

Pag-IBIG Fund
Corporate Headquarters
Petron Mega Plaza
358 Sen. Gil Puyat Avenue
Makati City

Circular No. 439

TO : ALL CONCERNED

**SUBJECT : GUIDELINES ON THE Pag-IBIG FUND SPECIAL HOUSING LOAN
RESTRUCTURING PROGRAM**

Pursuant to the approval of the Pag-IBIG Fund Board of Trustees and the Senior Management Committee, the **Guidelines on the Pag-IBIG Fund Special Housing Loan Restructuring Program** is hereby issued:

I. OBJECTIVES

The **Pag-IBIG Fund Special Housing Loan Restructuring Program** aims to:

1. Assist Pag-IBIG Fund housing loan borrowers / installment buyers to preserve their properties from foreclosure or cancellation of Contract-to-Sell / Deed of Conditional Sale (CTS/DCS) by providing them the opportunity to update, fully pay, or restructure their accounts under affordable and more beneficial terms and conditions;
2. Grant additional reprieve to Pag-IBIG Fund borrowers/buyers in order to alleviate the adverse impact of the Coronavirus Disease (COVID-19) pandemic to the socioeconomic well-being of Pag-IBIG Fund members in harmony with the tenor and intent of Republic Act No. 11494 or the Bayanihan to Recover as One Act; and,
3. Provide relief to housing loan borrowers/installment buyers through the condonation of accumulated penalties and non-imposition of penalties.

II. COVERAGE

All interested Pag-IBIG Fund housing loan borrowers/installment buyers may avail of the Special Housing Loan Restructuring Program. However, housing loan/installment accounts that are more than twelve (12) months in arrears as of 31 August 2020 shall be excluded from the coverage of this program.

III. PROCESSING OF APPLICATIONS

1. Eligible Pag-IBIG Fund housing loan borrowers/installment buyers may apply for the Special Housing Loan Restructuring Program until 15 December 2020.

2. Processing Fee and Downpayment

No processing fee and downpayment shall be required from borrowers/buyers who will avail of this program.

3. Updating of the Real Property Tax Payment

The borrower/buyer shall submit the proof of updated Real Property Tax Payment on or before 31 January 2021.

4. The one (1) year insurance premiums for the enrollment to Mortgage/Sales Redemption Insurance (MRI/SRI) and Non-Life Insurance Coverage shall be paid within thirty (30) calendar days from the date of application. Failure to pay the insurance premiums within the prescribed period shall result to the cancellation of the loan restructuring program application.

5. For accounts under the Group Land Acquisition and Development (GLAD) Program, the following requirements shall likewise be satisfied:

5.1. The community/homeowners association is active and duly recognized by the Securities and Exchange Commission, the Department of Human Settlements and Urban Development, or the Cooperative Development Authority;

5.2. The Transfer Certificate of Title (TCT) of the GLAD housing project has been unitized;

5.3. The corresponding individual ledgers of the beneficiaries are available, and their individual shares in the loan balance of the association are established;

5.4. The community/homeowners association shall submit a Notarized Secretary's Certificate, which provides:

5.4.1. That the outstanding loan obligation of the community/homeowners association shall be converted into individual housing loans;

5.4.2. That the community/homeowners association will execute a Third Party Mortgage in favor of Pag-IBIG Fund for every loan of the individual member that will be taken-out under the prevailing End-User Home Financing Program. The loan-to-appraised value ratio shall be one hundred percent (100%);

5.4.3. However, a direct REM may also be executed between the beneficiary and Pag-IBIG Fund upon the issuance of the Deed of Absolute Sale (DOAS) by the community/homeowners association in case the beneficiary is financially capable to undertake the conversion to individual housing loan and the transfer of TCT in his/her name; and

5.4.4. That Pag-IBIG Fund is authorized through a Special Power of Attorney to execute the DOAS in behalf of the community/homeowners association in favor of the beneficiary upon full payment of his/her loan obligation with the Fund.

IV. TERMS AND CONDITIONS

1. Restructured Amount

All arrearages, foreclosure expenses, unpaid balances and any other amount advanced by the Fund shall form part of the Interest-Bearing principal. Also, the applicable interest from the date of application up to scheduled date of first amortization/installment due shall be included in the computation thereof.

Meanwhile, the unpaid accrued interests within the Grace Period under the Bayanihan I and II shall be part of the non-interest bearing principal. The cut-off date for the computation of the outstanding obligation shall be the date of application for this program.

2. Penalty Condonation

All outstanding penalties shall be condoned as of the date of application for the restructuring of the housing loan/installment account.

3. Interest Rate

3.1. The restructured amount shall be charged with interest based on the 3-Year Fixing Period under the Full Risked-Based Pricing Framework for Retail Accounts.

3.2. However, the interest rates for socialized housing loan/installment accounts with rates lower than 6.375% shall be retained within the remaining subsidized period. Thereafter, the repricing scheme provided in the prevailing guidelines prior to the application for the restructuring program shall still be applied.

4. Loan/Installment Term

The restructured amount shall be payable up to thirty (30) years but not to exceed the difference between age seventy (70) and the principal borrower's/buyer's or the youngest co-borrower's/co-buyer's present age.

5. Resumption of Payment

The borrower/buyer may choose when he/she will make his/her first payment; provided, it shall not be later than March 2021. However, interest shall be charged from the date of application up to the date of resumption of payment.

6. Payment Options

Housing loan borrowers/installment buyers may request to pay the same amortization/installment as the original loan/amount payable in installment, or lower monthly payment based on the terms and conditions provided in this Guidelines.

6.1. The borrower/buyer has the option to retain the original amount of the monthly amortization/installment and extend the loan/installment term.

6.2. For housing loan borrowers/installment buyers who will exceed the age seventy (70) at the end of term or its extension, the remaining principal and interest may be paid on the last amortization/installment due date.

6.3. Any unpaid portion of the restructured amount shall be paid at the end of term.

7. Insurance Premiums

7.1. Mortgage/Sales Redemption Insurance Coverage

The borrower/buyer shall be compulsorily covered by the MRI/SRI based on the restructured amount. In case of borrowers/buyers and co-borrowers/co-buyers who are tacked into a single account, each of them shall be covered by the MRI/SRI to the extent of their obligation. The MRI/SRI premiums shall be the aggregate of the premiums corresponding to the housing obligation of each borrower/buyer.

In the event of death or permanent/total disability of any of the borrowers/buyers, Pag-IBIG Fund shall apply the MRI/SRI proceeds to the entire outstanding obligation, and the excess, if any, shall be paid to the borrowers/buyers or his/her heirs.

7.2. Non-Life Insurance Coverage

The principal borrower/buyer shall obtain Non-Life Insurance Coverage on the subject property with premiums based on the original loan/installment account.

V. SECURITY

The restructured amount shall be secured by the same collateral that secured the original loan/housing account obligation.

VI. LOAN AMORTIZATION / INSTALLMENT PAYMENT

1. Mode of Payment

1.1. The restructured amount shall be paid in equal monthly amortization/installment in such amount as may fully cover the principal and interest as well as insurance premiums and other obligations over the term, and shall be made, whenever feasible, through salary deduction. The borrower/buyer must however give his/her consent in writing for the deduction of the amount of amortization/installment from his/her salary.

1.2. The monthly amortization/installment may also be paid to Pag-IBIG Fund through any of the following modes:

1.2.1. Post-dated checks;

1.2.2. Accredited Collection Partners;

1.2.3. Auto debit arrangement with banks; or

1.2.4. Any other collection system which the Fund may implement in the future.

2. Payment Due Dates

2.1. The housing loan borrower/installment buyer shall pay the first monthly payment based on his/her chosen scheduled date, but not later than March 2021, and every month thereafter until full settlement of the obligation.

The due date for the monthly amortization/installment of the restructured amount shall coincide with the original takeout date/due date of the account.

2.2. Should the due date fall on a non-working day in the Pag-IBIG Fund Branch where the housing account is maintained, the monthly amortization/installment shall be paid until the next working day.

2.3. Partial payments shall be accepted but the unpaid portion of the amount due shall be charged with the applicable penalty. Any amount paid by the borrower/buyer shall be applied in accordance with the order of priority as provided in Item No. VI.4 herein.

3. Penalty

3.1. Any portion of the amount due that remains unpaid after the due date shall be charged with a penalty of one-twentieth of one percent (1/20 of 1%) for every day of delay.

3.2. No penalty shall be charged from 15 September 2020 to 31 December 2020 for late payment of monthly amortization/installment or any part thereof.

4. Application of Payments

Any amount paid by the principal borrower/buyer and/or his/her co-borrowers/co-buyers shall be applied in accordance with the following order of priority:

- 4.1. Penalty, if applicable,
- 4.2. MRI/SRI Premiums / Non-Life Insurance Premiums,
- 4.3. Interest,
- 4.4. Interest Bearing Principal.

The Non-Interest Bearing Principal shall be payable anytime within the term of the restructured loan and shall not be subject to penalty.

5. Prepayment

5.1. A borrower/buyer shall be allowed to prepay his/her housing obligation in full or in part without prepayment penalty, pursuant to Republic Act No. 7394, otherwise known as "The Consumer Act of the Philippines", but subject however to a service fee as may be fixed by the Fund.

5.2. Accelerated Payments – Any amount in excess of the monthly amortization/installment due shall be treated as advance payment and shall be applied on the next due date. However, upon request of the principal borrower/buyer and/or his/her co-borrowers/co-buyers and provided the amount to be applied is equivalent to at least one (1) monthly amortization/installment, said amount shall be applied to the interest bearing principal. If the interest bearing principal is already fully paid, excess payments shall be applied to the non-interest bearing principal.

5.3. The preference of the borrower/buyer on the treatment of his/her excess payment must be noted on/properly disclosed in the Pag-IBIG Fund Receipt.

VII. DEFAULT

1. The principal borrower/buyer and/or his/her co-borrowers/co-buyers shall be considered in default when he/she, or any of his/her co-borrowers/co-buyers in case of a tacked account:
 - 1.1. Fails to pay three (3) monthly amortizations/installments;
 - 1.2. Fails to submit proof of payment of the RPT for the year; or
 - 1.3. Violates or fails to perform any of the obligations in the contracts entered into with Pag-IBIG Fund.

In case of multiple housing accounts, any event of default on any of the accounts shall constitute default on all of his/her other housing accounts.

2. Effects of Default

- 2.1. At point of default, the outstanding obligation, which includes the principal, accrued interests, penalties, fees and other charges shall become immediately due and demandable. Said amount shall likewise be subject to the following:
 - 2.1.1. The unpaid amount shall continue to be charged with a penalty based on Item No. VI.3.1 herein.
 - 2.1.2. It shall continue to bear interest at the stipulated rate from the time the obligation becomes due and demandable.
- 2.2. While the account remains to be due and demandable, the principal borrower/buyer and/or his/her co-borrowers/co-buyers shall not be granted another housing account under any of the Pag-IBIG housing programs.
- 2.3. In case of default, Pag-IBIG Fund shall cancel the CTS/DCS or foreclose the mortgage in accordance with the existing guidelines on the matter. The borrower/buyer may likewise assign the mortgaged property in favor of the Fund through *Dacion en Pago* in settlement of his/her outstanding loan obligation.

VIII. MECHANISM ON RESOLUTION OF ISSUES

Any issue in the interpretation and implementation of this Guidelines shall, as much as possible, be resolved by the concerned officer based on the procedures and business rules for this Guidelines. Matters that are not thereby satisfactorily resolved shall be escalated to the next higher approving authority.

IX. AMENDMENTS

Amendments to this Guidelines shall be approved by the Senior Management Committee pursuant to the authority bestowed on it by the Fund's Board of Trustees to formulate and issue guidelines and procedures in furtherance of the objectives of this program consistent with the mandate of the Fund under its Charter and existing laws.

X. EFFECTIVITY

This Circular takes effect immediately upon its publication in the Official Gazette or in a newspaper of general circulation.



ACMAD RIZALDY P. MOTI
Chief Executive Officer

Makati City,

16 October 2020