

**AS A LENDER, THE NATIONAL ELECTRIFICATION ADMINISTRATION (NEA) IS
GUIDED BY THE FOLLOWING IN THE MANAGEMENT OF RISK ON NON-
PAYMENT OF LOANS**

1. Loan Policy Manual – the NEA Board of Administrators approved the Loan Policy Manual, which defines the fundamental principles NEA must follow when extending loans to electric cooperatives (ECs). This serves as NEA's Bible in granting financial assistance to ECs.
2. Loan Monitoring – compliance to loan terms and conditions, and project accomplishment are monitored semestrally. To ensure the timely repayment of loans, attainment of set targets on key performance indicators such as collection efficiency, system loss, payment of power bills and non-power cost are included in the loan conditionalities. The ECs are informed of the result of the monitoring and in case of non-compliance, are requested to submit course of action to meet same.
3. Policy on Loan Moratorium – deferment of loan amortization up to six months may be allowed in case of natural calamities.
4. Policy on Loan restructuring – loan arrearages (principal, interest and surcharges) may be restructured up to 15 years to allow distressed ECs recover through financial restructuring.
5. EC Issuance of Post Dated Checks – post dated checks for 1 year amortization payment is required for term loans.
6. Quarterly Statement of Account – quarterly statement of account is prepared and sent 15 days before the loan due date to ensure that ECs financial obligation is settled on time/before due date.