



REPUBLIC OF THE PHILIPPINES
MINISTRY OF PUBLIC WORKS AND HIGHWAYS
OFFICE OF THE MINISTER
MANILA

19,296 # 1133
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18 May 1983

MINISTRY ORDER)
NO **39**)
Series of 1983)

SUBJECT: Policies on the submission and confirmation of L/C's posted as performance bonds; as guarantee for refund of advance payment; and as replacement of the 10% Retention Money

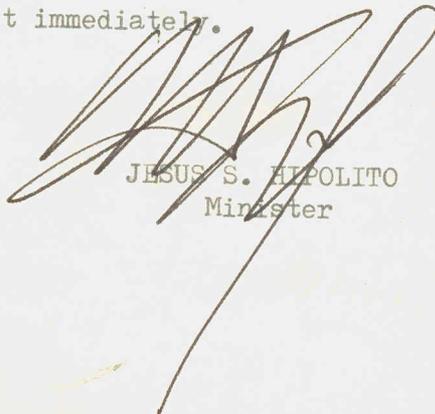
To prevent the submission of fake or spurious letters of credit (L/C's) intended as performance bonds or to guarantee the refund of the 15% advance payment or in lieu of the 10% retention, the following policies are hereby adopted:

1. L/C's posted as performance bonds or to guarantee the refund of advance payment or for the release of 10% retention shall, henceforth, be submitted by a duly authorized representative or employee of the issuing bank and not by the contractor.
2. Letters of confirmation as to the issuance and authenticity of the L/C shall be requested from the main office of the issuing bank and not from the branch office which issued the L/C.
3. All L/C's submitted shall be subject to verification and/or confirmation in accordance with the preceding paragraph, and L/C's for on-going projects shall likewise be subject to periodic confirmation to determine whether they are still in full force and valid and/or had already lapsed.

In case it is discovered that the L/C had already lapsed, the contractor concerned shall be immediately required to renew the same or to submit a new one; otherwise, payment of his progress billings shall be suspended.

All L/C's submitted by contractors which are found to be spurious or fake upon verification shall be reported immediately to the Minister for appropriate action.

This order shall take effect immediately.



JESUS S. HIPOLITO
Minister

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