

HOME DEVELOPMENT MUTUAL FUND

Corporate Headquarters
The Atrium of Makati
Makati Avenue, Makati City

HDMF Circular No. 247

TO : ALL CONCERNED

SUBJECT : GUIDELINES ON THE PAG-IBIG FUND END-USER HOME FINANCING PROGRAM

Pursuant to the approval of the HDMF Fund Board of Trustees in its 255th Board Meeting held last 30 March 2009, the **Pag-IBIG Fund End-User Home Financing Program** are hereby issued:

1. COVERAGE

These guidelines shall apply to the following:

- 1.1. All accounts taken out beginning **1 April 2009** and onwards. Take out date shall refer to the date of the payee's actual receipt of the DV/check.
- 1.2. All accounts with proceeds not yet fully released (staggered releases) as of **1 April 2009**, except for accounts with retention due to lacking requirements (*i.e.* uncompleted units/development, etc.)

2. LOAN PURPOSE

The Pag-IBIG housing loan may be used to finance any one or a combination of the following:

- 2.1. Purchase of a fully developed lot not exceeding one thousand square meters (1,000 sq. m.), which should be within a residential area;
- 2.2. Purchase of a residential house and lot, townhouse or condominium unit, inclusive of a parking slot, which may be:
 - 2.2.1. Old or brand new;
 - 2.2.2. A property mortgaged with the Fund; or
 - 2.2.3. An acquired asset, which is disposed of through sealed public bidding, negotiated sale, or Rent-to-Own Program.
- 2.3. Construction or completion of a residential unit on a lot owned by the member;
- 2.4. Home improvement, *i.e.* any alteration in an existing residential unit intended by a homeowner to be a permanent integral part thereof, which will enhance its durability and material value;

- 2.5. Refinancing of an existing mortgage with an institution acceptable to the Fund, provided that:
 - 2.5.1. The loan is not in default within twelve months prior to date of application;
 - 2.5.2. Said loan has a repayment history of at least two (2) years with the original mortgagee
- 2.6. Combination of loan purposes shall be limited to the following:
 - 2.6.1. Purchase of a fully developed lot not exceeding one thousand square meters (1,000 sq. m.) and construction of a residential unit thereon;
 - 2.6.2. Purchase of a residential unit, whether old or new, with home improvement;
 - 2.6.3. Refinancing of an existing mortgage with home improvement;
 - 2.6.4. Refinancing of an existing mortgage, specifically a lot loan, with construction of a residential unit thereon.

3. BORROWER'S ELIGIBILITY

To qualify for a Pag-IBIG housing loan, a member shall satisfy the following requirements:

3.1. On Pag-IBIG Membership

- 3.1.1. Must be a member under the Pag-IBIG I, Pag-IBIG II or Pag-IBIG Overseas Program (POP) for at least twenty-four (24) months, as evidenced by the remittance of at least 24 monthly contributions at the time of loan application.
- 3.1.2. A member, whether new or with existing monthly contributions that are still short of the 24-month membership requirement, shall be allowed to make lump sum payment based on the mandatory monthly membership contribution rates (both EE and ER share) to meet said requirement at point of loan application. Lump sum payment of membership contributions shall be considered a single contribution for the applicable month as of the payment date.

A member whose loan exceeds Five Hundred Thousand Pesos (P500,000.00) shall be required to pay the upgraded membership contribution rates upon housing loan approval and onwards.
- 3.1.3. A member who has contributed for at least two (2) years shall be required to pay the upgraded contribution rates upon housing loan approval and onwards.
- 3.1.4. For purposes of satisfying the residency requirement, the period corresponding to the Total Accumulated Value (TAV) applied earlier to a member's outstanding loan (offsetting) shall be considered when counting the total number of monthly contributions, provided that the remaining TAV after offsetting does not fall below the equivalent amount of 24 monthly contributions.

- 3.2. Not more than sixty-five (65) years old at the date of loan application and must be insurable; provided further that he is not more than seventy (70) years old at loan maturity;
- 3.3. Has the legal capacity to acquire and encumber real property;
- 3.4. Has passed satisfactory background/credit and employment/ business checks of the developer and Pag-IBIG Fund;
- 3.5. Has no outstanding Pag-IBIG housing loan, either as a principal borrower or co-borrower;

However, should a co-borrower in a tacked loan signify an intention to avail of a Pag-IBIG housing loan for himself, he shall be allowed to do so provided the tacked loan is updated and the amount proportionate to his loan entitlement has been fully paid. Hence, the co-borrower shall be released from the original obligation and shall be allowed to avail of his own Pag-IBIG housing loan, subject to standard evaluation procedures.

- 3.6. Had no Pag-IBIG housing loan 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 the loan and surrenders the property;
- 3.7. Has no outstanding Pag-IBIG multi-purpose loan in arrears at the time of loan application. A member whose multi-purpose loan is in arrears shall be required to pay his arrearages over the counter to update his account.

4. LOAN AMOUNT

A qualified Pag-IBIG member shall be allowed to borrow an amount up to a maximum of **Three Million Pesos (P3,000,000.00)**, which shall be based on the lowest of the following: the member's actual need, his loan entitlement and the loan-to-collateral ratio.

4.1. Loan Entitlement based on Pag-IBIG Contributions

A member's loan entitlement shall be proportionate to his Pag-IBIG contributions (inclusive of the employer counterpart contributions), which shall be based on the following schedule:

Pag-IBIG Membership Contributions		Loan Amount
POP	Pag-IBIG I & II	
US \$5 US \$ equivalent at point of availment	P200	Up to P500,000
	250	Over P500,000 – P600,000
	300	Over P600,000 – P700,000
	350	Over P700,000 – P800,000
	400	Over P800,000 – P900,000
	450	Over P900,000 – P1,000,000
	500	Over P1,000,000 – P1,100,000
	550	Over P1,100,000 – P1,200,000
	600	Over P1,200,000 – P1,300,000
	650	Over P1,300,000 – P1,400,000
	700	Over P1,400,000 – P1,500,000
	750	Over P1,500,000 – P1,600,000
	800	Over P1,600,000 – P1,700,000

Pag-IBIG Membership Contributions		Loan Amount
POP	Pag-IBIG I & II	
US \$ equivalent at point of availment	850	Over P1,700,000 – P1,800,000
	900	Over P1,800,000 – P1,900,000
	950	Over P1,900,000 – P2,000,000
	1,000	Over P2,000,000 – P2,100,000
	1,050	Over P2,100,000 – P2,200,000
	1,100	Over P2,200,000 – P2,300,000
	1,150	Over P2,300,000 – P2,400,000
	1,200	Over P2,400,000 – P2,500,000
	1,250	Over P2,500,000 – P2,600,000
	1,300	Over P2,600,000 – P2,700,000
	1,350	Over P2,700,000 – P2,800,000
1,400	Over P2,800,000 – P2,900,000	
1,450	Over P2,900,000 – P3,000,000	

POP contributions made in foreign currency shall be converted to its peso equivalent on the date when payment was made, rounded off to the nearest peso. POP members may also opt to pay the required/upgraded contributions in its local currency (peso) equivalent.

For loans up to Seven Hundred and Fifty Thousand Pesos (P750,000.00) which shall either be secured by a First Real Estate Mortgage or a Deed of Assignment of Contract to Sell on the property, which is bought from a developer and is covered by a buyback guaranty, the member's loan entitlement shall be based solely on his Pag-IBIG contributions.

4.2. Loan Entitlement based on Capacity to Pay

A member's loan entitlement based on his capacity to pay shall be evaluated in the following cases:

- a. The loan amount applied for is less than or equal to Seven Hundred and Fifty Thousand Pesos (P750,000.00), and the account is not covered by a buyback guaranty;
- b. The loan amount applied for is over Seven Hundred and Fifty Thousand Pesos (P750,000.00).

A member's loan entitlement shall be limited to an amount for which the monthly repayment on principal and interest shall not exceed forty percent (40%) of the member's or family's net disposable income, whichever is applicable; provided further that the member's net take home pay does not fall below the minimum requirement as prescribed by the GAA or company policy, whichever is applicable, after deducting the statutory deductions, computed monthly repayment and other obligations.

These conditions shall be supported by the following documents:

4.2.1. For Locally Employed, any of the following:

- a. **Notarized Certificate of Employment and Compensation (Pag-IBIG format)**
- b. **Notarized Certificate of Employment and Compensation (Employer's format) and latest 1-month pay slip**

c. Income Tax Return/Certificate of Tax Withheld (BIR Form No. 2316) and latest 1-month pay slip

The following, however, are not qualified for substituted filing and therefore still required to file BIR form 1700:

- c.1. individuals with two (2) or more employers, whose taxes during the year did not result to tax withheld = tax due.
- c.2. individuals whose income tax has not been withheld correctly.
- c.3. individuals whose spouses fall under a.1 and a.2.
- c.4. individuals deriving other non-business, non-professional-related income in addition to compensation income not otherwise subject to final tax.

4.2.2. For Self-Employed:

Income Tax Return and Audited Financial Statements and Official Receipt of tax payment from bank, DTI Registration, Mayor's Permit

4.2.3. For POP Members

- a. **Employment Contract (EC), which shall be supported by an English translation if written in a foreign language other than the English language;**
- b. **Other proofs of income duly validated and certified/initialed by the assigned Pag-IBIG Information Officer shall be accepted for evaluation.**

The gross family income shall pertain to the income of the member, his parents, legitimate spouse and unmarried children, provided they are living with the borrower. On the other hand, the income of a relative within the second civil degree of consanguinity shall only be considered as part of the gross family income if he shall act as co-borrower to a tacked loan.

The net disposable income shall be the gross family income less statutory deductions and monthly amortizations on outstanding obligations.

4.3. Loan-to-Collateral Ratio

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

<u>Loan Amount</u>	<u>With Buyback Guaranty</u>	<u>Without Buyback Guaranty/ Retail Account</u>
Up to P400,000	100%	100%
Over P400,000 to P750,000	100%	90%
Over P750,000 to P1.25 M	95%	85%

<u>Loan Amount</u>	<u>With Buyback Guaranty</u>	<u>Without Buyback Guaranty/ Retail Account</u>
Over P1.25 M to P3.0 M	90%	80%

4.4. A maximum of three (3) qualified Pag-IBIG members may be tacked into a single loan which is secured by the same collateral, provided they are related within the second civil degree of consanguinity or affinity.

5. INTEREST RATE

5.1. The Pag-IBIG Fund End-User Home Financing Program shall bear interest at the following rates per annum:

<u>Loan Amount</u>	<u>Interest Rate</u>
Up to P400,000	6%
Over P400,000 to P750,000	7%
Over P750,000 to P1,000,000	8.5%
Over P1,000,000 to P1,250,000	9.5%
Over P1,250,000 to P2,000,000	10.5%
Over P2,000,000 to P3,000,000	11.5%

5.2. Prior releases for retail accounts with staggered release of takeout proceeds shall be subject to an interim interest rate based on HDMF Circular No. 243. Subsequent releases of takeout proceeds beginning 1 April 2009 onwards for said accounts shall be subject to the rates provided for in these guidelines.

5.3. Repricing

5.3.1. For loans up to Four Hundred Thousand Pesos (P400,000), Pag-IBIG Fund may reprice the interest rate every three years provided that it shall not exceed the original rate.

5.3.2. For loans over Four Hundred Thousand Pesos (P400,000.00) up to **Three Million Pesos (P3,000,000.00)**, Pag-IBIG Fund shall reprice the interest rate of the loans every three years at rates based on prevailing market rates at point of repricing, which shall not be lower than the original rates provided under section 5.1 and shall not exceed the following:

<u>Loan Amount</u>	<u>Interest rate</u>
Over P400,000 to P750,000	9%
Over P750,000 to P1,000,000	10.5%
Over P1,000,000 to P1,250,000	11.5%
Over P1,250,000 to P2,000,000	12.5%
Over P2,000,000 to P3,000,000	13.5%

6. LOAN TERM

- 6.1. The loan shall be repaid at a maximum term of thirty (30) years and shall, in no case, exceed the difference between the present age and age seventy (70) of the principal borrower.
- 6.2. The borrower shall be allowed to lengthen or shorten the loan term only once during the life of the loan.
- 6.3. Acquired assets disposed of through Pag-IBIG housing loans shall have a maximum loan term of thirty (30) years.

7. LOAN PAYMENT

- 7.1. The loan shall be paid in equal monthly amortizations in such amounts as may fully cover the principal and interest, as well as insurance premiums, over the loan period, and shall be made, whenever feasible, through salary deduction.
 - 7.1.1. The borrower shall execute the Authority to Deduct the monthly loan amortization from his salary, and shall secure the conforme of his employer for the purpose.
 - 7.1.2. Pag-IBIG Fund and the employer shall enter into a Collection Agreement stipulating, among others, that the deduction for the employee's Pag-IBIG housing loan shall have priority over other obligations of the same nature after all statutory deductions have been effected.
- 7.2. The monthly amortizations may also be paid to Pag-IBIG Fund through any of the following modes:
 - 7.2.1. Accounts covered by buyback guaranty
 - a. **Post-dated checks issued by the borrower, co-borrower or relatives up to the first civil degree of affinity or consanguinity, initially to cover the first twelve (12) monthly amortizations.** Developers with Collection Servicing Agreement (CSA) with Pag-IBIG Fund shall have custody of the PDCs. Meanwhile, PDCs for accounts of developers not covered by CSAs shall be kept in the Fund's possession.

PDCs must be dated on the date that coincides with the date of loan takeout/final loan release.
 - b. if the developer has a Collection Servicing Agreement (CSA) with Pag-IBIG Fund, payments shall be remitted to the developer.
 - c. over-the-counter
 - d. auto debit arrangement with banks
 - e. any other collection system which the Fund may implement in the future

7.2.2. Accounts not covered by buyback guaranty

- a. **Post-dated checks issued by the borrower, co-borrower or relatives up to the first civil degree of affinity or consanguinity, initially to cover the first twelve (12) monthly amortizations.**

PDCs must be dated on the date that coincides with the date of loan takeout/final loan release.

- b. auto debit arrangement with banks
- c. any other collection system which the Fund may implement in the future

7.3. **The first monthly installment/amortization shall commence on the month immediately following loan takeout/final loan release. The monthly payments shall be paid on the date that coincides with the date of loan takeout/final loan release, e.g., every 17th.**

7.4. For accounts affected by the issuance of these guidelines, the difference of the first amortization that was deducted from loan proceeds, which was based on HDMF Circular No. 243 rates, and the revised amortization based on the rates provided herein shall be automatically applied to the principal.

7.5. Should the due date fall on a non-working day, the monthly payments shall be paid on the first working day after the due date.

7.6. Staggered payments for an amortization/installment period shall be allowed provided the amortization is paid in full on or before the due date.

7.7. In case of tacked loans where a co-borrower is released from the original loan obligation, the principal borrower may request for the adjustment of his monthly amortization based on the outstanding balance of the loan, original interest rate and repayment period corresponding to the remaining term of the loan.

7.8. The borrower who fails to pay the full monthly amortization and/or other loan obligations when due shall pay a penalty of 1/20 of 1% of the amount due for every day of delay.

7.9. The upgraded membership contributions for loans exceeding Five Hundred Thousand Pesos (P500,000.00), net of the mandatory contributions (except in the case of individual payors / self-employed / POP who shall be shouldering both the EE and ER share) shall be paid together with the borrower's monthly amortization and shall be considered as contributions for the applicable month.

7.10. A borrower's monthly payments shall thus be applied according to the following order of priority:

- a. Penalties
- b. upgraded membership contributions
- c. insurance premiums
- d. interest, and
- e. principal

8. COLLATERAL

The loan shall be secured by collateral consisting of the same residential properties to which the loan proceeds are applied.

8.1. For Developers' Accounts

8.1.1. For loans that are covered by buyback guaranty and are secured by properties which are bought from developers, the security shall consist of a First Real Estate Mortgage or a Contract to Sell (CTS) on the subject properties, fully covering the payment of the obligation, as stipulated in the corresponding Promissory Note and Loan Agreement of the borrower (for REM), or the Deed of Assignment (for CTS).

8.1.2. For loans which are not covered by buyback guaranty and are secured by properties which are bought from developers, the security shall consist of a Contract-to-Sell on the aforesaid properties, fully covering the payment of the obligation, which shall likewise be stipulated in the Promissory Note and Deed of Assignment.

8.1.3. Instead of a CTS, the loan may be secured by a First REM and exempted from the buyback provision, provided any of the following conditions are complied with:

- a. The borrower pays the advance amortizations for twenty-four (24) months; or
- b. The loan-to-collateral ratio does not exceed seventy percent (70%).

8.1.4. For developer accounts, the properties subject of the loans shall be appraised by Pag-IBIG Fund in two stages:

- a. A preliminary appraisal (PA) which may be undertaken prior to actual development and house construction upon the request of the developer, and payment of the corresponding appraisal fees; and
- b. A collateral inspection/validation to be undertaken upon completion of the house construction and land development servicing the houses constructed, for which a Collateral Appraisal Report (CAR) shall be issued

8.1.5. The housing unit and the facilities fronting the unit for takeout must be 100% complete, and an occupancy permit presented by the borrower at the time of loan takeout, if the purpose of the loan is to purchase a residential unit (PRU)

8.1.6. Appraisal of developers' accounts conducted by the Home Guaranty Corporation (HGC) shall be validated by the Fund

8.2. For Retail Accounts

8.2.1. For retail accounts, the security shall consist of a First Real Estate Mortgage on the subject properties fully covering the payment of the

obligation as stipulated in the corresponding loan agreement and promissory note of the borrower.

8.2.2. Accommodation mortgages shall be allowed only for borrowers who are related up to the second civil degree of consanguinity or up to first civil degree of affinity, subject to the following requirements:

a. The owner shall constitute the first mortgage as accommodation mortgagor, to secure the borrower's loan obligation or give the latter the special power to do so; and

b. The borrower shall undertake and sign as co-mortgagor, to fully cover the residential unit and improvements thereon

8.2.3. The real estate taxes on the property must be updated as of the quarter immediately preceding the date of loan application, and yearly thereafter during the term of the loan.

To ensure that the real estate taxes on the mortgaged property are updated, Pag-IBIG Fund shall require the borrower to submit a copy of the official receipt of the real estate taxes paid for the preceding year not later than April 30 of the succeeding year. Failure of the borrower to submit proof of payment of the real estate taxes for the year shall render the outstanding loan due and demandable.

8.2.4. The property subject of the loan shall be appraised by Pag-IBIG Fund.

8.3. The property must be covered by an Original Certificate of Title (OCT), Transfer Certificate of Title (TCT) or Condominium Certificate of Title (CCT) issued by the Register of Deeds, free from all liens and encumbrances; and must be registered in the name of:

8.3.1. Any one or more of the borrowers, (except in the case of accommodation mortgages), in the case of a real estate mortgage (REM)

8.3.2. The developer, in the case of a Contract to Sell (CTS), provided that the Deed of Assignment of the CTS is annotated in the title in favor of Pag-IBIG Fund.

8.3.3. In case of a joint venture where the land is owned by a third party, the developer must be authorized under a Joint Venture Agreement to execute a Deed of Assignment of CTS covering the property in favor of the Pag-IBIG Fund.

9. PARI-PASSU

A Pari-Passu arrangement with any institution acceptable to Pag-IBIG Fund, such as but not limited to provident funds, shall be allowed wherein said institution can extend its own loan (not for Pag-IBIG Fund takeout), in addition to the Pag-IBIG member housing loan, secured by the same collateral, on a pro-rata sharing of the mortgage lien, subject to the following conditions:

9.1. Pag-IBIG Fund shall have physical possession of the mortgages, regardless of the loan amount extended by the other institution

9.2. In computing the credit capacity of the borrower, the income already considered in determining the Pag-IBIG housing loan entitlement of the borrower shall be excluded.

9.3. In case of default, the following shall apply:

- a. Cross-default - Default in the monthly payments for either amortization shall constitute default in both.
- b. Foreclosure - When foreclosure becomes necessary or advisable, proceedings may be initiated either by the Fund or the originating institution upon mutual agreement by both parties.
- c. Proceeds - Foreclosure proceeds shall be divided according to the ratio of loan exposure of the Fund and the originating institution after deducting all the legal and incidental expenses.

10.INSURANCE

The borrower shall be compulsorily covered by mortgage/sales redemption insurance and fire insurance:

10.1. Mortgage/Sales Redemption Insurance (MRI/SRI) – A borrower who is not beyond sixty-five (65) years old at the date of housing loan application shall be covered by the MRI/SRI, provided, that he shall not be over seventy (70) years old on his birthday nearest the date the original housing loan expires. The MRI/SRI coverage of the borrower shall be subject to the schedule of insurance in the Pag-IBIG Fund Master Policy.

In the case of borrowers who are tacked into a single loan, only the principal borrower shall be covered by the MRI/SRI to the full extent of the loan. Thus, the entire loan shall be extinguished by the MRI/SRI, should the principal borrower die. On the other hand, the principal borrower shall continue to amortize the entire loan, should one or both of his co-borrowers die.

10.1.1. Interim Coverage

The interim MRI/SRI coverage on the principal borrower under the automatic coverage system shall take effect on the date of the issuance of the Notice of Approval (NOA) or Letter of Guaranty (LOG) by Pag-IBIG Fund.

10.1.2. Regular Coverage

- a. The regular coverage shall be a non-medical yearly renewable term insurance (YRT) for which Pag-IBIG housing loan borrowers shall pay a uniform premium rate effective on the date of loan-takeout.
- b. The amount of coverage shall be the original amount of the loan.

10.2. Fire and Allied Perils Insurance - The borrower shall obtain fire and other allied perils insurance on the property mortgaged or subject of the Contract to

Sell for an amount equivalent to the appraised value of the residential unit or the loan amount, whichever is lower.

- 10.3. Premium Payments – The annual premium for the first year of coverage shall be prepaid and shall be deducted from the loan proceeds upon loan takeout. Premiums due for the second year, and every year thereafter that the insurance coverage is in force shall be prepaid on a monthly basis and shall be collected together with the monthly loan amortization.
- 10.4. All housing loan applicants registered under the Pag-IBIG Overseas Program and working overseas shall be charged an additional two pesos per thousand of coverage per year (P2.00/P1,000/annum).
- 10.5. No Evidence Limit (NEL) – The NEL shall be P2,000,000. As such, all borrowers up to 60 years old with loans of up to P2,000,000 shall no longer be subjected to underwriting approval.
- 10.6. Borrowers over 60 years old shall be required to submit a Health Statement Form (filled out by the applicant in his own handwriting, duly signed and dated, and witnessed by two persons) for underwriting approval.
- 10.7. FME for POP members over sixty (60) years old – The full medical examination (FME) report may be dispensed with for loan applicants under the Pag-IBIG Overseas Program who are over 60 years old. In its place, the Health Statement Form shall be submitted, filled out by the applicant in his own handwriting, and witnessed by two persons. The applicant shall also be required to submit a copy of the result of his medical examination conducted prior to his assignment overseas as required by his employment agency.

Should the applicant's health be found "sub-standard", the corresponding sub-standard rating shall be applied, and the applicant shall also be charged the additional extra premium.

11. PREPAYMENT

- 11.1. A borrower shall be allowed to prepay his loan in full or in part without prepayment penalty, pursuant to Republic Act 7394.
- 11.2. Accelerated payments – **any amount paid in excess of the required monthly amortization shall be applied automatically to principal, unless otherwise expressly requested by the borrower upon payment.**

The treatment of excess payment the borrower prefers must be noted on/properly disclosed in the Pag-IBIG Fund Receipt (PFR).

12. DEFAULT

- 12.1. The borrower shall be considered in default when he or any of his co-borrowers fails to pay any three (3) consecutive monthly amortizations and/or monthly membership contributions and other obligations on the loan.
- 12.2. At point of default, the outstanding loan, together with accrued interest, penalties, fees and other charges, shall become immediately due and demandable. The said amount shall likewise be subject to the following:

12.2.1. The unpaid monthly payments shall continue to be charged with a penalty equivalent to 1/20 of 1% of the amount due for every day of delay.

12.2.2. It shall continue to bear interest at the stipulated rate from the time the outstanding loan become due and demandable.

12.3. Pag-IBIG Fund may adopt the following remedies:

12.3.1. For Loans Secured By Contract to Sell (CTS)

- a. Cancellation of the CTS;
- b. Call against the warranty of the developer to buy back the defaulting account.

12.3.2. For Loans Secured By Real Estate Mortgage (REM)

- a. The account shall be endorsed for foreclosure.
- b. Default shall also constitute a lien on the Total Accumulated Value (TAV) of the member's savings with Pag-IBIG Fund

13. LOAN CHARGES

The borrower shall pay a Processing Fee of Three Thousand Pesos (P3,000.00), which shall be paid as follows:

13.1. One Thousand Pesos (P1,000.00) upon filing of the loan application, which shall be non-refundable if the loan is disapproved;

13.2. Two Thousand Pesos (P2,000.00) upon loan takeout.

14. SECOND AVAILMENT

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

15. ADDITIONAL LOANS

15.1. Additional loan shall be herein defined as a housing loan availed while there is still an existing housing loan.

15.2. A member who is updated with his monthly contributions as well as his monthly housing loan amortizations as of date of application for additional loan shall be eligible for the said loan.

15.3. A qualified Pag-IBIG member who has an existing housing loan may avail himself of an additional housing loan for the following purposes:

15.3.1. House construction on a lot purchased/refinanced through a Pag-IBIG housing loan

15.3.2. Home improvement.

15.4. An eligible member shall be entitled to borrow an amount that will not exceed the difference between the member's loan entitlement upon his application for an additional loan and his original loan availment.

15.4.1. If the original loan was taken out prior to 23 November 2006 and the additional loan was availed under these guidelines, the additional loan shall be treated as separate and distinct from the original loan.

Hence, the original loan shall be subject to the interest rates prevailing at the time said loan was taken out while the additional loan shall be charged with the interest rates provided in these guidelines.

15.4.2. The additional loan shall be consolidated with the original loan for the following accounts:

- a. If the original loan was taken out under HDMF Circular No. 219 or any of the succeeding issuances; or
- b. if the original loan was taken out under the "Magaang Pabahay" Program

Thus, the consolidated loan shall consist of the additional loan and the outstanding balance of the original loan as of the date of the additional loan's final release. It shall be charged the corresponding interest rate provided in these guidelines.

The resulting monthly amortization, whether the original and additional loans are consolidated or treated separately, shall not exceed forty percent (40%) of the member-borrower's net disposable income.

15.5. For consolidated loans, the borrower shall continue paying the original amortization until such time that the additional loan is completely released. However, upon full release of the additional loan, the new amortization shall be based on the consolidated loan as provided for in Section 15.4 hereof.

15.6. Inclusive of the value of improvements to be introduced, the loan-to-collateral ratio shall not exceed the corresponding rate stipulated in Section 4.3 hereof.

15.7. The consolidated loan shall be charged with the corresponding interest rate provided for in Section 5 of these guidelines.

15.8. The additional/consolidated loan shall have a loan term in accordance with the provisions stipulated in Section 6 hereof.

15.9. The additional loan shall be secured by the same collateral as that of the original housing loan. The borrower shall execute an Addendum to the First Real Estate Mortgage on the subject property to fully cover the payment of the additional/consolidated loan as stipulated in the corresponding loan agreement and promissory note of the borrower.

For a CTS account originally taken out under the “Magaang Pabahay” Program, the consolidated loan shall be secured by a First Real Estate Mortgage on the subject property to fully cover the payment of the obligation as stipulated in the corresponding promissory note of the borrower. In connection thereto, the borrower shall pay for the unpaid monthly payments that would cover the expenses to be incurred in the conversion of the CTS to REM. The consideration of the Deed of Absolute Sale shall be the contract price appearing in the CTS, while that of the Loan and Mortgage Agreement shall be the consolidated loan amount.

15.10. The member shall be charged with fees as provided for in Section 13 hereof.

16. EFFECTS OF MEMBERSHIP TERMINATION ON AN OUTSTANDING HOUSING LOAN

16.1. Application of Member’s TAV

A member whose housing loan is taken out under this Circular shall not be allowed to withdraw his TAV if he has an outstanding housing loan with Pag-IBIG Fund as of the date of membership/savings withdrawal, he shall be given the following options:

16.1.1. Pay off the outstanding housing loan balance and withdraw his accumulated savings;

16.1.2. Continue amortizing the loan until it is fully paid, provided that the account is updated. The member can withdraw his accumulated savings only upon full settlement of the loan; or

16.1.3. Apply the accumulated savings to the outstanding loan balance.

Meanwhile, withdrawal of TAV for a member whose account was taken out under earlier Pag-IBIG Fund housing programs shall be governed by the guidelines prevailing at the time of loan takeout.

16.1.4 For Accounts released from 1 March 1999 up to 8 November 2001 (*taken out under HDMF Fund Circular Nos. 171 and 178*)

In case of membership termination due to membership maturity, permanent departure from the country, retirement, total disability or insanity, Pag-IBIG Fund shall effect automatic application of the member’s TAV to the outstanding housing loan balance, regardless if the account is updated or in arrears.

16.1.5 For Accounts released from 9 November 2001 to 19 July 2004 (*taken out under HDMF Circular Nos. 189, 189-A, and 189-B*)

Upon membership termination on the grounds of membership maturity, permanent departure from the country, retirement, total disability or insanity, Pag-IBIG Fund shall automatically apply the member’s total accumulated savings to his outstanding housing loan, only if the account is in arrears.

In all cases, should there be any unpaid loan balance after the member’s total savings have been offset against the loan, Pag-IBIG Fund shall require

the borrower to pay the balance either in full, or under a revised amortization scheme, for a period not longer than the remaining term of the loan. Should the borrower opt for the latter, he shall be required to pay his monthly membership contributions until the loan obligation is fully settled, in accordance with the terms and conditions of the loan agreement.

16.2. Application of Insurance Proceeds

In the event of death, Pag-IBIG Fund shall apply the proceeds of the member's mortgage/sales redemption insurance (MR/SRI) to his outstanding housing loan balance, and the excess, if any, shall be paid to the member's designated beneficiaries.

In case the insurance proceeds shall not be sufficient to pay the member's housing loan balance fully, the Fund shall offset the remaining amount against the member's TAV. Should the member's TAV still not suffice, the Fund shall require the member's heirs/beneficiaries to settle any remaining balance in full or under a revised amortization scheme for a period not longer than the remaining term of the loan.

17. OTHER PROVISIONS

17.1. Alignment of Pag-IBIG Fund Special Housing Loan Facilities with these guidelines

Provisions on the eligible borrower's age, membership contributions, loan term and interest rate of Special Housing Loan Facilities shall be aligned with these guidelines. All other provisions as stated in the respective guidelines and Memorandum of Agreement of the Pag-IBIG Fund Special Housing Loan Facilities that are not inconsistent with these guidelines shall continue to be in effect.

17.2. Alignment of HDMF Circular No. 200 with these guidelines

With exception to the loan-to-collateral ratio, which is provided for in Section F.1 of HDMF Circular No. 200, all other provisions under these guidelines shall be used in processing housing loans to purchase Pag-IBIG Fund's Real and Other Properties Owned or Acquired (ROPOA).

18. AMENDMENTS

These guidelines may be amended, revised or modified by the Pag-IBIG Fund Senior Management Committee in furtherance of the objectives of the program, provided that the amendments, revisions or modifications herein adopted are consistent with the mandate of the Fund under its charter and existing laws.

19. REPEALING CLAUSE

All memoranda, rules, regulations, and other issuances inconsistent herewith are hereby repealed, amended or modified accordingly.

20. PROGRAM ALLOCATION

The Management is hereby authorized to allocate P3 Billion Pesos for 2009 to finance the housing loan package of over P2,000,000 to P3,000,000.

21. EFFECTIVITY

These guidelines shall take effect beginning 1 April 2009.

JAIME A. FABIAÑA
Officer-in-Charge

Makati City
_____ 2009