs and Losses

Without prejudice to Sections 3.01 and 3.02, the Borrower shall within ten (10) Banking Days from its receipt of a written demand by the Lender, pay the Lender its cost or loss resulting from (i) any Advance not being made due to the failure of the Borrower to satisfy the applicable conditions specified in Section 7.01 on the proposed date of Borrowing, or (ii) the default by the Borrower in the payment of the principal amount of the Loan or any part thereof or interest accrued thereon after the occurrence of an Event of Default, or (iii) any prepayment of the Loan on a date other than a Repayment Date, including, but without limitation, any loss or costs incurred by the Lender from its terminating, liquidating, obtaining or re-establishing any hedge, including any credit hedge and/or credit default swap, deposit, related trading position, or funding arrangement entered into by the Lender in relation to the Loan, as provided under Section 2.06 of this Agreement.

**ARTICLE IV
Fees and Expenses**

Section 4.01. Front-End Fees

The Front-end fee for this Loan shall be waived.

Section 4.02. Expenses

(a) The Borrower agrees to pay all reasonable costs and expenses, including legal expenses, in connection with the negotiation, preparation, execution and delivery of this Agreement and any other document or instrument required to be executed in relation thereto, as well as reasonable costs and expenses, if any, and any and all Taxes, in connection with the registration, notation, amendment and enforcement of this Agreement and other documents required to be executed in connection therewith and the issue of any consents or waivers in connection herewith. The Borrower shall save the Lender from any and all liabilities with respect to or resulting from any delay or omission to pay the fees, expenses and taxes, if any, which may be payable or determined to be payable in connection with the execution, and/or registration/enforcement of this Agreement and all other documents or instruments related thereto.

(b) The Borrower shall also reimburse the Lender on demand for all expenses incurred by it, including reasonable expenses and fees of counsel, (i) in connection with the enforcement of the Agreement, the Note, or the Security Document from and after the occurrence of an Event of Default, or (ii) with respect to any action which may be instituted by any person against the Lender in respect of any of the foregoing, or from violation of any environmental laws, regulations, orders and ordinances, or as a result of any transaction, action or non-action arising from the foregoing. Such expenses shall be reimbursed whether or not the Lender gives notice of such Event of Default or action instituted by any third party.

Section 4.03. Advances for Insurance Premiums, Property Taxes, Etc.

Lender's advances for insurance premiums, Taxes and other out-of-pocket expenses not immediately reimbursed by the Borrower, if any, shall be subject to the following:

(a) One-time service charge of two percent (2%) which shall be added to the amount advanced subject to regular interest and default charges herein below provided;

(b) Regular interest on the advance shall be charged at Lender's prevailing rate computed from the date of advance up to the date of payment; and

(c) Default charge based on the prevailing Lender's rate to be computed three (3) months after date of advance up to the date of payment.

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MR. G. ALBERTO U. GEMINA

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MGR. MECHER T. SABASALES

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HON. JUNAFIOR S. CERILLES

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SM. AL BRAM C. TENORIO

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ARTICLE V
Representations and Warranties

Section 5.01. Representations and Warranties

The Borrower represents and warrants to the Lender that:

(a) Qualification - It is a local government unit validly existing under the laws of the Republic of the Philippines, and has its principal office at **Dumalinao, Zamboanga Del Sur**, or qualified to do business in every jurisdiction where such registration or qualification is necessary.

(b) Power and Authority - It has full legal right, power and authority to carry on its present business; to own its properties and assets; to incur the obligations provided for in this Agreement, the Note and the Security Document and other documents and agreement executed in connection therewith; to execute and deliver the Agreement, the Note, the Security Document and such other related documents and agreements and to perform and observe the terms and conditions thereof.

(c) Authorization - All appropriate and necessary corporate and legal actions have been taken by it to authorize the execution, delivery of this Agreement, the Note, the Security Document and all documents required thereunder, and the performance of any provision, condition, covenant and other terms thereof, as well as the transactions contemplated therein.

(d) Validity and Enforceability - This Agreement constitutes, and the Note, the Security Document, and other related documents or agreements, when executed and delivered pursuant thereto, will constitute the legal, valid and binding obligations of the Borrower, enforceable in accordance with their respective terms. There is no provision in its Articles of Incorporation and By-Laws or any constitutive document or any indenture or agreement to which it is a party or by which it or any of its property is bound, nor is there any statute, rule or regulation, or any judgment, decree or order of any court or agency applicable to it which would be contravened by the execution and delivery of the Agreement, the Note, the Security Document, or other related documents or agreements or by the performance of any provision, condition, covenant or other term thereof.

(e) Approvals - The Borrower has obtained all governmental consents, licenses, approvals and authorizations and has effected all declarations, filings and registrations necessary for the due execution and delivery of the Agreement and the Note and the Borrower's compliance with applicable laws, regulations, orders and ordinances. All such consents, licenses, approvals and authorizations, and all declarations, filings and registrations so obtained are in full force and effect prior to the date of the initial Borrowing and all necessary steps shall have been undertaken to maintain the efficiency thereof.

(f) Purpose - The Borrower shall ensure that the proceeds of the Loan will be used exclusively for the purpose for which it was granted [and that the Project intended to be financed out of the proceeds will benefit not only the Borrower but the entire community where the Project is located in terms of better quality of education, increase in employment and income in terms of taxation (for nonprofit/non-stock corporation)].

(g) Legal Proceedings - There is no litigation, tax claim, proceeding or dispute pending or, to the knowledge of the Borrower, threatened against or affecting the Borrower or its properties or any unresolved action for violation of any laws, regulations, orders and ordinances, the adverse determination of which might materially adversely affect its financial condition or operations or impair its ability to perform its obligations under the Agreement, the Note, the Security Document, and other documents or agreements required hereunder.

(h) Event of Default - No event has occurred and is continuing which constitutes an Event of Default, or which, upon a lapse of time or giving of notice or both would become an Event of Default under this Agreement.

(i) Financial Statements - The audited financial statements of the Borrower as of **December 31, 2022** and all other information and other data furnished by it to the Lender are complete and correct, and such financial statements have been prepared by Commission on Audit in accordance with the Philippine Financial Reporting Standards (PFRS) and accurately and fairly present its financial condition and results of operations on the dates thereof and for the periods then ended. 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 the Agreement in

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MR. GALBERTO U. GEMINA

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MGR. MICHEL T. SABASALES

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SM AL BRAIN C. TENORIO

accordance with the terms thereof. The Borrower has no contingent obligations, liabilities for Taxes, or other outstanding financial obligations which are material in the aggregate. The Borrower has paid the correct national and local taxes per the audited financial statements submitted to the Bureau of Internal Revenue. The Borrower does not maintain two (2) sets of books of accounts.

(j) Preference of Payments - The Loan Obligations of the Borrower under this Agreement will, at all times, with respect to said collaterals, rank first in priority of payment against all other obligations of the Borrower. The Loan Obligations and the Note, to the extent of the insufficiency or lack of collaterals, will at all times be direct and unconditional obligations of the Borrower and will at all times rank at least pari-passu in right of payment with all other indebtedness of the Borrower with any person.

(k) Information - All information heretofore or hereinafter given to the Lender by the Borrower for and in connection with the Project or pertaining to the Loan Documents and the Borrower's financial condition, affairs and assets are and will be true and correct in all material respects and are not and will not be misleading and do not and will not omit material facts; reasonable inquiries have been made to verify the facts contained therein; and, there are no other facts the omission of which would make any fact or statement therein misleading.

(l) Title to Properties; Insurance - The Borrower has valid, good, indefeasible and marketable title to all its properties and rights, free and clear of all Liens; and no contract or arrangement, whether conditional or unconditional, exists for the creation by it of any such Lien. All material properties necessary for the Borrower's operations are insured and such insurance against operational risks and liabilities are in force, with coverage and amounts as are customary for businesses of like nature.

(m) Compliance with Law/Taxes - It is conducting its business and operations in compliance with applicable law and directives of governmental authority having the force of law. It has prepared and filed with the appropriate governmental authority true, complete and timely tax returns required to be filed and has paid all taxes shown to be due on such tax returns and on all assessments received by it. It is not subject to any restrictions under the current environmental, occupational safety and health laws and regulations which might affect its business and the ownership, occupancy or transferability of any of its assets.

If applicable,

(n) Compliance with Environmental Laws - The Borrower has applied with the Environmental Management Bureau of the Department of Environment and Natural Resources (DENR) for the issuance of an Environmental Compliance Certificate (ECC) for the Project; that the environmental statements on emissions, effluents, and waste disposal management and all information and data contained therein and furnished by the Borrower to DBP are complete and accurate and such statements or reports have been prepared in accordance with the requirements of DBP, DENR and any of its attached agencies.

(o) Further Assurances - The Borrower is not subject to any restrictions under the current environmental, occupational safety, and health laws and regulations which might affect its business and the ownership, occupancy or transferability of any of its assets.

(p) Additional Representations and Warranties.

- i. All loans of the Borrower have been entered into the appropriate books of accounts;
- ii. The principal and interest payments for all existing loans of the Borrower have been made and that said loans are all in current status;
- iii. The Project is included in the Borrower's approved local development plan and annual investment plan;
- iv. The source of repayment for the Loan with Lender is available and not restricted, and that all related obligations including principal, interest and Gross Receipts Tax payments are duly appropriated for and full provision thereof has been made by the Borrower;
- v. The annual amortization of existing loans or indebtedness of the Borrower are being paid regularly in accordance with the approved amortization schedule;
- vi. That the total amortization for all credits inclusive of the Borrower's loans shall not exceed twenty percent (20%) of the Borrower's total annual regular income.

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MR. GUALBERTO U. GEMINA

MGR. MECHELLE T. SABASALES

HON. JUNAFLOR S. CERILLES

SM AL BRAIN L. TENORIO

- vii. The obligations of the Borrower under this Agreement, Promissory Notes, and other documents relating thereto, as well as the terms and conditions thereof, shall be valid and binding on the Borrower and shall not be subject to recall by the *Sangguniang Bayan* for the whole term of the Loan, regardless of any change in its composition.
- viii. The LGU is compliant with RA No. 656 also known as the "Property Insurance Law" and other relevant laws and regulations.

Section 5.02. Survival of Representations and Warranties

Each of the foregoing representations and warranties shall be deemed repeated on the date of the Borrowing and on the first day of each Interest Period as fully as if made on each such date with respect to the circumstances of the Borrower existing at such time.

ARTICLE VI
Covenants

Section 6.01. Affirmative Covenants

Until the termination of this Agreement and payment in full of the Secured Obligations and all other amounts due under the Agreement, the Borrower covenants and agrees that, unless the Lender shall otherwise consent in writing, it will:

(a) Maintenance and Continuity of Business - Keep all its properties in good working order and condition, particularly the collaterals and allow the Lender access thereto in order to examine the same during reasonable hours, and from time to time make all needful and proper repairs, renewals, replacements and improvements thereto and thereof; maintain insurance on all its properties and assets to such extent and against such operational and other risks and liabilities as are customary for local governments and promptly submit to the Lender proof of payment of insurance premiums.

(b) Books of Accounts and Records - Maintain adequate books, accounts and records and prepare all financial statements required hereunder in accordance with PFRS, and in compliance with the regulations of any governmental regulatory body having jurisdiction thereof; permit employees or agents of the Lender at any reasonable time to inspect the Borrower's books, accounts and records pertinent to the Agreement, and make copies and memoranda thereof; and make available such documents relating to the conduct of its business as the Lender may from time to time reasonably request in writing.

(c) Compliance With Law and Standards - At all times comply, or cause to be complied, with applicable laws, statutes, rules, regulations, orders and directives of any government authority having jurisdiction over the Borrower or its businesses. It shall also comply with all fire and safety standards.

(d) Indebtedness and Contractual and Other Obligations - Pay all of its indebtedness and perform all contractual obligations promptly and in accordance with their terms, and duly pay and discharge all Taxes, assessments and governmental charges of whatsoever nature and by whomsoever levied upon it or against its properties prior to the date on which penalties attach thereto, unless and to the extent only that the same shall be contested in good faith and by appropriate proceedings.

(e) Financial Statements - Deliver to the Lender, within thirty (30) days upon receipt by the Borrower of its financial statements, for the year then ended, audited, certified, and issued by the Commission on Audit, without material exception and qualification, accompanied by a certificate of non-default stating that no event has occurred and is continuing which constitutes or which, with the giving of notice or lapse of time or both, would constitute an Event of Default.

(g) Notice of Legal Proceedings and Other Matters - Promptly give written notice to the Lender of (i) any dispute, action or unresolved Cease and Desist Order filed/issued against the Borrower involving the violation of any laws, regulations, orders or ordinances, which may materially and adversely affect the operations or financial condition of the Borrower; (ii) any labor controversy unfair labor practice resulting in or threatening to result in a strike against the Borrower; (iii) any proposal by any public authority to acquire the assets or business of the Borrower; (iv) any Event of Default or any event which, upon a lapse of time or giving notice or

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MGR. GABRIEL U. GEMINA

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MGR. MECHLE T. SABSALES

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HON. JUNYDOR S. CERILLES

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SM AL BRAN C. ENORIO

both, would become an Event of Default; (v) any other matter which has resulted or might result in a material adverse change in the Borrower's financial condition or operations, and (vi) any dispute affecting the Borrower the resolution of which, if adverse to the Borrower, will, in the reasonable opinion of the Lender, adversely and materially affect the financial condition and operations of the Borrower.

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(h) Continuing Approvals - At its own cost and expense, obtain and continue in full force and effect all governmental and other permits or approvals obtained in connection with the execution and delivery of the Agreement, the Note, the Security Document, and other related documents or agreements and the Borrower's compliance with all laws, regulations, orders and ordinances, and obtain any new or additional permits or approvals, effect any and all registrations or filings, and take such additional actions as are, or which may become, necessary for the performance or enforceability of the Agreement, the Note, the Security Document, and other related documents or agreements and the Borrower's compliance with all environmental laws, regulations, orders or ordinances.

[Signature]
(i) Opening and Maintenance of Account - Open and maintain a depository account with the Lender where the proceeds of the Loan shall be credited and make the Lender its major depository bank. The Lender is fully authorized to debit the depository account in the payment of the Note unpaid at maturity, including accrued interests thereon as well as any and all outstanding Availments, costs, expenses, fees and charges, if any.

The Borrower shall likewise open and/or maintain a depository account with the Lender where the IRA shall be deposited.

[Signature]
(j) Environmental Compliance - Whenever applicable, take all feasible measures to ensure that the Borrower's business is carried out with due regard to ecological and environmental factors and in compliance with (i) environmental and occupational and health safety guidelines relevant to the business of the Borrower and (ii) applicable national and local environmental, occupational and health safety laws and regulations.

[Signature]
(k) Use of Proceeds - Use the proceeds of the Loan in accordance with Section 2.03 of this Agreement.

[Signature]
(l) Further Assurances - Hold the Lender free and harmless against any and all actions, claims or suits arising from any environmental hazard and nuisance resulting from the Borrower's business operations and activities.

The Borrower shall ensure that cross-default provisions in respect of this Agreement shall continue to be authorized and consented to by the Affiliated Borrower and shall be incorporated in each of the agreements for borrowing or extension of credit hereafter to be entered into by Borrower and the Affiliated Borrower.

Section 6.02. Negative Covenants

For so long as this Agreement is in effect and until payment in full of the Loan and all other amounts due under the Agreement, the Borrower covenants and agrees that, unless the Lender shall otherwise consent in writing, it will:

[Signature]
(a) Change in Business or Scope of Project - Not make or permit any material change in the character of its business from that being carried on at the date of the Agreement, or engage in any business operation or activity other than those for which it is presently authorized by law.

[Signature]
(b) Incur Additional Loan - Not incur any long-term debt or increase its long-term borrowings with other banks or financial institutions.

[Signature]
(c) Act as Surety - Not act as guarantor or surety or otherwise be directly and indirectly contingently liable for any obligation of any person.

[Signature]
(d) Sale of Assets - Not sell, lease, transfer or otherwise dispose of all or substantially all of its properties and assets, divest any of its existing investments therein or consolidate or merge (except where it is the surviving entity) with any other person.

[Signature]
(e) Loans and Advances to any Entity - Not extend any loans, advances or subsidies to any corporation, partnership, firm or entity owned by the Borrower or in which it may have

equity, other than advances in the ordinary course of business provided that debt-equity ratio of the Borrower is maintained.

(f) **Negative Pledge** – Not create or suffer to exist any Lien, security interest, or other charge or encumbrance, or any other type of preferential arrangement, upon or with respect to any of its properties, or assign any right to receive income for the purpose of securing any other debt.

ARTICLE VII
Conditions for Borrowing

Section 7.01. Borrowing: Conditions for Each Borrowing

The obligation of the Lender to advance its Commitment on the date of each Borrowing is subject to the following conditions:

(a) The Borrower shall be in compliance with all terms and provisions 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;

(b) The representations and warranties contained in Article V of this Agreement or in any certificate issued by the Borrower pursuant hereto or otherwise in connection herewith shall be true and correct on the date of Borrowing as if made on and as of such date;

(c) Subject to Section 2.04 of this Agreement, the Lender shall have received: (i) the Note(s) duly executed by the Borrower corresponding to its Advance; (ii) the timely Notice of Borrowing referred to in Section 2.02; (iii) certificate of Availment; and (iii) a Certificate of Borrowing duly executed by the Borrower substantially in the form of Annex "B";

(d) The Borrower shall have acknowledged receipt of, and shall have signified its agreement to, the Disclosure Statement required under the Truth in Lending Act (Republic Act No. 3765) hereto attached as Annex "D";

(e) The receipt by the Lender of certified true copies of official receipts on the full payment of all documentary stamp taxes and broken period/ unexpired interest up to the time drawdown payable in connection with the execution of this Agreement and/or the Notes by or on behalf of the Borrower;

(f) The Borrower shall be in compliance with the Lender's operating policy guidelines.

Section 7.02. Borrowing: Conditions for Initial Borrowing

In addition to the conditions precedent specified in the preceding Section 7.01, the obligation of the Lender to allow Borrowing shall be subject to the condition that it shall have received at least five (5) Banking Days prior to the date of Borrowing, the following documents, each in form and substance satisfactory to the Lender:

(a) Favorable Monetary Board (MB) Opinion to be obtained from the Bangko Sentral ng Pilipinas (BSP) pursuant to BSP Circular 926, Series of 2016, including the following attachments:

(i) Copy of Certification of Seal of Good Financial Housekeeping (SGFH) or copy of Official List of Good Financial Housekeeping Passers for CY 2022 citing the Borrower to be obtained/downloaded from the Department of Interior and Local Government's (DILG) website at www.dilg.gov.ph.

(ii) Validated Ordinance (a) authorizing the borrowing and ratifying the approved terms and conditions of DBP lending entered into by the Municipal Mayor which shall contain a provision that such ratification includes any and all subsequent requests by the Borrower for modification/revision and/or amendment to be made on the Project as well as on its approved terms and conditions, and which makes the Loan a statutory obligation of the Borrower, including the following:

(ii-a) The Borrower to execute Term Loan Agreement, the Promissory Notes, Data Privacy Consent and other documents relating thereto, and specifically stating that the obligations of the LGU thereunder, as well as the terms and

conditions thereof, shall be valid and binding on the LGU and shall not be subject to recall by the concerned Sanggunian for the whole term of the loan, regardless of any change in the composition in its composition;

(ii-b) The continuing assignment of the LGU's deposit with hold-out deposit equivalent to one (1) monthly amortization until the loan is fully paid;

(ii-c) The DBP to automatically debit on due date from the LGU's CASA deposit account with DBP to an amount equivalent to the maturing loan interest, fees, and other charges until the loan is fully paid;

(iii-d) the inclusion of appropriation for debt-servicing in the LGU's annual budget in accordance with the Local Government Code until the loan is fully paid;

(ii-e) The undertaking that the LGU will not incur additional obligation/indebtedness without DBP's prior consent.

(ii-f) Authority to provide and obtain credit information to/from credit bureaus and other banks/creditors as required under RA 9510 on Credit Information System Act and RA 10173 on Data Privacy Act of 2012.

(ii-g) Authority to the Mayor to execute the letter to BSP waiving the Municipality's rights to confidentiality of information.

(iv) Certificate of Borrowing Capacity and Net Debt-Service Ceiling issued by the Department of Finance-Bureau of Local Government Finance (DOF-BLGF);and

(v) Waiver on the confidentiality of investments and bank deposits, whether peso or foreign currency, duly executed by the mayor, supported by "waiver resolution";

(b) Certification issued by the Municipal Treasurer, duly noted by the Municipal Mayor, reiterating the Representations and Warranties mentioned under Section 5.01(p.i to p.vi) of this Agreement.

(c) Continuing authority from the LGU in favor of DBP to auto-debit deposit with for payment of loans and other charges until the loans are fully paid, subject to assignment of deposit with hold out equivalent to one month loan amortization

(d) Certification from BAC Chairman that the bidding process was conducted in accordance with RA 9184 and applicable bidding documents relative to the project subject of DBP financing, including Minutes of the Public Bidding, Contract Agreement, Notice of Award and Notice to Proceed, as applicable.

(e) To open a deposit account with DBP Pagadian Branch which shall serve as the account for loan related transactions with Automatic Debit Arrangement (ADA) which shall be in place throughout the term of the loan.

(f) CAR insurance coverage shall be obtained prior to initial release of the loan based on estimated cost of the project when completed.

(g) Bidding and procurement shall adhere to the provisions of RA 9184.

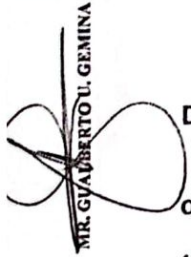
(h) Submission of Annual Investment Plan which includes the project to be financed.

(i) Authority from the LGU in favor or DBP to auto-debit its deposit account with DBP subject of hold-out for payment of loan amortizations, fees, and other charges;

(j) Aggregate loan exposure to LGU should not exceed the amount indicated in the borrowing capacity;


MR. GUALBERTO U. GEMINA


MR. GUALBERTO U. GEMINA


MR. GUALBERTO U. GEMINA


MGR. MECHELLE T. SABASALES


HON. JUNAFIOR S. CERILLES


SM AL BRANC-TEDORIO


SM AL BRANC-TEDORIO

- (k) Any cost overrun shall be shouldered by the Borrower as part of its equity.
- (l) Such other documents as shall be provided for in the Agreement or as reasonably requested by the Lender in connection with the Agreement.

Section 7.03. Borrowing: Conditions Subsequent

The Borrower shall, in addition to the above requirements, submit the following:

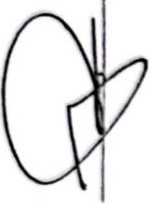
1. Annual submission of certification on appropriation for loan amortization and non-default;
2. Annual submission of Audited Financial Statement within 60 days from COA issuance;
3. Submission of LGU's Post Borrowing Report submitted to BSP within 30 days from final loan release;
4. Submission by the AO of Project Completion Report within 60 working days from final release;
5. Annual submission of certification duly signed by the LGU's authorized signatory indicating the LGU's compliance with R.A. NO. 656 also known as the "Property Insurance Law" and other relevant laws and regulations within 60 days after the end of the year.
6. Project Performant Monitoring Report;
7. Compliance to ECC/CNC conditions;
8. Occupancy Permit, if applicable; within one (1) year from the completion of the project.

Section 7.04. Borrowing: Specific Release Conditions

In addition to the above requirements, the following conditions must be complied with:

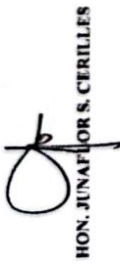
- (a) Submission of the following:
 1. Approved Plan;
 2. Program of Works;
 3. Environmental Compliance Certificate (ECC) or Certificate of Non-Coverage, as applicable;
 4. Zoning Clearance
 5. Certificate of Non-overlap issued by the National Commission of Indigenous Peoples;
 6. Permit to Construct
 7. Building Permit, as applicable
 8. Applicable bidding documents relative to the projects subject of DBP financing, including Minutes of the Public Bidding, Contract Agreement, Notice of Award and Notice to Proceed, as applicable;
 9. Certification from BAC Chairman that the bidding process was conducted in accordance with RA 9184.
 10. Opening of a deposit account with DBP where proceeds of the loan shall be credited.
 11. Initial loan release shall be made within the validity of the MB Opinion reckoned from date of the BSP Letter transmitting the opinion.
- (b) Release shall be allowed and effected upon perfection of all documentary requirements including the Availment or Borrowing Certificate, Notice of Borrowing, Promissory Note/s, Disclosure Statement/s, and remittance of DST and other required fees and taxes.
- (c) Multiple releases shall be allowed on the term loan and shall be credited to the deposit account of the Borrower under the following conditions:
 1. 1st Release- up to 15% of winning bid for mobilization fund.
 2. Succeeding Releases - Based on progress billing of the contractor and previous releases must have been infused to the project subject to the submission of the following:
 - a. Statement of Work Accomplishment (SWA) by the contractor and duly accepted by the Municipal Engineer and Mayor;
 - b. Authority to Continue issued by the Municipal engineer;


MIR. GUILBERTO U. GEMINA


MGR. MECHELLE T. SABASALES


HON. JUNAFIOR S. CERILLES


SMAL BRAIN C. TENORIO


SMAL BRAIN C. TENORIO

SMAL BRAIN C. TENORIO



3. Final Release is subject to the submission of the following:
- a. Certificate of Completion issued by the contractor/project engineer supported by Statement of Work Accomplished (SWA) at 100%, both duly accepted and conformed to by Municipal Engineer and Mayor.
 - b. Certification of Inspection from Licensed Architect/Engineer certifying that the construction conforms to the plans and specifications submitted in the application for Permit conformed to by the Municipal Engineer.

ARTICLE VIII
Events of Default

Section 8.01. Events of Default

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

- (a) **Payment Default** - The Borrower defaults in the payment when due of any amount payable under this Agreement or the Note.
- (b) **Representation Default** - Any material representation or warranty made by the Borrower in the Agreement or in any certificate issued pursuant thereto or otherwise in connection therewith shall prove to have been incorrect or misleading as of the time it was made or deemed to have been made.
- (c) **Other Provisions Default** - The Borrower fails to perform any other term, obligation or covenant contained in this Agreement, the Note, the Security Document, or other documents or agreements related thereto or to the business of the Borrower, and such failure is, in the reasonable opinion of the Lender, not remediable, or, if remediable, continues unremedied within thirty (30) days after written notice of such failure shall have been given by the Lender to the Borrower. Provided, however, that no cure period shall apply to the Events of Default specified in Sections 8.01 (a), (d), (f), and (l).
- (d) **Cross Default and Cross Acceleration** - The Borrower fails to pay or defaults in the payment of any installment of the principal or interest, or fails to comply or commits a breach or violation of any term, condition or stipulation, of any other agreement, contract or document with the Lender or its subsidiaries or affiliates, or any third party to which the Borrower is a party or privy or under which the Borrower acts as guarantor or surety, including any agreement similar or analogous thereto, whether executed prior to or after the date of the Agreement, if the effect of the failure to observe or perform such term, covenant or agreement is to cause, or to permit any holder of such obligation to cause, such obligation to become due prior to its stated maturity.
- (e) **Cancellation of License** - Any license, authorization or registration or approval necessary to enable the Borrower to comply with its obligations under the Agreement shall be modified in a manner which, in the reasonable opinion of the Lender, would adversely affect the ability of the Borrower to comply with such obligations, or shall be withdrawn or withheld, unless the Borrower, within a period of thirty (30) days from the occurrence thereof, shall advise the Lender in writing that the modification, withdrawal or withholding of such license, authorization, registration or approval shall not adversely affect the ability of the Borrower to perform its obligations under this Agreement.
- (f) **Inability to Pay Debts** - The Borrower shall admit in writing its inability to pay its debts generally as they come due, shall commit an act of bankruptcy or insolvency, or shall file any petition for suspension of payments or any action for relief under any bankruptcy, reorganization, insolvency or moratorium law or any other law or laws for the relief of, or in relation to, debtors.
- (g) **Bankruptcy Default** - An involuntary petition shall be filed under any bankruptcy law against the Borrower, or a receiver or trustee shall be appointed to take possession of the properties of the Borrower, unless such petition or appointment is set aside or withdrawn or ceases to be in effect within thirty (30) days from the date of said filing or appointment.
- (h) **Expropriation** - Any act, deed, or judicial or administrative proceedings in the nature of an expropriation, confiscation, nationalization, intervention, acquisition, seizure, sequestration, or condemnation of or with respect to the business and operations of the Borrower or its property or assets or any substantial portion thereof, shall be undertaken or instituted by any governmental authority, or any agency or instrumentality purporting to exercise

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[Handwritten signature]
MGR. GUILLERMO U. GEMINA

[Handwritten signature]
MGR. MECHIE T. SABASALES

[Handwritten signature]
HON. JONATHAN S. CERILLES

[Handwritten signature]
SM AL BRAN C. TENORIO

[Handwritten mark]

governmental authority, present or future, and such act, deed or proceeding shall continue unresolved for a period of more than thirty (30) days.

(i) Event or Condition Affecting This Agreement - Any event or condition (including, but without limitation, any material adverse change in the economic or financial condition of the Borrower) shall occur which gives the Lender reasonable grounds to believe that the Borrower may not, or will be unable to, perform or observe in the normal course its obligations under the Agreement, and such event or condition remains unremedied for fifteen (15) days after written notice thereof shall have been given to the Borrower by the Lender.

(j) Invalidity of Security Document - The Security Document then outstanding shall cease to be in full force and effect.

(k) Attachments - An attachment or garnishment of or levy upon any of the properties of the Borrower is made and is not discharged or stayed within thirty (30) days of having been so imposed.

(l) Unlawfulness Affecting the Borrower - It shall become unlawful for the Borrower to perform any of its obligations under this Agreement.

Section 8.02. Consequences of Default

If an Event of Default shall have occurred, then at any time thereafter, if any such event shall then be continuing, the Lender, upon written notice to the Borrower shall:

(a) Declare the Commitment to be terminated, consequently the obligation of the Lender to make or maintain the Advance in this Agreement shall likewise terminate;

(b) Accelerate payment and declare the entire unpaid principal amount of the Loan, all interest accrued and unpaid thereon and all other amounts (including charges and penalties thereon) payable to be due and payable, at which the same shall become immediately due and payable, without demand, protest or further notice of any kind, all of which are hereby expressly waived by the Borrower;

(c) The Borrower hereby authorizes and empowers the Lender to immediately apply and compensate or set-off (subject to the provisions of Section 9.08 hereof) toward the partial or full liquidation of such amount or amounts any fund, security or other property of the Borrower held by the Lender in deposit or under any other concept without notice to the Borrower, and without prejudice to the adoption by the Lender of any other step or action, which in its sole discretion, is needed to protect its rights and interests; and,

(d) Proceed against the Borrower and the Collateral or to take such other steps or actions against the Borrower or any other entity as the Lender may deem necessary and proper for the full protection and enforcement of the Lender's rights and interests, subject to the applicable provisions of the Security Documents. For purposes of this provision, the Borrower hereby appoints the Lender as its attorney-in-fact with full power and authority to do any and all acts required to give full force and effect to this provision in accordance with the Security Documents.

Section 8.03. Default Interest

(a) Without prejudice to the provisions of Section 8.02 above, 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, without prejudice to its obligations to pay the said principal, interest and other amounts, including, but without limitation, fees, charges, costs, and expense, pay the following penalty fees computed from the time the amount fell due until the same is fully paid:

(i) on the defaulted amount of principal - twenty four percent (24%) per annum on top of the existing interest rate;

(ii) on the defaulted amount of interest - twenty four percent (24%) per annum.

(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 Advances or interest thereon.

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MGR. GILBERTO U. GEMINA

MGR. MECHIELE T. SABASALES

HON. JUNAFILOR S. CERILLES

SM AL BRAIN C. TENORIO

(c) Interest and penalties payable under this Section 8.03 shall be paid by the Borrower to the Lender upon receipt of written demand from the Lender. Default interest and penalties shall be computed on the basis of the actual number of days elapsed in a year of three hundred sixty (360) days and shall be compounded on a quarterly basis until payment in full (after as well as before judgment).

ARTICLE IX
Miscellaneous

Section 09.01. Waiver, Cumulative Rights

No failure or delay on the part of the Lender in exercising any right, power, or remedy accruing to it upon any breach or default of the Borrower under the Agreement or the Security Document shall impair any such right, power or remedy nor shall it be construed as a waiver of any such breach or default thereafter occurring, nor shall a waiver of any single breach or default be deemed a waiver of any other breach or default theretofore or thereafter occurring, nor shall any single or partial exercise of any such right or power preclude any other or further exercise thereof or the exercise of any other right or power hereunder. All remedies, either under the Agreement or the Security Document or by law or otherwise afforded the Lender shall be cumulative and not alternative. No notice to or demand on the Borrower in any case shall entitle it to any other or further notice or demand in similar or other circumstances.

Section 09.02. Amendments, Etc.

The Lender may, subject to the provisions of this Section, from time to time grant waivers of the provisions of the Agreement or consent to departures by the Borrower therefrom or enter with the Borrower into agreements amendatory or supplemental thereto for the purpose of modifying any provisions of the Agreement or changing in any manner the rights of the Lender or of the Borrower thereunder, provided, that no such waiver or consent shall (i) extend the maturity of any Advance, increase or reduce the Commitment, or materially modify any other terms of the Agreement directly affecting payments by the Borrower hereunder, or (ii) in any other way change the provisions of this Section.

Section 09.03. Venue for Suit

The Borrower irrevocably agrees that any legal action, suit or proceeding arising out of or relating to the Agreement may be instituted, at the option of the Lender, in any competent court in Makati City, and by the execution and delivery of the Agreement, the Borrower submits to and accepts with regard to any such action or proceeding for itself and in respect of its properties or assets, generally and unconditionally, the jurisdiction of any such court. The Borrower hereby waives any objection which it may have to the laying of the venue of any action, suit or proceeding, and further waives any claim that any such suit, action or proceeding has been brought in an inconvenient forum. The foregoing, however, shall not limit or be construed to limit the right of the Lender to commence proceedings or to obtain execution of judgment against the Borrower in any venue or jurisdiction where assets of the Borrower may be found.

Section 09.04. Governing Law

The Agreement, the Note, the Security Document, and other related documents or agreements shall be governed by and construed in accordance with the laws of the Republic of the Philippines.

Section 09.05. Severability of Provisions

If any one or more of the provisions contained in the Agreement, the Note, the Security Document, or any document or agreement executed in connection therewith, shall be declared invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained therein shall not in any way be affected or impaired.

Section 09.06. Entire Agreement

The Agreement and the documents referred to therein, and such other documents or agreements as may be executed by the Parties contemporaneously therewith or pursuant thereto, constitute the entire agreement of the Parties with respect to the subject matter thereof

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[Signature]

[Signature]
MRS. GEMINA U. GEMINA

[Signature]
MGR. MECHILE T. SABSALES

[Signature]
HON. JUNAYLOR S. CERILLES

[Signature]
SM AL BRAIN C. TORRIO

[Signature]

and shall supersede any prior expressions of intent or understanding with respect to the transactions therein contemplated.

Section 09.07. Assignment

The Agreement shall be binding upon and shall be enforceable against the Borrower and the Lender and/or their respective successors or assigns, except that the Borrower shall not have the right to transfer its rights or obligations under the Agreement without the prior written consent of the Lender. An assignment or subparticipation by the Lender of all or a part of its rights and obligations under the Agreement may be made to the extent permitted by law. Upon any assignment or subparticipation by the Lender, the assignee or subparticipant shall be entitled, to the extent of the interest assigned or subparticipated, to the benefit of the indemnities, reimbursements and rights of set-off of the Lender pursuant to the provisions of the Agreement as fully as if a party thereto.

Section 09.08. Set-Offs

The Lender and Borrower agree that the Lender is authorized, to the extent permitted by law, to withhold, as additional security for the obligations contracted under the Agreement, all moneys, properties or securities of the Borrower which may come into the possession or control of the Lender, whether left with the Lender for safekeeping or otherwise, or coming into the hands of the Lender in any way, or so much thereof as will be sufficient to pay any or all obligations incurred by the Borrower under the Agreement or by reason of any other transaction between the Lender and Borrower as of the date of the Agreement or thereafter made, and to sell in accordance with law any of such properties or securities of the Borrower, and to apply the proceeds thereof to the payment of any of the Borrower's obligations under the Agreement. To effectively carry out the powers herein granted, the Borrower hereby irrevocably names, constitutes and appoints the Lender as its true and lawful attorney-in-fact, with full power of substitution, to do and perform any and all acts and things which may be necessary, proper and convenient to be done and performed.

Section 09.09. Notices

All communications and notices provided for under this Agreement (including, without limitation, any modifications of, or waivers or consents thereunder) shall be given or made in writing (including, without limitation, by facsimile transmission, telecopy, or electronic mail) delivered or sent to the intended recipient at the following addresses, facsimile numbers, or electronic mail addresses of the Parties (or such other addresses, contact details or contact person/s as shall be designated by such Party in a notice to the other parties):

If to the Borrower :

DUMALINAO MUNICIPALITY
ZAMBOANGA DEL SUR
Attention : HON. JUNAFLORES S. CERILLES
Tel. No. : 09173210914
e-mail : lgu.dumalinao02@gmail.com

If to the Lender :

Development Bank of the Philippines
DBP Building, Sen. Gil J. Puyat Ave., Makati City, Philippines

Attention : SM AL BRAIN C. TENORIO
Tel. No. : 09176376242
E-mail : Zamboanga-1c@dbp.ph

Except as otherwise provided in this Agreement, all such communications shall be deemed to have been duly given only when personally delivered or, in the case of a mailed notice, upon receipt, in each case given or addressed as aforesaid.

Section 09.10. Acknowledgment of Transparency of Transaction

(a) The Borrower acknowledges that under existing Lender's policy, no gift, fee, commission or benefit in favor of any of the Lender's officers and/or employees and/or any other persons is required as a condition to, or as an additional consideration for, the approval of the Borrower's loan/credit facility or its renewal/extension/restructuring. The Borrower further acknowledges that under the Lender's Code of Ethics, Lender's personnel have the duty to report to superior officers any possible violation of the policy.

[Handwritten signatures and initials on the left margin]
MR. GUALBERTO U. GEMINA
MGR. MECHIE E.T. SABASALES
HON. JUNAFLORES S. CERILLES
SM AL BRAIN C. TENORIO

(b) The Borrower is aware that the Lender is a government financial institution and that the receipt by any of the Lender's officers and/or employees and/or other persons, as well as the giving by the Borrower (unless opportunely disclosed pursuant to the provisions of Presidential Decree No. 749) of such gift, fee or commission, are crimes punishable under the provisions of the Anti-Graft and Corrupt Practices Act (R.A. No. 3019), Title VII of the Revised Penal Code on Crimes Committed by Public Officers, the Code of Conduct and Ethical Standards for Public Officers and Employees (R.A. No. 6713), the Plunder Law (R.A. No. 7080), as well as under other applicable laws and governing presidential decrees.

(c) The Borrower agrees that a violation by the Borrower of the Lender's policy prohibiting the giving of such gift, fee, commission or benefit shall be considered an Event of Default with respect to all the Borrower's outstanding loan/s and credit facility/ies with the Lender.

The Borrower further acknowledges the Lender's policy to refer any such violation to the proper government agency for criminal prosecution.

Section 09.11. Other Conditions

(a) Loan amount shall be the lower between the proposed amount or 100% winning bid price. The aggregate loan exposure of the Borrower shall not exceed the amount indicated in the latest Net Debt Service Ceiling and Borrowing Capacity as certified by the DOF-BLGF.

(b) Project shall be included in the Borrower's local development plan.

(c) Submission of Annual Investment Plan (AIP) and/or supplemental AIP containing the proposed project for financing.

(d) Unutilized fund of the ISF may be reallocated by DBP subject to the result of the joint review by DBP & LBP.

(e) Transfer of deposit equivalent to 20% of IRA monthly from LBP to DBP Pagadian Branch to commence on the month of first release of proposed loan.

(f) The Borrower can avail of the interest subsidy from one GFI only.

(g) LGU to maintain a portion of its deposits with DBP.

(h) Any and all Project cost overrun shall be exclusively shouldered by the Borrower as part of its equity.

(i) Pursuant to Section 304.12 of the Manual of Regulations for Banks, confidentiality of client information is waived and the Lender is authorized to conduct random verification with the Bureau of Internal Revenue in order to establish authenticity of the income tax returns and accompanying financial statements submitted by the Borrower.

(j) Further, should the document(s) submitted prove to be spurious or incorrect in any material detail, the Lender may terminate any loan or other credit accommodation granted on the basis of said document(s) and shall have the right to demand immediate repayment or liquidation of the obligation. Moreover, the Lender may seek redress from the court for any harm done by the Borrower's submission of spurious documents.

(k) The Borrower hereby waives its rights under existing laws relative to the confidentiality of the Loan, this Agreement, the Note, the Security Document and such other information or documents relative thereto in favor of the Lender, the Bangko Sentral ng Pilipinas, the proper courts and such other administrative and government offices which may require the disclosure of the aforementioned information and documents.

(l) While the Agreement contains consent in relation to allowed disclosures by the Lender to any third party, the Data Privacy Law of 2012 and its implementing rules and regulations require additional actions. The Borrower hereby confirms its understanding that it has given express consent to the Lender for all its personal information, customer data and account or transaction information or records (collectively, the "Information") from time to time to be processed, profiled or shared to the relevant third parties and for the purposes as set out in the DBP Data Privacy Consent Form or for compliance with any law, regulation, government requirement, agreement or policy, or as required by or for the purpose of any court, legal process, examination, inquiry, audit or investigation. The aforesaid terms shall apply

notwithstanding any applicable non-disclosure agreement. The Borrower agrees that the DBP Data Privacy Statement Form from time to time in force shall in all respects apply in relation to its Loan, account and any matter arising therefrom or incidental thereto. The Borrower agrees that the DBP Data Privacy Statement Form is deemed to be incorporated by reference into this Agreement.

(m) In accordance with Section 261 (v) of the Batas Pambansa Blg. 881, otherwise known as the "Omnibus Election Code", and Rules and Resolutions issued by the Commission on Elections, any release or availment of the Loan by the Borrower shall be prohibited within forty-five (45) days prior to the elections.

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed by their respective duly authorized signatories on this ___ day of _____ 2022 at _____.

**DEVELOPMENT BANK OF
THE PHILIPPINES**

Lender
By:

SM AL BRAIN C. TENORIO
Acting Head, ZLC



SM AL BRAIN C. TENORIO
JOHN TENORIO C. PARAGUYA

**DUMALINAO MUNICIPALITY
ZAMBOANGA DEL SUR**

Borrower
By:

HON. JUNAFLOR S. CERILLES
Municipal Mayor



SIGNED IN THE PRESENCE OF:


MR. GUALBERTO U. GEMINA


MGR. MECHE T. SABASALES



ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
PAGADIAN CITY) SS.

BEFORE ME, this _____ day of _____ personally appeared:

Name	Competent Evidence of Identity	Place/Date Issued or Period of Validity
DUMALINAO MUNICIPALITY		
BY: HON. JUNAFLOR S. CERILLES		

known to me and to me known to be the same persons who executed the foregoing instrument and who acknowledged to me that the same is their free and voluntary acts and deeds as well as those of the principals they represent. This instrument, which consists of twenty-six (26) pages, refers to a Term Loan Agreement, providing for a loan in the aggregate principal amount of Pesos: THIRTY MILLION & 00/100 (Php30,000,000.00) including its annexes, and signed by the Parties and their instrumental witnesses on each and every page thereof.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my notarial seal at the place and on the date first above written.

Doc. No. 326 ;
Page No. 06 ;
Book No. XI ;
Series of 2023.

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
DIPOLOG CITY) SS.

BEFORE ME, this 11 SEP 2023 day of _____ personally appeared:

Name	Competent Evidence of Identity	Place/Date Issued or Period of Validity
DEVELOPMENT BANK OF THE PHILIPPINES		
BY: SM AL BRAIN C. TENORIO	DBP 0201632-ALB	Makati City

known to me and to me known to be the same persons who executed the foregoing instrument and who acknowledged to me that the same is their free and voluntary acts and deeds as well as those of the principals they represent. This instrument, which consists of twenty-six (26) pages, refers to a Term Loan Agreement, providing for a loan in the aggregate principal amount of Pesos: THIRTY MILLION & 00/100 (Php30,000,000.00) including its annexes, and signed by the Parties and their instrumental witnesses on each and every page thereof.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my notarial seal at the place and on the date first above written.

Doc. No. 104 ;
Page No. 52 ;
Book No. 417 ;
Series of 2023.

SENEN O. ANONILLES

Notary Public

Until December 31, 2024

PTR No. 2621950 CD

January 3, 2023 Dipolog City

TIN: 114-659-413

Notarial Commission No. 001-2023

Handwritten signature

MR. GUALBERTO U. GEMINA

MGR. MICHIELE T. SABANALES

HON. JUNAFLOR S. CERILLES

SM AL BRAIN C. TENORIO

Annex "A"

FORM OF NOTICE OF BORROWING

(Letterhead of the BORROWER)

(Date)

DEVELOPMENT BANK OF THE PHILIPPINES
DBP Building
Sen. Gil J. Puyat Avenue corner Makati Avenue
Makati City, Metro Manila

Gentlemen:

Reference is hereby made to the Term Loan Agreement, dated _____ (the "Agreement"), by and between _____, as the BORROWER, and yourselves, as the LENDER.

We hereby give notice, in accordance with Section 2.02 and Section 7.01(c) of the Agreement, of our intent to avail of the amount of ₱ _____ on _____, or if that is not a Banking Day, on the succeeding Banking Day.

Kindly make available the proceeds of such Borrowing, net of stamp taxes due on the Note, by crediting the amount thereof to our Account No. _____ with you.

Terms defined in the Agreement bear the same meanings herein.

BORROWER

By:

Name :

Title:

[Signature]

[Signature]

[Signature]

MR. GILBERTO U. GERMINA

[Signature]

MGR. MECHIEL T. SABASALES

[Signature]

HON. JUNAFIOR S. CERILLES

[Signature]

SM AL BRAIN C. TENORIO

[Signature]

Annex "B"

FORM OF CERTIFICATE OF BORROWING

(Date)

DEVELOPMENT BANK OF THE PHILIPPINES

DBP Building
Sen. Gil J. Puyat Avenue corner Makati Avenue
Makati City, Metro Manila

Gentlemen:

Reference, is hereby made to the Term Loan Agreement, dated _____
(the "Agreement"), by and between _____
(the "BORROWER") and yourself as the LENDER,

The BORROWER hereby certifies to you that as of the date hereof:

- (a) No event has occurred which constitutes, or which with the giving of notice or the lapse of time or both would constitute, an Event of Default under the Agreement.
- (b) All the representations and warranties of the BORROWER contained or otherwise set forth in Section 5.01 of the Agreement remain true and correct;
- (c) All of the covenants of the BORROWER set forth in the Agreement to be observed and performed by it as of the date hereof have been duly observed and performed; and
- (d) All applicable Conditions for Borrowing required under Article VII of the Agreement have been fulfilled, and, all documents heretofore delivered to the LENDERS pursuant to the Agreement continue in full force and effect.

Terms used herein and defined in the Agreement shall have the same meaning ascribed to them therein, unless otherwise defined herein.

Very truly yours,

BORROWER
By:

Name:
Designation:

[Handwritten Signature]

[Handwritten Signature]

[Handwritten Signature]

[Handwritten Signature]

[Handwritten Signature]

[Handwritten Signature]

MR. GUALBERTO U. GENINA

MGR. MICHELLE T. SABSALES

HON. JUNAF LOR S. CERILLES

SM AL BRAIN C. TENDRIO

Annex "C"

FORM OF PROMISSORY NOTE
(Variable Interest Rate)

P _____
[Other Currency: _____]

Maturity Date _____
PN No. _____

(Date)

FOR VALUE RECEIVED, the undersigned _____ ("BORROWER") hereby unconditionally promises to pay (jointly and severally *in case there is more than one Borrower*) to the order of the Development Bank of the Philippines (the "LENDER") on or before _____ (*due date*) the principal amount of PESOS: _____ (P _____), Philippine Currency [Other Currency], together with interest thereon at the initial rate of interest equivalent to _____ percent (____%) per annum, payable at the times and in the manner set forth in the Term Loan Agreement dated _____, entered into by and between the Lender and the Borrower, and duly recorded in the Notarial Register of Atty. _____ as Doc. No. _____; Page No. _____; Book No. _____; Series of _____ (the "Agreement").

This Note is one of the Notes referred to in, and is subject to the terms and conditions of the Agreement, to which reference is hereby made and which is incorporated herein by reference.

If the Borrower fails to pay any principal and/or interest payable under this Note when due, the amount due shall be subject to a default charge at the rate of ____ (%) per annum, computed from the due date thereof until full payment.

The principal of, and interest on, as well as other amounts due under, this Note are payable to the Lender at its Head Office in Makati City, Philippines or at its branch office in _____, Philippines, in the currency in which the Availment is made, in immediately available funds.

In case an Event of Default shall occur, the principal of, and the accrued interest on, this Note may, by written notice to the Borrower, be declared immediately due and payable in the manner and with the effect provided in the Agreement, presentment, demand, protest or further notice of any kind being expressly waived by the Borrower.

In case this Note is referred to legal counsel for collection, the Borrower agree/s to pay attorney's fees in the sum equivalent to ten percent (10%) of the total amount due, but in no case less than P= 25,000.00, as well as costs and other judicial and extrajudicial expenses.

This Note shall be governed by, and construed in accordance with, the laws of the Republic of the Philippines.

Unless otherwise defined in this Note, terms used herein shall have their respective meanings ascribed to them in the Agreement.

Name of Borrower
By:

Signature over Printed Name of
Authorized Signatory/Designation

Signed in the presence of:

Signature over Printed Name

Signature over Printed Name

[Handwritten Signature]

[Handwritten Signature]

[Handwritten Signature]

[Handwritten Signature]

[Handwritten Signature]

[Handwritten Signature]

MR. GUALBERTO U. GEMINA

MGR. MECHIEL T. SABASALES

HON. JUNIA FLOR S. CERILLES

IM AL BRAIN C. TORO

**FORM OF PROMISSORY NOTE
(Fixed Interest Rate)**

₱ _____
[Other Currency: _____]

Maturity Date _____
PN No. _____
(Date)

FOR VALUE RECEIVED, the undersigned _____ ("**BORROWER**") hereby unconditionally promises to pay (jointly and severally *in case there is more than one Borrower*) to the order of the Development Bank of the Philippines (the "**LENDER**") on or before _____ (*due date*) the principal amount of PESOS: _____ (₱ _____), Philippine Currency [Other Currency], together with interest thereon at the fixed rate of interest equivalent to _____ percent (___%) per annum, payable at the times and in the manner set forth in the Term Loan Agreement dated _____, entered into by and between the Lender and the Borrower, and duly recorded in the Notarial Register of Atty. _____ as Doc. No. _____; Page No. _____; Book No. _____; Series of _____ (the "**Agreement**").

This Note is one of the Notes referred to in, and is subject to the terms and conditions of the Agreement, to which reference is hereby made and which is incorporated herein by reference.

If the Borrower fails to pay any principal and/or interest payable under this Note when due, the amount due shall be subject to a default charge at the rate of ___ (%) per annum, computed from the due date thereof until full payment.

The principal of, and interest on, as well as other amounts due under, this Note are payable to the Lender at its Head Office in Makati City, Philippines or at its branch office in _____ Philippines, in the currency in which the Availment is made, in immediately available funds.

In case an Event of Default shall occur, the principal of, and the accrued interest on, this Note may, by written notice to the Borrower, be declared immediately due and payable in the manner and with the effect provided in the Agreement, presentment, demand, protest or further notice of any kind being expressly waived by the Borrower.

In case this Note is referred to legal counsel for collection, the Borrower agree/s to pay attorney's fees in the sum equivalent to ten percent (10%) of the total amount due, but in no case less than ₱ 25,000.00, as well as costs and other judicial and extrajudicial expenses.

This Note shall be governed by, and construed in accordance with, the laws of the Republic of the Philippines.

Unless otherwise defined in this Note, terms used herein shall have their respective meanings ascribed to them in the Agreement.

Name of Borrower

By:

Signature over Printed Name of
Authorized Signatory/Designation

Signed in the presence of:

Signature over Printed Name

Signature over Printed Name

[Handwritten signatures and names in the left margin:]
MR. GUAYBERTON GEMINA
MGR. MECHIE T. SABASALES
HON. JUNAYLOR S. CERILLES
SM AL BRAIN C. MORIO



DEED OF UNDERTAKING

KNOW ALL MEN BY THESE PRESENTS:

This Deed of Undertaking, made and executed by:

The DUMALINAO MUNICIPALITY, ZAMBOANGA DEL SUR, a local government unit (LGU) created and operating in accordance with the Philippine laws, with principal office at Dumalinao, Zamboanga del Sur, Philippines, represented herein by its Mayor, HON. JUNAFLO R. S. CERILLES, and hereinafter referred to as the "OBLIGOR",

- in favor of -

the DEVELOPMENT BANK OF THE PHILIPPINES, a government financial institution created and operating pursuant to the provisions of Executive Order No. 81 dated December 3, 1986, otherwise known as the 1986 Revised Charter of the Development Bank of the Philippines, as amended by Republic Act No. 8523 dated February 14, 1998, with address at Sen. Gil J. Puyat Avenue, Makati City, Philippines, represented herein by SM AL BRAIN C. TENORIO, Acting Head, Zamboanga Lending Center, hereinafter referred to as the "OBLIGEE",

WITNESSETH:

WHEREAS, the OBLIGEE has approved in favor of the OBLIGOR, the term Loan Agreement dated _____, attached herein as Annex "A", in the principal amount not exceeding PESOS: THIRTY MILLION (Php 30,000,000.00) (the "Loan"), or 100% of the winning bid price, whichever is lower, provided it does not exceed the LGU's net debt service ceiling and borrowing capacity as certified by DOF- BLGF, to finance the construction of New Memorial Garden at Brgy. Anonang, Dumalinao, Zamboanga Del Sur and executed as partial security thereof the Assignment of Deposit with Hold-out and Control Agreement of a portion of the OBLIGOR's deposits, local tax collection, and other revenues of the OBLIGOR duly allocated for debt servicing, with hold-out equal to at least one (1) month amortization payment (principal plus interest), which shall be maintained while the said Loan remain outstanding.

WHEREAS, the OBLIGOR shall make the OBLIGEE as depository, if not its major Bank, i.e. deposit placements or 20% of the Development Fund, whichever is applicable or more convenient to the OBLIGOR.

WHEREAS, in approving the aforesaid loan, the OBLIGEE has required the OBLIGOR to undertake the following:

- a. To assign a portion of its other revenues and remit the same to the OBLIGEE in case the portion of the realty tax and other collections are insufficient to service the loan amortization;
- b. To include for appropriation for debt servicing in its annual budget in accordance with the Local Government Code until loan/s have been fully paid; and
- c. Not to incur additional obligations/indebtedness without the prior consent of the OBLIGEE, which consent will not be withheld;

WHEREAS, the OBLIGOR accepts the aforementioned terms and conditions and is ready and willing to comply with its obligations to the OBLIGEE.

NOW, THEREFORE, for and in consideration of the foregoing premises, the OBLIGOR hereby promises, undertakes and binds itself as it hereby promises, undertakes and binds itself to perform







 HON. JUNAFLO R. S. CERILLES
 MGR. MECHELE T. SABASALES
 SM AL BRAIN C. TENORIO

the aforementioned requirements in favor of the OBLIGEE, as further security for aforementioned obligations of the OBLIGOR, to perform such acts necessary to comply with the foregoing terms and conditions.

It is a condition of this instrument that failure of the OBLIGOR to comply with its undertaking and to make good the performance of the other obligations herein undertaken and/or promised and to consider such failure as an event of default which shall give to the OBLIGEE the right to take such action against the OBLIGOR for the protection of the OBLIGEE's interest.

The OBLIGOR further acknowledged that all documents are held in trust for the OBLIGEE by the OBLIGOR which the latter is duty bound to submit to the OBLIGEE, otherwise, it shall be held liable to pay the OBLIGEE the total amount of the loan obligation.

Failure on the part of the OBLIGOR to do and perform the foregoing acts and deeds, shall be considered an Event of Default as defined in the Term Loan Agreement and shall make the loan immediately due and demandable and shall constrain the OBLIGEE to take the necessary actions to protect the interest of the OBLIGEE;

The OBLIGOR hereby agree to bind themselves jointly and severally to indemnify and save harmless the OBLIGEE, its stockholders, directors, officers, employees, agents, and duly authorized representatives against any claim for damages, compensation, suits, costs, fees, expenses, penalties, charges, assessments, or otherwise by any other person or persons arising from or as a result or consequence of the reliance of the OBLIGEE on this undertaking, without need of demand or notice; and

Should the OBLIGEE become involved in any litigation which may have relation with this Deed, all expenses of the OBLIGEE in such litigation, including a reasonable amount for attorney's fees to be determined by the OBLIGEE, shall be paid by the OBLIGOR;

This Undertaking by the OBLIGOR shall be continuing and shall be in force and effect for as long as its obligation with the OBLIGEE is outstanding.

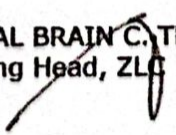
The stipulations in this Deed of Undertaking are deemed incorporated into the Term Loan Agreement.

IN WITNESS WHEREOF, the Parties has caused these Agreement to be executed by their respective duly authorized signatories on _____ at _____ Philippines.

**DUMALINAO MUNICIPALITY
ZAMBOANGA DEL SUR
OBLIGOR**

**DEVELOPMENT BANK OF
THE PHILIPPINES
OBLIGEE**

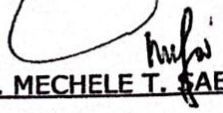
By: 
HON. JUNAFIOR S. CERILLES
Municipal Mayor


By: 
SM AL BRAIN C. TENORIO
Acting Head, ZLG

SIGNED IN THE PRESENCE OF:


MR. GUALBERTO U. GEMINA


JOHN VINCENT C. BARAGU


MGR. MECHELE T. SABASALES


LON B. RA...

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
CITY OF PAGADIAN.....) S.S.

BEFORE ME, this ___ day of _____ personally appeared:

Name Competent Proof of Identity TIN

Dumalinao Municipality, ZDS _____
By: Mayor Junafior S. Cerilles _____
Development Bank of the Philippines 000-449-609-000
By: SM Al Brain C. Tenorio DBP 0201632-ALB 943-913-594

known to me to be the same person who executed the foregoing instrument and acknowledged to me that the same is his free and voluntary act and deed, as well as those of the LGU herein represented. This instrument, which consists of three (3) pages, refers to a Deed of Undertaking, and signed by the Parties and their instrumental witnesses on each and every page thereof.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my notarial seal at the place and on the date first above written.

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Book No. III
Series of 2023

ATTY. GACELMEI S. FABRICA
NOTARY PUBLIC
Notarial Commission No. 284-3923
Valid Until: 12/31/2024
PTR No. 3751711; 01/03/2023
IBP No. 264847; 01/03/2023
Roll of Attorney No. 82315
Pagadian, Zamboanga del Sur, Philippines

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
CITY OF Dipolog City.....) S.S.

BEFORE ME, this ___ day of 11 SEP 2023 personally appeared:

Name Competent Proof of Identity TIN
Development Bank of the Philippines 000-449-609-000
By: SM Al Brain C. Tenorio DBP 0201632-ALB 943-913-594

known to me to be the same person who executed the foregoing instrument and acknowledged to me that the same is his free and voluntary act and deed, as well as those of the LGU herein represented. This instrument, which consists of three (3) pages, refers to a Deed of Undertaking, and signed by the Parties and their instrumental witnesses on each and every page thereof.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my notarial seal at the place and on the date first above written.

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Book No. 47
Series of 2023

SENEN O. ANGELLO
Notary Public
Until December 31, 2024
PTR No. 2621950-CD
January 3, 2023 Dipolog City
TIN: 114-659-413
Notarial Commission No. 001-2023

[Handwritten signatures and names in the left margin:]
Cerilles
MIRDOA BERTO U. GEMINA
MGR. MECHIEL T. SABASALES
HON. JUNAFIOR S. CERILLES
SM AL BRAIN C. TENORIO