



LOCAL WATER UTILITIES ADMINISTRATION

P.O. BOX 34, U.P. Post Office, Katipunan Avenue, Balara, Quezon City  
Tel No.: 920-5581 to 99; 920-56-01 Fax No: (632) 922-34-34  
Administrator's Direct Line: (02) 929-61-07  
LWUA Website: www.lwua.gov.ph

29 September 2017

MEMORANDUM CIRCULAR NO. 017-17

TO : ALL WATER DISTRICTS

SUBJECT : IMPOSITION OF PENALTY CHARGES ON DELINQUENT  
LOAN ACCOUNTS

Pursuant to LWUA Board of Trustees Res. No. 69 dated 7 August 2017, Penalty Charges for delinquent Water District loan accounts shall be for a maximum period of three (3) months: *(See Board Resolution No. 69 below)*


Provided, that upon cessation of imposing Penalty Charges and within three (3) months thereafter, a definite recovery Action Plan should be adopted by the Water District concerned to be validated by the appropriate LWUA office unit; and

Provided further, that failure of the Water District concerned to adopt a LWUA-validated recovery Action Plan within the three-month period shall automatically cause the reversion of the imposition of Penalty Charges.

These policies take effect immediately.

A loan account is considered delinquent if the interest or amortization that is due for the month is not paid on time.

For your information and guidance.

  
**JECI A. LAPUS**  
Acting Administrator

LOCAL WATER UTILITIES ADMINISTRATION

# BOARD OF TRUSTEES RESOLUTION

**SUBJECT: IMPOSITION OF PENALTY CHARGES ON DELINQUENT WATER DISTRICT LOAN ACCOUNTS**

**RESOLUTION NO. 69  
Series of 2017**

**WHEREAS**, Management recommended to limit the imposition of the Penalty Charges on delinquent Water District (WD) loan accounts to a maximum of six (6) months;

**WHEREAS**, Management also recommended that the cessation of Penalty Charges shall require a definite recovery Action Plan from the WD concerned to be validated by the appropriate LWUA unit;

**WHEREAS**, per Guidelines II.E. of Board Resolution No. 289, Series of 1994, LWUA imposes Penalty Charges on all unpaid billings at 2% per month;

**WHEREAS**, the aim of imposing Penalty Charges is to instill awareness and compliance on prompt remittance of monthly debt servicing by WDs to LWUA;

**WHEREAS**, over the years, WDs who become financially depressed, as a result of adverse operational conditions, incur substantial debt servicing arrears, thereby suffering added financial strain due to accumulation of Penalty Charges;

**WHEREAS**, the intent of imposing Penalty Charges on cases contemplated in the immediately preceding clause does not make of a sound policy;

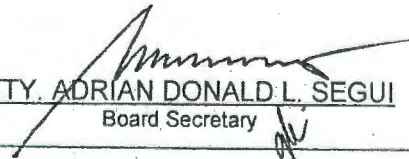
**WHEREAS**, to help ease the burden of financially depressed WDs with substantial debt servicing arrears including Penalty Charges, the imposition of Penalty Charges needs to be rationalized;

**WHEREAS**, Management has determined that a six (6)-month imposition period is deemed adequate inasmuch as such period would reasonably make clear the nature of the operational difficulties of the WD;

Date Adopted  
07 August 2017

961<sup>st</sup>  
Regular/Special Meeting

*I, the undersigned, hereby certify that the foregoing is a true copy of the resolution adopted by the Board of Trustees of the Local Water Utilities Administration on August 7, 2017.*

  
ATTY. ADRIAN DONALD L. SEGUI  
Board Secretary

LOCAL WATER UTILITIES ADMINISTRATION


**BOARD OF TRUSTEES RESOLUTION**

**SUBJECT: IMPOSITION OF PENALTY CHARGES ON DELINQUENT WATER DISTRICT LOAN ACCOUNTS**

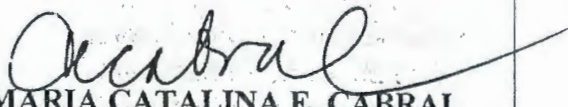
**NOW, THEREFORE, BE IT RESOLVED**, as it is hereby resolved, to approve, instead of Management's recommendation, a limit of a maximum of three (3) months in the imposition of Penalty Charges on delinquent Water District loan accounts; Provided, that upon the cessation of imposing Penalty Charges and within three (3) months thereafter, a definite recovery Action Plan should be adopted by the WD concerned to be validated by the appropriate LWUA unit; Provided further, that the failure of the WD concerned to adopt a LWUA-validated recovery Action Plan within the three month period shall automatically cause the reversion of the imposition of penalty charges;


**RESOLVED**, Further, that this Resolution shall take effect upon the issuance of a Memorandum Circular to the WDs and shall be subject for review after six (6) months thereafter;


**APPROVED:**

  
**HON. ROGELIO B. LUY**  
*Chairman*

**HON. MARK DENNIS Y. C. JOVEN**  
*Official Alternate of  
DOF Secretary Dominguez*

  
**HON. MARIA CATALINA E. CABRAL**  
*Official Alternate of  
DPWH Secretary Villar*

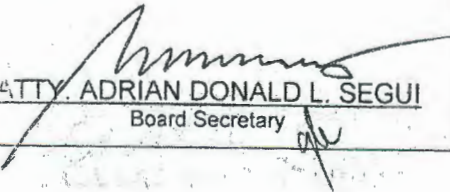
  
**HON. GERARDO V. BAYUGO**  
*Official Alternate of  
DOH Secretary Ubial*

  
**HON. CECI A. LAPUS**  
*Acting Administrator*

Date Adopted  
07 August 2017

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961<sup>st</sup>  
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**ATTY. ADRIAN DONALD L. SEGUI**  
Board Secretary