

GUIDELINES ON THE CLASSIFICATION OF DEVELOPERS AND GRANT OF INCENTIVES

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Adopted: 24 July 2014

Date Filed: 30 July 2014

Pursuant to the approval of the Pag-IBIG Fund Board of Trustees in its 300[th] Meeting held last 30 January 2014, allowing Management to grant incentives to eligible developers, the Guidelines on the Classification of Developers and Grant of Incentives are hereby issued:

I. OBJECTIVES

The program seeks to achieve the following objectives:

1. To encourage the participation of Developers in providing the needed housing inventory that can be made available for sale to Pag-IBIG member-buyers via a Pag-IBIG housing loan.
2. To recognize the performance of Developers in their dealings with Pag-IBIG Fund.
3. To provide encouragement and incentives to Developers to continuously deliver quality housing loan accounts to the Fund.

II. COVERAGE

The coverage under these guidelines shall be optional for accredited Developers for six (6) months from the date of effectivity. Within the said period, the Developers may still be evaluated and be subject to the terms of Circular No. 259. After 6 months from issuance, coverage herein shall be mandatory and the evaluation of Developers and the incentives available to them shall henceforth be as provided in these guidelines.

III. MECHANICS

1. Accredited Developers shall be classified as:

- 1.1 Regular; or
- 1.2 Prime.

2. Newly accredited Developers shall be automatically classified as Regular Developers for the first quarter of its accreditation with the Fund.

3. Developers with previous transactions with the Fund shall be classified as Prime or Regular, depending on their performance in the quarter immediately preceding the evaluation under these guidelines. The evaluation shall be based on the following criteria:

- 3.1 Regular

- 3.1.1 Complete Documentation Compliance Ratio (CDCR, previously known as Quality of Mortgage

Documents Ratio or QMD) - At least ninety five percent (95%) of the total number of accounts delivered as of the quarter prior to date of evaluation are properly documented.

3.1.2 Unit Specifications Compliance Ratio (USCR, previously known as Quality of Units Ratio or QUR) - At least ninety percent (90%) of the total number of accounts delivered as of the quarter prior to date of evaluation has passed inspection.

3.1.3 Conversion Performance - If applicable, at least ninety percent (90%) of accounts taken out under Circular Nos. 259, 287 and 298 that are due for conversion as of the quarter prior to date of application are already converted.

A developer who is able to submit a copy of proof of payment to the BIR (for Expanded Withholding Tax and Documentary Stamp Tax) and the City/Municipal Assessor's Office (for Transfer Tax) shall be deemed as having substantially complied with the conversion requirement. The original receipts must be presented for authentication purposes.

Within thirty (30) working days from presentation of such proof, the developer must submit a copy of the Certificate Authorizing Registration (CAR) to the Fund. In case there are delays on the issuance of the CAR on the part of the BIR, the developer shall submit a report to the Fund relative to the affected accounts. Within fifteen (15) working days thereafter, the developer must also submit a copy of proof of payment to the Registry of Deeds.

For the accounts subject of substantial compliance to be considered as fully converted, the Transfer/Condominium Certificate of Title (TCT/CCT) must be transferred in the name of the borrower, the Real Estate Mortgage properly annotated thereon, and the said TCTs/CCTs returned to the Fund.

3.1.4 No accounts overdue for buyback.

3.1.5 Performing Accounts Ratio (PAR) - At least eighty five percent (85%) of the accounts that are taken out in the last 24 months prior to date of application are not in arrears for more than three (3) months at point of evaluation. For purposes of evaluation, arrears as used in these guidelines shall refer to the non-payment of monthly amortizations.

3.2 Prime

3.2.1 CDCR - At least ninety five percent (95%) of the total number of accounts delivered as of the quarter prior to date of evaluation are properly documented.

3.2.2 USCR - At least ninety five percent (95%) of the total number of accounts delivered as of the quarter prior to date of evaluation has passed inspection.

3.2.3 Conversion Performance - If applicable, at least ninety five percent (95%) of accounts taken out under Circular Nos. 259, 287 and 298 that are due for conversion as of the quarter prior to date of application are already converted. Policy on substantial compliance and subsequent conditions provided in Item III Subsection 3.1.3. shall likewise apply.

3.2.4 No accounts overdue for buyback.

3.2.5 PAR - At least ninety-five percent (95%) of the accounts that are taken out in the last 24 months prior to date of application are not in arrears for more than three (3) months at point of evaluation.

4. If a Developer has related real estate development company/ies, the performance of one of the related entities shall determine if the application for accreditation and classification of the Developer under these guidelines will be approved or not, and vice versa. Related real estate entities refer to the parent company and subsidiaries of the Developer and to business entities engaged in the real estate business, whether or not they are currently

transacting with the Fund, either as Developer, seller or marketing agent of another Developer or individual, in which the Developer or any of its key officers is also a key officer or a shareholder.

The Pag-IBIG Fund Housing Business Center which has the jurisdiction over the principal place of business of the Developer shall evaluate the application for accreditation and determine the corresponding classification of said Developer. The Business Development Sector, however, shall evaluate said application and accordingly determine its classification when the said Developer has a project in the National Capital Region regardless of its principal place of business.

5. A Developer's performance shall be evaluated pursuant to the criteria provided in Item III Section 3 hereof at the end of every quarter to determine whether it is eligible to maintain its classification, be upgraded to the next higher classification or downgraded to the next lower classification.

5.1 A Developer classified as Regular at the first quarter that meets the criteria for the Prime Category shall be upgraded and shall enjoy the benefits and incentives available to Prime Developers in the immediately succeeding quarter.

5.2 A Developer that fails to maintain its level of performance to meet the criteria for its present classification for two (2) consecutive quarters shall be downgraded to and be subject to the terms and conditions of a lower classification.

A developer that is downgraded from a Regular classification shall have its accreditation suspended for the quarter or until deficiencies are cured/corrected, whichever comes later. However, this shall not preclude the Pag-IBIG member-buyer to file his application directly to Pag-IBIG Fund for the purchase of a lot/house and lot/condominium unit in the suspended Developer's subdivision/condominium project.

5.3 A Developer with a downgraded classification or suspended accreditation may apply for upgrading in the succeeding quarter, provided it is able to meet the corresponding criteria.

6. These guidelines shall be implemented in conjunction with the prevailing Guidelines Implementing the Pag-IBIG Fund Takeout Mechanism for Developer-Assisted Housing Program.

IV. INCENTIVES

Prime Developers shall be granted the following incentives:

1. Advance Evaluation of Borrowers and Inspection of Units

Housing loan applications from Prime Developers shall be prioritized in the advance evaluation of borrowers and inspection of completed units. Said Developers shall only submit the Pag-IBIG member-buyer/s' completed Buyer's Information Sheet, income documents and proof of payment of the filing fee.

The Credit Investigation Report (CIR) and Buyer Validation Sheet (BVS) shall be issued to the Developer within five (5) working days from submission of said documents if the Pag-IBIG member-buyer meets the Fund's housing loan eligibility criteria. The Credit Investigation Report (CIR), Buyer Validation Sheet (BVS) and the receipt of the filing fee must be submitted to the Fund when filing the Pag-IBIG member-buyer's housing loan application. The CIR and BVS shall be valid for six months only.

2. Express Processing of Housing Loan Applications

2.1 HL applications delivered after the signing of the MOA, shall be evaluated within 6 working days from complete submission of the following requirements:

2.1.1 Buyer's Information Sheet;

2.1.2 Deed of Absolute Sale executed by the Developer in favor of the Fund or the Pag-IBIG member-buyer as the case may be;

2.1.3 Certificate Authorizing Registration;

2.1.4 TCT/CCT in the name of the Developer or land owner, in case of Joint Venture;

2.1.5 Deed of Conditional Sale between the Fund and the member-buyer if the TCT/CCT is in the name of the Fund, or Loan and Mortgage Agreement if the TCT/CCT is in the name of the member-buyer;

2.1.6 Notarized Promissory Note;

2.1.7 Individual Tax declaration on the land in the name of the Developer or land owner, in the case of a Joint Venture;

2.1.8 Individual Tax declaration on improvements in the name of the Developer;

2.1.9 Updated Real Estate Tax Receipt for the quarter;

2.1.10 Occupancy Permit;

2.1.11 Certificate of Acceptance; and

2.1.12 Transfer Tax Receipt for the lot and the building. Pag-IBIG Fund may however impose additional requirements, or alternative documents, as it may deem proper.

2.2 The Fund shall issue a Notice of Approval (NOA) to HL applications that meet the requirements of the applicable Pag-IBIG housing loan program guidelines. The takeout proceeds shall be released within 3 working days from receipt of the NOA by the Developer.

3. Post-takeout submission of TCTs

Prime Developers may engage the services of Pag-IBIG Fund-accredited service providers to take on the completion of the following transactions:

3.1 Transfer of title in the name of the Fund or of the Pag-IBIG member-buyer, as the case may be;

3.2 The registration of the Loan and Mortgage Agreement in the TCTs that are in the Pag-IBIG member-buyer's name. The corresponding transfer/registration costs and service fees shall be deducted from the takeout proceeds.

V. REPEALING CLAUSE

All memoranda, rules, regulations and other issuances that are inconsistent herewith are hereby repealed, except Circular Nos. 259, 287 and 298, which shall continue to be in force for 6 months from effectivity of these guidelines.

VI. ESCALATION

Any issue that may arise in the interpretation of these guidelines shall, as much as possible, be resolved by the Department Manager III or escalated to the next higher level of authority.

VII. AMENDMENTS

The Senior Management Committee may amend, modify, revise and/or update the guidelines as needed; provided, the amendments, modifications, revisions and updates thereof, are in furtherance of the objectives of this Program and consistent with the mandate of the Fund under its Charter and existing laws.

VIII. EFFECTIVITY

These guidelines take effect immediately.

(SGD) ATTY. DARLENE MARIE B. BERBERABE
Chief Executive Officer

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