AMENDED RULES AND REGULATIONS IMPLEMENTING REPUBLIC ACT NO. 8501

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Pursuant to the authority of the Board of Trustees of the Home Development Mutual Fund to make and change needful rules and regulations under Section 13 of Presidential Decree No. 1752, as amended in relation to Section 5 of R.A. 8501, Rules III and IV of the Rules and Regulations implementing Republic Act No. 8501 are hereby amended in order to give more life and meaning to the Condonation of penalties provided for under R.A. 8501.

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

Rule IIICondonation 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 refuse to pay his monthly amortization due to structurally defective or substandard housing unit and/or subdivisions lacking basic amenities such as water, light, drainage, good roads others as required by law, may likewise apply for condonation of penalties under this Rule.

SECTION 2. Condonation of Penalties After Full Payment. — 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.

SECTION 3. Restructuring and term of the Loan. — The unpaid due and demandable arrearages, as well as the litigation/cancellation and other expenses incurred by Pag-IBIG Fund which remain unpaid, after partial payment, shall be restructured within the remaining period of the loan.

SECTION 4. Application of Pag-IBIG Savings or Member’s Total Accumulated Value (TAV). — In lieu of the down payment, a delinquent Pag-IBIG housing loan borrower who has not previously availed of TAV offsetting may opt for the following:

1. Apply at most forty percent (40%) of his TAV to his outstanding housing 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 his entire TAV to his outstanding housing 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.

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.

SECTION 7. Borrowers who avail of loan restructuring may remit their monthly payments for the restructured loans through the salary deduction scheme, the issuance of PDC's on annual basis or over the counter - 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 TAV to his outstanding loan balance in lieu of the down payment.

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

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

1. Processing Fee of P200.00

2. First year's premium for mortgage redemption.

3. Notarization and other related expenses.

SECTION 9. Filing of Application for Condonation. — A housing loan borrower, his assigns or successors-in-interest or in the event of his death, his heirs or their legal representatives may file the application for Condonation under this Rule at anytime. However, only unpaid penalties of the housing loan up to December 31, 2002 shall be subject of condonation.

SECTION 2. Rule IV of the Rules and Regulations Implementing Republic Act No. 8501 is hereby amended to read as follows:

Rule IVCondonation of Penalties on Loan Obligation Under Section 3 of R.A. 8501

SECTION 1. Who May Apply for Condonation under this Rule. — Any member borrower, or in the event of his death, his heirs, or successors-in-interest, who failed to pay as well as those who after availing of any previous condonation program of the fund, failed to pay on time any obligation to the Fund for justifiable reasons may apply for condonation of penalties subject to the requirements or conditions as herein provided.

SECTION 2. Justifiable Reasons. — The following shall be considered as justifiable reasons for failure to pay the required amortization on due date which may allow a delinquent member-borrower to apply for condonation of penalties accrued:

a. Unemployment;

b. Total or partial disability of the member-borrower, as certified by a duly licensed physician, which by reason thereof resulted in his failure to pay the required amortization when due.

c. Illness of the member-borrower or illness or death of any of his immediate family which by reason thereof resulted in his failure to pay the required amortizations when due.

d. Death of the member-borrower which by reason thereof resulted in the failure to pay the amortizations due on the remaining balance of the loan after due application of the Mortgage Redemption insurance proceeds, if any.

e. Fire that gutted his Pag-IBIG mortgaged property;

f. Failure to pay his monthly amortizations due to structurally defective or substandard housing units and/or

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subdivisions lacking in basic amenities such as water, light, drainage, good roads and others and as required by law;

g. Failure of the employer to remit to the Fund whatever amortizations due from the employee after deducting/collecting the same from the said employer.

h. Other causes as may be considered as justifiable by the Board of Trustees.

SECTION 3. Eligibility of Applicant. — To be eligible for penalty condonation under this Rule, the member-borrower or successors-in-interest, applying for penalty condonation shall have an annual family income of not more than Three Hundred Thousand (P300,000.00) Pesos except those applying for condonation of penalties under sub-paragraph (f) of Section 2 hereof.

SECTION 4. Condonation of Penalties upon Approval of Application. — All unpaid penalties on said loan shall be considered condoned upon approval of the borrower's application for loan restructuring.

SECTION 5. Restructuring of the Loan Balance. The unpaid and demandable arrearages, as well as litigation, cancellation and other charges incurred by Pag-IBIG Fund which remain unpaid, after partial payment, shall be restructured within a maximum period of 20 years, provided that the same shall not exceed the difference between the borrower's age and age 65 and shall be paid together with the scheduled amortization for the balance of the original loan in accordance with the terms and conditions of both promissory notes.

SECTION 6. Application of Pag-IBIG Savings of Member's Total Accumulated Value (TAV).

In lieu of the down payment, a delinquent Pag-IBIG housing loan borrower who has not previously availed of TAV offsetting may opt for the following:

1. Apply at most forty percent (40%) of his TAV to his outstanding housing 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 his entire TAV to his outstanding housing 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.

SECTION 7. Effect of Default. — In the event of default, the total outstanding housing loan shall immediately become due and demandable.

SECTION 8. Loans Eligible for Penalty Condonation. — Only loans, which have been in arrears for a period of at least two (2) years, shall be eligible for penalty condonation except those applying for condonation of penalties under sub-paragraph (1) of Section 2 hereof.

SECTION 9. Limitation of the Availment of Penalty Condonation under this Rule. — A member-borrower who had already availed of penalty condonation under this Rule shall forever be disqualified from availing of the penalty condonation during the remaining term of his loan and/or until such loan has been fully settled and paid for in full. This disqualification shall likewise apply to his heirs as well as to his successors-in-interest.

SECTION 3. All other provisions of the Rules and Regulations implementing Republic Act No. 8501 not inconsistent with this amendment shall continue to be in full force and effect.

SECTION 4. This amendment shall take effect fifteen days after its publication in a newspaper of general circulation and the filing of a copy thereof with the Office of the National Administrative Register of the University of the Philippines Law Center.

SECTION 5. Management is hereby directed to issue the necessary operating guidelines within fifteen (15) days after publication hereof.

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

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