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IMPLEMENTING GUIDELINES OF THE PAG-IBIG MULTI-PURPOSE LOAN (MPL) PROGRAM FOR NON-IISP BRANCHES

HDMF (Pag-IBIG FUND) CIRCULAR NO. 56-I, April 30, 2013

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Pursuant to Rule IV, Section 3 (a) of the IRR of RA No. 9679 in relation to Item 14 of Circular No. 56-H, the Fund has the power to formulate, adopt, amend and/or rescind such rules and regulations as may be necessary to carry out the provisions and purposes of RA No. 9679, the following amendments to Circular No. 56-H are hereby issued:

I. OBJECTIVES

The program aims to have all non-IISP branches where the new STL system under the Integrated Information Systems Project (IISP) is not yet operational become aligned with the specific provisions of Circular No. 323 as a prelude to actual implementation of the aforementioned guidelines.

II. LOAN PURPOSE

To provide financial assistance to Pag-IBIG member for:

- House repair;

- Minor home improvement;

- Home enhancement, i.e. purchase of appliance and furniture;

- Tuition/ Educational Expenses;

- Health and Wellness;

- Livelihood; or

- Other purposes.

III. BORROWER'S ELIGIBILITY

The program shall be open to a Pag-IBIG member who satisfies the following requirements:

- Has made at least twenty-four (24) monthly mandatory savings (MS);

- For members who have withdrawn their MS due to membership maturity, the reckoning date of the updated 24 MS shall be the first MS following the month the member qualified to withdraw his MS due to membership maturity;

- Has five (5) MS for the last six (6) months as of month prior to date of loan application.

- If with existing Pag-IBIG Housing Loan, the account must not be in default as of date of application; and

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- If with existing MPL and/or Calamity Loan, the account/s must not be in default as of date of application.

IV. LOAN AMOUNT

A qualified Pag-IBIG member shall be allowed to borrow an amount based on the lowest of the following: desired loan amount, loan entitlement, capacity-to-pay.

1. Loan Entitlement

An eligible borrower's loan entitlement shall depend on the number of contributions made, based on the following schedule:

No. of Mandatory Savings

Loan Amount

24 – 59 Months

Up to 60% of Total Accumulated Value (TAV)

60 – 119 Months

Up to 70% of TAV

At least 120 Months

Up to 80% of TAV

2. Capacity to Pay

An eligible borrower's loan shall be limited to an amount for which statutory deductions, monthly repayment of principal and interest, and other obligations will not render the borrower's net take home pay to fall below the minimum requirement as prescribed by the General Appropriations Act (GAA) or company policy, whichever is applicable.

The member's net take home pay shall refer to the member's monthly compensation net of statutory deductions, other authorized deductions, outstanding loan obligations, and computed monthly repayment for loan being applied for. Statutory deductions shall refer to income tax withheld as well as contributions/premiums for GSIS/SSS, Pag-IBIG and PhilHealth.

However, if the borrower has an existing Calamity Loan, the loanable amount shall be the difference between 80% of the borrower's TAV and the outstanding balance of his Calamity Loan; provided, it does not exceed the borrower's loan entitlement under these guidelines.

V. INTEREST RATE

The loan shall bear an interest at the rate of 10.75% per annum for the duration of the loan.

VI. LOAN TERM

The loan shall be repaid over a maximum period of twenty-four (24) months, with a grace period of two (2) months.

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VII. LOAN RELEASE

The loan proceeds shall be released through any of the following modes:

- Crediting to the borrower’s cash card/ disbursement card;

- Crediting to the borrower's bank account through LANDBANK’s Payroll Credit Systems Validation (PACSVAL);

- Check payable to the borrower;

3.1

Checks which are unclaimed after three (3) days from the DV/check date shall be mailed to the member-borrower.

- Other similar modes of payment.

VIII. LOAN PAYMENTS

- The loan shall be repaid in equal monthly payments in such amounts as may fully cover the principal and interest over the loan period. Said amortization shall be made, whenever feasible, through salary deduction.

- Payments shall be remitted to the Fund on or before the fifteenth (15th) day of each month, starting on the third (3rd) month following the date on the DV/Check.

- The borrower may fully pay the outstanding balance of the loan prior to loan maturity.

- The borrower shall pay directly to the Fund in case the borrower is unable to pay through salary deduction for any of the following circumstances, such as but not limited to:

4.1

Suspension from work;

4.2

Leave of absence without pay;

4.3

Insufficiency of take home pay at any time during the term of the loan.

IX. PENALTIES

- A penalty of one-half percent (!%) of any unpaid amount shall be charged to the borrower for every month of delay.

- For borrowers paying through salary deduction, penalties shall only be reversed upon presentation of proof that non-payment was due to the fault of the employer. In such case, penalties due from the borrower shall be charged to the employer.

Non-remittance of the total loan amortization shall likewise subject the employer with a penalty of one-tenth of one percent (1/10 of 1%) per day of delay of the amounts payable from the date the loan amortizations or payments fall due until paid.

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X. APPLICATION OF PAYMENTS

- Payments shall be applied according to the following order of priorities:

1.1 Penalties; if any,
1.2 Interest; and
1.3 Principal.

- Accelerated Payments – any amount in excess of the required monthly amortization shall be applied to future amortizations.

XI. DEFAULT

The borrower shall be in default in any of the following cases:

- Any wilful misrepresentation made by the borrower in any of the documents executed in relation hereto;

- Failure of the borrower to pay any three (3) consecutive monthly amortizations;

- Failure of the borrower to pay any three (3) consecutive mandatory savings;

- Violation by the borrower of any of the policies, rules, regulations and guidelines of Pag-IBIG Fund.

XII. EFFECTS OF DEFAULT

In the event of default, the outstanding loan obligation shall become due and demandable. The outstanding obligation shall be deducted from the TAV credited to the borrower.

The same shall create a lien on the Pag-IBIG I and/or Pag-IBIG II and/or Modified Pag-IBIG II (MP2) account of the borrower, it any.

XIII. OTHER PROVISIONS

- The MPL and Calamity Loan programs shall be treated as separate and distinct from each other. Hence, the member shall be allowed to avail of MPL while he still has an outstanding Calamity Loan, and vice versa. Application for loans on these two programs shall be governed by their corresponding guidelines. In no case, however, shall the aggregate short-term loan exceed eighty percent (80%) of the borrower’s TAV.

- For borrowers with existing Calamity Loan at the time of availment of MPL, the outstanding loan balance of the Calamity Loan shall not be deducted from the proceeds of the MPL. However, borrowers with outstanding calamity loans availed prior to the issuance of Circular No. 315, which covered members affected by Typhoon Gener and the monsoon rains brought about by Hanging Habagat, shall be allowed to avail of a Multi-Purpose Loan after paying at least 6 monthly amortizations. The outstanding balance, interest and penalties shall be deducted from the proceeds of the MPL.

- Marginal MPL Balance In the event that an MPL account has a marginal balance of not more than P10.00 despite the payment of the required 24 monthly amortizations by the borrower, the Fund shall offset the said marginal balance from the borrower's TAV.

- Membership Termination In the event of membership termination prior to loan maturity, the outstanding loan obligation shall be deducted from the borrower's TAV and/or any amount due him or his beneficiaries in the possession of the Fund. In case of borrower's death, the outstanding obligation shall be computed up to the date of death. Any payments received after death shall be refunded to the borrower's beneficiaries.

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- Multiple Employers

5.1

An eligible member who is an active member under more than one employer shall have only one outstanding MPL at any given time.

5.2

At point of application, the member shall choose which employer shall deduct and remit his monthly MPL amortizations.

- Loan Renewal

6.1

A borrower may renew his MPL after payment of at least six (6) monthly amortizations and he meets the eligibility criteria provided in these guidelines.

6.2

The proceeds of the new loan shall be applied to the borrower’s outstanding MPL obligation and the net proceeds shall then be released to him.

6.3

In case of full payment prior to loan maturity, a borrower shall be allowed to apply for a new loan any time.

- Immediate Offsetting against the Borrower’s TAV Offsetting of the borrower's outstanding MPL obligation against his TAV shall be effected immediately upon approval of the borrower’s request; provided, such request is based on any of the following justifiable reasons and has been verified by the Fund:

7.1

Borrower’s unemployment;

7.2

Illness of the member-borrower or any of his immediate family members as certified by a licensed physician that, by reason thereof, resulted in his failure to pay the required amortizations when due;

7.3

Death of any of his immediate family members that, by reason thereof, resulted in his failure to pay the required amortizations when due.

- Availment of MPL after TAV Offsetting

If TAV offsetting has been effected on the borrower's defaulting MPL, he may apply for a new MPL subject to the following conditions:

8.1

If the borrower has paid at least 6 monthly amortizations prior to default and its consequent offsetting against the borrower's TAV, the borrower may immediately apply for a new loan, subject to the eligibility criteria provided in these guidelines;

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8.2

If the borrower has paid less than 6 monthly amortizations prior to default and its consequent offsetting against the borrower's TAV, the borrower may apply for a new loan only after two (2) years from date of TAV offsetting, subject to the eligibility criteria provided in these guidelines.

XIV. ESCALATION OF ISSUES

Any issue in the interpretation and implementation of these guidelines shall be resolved by the Department Manager III concerned or shall be escalated to the next higher approving authorities.

XV. REPEALING CLAUSE

All previous Circulars or Memoranda in conflict or inconsistent with the provisions and/or purposes of this Circular are accordingly repealed, amended or modified.

XVI. AMENDMENTS

The Senior Management Committee may amend, modify or revise the provisions of these guidelines provided, the amendments, modifications and revisions thereof, are in furtherance of the objectives of this program and consistent with the mandate of the Fund under its charter and existing laws.

XVII. EFFECTIVITY

These guidelines shall take effect upon availability of the Short-Term Loan program for Non-IISP branches and until the new Short-Term Loan System under the Integrated Information Systems Project (IISP) is already operational in the branch.

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

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