POLICY AND IMPLEMENTING GUIDELINES ON CANCELLED DCS ACCOUNTS

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RESOLVED: That in order to formulate and implement a GSIS-wide uniform set of policy guidelines, and pursuant to the legal opinion dated January 19, 2004 concerning the collection of arrearages on cancelled DCS accounts, and upon the recommendation of the Senior Vice President (Housing and Real Property Development Group) and the Executive Vice President (Operations), to APPROVE the following Policy and Implementing Guidelines on cancelled DCS accounts, subject to comments/observations and changes that the Board may note or have later.

1. Cancelled DCS Accounts

Cancelled DCS Accounts are housing loan accounts covered by DCS which have been served a Notice of Cancellation and are classified as acquired assets.

2. Collection of Arrearages

2.1 Arrearages represent all amounts due but unpaid, including principal, interests, penalties/surcharges, and premiums (Sales Redemption, Insurance and Fire Insurance), computed as of the date of cancellation. However, the computation of arrearages shall be extended beyond the date of cancellation up to the date the property is vacated by the awardee or occupant inasmuch as the awardee is still in possession of the property and deriving gain from the use and occupancy thereof.

2.2 Arrearages due on accounts tagged as "Cancelled" shall be collected by way of any or combination of the following:

> 2.2.1 CLIP for active members and pensioners. At the same time, a Demand/Collection Letter shall be sent/delivered to the awardee's residence and office.
>
> 2.2.2 For non-members, a Demand/Collection Letter shall be sent/delivered to last known address of the awardee.

2.3 If after two (2) Demand/Collection Letters (the 2nd notice to be sent one (1) month after the 1st), awardee still refuses to pay, the account shall be referred to the Accounts Recovery Department, LSG or the Field Office Attorney for collection and ejectment. However, HRPDG and the FOUs shall continue to maintain the accounts and exert all efforts to collect.

2.4 The total amount of arrearages shall be collected from the awardee until fully paid. All amounts paid by the awardee which are not sufficient to fully pay the arrearages shall be considered as partial payments, but shall not change the status of the account as "Cancelled".

2.5 Payments made after cancellation of account and up to the time the housing unit is actually vacated, shall be considered as rentals for use of the property.

3. Sale of the Property

3.1 The GSIS may, at any time, exercise its right to dispose of the property, in accordance with PPG 136-93 as amended per Board Resolution No. 184 dated 13 Aug. 2003.

3.2 The awardee is still liable to pay the arrearages even after the sale of the property

4. Eligibility to avail the Rate Reduction and Restructuring Program (RRRP)

To further enhance collection of defaulting accounts, cancelled DCS accounts are now qualified to avail of the rate reduction and restructuring of account following the guidelines on RRRP as approved under Board Resolution No. 197 dated July 17, 2002.

5. Implementing Procedures

5.1 For existing cancelled accounts:
5.1.1 Subject arrearages of cancelled accounts to CLIP
5.1.2 Generate Statement of Account (S/A)
5.1.3 Verify residential and office address of awardee-member from the GSIS database
5.1.4 Send Notice of Collection together with S/A
5.1.5 If not paid after second notice of collection, refer to Accounts Recovery Department or Branch Attorney (FOU) for filing of collection case. If paid, tag the account as "Closed".

RESOLVED, FINALLY, to DIRECT the Operating Unit Concerned to conduct a full inventory and physical assessment of all cancelled housing loan accounts covered by a Deed of Conditional Sale (DCS).

Adopted: 10 March 2004

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