



RURAL BANKERS ASSOCIATION OF THE PHILIPPINES

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Bangko Sentral ng Pilipinas

MANILA

FileRef. No. 6233-MFSG-1030-2010
OFFICE OF THE DEPUTY GOVERNOR
SUPERVISION AND EXAMINATION SECTOR

7 June 2010

**REGISTERED MAIL
WITH RETURN CARD**

MR. JOSEPH OMAR O. ANDAYA
President
Rural Bankers Association of the Philippines
2/F RBAP Bldg., A. Soriano Avenue cor.
Arzobispo St., Intramuros
1002 MANILA



Dear Mr. Andaya:

Please be informed that the Bangko Sentral ng Pilipinas (BSP), through MB Res. No. 659 dated 13 May 2010, has approved the Housing Microfinance Loan Product of the Rural Bankers Association of the Philippines (RBAP). Specifically, the Monetary Board decided to:

1. Approve the Housing Microfinance Loan Product, Generic Operations and Procedures Manual;
2. Consider the housing microfinance loan products offered or which will be offered using said Manual, as microfinance loans as defined under existing regulations;
3. Consider all RBAP-accredited banks which have complied with all pre-qualification requirements set by RBAP, qualified to offer housing microfinance products, subject to further evaluation and approval by the BSP (in accordance with Section 2 of Circular No. 678 dated 6 January 2010) specifically on the following criteria:
 - a. latest CAMELS rating of at least 3 and a management score of at least 3;
 - b. capital adequacy ratio of not lower than 12.0 percent;
 - c. no major supervisory concerns as to warrant initiation of Prompt Corrective Action under existing regulations;
 - d. no arrearages in microfinance borrowings; and

4. Apply the incentives and regulatory treatment granted to the Housing and Urban Development Coordinating Council Housing Microfinance Product to the RBAP Housing Microfinance Product. In addition to the conditions listed in the submitted product manual, participating banks must meet the following requirements:
 - a. The housing microfinance product shall have a sub-control ledger;
 - b. The housing microfinance loans shall not exceed 30% of the total loan portfolio; and
 - c. The recording of portfolio-at-risk and the provisioning requirements shall strictly be in accordance with applicable BSP regulations.

Very truly yours,


NESTOR A. ESPENILLA, JR.
Deputy Governor