

**Pag-IBIG Fund**  
Corporate Headquarters  
Petron Mega Plaza  
358 Sen. Gil Puyat Avenue  
Makati City

**Circular No. 446**

**TO : ALL CONCERNED**

**SUBJECT : GUIDELINES ON THE Pag-IBIG FUND HOME EQUITY APPRECIATION LOAN (HEAL) PROGRAM**

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Pursuant to the approval of the Pag-IBIG Fund Board of Trustees last 06 May 2021, the **Guidelines on the Pag-IBIG Fund Home Equity Appreciation Loan (HEAL) Program** is hereby issued:

**1. OBJECTIVES**

The Pag-IBIG Fund HEAL Program aims to:

- 1.1. Reward good paying housing loan borrowers/installment buyers of Pag-IBIG Fund Real and Other Properties Acquired (ROPA) by providing them the opportunity to avail of another loan based on their existing mortgaged/collateral properties with the Fund; and
- 1.2. Recognize the appreciation in the value of the collateral properties that are currently mortgaged/installment sale with the Fund.

**2. LOAN PURPOSE**

The program seeks to allow existing Pag-IBIG Fund housing loan borrowers/installment buyers to avail of another loan to finance their home improvement and other needs of the home and family.

**3. ELIGIBILITY REQUIREMENTS**

To qualify for the Pag-IBIG Fund HEAL program, the principal borrower and co-borrower/s shall satisfy the following requirements:

- 3.1. Must be an active member of the Fund;
- 3.2. Not more than sixty-five (65) years old at the date of application and not more than seventy (70) years old at maturity;
- 3.3. Has the legal capacity to acquire and encumber real property, whenever applicable;
- 3.4. Has passed the satisfactory background/credit and employment/business check of the Pag-IBIG Fund;

- 3.5. With an existing housing account that is taken out for at least five (5) years as of the date of application;
- 3.6. All existing housing loan/installment account/s, either as principal borrower/buyer or co-borrower/co-buyer, must have been paid regularly within the last twelve (12) months immediately prior to the date of application, without any payment made beyond the last day of the applicable month due; and
- 3.7. Has no outstanding Pag-IBIG Short-Term Loan (STL) in arrears at the time of application. A borrower, whose STL is in arrears, shall be required to update his/her account.

#### **4. LOANABLE AMOUNT**

The loanable amount shall be based on the lowest of the following: desired loan amount, capacity to pay, and loan-to-appraised value ratio.

##### **4.1. Loanable Amount Based on Capacity to Pay**

4.1.1. The loanable amount shall be limited to an amount in which the monthly repayment, inclusive of the existing monthly amortization/installment, shall not exceed thirty-five percent (35%) of the borrower's gross monthly income.

##### **4.1.2. Tacked Loan**

- a. In the availment of this program, additional co-borrower/s may be included who shall be jointly and severally liable with the principal borrower for both the existing and HEAL accounts; provided that, a maximum of three (3) members are tacked in HEAL account.
- b. Additional co-borrower/s shall be related within the second (2<sup>nd</sup>) civil degree of consanguinity or affinity.
- c. Co-borrower/s must likewise pass the eligibility requirements provided in this Guidelines, except for Item No. 3.5.
- d. However, the co-borrower/s/co-buyer/s in the existing housing account, who do not consent to the HEAL, if any, may be excluded from the housing obligation; provided that, he/she fully pays his/her proportionate share in the existing housing account.

##### **4.2. Loanable Amount Based on LTV Ratio**

4.2.1. The aggregate loan value (outstanding balance of the existing housing loan/installment and HEAL) shall not exceed sixty percent (60%) of the latest appraised value of the collateral, subject to the Borrower's Evaluation System.

4.2.2. The re-appraisal of the mortgaged/collateral property or property subject of installment or Contract-to Sell account shall be conducted in case the borrower applies for a loan exceeding One Million Pesos (P1,000,000.00) or if the borrower requests for re-appraisal, subject to the payment of the standard appraisal fee.

#### **4.3. Maximum Aggregate Loan Value**

The aggregate value, representing the total outstanding balances of all of the borrower's existing housing accounts and the amount of the HEAL must not exceed Six Million Pesos (P6,000,000.00). In case he/she is a co-borrower in a housing loan account or co-buyer in an installment account, his/her proportionate share in the outstanding balance under the tacked account shall be included in the computation of the said aggregate value.

#### **5. INTEREST RATE**

The HEAL shall be charged with interest rate based on the Fund's Full Risk-Based Pricing Framework. Said interest rate shall be repriced periodically depending on the chosen repricing period of the borrower.

#### **6. LOAN TERM**

The HEAL shall be repaid at a maximum term of thirty (30) years and shall, in no case, exceed the difference between age seventy (70) and the present age of the principal borrower.

#### **7. LOAN PROCEEDS**

The loan proceeds shall be released through crediting to the borrower's Pag-IBIG Fund Loyalty Card Plus, disbursement card or borrower's bank account through LANDBANK's Payroll Credit Systems Validation (PACSVAL).

However, the loan proceeds shall be released through check in the absence of the aforementioned modes, or in case the amount of loan proceeds exceeds the disbursement card's limit.

#### **8. PAYMENT OF LOAN AMORTIZATION**

##### **8.1. Mode of Payment**

8.1.1. The HEAL 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 term of the loan, and shall be made, whenever feasible, through salary deduction. The borrower must however give his/her consent in writing for the deduction of the amount of loan amortization from his/her salary.

Pag-IBIG Fund and the employer may enter into a Collection Servicing Agreement stipulating, among others, that the collection of the employee's Pag-IBIG housing loan payments shall be effected through salary deduction and that the deduction for the employee's Pag-IBIG housing loan payments shall have priority over other obligations of the same nature after all statutory deductions have been effected.

In case of salary deduction, an equivalent of one (1) month amortization shall be deducted from the loan proceeds upon takeout. Said amount shall form part of the borrower's payment.

8.1.2. The monthly amortizations may also be paid to Pag-IBIG Fund through any of the following modes:

- a. Post-dated checks;
- b. Accredited Collection Partners;
- c. Auto debit arrangement with banks; or
- d. Any other collection system which the Fund may implement in the future.

## 8.2. Payment Due Dates

8.2.1. The payment of the monthly amortization shall commence on the month immediately following the takeout date, and every month thereafter until full settlement of the housing loan.

The takeout date of the HEAL account shall coincide with the due date of the existing loan/installment account.

8.2.2. Should the due date fall on a non-working day in the Pag-IBIG Fund Branch where the loan is maintained, the monthly amortization shall be paid until the next working day.

8.3. Partial payments shall be accepted but the unpaid portion of the amount due shall be charged with the applicable penalty. Any amount paid by the borrower shall be applied in accordance with the order of priority under Section 8.5.

8.4. Any portion of the amount due that remains unpaid after the due date shall be charged with a penalty of 1/20 of 1% for every day of delay.

8.5. The monthly payment shall thus be applied according to the following order of priority:

- 8.5.1. Penalties,
- 8.5.2. Insurance Premiums,
- 8.5.3. Interest, and
- 8.5.4. Principal.

## 9. COLLATERAL

9.1. The HEAL shall be secured by the same collateral as that of the existing housing loan/installment account.

9.2. The mortgage shall be released only upon full payment of the entire obligation with the Fund, inclusive of both the HEAL and the existing housing accounts.

9.2.1. For Real Estate Mortgage

The mortgage shall be released only upon full payment of both the HEAL and the existing loan accounts.

9.2.2. For Deed of Conditional Sale

The Deed of Absolute Sale shall be executed upon full payment of the existing loan/installment and the HEAL accounts.

- 9.3. The real property tax must be updated as of the quarter immediately preceding the date of application, and yearly thereafter during the term of the loan.

To ensure that the real property tax on the collateral is updated, the borrower shall be required to submit a copy of the official receipt of the tax paid for the preceding year not later than June 30 of the current year and every year thereafter.

- 9.4. The existing housing loan/installment and the HEAL accounts shall be considered as separate and distinct from each other, without prejudice to the provision on cross-default.

## 10. INSURANCE

### 10.1. Mortgage Redemption Insurance/Sales Redemption Insurance (MRI/SRI) Coverage

The borrowers shall be compulsorily covered by MRI/SRI, whichever is applicable, equivalent to the approved loan amount. In the case of borrowers, who are tacked into a single account, each of them shall be covered by the MRI/SRI to the extent of their corresponding obligation. The MRI premiums shall be the aggregate of the premiums corresponding to the housing loan granted to each borrower.

The regular MRI/SRI coverage shall be a non-medical yearly renewable insurance for which the borrowers shall pay a uniform premium rate effective on the date of takeout.

In the event of death or permanent/total disability of any of the borrowers, Pag-IBIG Fund shall apply the MRI proceeds to the entire outstanding loan obligation with the Fund, and the excess, if any, shall be paid to the borrowers or his/her heirs.

### 10.2. Non-Life Insurance (NLI) Coverage

The principal borrower shall obtain an additional NLI on the subject property equivalent to whichever is lower between the difference of the appraised value of the housing component of the residential unit and the existing NLI coverage of the existing housing account, and the HEAL amount.

## 11. PREPAYMENT

- 11.1. A borrower shall be allowed to prepay his/her HEAL account in full or in part without prepayment penalty, pursuant to Republic Act No. 7394, otherwise known as "The Consumer Act of the Philippines", but subject however to a service fee as may be fixed by the Fund.

- 11.2. Accelerated payments - Any amount in excess of the monthly amortization due shall be treated as advance amortization and shall be applied on the next amortization due date. However, upon the request of the borrower and provided the amount to be applied is equivalent to at least one monthly amortization, said amount shall be applied to the principal.

The preference of the borrower on the treatment of his/her excess payment must be noted on/properly disclosed in the Pag-IBIG Fund Receipt.

## 12. DEFAULT

- 12.1. The borrower shall be considered in default when he/she, or any of his/her co-borrowers in case of a tacked loan:

- 12.1.1. Fails to pay three (3) monthly amortizations;

- 12.1.2. Failure of the borrower to submit proof of payment of the real property tax for the year; or

- 12.1.3. Violates or fails to perform any of the obligations in the contracts entered into with Pag-IBIG Fund.

- 12.2. In case of multiple housing accounts, any event of default on any of the borrower's accounts shall constitute default on all of his/her other housing accounts.

The co-borrower in the existing housing loan/installment account and the principal borrower in a separate tacked loan where the HEAL borrower is a co-borrower or their heirs, guardian, assigns, successors-in-interest, as the case may be, who did not consent to nor is/are co-borrower/s to the HEAL, shall not be affected by the default in the HEAL account. Said tacked loan shall be excluded from the effects of cross-default.

- 12.3. At point of default, the total outstanding obligation, which includes the principal, accrued interests, penalties, fees and other charges on the HEAL and the existing housing account/s shall become immediately due and demandable. Said amount shall likewise be subject to the following:

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

- 12.3.2. It shall continue to bear interest at the stipulated rate from the time the obligation becomes due and demandable.

- 12.4. While the loan remains to be due and demandable, the borrower shall not be granted another housing account under any of the Pag-IBIG housing programs.

- 12.5. In case of default, Pag-IBIG Fund shall cancel the Deed of Conditional Sale (DCS)/ Contract-to-Sell (CTS) or foreclose the mortgage in accordance with the existing guidelines on the matter.

- 12.6. Payments for accounts in default and cancelled accounts shall not revive the said accounts unless such payment is sufficient to fully update said account.

### **13. FILING, PROCESSING AND APPRAISAL FEES**

- 13.1. Eligible Pag-IBIG Fund housing loan borrowers may apply for the HEAL Program through the Virtual Pag-IBIG.
- 13.2. The borrower shall pay the corresponding processing fee and appraisal fees, if applicable, for his/her application for the HEAL program.

### **14. 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 based on the procedures and business rules for this Guidelines. Matters that are not thereby satisfactorily resolved shall be escalated to the next higher approving authorities.

### **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. 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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**ACMAD RIZALDY P. MOTI**  
Chief Executive Officer