

Pag-IBIG Fund
Corporate Headquarters
Petron MegaPlaza
358 Sen. Gil Puyat Ave.,
Makati City

Circular No. 389

TO : ALL CONCERNED

**SUBJECT : REVISED GUIDELINES ON THE CONVERSION TO FULL
RISK-BASED PRICING PROGRAM**

Pursuant to the approval of Senior Management Committee, the **Revised Guidelines on the Conversion to Full Risk-Based Pricing Program** are hereby issued:

I. OBJECTIVES

The Conversion to Full Risk-Based Pricing (FRBP) Program seeks:

1. To align interest rate policies in accordance with the Fund's Full Risk-Based Pricing Framework;
2. To encourage Pag-IBIG Fund borrowers to retain their housing loan accounts with the Fund; and
3. To reduce the Fund's non-performing housing loans.

II. COVERAGE

All borrowers whose housing loan accounts have interest rates more than the prevailing market rates may avail of the FRBP Program subject to the terms and conditions provided in this Guidelines.

III. ELIGIBILITY REQUIREMENTS

Housing loan borrowers, whose accounts were taken out under Circular No. 247 or earlier Circulars or were restructured under Circular No. 300 or earlier Circulars as of date of application, may avail of the FRBP Program; provided, the following conditions are met:

- a. The borrower's housing loan account is updated. However, borrowers whose accounts are in arrears shall be required to fully update their accounts before they are allowed to apply for the program.
- b. The borrower must be an active Pag-IBIG Fund member.
- c. A copy of the updated real estate property tax receipt must be presented and submitted at point of application.

IV. RISK-BASED PRICING PROGRAM

1. The housing loan accounts of eligible borrowers shall be charged with the prevailing Pag-IBIG Fund End-User Home Financing Program interest rates for their chosen re-pricing period.
2. Interest rates shall be re-priced periodically depending on the chosen fixed pricing period of the borrower.
3. Re-priced rates shall be applied on the borrower's nearest due date following the date of approval of his application for the Full Risk-Based Pricing Program.
4. Interest rate setting shall be made semi-annually in accordance with the prevailing market rates.

V. MONTHLY AMORTIZATION AND INSURANCE PREMIUMS

1. The new monthly amortization shall be computed based on the interest rate corresponding to the chosen re-pricing period, the borrower's outstanding principal balance and the remaining loan term at point of approval.
2. The amount of Mortgage Redemption Insurance (MRI) and Fire and Allied Perils Insurance premiums of the original loan as well as the upgraded membership contributions, if any, shall be retained.
3. The amount of Mortgage or Sales Administration Fee (MAF / SAF), if any, of the original loan shall likewise be retained.
4. Amortization payments shall be made on the original due dates and shall commence on the nearest due date after the approval of the application for the FRBP Program.

VI. CHANGE OF RE-PRICING PERIOD

A Pag-IBIG Fund housing loan borrower may request for a change in re-pricing period under the FRBP Program subject to the following terms and conditions:

1. The housing loan account is updated as of time of application; and
2. The borrower has remitted at least 12 monthly amortizations **under the existing re-pricing period.**

However, subsequent applications for change in re-pricing period shall not be made more than once every three (3) years.

VII. SERVICE FEE

A service fee shall be charged for each application for the FRBP Program of a borrower and request for change in the previously approved fixed pricing period under this program.

VIII. OTHER TERMS AND CONDITIONS

1. The borrower and his co-borrower/s, if any, shall execute a new Promissory Note (PN) indicating the re-priced housing loan, the monthly amortization upon approval of the application for the FRBP Program **and the treatment of excess payment**. All other provisions/terms and conditions of the original loan shall remain.
2. While an application for the FRBP Program is still in process, the original monthly amortization shall still apply.
3. When a principal borrower applies for the Full Risk-Based Pricing Program, the same shall apply to his co-borrower/s, if any.
4. In case the original loan and the additional loan are treated as separate and distinct from each other, loan re-pricing may be allowed to either the original or additional loan. However, should the borrower opt to avail of the re-pricing program for both the original loan and additional loan, each loan shall be covered by a separate application for loan re-pricing and service fee.
5. The risk-based loan shall be secured by the same collateral that secured the original loan.
6. The original Housing Loan Account Number shall be retained.

IX. REVIEW OF THE GUIDELINES

The Guidelines on the Conversion to the FRBP Program shall be subject to review every two (2) years taking into consideration the viability of the Fund and the prevailing market conditions.

X. 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. Matters that are not thereby satisfactorily resolved shall be escalated to the next higher approving authorities.

XI. REPEALING CLAUSE

All previous Circulars or Memoranda in conflict or inconsistent with the provisions and/or purposes of this Circular are accordingly repealed, amended or modified.

XII. EFFECTIVITY

This Circular takes effect after fifteen (15) days following the completion of its publication in the Official Gazette or in a newspaper of general circulation.


ACMAD RIZALDY P. MOTI
Chief Executive Officer

Makati City,

30 August 2017