

DepEd MEMORANDUM
No. **171**, s. 2011

JUL 29 2011

**REDUCTION OF NOMINAL AND EFFECTIVE INTEREST RATES ON LOAN
TO BE OFFERED BY ACCREDITED PRIVATE LENDING INSTITUTIONS
UNDER THE DEPARTMENT'S AUTOMATIC PAYROLL
DEDUCTION SYSTEM (APDS)**

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

1. In view of the downward trend of Treasury Bill Rates, and after a careful evaluation by the *Automatic Payroll Deduction System (APDS) Task Force* on the issues raised by numerous accredited Private Lending Institutions (PLIs) under the Department of Education (DepEd) APDS, the imposition of the newly adjusted ceiling for interest and non-interest rates as well as the manner of its computation on loans to be offered to DepEd teaching and non-teaching personnel shall be as follows:



Particulars	Ceiling Rates/Manner of Computation	
	From	To
Nominal Interest Rates per annum - One (1) year - Two (2) years	10.97% added on loan 12.00% added on loan	7.50%, added on the principal amount of loan 9.00% added on loan +
One-time Other Charges	6.00% deducted upfront from the principal amount of loan	6.00% deducted upfront
Effective Interest Rates per annum	23.93% to 24.00%	19.31% to 19.49%
Grace period on first loan amortization	Two (2) months	Two (2) months
Rebate/Discount	Based on the agreement between the parties	Only the principal loan balance shall be paid by the DepEd borrower, in case of advance payment of loan in full

2. The adjusted rates shall be made effective on loans to be incurred from July 1, 2011 onwards until further notice.

3. Please be advised that conformity with these rates and manner of computation is a required condition for every PLI's eligibility to participate in the DepEd APDS Program.



4. Immediate dissemination of this Memorandum is desired.


BR. ARMIN A. LUISTRO FSC
Secretary 

Reference: N o n e
To be indicated in the Perpetual Index
under the following subjects:

CHANGE
EMPLOYEES
RATES
SALARY
TEACHERS

SMA, DM Reduction of Nominal and Effective Interest Rates on Loan
July 4, 2011