

# Salient Features of the Amended Guidelines on the Pag-IBIG Fund End-User Home Financing Program (Circular No. 310)

## LOAN PURPOSES

- Purchase of a fully developed lot or adjoining lots not exceeding 1,000 sq.m. within a residential area;
- Purchase of a residential house and lot, townhouse or condominium unit, inclusive of a parking slot;
- Construction or completion of a residential unit on a lot owned by the member;
- Home improvement;
- Refinancing of an existing loan

Combination of loan purposes shall be limited to the following:

- purchase of lot and construction of a residential unit thereon
- purchase of a residential unit, with home improvement refinancing of an existing mortgage with home improvement
- refinancing of an existing mortgage, specifically a lot loan, with house construction

## BORROWER ELIGIBILITY

- Active member under the Pag-IBIG I Membership Program with a minimum of 24 monthly contributions
  - Lump sum payment will be allowed to cover the 24-monthly contributions and will be considered as a single contribution for the current month.
  - Lump sum payment shall be based on the membership contribution corresponding to the loan amount applied for.
- Not more than 65 years old and must be insurable upon filing and not more than 70 years old upon loan maturity;
- Has the legal capacity to acquire and encumber real property
- Pass satisfactory background/credit and employment/business checks
- No outstanding Pag-IBIG housing loan either as principal or co-borrower
- No outstanding Pag-IBIG multi-purpose loan in arrears at the time of loan application
- No Pag-IBIG housing loan that was foreclosed, cancelled, bought back, or subjected to dacion en pago

## FACTORS TO DETERMINE LOANABLE AMOUNT

Maximum of **P6M**, which shall be based on the **lowest** of the following:

- the member's actual need;
- loan entitlement based on capacity to pay; or
- loan-to-appraisal value ratio

## REQUIRED CONTRIBUTION

Membership Contribution	Loan Amount
P200	Up to P500,000
250	Over P500,000 to P600,000
300	Over P600,000 to P700,000
350	Over P700,000 to P800,000
400	Over P800,000 to P900,000
450	Over P900,000 to P1,000,000
500	Over P1,000,000 to P1,100,000
550	Over P1,100,000 to P1,200,000
600	Over P1,200,000 to P1,300,000
650	Over P1,300,000 to P1,400,000
700	Over P1,400,000 to P1,500,000
750	Over P1,500,000 to P1,600,000
800	Over P1,600,000 to P1,700,000
850	Over P1,700,000 to P1,800,000
900	Over P1,800,000 to P1,900,000
950	Over P1,900,000 to P2,000,000
1,000	Over P2,000,000 to P2,100,000
1,050	Over P2,100,000 to P2,200,000
1,100	Over P2,200,000 to P2,300,000
1,150	Over P2,300,000 to P2,400,000
1,200	Over P2,400,000 to P2,500,000
1,250	Over P2,500,000 to P2,600,000
1,300	Over P2,600,000 to P2,700,000
1,350	Over P2,700,000 to P2,800,000
1,400	Over P2,800,000 to P2,900,000
1,450	Over P2,900,000 to P3,000,000
1,500	Over P3,000,000 to P3,100,000
1,550	Over P3,100,000 to P3,200,000
1,600	Over P3,200,000 to P3,300,000
1,650	Over P3,300,000 to P3,400,000
1,700	Over P3,400,000 to P3,500,000
1,750	Over P3,500,000 to P3,600,000
1,800	Over P3,600,000 to P3,700,000
1,850	Over P3,700,000 to P3,800,000
1,900	Over P3,800,000 to P3,900,000
1,950	Over P3,900,000 to P4,000,000
2,000	Over P4,000,000 to P4,100,000
2,050	Over P4,100,000 to P4,200,000
2,100	Over P4,200,000 to P4,300,000
2,150	Over P4,300,000 to P4,400,000
2,200	Over P4,400,000 to P4,500,000
2,250	Over P4,500,000 to P4,600,000
2,300	Over P4,600,000 to P4,700,000
2,350	Over P4,700,000 to P4,800,000
2,400	Over P4,800,000 to P4,900,000
2,450	Over P4,900,000 to P5,000,000
2,500	Over P5,000,000 to P5,100,000
2,550	Over P5,100,000 to P5,200,000
2,600	Over P5,200,000 to P5,300,000
2,650	Over P5,300,000 to P5,400,000
2,700	Over P5,400,000 to P5,500,000
2,750	Over P5,500,000 to P5,600,000
2,800	Over P5,600,000 to P5,700,000
2,850	Over P5,700,000 to P5,800,000
2,900	Over P5,800,000 to P5,900,000
2,950	Over P5,900,000 to P6,000,000

## INCOME REQUIREMENT

### Capacity to Pay

Monthly repayment shall not exceed 35% of the borrower's gross monthly income for loans up to P1,250,000 and 30% for loans above P1,250,000.

### Government Employees

Those paying through salary deduction must have a Net Take Home Pay not falling below the minimum requirement as prescribed by the General Appropriations Act (GAA).

## TACKING PROVISION

Maximum of three (3) qualified Pag-IBIG members may be tacked into a single loan which is secured by the same collateral.

## LOAN-TO-APPRAISAL VALUE RATIO

Loan Amount	Loan-to-Appraisal Value Ratio*
Up to P1,250,000	up to 90%
Over P1,250,000 to P6,000,000	up to 80%

\*The Loan-to-Appraisal Value Ratio shall be subject to the result of the Borrower's Evaluation System (BES).

- Developer-assisted housing loans up to P400,000 will have a loan-to-appraisal value ratio of 100%, provided the developer's License to Sell is for a socialized housing project.

## INTEREST RATES

- Existing interest rates (borrower's option)

Loan Amount	Indicative Rates per Re-Pricing Period				
	3-years	5-years	10-years	15-years	30-years
Up to P6M	7.985%	8.985%	10%	10.75%	12.25%

Note: The figures in this table are effective from July 2, 2012 to December 31, 2012 and will be changed periodically by the Interest Rate Setting Committee.

## LOAN TERM

- Maximum of 30 years
- Shall not exceed the difference between the principal borrower's age at the time of loan application and age seventy (70) years

## LOAN PAYMENT

- The first monthly amortization shall start on the month immediately following loan takeout (DV/Check Date).

## PAYMENT OPTIONS

- The monthly amortizations may be paid through any of the following modes:
  - Salary Deduction (whenever feasible)
  - issuance of post-dated checks;
  - Collection Servicing Agreement (CSA) with accredited developers;
  - Over-the-counter;
  - Auto debit arrangement with banks;
  - Any other collection system which Pag-IBIG Fund may implement in the future

## INSURANCES

### Mortgage Redemption Insurance (MRI)

For tacked loans, the principal borrower and his co-borrower/s shall each be covered by the MRI to the extent of their individual loan entitlements.

- **Interim Coverage** – Effective on the date of issuance of the Notice of Approval (NOA) or Letter of Guaranty (LOG) by Pag-IBIG Fund.
- **Regular Coverage** – Effective on the date of loan takeout.

### Fire and Allied Perils Insurance

Effective on the date of loan takeout. Fire Insurance covers loans with housing components only.

## PREPAYMENT

- No prepayment penalty.
- Accelerated payments – Any amounts in excess of the monthly amortization due shall be treated as future amortization.

## PENALTY ON DELAYED PAYMENTS

1/20 of 1% of the amount due for every day of delay.

## DEFAULT

- Failure to pay any three (3) consecutive monthly amortizations and/or monthly membership contributions and other obligation on the loan.

## EFFECTS OF DEFAULT

- At point of default, the outstanding loan, together with the accrued interest, penalties, fees and other charges, shall become immediately due and demandable.
- **REM Accounts** – shall be endorsed for foreclosure
- **CTS Accounts** – shall be cancelled

## LOAN CHARGES AND OTHER DEDUCTIONS

- **Processing Fee** - P3,000
  - P1,000 to be paid upon filing of the loan application and is non-refundable
  - P2,000 to be deducted from the loan proceeds
- **One Year Prepayment Insurances** – to be deducted from the loan proceeds
- **Interim Mortgage Redemption Insurance** – to be deducted from the loan proceeds
- **Retention**
  - a. **Developer CTS Accounts** – The amount retained to cover the transfer of TCT under the borrower's name.
  - b. **Retail Accounts – (Refinancing Loan)** five percent (5%) of the loan amount retained to ensure cancellation of previous mortgage/s
    - To be refunded to the borrower upon cancellation of the previous mortgage.

## ADDITIONAL LOAN

Allowed for the following purposes:

- House construction or improvement of a property purchased through a Pag-IBIG housing loan; or
- Purchase of lot / house and lot / condominium unit / townhouse / row house adjacent to the property mortgaged with Pag-IBIG Fund.

## SUCCEEDING AVAILMENT

A Pag-IBIG member may avail himself of another Pag-IBIG housing loan provided he has fully paid his previous housing loan, whether as a principal borrower or as a co-borrower.

## BASIC INFORMATION PER LOAN PURPOSE

### Lot Loan/House and Lot Loan

- Taxes and fees pertaining to transfer of title and loan mortgage annotation **are not part** of the loanable amount.
- For **Retail Accounts**, the title must be transferred to the borrower's name upon loan approval.
- For **Developer Accounts** covered by CTS, the title must still be in the name of the developer upon loan approval; unless the account has been converted to REM, in which case, the title must be in the name of the borrower.
- HDMF will guaranty that the payment shall be made to the seller, subject to the submission of complete Post-Approval requirements.

### House Construction/Home Improvement

- **Staggered releases** based on construction progress
- Borrower to put up an equity and start the construction if the **Total Cost is higher** than the approved loan
- First release of loan will be based on **lot value or 30%** of the approved loan whichever is lower
- Borrower to **request** inspection of property prior to every release of loan proceeds
- Deductions on the first loan release: **6 mos interim insurance and P2000, processing fee**
- Deduction on prospective loan releases: **interim interest**
- Deductions on final loan release: **interim interest and advance one-year insurances**

### Combination of Loan Purposes

- The borrower normally would have to start the construction; re-imbusement manner of release of proceeds.

### Refinancing of an Existing Housing Loan

- The account must reflect a perfect repayment history for at least one (1) year prior to date of application as supported by the borrower's official receipts.

### NOT ALLOWED under the Pag-IBIG Housing Loan Program

- Less than 28 sqm lot area
- Less than 18 sqm condominium floor area
- Title under the name/s of deceased owner/s
- Title with encumbrance/s (e.g., Sec 7 of RA 26)
- Free Patent Title **not covered by RA 10023**
- Title with disputes, claims in the court
- Married individuals not legally separated and cannot secure marital consent or Special Power of Attorney (SPA) from spouse
- Properties with road right of way less than 1.5 meters ( in width)
- Land types classified as other than for Residential Use
- Properties with "Rights" instead of "Title" as proof of ownership



For more information visit the Housing Operations Sector JELP Business Solutions Building, 409 Shaw Boulevard, Mandaluyong City (for NCR accounts) or the nearest Pag-IBIG branch office (for provincial accounts).

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