

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

CIRCULAR NO. 317

TO : ALL CONCERNED

SUBJECT : PROGRAM ON THE CONVERSION TO FULL RISK-BASED PRICING MODEL

Pursuant to the approval of Pag-IBIG Fund Board of Trustees in their **285th** Board Meeting held last 22 June 2012, the **Program on the Conversion to Full Risk-Based Pricing Model** are hereby issued:

A. OBJECTIVES

The Program on the Conversion to Full Risk-Based Pricing Model 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;
3. To reduce the Fund's non-performing housing loans; and
4. To replace the Pag-IBIG Fund Good Payor Incentive Program (GPIP).

B. COVERAGE

All borrowers with housing loan accounts taken out under Circular No. 247 or earlier Circulars as of date of application with interest rates more than the prevailing market rates may avail of the Full Risk-Based Pricing Program subject to the terms and conditions provided in these guidelines.

C. ELIGIBILITY

1. Updated housing loan borrowers may avail of the Full Risk-Based Pricing Program; subject to the following:
 - 1.1. Those whose housing loan accounts are taken-out under Circular No. 247 may only be allowed to avail of the said program only after one year from date of takeout.
 - 1.2. For loans restructured under Circular No. 300, the account must have a perfect repayment history for at least one (1) year prior to date of application.

2. Borrowers whose accounts are in arrears shall be required to fully update their housing loan accounts before they are allowed to apply for the program.
3. The borrower's membership contributions must be updated.
4. The updated real estate property tax receipt must be presented and submitted at point of application.

D. RISK-BASED PRICING SCHEME

1. 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 whether it is after every three (3), five (5), ten (10) or fifteen (15) years.
3. Risk-based 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. Price setting shall be made semi-annually in accordance with the prevailing market rates.

E. 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, shall be retained.
3. The amount of Mortgage or Sales Administration Fee (MAF / SAF) 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 Full Risk-Based Pricing Program.

F. PROCESSING FEE

Each application shall be charged a processing fee of one thousand pesos (P1,000.00).

G. 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 loan and the monthly amortization upon

approval of the application for the Full Risk-Based Pricing Program. All other provisions/terms and conditions of the original loan shall remain.

2. While an application for the Full Risk-Based Pricing 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, the borrower may apply for the Full Risk-Based Pricing Program either on the original or additional loan. However, should the borrower opt to avail of the said program for both the original loan and additional loan, each loan shall be covered by a separate application for the Full Risk-Based Pricing Program and processing 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.
7. A service fee equivalent to two hundred pesos (P200.00) shall be charged to the borrower if he requested to change the previously approved fixed-pricing period. Such request shall only be accommodated on the month that the account is scheduled to be re-priced.

H. APPLICATION OF MEMBER'S TAV

A member with risk-based housing loan account 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:

1. Pay off the outstanding housing loan balance and withdraw his accumulated savings;
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
3. Apply the accumulated savings to the outstanding loan balance.

I. ESCALATION CLAUSE

Any issue that may arise in the interpretation and implementation of these guidelines shall be resolved by the Department Manager III or escalated to the next higher level of authority.

J. 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.

K. REPEALING CLAUSE

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

L. EFFECTIVITY

This Circular takes effect on 2 July 2012.

Darlene Marie B. Berberabe

ATTY. DARLENE MARIE B. BERBERABE
Chief Executive Officer

Makati City,
AUGUST 8, 2012