



COOPERATIVE DEVELOPMENT AUTHORITY

827 Aurora Blvd., Service Road, Brgy. Immaculate Conception, 1111 Cubao, Quezon City, Philippines

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MEMORANDUM

TO : ALL COOPERATIVES

FROM : THE CHAIRMAN

SUBJECT : EXPIRATION OF THE MANDATORY GRACE PERIOD FOLLOWING THE LIFTING OF THE ENHANCED COMMUNITY QUARANTINE OR MODIFIED ENHANCED COMMUNITY QUARANTINE

DATE : June 9, 2020

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Pursuant to IATF Resolution No. 41, dated May 29, 2020, placing Provinces, Highly Urbanized Cities (HUCs), Independent Component Cities (ICCs) under either General Community Quarantine (GCQ) or Modified General Community Quarantine (MGCQ), all cooperatives duly registered with the Authority which provide credit and other lending services are hereby advised that beginning June 1, 2020, **the mandatory minimum thirty (30)-day grace period under Section 4(aa) of the Bayanihan to Heal as One Act will no longer apply to loans falling due within the period of the GCQ or MGCQ throughout the Philippines.** With the lifting of the Enhanced Community Quarantine (ECQ), the condition for the grant of the said grace period no longer exists.

For guidance, the minimum 30-day grace period mandated by the law simply means that all loans shall be payable 30 days after its due date if the said thirtieth day falls outside the ECQ/MECQ. However, if the 30-day extension falls within the period of ECQ/MECQ, payment date shall be on the first day after the ECQ/MECQ, which in that case, is June 1, 2020.

In the case of accrued interests falling due in March, April and May 2020, borrowers may pay in lump sum in June 2020 or on a staggered basis over the remaining term of



the loan. This is clear under Section 5.02 Rule V of the Implementing Rules and Regulations of Section 4 (aa) of the Bayanihan to Heal as One Act, which states:

“Section 5.02. Treatment of accrued interest. The accrued interest for the 30-day grace period may be paid by the borrower on staggered basis over the remaining life of the loan. Nonetheless, this shall not preclude the borrower from paying the accrued interest in full on the new date following the application of the 30-day grace period or extended grace period, as the case may be.”

Considering, however, the tremendous negative economic impact of the COVID-19 Pandemic, covered institutions, like cooperatives which provide credit and lending services, are encouraged, under the legal principle of mutuality of private contracts, to re-negotiate and enter into a practicable loan payment terms beneficial to both parties.


ORLANDO R. RAVANERA
Chairman