

**CENTRAL BANK OF THE DOMINICAN REPUBLIC  
POLICY COMMITTEE FOR ASSET REALIZATION  
(COPRA)**

**TERMS OF REFERENCE  
INTERNATIONAL PUBLIC TENDER**

**COMPETITIVE PUBLIC TENDER FOR LOAN PORTFOLIO MANAGEMENT,  
ACQUISITION, AND/OR SECURITIZATION**

**FIRST, SECOND, AND THIRD PACKAGES**

**Santo Domingo, D.R.  
June 2005**

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## **I. BACKGROUND**

By virtue of ordinal 1 of the Fourth Resolution of the Monetary Board dated December 23, 2004, the plan was approved that shall be used for the legal vehicles to be employed in the realization of assets directed toward the solution of the Central Bank quasi-fiscal deficit in accordance with the Monetary and Financial Law No. 183-02 of November 21, 2002, the Securities Market Law No. 19-00 of May 8, 2000, and its Statute of Application No. 729-04 of August 3, 2004.

In compliance with the aforementioned Fourth Resolution, the Central Bank advised an international public tender in January 2005, that included the following Phases:

**Phase I:** prequalification of companies based on experience and a demonstration of their abilities with regard to management, technical support, and moral and economic solvency of the participating companies, in conformity with the criteria that were specified in the respective Terms of Reference of the Tender. This phase has culminated with the selection of the 16 firms that form part of the Record of Eligible Firms authorized by the Policy Committee for Asset Realization (COPRA).

**Phase II:** presentation to the pre-selected companies of the public offering for the awarding of specific asset groups according to their nature, through competitive auction mechanisms, so that the technical and economic prospects for the management, acquisition, and securitization of same, be evaluated and approved by COPRA, based on pre-established rules.

As a result of the above described process, a “**Record of Eligible Firms**” was created, made up at present by 16 participating companies that complied with the established requirements, in the following manner:

- **GROUP I:** made up of the first eight (8) companies that qualified in the time period established as of February 28, 2005, which are the following:
  - First Financial Network, Oklahoma, USA.
  - Recovery Group/First City Financial Corporation, Argentina.
  - Square Asset Management, Portugal.
  - UBS Financial Services, Inc., Puerto Rico.
  - Banco León/Recaudadora de Valores Tropical, Santo Domingo.
  - Banco López de Haro de Desarrollo y Crédito, Santo Domingo.
  - COTISA/FIDUCOLOMBIA, Santo Domingo/Colombia.
  - Excel Puesto de Bolsa, S.A., Santo Domingo.
  
- **GROUP II:** made up of eight (8) companies that initially qualified, subject to the provision during a pre-established time period of incomplete information, and whose inclusion in the aforementioned record was approved by COPRA during their session on April 29, 2005. These companies are as follows:

- Angulo Abierto Internacional/Grupo Parallax Finanzas, Germany, D.R.
- Emerging Markets Capital Advisors, Mexico.
- FTI Consulting, Inc., N.Y.-Dallas, USA.
- GMAC Commercial Holding Corp, Mexico- USA..
- Jamaican Redevelopment Foundation, Dallas-Texas, USA.
- Santander Securities/Excel Fondos Cerrados de Inversión, Puerto Rico-D.R.
- Santander Securities/Excel Titularizadora, Puerto Rico-D.R.
- Standard New York Securities, Inc., USA.

It should be noted that the companies in GROUP II shall participate in the tender as of the second asset package, in conformity with the provisions adopted by COPRA on March 8 and April 29, 2005.

It should be emphasized that the participating firms may contract financial intermediation agencies as authorized under the Monetary and Financial Law 183-02, to act as restructuring and collection agents for the portfolios to be awarded.

## **II. SCOPE AND OBJECTIVES**

The present document has as its objectives the following:

The **General Objective** is to establish selection guidelines and procedures, by means of the competitive auction method, of one or several of the pre-qualified companies inscribed in the Record of Eligible Firms on March 8 and April 29, 2005, for the management, acquisition, and securitization of a portion of the loan portfolio originating in Baninter, as well as of other portfolios and accounts receivable administered under the Central Bank Asset Realization Program (PROAGRA).

As part of the strategic guidelines approved by the Monetary Board and COPRA, a number of multiple schemes have been devised for the realization of assets, based on a gradual presentation, through public offerings, of asset packages in accordance with the auction timetable for asset realization, market requirements, and the benefits of maximizing their recovery value.

Thus, the **specific objectives** of the present Public Offering, with reference to the above mentioned Phase II, are as follows:

- To present the characteristics and information that will permit participating firms to know the profile and credit quality of the loan portfolio to be auctioned, for purposes of submitting their respective technical and economic offerings to the consideration of the Policy Committee for Asset Realization, in an atmosphere of transparency, clearly established rules, and free competition.
- To obtain offers that maximize the economic value of the restructured portfolio under present payment plans, by direct retail acquisition or for their realization

by means of securitization, so that the Central Bank may, recover the highest present value realization price in the short term.

- To establish incentives so as to rehabilitate in the short term, by means of appropriate management during the stage prior to sale, the non-restructured loan portfolio (without the application of collections), for the purpose of incorporating added value to the portfolio prior to its realization by means of direct acquisition and/or for securitization.

The present Public Offering shall consider, as a methodology for determining the loan portfolio's market value, that described under letter F of the "Instructions for Asset Valuation", in conformity with the Sixth Resolution of the Monetary Board of February 24, 2005, and the provisions adopted by the Policy Committee for Asset Realization (COPRA), in its April 29, 2005 session, whereby the following is established in a literal manner:

**"F. Valuation of loan portfolios and investments:** This is effected for the entities making up the Financial Sector, based on Generally Accepted Accounting Principles (Basil), and the rules established locally by the respective regulatory authority. In our case, this refers to the Asset Evaluation Standards in use, which establish the standards for qualifying loans and investments with regard to recovery risk, observing criteria such as payment ability, payment history, and available guarantees, in the case of loans; solvency, issuer liquidity, and generation of dividends, in the case of investments in securities, which must be carried at market value and will be adjusted monthly according to their current price on the market. If a secondary market does not exist, certain assumptions should be made with regard to the value of these instruments, utilizing present value methods. The ideal accounting record presupposes provisioning and the accounting of the net balance, in terms of identified risk.

This valuation may be carried out by the Superintendence of Banks, or a specialized firm contracted for these purposes.

**Paragraph:** In the case of loan and investment portfolios from entities in liquidation, the assets of which are to be transferred to the Central Bank, COPRA may propose such suitable measures as may be necessary within the framework of standards in place, keeping in mind the above criteria".

In the context of the present Public offering, portfolios that have been documented in a process of renegotiation, maintaining updated balances with payment flows, and having real or jointly binding guarantees, or documented without guarantees, shall be considered as **Restructured Portfolios**. Portfolios pending renegotiation for purposes of collection shall be considered **Non-Restructured Portfolios**.

Similarly, the portfolio value derived from applying the methodology described in Section F of the Instructions for Asset Valuation, extensively transcribed above, shall be denominated as **Base Price or Reference Price for the Restructured Portfolio**.

For management of the Non-Restructured Portfolio, the gross value shall be used. Offers will be evaluated in terms of that reference price, in accordance with the Policy Regulation established by COPRA and the Monetary Board.

### **III. APPLICATION ENVIRONMENT**

The present Public Offering considers the presentation of the first three (3) loan portfolio packages to be auctioned, corresponding to BANINTER and PROAGRA, based on the auction calendar established by COPRA.

#### **3.1. FIRST PACKAGE: loan portfolio equivalent to US\$50.0 million, made up of 40% Restructured Portfolio (US\$20.0 million market value), and 60% Non-Restructured Portfolio(US\$30.0 million market value).**

##### **A. Restructured Portfolio Options (with flows or payment plans):**

A.1. Direct Acquisition (retail sale): The 8 companies comprising GROUP I shall participate as described in Section I of the present document.

A.2. Realization via Securitization: The GROUP I companies that pre-qualified for securitization shall participate (Recovery Group/First City Financial Corporation, Square Asset Management, COTISA/FIDUCOLOMBIA).

##### **B. Non-Restructured Portfolio Management Options (without collections):**

B.1. Entities in GROUP I that opt for portfolio management.

#### **3.2. SECOND PACKAGE: loan portfolio equivalent to US\$50.0 million, made up of 40% Restructured Portfolio (US\$20.0 million market value), and 60% Non-Restructured Portfolio(US\$30.0 million market value).**

##### **A. Restructured Portfolio Options (with flows or payment plans):**

A.1. Direct Acquisition (retail sale): The 16 companies comprising GROUP I and GROUP II as described in Section I of the present document.

A.2. Realization via Securitization: The GROUP I and GROUP II companies that pre-qualified for securitization shall participate (Recovery Group/First City Financial Corporation, Square Asset Management, COTISA/FIDUCOLOMBIA; Jamaican Redevelopment Foundation, Standard New York Securities, Inc., GMAC Commercial Holding Corp., FTI Consulting, Inc., Santander Securities/Excel Titularizadora, Angulo Abierto Internacional/ Grupo Parallax Finanzas, and Emerging Markets Capital Advisors.

**B. Non-Restructured Portfolio Management Options (without collections):**

B.1. Entities in GROUP I and GROUP II that opt for portfolio management.

**3.3 THIRD PACKAGE: loan portfolio equivalent to US\$50.0 million, made up of 20% Restructured Portfolio (US\$10.0 million market value), and 80% Non-Restructured Portfolio(US\$40.0 million market value).**

**A. Restructured Portfolio Options (with flows or payment plans):**

A.1. Direct Acquisition (retail sale): The 16 companies comprising GROUP I and GROUP II as described in Section I of the present document.

A.2. Realization via Securitization: The GROUP I and GROUP II companies that pre-qualified for securitization shall participate (Recovery Group/First City Financial Corporation, Square Asset Management, COTISA/FIDUCOLOMBIA; Jamaican Redevelopment Foundation, Standard New York Securities, Inc., GMAC Commercial Holding Corp., FTI Consulting, Inc., Santander Securities/Excel Titularizadora, Angulo Abierto Internacional/ Grupo Parallax Finanzas, and Emerging Markets Capital Advisors.

**B. Non-Restructured Portfolio Management Options (without collections):**

B.1. Entities in GROUP I and GROUP II that opt for portfolio management.

**IV. CONTEXT OF THE TENDER**

4.1. Legal Framework

- a. Financial and Monetary Law No. 183-02, of November 21, 2002, and its regulations.
- b. Law No. 19-00 regulating the Securities Market, of May 8, 2000, and its regulations.
- c. Fourth Resolution of the Monetary Board, of December 23, 2004.
- d. Fourth and Sixth Resolutions of the Monetary Board, of February 24, 2005.
- e. Instructions for Asset Valuation, approved by COPRA, of April 29, 2005.
- f. Policy regulation approved by COPRA, of May 30, 2005, subject to ratification by the Monetary Board.

g. Laws applicable to management, acquisition, and collections:

- a. Dominican Civil Code
- b. Civil Procedural Code
- c. Judicial Organization Law
- d. Commercial Code
- e. Tax Code
- f. Complementary laws for obligatory collections

To facilitate to the participants information as to the processes within the present Dominican legal environment, in the Data Room as explained in Section V of this document, there shall be available to the legal counsels of the participating firms a dossier containing the applicable legal framework.

4.2. Characteristics of the loan portfolio presented in public offering.

**LOAN PORTFOLIO**

(Gross Accounting Value in DOP, as of 04-30-05)

TYPE OF GUARANTEE	# **	RESTRUCTURED (Note 1)	***	NON- RESTRUCTURED
1. DOCUMENTED				
With mortgage guarantee	180	962,100,952	262	1,745,168,167
With Collateral	31	70,513,552	527	526,120,977
With Jointly Binding Guarantee	42	215,118,226	3,029	1,757,811,736
Other Guarantees	257	161,920,457	904	257,201,874
Sin Garantías	93	204,254,899	106	519,711,570
2. NOT DOCUMENTED*			1,919	493,432,788
3. CREDIT CARDS	4,701	53,158,812	47,133	328,652,901
<b>TOTAL (Without interest)</b>	<b>5,304</b>	<b>1,667,066,898</b>	<b>53,880</b>	<b>5,628,100,01</b>

\* Overdrafts.

\*\*Number of Debtors.

**Note 1: The Restructured Portfolio has RD\$315.9 millones with the following conditions:**

Interest Rate:	%
Weighted Average	10.58
Range	8.00-14.5
Percentage Share	56.0 al 8.0
	3.5 al 10.0
	8.7 al 13.5
	31.1 al 14.5
<b>Term</b>	
Term Range	2005-2017
Percentage Share	4.34 matures in 2005
	7.2 matures in 2006
	16.04 matures in 2007
	3.79 matures in 2008
	3.70 matures in 2009
	54.90 matures in 2017

Detailed and documented information on these loan portfolios shall be available in the Data Room that will be set up for these purposes.

## **V. PROCUREMENT PROCEDURE**

The participating firms shall follow procedures for the presentation of their proposals, as follows:

### **5.1 Presentation of letters of intent and due diligence**

1. The Central Bank and COPRA, by means of a notice published in the national and/or international press and their website, shall inform of the availability on the website of the Terms of Reference corresponding to the Offering of Public Auction for the realization of the **“First, Second, and Third Loan Portfolio Packages”** so that in the period of time specified below, the participating firms may present their letters of intent, in which they shall express their genuine interest in participating in the selection process for the purpose of acquiring, securitizing, or administrating the loan portfolios specified in the present document, specifying the scope of their Proposal.
2. The participating firms shall remit to the Central Bank, to the attention of the Executive Secretary of COPRA, by means of printed copy and magnetic media in a sealed envelope, the referenced letter of intent, in which it shall be specified if the candidate is interested in acquiring, securitizing, or administrating the offered loan portfolios.

This documentation shall contain, in addition to the attached form titled “Application for Loan Portfolio Competitive Public Auction”, a description of the technical offering or strategic prospectus for the realization of these portfolios, including the following items:

For acquisition of Restructured Portfolio (with payment flows):

- Price of acquisition
- Date for cash payment
- Acquisition contract model used in similar proposals

For securitization of Restructured Portfolio (with payment flows):

- Underlying value of loan portfolio, expressed in terms of price.
- Coverage (%) of underlying value, with respect to the issue to be restructured, specifying the conditions to be met by the originator.
- Profile of the Prospectus of the security to be structured, net worth to be constituted by means of the loan portfolio, based on the requirements as per the Securities Market Law and its regulations.
- Estimated yield of the security to be issued

- Estimated term of placement
- Placement plan for the securities or shares to be issued
- Contract model for the acquisition of the portfolio used in similar cases

The information requirement in this Section with regard to securitization shall be remitted along with the firm Technical and Economic Proposal, once due diligence has been carried out.

**For the administration of the Non-Restructured Portfolio:**

- Collections policies and strategies
  - Processes to be executed for the extrajudicial or administrative phase of collections, including the presentation of supporting documentation models
  - Cost-benefit criteria to be used in the beginning of the judicial or obligatory collection phase
  - Accounting systems for collections and payments to the proprietor of the portfolio
  - Information, monitoring, and follow-up systems for administration
  - Formats for statistical reports to be issued, and their frequency
  - Details of procedural expenses and how they will be covered
  - Fees and commissions
  - Estimated recovery ranges by maturity
  - Administration contract model used in similar proposals
3. The proposal to be presented should be delivered in the allotted time period through the Correspondence Unit of the Central Bank located in the Lobby (First Floor) of that institution, where it shall be date- and time-stamped.
  4. The proposal should have attached a “letter of commitment”, in addition to the “letter of intent”, expressing acknowledgement of the object of the auction, and the norms that will prevail over this process, to which they will be subject.
  5. If the need for consultation or clarification with regard to the process, information, or the technical and economic proposals received should arise, the participants as well as the COPRA Executive Secretary should solicit same and respond in writing or electronically.
  6. In case a participating company is representing a third party, the original of the power of attorney duly granted for such purposes should be attached to the documentation.
  7. The interested firms shall, once they have been notified of the acceptance of their letter of intent, sign a confidentiality agreement that will serve as legal framework for the realization of due diligence via access to the Data Room, where technical, legal, and financial documentation related to the debtors is located. Order of preference will be applied according to the date and time of delivery of the letter

- of intent presented by each participating company, taking in consideration the time differences due to geographic location during a period of twenty-four (24) hours.
8. The COPRA Executive Secretary, after coordinating with the Executive Unit for the reduction of the Central Bank quasi-fiscal deficit and the COPRA Advisors, shall announce, based on the above mentioned order of preference, the calendar and timetable available to each company, for purposes of revising pertinent contractual documentation and carrying out the referenced due diligence, oriented toward validating the final price of the asset package that would be irrevocably awarded to the company, in accordance with the guidelines established in the Instructions for Asset Valuation and the Policy Regulation approved by the Monetary Board and COPRA. At that time, each participant will be provided with a format for the contracts to be signed for the assignment, administration, or assignment for securitization of the portfolios, as applicable.
  9. The Central Bank shall permit Data Room access to a maximum of seven (7) representatives per firm selected and for a maximum of five (5) days from 9:00 a.m. to 7:00 p.m. Data Room access is also conditional upon non-reimbursable payment of USD 5,000 per company.

## **5.2 Firm Proposal, Evaluation, and Selection**

1. Once the process has been finalized, the participating firms shall personally deposit, at the Central Bank and in the time period established for such purpose, their firm technical and economic proposals, via magnetic medium and in writing in a sealed envelope, validating and/or adjusting the initial proposal on the form that appears at the end of this document, the “Application for Loan Portfolio Competitive Public Auction”, and each page should be duly initialed by the legal representative and stamped with the company seal.
2. The delivery of the proposal shall include, prior to its deposit in the transparent container to be identified for said purpose, a receipt confirmation bearing a stamp, with the date and exact time of delivery, of the Central Bank Correspondence Unit located in the Lobby (First Floor) of that institution.
3. The opening of the envelopes during this Phase shall take place during a Public Act to be advised by the COPRA Executive Secretary, in which at least three (3) of its members shall participate, as well as COPRA Advisors, representatives of the Manager’s Office and Legal Counsel of the Central Bank and Executive Unit, in the presence of a notary public, who shall officially verify the offers received. Representatives of the participating firms will be present during said Act, the date of which shall be specified below.
4. The COPRA Executive Secretary, in coordination with the Advisors and the COPRA and Executive Unit structural support staff, will draw up a summary of

- the proposals received and shall prepare a matrix report on the content of each particular proposal.
5. The above mentioned working group shall evaluate each Technical and Economic Offering received, strictly adhering to the criteria established in the present terms of Reference and the Monetary Board and COPRA Resolutions on the realization of assets directed toward the solution of the quasi-fiscal deficit, applying present value methods and international standards related to the subject matter. Said evaluation should conclude with the presentation of a Report for the consideration of the Policy Committee for the Realization of Assets (COPRA).
  6. It shall be incumbent upon the Policy Committee (COPRA), designated by the Monetary Board through their Fourth Resolution of February 24, 2005, to acknowledge and select the winning offering(s), based on the following criteria:
    - The award shall be made to the company in accordance with the policies and criteria approved by the Monetary Board and COPRA for asset realization.
    - Each participant shall receive in writing a notification that shall include a summary of the valuations of all proposals received, based on the above criteria.
    - In the event that two or more companies obtain equal technical and economic qualifications, COPRA shall convoke a second round restricted to those applicants, for which they shall be notified with regard to the applicable rules.
  7. Once the award has been made, the signing of the direct sale contract, or transfer for purposes of securitization or administration, as applicable, shall be undertaken, in which documentation the rights and obligations of the signatories shall be established, as well as the responsibilities to be incurred for non-compliance with the agreement.
  8. It should be noted that the proceedings may be declared null and void if a participant is not selected, when there is evidence of anti-competitive practices, or when it is so deemed by COPRA, due to offerings outside the limits established by policy guidelines approved by COPRA and the Monetary Board. In the event that said Committee declares the proceedings null and void, it is established that this decision is not subject to appeal and does not imply subjective rights for the participants nor responsibility on the part of COPRA or the Central Bank of the Dominican Republic. COPRA shall determine when the asset package that was not awarded will again be placed on public offering.

## **VI. CONSORTIA**

The formation of consortia or strategic alliances shall be accepted, based upon legal documentation serving as proof of the acceptance of the consortium by the pre-qualified companies and authorized financial intermediation entities.

**VII. PRESENTATION DEADLINE FOR LETTER OF INTENT**

The presentation deadline for the “letters of intent” of the participating firms in the present Public Offering, in the Spanish or English language, shall be Friday, June 10, 2005, at 6:00 p.m. For these purposes, documentation received electronically shall be accepted as valid, provided that the same be remitted in complete form by virtue of the requirements established in Section 5.1. of the present Terms of Reference and that, in a term no later than June 13, 2005 at 6:00 p.m., the referenced documentation in writing be received by the COPRA Executive Secretary.

**VIII. DATE OF NOTIFICATION OF ACCEPTANCE OF THE LETTER OF INTENT AND DUE DILIGENCE NOTICE**

The date of notification of acceptance of the “letter of intent” and the notice for realization of due diligence shall be Friday, June 17, 2005, by means of a press publication, Central Bank website, by written communication, or electronically.

For purposes of advice of due diligence to be undertaken by the selected firms, during the period from June 20 and July 2, 2005, a timetable designed for these purposes shall be established, and each of the participating companies shall have available the same number of working hours for the revision of corresponding data and legal and financial documentation, in conformity with the instructions that shall be furnished upon notification of said advice.

COPRA may extend the time limit for Due Diligence realization for duly established reasons that would be beneficial to an adequate process, in which case the pertinent adjustments to the phases subsequent to the Data Room.

**IX. PRESENTATION DATE FOR THE “FIRM TECHNICAL AND ECONOMIC PROPOSAL” AND OPENING OF ENVELOPES IN A PUBLIC ACT**

The “Firm Technical and Economic Proposal” shall take place by means of a Public Act as stated in Section V of the present document, on Tuesday July 5, 2005 at 5:30 p.m. in the place to be specified in the corresponding notice. At that time each proposal shall be deposited in a transparent container by the respective representative in the presence of a Notary Public. At 6:00 p.m. of the same day, in the presence of the aforementioned representatives and Notary Public, the sealed envelopes shall be opened, and official acknowledgement of the offers received shall be made, by means of an affidavit authorized by the Notary Public.

## **X. AWARD DATE**

COPRA shall have a period no greater than five (5) working days after the indicated date, which shall expire July 13, 2005, for notification of the winning offering(s), through the approval of a duly documented Resolution, which shall be made public.

## **XI. CONTACTS**

For additional information, please contact:

Sabrina Fersobe

**Executive Secretary – COPRA**

**E-mail:** [s.fersobe@bancentral.gov.do](mailto:s.fersobe@bancentral.gov.do)

**(809) 221-9111, Ext.. 3721, 3609, 3063, 3064 y 3055**

**Telephones (direct): (809) 689-4658, 687-9442, 687-3802**

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**Application Form for Loan Portfolio Competitive Public Auction**  
**First Package**  
**Loan Portfolio Acquisition, Securitization and/or Management**

**1. Addressed to:**

**A. For the Restructured Portfolio (with flows):**

**A.1. Direct Acquisition (Cash Sale):** The eight companies comprising GROUP I in the Record of Eligible Firms (March-2005); Recovery Group/first City Financial Corporation; UBS Financial Services, Inc.; First Financial Network; Square Asset Management; Cotisa-Fiducolombia; Banco López de Haro de Desarrollo y Crédito, S.A.; Excel Puesto de Bolsa, S.A. and Banco León/Recaudadora de Valores Tropical.

**A.2. Realization through Securitization:** The companies of GROUP I that were pre-qualified to securitize (Recovery Group/First City Financial Corporation; Square Asset Management and COTISA/FIDUCOLOMBIA).

**B. For administration of the Non-Restructured Portfolio (without collections):**

B.1 Entities of GROUP I that choose portfolio management.

2. **Amount to be auctioned in this First Package:** Loan Portfolio of US\$50 Million, consisting of 40% Restructured Portfolio (US\$20.0 million, market value) and 60% Non-Restructured Portfolio (US\$30.0 million). The “reference” or “base price” shall be calculated on the portfolio value net of provisions.

3. **General Data of Participating Firm:**

Name of Firm: \_\_\_\_\_

Official Representative \_\_\_\_\_

E-mail Address \_\_\_\_\_ Fax \_\_\_\_\_

Telephones: \_\_\_\_\_

Application for:

Acquisition \_\_\_\_\_

Management \_\_\_\_\_

Securitization \_\_\_\_\_

4. **Technical-Economic Proposal Specifications:**

**A. Restructured Loan Portfolio (with flows and documented): US\$20.0 MILLION.**

**Only the following options will be presented:**

**A.1. For direct acquisition (cash sale) of the Restructured Portfolio (with flows):**

In Millions

QUALIFIED PORTFOLIO		MARKET VALUE		PROPOSAL	
Gross Value (1)	Provisions (2)	Net Value (1-2)	Relative Share	Acquisition Price	Adquisition Price
US\$	%	US\$	%	US\$	RD\$*
2.02	A =1.0	2.0	10.0		
8.25	B =3.0	8.0	40.0		
12.50	C =20.0	10.0	50.0		
22.77		20.0	100.0		

\* Specify Exchange Rate RD\$/US\$. Arrears in payment per risk type are as follows: A : From 1 to 30 days;

B: From 31 to 60 days, and C: From 61 to 90 days.

Date Proposed for Payment: \_\_\_\_\_.

**A.2. For realization through the Restructured Portfolio securitization plan (with flows) :**

In Millions

QUALIFIED PORTFOLIO		MARKET VALUE		PROPOSAL	
Gross Value (1)	Provisions (2)	Net Value (1-2)	Relative Share	Acquisition Price	Acquisition Price
US\$	%	US\$	%	US\$	RD\$*
2.02	A = 1.0	2.0	10.0		
8.25	B = 3.0	8.0	40.0		
12.50	C =20.0	10.0	50.0		
22.77		20.0	100.0		

\* Specify Exchange Rate RD\$/US\$. Arrears in payment per risk type are as follows: A : From 1 to 30 days;

B: From 31 to 60 days and C: From 61 to 90 days.

Date Proposed for Payment : \_\_\_\_\_.

**B. Non Restructured Portfolio ( only for collections) : Qualified D and E**

**Gross Accounting Value** : US\$30.0 million.

**B.1 Documented portfolio with collateral guarantee.**

Recovery Range (%)	Proposal Commission (%)	Recovery Period	
Recovered*	Expenses**	Fees	
			Up to 1 year
			More than 1 year
100-90			
90-80			
80-70			
70-60			
60-50			
50-40			
40-30			
30-20			
20-10			
10-0			

\*Recovery based on cash collection, payments and restructuring with payment plans .

\*\* Breakdown of total costs in US\$, in attachment.

**B.2 Documented portfolio with jointly binding guarantee.**

Recovery Range (%)	Proposal	Commission (%)	Recovery Period	
Recovered*	Expenses**	Fees	Up to 1 year	More than 1 year
100-90				
90-80				
80-70				
70-60				
60-50				
50-40				
40-30				
30-20				
20-10				
10-0				

\* Recovery based on cash collection, payments and restructuring with payment plans .

\*\* Breakdown of total costs in US\$, in attachment.

**B.3 Documented portfolio without guarantee**

Recovery Range (%)	Proposal	Commission (%)	Recovery Period	
Recovered*	Expenses **	Fees	Up to 1 year	More than 1 year
100-90				
90-80				
80-70				
70-60				
60-50				
50-40				
40-30				
30-20				
20-10				
10-0				

\* Recovery based on cash collection, payments and restructuring with payment plans .

\*\*Breakdown of total costs in US\$, in attachment.

**B.4 Portfolio Not Documented.**

Recovery Range (%)	Proposal	Commission (%)	Recovery Period	
Recovered*	Expenses **	Fees	Up to 1 year	More than 1 year
100-90				
90-80				
80-70				
70-60				
60-50				
50-40				
40-30				
30-20				
20-10				
10-0				

\* Recovery based on cash collection, payments and restructuring with payment plans .

\*\* Breakdown of Total costs in US\$, in attachment.

**Application Form for Loan Portfolio Competitive Public Auction  
Second Package  
Loan Portfolio Acquisition, Securitization and/or Management**

**1. Addressed to:**

**A. Options for the Restructured Portfolio (with flows):**

A.1. Direct Acquisition (Cash Sale): The 16 companies forming GROUP I and GROUP II described in Section I of the present document shall participate.

A.2. Realization through Securitization: GROUP I and GROUP II companies that pre-qualified to securitize shall participate: (Recovery Group/First City Financial Corporation; Square Asset Management; COTISA/FIDUCOLOMBIA); Jamaican Redevelopment Foundation; GMAC Commercial Holding Corp; Standard New York Securities, Inc.; FTI Consulting, Inc.; Santander Securities/Excel Titularizadora; Angulo Abierto Internacional/Grupo Parallax Finanzas, and Emerging Markets Capital Advisors.

**B. Options for management of the non Restructured Portfolio (without collections):**

B.1 Entities of GROUP I and GROUP II that choose portfolio management.

**2. Amount to be auctioned in this Second Package: Loan Portfolio of US\$50 Million, comprised of 40% Restructured Portfolio (US\$20.0 million, market value) and Non-Restructured Portfolio (US\$30.0 million). The “base” or “reference price” shall be calculated according to the portfolio value net of provisions.**

**3. General Data of Participating Firm**

**Name of Firm:** \_\_\_\_\_

**Official Representative** \_\_\_\_\_

**E-mail Address** \_\_\_\_\_ **Fax** \_\_\_\_\_

**Telephones:** \_\_\_\_\_

**Application for:**

**Acquisition** \_\_\_\_\_

**Management** \_\_\_\_\_

**Securitization** \_\_\_\_\_

**4. Specifications of Technical and Economic Proposal:**

**A. Restructured Loan Portfolio (with flows and documented): US\$20.0 MILLION**

**Only the following options will be presented:**

**A.1. For direct acquisition (cash sale) of Restructured Portfolio (with flows).**

**In millions**

<b>QUALIFIED PORTFOLIO</b>		<b>MARKET VALUE</b>		<b>PROPOSAL</b>	
<b>Gross Value(1)</b>	<b>Provisions (2)</b>	<b>Net Value (1-2)</b>	<b>Relative Share</b>	<b>Acquisition Price</b>	<b>Acquisition Price</b>
<b>US\$</b>	<b>%</b>	<b>US\$</b>	<b>%</b>	<b>US\$</b>	<b>RD\$*</b>
<b>2.02</b>	<b>A =1.0</b>	<b>2.0</b>	<b>10.0</b>		
<b>8.25</b>	<b>B =3.0</b>	<b>8.0</b>	<b>40.0</b>		
<b>12.50</b>	<b>C =20.0</b>	<b>10.0</b>	<b>50.0</b>		
<b>22.77</b>		<b>20.0</b>	<b>100.0</b>		

\*\* Specify Exchange Rate RD\$/US\$. Arrears in payment per risk type are as follows: A : From 1 to 30 days; B: From 31 to 60 days, and C: From 61 to 90 days.

Date Proposed for Payment: \_\_\_\_\_.

**A.2. For realization through the Restructured Portfolio Securitization plan (with flow):**

**In millions**

<b>QUALIFIED PORTFOLIO</b>		<b>MARKET VALUE</b>		<b>PROPOSAL</b>	
<b>Net Value (1)</b>	<b>Provisions (2)</b>	<b>Net Value (1-2)</b>	<b>Relative Share</b>	<b>Acquisition Price</b>	<b>Acquisition Price</b>
<b>US\$</b>	<b>%</b>	<b>US\$</b>	<b>%</b>	<b>US\$</b>	<b>RD\$*</b>
<b>2.02</b>	<b>A =1.0</b>	<b>2.0</b>	<b>10.0</b>		
<b>8.25</b>	<b>B =3.0</b>	<b>8.0</b>	<b>40.0</b>		
<b>12.50</b>	<b>C =20.0</b>	<b>10.0</b>	<b>50.0</b>		
<b>22.77</b>		<b>20.0</b>	<b>100.0</b>		

\*\*\* Specify Exchange Rate RD\$/US\$. Arrears in payment per risk type are as follows: A : From 1 to 30 days; B: From 31 to 60 days, and C: From 61 to 90 days.

Date Proposed for Payment: \_\_\_\_\_.

**B. Non Restructured Portfolio (for collections):**

**Gross Accounting Value** : US\$30.0 million.

**B.1 Documented with collateral guarantee.**

<b>Recovery Range (%)</b>	<b>Proposal Commission (%)</b>	<b>Recovery Period</b>		
<b>Recovered*</b>	<b>Expenses**</b>	<b>Fees</b>	<b>Up to 1 year</b>	<b>More than 1 year</b>
<b>100-90</b>				
<b>90-80</b>				
<b>80-70</b>				
<b>70-60</b>				
<b>60-50</b>				
<b>50-40</b>				
<b>40-30</b>				
<b>30-20</b>				
<b>20-10</b>				
<b>10-0</b>				

\* Recovery based on cash collection, payments and restructuring with payment plans .

\*\* Breakdown Total costs in US\$, in attachment.

**B.2 Documented with jointly binding guarantee.**

<b>Recovery Range (%)</b>	<b>Proposal Commission (%)</b>	<b>Recovery Period</b>		
<b>Recovered*</b>	<b>Expenses**</b>	<b>Fees</b>	<b>Up to 1 year</b>	<b>More than 1 year</b>
<b>100-90</b>				
<b>90-80</b>				
<b>80-70</b>				
<b>70-60</b>				
<b>60-50</b>				
<b>50-40</b>				
<b>40-30</b>				
<b>30-20</b>				
<b>20-10</b>				
<b>10-0</b>				

\* Recovery based on cash collection, payments and restructuring with payment plans .

\*\* Breakdown of Total costs in US\$, in attachment.

**B.3 Documented portfolio without guaranty.**

Recovery Range (%)	Proposal Commission (%)	Recovery Period		
Recovered*	Expenses**	Fees	Up to 1 year	More than 1 year
100-90				
90-80				
80-70				
70-60				
60-50				
50-40				
40-30				
30-20				
20-10				
10-0				

\* Recovery based on cash collection, payments and restructuring with payment plans .

\*\* Breakdown of Total costs in US\$, in attachment.

**B.4 Non Documented.**

Recovery Range (%)	Proposal Commission (%)	Recovery Period		
Recovered*	Expenses**	Fees	Up to 1 year	More than 1 year
100-90				
90-80				
80-70				
70-60				
60-50				
50-40				
40-30				
30-20				
20-10				
10-0				

\* Recovery based on cash collection, payments and restructuring with payment plans .

\*\* Breakdown of Total costs in US\$, in attachment.

**Application Form for Loan Portfolio Competitive Public Auction**  
**Third Package**  
**Loan Portfolio Acquisition, Securitization and/or Management**

**1. Addressed to:**

**C. Options for the Restructured Portfolio (with flows):**

A.1. Direct Acquisition (Cash Sale): The 16 companies forming GROUP I and GROUP II described in Section I of the present document shall participate.

A.2. Realization through Securitization: GROUP I and GROUP II companies that pre-qualified to securitize shall participate: (Recovery Group/First City Financial Corporation; Square Asset Management; COTISA/FIDUCOLOMBIA); Jamaican Redevelopment Foundation; GMAC Commercial Holding Corp; Standard New York Securities, Inc.; FTI Consulting, Inc.; Santander Securities/Excel Titularizadora; Angulo Abierto Internacional/Grupo Parallax Finanzas, and Emerging Markets Capital Advisors.

**D. Options for management of the non Restructured Portfolio (without collections):**

B.1 Entities of GROUP I and GROUP II that choose portfolio management.

**2. Amount to be auctioned in this Second Package: Loan Portfolio of US\$50 Million, comprised of 40% Restructured Portfolio (US\$20.0 million, market value) and Non-Restructured Portfolio (US\$30.0 million). The “base” or “reference price” shall be calculated according to the portfolio value net of provisions.**

**3. General Data of Participating Firm**

**Name of Firm:** \_\_\_\_\_

**Official Representative** \_\_\_\_\_

**E-mail Address** \_\_\_\_\_ **Fax** \_\_\_\_\_

**Telephones:** \_\_\_\_\_

**Application for:**

**Acquisition** \_\_\_\_\_

**Management** \_\_\_\_\_

**Securitization** \_\_\_\_\_

**4. Specifications of Technical and Economic Proposal:**

**A. Restructured Loan Portfolio (with flows and documented): US\$20.0 MILLION**

**Only the following options will be presented:**

**A.1. For direct acquisition (cash sale) of Restructured Portfolio (with flows).**

**In millions**

<b>QUALIFIED PORTFOLIO</b>		<b>MARKET VALUE</b>		<b>PROPOSAL</b>	
<b>Gross Value (1)</b>	<b>Provisions (2)</b>	<b>Net Value (1-2)</b>	<b>Relative Share</b>	<b>Acquisition Price</b>	<b>Acquisition Price</b>
<b>US\$</b>	<b>%</b>	<b>US\$</b>	<b>%</b>	<b>US\$</b>	<b>RD\$*</b>
<b>1.01</b>	<b>A =1.0</b>	<b>1.0</b>	<b>10.0</b>		
<b>4.12</b>	<b>B =3.0</b>	<b>4.0</b>	<b>40.0</b>		
<b>6.25</b>	<b>C =20.0</b>	<b>5.0</b>	<b>50.0</b>		
<b>11.38</b>		<b>10.0</b>	<b>100.0</b>		

\*\*\* Specify Exchange Rate RD\$/US\$. Arrears in payment per risk type are as follows: A : From 1 to 30 days;  
B: From 31 to 60 days, and C: From 61 to 90 days.

Date Proposed for Payment: \_\_\_\_\_.

**A.2. For realization through the Restructured Portfolio Securitization plan (with flow):**

**In millions**

<b>QUALIFIED PORTFOLIO</b>		<b>MARKET VALUE</b>		<b>PROPOSAL</b>	
<b>Gross Value (1)</b>	<b>Provisions (2)</b>	<b>Net Value (1-2)</b>	<b>Relative Share</b>	<b>Acquisition Price</b>	<b>Acquisition Price</b>
<b>US\$</b>	<b>%</b>	<b>US\$</b>	<b>%</b>	<b>US\$</b>	<b>RD\$*</b>
<b>2.02</b>	<b>A =1.0</b>	<b>2.0</b>	<b>10.0</b>		
<b>8.25</b>	<b>B =3.0</b>	<b>8.0</b>	<b>40.0</b>		
<b>12.50</b>	<b>C =20.0</b>	<b>10.0</b>	<b>50.0</b>		
<b>22.77</b>		<b>20.0</b>	<b>100.0</b>		

\* \*\*\* Specify Exchange Rate RD\$/US\$. Arrears in payment per risk type are as follows: A : From 1 to 30 days;  
B: From 31 to 60 days, and C: From 61 to 90 days.

Date Proposed for Payment: \_\_\_\_\_.

**B. Non-Restructured Portfolio (collections):**  
**Gross Accounting Value** : US\$40.0 million.

**B.1 Documented with collateral guarantee.**

Recovery Rank (%)		Commission Proposal (%)		Recovery Deadline	
Recovered*	Expenses**	Fees	Up to 1 year	More than 1 year	
100-90					
90-80					
80-70					
70-60					
60-50					
50-40					
40-30					
30-20					
20-10					
10-0					

\* Recovery based on cash collection, payments and restructuring with payment plans .

\*\* Breakdown of Total costs in US\$, in attachment.

**B.2 Documented with jointly binding guarantee.**

Recovery Rank (%)		Commission Proposal (%)		Recovery Deadline	
Recovered*	Expenses**	Fees	Up to 1 year	More than 1 year	
100-90					
90-80					
80-70					
70-60					
60-50					
50-40					
40-30					
30-20					
20-10					
10-0					

\* Recovery based on cash collection, payments and restructuring with payment plans .

\*\* Breakdown of Total costs in US\$, in attachment.

**B.3 Documented without collateral.**

Recovery Rank (%)	Commission Proposal (%)		Recovery Deadline		
	Recovered*	Expenses**	Fees	Up to 1 year	More than 1 year
100-90					
90-80					
80-70					
70-60					
60-50					
50-40					
40-30					
30-20					
20-10					
10-0					

\* Recovery based on cash collection, payments and restructuring with payment plans .

\*\* Breakdown of Total costs in US\$, in attachment.

**B.4 Non Documented.**

Recovery Rank (%)	Commission Proposal (%)		Recovery Deadline		
	Recovered*	Expenses**	Fees	Up to 1 year	More than 1 year
100-90					
90-80					
80-70					
70-60					
60-50					
50-40					
40-30					
30-20					
20-10					
10-0					

\* Recovery based on cash collection, payments and restructuring with payment plans .

\*\* Breakdown of Total costs in US\$, in attachment.

*Div de Trad.:terms of reference-asset realization.doc*

*07-06-05*

*LHF/lvr/lmb.*