

BIBLIOGRAPHY

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ABSTRACT

The study was conducted to find out the effects of credit policy of the Universal Multipurpose Cooperative in the granting and collection of loans. The problems encountered by the cooperative in implementing the credit policy in terms of collection and reasons why some members unable to settle their obligation in the cooperative.

There were 55 member-borrower respondents and 7 management staff. The data were gathered through survey questionnaire and informal interview. Finding revealed that most of the respondents were farmers and vegetable traders and belonged to the age bracket of 31-40 years old. The results also revealed that majority of the respondents are men.

In granting, the cooperative consider character, capacity, collateral, condition and capacity of the borrower before lending out money to avoid risk in the cooperative. In collecting, they are very strict, they would send out reminder letter to the borrower to remind them of their obligation in the cooperative. The cooperative foreclose the collateral if the borrower failed to pay his/her debt.

Changing their old policy contributes a lot in their operation. Numbers of borrowers were lessened; the collection of loan is very fast, the number of borrowers increased and the capital of the cooperative is increasing.

The cooperative must implement fully and strictly their policy in granting and collection of loan to avoid risk that the cooperative will encounter. The cooperative should maintain the 5 C's of credit to avoid delinquent payees and bankruptcy of the cooperative.



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INTRODUCTION

Rationale

A credit cooperative is an association, usually incorporated, with an economic aims formed by persons of having common needs, having approximately equal voice in the management, approximately equal contribution to the capital, and deriving proportional services and benefits from it. Credit cooperatives engage in lending and borrowing operations.

With the birth of credit economy, it is difficult to think of an economic society that shuns the use of credit. No economic society can grow and achieve a considerable degree of progress without the continued use of credit (Soriano and Nerth, 1985).

Business engaged in credit suffers many risks but most of them are dependent on the attitude of the members of the cooperatives. Delinquent payee cannot be avoided but it can be minimize through implementing the credit policy in strict ways but most of them are their problems in the cooperatives.

On the other hand, due to credit, problems are encountered by cooperatives, most often members of the said cooperatives are granted loans yet when it is time for them to pay, and they refuse to pay or delay their payments. Cooperatives can never delete the so-called “risks” but instead they can minimize it (Supanga 2002).



Historical Background

One of the unique features of our business system is that it has operated to a large extent on the premise, called Credit. Business firms sell to consumers on credit and buy from other business firms on credit.

The word credit came from the Latin word “Creditum” which means “Trust.” The widespread use of credit is an evidence to support the belief that the people have trust in one another.

The reason for the extension of credit is quite simple. People buy things that they can not afford to pay at the moment, but probably can pay later.

In a cooperative, credit is always involved. Therefore, they have its own policies especially in granting and collection of loans. They are fond of utilizing credit policies to maximize their profit and sales. However, if these are possible, then no business firm needs to suffer from bad debts, which are the common problems of the collection departments of business firms. In addition, there would have been no many businesses or industries that have stopped in operations because of this problem.

For the countless years to come, for most business firms, if not for all, the formulation of a credit policy as well as the adaptation of an efficient method that will ensure one hundred percent (100 %) collection of all existing indebtedness will remain an elusive goal, if not an empty dreams, Miranda (1980).

The job of collection is to get the money due to the company. However, all collection efforts should be made in line with the policy of the cooperatives. The collection cost must be kept within reasonable limits, good will have most maintained and collection and risks must be reduced to the minimum.



Cooperatives begun as early as the period of human history when men had ceased to be nomadic and had settled in communities or groups, for the cooperative spirits among members of the community springs from the inherent gregariousness of men; Thus, Webster's International Dictionary, states that a cooperative is marked by working together or by joining efforts toward a common end; it is not motivated by an individual's selfish ends.

The cooperatives movement of recent years was originated from ideas espoused by men like Robert Owen, Saint-Simon, Louis Blanc, and Fourier. Robert Owen was and is presently referred to as the "Father of Cooperatives."

The cooperative system was formally introduced in the Philippines in 1909. Through a bill on Rural Credit Cooperative, presented in the first Philippine Assembly. However, this bill was not passed into a law. Seven years later, a similar bill was presented and enacted into law on February 5, 1985 as Act No. 2508, otherwise known as the Rural Credit Act. The first Rural Credit Cooperative Association was organized on October 19, 1991 among farmers in Cabanatuan, Nueva Ecija.

As early as 1927, a need to help farmers in marketing their products was already felt. The Cooperative Marketing Law (Act. No. 3425) was passed on December 9, 1927, entrusting to the Bureau of Commerce and Industry the duty of organizing farmers into cooperative associations; total number of members were approximately 5,000 farmers. There was initial enthusiasm at organizing cooperatives but due to the inexperience of both the farmers and the government, only 20% of these associations, which reported their annual sale of agricultural products to the Bureau remained active.



Simultaneous with Marketing Cooperative, Consumers Cooperatives were also being gradually organized. On October 18, 1938, the Consumers Cooperative League of the Philippines was formed. It was a private organization sponsored by the Bureau of Commerce. Cooperatives gained real state in 1940 when the Cooperative Law was enacted (Commonwealth Act. No.5651). It was largely due to the interest taken by President Manuel L. Quezon in the promotion of cooperatives. A minimum requirement of 15 persons, who are citizens of the Philippines of the United States was set. Incentives in the form of tax exemptions in the first five years of operation were given. The National Trading Corporation was designated to supervise and administer all cooperatives. Later on, this was given to the National Cooperative Administration.

Immediately, after Liberation, cooperative associations whose existence was disrupted during the war were again organized through the Economic Cooperative Association, primarily for the distribution of the relief goods. Cooperative associations were registered as fast as they came in the midst of this state of things that Act No. 713 on November 1, 1945 which revived the National Cooperative Administration (NCA) was promulgated. On September 10, 1947, the NCA, was abolished. The National Cooperative and Small Business Corporation (NCSBS) were created under Executive Order no. 93 on October 4, 1947. After three years, Executive Order No. 34 abolished the NCSBS and in its place the Cooperatives Administrative Office (CAO) was organized and was placed under the Department of Commerce and Industry.

In 1952, there was a move to separate and distinguish Agricultural from Non-agricultural Cooperatives. The Agricultural Credit and Cooperatives Financing Administration were created pursuant to RA 821 to organize, supervise and finance



Agricultural Cooperatives. On the other hand, Non- Agricultural Cooperative Act (RA 2033) was also passed at the same time. This was a formal recognition of the different function of Agricultural and Non-agricultural Cooperatives.

Thus, the Cooperative system was gradually introduced in the Philippines through a series of Laws and Executive Orders. The first types of cooperatives organized were simple and with limited functions. Rural Credit Union, were first organized; then, Producers' Cooperative, limited only to Marketing function; and lastly, Consumers' Cooperative.

Nature of the Study

Year 1990 when the manager, Josefina Urian, from Cagayan and she was the manager of Rural Bank, organized and established rapport as far as Credit is concerned among farmers and vegetables traders at Trading Post, La Trinidad, Benguet. It is she was able to know well the real attitudes of individuals who are borrowing and gained some friends too. She also noted that they were able to form a group and established a common bond of interest, which is lending. At first, they started to register this into an “Association” and that was Women’s Association. This association was organized on September 07, 1994 and started operating on September 15, 1994. But upon knowing that “cooperative” is more advantageous and has more benefits over an association they change it into a cooperative and now, it is Universal Multi-purpose Cooperative. They registered with the Cooperative Development Authority on June 02, 1995. They started with an initial capital of Php 90,000 and it increased to Php 5,940,496.03 as of October 2008. Membership has increased from the original incorporators of 15 to 430 as of September 2008. The area of operation were Benguet, Baguio and on a case-to-case



basis, to Mountain Province. The cooperative capitalization are from the members share capital, income from the operation and borrowings from Land Bank with an existing credit line of Ten Million (PhP10,000,000.00) to fund production loans since 1998 to present. In 1998 the cooperative was already automated.

Aside from Land Bank, the Department of Trade and Industry (DTI) have also extended their help through the Non-Government Organization (NGO) Micro Credit Program in 1996 to 1999 and the Credit Program for the poorest of the poor in 2000-2003.

In 1999, the Land Bank of the Philippines- La Trinidad, Branch (LBP-LT) awarded the Universal Multi-Purpose Cooperative with a Plaque of Recognition as “Best in Reciprocal Business”. This implies that the Management Staff and the Board of Directors (BOD) are well equipped in running a Credit Cooperative.

In 2003, the LBP-LT Branch again awarded the cooperative with a Plaque of Accreditation as “Key Cooperative” which shall serve as Land Bank’s Development partner in fulfilling its quest for agricultural development by way of expanding its reach to small farmers and other under served sectors in the countryside.

Statement of the Problem

Specifically, the study sought to answer the following:

1. What are the effects of credit policy of the UMPC in terms of granting of loans and collection of loans?
2. What are the problems encountered by the Universal Multi-purpose Cooperative in implementing this credit policy in terms of loan collection?



3. What are the reasons why some members unable to settle their obligation in the cooperative?

Objectives of the Study

The following were the objectives of the study:

1. To know the effects of credit policy of Universal Multi-purpose Cooperative in terms of granting and collection of loans.
2. To find out the problems encountered by the Universal Cooperative in implementing this credit policy of loan collection.
3. To know the reasons why some members unable to settle their obligation in the cooperatives.

Importance of the Study

Since Cooperatives are viewed as instruments and vehicles for the development of the society, it is important that it should be successful. The difficulties and problems being encountered by Universal Multi-purpose Cooperative mostly on Credit policy should be known and analyzed for the knowledge and benefits of the different sectors of our society like the Banking Industry, the Government, etc. The members of the cooperative and concern researchers and their existing knowledge from insights on the operation of the cooperative and some phenomenon are worth learning from.

The study would serve as a guiding tool for effective planning, organization, management and decision making for a successful cooperative.



For the members of the cooperative, knowledge on the problems of their cooperative will help member to share ones work since the survival of a cooperative is entirely dependent in the collection, loyalty and the unity of the members.

It will also serve as a reference to any person who will conduct similar researches in the future. It will also provide information to the cooperative Development Authority (CDA) to formulate development program for the improvement of the cooperative in our country.

The identified good practices, policies will be maintained and adopted by other cooperative for their own benefits.

Furthermore, the finding of the study can be used by cooperative officers as a basic or guide in formulating their credit policies or to strengthening their current policies on credit.

Scope and Limitation of the Study

This study was conducted at the Universal Multi-Purpose Cooperative (UMPC) located at JC-177, Km. 5, Pico, La Trinidad, Benguet.

Data were gathered through interviews conducted by the researcher to staff, officers and members of Universal Multi-purpose Cooperative. It also centered on the operation and management of UMPC on their credit policies. The study was conducted from December 2008 to January 2009.



REVIEW OF LITERATURE

An organization that is operating without policies attached can never meet their expected objectives. Policies are very important to one company for through these there will be an improvement to the operation of the company. It will create a better management and helps to assist an organization to achieve its purpose specially when the organization is continuously growing and expanding.

Cooperative Definition

The Cooperative Code of the Philippines (RA 6938) defined cooperative as a duly registered association of persons with a common bond of interest . who have voluntary joined together to achieve a lawful common social or economic ends, making equitable contribution to the required capital of accepting a fair share of the risk and benefits of the undertaking in accordance with universal accepted principles.

Nolledo (1986), stated that the cooperative maybe said to be a group of persons who pool their resources under the principle of equality and common understanding for their mutual benefits. A cooperative is based on the saying well known in human circles that “In Union, there is Strength.”

Nature of Credit

The word credit has been derived from the Latin word “creditum” which means trust. If there is trust, there is credit. Trust can be exchanged with the money, goods or services. Thus, credit refers to the ability of an individual or institution to acquire goods, services, and money at the present time in return for a promise to pay at a definite future time. However, in a modern market economy, most credit transactions involve money.



The trust of the moneylender on the borrower depends on:

Character. This refers to the personal integrity of the borrower. Even if he has the ability to pay if he does not like to pay, he is not a good debtor. Character includes attitudes, values, habits, lifestyles, and vices.

Capacity. This is evaluated in terms of the ability of the borrower to use wisely his loan. His capacity to pay depends on maturity, responsibility, and business competence.

Capital-This pertains to the resources of the borrower, such as properties (land, building, machinery, etc.). Whether or not he pledges his properties as collateral, the ability of the borrower to obtain loan is greater (Abella, and Fajardo, 1999).

Credit Policy

Celoy (2000) mentioned that credit policy is one of the most important factors to consider for a business to have a good operation.

Soriano and Nerth (1985) stated that there is a close relationship between the firm's organization and its operating policies. It is difficult to change one without changing the other operating policies act as lubricant for effective, efficient and smooth operation of the organization.

Success of Credit Management

Leuterio and Cerizal (1985) believe that the success of credit management does not only depend upon the efficiency of estimating the credit risks but also on the enforcement of collection, as they put in their own words.



“A successful collection as one of the pillars of good credit management should be able to carry out the two main objectives; to minimize bad debts and to maximize sales or transactions.”

Lending Policies

According to Ganawed (1997) the Cooperative Bank of Benguet extends loans to their borrowers on the basis of their actual needs for cash and the borrower’s capacity to pay. In medium and long term loans, the bank required collateral as security for the loan. The bank also required borrowers to submit tax declaration of property, certificate of land title, income tax return and tax account no. Furthermore, it also required co-makers.

Bag-eo (1995) found out in his study that banks requires collateral before granting loans since it serves as a security in case of non-payment of loans. He added that the banks major requirement for loaning were credit and character information borrower’s residence certificates, promissory notes and collaterals.

Delinquent Borrowers

Alzona (1980), state that the growing magnitude and difficulty of past due loans have continuously posed a problem had a treat to the stability of the country’s banking system in recent years.

Causes of Loan Delinquency

Supanga (2002) enumerated the common causes of loan delinquency as: Irrelevance of loan policies, irresponsible processing system, and weak collection system, lack of security of loans, poor example of officers, several loans and lack of cooperative education.



In addition, Diclas (2005) found out in her study that the course of loan delinquency can be minimized right from the making of the loan policies and even after the loan has granted. Giving credit counseling to members is one way of improving lending operations. She recommended that the released loans should be periodically followed up to assure a viable and healthy project that will guarantee full payment and satisfaction to the cooperative and borrowers.

Practices to Control Loan Delinquency

Agustin (2000) found out in her study that trainings decreases delinquency rate. Through trainings, members of the cooperative became aware of their duties and responsibilities and benefits from the cooperative.

Furthermore, Foranda (1983) noted that in case of non-repayment of loans a grace period is given to the borrowers to pay. The borrower will set the time he will pay the loan if he has valid reason. The bank will issue a foreclosure of the property offered as collateral when there is a failure to pay the loan. If the borrower does not repay, he will be deprived of future loans from the cooperative.

Pozel (1981) stated that establishing a good relationship with the cooperative can go a long way, He feels sure that many relationships have been unsuccessful as a result of an incomplete understanding between a lender and the borrower. He also noted that before the loan is made the lending institution determines the credit standing and the character of the member, his job, the desirability of his property, the size of the capital, and the amount of loan to ensure that loans be repaid.



Problems of Cooperative

Saldo (2005) mentioned some of the attributable factors of cooperative failures as:

a). members become loan oriented for government financial assistance and perceived dole- outs; b). lack of education and training information and practical knowledge regarding cooperative management; c). non-internalization of cooperative principles and practices of members; d). insufficient working capital; e). inadequate marketing facilities and other support services; f). members disloyalty; g). political interference; h). insufficient government agency supervision entrusted with the development; i). poor management and leadership; and j). absence of audit and internal control.

Abasolo (1996) further stated that the major factors that contribute to the major difficulties in the attempts to institutionalize cooperative are given as follows: lack of education and training, lack of information on the technical know how, the principles, the nature and operation of the cooperative organization which would lead to incompetent management, absence of adequate safeguards against unscrupulous officers who took advantage of their position to grant loans to themselves and their “kumpares” which provide disastrous practices into the system; improper use of credits by borrowers who utilized borrowed funds for non-prescribed purpose; defective securities, political interference particularly on the collectible overdue accounts; inability of coop to secure adequate capital and establish adequate marketing facilities. Effectiveness of the government agencies entrusted with the development and promotion of cooperative organizations and in adequate supervision.



Factors Affecting Loan Repayment Delinquencies

Biase (1979), noted that the factors affecting loan repayment delinquency in banks are farmers, and characteristics of borrowers which include the household size, educational attainment and experiences of borrowers.

Taganas (1979), found out in her study that the failure of farmers to pay loan on time of the maturity was caused by diversion of loan to non-farm activities. This was due to late release of the loan that motivated them to divert it to purposes other than the intended purpose. This condition created in them the attitude of spending the loaned money from the bank elsewhere. As a result, nothing was used on the intended purpose. This further resulted to the extent of selling their house, lands on lots, just to augment the amount needed for the land preparation and other expenditures or cropping season.

Problems Encountered by Member-Borrower in Relation to their Loan Repayment

Ganawed (1997), noted that the most of the agricultural and commercial borrowers on the long duration of processing before loan is released, and the delayed approval of loan application. Many requirements were accomplished before a loan was granted, there was limitation of the funds available, distance from the cooperative bank and unawareness of the procedure in borrowing.

Attitudes of Members towards Loan Repayment

According to Kiwa-en (2007) her finding shows that the respondents strongly agreed to the attitude of paying all the obligations on time for them to be a member of good standing and serve also as a model to their members. Prompt payments leads to a good bonding of a member toward the cooperative, and for the cooperative to be able to



lend money to the rest of the members too. She said that majority of the members believed that they must be reminded of their balances before the maturity date for them to prepare and avoid delinquent payments.

Collection of Loans

Wadasen (2001), stated that repayment capacity of borrowers is the major basis in the determination of the amount of loan granted. This represents the person's ability to use and manage credit wisely as measured by the stable and reasonable amount of profit. It is a test of economic feasibility of the loan is repaid without difficulty, it is generally attained if an instrument is profitable.

Problems Encountered in Collection of Loan

Cooperative are faced with problems of delinquent loans due to circumstances which if not properly managed will result in the tremendous financial set-back and loss of confidence of member borrowers in the cooperatives lending programs or services (Macaranes, 1994).

Requirements Submitted by the Borrowers When they Applied for Loan

The requirements submitted by the respondents when they applied for loan are: real state mortgage and chattel mortgage. Other requirements to be submitted were promissory note and fixed deposit certificate, and checking account. These were some reasons why the borrowers will submit requirement. These will serve as security measure for the cooperative and also it was the traditional practice of the cooperative (Togyog, 2006).



Loan Security

Many firms obtain credit on an unsecured basis either because they are new and unproven or because bankers do not highly regard the firm's ability to service debt. In order to make loan. Lender requires security than will reduce their risk of loss . With security lenders have two sources of loan repayment: the cash flow ability of the firm to service the debt end, if that source fails for some reason, the collateral value of the security will be used. Most lenders will not make a loan unless the firm has sufficient expected cash flows to make proper servicing of debt probable. To reduce their risk further, lenders require security. Secure lending arrangements are mostly costly to administer than unsecured loans and that the incremental cost is passed on to the borrowers in the form of fees and higher interest lost than would otherwise be the case. Then, if unsecured credit is available somewhere at least total cost, one can be sure that a borrower will go there to get it. Beyond a point in risk , however, all lenders in the market will want some type of safeguards in addition to the general credit standing of the company. This safeguard can come to the form of security or a set of protective covenants that afford the lender to take corrective steps prior to maturity if the borrower's financial condition should deteriorate. A lender cannot demand security and expect to get it unless the borrower has no other alternatives. The use of security is negotiated in keeping with conditions in the overall market for loans (Van Horne, 1989).



Definition of Terms

Capacity. It is the ability of a person to pay his/her debt.

Capital. It consist of the amount and quality of goods and property, express in terms of money which an individual or firm possess over and above financial obligation.

Character. The borrower willingness to discharge his obligation that is to pay the loan as promised.

Collateral. Consist of variable things that represent as a security for loan acquired.

Condition. It as the awareness of the members to their obligation.

Cooperative. A non-profit organization composes of fifteen in above individuals that act as incorporators with common interest to provide the need of its members through lending.

Credit. To borrow money for consumption with the promise to pay for it on a future definite time.

Credit cooperative. Organization that deal with loans.

Credit investigation. A task performed by an investor to verify the applicant's character, credit standing and integrity of paying loan.

Credit policies. It is a set of conditions or standards written or unwritten under which loans are made.

C's of credit. It is the basis of cooperative in granting of loans to the members and this includes capacity, capital, character, collateral and condition.

Individuals. The people who are interested to become member of cooperative

Loans. It is the amount borrowed by the members of the cooperatives.



Loan policies. It pertains to the entire contract between the cooperative and its members as creditors to as when and how much it will pay. These are guiding rules in granting and treatment of loans.

Policies. Set of rules being implemented in an organization.

Term of loan. It refers to the length of time when members will pay their obligation.



METHODOLOGY

Locale and Time of the Study

The study was conducted at the Universal Multi-purpose Cooperative (UMPC) located at JC-177, Km. 5, Pico, La Trinidad, Benguet.

The study was conducted from December 2008 to January 2009.

Respondents of the Study

The respondents of the study were the borrowers and members including the staffs and officers of Universal Multi-purpose Cooperative. Random sampling of respondents was employed in the selection of respondents.

Data Collection

The method of gathering includes library research, survey questionnaire and interviews. The survey questionnaires were given personally to guide the respondent in answering the question. Follow-up interviews were also done to clarify at the same time validate data. Secondary data such as their credit policies and financial report of the cooperative were also gathered.

Data Analysis

The data collected were classified, tabulated, analyzed and interpreted according to the objectives of the study.



RESULTS AND DISCUSSION

General Information About the Respondents

For the ages of the respondents (47.27%) fall under the age bracket of 31-40 years old, followed by 29.09% under the 41-50 years old. It can be noted that the younger age bracket (21-30) accounted for 18.18 % while the oldest age bracket (51-60 years old) accounted for 5.45%.

For the officer respondents, majority (57.14) falls under the age bracket of 31-40 years old. A significant 28.57 % belong to the young 21-30 years old. No one belong to the oldest age bracket.

In terms of sex, male member-respondents slightly dominate the females. In terms of their number (60%-40%), respectively. While on the officers and staff-respondents, it is the female who is greater number (57.24% to 42.86%).

As to the occupations of members –respondents, more of them are farmers (30.91%), followed by vegetable traders (25.45%0, business of non-agricultural commodities (16.36%), 1 professionals (12.73%), and driver (3.64%). It can be noted that the one is still student. Result show that the membership in the cooperative is diverse which is good.



Table 1. Personal information about the respondents

ITEMS	MEMBERS		OFFICERS	
	FREQUENCY	PERCENTAGE	FREQUENCY	PERCENTAGE
Age				
20-30	10	18.18	2	28.57
31-40	26	47.27	4	57.14
41-50	13	20.09	1	14.29
51-60	3	5.45		
TOTAL	55	100	7	100
Gender				
Male	33	60	3	42.86
Female	22	40	4	54.14
TOTAL	55	100	7	100
Civil Status				
Single	6	10.91	1	14.29
Married	47	85.45	6	85.71
Widow	2	03.64		
TOTAL	55	100	7	100
Occupation				
Farmer	17	30.91		
Vegetable Dealer	14	25.45		
Vendor	5	0.09		
Businessman (non agricultural)	9	16.36		
Driver	2	03.64		
Professionals	7	12.73	7	100
Student	1	01.82		
TOTAL	55	100	7	100



Information about the Changes of the Policy

The cooperative started operating on September 15, 1994. They started to change or improve their policy in 2003 because they want to be more competitive. And according to the officers it is for the benefit of the members and also for the cooperative. Their objective is to have an easy access for the members-borrowers at affordable rate of interest. The classification of borrowers are members in good standing and this include members who have no delinquent loans and accounts in the cooperative ;second are the delinquent members who have past due loans and accounts in the cooperative.

Qualification of Borrowers

This table shows the qualification of the borrowers in the old and new policy of the Universal Multipurpose Cooperative. This is to know if the borrower is qualified to borrow. In the old policy, the cooperative just consider the character and the capacity of the borrower but the result is the member-borrower was not screened well. In the new policy, they added collateral because it is important to secure the repayment of the loan. As the respondent's answers, in part of the borrower they are afraid in case there is foreclosure of their collateral. They consider condition if the debtor is in good health, if he/she is active and aggressive enough in taking their commitments of whatever obligation they have. The cooperative also consider capital to know if he/she has the resources to pay his/her loan whether or not he pledges his/her properties as collateral. According to the management staff, the number of delinquent was lessened.

According to the cooperative, one causes of loan delinquency in their old policy is that the husband and wife can avail loan at the same time. To avoid delinquency, they



state in their new policy that only one of the couple (either a husband or wife) can avail of a loan. That if the husband has existing loan the wife cannot avail or apply for a loan.

In the old policy in term of residency, member-borrower can not wait for three months residency before availing which causes the borrower to withdraw his/her membership in tend to go to other cooperative to avail loan. To avoid that to happen, the cooperative reduced it to one month residency and its effect is that the number of borrower increases.

Table 2. Granting policy in terms of qualification of borrowers

OLD POLICY	NEW POLICY
1. Good character, capacity	1. Character, capacity, collateral, capital, condition
2. Husband and wife can avail loan at the same time.	2. Husband and wife are not allowed to borrow at the same time until the others settles ½ of his or her loan.
3. Associate members who have reached the age of 18 years old can borrow and must undergo the process of regular membership	3. Associate members who have reached the age of 18 years old can borrow and must undergo the process of regular membership.
4. Three month residency upon full payment of minimum share capital of P5,000 before availing.	4. One month residency upon full payment of minimum share capital of P5, 000 before availing loan



Requirements before Lending Out Loans

Table 3 shows the old and new policy in the requirements on loan before lending out loans. These policies are implemented because it is very important policy in terms of granting loan and the cooperative must check all the requirements. First, the member must be a regular member and had undergone Pre-membership Education Seminar (PMES) so that they will be aware of their responsibilities. The borrower must have a one month residency after paying the minimum share capital of P5, 000. The borrower must have two co-maker with good standing in the cooperative and he or she has no obligation in the cooperative. The requirement of having two co-maker is for the security of the loan.

Types of Loan

Table 4 shows the types of loan. There's no change in the types of loan in the cooperative. Productive loan intended for any legitimate income generating projects which will give the member and or other individuals an additional source of income. Most important on this loan is its nature self finances its obligation. Provident loans are loans granted to members for emergency like sickness, hospitalization, and any unforeseen event or death. This loan is also for school fees, land improvement (residential), vehicle or engine repair, sickness and death for providing expenses in which the member does not have adequate cash for medical expenses. Also included here are other activities which have the nature of social obligation and expectation of making profit.



Table 3. The old and new credit policy in the requirements before lending out loans

OLD POLICY IN THE REQUIREMENT OF LOAN	CURRENT POLICY IN THE REQUIREMENT OF LOAN
1. He or she is a member from the cooperative of at least three months	1. Must be a member and must undergo Pre-membership Education Seminar (PMES).
2. Have a minimum fixed deposit of P5, 000.	2. Residency of one month after infusing the minimum share capital of P5, 000.
3. The purpose of the loan is for providential and productive.	3. Two co-maker with good credit standing and no obligation in the cooperative.
4. Two co-maker with good standing and he or she has no obligation in the cooperative.	4. Farm plan is required on the productive loans, whereas, in provident loan the purpose be specified that the sources of payment must be stated being pledge by the borrower.
5. Farm plan is required on the productive loans, whereas, in provident loan the purpose be specified that the sources of payment must be stated being pledge by the borrower.	5. Collateral should be accompanied by mortgage contract to be notarized by notary public and be annotated as mortgage by the registry of deeds and assessors office.
6. collateral should be accompanied by the mortgage contract to be notarized by notary public and be annotated as mortgage by register of deeds and assessors office	6. cedilla
7. cedilla	7. 2 x 2 ID
8. 2 x 2 ID	



Table 4. Types of loan of the universal multi-purpose cooperative

OLD AND NEW POLICY IN THE TYPES OF LOANS
1. Productive Loan
a. Regular loan/clean loan
a.1. commercial loan
a.2. agricultural loan
b. Collateralized loan
b.1. commercial loan
b. 2 agricultural loan
2. Provident Loan
a. Emergency loan
b. Educational loan

Policy in the Loans Terms and Condition

Table 5 shows that the terms and conditions in the providential and productive loan are the same in the old policy but in the new policy they separate the terms and condition in providential and productive loan. Lowering the amount loanable in the new policy will help the borrower not to be hard up in paying their debt. Decreasing the term of loan affects the debtor in paying their debts because the term of loan is very short for the borrower to pay hid/her debt. Term of loan in the productive loam is 2-3 months because according to the cooperative, the interest and the capital that they borrowed is payable in a shorter time and with a condition that their must be a two co-n\maker for the security of the loan. They cooperative also state that 6-10 months loan of payment is very



long for the debtor to pay their loan because the cropping here in Benguet is good for 3-4 months so before the due date they can pay their debt. And according to them there is a big possibility that the borrower would divert the cash when the maturity has not been reached and it will lead to delinquency.

Table 5. Terms and conditions on loans

OLD POLICY	NEW POLICY
<p>A. Provident and Productive loan</p> <ul style="list-style-type: none"> · Loanable amount-three times of the share capital but not more than the loan ceiling · Loan ceiling- 150,000.00 · Term of loan-6-10 months · Mode of payment- daily, weekly, semi-monthly, monthly and lump sum 	<p>A. Productive loan (without collateral)</p> <ul style="list-style-type: none"> · Loanable amount-two times of the share capital but not more than the loan ceiling · Loan ceiling-150,000.00 · Term of loan-2-3 months · Mode of payments- daily, weekly, semi-monthly, monthly and lump sum. · With 2 co-maker <p>B. collateralized Loan</p> <ul style="list-style-type: none"> · Loanable amount-two times the share capital · Loan ceiling-300,000.00 <p>1.Real State Mortgage</p> <ul style="list-style-type: none"> · Loan ceiling- 300,000.00 · Term of loan-3-5 months · Mode of payment-daily, weekly, semi-monthly, monthly, lump sum · With 2 co-maker <p>2. Chattel Mortgage</p> <ul style="list-style-type: none"> · Loan ceiling- 150,000.00 · Term of loan-3 months · Mode of payment- daily, weekly, semi-monthly, monthly, lump sum · With OR/CR and with franchise and, the PUJ only with in La Trinidad to Baguio.



Policy of the Cooperative in Terms of Interest of Loan

Table 6 shows the old and new policy of interest of loan. In the old policy the interest is slighter higher and according to the officers the effect is there is a lesser borrower. They lessen the interest so that the borrower can easily afford. Because of lesser interest, it attributed the increase in the number of the borrowers. Rate of delinquency also decreased because of the lesser gross payable amount.

Interest on Rebates

The interest rebates to their old policy is that the cash is given to the borrower and for the current policy, the rebates will be added to the share capital of the member to increase the capital build-up.

Table 6. Interest in loan

ITEMS	OLD POLICY	NEW POOLICY
Productive Loan	2 % per month	2 % per month
Interest in loan	1.5% per month	.75% per month
Service fee	1.5% per month	.75 % per month
TOTAL	5% per month	3.5% per month
Collateralized Loan		
Interest in loan	2 % per month	2 % per month
Service fee	.6 % per month	.4 % per month
Other income (filling fee)	.6 % per month	.4% per month
TOTAL	3.2 % per month	2.8 % per month



Acceptable Collateral of Universal Multi-Purpose Cooperative

The cooperative accept real state mortgage and chattel mortgage as collaterals. Before, the cooperative accept land title even the land is not productive. To its effect, if the cooperative auction in the public there will be few interested buyer. In their current policy, land will only be accepted as collateral if is productive and accessible. In the old policy of the cooperative, they allow chattel mortgage like private cars and appliances. In the new policy, chattel mortgages are only accepted on case to case basis but for vehicles, only those with franchise operating within La Trinidad and Baguio. They only passenger used vehicles (PUJs) within La Trinidad and Baguio for easy monitoring.

Old and New Policy in the Loan Approval Authority

Table 7 shows the loan approval authority of the cooperative. The manager has the approving authority if the loan is equal to the share capital and the amount approved by the manager has a lower risk and have a lesser accountability. When it comes to the higher amount to be loaned, the credit committee and board of directors has are the approving authorities. This is for further evaluation if the borrower can avail his or her loan. This can minimize risk.

Policy on Co-maker Obligations

1. Co-maker should see to it that the loan she guaranteed should be used for its purpose.
2. Act as secondary credit investigator and the obliged to inform the office on the borrower's project status.
3. Has the authority to run after the borrower because his or her credit standing will be affected.



4. Co- makers who guaranteed past due accounts cannot avail loan, unless he offer collateral.

The cooperative policy in co-maker obligation is the same. The co-maker will act as a secondary credit investigator and the co-maker must be a good credit standing in the cooperative and he or she has no obligation in the cooperative.

Credit Collection Technique

Table 8 presents the collection technique used by the cooperative in collecting loan. In the Universal Multipurpose Cooperative, the most effective collection technique they used is through reminder letter which has answered by 41 respondents which implies that in order that the borrower will pay their debt in the maturity. They will send out reminder letter 15 days before the due date to avoid delinquent payments. The second collection they used is by sending follow-up letter or past due letter with 36 number of respondents. This means that if the cooperative can not collect within the due date they will still send follow-up letter in order that the borrower will settle their obligation in the cooperative. The third one is sending final demand letter which has answered by 33 respondents. The fourth one is through legal action. This is a letter coming from the Attorney, this is to force to borrower to pay his/her debt in the cooperative.

The other collection technique is used but it is not so effective to the cooperative and to the borrowers because of the lower answer by the member-borrower respondents in which the cooperative used in a limited ways only.



Table 7. Loan approval authority

OLD AND NEW POLICY	
1. Emergency loans	- Approved by the manager but not exceed of P 5, 000
2. Loans equal to share capital	- Approval of the manager
3. up to P 150, 000	- Approval of the credit committee
4. P 150, 000 to P 300, 000	- Approved by the board of directors and the credit committee
5. Loan of application to credit committee	- Approval of the board of directors

Credit Policy in Terms of Collection of Loans

The collection technique used by the Universal Multipurpose Cooperative in collecting loans is through reminder letter, past due letter, final demand letter, legal demand letter; daily collection; and texting. In order that the borrower will pay their debt on the maturity date the cooperative sent out reminder letters fifteen (15) days before the maturity to avoid delinquency. Upon maturity the cooperative will sent out past due letter in order that the borrower will settle their obligation. After 15 days, they will send final demand letter. If the borrower still did not come to the cooperative to pay his/her loan the borrower will accept a legal demand letter issued by the attorney for legal action.



Table 8. Credit collection technique used by the cooperative

ITEMS	FREQUENCY	PERCENT (%)
Demand letter from the committee (final demand letter)	33	60 %
Remind letter	41	74.55
Retention of collateral pledge	2	03.64
Daily collection	21	38.18
Telephone	18	32.73
Sender follow-up letter (past due letter)	36	65.46
Legal action	30	54.55
Texting (sms)	23	41.82

Actions Used by the Cooperative to Prevent Delinquent Account

Table 9 shows the actions used by the cooperative to prevent delinquent account are the same in their old policy. It is through legal action, sold the collateral and foreclosure of the collateral. First, legal action this is giving reminder letter to avoid delinquency. If the borrower did not yet pay his/her loan the cooperative will foreclose the collateral so that the borrower will be force to pay his/her debt in the cooperative. The cooperative will sell the collateral to increase the asset of the cooperative.

Giving action to the borrowers needs for better collection to the borrowers and help to minimize the problems the problems encountered by the cooperative and most of the borrowers will always make their payment in their due date.



Problems Encountered in Implementing this
Credit Policy in Collection of Loans

Table 10 shows that lack of orientation on members and violation of credit policy are the problems mostly encountered by the cooperative in implementing the credit policy in the collection of loans.

Violation of members on the credit policies needs an improvement to that kind of policy. Credit policy should always be popular to all the members and lack of orientation on the credit policy intend to increase more problems to be encounter by the cooperative.

Credit policy must not be violated because it is the most factor s that should be always be considered in granting and collection of loans to minimize the problems encountered by the cooperative.

Table 9. Actions used by the cooperative to prevent delinquent account

ITEMS	FREQUENCY	PERCENT (%)
Legal action	6	85.71
Foreclosure	7	100
Accept payment in kind		



Table 10. Problems encountered by the cooperative in this credit policy in collection of loans

ITEMS	FREQUENCY	PERCENTAGE
Uncertainties about the policy	2	28.57
Violation of credit policy	5	71.42
Lack of cash fund	2	28.57
The management	1	14.28
Lack of orientation of members	6	85.71

Reasons in Delaying the Payment of Loan

Table 11 shows that the low prices of vegetables is the main reason in delayed payments of loan of the member which was answered by 31 respondents, it's because most of the borrowers are farmers wherein they do not know when the prices of vegetables increase or decrease. Second, is the loss of production with an answer of 26 because of the weather and calamities. Followed by the bankruptcy which answered by 24 respondents other reasons with rank of number 4, the no sufficient fund is answered by 19 respondents.

The reasons are not always incurred by the cooperative but it seems it should have an improvement and make policy regarding on this problem encountered by the cooperative.



Table 11. Reasons in delayed payment of loans

ITEMS	FREQUENCY	PERCENTAGE
Loss of production	26	47.27
Bankruptcy	24	43.63
Low prices of vegetables	31	56.36
High interest	1	01.81
No sufficient fund	19	34.54
Others	2	03.63

Reasons Why Length of Collection Affect in Paying Debt

Table 12 shows the reason that affects members in paying their debt. Short time have low interest as number 1 with an answer of 34 because the shorter they will settle their obligation the less interest they will pay and the longer time the more interest with an answer of 15 and others with 06. This other is because of economic crisis.

The member would always base their loan on the interest so that their will be no difficulty in paying their debt.

TABLE 12. Reasons why length of collection affect in paying debt

ITEMS	FREQUENCY	PERCENTAGE
Shorter time with low interest	34	61.81
Longer time with high interest	15	27.27
Others	6	10.29



Effects of Mode of Payments in Collecting Loans

Table 13 presents the effect of length of payment of the borrowers. According to the policies of the cooperative, each member is given the option to choose from, if they are paying their loan on a daily, weekly, semi-monthly, monthly and lump sum. Although, the members are given the freedom in paying their debt they could not still pay their loan on time. As to daily collection the borrowers are easily monitored. The borrowers will not be hard up in paying their debt when it matures and the cooperative can assess the capacity of the borrower.

Most of the farmers prefer to choose monthly mode of payment because it enables them to pay smaller amount rather than paying higher amount in a long time because the longer time the higher the interest they will be paying, do to avoid delinquent payment , its better to pay debt in a shorter time so that it will lessen their problem specially with those who are receiving an income that is sufficient only to their basic needs.

Table 13. Effects of mode of collection in collecting loans

ITEMS	FREQUENCY	PERCENTAGE
Daily	10	18.18
Weekly	8	14.56
Semi-monthly	6	10.91
Monthly	18	32.73
Lump sum	13	24.64



Table 14. Effects of implementing credit policy in terms of collection of loan

CREDIT POLICY	EFFECT
Reminder letter	Borrower will pay on time
Foreclosure of collateral	Minimize risk that will be encountered

Effect of Implementing Credit Policy in Terms of Collection

Table 14 shows that the credit policy that is implemented has an effect in the cooperative. The policy of sending reminder letter to the borrower will pay their loan on time because they are being reminded about their accounts to be paid. Foreclosure of collateral will minimize the risk that the cooperative will encounter and the borrowers will be forced to pay their loan.

These policies are strictly implemented because it gives better income to the cooperative, better collection of loan to the borrower and increase in the capital in which members maybe benefited.

Effect of Implementing Credit Policy in Terms of Granting of Loan

Table 15 shows that in every credit policy that is implemented in the cooperative there is always an effect in the cooperative. The member should have fix deposit before they will be granted a loan. To minimize delinquent borrowers there should be collateral to every borrower in lieu of their loan so that incase the borrower cannot pay his/her debt, the cooperative can easily foreclose the said collateral. The good credit standing will contribute to one hundred percent collection of loan and it will affect the portfolio of the



cooperative incase their record will be having a deficit because of the inability of the cooperative to collect on their borrowers.

Table 15. Effects of implementing credit policy in terms of granting of loan

CREDIT POLICY	EFFECT
Borrowers should have collateral	Few delinquent borrowers
Members should have a good credit standing	One hundred percent collection



SUMMARY, CONCLUSION AND RECOMMENDATION

Summary

The study was conducted to determine the effect of credit policy in the granting of collection of loan of Universal Multi-Purpose Cooperative (UMPC).

The respondents were the officers, staffs and selected borrowers of the cooperative. The data were collected with the use of survey questionnaire but an interview was also done to get additional information not included in the questionnaire.

With respect to the credit policy of the cooperative in terms of collection of loan are charges on late payment, given reminder letter to the borrower. The use of legal action, foreclose of collateral to minimize the problem encountered by the cooperative.

As to the effect of implementing the credit policy in terms of collection of loan the charges of late payment lessen the past due loans. Reminder letter will remind the borrower to pay their loan on time, the effect of foreclose of collateral is to minimize risk that will be encountered.

To their credit policies in terms of granting loans, the members should have fix deposit in which the coop use as basis if the applicant can pay their debt on time. Should have collateral to minimize delinquent borrower and member should have a good credit standing to have good loan portfolio.

Bankruptcy of members are the most common problem encountered because most of the borrowers are farmers, violation of credit policy and lack of orientation on members are the problems encountered by the coop in implementing the policy in terms of collection of loan. Term of loan affects the members paying their debt.



Credit policy should always be considered in granting of collecting of loans to minimize the problem encountered by the cooperative and it is be strictly implemented.

Conclusions

Based on the finding of the study, the following conclusion was derived:

1.The cooperative included condition, collateral and capital to their policy in their qualification of borrowers and from three months residency they decrease it to one month.

2.The cooperative policy in terms and condition is that the loanable amount is times three of their share capital but not more than the loan ceiling but in the new policy the loanable amount is times two of the share capital and with co-maker.

3.In terms of the interest of loan, they decrease it. From the productive loan of 5 % interest they lowered it to 3.5 % and for the collateralized loan of 3.5% they lowered it to 2.8%. it is Pre-deducted

4.The cooperative implement their credit policy in terms of collection of loans that are reminder letter and foreclose of collateral and in terms of granting loan the member should have fix deposit, collateral and good credit standing.

5.The credit collection that the cooperative usually used to encourage borrowers to pay is the reminder latter, followed by sending a follow-up, final demand letter and legal letter. To prevent delinquent accounts they used legal actions and foreclose of collateral to minimize risk.

6.Violation of credit policies and lack of orientation on members are the problems of the coop in implementing their credit policy in terms of collection of loan.



7. Borrowers are delaying the payments of loan because of the low prices of vegetables, followed by loss of production and bankruptcy.

8. The effect of credit policy in terms of collection of loan will lessen the past due loans, borrower will pay the loan on time and minimize risk that will be encountered. In terms of implementing credit policy in terms of granting of loan, members will be screened well, few delinquent borrowers and there will be a good loan portfolio.

Recommendations

The following recommendations were made on the basis of the finding:

1. The cooperative must strictly implement their credit policies regarding collection of loan and also maintain their collection technique which is for effective.

2. Officers and staff of the cooperative should orient and explain well to the members the existing credit policy and considering the kind of work or business of the member. They must also see to it that they know all the policies of the cooperative.

3. Cooperative should conduct seminars for every amendments of their credit policy. They must encourage the members to attend seminars or give incentives to the members who attend the seminars. They must orient the members on the credit policy to decrease the problems to be encountered by the cooperative.

4. The cooperative must extend their length of collection so that the members will have enough time to prepare their payments.

5. The cooperative should maintain the 5 C's of credit which is Character, Capital, Capacity, Collateral and Condition especially in granting loans in order to avoid delinquents' payees and bankruptcy of the cooperative.



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APPENDIX A

Questionnaire (for officers)

Name: _____

Age: _____

Position: _____

Sex: _____

Instruction: please answer the question by checking on the space provided on the answer of your choice.

1. Which of the following credit policies does the cooperative in granting loans to implement to members?

_____ Members should have fix deposit

_____ Members should have collateral

_____ Members should have good standing

_____ Others, please specify _____

2. What documentation requirements do you use?

_____ Credit and appraisal report

_____ Credit investigation background

_____ Co-maker

_____ Cedula

_____ I.D

_____ Registration of collateral/mortgage

_____ Others, please specify _____

3. What is your basis in granting loans?

_____ Salaries

_____ Kind of business/location of business

_____ Capacity based/cash flow

_____ Character



_____ Condition
 _____ Capital
 _____ Others, please specify _____

4. What is/ are the collection technique used by the cooperative in collecting loan?

_____ Reminder letter
 _____ Sending follow-up letter/past due letter
 _____ Legal action
 _____ Follow-up by personal visit
 _____ Final demand letter
 _____ Others, please specify _____

5. Do you grant discount rate on early payments?

_____ Yes
 _____ No

6. What is the minimum amount discount rate that the member can avail on early payment of loan?

_____ Minimum 5% _____ Minimum 20%
 _____ Minimum 10% _____ Rebates
 _____ Minimum 15% _____ Others _____

7. What is the maximum amount discount rate that the member can avail in early payment of loan?

_____ Maximum 10% _____ Maximum 25%
 _____ Maximum 15% _____ Rebates
 _____ Maximum 20% _____ Others _____

8. Do you charge penalty on late payments?

_____ Yes
 _____ No



9. Which of the following policies/policy are implemented by the cooperative regarding in the collection of loan?

_____ Reminder letter
 _____ Charges on late payment
 _____ Retention of collateral pledges
 _____ Others, please specify _____

10. Is there an effect of theses credit policy?

_____ Yes
 _____ No

11. In relation in number 10, what is/are the effects of these credit policies to your cooperative?

12. In the old policy, in regard to the capital of the cooperative, what is the effect of these in imposing that kind of credit policy?

_____ Increase _____ No change
 _____ Decrease _____ Others

13. In the old policy, what happened to the number of members in your cooperative when the policies are implemented?

_____ Increase _____ No change
 _____ Decrease _____ Others

14. In the new policy, with regard to the capital of the cooperative. What is the effect of these in imposing that kind of credit policy?

_____ Increase _____ No change
 _____ Decrease _____ Others _____

15. In the new policy, what happened to the number of members in your cooperative when the credit policies are implemented?

_____ Increase _____ No change
 _____ Decrease _____ Others _____



16. After imposing the new credit policy, what happened to the number of borrowers?

- _____ Increase _____ No change
 _____ Decrease _____ Others _____

17. What are the actions used by the cooperative to prevent delinquent accounts?

- _____ Legal action _____ Others
 _____ Foreclosure of collateral

18. What are the problems encountered by the cooperative in collecting the loan?

- _____ Missing of costumer _____ Delinquency
 _____ Character _____ Others, please specify _____
 _____ Diversion of cash

19. What is/are the problems encountered by the cooperative in implementing these credit policies in terms of collection?

- _____ Uncertainties about the policy
 _____ Violation of the credit policies
 _____ Lack of cash fund
 _____ The management
 _____ Lack of orientation of members
 _____ Others, please specify _____

20. In the old policy, how often does the cooperative encounter delinquent payment?

- _____ Never _____ Always
 _____ Seldom _____ Others
 _____ Most often

21. How often does the cooperative encounter delinquent payment after imposing the new credit policy?

- _____ Never _____ Always
 _____ Seldom _____ Others _____
 _____ Most often



APPENDIX B

Questionnaire (for members)

Name: _____

Age: _____

Occupation: _____

Sex: _____

Instruction: Please answer the question by checking on the space provided on the answer of your choice.

1. What are the collection techniques used by the cooperative in collecting loan?

_____ Demand letter from the committee/final demand letter

_____ Reminder letter

_____ Sending follow-up letter/past due letter

_____ Telephone

_____ Daily collection

_____ Texting (sms)

_____ Personal visit

2. In connection in your answer in number 1, are you forced to pay your loan on time?

_____ Yes

_____ No

3. Which of the following affects u in paying your debt?

_____ Charges

_____ Term of loan

_____ Others, please specify _____

4. Which mode of collection on loan affects you in paying your debts?

_____ Daily

_____ Monthly

_____ Weekly

_____ Lump sum

_____ Semi-monthly



5. What is/ are the reasons why length of collection affects you in paying your debts?

_____ Shorter time have low interest

_____ Longer time have high interest

_____ Others, please specify _____

6. What is/ are your reasons in delaying your payments?

_____ Loss of production

_____ Bankruptcy

_____ Low prices of vegetables

_____ High interest

_____ No sufficient fund

_____ Others, please specify _____

7. If there is collateral, are you encouraged paying your debt in the cooperative?

_____ Yes

_____ No

8. How effective to you the old policy of the cooperative?

_____ Effective _____ Ineffective

_____ Very effective _____ Very ineffective

9. How effective to you the new policy that the cooperative implemented?

_____ Effective _____ Ineffective

_____ Very effective _____ Very ineffective



APPENDIX C

College of Agriculture
DEPARTMENT OF AGRICULTURE ECONOMICS AND
AGRIBUSINESS MANAGEMENT
Benguet State University
La Trinidad, Benguet

January 2009

Sir/Madam

I am a fourth year student of Benguet State University taking up Bachelor of Science in Agribusiness major in Cooperative Management. As part of the course requirement, I am presently conducting a research study titled, "EFFECTS OF THE CREDIT POLICY OF THE UNUNIVERSAL MULYI-PURPPPOSE COOPERATIVE (UMPC) IN THE GRANTING AND COLLECTION OF LOANS"

May I request a portion of your precious time for an interview and answering my questionnaire. Rest assured that all information and data you provided will be treated with utmost confidentiality.

Thank you very much for your support. More power and *God Bless!!!!*

Respectfully yours,

Marie Fe P. Taag
Researcher

Noted by:

Andrew K. Del-ong
Adviser



APPENDIX D

Cooperative Vision, Mission

Cooperative Vision

“A financial intermediary that is sustainable in operation by providing quality products and services in the form of loan, housing, operation of a gasoline station, agricultural supplies, financing and necessary benefits like: mortuary, education, hospitalization, scholarship and pensions, thus; improving the quality of lives of members and an institution run and managed by honest, effective and dedicated leaders and ultimately, providing employment to the community and the nation as whole.”

Cooperative Mission

“We intend to achieve quality services through the development and comprehensive programs on lending, housing financing, financing, gasoline station and selling agricultural farm inputs to increase surplus for better returns to members and owners.

We plan to develop a good program on human resource so as to produce quality and trustworthy leaders.”

