

Office of the Secretary

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DepED MEMORANDUM
No. 361, s. 2003

SEP 17 2003

CREATION OF THE DEPED HOUSING COMMITTEE

To: Undersecretaries
Assistant Secretaries
Bureau Directors
Regional Directors
Directors of Services/Centers and Heads of Units
Schools Division/City Superintendents

1. Pursuant to Administrative Order No. 80 dated August 11, 2003, the DepED Housing Committee is hereby created to attend to the implementation of the DepED Housing Program.

2. In the national level, the Committee shall be composed of the Undersecretary for Administration and Finance as chairperson; the Chief of the Employees Welfare and Benefits Division (EWBD) as vice-chairperson, and other designated staff of the same Division as project coordinators. To facilitate program implementation in the field offices, Regional Directors (RDs) and Schools Division Superintendents (SDSs) are hereby directed to constitute housing secretariats at the regional and division offices, respectively, the composition of which are included in the enclosed operational mechanics of the housing program.

3. As part of implementing its housing program, the DepED has an existing Memorandum of Agreement (MOA) (Annex A) with Pag-Ibig Fund for the latter to provide a Special Housing Loan Facility to qualified teachers and employees. The salient features of this MOA are as follows:

- a. Upgrading of contributions shall not be required for loans above PhP250,000.00.
- b. The loan shall be computed based on the net take home pay which shall not be lower than PhP3,000.00.
- c. The loan amount that may be granted shall not exceed 100% of the appraised value of the collateral.
- d. Interest rates on the loan shall be fixed for the entire term of the loan as follows:

Loan Amount	Interest Rate
Up to PhP180,000.00	9%
Over PhP180,000.00-PhP500,000.00	12%

- e. Loans can be granted to permanent employees even though they have not completed the two-year contribution period to Pag-Ibig Fund.

4. For its part, the DepED Central Office has entered into a Collection Servicing Agreement (Annex B) with Pag-Ibig Fund stipulating among others, that:

- a. DepED shall implement an automatic salary deduction scheme and remit the monthly amortizations of borrowers to Pag-Ibig Fund;
- b. Waive service fees;
- c. DepED shall ensure that the monthly deductions of the amortization for Pag-Ibig housing loans from a borrower's monthly salary shall take precedence over deductions of similar nature, without prejudice to existing agreements between DepED and other agencies; and
- d. DepED shall not stop the salary deduction scheme unilaterally without the express and written approval of Pag-Ibig Fund, until such time that the accounts are fully settled by the borrowers.

5. At the field level, the concerned Pag-Ibig Fund branch shall coordinate with its DepED counterpart for the implementation of the Collection Servicing Agreement. The DepED signatories for said document are as follows:

- The Regional Director or his/her authorized representative for the Regional Office; and
- The Principal or Administrative Officer for National High Schools and Special Schools.

6. The names of the members of the housing secretariats in the regional and division offices must be submitted to the Employees Welfare and Benefits Division (EWBD), HRDS, DepED, Meralco Avenue, Pasig City, telefax no. (02) 633-72-29 not later than October 31, 2003.

7. Widest dissemination of this Memorandum is desired.


EDILBERTO C. DE JESUS
Secretary

Encls.: As stated

Reference: DECS Memorandum: No. 382, s. 2000

Allotment: 1—(D.O. 50-97)

To be indicated in the Perpetual Index under the following subjects:

EMPLOYEES
PROGRAMS

PROJECTS
TEACHERS

OPERATIONAL MECHANICS FOR THE DepEd HOUSING PROGRAM

I. Composition and Duties of the DepEd Housing Committee

A. National Level

Chairperson – Undersecretary for Administration and Finance

- Supervise the implementation of the housing program for DepEd teachers and employees; and
- Coordinate with the Housing and Urban Development Coordinating Council (HUDCC), the Home Development Mutual Fund (Pag-Ibig Fund), the Government Service Insurance System (GSIS) and other government and non-government housing institutions, as well as private developers to address the housing needs of DepEd employees.

Vice-Chairperson – Chief, Employees Welfare and Benefits Division (EWBD)

- Closely coordinate with the Chairperson regarding issues and concerns that may affect program implementation;
- Directly report to the Chairperson regarding the operations of the Housing Secretariats in the various field levels; and
- Perform other functions that may be assigned by the Chairperson that are deemed necessary for the housing program's smooth implementation.

Project Coordinators – Designated Staff of the EWBD

- Closely coordinate with the various housing secretariats at the field level and conduct orientation seminars to provide the necessary information regarding the guidelines on how employees can acquire housing loans through the DepEd Housing Program;
- Inspect and evaluate housing proposals and make the necessary recommendations to the Chair and Vice-Chair; and
- Provide inputs to the Chair and Vice-Chair on how to improve program implementation.

B. Regional and Division Levels

- To be composed of a Chairperson and 2 members from duly designated staff in the regional and division offices whose functions and responsibilities are as follows:

- Responsible to the national housing committee in ensuring efficient program implementation
- Coordinate with Pag-Ibig Fund, HUDCC, GSIS and other government financing/housing institutions as well as private developers in their respective localities to address the housing needs of teachers and employees within their jurisdiction.
- Issue the required housing loan documentation of Pag-Ibig Fund for DepEd teachers and employees as follows:
 - ❑ Certificate of Employment and Compensation (to be secured from the regional/division offices or schools);
 - ❑ Certificate of Net Take Home Pay (Annex A);
 - ❑ Authority to Deduct (Annex B); and
 - ❑ Latest Payroll or Pay slip (to be secured from the regional/division offices or schools)

II. General Procedures in Implementing the DepEd-Pag-Ibig Fund Special Housing Loan Facility

1. Pag-Ibig Fund accredits private developers interested to participate in the program; as such there is no need for DepEd to enter into a MOA with these developers since the MOA is between the accredited developer and Pag-Ibig Fund.
2. Pag-Ibig Fund Head Office provides DepEd Housing Committee with a list of participating accredited developers.
3. Developers within the list send project proposals to the Committee for evaluation and inspection based on the following criteria:
 - Affordability to the buyers
 - Accessibility to and from the place of work
 - Quality of housing units and amenities

Developers may also directly approach the housing secretariat in the regional or division office, who then does the evaluation and inspection of the proposed project.

4. If found acceptable, the housing secretariat recommends the developer/project to the regional director/schools superintendent in order that said developer/project may be subsequently endorsed to the concerned field offices so that interested applicants can avail of said project.

5. Concerned DepEd offices issue the necessary documents to interested applicants for submission to Pag-IBIG Fund.
6. Upon approval of the housing loan, Pag-Ibig Fund sends to the concerned DepEd office the notice for salary deduction and DepEd commences the deduction of the monthly amortization from the borrower's salary accordingly until such loan is fully paid.

CERTIFICATION OF NET TAKE HOME PAY

TO WHOM IT MAY CONCERN:

This is to certify that Mr./Ms./Mrs. _____ presently assigned at _____ is a bonafide DepEd employee with a _____ (status of appointment).

Above-named DepEd employee entered the service on _____ with _____ remaining years of service until his/her compulsory retirement on _____.

Further, said DepEd employee is receiving a monthly salary of:

Gross Pay	P _____
Less : Deduction/s	_____
Net pay as of _____	P _____

This certification is being issued this ____ day of _____ in support of the application of Mr./Ms./Mrs. _____ for the Pag-IBIG Housing Loan Facility.

Authorized Signatory

AUTHORITY TO DEDUCT

In view of my housing loan with the **HOME DEVELOPMENT MUTUAL FUND**, otherwise known as Pag-IBIG Fund, in the amount of PESOS _____ (P _____),

I hereby authorize my employer, the Department of Education (DepEd) to deduct from my monthly salaries/wages/allowances the amount of PESOS _____ (P _____), representing the monthly amortization/installment beginning _____, and remit the same to Pag-IBIG Fund. **Said Pag-IBIG housing loan installment/amortization shall have first priority over other deductions after all statutory deductions have been effected.**

It is understood that this authority shall continue to be in effect for as long as I am employed with the DepEd or until such time that the loan is fully paid.

Borrower/Buyer
(Signature over Printed Name)

Date: _____

CONFORME:

DEPARTMENT OF EDUCATION

By:

Authorized Representative

For Teachers Only:

Employee No: _____

Sta. No.: _____

Div. Code: _____

(Annex A of DepED Memorandum No. 361, s. 2003)

MEMORANDUM OF AGREEMENT

KNOW ALL MEN BY THESE PRESENTS:

This Memorandum of Agreement, made and entered into this ___ day of ~~July 14, 2003~~, in the ~~City of Makati~~ **MAKATI CITY**, by and between:

The **HOME DEVELOPMENT MUTUAL FUND**, a government corporation created and existing by virtue of Presidential Decree No. 1752, as amended by R.A. 7742, with principal office and postal address at the Atrium of Makati, Makati Avenue, Makati City, represented in this act by its Acting President and Chief Executive Officer, **ATTY. ROMERO FEDERICO S. QUIMBO**, hereinafter referred to as "**Pag-IBIG FUND**";

- and -

The **DEPARTMENT OF EDUCATION**, a government agency organized and existing in the Republic of the Philippines, with principal office and address at the University of Life Complex, Meralco Avenue, Pasig City, represented herein by its Undersecretary for Finance and Administration, the Honorable **ERNESTO S. PANGAN**, and hereinafter referred to as "**DepEd**".

WITNESSETH: That

WHEREAS, it is declared policy of the Philippine Government to promote the National Shelter Program to provide protection for the buying public and encourage the private sector to expedite development of subdivisions, townhouses, condominium projects and the like;

WHEREAS, the DepEd desires to assist its employees and teachers in obtaining decent and reasonably priced housing through affordable financing schemes;

WHEREAS, the DepEd is committed to support **Pag-IBIG FUND** through the enforcement of the mandatory Pag-IBIG coverage of its employees and teachers, and the provision of the employer counterpart contributions for its covered employees and teachers;

WHEREAS, **Pag-IBIG FUND** agrees to extend a Special Housing Loan Facility to DepEd employees and teachers;

WHEREAS, under the Special Housing Loan Facility, **Pag-IBIG FUND** shall lower the interest for loans over Two Hundred Fifty Thousand Pesos (P250,000.00) up to Five Hundred Thousand Pesos (P500,000.00), remove the net disposable income requirement, increase loan to collateral ratio and offer graduated amortization plan to DepEd employees and teachers;

NOW, THEREFORE, for and in consideration of the foregoing premises and of mutual covenants and stipulations herein set forth, the parties hereto have agreed as follows:

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[Signature]

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[Signature]

However, for **DepEd** teachers and employees whose payroll are not prepared in advance, the first monthly amortization shall be due on the 30th day of the following month from the month of loan take-out or final loan release and shall be collected by the **DepEd** from the employee's payroll to be remitted to **Pag-IBIG FUND** not later than the 10th of the following month and every month thereafter until the loan is fully paid.

Section 2.2 Role and Responsibilities of the DepEd. The **DepEd** shall undertake the implementation of the program among its employees and teachers and ensure collection of **Pag-IBIG** membership contributions and loan amortizations to sustain the viability of the program. In line with this, the **DepEd** shall:

- 2.2.1 Create the **DepEd Housing Secretariat** or its equivalent to process and to issue the required housing loan documentation of **Pag-IBIG FUND** for **DepEd** employees and teachers which include the Certificate of Employment and Compensation (CEC), Net Pay and Authority to Deduct.
- 2.2.2 Deduct the **Pag-IBIG** membership contributions of **DepEd** employees and teachers, and remit the same to **Pag-IBIG FUND** on a monthly basis, together with the **DepEd** employer counterpart contributions for the covered employees and teachers.
- 2.2.3 Enter into a Collection Servicing Agreement with **Pag-IBIG FUND** stipulating, among others, that:
 - a) The collection of housing loan amortizations of **DepEd** employees and teachers, who shall avail of the **DepEd Pag-IBIG Housing Loan Facility**, shall be effected through a salary deduction scheme to be implemented through an access deduction code, whereby the **Pag-IBIG** housing loan amortization shall be deducted regularly from their monthly salaries, and that these collections shall be remitted regularly to **Pag-IBIG FUND**.
 - b) The monthly deduction of the amortization for the **Pag-IBIG** housing loan from the borrower's monthly salary shall take precedence over other deductions of similar nature, after the statutory deductions have been effected, without prejudice to existing agreements the **DepEd** has entered into with other agencies.
 - c) The **DepEd** shall not stop the salary deduction scheme unilaterally without the express and written approval of **Pag-IBIG FUND**, until such time that the accounts are fully settled by the borrowers.
- 2.2.4 **DepEd** employees and teachers whose housing loan accounts were reverted back to the regular interest rates due to default of the borrower shall no longer be covered by the salary deduction scheme unless otherwise requested by the concerned housing loan borrower.

**SECTION 3
IMPLEMENTING GUIDELINES**

Pag-IBIG FUND, in coordination with the **DepEd**, shall issue the guidelines implementing the **DepEd Pag-IBIG Housing Loan Facility**, attached herewith as Annex "A", which shall be deemed incorporated hereto and shall form an integral part of this Agreement.

**SECTION 4
WAIVER OF SERVICE FEES**

The **DepEd** hereby waives whatever service fees it might be entitled to in the performance of its role and responsibilities under this Agreement, in consideration of the special benefits accorded to **DepEd** employees and teachers by **Pag-IBIG FUND**, notwithstanding the existence of any policy of **Pag-IBIG FUND** with respect thereto.

**SECTION 5
PRE-TERMINATION**

Failure on the part of either party to this Agreement to strictly comply with the terms and conditions embodied herein shall constitute a ground for the suspension or termination of any portion or the whole of this Agreement by the other party.

**SECTION 6
AMENDMENTS**

Any amendment, addition, modification or supplement to this Agreement must be in writing and with the consent of both parties.

**SECTION 7
SEPARABILITY CLAUSE**

In the event that any provision of this Agreement is held invalid or contrary to law, the validity of the other terms and conditions hereof shall not be effected thereby.

**SECTION 8
EFFECTIVITY**

This Agreement shall take effect immediately upon signing by the parties and approval by the **HDMF Board of Trustees**, and shall continue to be in full force and effect until terminated.

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[Signature]

IN WITNESS WHEREOF, the parties have signed this Memorandum of Agreement on the date and place first above written.

HOME DEVELOPMENT MUTUAL FUND DEPARTMENT OF EDUCATION

By:

By:

ATTY. ROMERO FEDERICO S. QUIMBO
Acting President & Chief Executive Officer

ERNESTO S. PANGAN
Undersecretary

SIGNED IN THE PRESENCE OF:

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ACKNOWLEDGMENT

Republic of the Philippines)
~~MAKATI CITY~~) S.S.

BEFORE ME, a Notary Public for and in MAKATI CITY on this day of JUNE 19 2002, personally appeared the following:

Name	Com. Tax Cert. No.	Date/Place Issued
ATTY. ROMERO FEDERICO S. QUIMBO	11919536	2-21-02/Makati
ERNESTO S. PANGAN	14425673	1-16-02/Manila

all known to me to be the same persons who executed the foregoing instrument and they acknowledged to me that the same is their free act and deed, as well as the free and voluntary act and deed of those of the Corporation/principals herein represented.

WITNESS MY HAND AND SEAL on this JUN 19 2002 at MAKATI CITY

ATTY. EDDIE C. BALAOY
NOTARY PUBLIC
MAKATI CITY, PHILIPPINES
NOTARY PUBLIC
MY COMMISSION EXPIRES ON DEC. 30, 2002
USE NO. 550604 272/02 D.C.

Doc. No. 254 ;
Page No. 52 ;
Book No. XX ;
Series of 2002 .

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**IMPLEMENTING GUIDELINES FOR THE PAG-IBIG HOUSING LOAN
FACILITY FOR THE DEPARTMENT OF EDUCATION**

1. COVERAGE

These guidelines shall apply to all mortgages delivered by the DepEd to Pag-IBIG Fund under the terms and conditions of the Memorandum of Agreement between the DepEd and Pag-IBIG Fund.

2. LOAN PURPOSE

Qualified DepEd employees and teachers may avail of the Pag-IBIG DepEd Housing Loan Facility for the following purposes:

- 2.1 Construction or completion of a residential unit on a lot owned by the member-borrower;
- 2.2 Purchase of a lot and construction of a residential unit thereon;
- 2.3 Purchase of any of the following:
 - 2.3.1 brand new or old existing units;
 - 2.3.2 properties mortgaged with the Pag-IBIG Fund;
 - 2.3.3 acquired assets disposed of through sealed public bidding or negotiated sale.
- 2.4 Purchase of a fully developed lot within a residential area;
- 2.5 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.
- 2.6 Restructuring of an existing Pag-IBIG housing loan provided, the account is updated.

3. BORROWER ELIGIBILITY

DepEd employees and teachers who wish to avail of the Pag-IBIG DepEd Housing Loan Facility shall satisfy the following requirements:

- 3.1 Active Pag-IBIG membership as evidenced by the inclusion of the borrower's name in the DepEd Payroll List, and a certification that the borrower is a regular DepEd employee/teacher with a permanent appointment;
- 3.2 Has passed prior screening and pre-processing of the DepEd Housing Secretariat or its equivalent as to capacity to pay;
- 3.3 Not more than 65 years old at loan maturity, and must be insurable;
- 3.4 Has the legal capacity to acquire and encumber real property;
- 3.5 Has no outstanding Pag-IBIG housing loan, either as a principal or co-borrower.



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4. LOAN AMOUNT

Qualified DepEd employees and teachers shall be entitled to borrow up to the maximum loan entitlement or the borrower's actual need, whichever is lower. The maximum loan entitlement shall be based on the following:

- 4.1 The borrower's capacity to pay as determined from his net take home pay which shall not be lower than THREE THOUSAND PESOS (P3,000.00) after effecting all statutory deductions and loan amortizations, including the payment for the Pag-IBIG Housing loan.

The borrower's loanable amount shall be computed as follows:

$$\text{Loanable amount} = \frac{\text{Net take home pay} - \text{P 3,000}}{\text{Monthly amortization factor}}$$

where the monthly amortization factors are as shown in Annex "A".

- 4.2 The loan to collateral ratio, i.e., the amount of the loan that may be granted to the borrower shall not exceed one hundred percent (100%) of the appraised value of the collateral.

A maximum of three (3) qualified Pag-IBIG members may be tacked-in for a single loan of up to FIVE HUNDRED THOUSAND PESOS (P 500,000.00) provided, the borrowers are related within the first civil degree of consanguinity or affinity and are all in the DepEd service.

5. INTEREST RATE

- 5.1 The loan packages shall bear interest at a fixed annual rate for the entire term of the loan according to the following schedule

Loan Amount	Interest Rate
Up to P180,000	9%
Over P180,000 – P500,000	12%

- 5.2 Entitlement to the socialized housing loan package of nine percent (9%) shall be subject to the condition that :

- a) The selling price of the house and lot used as collateral shall not exceed ONE HUNDRED EIGHTY THOUSAND PESOS (P180,000.00), if the loan purpose is to purchase a residential unit; or
- b) The selling price of the lot used as collateral shall not exceed SEVENTY TWO THOUSAND PESOS (P72,000.00), if the loan purpose is to purchase a lot.

i.e., loans up to P 180,000.00 which do not satisfy the foregoing conditions shall be charged an interest rate of twelve percent (12%).

- 5.3 The interest rate on loans over TWO HUNDRED FIFTY THOUSAND PESOS (P250,000.00) shall be increased to 16%, in the event the DepEd borrower withdraws his authority for salary deduction or fails to pay the monthly amortization when due for three (3) consecutive months.

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6. LOAN TERM

The loan term shall not be more than thirty (30) years, and shall in no case exceed the difference between the present age and age sixty-five (65) of the principal borrower.

7. LOAN PAYMENT

7.1 The loan shall be paid in accordance with the payment scheme opted by the borrower and shall be made through a written authorization for the DepEd to deduct the monthly amortization from the borrower's salary. The payment scheme shall be either of the following:

a. Level Amortization Payment

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 term of the loan.

b. Graduated Amortization Payment

The loan shall be paid in graduated amounts over the term of the loan which shall be based on the approved payment schedule. The monthly amortization shall include the insurance premiums due.

DepEd shall enter into a Collection Servicing Agreement with Pag-IBIG Fund, providing for among others, that the deduction for the Pag-IBIG housing loan shall have first priority over other loan deductions after all statutory deductions have been effected.

7.2 The first monthly installment/amortization on the loan which shall be due on the 6th month, or a grace period of five (5) months, from the date of loan take-out or final loan release, shall be collected by the DepEd from the employee's payroll and shall be remitted to Pag-IBIG Fund on or before the end of every month until the loan is fully paid. Interest on the five-month grace period shall be capitalized and paid over the entire term of the loan.

However, for DepEd teachers and employees whose payroll are not prepared in advance, the first monthly amortization shall be due on the 30th day of the following month from the month of loan take-out or final loan release and shall be collected by the DepEd from the employee's payroll to be remitted to Pag-IBIG Fund not later than the 10th of the following month and every month thereafter until the loan is fully paid.

8. COLLATERAL

8.1 If the housing unit or lot used as collateral for the loan is purchased from a developer, the loan shall be secured by a Contract-to-Sell (CTS) on the same residential properties to which the loan proceeds are applied. Eligible CTS shall be converted to a Real Estate Mortgage (REM) after a seasoning period of two years.

8.2 In all other instances not covered under Section 8.1, the loan shall be secured by a First Real Estate Mortgage (REM) on the same residential properties to which the loan proceeds are applied.

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

8.3.1 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

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

9. LOAN CHARGES

The borrower shall pay a non-refundable Processing Fee/Appraisal Fee of One Thousand Pesos (P1,000.00) upon filing of the loan application and a Loan Administration Fee (LAF) equivalent to five percent (5%) of the approved loan amount inclusive of the processing/appraisal fee which may be capitalized over the term of the loan.

10. INSURANCE

The borrower shall be compulsorily covered by Mortgage/Sales Redemption Insurance (MRI/SRI) and Fire Insurance.

In the case of tacked loans, only the principal borrower shall be covered by the MRI/SRI to the full or total amount of the loan.

11. DELAYED PAYMENTS

A 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% (or 18% p.a.) of the amount due for every day of delay.

12. DEFAULT

The borrower shall be considered in default if he or any of his co-borrowers fails to pay three (3) monthly amortizations and/or monthly membership contributions and other obligations on the loan except when the reason for such default is due to circumstances beyond the control of DepEd teachers and employees. This includes the failure of DepEd to remit to Pag-IBIG Fund the monthly amortization deducted from teachers and employees. In the event of default, the entire loan outstanding together with the accrued interests, charges, fees and penalties shall be due and demandable. The amount due shall constitute a lien on the Total Accumulated Value (TAV) of the member's savings with Pag-IBIG Fund.

13. DEVELOPER ACCOUNTS

A developer who participates in the DepEd housing program through the provision of housing units or lots to be used as collateral for a Pag-IBIG housing loan to be availed of by qualified DepEd employees and teachers shall enter into a Memorandum of Agreement (MOA) with Pag-IBIG Fund, providing among others, that the developer shall:

13.1 Execute a Contract to Sell with the Pag-IBIG member to cover the purchase of the residential property or lot used as collateral for the Pag-IBIG housing loan of the member;

13.2 Execute a Deed of Assignment (DA) assigning the property subject of the Contract to Sell in favor of HDMF which shall be annotated on the title of the property;

13.3 Provide the warranties required by Pag-IBIG Fund and commit to answer for any defect on house construction and land development (except that caused by normal wear and tear), and shall at its own expense re-work and/or reconstruct houses and undertake land development to correct defects and/or meet the specifications set by the Housing and Land Use Regulatory Board (HLURB) within a period of twelve (12) months from the date of loan take-out, without prejudice to the provisions of Article 1723 of the Civil Code of the Philippines, to which the developer agrees to bind itself solidarily with the engineer, architect and contractor (as the case may be) for such defects.

14. WARRANTIES

A participating developer shall provide the following warranties:

14.1 **Documentation** – That all documents, inclusive of the individual titles and the corresponding Deeds of Assignment, submitted to Pag-IBIG Fund relative to the program, are valid, binding and enforceable in all other respects that they purport to be.

14.2 **Title/Ownership of Property** – That the Developer is the lawful owner of the property subject of the agreement; that the property is free from all liens, encumbrances and adverse claims; that the title/ownership papers have no vitiating defects which could have been found or discovered with the exercise of proper diligence and technical skills.

14.3 **Project Development** – That the project, wherein the property sold to the borrower is located, shall be developed and completed in accordance with the developmental plans approved by HDMF and other regulatory agencies concerned.

14.4 **House Construction** – That the residential unit has been constructed in accordance with the plans and specifications approved by the concerned regulatory agencies, as well as with the local ordinances, and that there are no hidden defects whatsoever in the construction of the said units.

14.5 **Misrepresentation** – That any person or agent employed by the developer or allowed by it to transact or do business in its behalf has not committed any act of misrepresentation.

14.6 **Compliance with Laws/Rules and Regulations** – That all pertinent laws, rules and regulations have been complied with.


14.7 **Buy-Back of Accounts** – That the Developer shall buy back any of the accounts taken-out by Pag-IBIG Fund, in the event that the latter exercises its right of recourse against the Developer for breach of warranty and for failure to convert eligible CTS to REM within the time frame stipulated in the MOA.

15. OTHER PROVISIONS

All other applicable provisions of the Revised Homelending Guidelines for the Pag-IBIG Expanded Housing Loan Program not inconsistent with these guidelines are hereby incorporated by reference.

16. EFFECTIVITY AND AMENDMENTS

These guidelines shall take effect with the signing of the Memorandum of Agreement between the DepEd and Pag-IBIG Fund. Amendments to these guidelines may be issued from time to time by Pag-IBIG Fund, in consultation with the DepEd.


ATTY. ROMERO FEDERICO S. QUIMBO
Acting President & Chief Executive Officer





(Annex B of DepED Memorandum No. 361, s. 2003)

COLLECTION SERVICING AGREEMENT
THRU PAYROLL DEDUCTION

John B. ...
3/1/04

KNOW ALL MEN BY THESE PRESENTS:

This Agreement made and executed by and between:

The HOME DEVELOPMENT MUTUAL FUND, a government corporation created and existing by virtue of Presidential Decree No. 1752, as amended, with principal office and postal address at the 8th Floor of the Atrium of Makati, Makati Avenue, Makati City, represented herein by its PRES. GEN. RAMON P. PALMA GIL hereinafter referred to as "Pag-IBIG Fund";

- and -

The DEPARTMENT OF EDUCATION, CULTURE AND SPORTS, a government agency organized and existing in the Republic of the Philippines, with principal office at University of Life Complex, Meralco Avenue, Pasig City, represented herein by its SEC. THE HON. ANDREW B. GONZALES, JSC and hereinafter referred to as the "DECS".

WITNESSETH That

WHEREAS, Pag-IBIG Fund provides a Housing Loan Facility to qualified DECS employees and teachers under the terms and conditions embodied in the Memorandum of Agreement by and between the Pag-IBIG Fund;

WHEREAS, Pag-IBIG Fund believes that the successful implementation of its housing loan programs requires the participation of government and private entities, particularly in the collection and servicing of borrowers' accounts to ensure the continuous and timely repayment of their housing loans, by way of providing convenient and inexpensive means for the borrowers to pay their monthly housing loan amortizations;

WHEREAS, the DECS employees and teachers agreed, upon application for the housing loans, that the monthly amortizations/installments thereof, be deducted from their salaries/wages/allowances by the DECS, as evidenced by the Authority to Deduct, attached hereto as Annex A, and authorized the said DECS to remit the same to Pag-IBIG Fund;

WHEREAS, the DECS agrees to provide collection assistance to Pag-IBIG Fund thru the adoption and implementation of a Payroll Deduction System, whereby the monthly loan amortizations/installments of the DECS employees and teachers who are borrowers/buyers under the DECS Pag-IBIG Housing Loan Facility shall be deducted from their respective payrolls after deducting the statutory deductions and remit said amortizations/installments to Pag-IBIG Fund;

NOW, THEREFORE, for and in consideration of the foregoing premises and the covenants hereinafter stipulated, the Parties hereto agree as follows:

A. DEDUCTION/REMITTANCE OF MONTHLY AMORTIZATIONS/INSTALLMENTS

1. Pag-IBIG Fund shall furnish the DECS a copy of the Summary of Billing Notice of its DECS employees and teachers within ten (10) days from the date of payment of takeout proceeds or final loan release. The first monthly installment appearing therein, which shall be due on the 5th month, or a grace period of five (5) months, from date of loan takeout/final loan release, shall be collected by the DECS from the employee's payroll and shall be remitted to Pag-IBIG Fund not later than the 10th of the month and every month thereafter.

[Signature]

[Signature]

The Abstract of Deduction, attached hereto as Annex B, in two (2) copies shall accompany every remittance made to Pag-IBIG Fund.

3. Pag-IBIG Fund shall not accept direct payments from DECS employees and teachers whose monthly amortizations/installments are being collected by the DECS under the Payroll Deduction System, except in cases of pre-payment, excess payments, advance payments, full payments and in cases where the account has been declared ready for possible foreclosure. Information on any such direct payments shall be relayed to the DECS within five (5) working days therefrom. Pag-IBIG Fund shall, subsequently, furnish the DECS with a copy of the revised amortization schedule.

4. DECS shall assign a separate deduction code and remit separately housing loan installments/amortizations covered under Pag-IBIG DECS Housing Loan Facility.

B. OTHER PROVISIONS

1. Pag-IBIG's collection procedures, guidelines, circulars, as well as supplementary/amendatory issuances thereto, in so far as may be applicable, are hereby incorporated and made supplementary to this Agreement, provided the DECS is duly furnished with the procedures, guidelines, circulars, etc., and provided the DECS has not objected in writing to the same as being inconsistent and/or impractical to implement in its computerized payroll system.

2. The Pag-IBIG shall designate its authorized representatives who shall:

- Ensure implementation of Payroll Deduction System with DECS.
- Act as liason with DECS on collection procedures.

3. Deduction of Pag-IBIG housing loan amortizations shall take precedence over other deductions of similar nature, after the statutory deductions have been effected.

4. The DECS shall not stop the salary deduction scheme unilaterally without the express and written approval of Pag-IBIG Fund until such time that the accounts are fully settled by the borrowers/buyers.

5. The DECS hereby waives whatever service fees it might be entitled to in the performance of its role and responsibilities under this Agreement, in consideration of the special benefits accorded to DECS employees and teachers by the Pag-IBIG Fund, notwithstanding the existence of any policy of the Pag-IBIG Fund with respect thereto.

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C. TERMINATION

This Agreement may be terminated by mutual consent of the parties concerned.

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D. AMENDMENT

The parties hereto may, upon mutual consent, amend, alter or modify this Agreement at any time by or through an addendum signed by all parties.

E. EFFECTIVITY

This Agreement shall take effect on the date of signing hereof.

IN WITNESS WHEREOF, the parties have hereunto affixed their signature through their duly authorized representative on this day of OCT 26 2000 at

MAKATI CITY

HOME DEVELOPMENT MUTUAL FUND

DEPARTMENT OF EDUCATION, CULTURE AND SPORTS

By:

[Signature]
RAMON P. PALMA GIL
Pres. and CEO

By:

[Signature]
ANDREW B. GONZALES, FSC
Secretary

SIGNED IN THE PRESENCE OF:

[Signature]
MR. MANUEL C. CRISOSTOMO

[Signature]
USEC. ANTONIO VALDEZ

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY) S.S

MAKATI CITY

BEFORE ME, a Notary Public, in and for the _____ this day of OCT 26 2000 personally appeared the following persons:

NAME	C.T.C. NO.	DATE/PLACE OF ISSUE
Ramon P. Palma Gil	15109130	April 6, 2000 - Manila
Andrew B. Gonzales	01590223	January 5, 2000 - Pasig City

all known to be to be the same officials who executed the foregoing instrument and acknowledged to me that the same are their free act and deed, as well as the free act and deed of the corporations they represent. This document consisting of three pages including this page wherein the acknowledgment is written, refers to Collection Servicing Agreement Thru Payroll Deduction and the same is duly signed by the parties and their instrumental witnesses on all pages hereof

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my notarial seal at the place on this date first above mentioned.

[Signature]
CRISTINA A. PARALLAN
NOTARY PUBLIC
UNTIL DEC. 31, 2001
PTR NO. 7538742
ISSUED ON JAN. 31, 2000
ISSUED AT MANILA/CITY

Doc. No. 181
Page No. 18
Book No. 18
Series of _____