



Republic of the Philippines
Department of Transportation

LAND TRANSPORTATION FRANCHISING & REGULATORY BOARD

East Avenue, Quezon City

MEMORANDUM CIRCULAR

NO. 2021 - 074

SUBJECT: Consolidated Guidelines, Rules and Procedure on the Disposal of Impounded and Abandoned Vehicles, Repealing Memorandum Circular No. 2019-011 dated 11 March 2019 and Memorandum Circular No. 2019-047 dated 18 September 2019

WHEREAS, by virtue of Department Order No. 2018-009 dated 9 January 2018, the Department of Transportation (DOTr) has authorized the Land Transportation Franchising and Regulatory Board to conduct the disposal of impounded and abandoned vehicles;

WHEREAS, it is also stated in the said Department Order the authority of the LTFRB and its Regional Franchising and Regulatory Offices (RFROs) to dispose of unredeemed and impounded vehicles under its custody in accordance with COA Circular No. 89-296 and E.O No. 888;

WHEREAS, on 11 March 2019, the Board issued Memorandum Circular No. 2019-011, prescribing the LTFRB Guidelines, Rules and Procedures on the Disposal of Impounded and Abandoned Vehicles;

WHEREAS, subsequently, on 18 September 2019, Memorandum Circular No. 2019-047 was issued, amending MC No. 2019-011 particularly on item Nos. 1 and 2, to include RFROs in the preparation of the inventory and to involve LTFRB duly accredited adjuster who will determine the price of each of the vehicle, respectively;

WHEREAS, despite sending of invitations and conduct of meetings with the registered adjusters, no one ever submitted its intent to apply for accreditation with the Board;

WHEREAS, due to the increasing number of impounded vehicles, and the urgency of disposing of said vehicles, the Board deemed it necessary to dispense the service of the adjuster in setting the price for each of the vehicle;

NOW THEREFORE, for and in consideration of the foregoing, the Board hereby promulgates these consolidated guidelines to govern the rules and procedure on the disposal of impounded vehicle, to wit:

1. The Technical Division and the concerned RFROs shall prepare inventory and inspection reports of all vehicles impounded for six (6) months or more reckoned from the final resolution of the cases and submit the same to the Committee on Disposal. "Final Resolution" means that the Order of the Board has already attained its finality, either by final decision of a proper tribunal or the lapsed of the reglementary period as prescribed under the existing laws, rules and regulation, and no Motion for Reconsideration or Appeal was filed by the respondent/vehicle owner. In which case, the Board shall issue the corresponding Certificate of Finality.

The inventory and inspection report shall contain the itemized list and complete description of the impounded vehicles, their make, model, plate number, their respective certificates of registration, official receipts, stencils of their respective chassis and engine numbers, current photographs (front and side views), classification whether serviceable or unserviceable, the IRS numbers, unpaid fines, penalties, surcharges duly imposed thereon and adjudicated with finality or no appeal having been filed within the reglementary period.

2. The Committee on Disposal shall conduct a physical and ocular inspection of the impounded and abandoned vehicles listed in the inventory and inspection report of the Technical Division or RFRO. The Commission on Audit representative may witness the same. The minimum price for each vehicle shall be the sum of the total unpaid fines, penalties, surcharges, storage and towing fees (if there is any) imposed on and incurred by each particular vehicle, which shall be the floor price of the public bidding.
3. The Committee on Disposal shall submit the Inventory and Inspection Report together with the corresponding minimum prices at which the vehicles will be sold at public bidding/auction to the LTFRB COA. Same report shall also be given to the office of the Chairman of the LTFRB for his final approval
4. Only those persons in whose names the vehicles are registered, including those encumbrances properly registered and annotated on the Certificate of Registration (CR) shall be notified by registered mail with return card for them to pay the fines, penalties, surcharges, storage and towing fees (if there is any) within fifteen (15) days from receipt of the notice. Vehicles not claimed by the vehicle owner or bank financing within the fifteen (15) day period from receipt of the notice shall be included in the FINAL list of vehicles to be sold at public bidding/auction.”
5. Conduct of Public Bidding/Auction Sale
 - 5.1.1. A Bids and Awards Committee-Impounded Vehicles (BAC-IV) shall be created in the Central Office and in each and every Regional Franchising Regulatory Office (RFRO) to administer and supervise the disposal of all impounded vehicles thru public bidding, which shall be composed of the following:

Chairman, Vice-Chairman, and three (3) Members
 - 5.1.2. The BAC-IV shall cause the publication in a newspaper of local circulation, and the posting of Notice of Public Bidding in the LTFRB official website and in the LTFRB Office where the bidding will be held, setting the date of bidding at least twenty (20) days from posting of the Notice of Public Bidding.
 - 5.1.3. The sale at public bidding to the highest bidder may be conducted in the presence of the resident LTFRB COA auditor or his/her authorize representative.
 - 5.1.4. Any person, natural or juridical, may participate in the bidding, except the employees of the LTFRB and his/her immediate member of the family or any relative up to the fourth civil degree of consanguinity. The Bidder who purchased bid forms (the price and place where to purchase the form shall be indicated in the Notice of Public Bidding) at least one (1) week before the scheduled public bidding shall be allowed to inspect the vehicles subject of public bidding.

- 5.1.4 On or before the day of the sale at public bidding, the bidders shall post a cash bond equivalent to at least ten percent (10%) of their bid amount which shall be deposited by them in a special account, to be opened in a bank to secure all the cash amount collected from the bidders, and facilitate the refund of any amount due to the bidder, owner or bank financing. The conduct of the public bidding for the sale of impounded and abandoned vehicles shall be on an "AS IS", "WHERE IS" basis.
- 5.1.5 After the opening of bids, the highest bids shall be declared winning bidders. In case of tie-bids, a new sealed bidding shall be immediately conducted until such time that the same is broken. The BAC-IV shall then issue the abstract of bids and the Notice of Award to the winning bidder/s who shall then pay in full the bid price to the LTFRB under a special account within fifteen (15) days from receipt of the Notice of Award. The ten (10%) cash bond shall be deducted from the total bid price to be paid. Otherwise, the cash bond posted by the winning bidder/s in the preceding paragraph will be forfeited in favor of the LTFRB should they fail or refuse to pay the bid price within the fifteen (15) day period.
- In case of default by the winning bidder, the second and the third highest bidders, after being duly notified, may increase their respective bids to the amount equal to or higher than that of the highest bid; and whoever among them tenders the highest bid shall be awarded the auctioned property, in lieu of the defaulting bidder. The defaulting highest bidder shall be disqualified to further bid on the rest of the auctioned properties.
- The cash bond posted by the losing bidders will be returned to them.
- It is understood that the LTFRB reserves the right to reject any or all of the tenders.
- 5.1.6 Once full payment is made, a Certificate of Sale shall be issued by the concerned LTFRB Office, signed by the Chairman for Central Office, or Regional Director for RFROs;
- 5.1.6. All the applicable taxes and expenses relative to the transfer of ownership and issuance of the necessary certificate of registration shall be borne by the winning bidder.
- 5.1.7. The winning bidders shall be advised to take out from the impounding area the awarded vehicle within five (5) days reckoned from the full payment of the bid price.
- 5.1.8. The proceeds of the sale at public bidding shall first be applied to all liens, fees, fines, penalties, surcharges, towing and transfer charges and other charges such as the cost of publication and mailing owing and payable to the LTFRB, then secondly to the storage fees, and the balance shall be returned to the person/s in whose name/s the vehicle is/are registered.
- 5.1.9. The BAC-IV shall prepare the report of the sale, copies of the notice of award and other pertinent documents which shall be forwarded to the Commission on Audit for its information and reference.

6. Unsold vehicles at public auction

- 6.1.1. Vehicles not sold on the first bidding shall be included in the list of vehicles to be sold in the next auction sale. Should the said vehicles are still not sold on the second bidding, the Board shall issue an Order, copy furnish the respondent/vehicle owner and/or any interested party, forfeiting said vehicles in favor of the LTFRB. A Notice of Final Forfeiture shall be issued for this purpose and consequently, the Land Transportation Office (LTO) shall cause the registration of the same under the name of the LTFRB.
- 6.1.2. Forfeited vehicles may either be used, or re-disposed by the LTFRB through public auction, in accordance with the same policies and procedures prescribed in this Memorandum Circular.

All other issuances inconsistent herewith are deemed modified or superseded accordingly.

This Memorandum Circular shall take effect thirty (30) days following its publication in at least one (1) newspaper of general circulation. Let three (3) copies hereof be filed with the UP Law Center – Office of National Administrative Registrar (ONAR).

SO ORDERED.

APPROVED AND SIGNED by the undersigned Chairman and Board Members, this 23rd of Nov. 2021, Quezon City, Philippines.


ATTY. MARTIN B. DELGRA III
Chairman




P/Col. JOEL C. PERNITO (Ret.)
Board Member


ENGR. SHERWIN MYLIL S. BEGYAN
Board Member

Attested by:


MARIA KRISTINA E. CASSION
Executive Director