AMENDED RULES AND REGULATIONS IMPLEMENTING REPUBLIC ACT NO. 8501

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Pursuant to the authority granted to the Board of Trustees of the Home Development Mutual Fund under Section 13 of Presidential Decree No. 1752, as amended, Rule III of the Rules and Regulations Implementing Republic Act No. 8501 is hereby amended in response to numerous requests of member-borrowers who, for various valid reasons, failed to file their application for condonation of penalties under Section 2 of R.A. 8501 before the expiration of the deadline.

SECTION 1. Rule III of the Rules and Regulations implementing Republic Act No 8501 is hereby amended to read as follows:

"RULE III
CONDONATION OF PENALTIES UNDER SECTION 2 OF REPUBLIC ACT 8501

Section 1. Who may apply under this Rule. Any housing loan borrower or in the event of his death, his heirs, or successors-in-interest, who has unpaid penalties on his housing loan with the Fund as of the effectivity of R.A. 8501 and has not yet availed of any previous condonation program from any government institution or agency involved in the National Shelter Program, may apply for the condonation of penalties under this Rule. A housing loan borrower or in the event of his death, his heirs, or successors-in-interest, who failed or refused to pay his monthly amortizations due to structurally defective or substandard housing units and/or subdivisions lacking in basic amenities such as water, light, drainage, good roads and others and as required by law, may likewise apply for condonation of penalties under this Rule.

Section 2. Condonation of Penalties after Full Payment/approval of application. All unpaid penalties of said housing loan shall be condoned after full payment by the housing loan borrower of all due and demandable arrearages composed of the principal and interest or upon approval of the borrower's application for a restructuring of his loan.

Section 3. Restructuring and term of the Loan. The unpaid due and demandable arrearages after partial payment shall be restructured within the remaining period of the loan or over ten (10) years, whichever is higher, provided that the borrower is at most age 65 at the time of loan maturity and to be paid together with the scheduled amortization for the undue balance of the original loan in accordance with the terms and conditions of the respective promissory notes.

Section 4. Application of Pag-IBIG Savings or Member's Total Accumulated Value (TAV)

To reduce the amount of loan to be restructured, a delinquent Pag-IBIG housing loan borrower may opt for the following:

1. Apply at most forty percent (40%) of the member's TAV of his savings to his outstanding loan balance if he has an outstanding Pag-IBIG multi-purpose loan (MPL), and has not previously offset his TAV against his MPL.

2. Apply the member's TAV of his savings to his outstanding loan balance if he has no outstanding MPL. The member shall however , be qualified to avail himself of a multi-purpose loan only after two (2) years.

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Section 5. Interest Rate. The interest rate on the restructured loan shall be the rate on the original loan.

Section 6. Effect of Default. In the event of default, the total outstanding housing loan shall immediately become due and demandable. Restructured accounts under the program that incur arrearages equivalent to six (6) monthly amortizations shall be foreclosed/cancelled automatically.

Section 7. Borrowers in the government service, who avail of loan restructuring, shall be required to remit their monthly payments for the restructured loans through the salary deduction scheme. Borrowers from the private sector shall likewise be required to remit their monthly payments for the restructured loans through salary deduction, if possible. Otherwise they shall be required to issue post dated checks on annual basis. Accommodation checks will be accepted. Retiree from either public or private sector who avail of loan restructuring shall also be required to issue postdated checks on an annual basis. Accommodation checks will also be accepted.

Section 8. Availment procedure.

A. Delinquent Pag-IBIG housing loan borrowers who opt to avail of the condonation and loan restructuring shall submit the duly accomplished. Application Form together with an updated Statement of Account to any Pag-IBIG NCR Branch/Regional Office.

B. The borrower may opt to apply his Pag-IBIG savings or TAV to his outstanding loan balance to reduce the amount of loan to be restructured.

C. The loan arrearages to be restructured shall be considered as an additional loan and shall be covered by an amendment to the LMA and a new PN. The borrower's ledgers for the original and the restructured loan shall be maintained independently.

The amendment to the LMA shall be signed by the borrower and annotated on the TCT at the expense of the borrower. In case of tacked loans, the co-borrowers shall likewise be required to sign the amendment to the LMA and the new PN.

D. Applicants for loan restructuring shall pay the following fees:

1. Processing Fee of P200.00;

2. First year's premium for mortgage redemption and fire insurance;

3. Registration, annotation and notarization expenses.

Section 9. Period within which to Avail under this Rule. A housing loan borrower or in the event of his death, his heirs, or successors-in-interest may only avail of his right to apply for the condonation of penalties under this Rule up to March 31, 2001."

SECTION 2. All other provisions of the Rules and Regulations Implementing Republic Act No. 8501 not inconsistent with these amendments shall continue to be in full force and effect.

SECTION 3. These amendments shall take effect fifteen days after its publication in a newspaper of general circulation.

27 Oct. 2000

(SGD.) ATTY. WILFREDO E. NUESA
Corporate Secretary

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