

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

Circular No. 448

TO: ALL CONCERNED

SUBJECT: MODIFIED GUIDELINES ON THE Pag-IBIG MULTI-PURPOSE LOAN (MPL) PROGRAM

Pursuant to the approval of the Pag-IBIG Fund Board of Trustees, the following **Modified Guidelines on the Pag-IBIG Multi-Purpose Loan (MPL) Program** is hereby issued:

1. COVERAGE

This Guidelines shall apply to all multi-purpose loan (MPL) transactions that are made under the Short-Term Loans Management System of the Integrated Information Systems Project (STLMS-IISP).

2. LOAN PURPOSE

To provide financial assistance to Pag-IBIG I member for:

- 2.1 Minor home improvement/ home renovation/ upgrades;
- 2.2 Livelihood/ additional capital in small business;
- 2.3 Tuition/ educational expenses;
- 2.4 Health and wellness;
- 2.5 Purchase of appliance and furniture/ electronic gadgets;
- 2.6 Payment of utility/ credit card bills;
- 2.7 Vacation/ travel;
- 2.8 Special events;
- 2.9 Car repair; and
- 2.10 Other needs.

3. DEFINITION OF TERMS

For purpose of implementing this program, the following terms shall be defined as follows:

- 3.1 **Active Member** shall refer to a member **with at least one (1) monthly Membership Savings (MS) within the last six (6) months prior to loan application.**
- 3.2 **Aggregate Short-Term Loan (STL) Amount** shall refer to the total STL (MPL and calamity loan) amount a borrower can avail of from the Pag-IBIG Fund.

- 3.3 **Authorized Deductions** under the General Appropriations Act on which it shall include deductions from salaries, emoluments or other benefits accruing to any government employee.
- 3.4 **Desired Loan Amount** shall refer to the amount indicated in the loan application form.
- 3.5 **Grace Period** shall refer to the additional period after DV Date of the MPL for the borrower to make payment of the MPL without penalty.
- 3.6 **Monthly Amortization** shall refer to the installment amount to be paid by the borrower which shall cover the principal and interest.
- 3.7 **Net Take Home Pay (NTHP)** shall refer to the member's monthly compensation net of statutory deductions, computed monthly repayment of monthly amortizations for loan applied for, and authorized deductions.
- 3.8 **Outstanding Loan Obligation** shall consist of the outstanding principal, interest, and penalties, if any.
- 3.9 **Short-Term Loan (STL)** shall refer to loan programs offered by Pag-IBIG Fund such as but not limited to: Multi-Purpose Loan (MPL) and Calamity Loan.
- 3.10 **Statutory Deductions** shall refer to income tax withheld as well as contributions/premiums for GSIS/SSS, Pag-IBIG Fund and PhilHealth.
- 3.11 **Sufficient Proof of Income** shall refer to any documents adequate enough to prove the existence of an income provided in STL Checklist of Requirements (HQP-SLF-005).
- 3.12 **Total Accumulated Value (TAV)** shall refer to the sum of the monthly MS, including the upgraded MS, if such is the case, and employer's counterpart, if any, and the corresponding dividends credited thereto.
- 3.13 **Total Savings** refers to the sum of the monthly MS, including the upgraded MS, if such is the case, and the employer's counterpart, if any.
- 3.14 **TAV Offsetting** shall refer to the process of deducting from the member's TAV the outstanding MPL obligation.

4. BORROWER'S ELIGIBILITY

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

- 4.1 Has made at least twenty-four (24) monthly membership savings (MS);
- 4.1.1 **A member who has withdrawn his MS due to membership maturity, or who has optionally withdrawn his MS, shall be allowed to apply for an MPL provided said member has subsequently accumulated 24 MS or at least its equivalent from the cut-off date of membership maturity or optional withdrawal.**
- 4.1.2 A member who does not meet the required 24 MS may nevertheless, be allowed to avail of an MPL if his total savings is at least equivalent to 24 MS, at the rate applicable to him.

- 4.2 Has made at least one (1) MS within the last six (6) months prior to the date of loan application;
- 4.3 If with existing Pag-IBIG housing loan, the account must not be in default as of date of application;
- 4.4 If with existing MPL/Calamity loan, the account/s must not be in default as of date of application; and
- 4.5 Submission of sufficient proof of income.

5. 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.

5.1 Desired Loan Amount

5.2 Loan Entitlement

5.2.1 Equivalent to eighty percent (80%) of TAV.

5.2.2 However, if the borrower has an existing calamity loan, the loanable amount shall be the difference between the eighty percent (80%) of the borrower's TAV and the outstanding balance of his calamity loan.

5.3 Capacity-to-Pay

The loanable amount shall be limited to an amount which will not render the borrower's Net Take Home Pay (NTHP) to fall below the minimum requirement as prescribed by the General Appropriations Act (GAA) or company policy, whichever is applicable.

6. INTEREST RATE

The loan shall be charged with an interest rate of 10.5% p.a. (equivalent rate of 17.5% based on diminishing principal balance), with interest during the grace period and shall be amortized equally over the term of the loan.

7. LOAN TERM

The loan shall be repaid over a period of two (2) years or three (3) years, at the option of the member upon loan application, with a grace period of two (2) months.

However, in the event that the borrower does not indicate the chosen loan term, the default term shall be three (3) years.

8. LOAN RELEASE

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

- 8.1 Crediting to the borrower's disbursement card or **Loyalty Card Plus**;

- 8.2 Crediting to the borrower's bank account through LANDBANK's Payroll Credit Systems Validation (PACSVAL).
- 8.3 Check payable to the borrower. However, when the check remains unclaimed for a period of thirty (30) calendar days from the DV/Check date **despite notice to the borrower (either by email, registered mail or personal delivery to his postal address, or Short Message Service (SMS)) informing him that the same is available for release, the check shall be cancelled and the loan will be reversed.**
- 8.4 Other acceptable modes of disbursement.

9. LOAN PAYMENTS

- 9.1 The loan shall be paid 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.
- 9.2 For self-employed individuals, OFWs, or other types of individual payors, monthly payments shall be paid over-the-counter or any other modes of payment approved by the Fund.
- 9.3 Payments shall be remitted to the Pag-IBIG Fund on or before the fifteenth (15th) day of each month, starting on the third (3rd) month following the date on the DV/Check or manual disbursement voucher.
- 9.4 If the due date falls on a non-working day, the monthly amortization shall be paid on the first working day after the due date.
- 9.5 The borrower may fully pay the outstanding balance of the loan prior to loan maturity.
- 9.6 The borrower shall pay directly to the Pag-IBIG Fund in case the borrower is unable to pay through salary deduction for any of the following circumstances, such as but not limited to:
 - 9.6.1 Suspension from work;
 - 9.6.2 Leave of absence without pay;
 - 9.6.3 Insufficiency of take home pay at any time during the term of the loan;
or
 - 9.6.4 Other circumstances analogous to the foregoing.

10. PENALTIES

- 10.1 A penalty of one-twentieth of one percent (1/20 of 1%) of any unpaid amount shall be charged to the borrower for every day of delay.
- 10.2 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.

11. APPLICATION OF PAYMENTS

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

11.1.1 Penalties; if any

11.1.2 Interest; and

11.1.3 Principal.

11.2 Any amount in excess of the required monthly amortizations shall be applied to succeeding amortizations which will be posted on the next due date.

12. DEFAULT

The borrower shall be in default in any of the following cases, **without need for demand**:

12.1 Any willful misrepresentation made by the borrower in any of the documents executed in relation hereto;

12.2 Failure of the borrower to pay any three (3) consecutive monthly amortizations;

12.3 Failure of the borrower to pay any three (3) consecutive Pag-IBIG monthly savings;

12.4 Violation by the borrower of any of the membership/STL/housing loan policies, rules, regulations and guidelines of Pag-IBIG Fund.

13. EFFECTS OF DEFAULT

In the event of default, the outstanding loan obligation shall become due and demandable. The outstanding loan obligation shall be deducted from the TAV after exerting all collection efforts.

Collection efforts shall include, but not limited to:

13.1 Collection Notice, which shall be sent through registered mail, e-mail or through Fund Coordinator;

13.2 Short Message Service (SMS);

13.3 Tele-Calling; and

13.4 Other mode of collection efforts approved by the Fund in the future.

14. OTHER PROVISIONS

14.1 The MPL and/or calamity loan programs shall be treated as separate and distinct from each other. Hence, the member shall be allowed to avail of an MPL while he still has an outstanding calamity loan, and vice versa. Application for loans on these two programs shall be governed by their corresponding guidelines.

14.2 In no case shall the aggregate STL exceed 80% of the borrower's TAV.

14.3 Loan Renewal

14.3.1 **For both 2-year and 3-year terms**, a borrower may renew his/her MPL:

14.3.1.1 After payment of equivalent to six (6) monthly amortizations;

14.3.1.2 Not earlier than sixth (6th) monthly amortization due date; and

14.3.1.3 Provided that he/she meets the eligibility in this Guidelines.

14.3.2 The approved loan shall be applied to the borrower's outstanding MPL obligation and the net proceeds shall then be released to him.

14.3.3 In case of full payment prior to loan maturity, a borrower shall be allowed to apply for a new loan anytime thereafter.

14.4 Multiple Employers

14.4.1 An eligible member who is an active member under more than one employer shall have only one outstanding MPL at any given time.

14.4.2 At point of application, the member shall choose which employer shall deduct and remit his monthly MPL amortizations.

14.5 Membership Termination

14.5.1 In the event of membership termination prior to loan maturity, the outstanding loan obligation shall be deducted from the borrower's TAV, and/or any amount due him or his beneficiaries in the possession of the Fund.

14.5.2 In case of the borrower's death, the outstanding loan obligation shall be computed up to the date of death. Any payments received after date of death shall be refunded to the borrower's beneficiaries.

14.6 Immediate Offsetting against Borrower's TAV

Borrower may request for the immediate offsetting of his/her outstanding MPL balance against his/her TAV. It shall be effected upon approval of the borrower's request, provided, the request is based on the following justifiable reasons:

14.6.1 **Total disability or insanity;**

14.6.2 **Separation from service by reason of health;**

- 14.6.3 **Death of member's immediate family member;**
- 14.6.4 **Distressed member due to unemployment limited to layoff and/or closure of company;**
- 14.6.5 **Critical illness of the member or any of his/her immediate family member, as certified by a licensed physician under one of the following categories, subject to the approval of the DCEO-Member Services Cluster:**
 - **Cancer**
 - **Organ Failure**
 - **Heart-Related Illness**
 - **Stroke**
 - **Neuromuscular-Related Illness**
- 14.6.6 **Repatriation of OFW member from host country; and**
- 14.6.7 **Other meritorious grounds as may be approved for by the Board.**

A member whose TAV was offsetted due to the above justifiable reasons may avail of an MPL subject to eligibility requirements.

14.7 Availment of MPL After TAV Offsetting

If TAV offsetting has been effected on the borrower's defaulting MPL, he may apply for a new MPL subject to the following conditions:

- 14.7.1 If the borrower has paid at least six (6) monthly amortizations prior to default and its consequent offsetting against the borrower's TAV, the borrower may immediately apply for a new loan, subject to the eligibility criteria provided in this Guidelines.
- 14.7.2 If the borrower has paid less than six (6) monthly amortizations prior to default and its consequent offsetting against the borrower's TAV, the borrower may apply for a new loan only after two (2) years from date of TAV offsetting, subject to the eligibility criteria provided in this Guidelines.

However, in case the TAV offsetting was due to the justifiable reasons under 14.6 hereof, the borrower may immediately apply for a new loan, subject to the eligibility criteria provided in this Guidelines.

15.AMENDMENTS

Amendments to this Guidelines shall be approved by the Senior Management Committee pursuant to the authority bestowed on it by the Fund's Board of Trustees to formulate and issue guidelines and procedures in furtherance of the objectives of this program consistent with the mandate of the Fund under its charter and existing laws.

16. 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 authority.

17. REPEALING CLAUSE

Pag-IBIG Fund Circular No. 374 and all other memoranda, rules, regulations, and other issuances contrary to or inconsistent with the provisions of this Guidelines are hereby repealed, amended, or modified accordingly.

18. EFFECTIVITY

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

 Digitally signed by Moti
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