

316 BANK LOANS TO GOVERNMENT

Domestic borrowings by local government units (LGUs) pursuant to Section 123 of R.A. No. 7653.

The domestic borrowings of LGUs within the Philippines, the procedures to be observed as well as the documentary requirements to be submitted, relative to the requests for Monetary Board opinion on the probable effects of the proposed credit operation on monetary aggregates, the price level and the balance of payments (BOP), pursuant to Section 123 of Republic Act No. 7653, as well as other pertinent laws and regulations shall be governed by the guidelines as contained in *Appendix 53*.

Debt service limit on local government borrowings. To ensure the effective implementation of the debt service limit on local government borrowings as stipulated in Section 324 (b) of the Local Government Code of 1991, all banks shall require each borrowing LGU to present a certificate of its debt service and borrowing capacity, duly certified by the Bureau of Local Government Finance - Department of Finance (BLGF DOF).

Domestic borrowings by Government-Owned and/or -Controlled Corporations (GOCCs), Local Water Districts (LWDs) and State Universities and Colleges (SUCs) pursuant to Section 123 of R.A. No. 7653. The domestic borrowings of GOCCs, LWDs, and SUCs within the Philippines, the procedures to be observed as well as the documentary requirements to be submitted, relative to the requests for Monetary Board opinion on the probable effects of the proposed credit operation on monetary aggregates, the price level and the BOP, pursuant to Section 123 of R.A. No. 7653, as well as other pertinent laws and regulations shall be governed by the guidelines as contained in *Appendix 54*.

Enforcement actions. Any violation of this Section shall be subject to appropriate enforcement/supervisory action/s provided under Sec. 002 and Sections 36 and 37 of R.A. No. 7653, as well as those contained in other applicable regulations of the Bangko Sentral. Imposition of applicable enforcement action shall be on a per loan/borrowing account, regardless of the number of tranches or releases from the same loan/borrowing.

(Circular Nos. 926 dated 13 September 2016)