

**MGA ALITUNTUNIN KAGAWARAN, KAWANIHAN AT
TANGGAPAN AT MGA KAUTUSANG PAMPANGASIWAAN**
[DEPARTMENT, BUREAU AND OFFICE ADMINISTRATIVE ORDERS AND
REGULATIONS]

Department of Science and Technology

REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF SCIENCE AND TECHNOLOGY
TECHNOLOGY APPLICATION AND PROMOTION INSTITUTE

**IMPLEMENTING RULES AND REGULATIONS (IRR) OF THE LANDBANK-TAPI
INNOVATION AND TECHNOLOGY (I-TECH) LENDING PROGRAM**

PROGRAM FEATURES

<p>1. Eligible Borrower</p>	<p>a. Inventors with active intellectual property (IP) rights (e.g. letters patent, utility model registration, industrial design registration).</p> <ul style="list-style-type: none"> • The Inventor must be a Filipino; • He/She must be of good moral character and has not been convicted of any case involving moral turpitude; • He/She must be in good health and must be at least 21 years old; • For applicant inventor 60 years old and above, he or she must have a co-maker/co-borrower; • Must have no overdue outstanding obligation with TAPI. <p>b. Enterprises duly authorized by Inventors to use their patent through a Deed of Assignment.</p> <p>The Borrowers which must be duly registered with appropriate Philippine agencies either as:</p> <ol style="list-style-type: none"> 1. Single Proprietorship (Filipino citizen); 2. Partnership (100% Filipino-owned); 3. Corporation (at least 60% Filipino-owned); or 4. Cooperative, <p>must be duly endorsed by TAPI to LANDBANK.</p> <p>c. State Universities and Colleges, government agencies and LGUs with active intellectual property rights and likewise, endorsed by TAPI.</p>
<p>2. Eligible Projects</p>	<p>Viable project/business activities that fall within the industries/sectors defined by the Department of Science and Technology - TAPI as follows:</p> <ul style="list-style-type: none"> • Commercialization/production of patented inventions that: (page 6, Section 6.2.1 of the 2005 IRR of R.A. 7459) <ol style="list-style-type: none"> a. Conserve, save or substitute fossil energy; b. Promote or increase Philippine exports; c. Result in import substitution/dollar saving; d. Produce gadgets or other products that increase efficiency and/or lower cost of productions; e. Enhance use of technology to agricultural/industrial areas; f. Result in increased productivity in primary industries; g. Increase local material content in imported/manufactured items; h. Contribute to the improvement of the environment; and i. Other project that fall under the priority sectors.

3. Loan Purpose	<p>a. Acquisition of fixed assets/capital expenditures/production materials b. Working Capital</p> <p>The Program shall fund business operations/projects within the Philippines only.</p>
4. Credit Facilities	<p>a. Long Term Loans b. Short Term Loans/Lines</p>
5. LANDBANK: TAPI Loan Fund Sharing	<p>a. LANDBANK loan - 45% (up to maximum of P5.625 Million) b. TAPI-IGF loan - 40% (up to maximum of P5.0 Million) c. Borrower's Equity - 15% minimum, in cash or in kind</p>
6. Loanable Amount	<p>Up to 85% of the total loan to be financed (but for maximum amount of P12.50 Million) or, Up to the repayment capacity of the borrower, whichever is lower.</p> <p>Borrower's equity is minimum of 15%, in cash or in kind.</p>
7. Interest Rate	<p>a. LANDBANK Internal Funds - 5% per annum, subject to annual review b. TAPI-IG - Zero interest</p>
8. Loan Tenor	<p><u>For Short Term Loan/Line:</u></p> <ul style="list-style-type: none"> • Via up to 360 days PN, depending on the borrower's/ project's cash flow. <p><u>For Term Loan:</u></p> <p>a. On Fixed Asset Acquisition/ Capital Expenditure/Production Materials - maximum of ten (10) years or based on the projected proposed project's cash flow, inclusive of grace period of up to two (2) years on principal repayment, but not to exceed the economic useful life or the remaining useful life of the fixed asset or validity of the letters of patent/patent certificate or utility model registration certificate, whichever is lower.</p> <p>b. On Permanent Working Capital - Maximum of three (3) years with no grace period on principal and interest repayment.</p>
9. Repayment Term	<p><u>For Short Term Loan/Line</u> Monthly interest payment, collected in arrears. Principal shall be payable on or before PN maturity date.</p> <p><u>For Term Loan</u> Interest and principal repayment shall be structured based on the Borrower's cash flow (i.e. could be payable daily, weekly, monthly, bi-monthly, quarterly, semi-annually or annually).</p>
10. Fees and Charges	<p>Standard fees and charges required by LANDBANK per prevailing Credit Bulletin, at the time of availment.</p>

11. Penalty Rate	24% per annum, on LANDBANK's loan share only
12. Collateral Cover	<p>a. LANDBANK shall require full collateral cover based on loan value of the collateral for the portion of the loan it shall finance. Partially secured loan may be allowed provided that the borrower can manifest strong cash flow to repay the applied loan.</p> <p>b. The TAPI-IGF loan share of up to P5.0 M may or may not be covered by collateral.</p>
13. Collateral Requirements / Loan Securities	<p>a. Acceptable collateral (REM, CM, among others except IP assets)</p> <p>b. Deed of Assignment of insurance, surety, and/or guarantee cover</p> <p>c. TAPI-IGF guarantee (up to P200,000)</p> <p>d. Other credit enhancement instruments acceptable to the Bank</p>
14. Risk Asset Acceptance Criteria	Per existing LANDBANK Credit Policy Issuance (CPI) on RAAC at the time of availment.
15. Other Terms and Conditions	Other terms and conditions per CPI of LANDBANK on standard terms and conditions shall remain in force and in effect.
16. Pre-processing Documentary Requirements	<p>a. Standard LANDBANK requirements for each type of client, loan facility, and project, namely:</p> <ol style="list-style-type: none"> 1. Business registration papers (i.e. Mayor's/Business Permit, <i>DTI registration, BIR registration, SEC/CDA registration, etc.</i>) and company profile if Borrower is a juridical person. 2. Financial documents – Audited and BIR-stamped financial statements (FS)/interim FS for the existing business or feasibility study/project details for start-up business. 3. Valid certificates/permits/licenses/clearances from concerned government agencies <p>b. TAPI endorsement letter</p> <p>c. Valid certificate of IP registration from the Intellectual Property Office of the Philippines (IPOPHL)</p> <p>d. If Borrower is an Assignee of an IP registration, Deed of Assignment of the Patents and Rights to the invention/new technology/innovation which is duly registered in the IPOPHL, must be presented.</p> <p>e. For micro enterprises</p> <ol style="list-style-type: none"> 1. Two valid IDs with signature; 2. Barangay Certification as to residency in relation to given address; 3. Proof of billing address (Meralco, Water, Phone, Cable, Internet, etc.); 4. Sketch of place of residence. <p>f. Duly filled-out Application Form with Statement of Assets and Liabilities (SAL)</p>

	<p>g. Business Plan (including financial projections, source of equity, list of suppliers/markets or buyers with required volume and frequency, and contact numbers)</p> <p>h. Collateral documents</p> <ul style="list-style-type: none"> • Torrens Certificate of Title (TCT), Condominium Certificate of Title (CCT), Tax Declaration (TD) and plans on the offered collateral(s) of the borrower. • Loan security acceptable to the Bank (e.g. OR/CR for Chattel Mortgage, Lease Rental Contract, Receivables other Contract Agreements for the execution of Deed of Assignment. Purchase Orders, etc.) <p>i. Other documents as may be required by LANDBANK and/or approving official/s (of LANDBANK/TAPI) in relation to the Borrower and nature of the business applied.</p>
17. Loan Approving Authority	Approval of loans shall be in accordance with existing Codified Approving and Signing Authorities (CASA) of LANDBANK.

EFFECTIVITY

This Implementing Rules and Regulations shall take effect immediately upon signing of both parties and shall be in full force and effect until terminated with mutual consent of the parties. All existing rights and obligations established prior to the termination of this IRR shall remain valid and enforceable.


EDGAR I. GARCIA
 Director

05 July 2017
 Date