

**CONTRACT OF COLLECTION
MANAGEMENT SERVICES**

KNOW ALL MEN BY THESE PRESENTS:

This CONTRACT OF COLLECTION MANAGEMENT SERVICES, made and entered into by and between:

RECEIVERS AND LIQUIDATORS, INC., a corporation duly organized and existing under and by virtue of the laws of the Philippines, with principal office address at Unit C & D 10th Floor, Strata 2000 Bldg., F. Ortigas Jr. Road, Ortigas Center, Pasig City, represented by its Vice President and COO, **SUSIMA C. YNGSON** as evinced by the attached Secretary's Certificate dated Aug. 2, 2023, and hereinafter referred to, as the **COLLECTION AGENCY**;

-AND-

SMALL BUSINESS CORPORATION, a government financial institution duly organized and existing by virtue of R.A. 6977, as amended by R.A. 8292 and further amended by R.A. 9501, with principal address at 17th & 18th Floors, 139 Corporate Center, 139 Valero Street, Salcedo Village, Makati City, Philippines, (1227), represented herein by the President and CEO, **ROBERT C. BASTILLO** as evinced by the attached Secretary's Certificate dated Oct. 14, 2022 and herein referred to as "**SB CORP**".

WITNESSETH:

That for and in consideration of their mutual agreement, the parties herein do, by these presents, enter into the Contract of Collection Management Services, whereby the SB CORP hereby agrees to engage the services of the COLLECTION AGENCY and hereby appoints the latter as its Collection Agent for the collection and/or recovery of accounts receivable of the SB CORP's loans or accounts receivable that may be endorsed/turned over to the COLLECTION AGENCY under this Agreement, and the COLLECTION AGENCY accepts to render its services on a "**NO RESULT-NO PAY**" basis, under the following terms and conditions:

TERMS AND CONDITIONS:

1. The SB CORP certifies the validity of its claims and the correctness of the amount/s, address/es, and name/s of the party/ies involved as endorsed; and should damages and court suit arise on the ground that the claims and or account/s endorsed is/are non-existing or was/were already fully paid prior to the date of endorsement to the COLLECTION AGENCY, or was/were already fully SB CORP in the process of collection but was not immediately reported to the COLLECTION AGENCY, the SB CORP absolves and releases the COLLECTION AGENCY from any liability and solely assumes and answers full responsibility thereof.
2. The collection of all accounts receivable under this Agreement shall be under the direct management, control and supervision of the COLLECTION AGENCY which shall be independent of, but directly responsible to the SB CORP as the result of collections; for such purpose, the SB CORP hereby authorizes the COLLECTION AGENCY to negotiate such terms of payments as it may deem reasonable under the premises, but subject to the condition that any payment arrangement or any waiver of any amount due and owing to the SB CORP, shall always be subject to prior consent and approval of the SB CORP. The SB CORP may accept any payment or enter into any kind of payment agreement from the debtors relative to any account endorsed/turned-over to the COLLECTION AGENCY in which case, the COLLECTION AGENCY shall promptly be informed of any such payment and likewise, advised of any payment arrangement prior to effecting the same. Such payments made directly to the SB CORP for any of its collection endorsed to the COLLECTION AGENCY shall be credited to the COLLECTION AGENCY as part of its collection recovery.
3. By way of compensation, the SB CORP shall pay to the COLLECTION AGENCY a contingent collection Fee/Commission on a percentage basis on all actual collections made under this Agreement for such accounts receivable endorsed to the COLLECTION AGENCY or paid directly to the SB CORP, in accordance with the following rates:



Ageing of Account	Success Fee Rate
91 to 120 days	10%
121 to 150 days	15%
151 to 180 days	20%
181 to 360 days	25%
More than 360 days	35%

An incentive of five percent (5%) of the amounts collected if paid in full within 60 days from date of endorsement shall be given to the COLLECTION AGENCY, over and above the foregoing success fees. The success fee, inclusive of incentive if there is any, shall be net of applicable taxes.

4. The COLLECTION AGENCY is required to collect at least TEN PERCENT (10%) of the accounts endorsed within the succeeding ONE HUNDRED TWENTY (120) DAYS following such endorsement. After such period, the COLLECTION AGENCY must immediately return all uncollected accounts to SB CORP. For accounts with less than ten percent (10%) collection rate within the aforesaid holding period, the COLLECTION AGENCY may request in writing for such accounts to be retained due to reasonable terms and payment arrangement, subject to approval of SB CORP.

For purposes of this contract, the date of the endorsement of the accounts as appearing in the records of SB Corp shall be the commencement date of the period as stated herein.

5. For an account to be retained, the COLLECTION AGENCY shall be required to submit to SB CORP a payment arrangement agreement signed by the borrower within fifteen days (15) from execution thereof. In the event that the borrower defaulted from payment for sixty (60) days, SB CORP shall prompt COLLECTION AGENCY to return the account and the COLLECTION AGENCY shall have a period of fifteen (15) days reckoned from the 61st day of default to return said account to SB CORP. Failure on the part of the COLLECTION AGENCY to return said account/s to SB CORP within the period prescribed, the COLLECTION AGENCY shall be liable to pay penalty charges of 0.5 % per month based on the amount due to SB CORP.

6. The COLLECTION AGENCY shall submit to SB CORP the pertinent reports such as, but not limited to:

- a) Certification on Activities Conducted per Account (see Annex A for the format);
- b) Demand Letters with proof of receipts by the borrower (sending and return); and
- c) Call/Status Report e.g Reason for returning the account/s to SBCORP aside from the mandatory four (4) months holding period

7. The COLLECTION AGENCY is not allowed to receive cash payment and needs to require borrowers to pay directly to SB CORP. The COLLECTION AGENCY is required to submit a status report of all accounts endorsed by SB CORP, at least two (2) times a month, on a bi-weekly basis.

The SB CORP, on the other hand, shall submit to the COLLECTION AGENCY a Report/Listing of all accounts that are paid directly to them for payment of corresponding fee due to the COLLECTION AGENCY, which the SB CORP undertakes to pay to the COLLECTION AGENCY within thirty (30) days from receipt of such billing.

8. All information obtained by the COLLECTION AGENCY regarding the SB CORP or any of its borrower/s shall be considered confidential and shall not be given or made known by the COLLECTION AGENCY to any person or entity, without the prior consent of the SB CORP.

9. The COLLECTION AGENCY shall ensure that its employees shall not commit acts, which would result in damage or injury to the SB CORP, or those which would be detrimental to the reputation of the SB CORP.

10. The COLLECTION AGENCY assumes full responsibility for the actions of its employees and is liable for the damages sustained by the SB CORP. However, the SB CORP may, at its option, file appropriate civil and /or criminal action directly against the employees of the COLLECTION AGENCY, who may have been found to have appropriated the money collected from the debtors.





Handwritten initials

