

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

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

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:

- a. House repair;
- b. Minor home improvement;
- c. Home enhancement, i.e. purchase of appliance and furniture;
- d. Tuition/ Educational Expenses;
- e. Health and Wellness;
- f. Livelihood; or
- g. Other purposes.

III. BORROWER'S ELIGIBILITY

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

1. Has made at least twenty-four (24) monthly mandatory savings (MS);
2. For members who have withdrawn their MS due to membership maturity, the reckoning date of the updated 24 MS shall be the first MS following the month the member qualified to withdraw his MS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;
3. Has five (5) MS for the last six (6) months as of month prior to date of loan application.
4. If with existing Pag-IBIG Housing Loan, the account must not be in default as of date of application; and

5. 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:

<i>No. of Mandatory Savings</i>	<i>Loan Amount</i>
<i>24 – 59 Months</i>	<i>Up to 60% of Total Accumulated Value (TAV)</i>
<i>60 – 119 Months</i>	<i>Up to 70% of TAV</i>
<i>At least 120 Months</i>	<i>Up to 80% of TAV</i>

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.

VII. LOAN RELEASE

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

1. Crediting to the borrower's cash card/ disbursement card;
2. Crediting to the borrower's bank account through LANDBANK's Payroll Credit Systems Validation (PACSVL);
3. 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.
4. Other similar modes of payment.

VIII. LOAN PAYMENTS

1. 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.
2. 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.
3. The borrower may fully pay the outstanding balance of the loan prior to loan maturity.
4. 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

1. A penalty of one-half percent (1/2%) of any unpaid amount shall be charged to the borrower for every month of delay.
2. 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.

X. APPLICATION OF PAYMENTS

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