

## [ CIRCULAR NO. 403, May 29, 2018 ]

### **MODIFIED GUIDELINES ON THE PAG-IBIG FUND AFFORDABLE HOUSING PROGRAM**

*Adopted: 23 May 2018  
Date Filed: 29 May 2018*

Pursuant to the approval of the Management Committee during its series of meetings, the Modified Guidelines on the Pag-IBIG Fund Affordable Housing Program is hereby issued:

#### **1. COVERAGE**

**This Guidelines shall cover all retail and developer-assisted housing loan applications for Pag-IBIG Fund Affordable Housing Program (AHP) received by the Fund upon its effectivity.**

#### **2. LOAN PURPOSE**

The housing loan proceeds may be used to finance anyone or a combination of the following:

2.1 Purchase of fully developed residential lot or adjoining residential lots not exceeding one thousand square meters (1,000 sq. m.);

2.2 Purchase of a residential house and lot, townhouse or condominium unit, which may be:

2.2.1 Old or brand new;

2.2.2 A property mortgaged with the Fund; or

2.2.3 Adjoining houses and lots /  
townhouses / row houses /  
condominium units.

The subdivision project where said residential units are located must have complied with all the required facilities pursuant to BP No. 220.

2.3 Construction or completion of a residential unit on a residential lot owned by the borrower or a relative of the borrower based on Section 8.1.2 herein;

2.4 Home improvement on the house owned by the borrower or a relative of the borrower based on Section 8.1.2 herein, or on a property currently secured under a Contract-to-Sell (CTS), or Deed of Conditional

Sale (DCS) between Pag-IBIG Fund and the buyer, i.e. any alteration in an existing residential unit intended by the borrower to be a permanent integral part thereof, which will enhance its durability and material value; or

2.5 The housing loan proceeds may be used to refinance an existing housing loan; provided, that the borrower must be regularly paying without any payment made beyond thirty (30) days past due for the last six (6) months from date of application.

### **3. ELIGIBILITY REQUIREMENTS**

To qualify for the Pag-IBIG Fund AHP, a member shall satisfy the following requirements:

#### **3.1 On Pag-IBIG Membership**

3.1.1 Must be an active member under the Pag-IBIG I Membership Program as evidenced by the remittance of at least twenty-four (24) monthly savings at the time of application;"

3.1.2 A member, whose monthly savings are still short of the required number, may be allowed to apply for this program; provided, his/her total savings upon application is at least equivalent to 24 monthly savings based on the mandatory rate, inclusive of the employee (EE) and the employer (ER) counterparts;

3.1.3 A non-member who wishes to apply for a Pag-IBIG Fund AHP may be allowed to do so; provided, he/she remits the required 24 monthly savings based on the mandatory rate in lump sum, inclusive of the EE and ER counterparts. Said lump sum amount shall be considered a single remittance for the applicable month as of the payment date;

3.2 Has a gross monthly income not exceeding Seventeen Thousand Five Hundred Pesos (P17,500). Gross monthly income is herein defined as basic monthly compensation and cost of living allowance;

3.3 Not more than sixty-five (65) years old at the date of application and not more than seventy (70) years old at maturity;

3.4 Has the legal capacity to acquire and encumber real property;

3.5 Has passed satisfactory background/credit and employment/business checks of the Pag-IBIG Fund;

3.6 If with existing Pag-IBIG housing account, either as principal buyer / borrower or co-buyer / co-borrower, it must be updated;

3.7 Has no outstanding Pag-IBIG Short-Term Loan (STL) in arrears at the time of application. A member whose STL is in arrears shall be required to update his/her account; and

3.8 Had no Pag-IBIG housing account that was foreclosed, cancelled, bought back due to default, or subjected to dacion en pago, which shall include cases where the borrower is no longer interested to pursue his/her housing account and surrenders the property.

#### **4. LOANABLE AMOUNT**

A qualified Pag-IBIG member may apply for a housing loan of up to Seven Hundred and Fifty Thousand Pesos (P750,000.00), which shall be based on the lowest of the following: the member's actual need, desired loan amount, and loanable amount based on gross monthly income, capacity to pay, and the loan- to-appraised value ratio.

##### **4.1 Loanable Amount Based on Gross Monthly Income**

The housing loan shall not exceed the limit for the applicable income cluster.

<b>Details</b>		<b>Maximum Gross Monthly Income / Cluster Limit</b>	
<b>Income Cluster</b>	<b>Cluster 1 (NCR)</b>	Up to P15, 000	Up to P17, 500
	<b>Cluster 2 (Regions)</b>	Up to P12, 000	Up to P14, 000
<b>Loanable Amount</b>		<b>Up to the Socialized Housing Loan Ceiling</b>	Up to P750, 000

##### **4.2 Loanable Amount Based on Capacity to Pay**

4.2.1 All applications shall be evaluated based on the borrower's capacity to pay.

4.2.2 The loanable amount shall be limited to an amount for which the monthly repayment shall not exceed thirty-five percent (35%) of the borrower's gross monthly income. In case of tacked loans, the individual gross monthly income of the borrower shall be considered.

4.2.3 For government employees who will be paying their loan amortization through salary deduction, their net take home pay must not fall below the minimum requirement as prescribed in the General Appropriations Act.

##### **4.2.4 Tacked Loans**

A maximum of three (3) qualified Pag-IBIG members may apply for a tacked loan subject to the following conditions:

a. If the applicant members are related with the second civil degree of consanguinity or affinity:

a.1 The individual gross monthly income of those tacked into a single loan shall be considered in determining their respective capacities to pay; and

a.2 Co-borrowers must likewise pass the eligibility requirements provided in this Guidelines. They shall be jointly and severally liable with the principal borrower for the entire housing loan obligation.

b. If the co-borrowers are non-relatives, or are related beyond the second civil degree of consanguinity or affinity, in addition to the requisites provided under the immediately preceding section of 4.2.4.a, the following conditions must likewise be met and complied with:

b.1 The purpose of the housing is either for purchase of residential unit or lot, or purchase of lot with house construction;

b.2 The subject property shall be registered in the names of all the borrowers;

b.3 All the borrowers shall execute the REM; and

b.4 The mortgage shall be released only upon full payment of the entire housing loan obligation.

Applications for tacked loans shall be subject to the approval of the appropriate level of approving/signing authorities.

#### **4.3 Loanable Amount Based on Loan-to-Appraised Value (LTV) Ratio**

The ratio of the loan amount to the appraised value of the collateral shall not exceed the following:

Loanable Amount	LTV Ratio Up to the Socialized Housing Loan Ceiling	100%
Over the Socialized Housing Loan Ceiling up to P750,000		95%

#### **5. INTEREST RATE**

5.1 The housing loan of borrowers under AHP shall be charged with the following interest rates for the first five (5) years or ten (10) years of the loan, whichever is applicable:

Details		Maximum Gross Monthly Income / Cluster Limit	
Income Cluster	Cluster 1 (NCR)	U p to P15, 000	U p to P17, 500
	Cluster 2 (Regions)	U p to P12, 000	U p to P14, 000
Loanable Amount		Up to the Socialized Housing Loan Ceiling	U p to P750, 000
Interest Rate*		3 . 0%	6 . 5%

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\*Applicable Interest rates may change subject to the approval of the Management.

5.1.1 Housing loan borrowers earning up to P15,000 for Cluster 1 and up to P12,000 for Cluster 2 with loan amount of up to the socialized housing loan ceiling shall be charged with interest rate of 3% for the first 5 years of the loan.

5.1.2 Housing loan borrowers earning up to P17,500 for Cluster 1 and up to P14,000 for Cluster 2 with housing loan of up to P750,000 shall be charged with interest rate of 6.5% for the first 10 years of the loan.

5.2 At the end of the 5-year or 10-year period, the interest rate shall be repriced based on the prevailing interest rate in the Fund's Full Risk-Based Pricing (FRBP) Framework. For borrowers opting for a 3-year or 5-year fixing period, the interest rate shall be repriced based on the prevailing interest rate in the FRBP Framework or it shall be increased by two percent (2%), whichever is lower.

Thereafter, said interest rate shall be repriced periodically depending on the chosen fixed pricing period of the borrower. The base rate for succeeding repricing shall be the interest rate for the immediately preceding repricing period.

5.3 An interest shall also be applied and charged from the initial release of proceeds until the final and/or full release of proceeds (DV/Check Date), if release of the proceeds of the housing loan is in staggered basis.

## **6. LOAN TERM**

The housing loan shall be repaid at a maximum term of thirty (30) years and shall, in no case, exceed the difference between age seventy (70) and the present age of the principal borrower. The principal borrower shall be considered 70 years old at the time he/she has reached his/her 70th birthday.

## **7. PAYMENT OF LOAN AMORTIZATION**

### **7.1 Mode of Payment**

7.1.1 The housing loan shall be paid in equal monthly amortizations in such amounts as may full cover the principal and interest, as well as insurance premiums, over the term of the loan, and shall be made, whenever feasible, through salary deduction. The borrower must however give his/her consent in writing for the deduction of the amount of loan amortization from his/her salary.

Pag-IBIG Fund and the employer may enter into a Collection Servicing Agreement stipulating, among others, that the collection of the employee's Pag-IBIG housing loan payments shall be effected through