

# **[ HDMF (Pag-IBIG FUND) CIRCULAR NO. 329, May 10, 2013 ]**

## **AMENDED GUIDELINES ON THE PAG-IBIG DIRECT DEVELOPMENTAL LOAN PROGRAM**

Pursuant to the authority given by the Pag-IBIG Fund Board of Trustees to the Senior Management Committee in its **293<sup>rd</sup>** meeting held last **26 March 2013 to issue the amended guidelines for the implementation of the Pag-IBIG Direct Developmental Loan, the following** are hereby issued:

### **I. OBJECTIVE**

The Pag-IBIG Direct Developmental Loan Program aims **to increase the number of end-user availments by providing additional housing inventories through developmental financing.**

### **II. LOAN PURPOSE**

The proceeds of developmental loan may be used for any or all of the following purposes:

1. Development of residential subdivision or medium rise residential buildings;
2. Construction of units eligible for mortgage financing under the **prevailing Guidelines of the Pag-IBIG End-User Home Financing Program**. No part of the loan, however, shall be used to purchase a parcel of land.

### **III. ELIGIBILITY**

1. **The developer/proponent must at least have an over-all score of seventy percent (70%) based on the credit scoring system to be eligible for the loan in accordance with the following weights:**
  - 1.1 **For horizontal development projects, sixty percent (60%) shall be based on the financial performance of the developer/proponent while forty percent (40%) shall be based on the project evaluation.**
  - 1.2 **For vertical development projects, seventy percent (70%) shall be based on the financial performance of the developer/proponent while thirty percent (30%) shall be based on the project evaluation.**

**A comprehensive evaluation of all on-going and prospective projects shall be conducted notwithstanding if only one or more of said projects is the subject of the developmental loan.**

2. The sales package of the housing units to be generated by the project should not exceed **the appraisal value corresponding to the maximum loanable amount under the prevailing End-User Home Financing Program.**

#### **IV. LOAN AMOUNT**

The amount of loan to be granted shall be based on actual project need as supported by cash flow projections **and shall be subject to the following conditions.**

1. **For horizontal development projects, the loan amount shall be based on whichever is lowest of the following:**

**1.1 Forty percent (40%) prudent production cost;**

**1.2 Developer's debt capacity; and**

**1.3 Single Borrower's Limit.**

2. **For vertical development projects, the loan amount shall be based on whichever is lowest of the following:**

**2.1 Sixty percent (60%) of land development and building construction cost;**

**2.2 Developer's debt capacity; and**

**2.3 Single Borrower's Limit.**

**However, in no case shall the loan amount exceed Two Hundred Fifty Million Pesos (P250 M) for horizontal development projects or Five Hundred Million Pesos (P500 M) for vertical development projects.**

#### **V. INTEREST RATE**

**The direct developmental loan shall be charged an interest rate based on the result of the financial and risk evaluation on the developer.**

#### **VI. LOAN TERM**

**The term of the loan shall be based on the cash flow projection of the project; provided, it shall not exceed three (3) years.**

#### **VII. COLLATERAL**

1. The loan shall be secured by a first real estate mortgage on the real estate property subject of development, which should be free from liens and encumbrances.
2. Pag-IBIG Fund shall allow partial releases of collateral; provided that, the loan-to-appraisal value after the release of collateral is maintained at seventy percent (70%).

#### **VIII. LOAN RELEASES**

1. **All loan releases shall be based on the cash flow projection of the project.**