


FOURTEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
Second Regular Session )

8 JUL 21 P3:31

SENATE  
S. No. 2450

RECEIVED BY: 

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Introduced by **Senator Richard J. Gordon**

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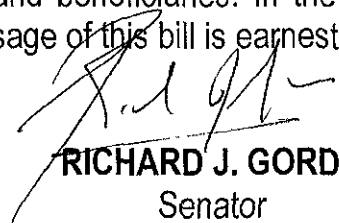
### EXPLANATORY NOTE

Presidential Decree No. 1752 created the Home Development Mutual Fund to generate savings among the employed through an integrated nationwide savings system. From its creation in 1980 up to 2007, the HDMF has generated total assets amounting to P202.63 Billion, with 6.85 Million members nationwide. It has also released P22.59 Billion for housing loans in 2007, benefiting more than 46,000 members.

Notwithstanding the good standing of the HDMF, amendments to its Charter appear to be necessary in order to conform to changing market conditions. This bill proposes the following amendments:

1. To rename the HDMF into the PAGIBIG Fund in representation of the government financial institution primarily involved in mobilizing provident funds for housing finance.
2. To expand membership of the Fund to include all employees, regardless of monthly income or any waiver from Fund coverage previously issued to employers. Spouses managing the household shall be covered under a voluntary contribution basis.
3. To implement a shift from fixed contribution rates of members to a progressive rate base.
4. To reinstate the exempt status of the Fund in terms of corporate income tax, allowing more of its funds to be allocated from financing loans as well as investments in government securities.
5. To allow the Fund to determine its own compensation and position classification system in order to maintain its hiring competitiveness.


The strengthening of the Fund's charter will be instrumental in marshalling much needed funds to support its millions of members and beneficiaries. In the spirit of social justice and pursuit of national development, the passage of this bill is earnestly sought.

  
**RICHARD J. GORDON**  
Senator

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**AN ACT**  
**AMENDING PRESIDENTIAL DECREE NO. 1752, OTHERWISE KNOWN AS THE HOME**  
**DEVELOPMENT MUTUAL FUND LAW OF 1980, AS AMENDED**

*Be it enacted by the Senate and the House of Representatives in Congress assembled:*

1       **SECTION 1.** Section Presidential Decree No. 1752, as amended, otherwise known  
2 as the *Home Development Mutual Fund Law of 1980*, is hereby further amended to read as  
3 follows:

4               **"Section 1. Title.** - This Act shall be known as the [Home  
5 Development Mutual Fund Law of 1980] "PAG-IBIG FUND LAW OF 2008."

6               **SEC. 2. DECLARATION OF Policy.** - It is the policy of the [Republic  
7 of the Philippines to motivate the employed and other earning groups to better  
8 plan and provide for their housing needs by membership in an integrated,  
9 nationwide savings system established for the said purpose, with contributory  
10 support of the employers, in the spirit of social justice and the pursuit of  
11 national development.] STATE TO ESTABLISH, DEVELOP, PROMOTE, AND  
12 INTEGRATE A NATIONWIDE SOUND AND VIABLE TAX-EXEMPT MUTUAL  
13 PROVIDENT SAVINGS SYSTEM SUITABLE: TO THE NEEDS OF THE  
14 EMPLOYED AND OTHER EARNING GROUPS, AND TO MOTIVATE THEM  
15 TO BETTER PLAN AND PROVIDE FOR THEIR HOUSING NEEDS, BY  
16 MEMBERSHIP IN THE PAG-BIG FUND, WITH MANDATORY  
17 CONTRIBUTORY SUPPORT OF THE EMPLOYERS IN THE SPIRIT OF  
18 SOCIAL JUSTICE AND THE PURSUIT OF NATIONAL DEVELOPMENT.

19               **SEC. 3. STATEMENT OF OBJECTIVES.** - TOWARDS THIS END,  
20 THE STATE SHALL INTEGRATE ALL LAWS RELATING TO THE PAG-IBIG  
21 FUND TO EFFECTIVELY ACHIEVE THE FOLLOWING OBJECTIVES:

1 (A) TO IMPROVE THE QUALITY OF LIFE OF ITS CITIZENS BY  
2 PROVIDING THEM WITH SUFFICIENT SHELTER;

3 (B) TO PROVIDE FOR AN INTEGRATED NATIONWIDE PROVIDENT 23  
4 SAVINGS SYSTEM: AND

5 (C) TO PROVIDE HOUSING THROUGH MOBILIZATION OF FUNDS FOR  
6 SHELTER FINANCE.

7 SEC. 4. DEFINITION OF TERMS. -THE FOLLOWING TERMS SHALL  
8 MEAN:

9 A. "**BOARD**" - THE DULY CONSTITUTED BOARD OF TRUSTEES OF  
10 THE PAG-IBIG FUND;

11 B. "**COMPENSATION**" - BASIC MONTHLY SALARY PLUS MANDATED  
12 COST OF LIVING ALLOWANCE;

13 C. "**CONTRIBUTIONS**" - THE AMOUNT PAYABLE TO THE FUND BY  
14 THE MEMBERS AND THEIR EMPLOYERS, IN ACCORDANCE WITH THIS  
15 ACT;

16 D. "**DEPENDENTS**" - REFER TO LEGAL DEPENDENTS OF A  
17 DECEASED MEMBER, AS DEFINED UNDER THE FAMILY CODE;

18 E. "**EMPLOYEE**" - ANY PERSON IN THE SERVICE OF AN EMPLOYER  
19 WHO RECEIVES COMPENSATION OF SUCH SERVICES;

20 F. "**EMPLOYER**" - ANY PERSON, NATURAL OR JURIDICAL,  
21 DOMESTIC OR FOREIGN, WHO CARRIES ON IN THE PHILIPPINES, OR  
22 OUTSIDE OF THE PHILIPPINES, ANY TRADE, BUSINESS, INDUSTRY,  
23 UNDERTAKING OR ACTIVITY OF ANY KIND, AND USES THE SERVICES  
24 OF ANOTHER PERSON WHO IS UNDER HIS ORDER AS REGARDS  
25 SUCH SERVICES; THE GOVERNMENT, ITS NATIONAL AND LOCAL  
26 OFFICES, POLITICAL SUBDIVISIONS, BRANCHES, AGENCIES, OR  
27 INSTRUMENTALITIES, INCLUDING CORPORATIONS OWNED AND/OR  
28 CONTROLLED BY THE GOVERNMENT, AND THE LOCAL GOVERNMENT  
29 UNITS;

30 G. "**EMPLOYMENT**" - ANY SERVICE PERFORMED BY AN EMPLOYEE  
31 FOR HIS/HER EMPLOYER WITHIN THE PHILIPPINES: PROVIDED,  
32 HOWEVER, THAT ANY FOREIGN GOVERNMENT, INTERNATIONAL  
33 ORGANIZATION OR THEIR WHOLLY-OWNED INSTRUMENTALITY

1 EMPLOYING WORKERS IN THE PHILIPPINES OR EMPLOYING FILIPINOS  
2 OUTSIDE OF THE PHILIPPINES, MAY ENTER INTO AN AGREEMENT  
3 WITH THE FUND FOR THE INCLUSION OF THEIR EMPLOYEES AS  
4 MEMBERS OF THE FUND: PROVIDED, FURTHER, THAT THE TERM OF  
5 SUCH AGREEMENT CONFORM WITH THE PROVISIONS OF THIS ACT.

6 H. **"FUND"** - THE FUND CREATED UNDER THIS ACT WHICH IS A  
7 GOVERNMENT FINANCIAL INSTITUTION INVOLVED IN MOBILIZING  
8 PROVIDENT FUNDS PRIMARILY FOR SHELTER FINANCE;

9 I. **"GSIS"** - THE GOVERNMENT SERVICE INSURANCE SYSTEM  
10 CREATED UNDER COMMONWEALTH ACT NO. 186, AS AMENDED;

11 J. **"INVESTIBLE FUNDS"** - SHALL MEAN FUNDS AVAILABLE AFTER  
12 DEDUCTING COST OF OPERATIONS AND EXPENSES, ADMINISTRATIVE  
13 AND GENERAL EXPENSES, RESERVES FOR BENEFIT CLAIMS,  
14 PROVISIONS FOR A SINKING FUND FOR THE RETURN OF THE  
15 MEMBERS' EQUITY UPON MATURITY AND PROVISION FOR RESERVE  
16 FOR LOAN REPAYMENTS.

17 K. **"MEMBER"** - AN EMPLOYEE COVERABLE UNDER THIS ACT AND  
18 PAYS THE MANDATED CONTRIBUTIONS;

19 L. **"MEMBERSHIP TERM"** - A PERIOD OF TWENTY (20) YEARS  
20 COMMENCING FROM THE FIRST DAY OF THE MONTH TO WHICH THE  
21 MEMBERS INITIAL CONTRIBUTION TO THE FUND APPLIES: PROVIDED,  
22 THAT HE SHALL HAVE CONTRIBUTED A TOTAL OF TWO HUNDRED  
23 FORTY (240) MONTHLY CONTRIBUTIONS AT THE TIME OF MATURITY;

24 M. **"NET FUND ASSET"** - THE TOTAL ASSETS OF THE FUND LESS  
25 CURRENT LIABILITIES;

26 N. **"PERMANENT TOTAL DISABILITY"** - LOSS OR IMPAIRMENT OF A  
27 PHYSICAL AND MENTAL FUNCTION RESULTING FROM INJURY OR  
28 SICKNESS WHICH COMPLETELY INCAPACITATES A MEMBER TO  
29 PERFORM ANY WORK OR ENGAGE IN ANY BUSINESS OR OCCUPATION  
30 AS DETERMINED BY THE FUND;

31 O. **"SSS"** - THE SOCIAL SECURITY SYSTEM CREATED UNDER  
32 REPUBLIC ACT NO. 1161, AS AMENDED;

33 **SEC. [3] 5. Fund System.** - To carry out the purposes of this Act,

1 [there is hereby created the Home Development Mutual Fund of 1980, also  
2 referred to herein as the Fund, a provident savings system for employees,  
3 private and public, who shall be the members, supported by matching  
4 contributions of their respective employers, with housing as the primary  
5 investment. The system may cover self-employed and other working groups,  
6 as herein provided.] THE PAG-IBIG FUND IS HEREBY CREATED. THE  
7 FUND SHALL BE A MUTUAL PROVIDENT SAVINGS SYSTEM FOR  
8 PRIVATE AND GOVERNMENT EMPLOYEES AND OTHER EARNING  
9 GROUPS, SUPPORTED BY MATCHING MANDATORY CONTRIBUTIONS  
10 OF THEIR RESPECTIVE EMPLOYERS WITH HOUSING AS THE PRIMARY  
11 INVESTMENT.

12 The Fund shall be a body corporate, with principal office in Metro  
13 Manila, and shall replace the Home Development Mutual Fund established  
14 under Presidential Decree No. 1752, as amended.

15 **SEC. [4] 6. Fund Coverage.** - Coverage of the Fund shall be  
16 mandatory upon all employees covered by the Social Security System and  
17 the Government Service Insurance System, and their respective employers:  
18 *Provided*, That coverage of the employees whose monthly compensation is  
19 less than Four thousand pesos (P4,000) shall be voluntary: *Provided, further*,  
20 That upon membership with the Fund, their employers shall contribute an  
21 amount in accordance with Section 5 of this Act.

22 Such coverage may be extended to other working groups, with or  
23 without employer contributions, as may be determined by the Board of  
24 Trustees. [As amended by R. A. No. 7742).] COVERAGE IN THE FUND  
25 SHALL BE MANDATORY UPON: (A) ALL EMPLOYEES COVERED BY THE  
26 SSS AND THE GSIS, AND THEIR RESPECTIVE EMPLOYERS,  
27 NOTWITHSTANDING ANY WAIVER OF COVERAGE PREVIOUSLY  
28 ISSUED, INCLUDING THE UNIFORMED MEMBERS OF THE ARMED  
29 FORCES OF THE PHILIPPINES, THE BUREAU OF FIRE PROTECTION,  
30 THE BUREAU OF JAIL MANAGEMENT AND PENOLOGY, AND THE  
31 PHILIPPINE NATIONAL POLICE; AND (B) FILIPINOS EMPLOYED BY  
32 FOREIGN-BASED EMPLOYERS.

33 SPOUSES WHO DEVOTE FULL TIME TO MANAGING THE

1 HOUSEHOLD AND FAMILY AFFAIRS MAY BE COVERED BY THE FUND  
2 ON A VOLUNTARY BASIS, ADOPTING AS A BASIS OF CONTRIBUTIONS  
3 ONE-HALF (1/2) OF THE MONTHLY COMPENSATION INCOME OF THE  
4 EMPLOYED SPOUSE, UNLESS THEY ALSO ENGAGE IN ANOTHER  
5 VOCATION OR EMPLOYMENT WHICH IS SUBJECT TO MANDATORY  
6 COVERAGE,.

7 COVERAGE MAY ALSO BE EXTENDED TO OTHER WORKING  
8 GROUPS, WITH OR WITHOUT EMPLOYER CONTRIBUTIONS, AS MAY BE  
9 DETERMINED BY THE BOARD OF TRUSTEES.

10 **SEC. [5] 7. Fund Generation and Contributions.** - THE FUNDS OF  
11 THE FUND SHALL BE GENERATED BY THE PROVIDENT SAVINGS THAT  
12 THE COVERED EMPLOYEES SHALL CONTRIBUTE FOR THE PURPOSE  
13 EVERY MONTH, AND THE EQUAL AMOUNTS THAT THEIR RESPECTIVE  
14 EMPLOYERS SHALL MANDATORILY CONTRIBUTE.

15 Covered employees and employers shall contribute to the Fund based on  
16 the Monthly Compensation of covered employees as follows:

17 "Employees earning not more than One thousand five hundred pesos  
18 (P1,500) per month - one percent (1%).

19 "Employees earning more than One thousand five hundred pesos  
20 (P1,500) per month -two percent (2%).

21 "All employers - two percent (2%) of the monthly compensation of all  
22 covered employees.

23 [For purposes of this Section, "monthly compensation" shall mean the  
24 basic monthly salary plus cost-of-living allowance (COLA): Provided,  
25 however, That the maximum monthly compensation to be used in computing  
26 employee and employer contributions shall not be more than Five thousand  
27 pesos (P5,000). The employer shall not be entitled to deduct from the wages  
28 or remuneration of, or otherwise to recover from, the employee the  
29 employer's contribution. (As amended by Republic Act. No. 7742). ]

30 THE MAXIMUM MONTHLY COMPENSATION TO BE USED IN  
31 COMPUTING EMPLOYEE AND EMPLOYER CONTRIBUTIONS SHALL NOT  
32 BE MORE THAN FIVE THOUSAND PESOS (P5,000); *PROVIDED*, THAT  
33 THIS MAXIMUM MAY BE FIXED FROM TIME TO TIME BY THE BOARD OF

1 TRUSTEES THROUGH RULES AND REGULATIONS ADOPTED BY IT,  
2 TAKING INTO CONSIDERATION ACTUARIAL CALCULATIONS AND RATES  
3 OF BENEFITS SUBJECT TO THE APPROVAL OF THE PRESIDENT OF  
4 THE PHILIPPINES.

5 NOTWITHSTANDING ANY CONTRACT TO THE CONTRARY, AN  
6 EMPLOYER SHALL NOT DEDUCT, DIRECTLY OR INDIRECTLY, FROM  
7 THE COMPENSATION OF ITS EMPLOYEES COVERED BY THE FUND, OR  
8 OTHERWISE RECOVER FROM THEM, THE EMPLOYER'S  
9 CONTRIBUTION WITH RESPECT TO SUCH EMPLOYEES.

10 **SEC. [6] 8. Membership Term.** - Membership in the Fund shall be for  
11 a period of twenty (20) years [except when earlier terminated by reason of  
12 retirement, disability, insanity, death, departure from the country or other  
13 causes as may be provided for by the Board of Trustees: Provided, That  
14 those who become members of the Fund after the effectivity of this Act may  
15 withdraw the total accumulated value of their contributions to the Fund after  
16 the tenth or the fifteenth year of continuous membership: Provided, further,  
17 That said members have no outstanding housing loans with the Fund:  
18 Provided, finally, That this option may be exercised only once and shall not  
19 prejudice the member's continuing membership in the Fund.] *PROVIDED,*  
20 *THAT THE MEMBER SHALL HAVE CONTRIBUTED A TOTAL OF TWO*  
21 *HUNDRED FORTY (240) MONTHLY CONTRIBUTIONS AT THE TIME OF*  
22 *MATURITY, EXCEPT WHEN EARLIER TERMINATED BY REASON OF*  
23 *RETIREMENT, DISABILITY, SEPARATION FROM THE SERVICE DUE TO*  
24 *HEALTH REASONS, INSANITY, DEATH, DEPARTURE FROM THE*  
25 *COUNTRY OR OTHER CAUSES AS MAY BE PROVIDED FOR BY THE*  
26 *BOARD OF TRUSTEES.*

27 Resignation, lay-off or suspension from employment may not  
28 necessarily constitute a ground for membership termination, except for  
29 suspension of contributions.

30 **SEC. [7] 9. Waiver or Suspension of Coverage.** - Coverage of the  
31 Fund and/or the payment of monthly contribution to the same may, by rules or  
32 resolutions of the Board of Trustees, be waived or suspended by reasons of  
33 *nature of employment, condition of business, ability to make contributions and*

1 other reasonable considerations.

2 **SEC. [8] 10. Provident Character.** - The Fund shall be private in  
3 character, owned wholly by the members, administered in trust and applied  
4 exclusively for their benefit. All the personal and employer contributions shall  
5 be fully credited to each member, accounted for individually and transferable  
6 in case of change of employment. They shall earn dividends as may be  
7 provided for in the implementing rules. The said amounts shall constitute the  
8 provident fund of each member, to be paid to him, his estate or beneficiaries  
9 upon termination of membership, or from which peripheral benefits for the  
10 member may be drawn.

11 **SEC. [9] 11. Housing Features.** - A member of good standing shall be  
12 eligible to apply for housing, under such terms AND CONDITIONS as may be  
13 authorized by the Board of Trustees, taking into account ability to pay. The  
14 Board of Trustees shall institute policies to ensure that lower-income  
15 members obtain such housing loans. THE BOARD MAY, UPON  
16 RECOMMENDATION OF THE CHIEF EXECUTIVE OFFICER, DEPUTIZE  
17 ANY MEMBER OF THE FUND'S LEGAL STAFF TO ACT AS SPECIAL  
18 SHERIFF IN FORECLOSURE CASES, IN THE SALE OR ATTACHMENT OF  
19 THE DEBTOR'S PROPERTIES, AND IN THE ENFORCEMENT OF COURT  
20 WRITS AND PROCESSES IN CASES INVOLVING THE FUND. THE  
21 SPECIAL SHERIFF OF THE FUND SHALL MAKE A REPORT TO THE  
22 PROPER COURT AFTER ANY ACTION TAKEN BY HIM, WHICH SHALL  
23 TREAT SUCH ACTION AS IF IT WERE AN ACT OF ITS OWN SHERIFFS IN  
24 ALL RESPECTS.

25 **SEC. 12. IMPLEMENTING BODY.** - THE PAG-IBIG FUND CREATED  
26 UNDER THIS ACT, SHALL IMPLEMENT THE PROVISIONS HEREOF.

27 **SEC. [10] 13. [Corporate Powers] POWERS AND FUNCTIONS OF**  
28 **THE FUND.** - The Fund shall have the powers and functions specified in this  
29 Act and the usual corporate powers:

30 (a) *To make policies and guidelines, as well as adopt, amend and*  
31 *rescind such rules and regulations as may be necessary to carry out the*  
32 *provisions and purposes of this Act;*

33 (B) TO ADOPT OR APPROVE THE ANNUAL AND SUPPLEMENTAL



1 BUDGET OF RECEIPTS AND EXPENDITURES INCLUDING SALARIES  
2 AND ALLOWANCES OF THE FUND PERSONNEL; TO AUTHORIZE SUCH  
3 CAPITAL AND OPERATING EXPENDITURES AND DISBURSEMENTS OF  
4 THE FUND AS MAY BE NECESSARY AND PROPER FOR THE EFFECTIVE  
5 MANAGEMENT AND OPERATION OF THE FUND;

6 [b] (C) To submit annually to the Congress and the President of the  
7 Philippines not later than March 15, a report of its activities and the state of  
8 the Fund during the preceding year, including information and  
9 recommendations for the development and improvement thereof; [and to  
10 furnish each member of the Fund a Statement of His Accumulated Fund  
11 Value at least once a year;]

12 [c] (D) To invest [not less than seventy percent (70%) of its investible  
13 fund to housing,] ITS FUNDS in accordance with this Act;

14 [d] (E) To acquire, utilize, or dispose of, in any manner recognized by  
15 law, real or personal properties to carry out the purposes of this Act;

16 [e] (F) To set up its own accounting and computer systems; to conduct  
17 continuing actuarial and statistical studies and valuations to determine the  
18 financial viability of the Fund and its project; to require reports, compilations  
19 and analysis of statistical and economic data, as well as make such other  
20 studies and surveys as may be needed for the proper administration and  
21 development of the Fund; housing,] ITS FUNDS in accordance with this Act;  
22 personal properties to carry out the purposes of this Act;

23 [f] (G) To have the power of succession; to sue and be sued; to adopt  
24 and use a [separate] CORPORATE seal;

25 [g] (H) To enter into and carry out contracts of every kind and  
26 description with any person, firm or association or corporations, domestic or  
27 foreign;

28 [h] (I) To borrow funds from any source, private or government, foreign  
29 or

30 [i] (J) To invest, own or otherwise participate in equity in any  
31 establishment, firm or entity; to form, organize, invest in or establish and  
32 maintain a subsidiary or subsidiaries in relation to any of its purposes;

33 (K) TO APPROVE APPOINTMENTS IN THE FUND EXCEPT

1 APPOINTMENTS TO POSITIONS WHICH ARE POLICY DETERMINING,  
2 PRIMARILY CONFIDENTIAL OR HIGHLY TECHNICAL IN NATURE  
3 ACCORDING TO THE CIVIL SERVICE RULES AND REGULATIONS;  
4 *PROVIDED*, THAT ALL POSITIONS IN THE FUND SHALL BE GOVERNED  
5 BY A COMPENSATION AND POSITION CLASSIFICATION SYSTEM  
6 QUALIFICATION STANDARDS RECOMMENDED BY THE FUND'S BOARD  
7 OF TRUSTEES AND APPROVED BY THE PRESIDENT OF THE  
8 PHILIPPINES BASED ON A COMPREHENSIVE JOB ANALYSIS, WAGE  
9 COMPENSATION STUDY AND AUDIT OF ACTUAL DUTIES AND  
10 RESPONSIBILITIES; *PROVIDED*, FURTHER, THAT THE COMPENSATION  
11 PLAN SHALL BE COMPARABLE WITH PREVAILING COMPENSATION  
12 PLANS IN THE PRIVATE SECTOR AND SHALL BE SUBJECT TO THE  
13 PERIODIC REVIEW OF THE BOARD NO MORE THAN ONCE EVERY  
14 FOUR (4) YEARS WITHOUT PREJUDICE TO YEARLY MERIT REVIEWS  
15 OR INCREASES BASED ON PRODUCTIVITY AND PROFITABILITY;

16 (L) TO MAINTAIN A PROVIDENT FUND, WHICH SHALL CONSIST  
17 OF CONTRIBUTIONS MADE BY BOTH THE FUND AND ITS OFFICERS  
18 AND EMPLOYEES AND THEIR EARNINGS, FOR THE PAYMENT OF  
19 BENEFITS TO SUCH OFFICIALS AND EMPLOYEES OR THEIR HEIRS  
20 UNDER SUCH TERMS AND CONDITIONS AS IT MAY PRESCRIBE;

21 (M) TO DESIGN AND ADOPT AN EARLY RETIREMENT INCENTIVE  
22 PLAN (ERIP) FOR ITS OWN PERSONNEL: EXERCISE ITS POWERS IN  
23 THESE PLACES;

24 (N) TO ESTABLISH FIELD OFFICES AND TO CONDUCT BUSINESS  
25 AND EXERCISE ITS POWERS IN THESE PLACES;

26 (O) TO APPROVE RESTRUCTURING PROPOSALS FOR THE  
27 PAYMENT OF DUE BUT UNREMITTED CONTRIBUTIONS AND UNPAID  
28 LOAN AMORTIZATIONS UNDER SUCH TERMS AND CONDITIONS AS THE  
29 BOARD OF TRUSTEES MAY PRESCRIBE;

30 (P) TO DETERMINE, FIX AND IMPOSE INTEREST AND PENALTIES  
31 UPON UNPAID CONTRIBUTIONS DUE FROM EMPLOYERS AND  
32 EMPLOYEES;

33 (Q) TO ENSURE THE COLLECTION AND RECOVERY OF ALL

1 INDEBTEDNESS, LIABILITIES AND/OR ACCOUNTABILITES, INCLUDING  
2 UNPAID CONTRIBUTIONS IN FAVOR OF THE FUND ARISING FROM ANY  
3 CAUSE OR SOURCE OR WHATSOEVER, DUE FROM ALL OBLIGORS,  
4 WHETHER PUBLIC OR PRIVATE; TO DEMAND PAYMENT OF THE  
5 OBLIGATIONS REFERRED TO HEREIN, AND IN THE EVENT OF FAILURE  
6 OR REFUSAL OF THE OBLIGOR OR DEBTOR TO COMPLY WITH THE  
7 DEMAND, TO INITIATE OR INSTITUTE THE NECESSARY OR PROPER  
8 ACTIONS OR SUITS, CRIMINAL, CIVIL, ADMINISTRATIVE, OR  
9 OTHERWISE, BEFORE THE COURTS, TRIBUNALS, COMMISSIONS,  
10 BOARDS OR BODIES OF PROPER JURISDICTION, WITHIN THIRTY (30)  
11 DAYS RECKONED FROM THE EXPIRY DATE OF PERIOD FIXED IN THE  
12 DEMAND WITHIN WHICH TO PAY OR SETTLE THE ACCOUNT:  
13 *PROVIDED*, THAT THE FUND MAY COMPROMISE OR RELEASE, IN  
14 WHOLE OR IN PART, ANY INTEREST, PENALTY OR CIVIL LIABILITY TO  
15 THE FUND IN CONNECTION WITH THE COLLECTION OF  
16 CONTRIBUTIONS AND THE LENDING OPERATIONS OF THE FUND,  
17 UNDER SUCH TERMS AND CONDITIONS AS PRESCRIBED BY THE  
18 BOARD OF TRUSTEES;

19 (R) TO DESIGN AND IMPLEMENT OTHER PROGRAMS THAT WILL  
20 FURTHER PROMOTE AND MOBILIZE SAVINGS AND PROVIDE  
21 ADDITIONAL RESOURCES FOR THE MUTUAL BENEFIT OF THE  
22 MEMBERS WITH APPROPRIATE RETURNS ON THE  
23 SAVINGSINVESTMENTS. THE PROGRAM SHALL BE SO DESIGNED AS  
24 TO SPUR SOCIO-ECONOMIC TAKE-OFF AND MAINTAIN CONTINUED  
25 GROWTH:

26 (S) TO CONDUCT CONTINUING ACTUARIAL AND STATISTICAL  
27 STUDIES AND VALUATIONS TO DETERMINE THE FINANCIAL  
28 CONDITION OF THE FUND AND TAKING INTO CONSIDERATION SUCH  
29 STUDIES AND VALUATIONS AND THE LIMITATIONS HEREIN PROVIDED,  
30 READJUST THE BENEFITS, CONTRIBUTIONS, INTEREST RATES OR  
31 THE ALLOCATION OR REALLOCATION OF THE FUNDS TO THE  
32 CONTINGENCIES COVERED ; AND

33 [J] (T) To exercise such powers and perform such acts as may be

1 necessary, useful, incidental or auxiliary to carry out the provisions of this Act.

2 **SEC. [11 .] 14. Board of Trustees.** - The CORPORATE powers and  
3 functions of the Fund shall be VESTED IN AND exercised by a Board of  
4 Trustees [composed of the Minister of Human Settlements as Chairman, the  
5 Minister of Finance as Vice-chairman, the Minister of the Budget, the Minister  
6 of Labor, the Minister of Industry, the Chief Executive Officer of the Fund, two  
7 representatives of private employees, two representatives of private  
8 employers, and one representative of government employees as members.

9 The four private sector representatives shall be appointed by the  
10 President of the Philippines for a term of two (2) years: *Provided*, That of the  
11 first set to be appointed, one representative of the employees and one  
12 representative of the employers shall have a term of only one year. The  
13 representative of the government employees shall be appointed by the  
14 President of the Philippines for a term of two years.

15 The members of the Board shall receive a per diem and reasonable  
16 transportation and representation allowance at par with other government  
17 financial institutions, as may be provided for by the Board of Trustees and  
18 approved by the President of the Philippines.

19 Until the appointment of another person by the President of the  
20 Philippines upon the recommendation of the Board of Trustees, the President  
21 of the National Home Mortgage Finance Corporation shall be the Chief  
22 Executive Officer of the Fund.]

23 APPOINTED BY THE PRESIDENT OF THE PHILIPPINES, COMPOSED OF  
24 THE FOLLOWING:

25 (A) THE CHAIRPERSON OF THE HOUSING AND URBAN  
26 DEVELOPMENT AND COORDINATING COUNCIL, AS THE *EX-OFFICIO*  
27 CHAIRPERSON;

28 (B) THE SECRETARY OF THE DEPARTMENT OF FINANCE, AS THE  
29 *EX-OFFICIO* VICE CHAIRPERSON;

30 (C) THE SECRETARY OF THE DEPARTMENT OF LABOR AND  
31 EMPLOYMENT OR HIS/HER DULY DESIGNATED UNDERSECRETARY, AS  
32 *EX-OFFICIO* MEMBER;

33 (D) THE SECRETARY OF THE DEPARTMENT OF BUDGET AND

1 MANAGEMENT OR HIS/HER DULY DESIGNATED UNDERSECRETARY, AS  
2 EX-OFFICIO MEMBER;

3 (E) THE SECRETARY OF THE DEPARTMENT OF TRADE AND  
4 INDUSTRY, AS *EX-OFFICIO* MEMBER;

5 (F) THE CHIEF EXECUTIVE OFFICER OF THE FUND, AS MEMBER;

6 (G) FIVE (5) APPOINTIVE MEMBERS, TWO (2) REPRESENTATIVES  
7 OF PRIVATE EMPLOYEES, TWO REPRESENTATIVES OF PRIVATE  
8 EMPLOYERS AND ONE (1) REPRESENTATIVE OF GOVERNMENT  
9 EMPLOYEES.

10 THE FOUR (4) PRIVATE SECTOR REPRESENTATIVES SHALL  
11 EACH BE APPOINTED BY THE PRESIDENT OF THE PHILIPPINES FOR A  
12 TERM OF TWO (2) YEARS, PROVIDED HOWEVER, THAT OF THE FIRST  
13 TO BE APPOINTED, ONE REPRESENTATIVE OF THE EMPLOYERS  
14 SHALL HAVE A TERM OF ONLY ONE (1) YEAR. THE REPRESENTATIVE  
15 OF THE GOVERNMENT EMPLOYEES SHALL BE APPOINTED BY THE  
16 PRESIDENT OF THE PHILIPPINES FOR A TERM OF TWO (2) YEARS.

17 THE CHAIRMAN, VICE CHAIRMAN, AND MEMBERS OF THE  
18 BOARD SHALL BE ENTITLED TO *PER DIEM* FOR EACH MEETING  
19 ACTUALLY ATTENDED AT SUCH AMOUNTS AS MAY BE FIXED BY THE  
20 BOARD IN ACCORDANCE WITH EXISTING LAWS, RULES AND  
21 REGULATIONS.

22 **SEC. [12.] 15. Powers of the Board.** - The Board shall have the  
23 following powers:

24 (a) To formulate policies, rules and regulations to carry out effectively  
25 the functions of the Fund under this Act;

26 (b) [To direct operations and administration of the Fund;] TO  
27 PROMULGATE SUCH RULES AND REGULATIONS AS MAY BE  
28 NECESSARY OR PROPER FOR THE EFFECTIVE EXERCISE OF THE  
29 POWERS AND FUNCTIONS, AS WELL AS THE DISCHARGE OF THE  
30 DUTIES AND RESPONSIBILITIES OF THE FUND, ITS OFFICERS AND  
31 EMPLOYEES;

32 (c) To authorize expenditures of the Fund in the interest of effective  
33 administration and operations; to adopt from time to time the budgets for said

1 purposes;

2 (d) To approve [appointments of personnel; and] THE ANNUAL AND  
3 SUPPLEMENTAL BUDGET OF RECEIPTS AND EXPENDITURES  
4 INCLUDING SALARIES AND ALLOWANCES OF THE FUND PERSONNEL;  
5 TO AUTHORIZE SUCH CAPITAL AND OPERATING EXPENDITURES AND  
6 DISBURSEMENTS AS MAY BE NECESSARY AND PROPER FOR THE  
7 EFFECTIVE MANAGEMENT AND OPERATION OF THE FUND:

8 (e) TO CONDONE, IN WHOLE OR IN PART, PENALTIES IMPOSED  
9 ON LOANS OF MEMBERS/BORROWERS WHO, FOR JUSTIFIABLE  
10 REASONS PRESCRIBED BY THE BOARD, FAILED TO PAY ON TIME ANY  
11 OBLIGATION DUE TO THE FUND; *PROVIDED*, THAT SUCH EXCLUSIVE  
12 POWER TO CONDONE SHALL LIKEWISE APPLY TO PENALTIES  
13 IMPOSED ON EMPLOYERS, WHO JUSTIFIABLY FAIL TO REMIT WHEN  
14 DUE THE REQUIRED CONTRIBUTIONS OF THEIR EMPLOYEES;

15 (F) TO RECOMMEND FOR APPROVAL BY THE PRESIDENT OF  
16 THE PHILIPPINES THE FUND'S ORGANIZATIONAL AND  
17 ADMINISTRATIVE STRUCTURES AND STAFFING PATTERN, AND TO  
18 ESTABLISH, FIX, REVIEW, REVISE AND ADJUST THE APPROPRIATE  
19 COMPENSATION PACKAGE FOR THE OFFICERS AND EMPLOYEES OF  
20 THE FUND IN ACCORDANCE WITH SECTION 12 (K) HEREOF; AND

21 [e] (G) To exercise such [other] powers as may be necessary to carry  
22 into effect the powers and accomplish the purposes for which the Fund is  
23 established.

24 **SEC. [13.] 16. Rule-Making Power.** - *The Board of Trustees is hereby*  
25 *authorized to make and change needful rules and regulations, which shall be*  
26 *published in accordance with law or at least once in a newspaper of general*  
27 *circulation in the Philippines, to provide for, but not limited to, the following*  
28 *matters:*

29 (a) The effective administration, custody, development, utilization and  
30 disposition of the Fund or parts thereof, including payment of amounts  
31 credited to members or to their beneficiaries or estates;

32 [(b)] Extension of Fund coverage to other working groups, and waiver  
33 or

1           [[c)] (B) Grounds for and effects or termination of membership other  
2 *than by suspension of coverage or its enforcement for reasons herein stated;*  
3 completion of term;

4           [[d)] (C) Fund earnings and their distribution, investment and/or  
5 plowing back for the exclusive benefit of the members;

6           [[e)] (D) Interim disbursements of accumulated values to members of  
7 ameliorative and similar purposes;

8           (E) BENEFITS, CONTRIBUTIONS INCLUDING THEIR RATES,  
9 PREMIUM RATES, AND INTEREST RATES SUBJECT TO THE APPROVAL  
10 OF THE PRESIDENT OF THE PHILIPPINES;

11           (f) Housing and other loan assistance programs for members;

12           (g) Adjudication and settlement of claims and disputes and the  
13 *procedures for the same on any matters involving the interests of members in*  
14 *the Fund;*

15           (h) Optimize the effectiveness of the [*initial coverage drive through*  
16 *phased implementation based on reasonable classifications of employer*  
17 *and/or employee groups]* FUNDS COVERAGE; and

18           (i) Other matters that, by express or implied provisions of this Act, shall  
19 require implementation by appropriate policies, rules and regulations.

20           **SEC. [14.] 17. Powers and Duties of Chief Executive Officer.** - The  
21 Chief Executive Officer of the Fund shall execute and administer the policies  
22 and resolutions approved by the Board of Trustees, prepare its agenda and  
23 direct and supervise the operations and management of the Fund. [*Subject to*  
24 *the approval of the Board, said officer shall appoint and assign the personnel*  
25 *of the Fund, remove, suspend or otherwise discipline them for cause and*  
26 *prescribe their duties and qualifications.]* THE CHIEF EXECUTIVE OFFICER,  
27 SUBJECT TO THE APPROVAL OF THE BOARD IN CASE OF APPROVAL  
28 OF MANAGERIAL POSITIONS AND ABOVE, AND THE CONFIRMATION OF  
29 THE BOARD IN BELOW THAT OF MANAGER LEVEL, SHALL APPOINT  
30 THE PERSONNEL OF THE FUND, REMOVE, SUSPEND OR OTHERWISE  
31 DISCIPLINE THEM FOR CAUSE, AND PRESCRIBE THEIR DUTIES AND  
32 QUALIFICATIONS, IN ACCORDANCE WITH EXISTING CIVIL SERVICE  
33 LAWS, RULES AND REGULATIONS, TO THE END THAT ONLY

1           COMPETENT PERSONNEL MAY BE EMPLOYED.

2           **SEC. [15] 18. Money Investments.** - All moneys of the Fund as are  
3 not needed to meet current administrative and operational requirements, shall  
4 be invested with due and prudent regard for its safety, growth and liquidity  
5 needs.

6           **SEC. [16.] 19. [Tax and Guarantee Benefits.] EXEMPTION FROM**  
7 **TAX, LEGAL PROCESS AND LIEN** - [Notwithstanding any provisions of  
8 existing law, decree, executive or administrative order, rule or regulation to  
9 the contrary, the Fund and all its assets, collections, receivables and  
10 increments as well as all distributions therefrom, whether of contributions,  
11 ratable income of the Fund, or dividends paid or received by the members  
12 thereof, or their heirs/beneficiaries, shall be exempt from the payment of any  
13 and all forms of taxes, assessments and other charges. All such provident  
14 payments shall not be liable to attachment, garnishment, levy or seizure by or  
15 under any legal or equitable process whatsoever, either before or after receipt  
16 by the persons entitled thereto, except to pay any debt of the covered  
17 member to the Fund. In addition, the Government of the Republic of the  
18 Philippines hereby guarantees the payment of employees' and employers'  
19 contributions and dividends to the members when they are due.] ALL LAWS  
20 TO THE CONTRARY NOTWITHSTANDING, THE FUND AND ALL ITS  
21 ASSETS AND PROPERTIES, ALL CONTRIBUTIONS COLLECTED AND ALL  
22 ACCRUALS THERETO AND INCOME OR INVESTMENT EARNINGS  
23 THEREFROM, AS WELL AS ALL SUPPLIES, EQUIPMENT, PAPERS OR  
24 DOCUMENTS SHALL BE EXEMPT FROM ANY TAX, ASSESSMENT, FEE,  
25 CHARGE, OR CUSTOMS OR IMPORT DUTY: AND ALL BENEFIT  
26 PAYMENTS MADE BY THE PAG-IBIG FUND SHALL LIKEWISE BE EXEMPT  
27 FROM ALL KINDS OF TAXES, FEES OR CHARGES, AND SHALL NOT BE  
28 LIABLE TO ATTACHMENTS, GARNISHMENTS, LEVY OR SEIZURE BY OR  
29 UNDER ANY LEGAL OR EQUITABLE PROCESS WHATSOEVER, EITHER  
30 BEFORE OR AFTER RECEIPT BY THE PERSON OR PERSONS ENTITLED  
31 THERETO, EXCEPT TO PAY ANY DEBT OF THE MEMBER TO THE FUND.  
32 NO TAX MEASURE OF WHATEVER NATURE ENACTED SHALL APPLY TO  
33 THE FUND, UNLESS IT EXPRESSLY REVOKES THE DECLARED POLICY



1 OF THE STATE IN SECTION 2 HEREOF GRANTING TAX EXEMPTION TO  
2 THE FUND. ANY TAX ASSESSMENT AGAINST THE FUND SHALL BE  
3 NULL AND VOID.

4 **SEC. 20. GOVERNMENT GUARANTEE.** - THE BENEFITS  
5 PRESCRIBED IN THIS ACT SHALL NOT BE DIMINISHED AND TO  
6 GUARANTEE SAID BENEFITS THE GOVERNMENT OF THE REPUBLIC  
7 OF THE PHILIPPINES ACCEPTS GENERAL RESPONSIBILITY FOR THE  
8 SOLVENCY OF THE FUND.

9 **SEC. [17.] 21. Administration Costs.** - The Fund shall bear the costs  
10 of its administration and development, in such amounts and/or limits as the  
11 Board of Trustees may deem appropriate, but not exceeding two percent (2%)  
12 of the Net Fund Assets of the previous year, [Expenses for initial operation,  
13 however, may be provided for by the National Home Mortgage Finance  
14 Corporation, either as advances subject to reimbursement, with or without  
15 interest, or as subsidy for the development of housing finance.] excluding  
16 operating cost directly relating to the lending operations of the Fund.

17 **SEC. [18.] 22. Audit.** - The Chairman of the Commission on Audit  
18 shall act as the *ex-officio* auditor of the Fund and, accordingly, is empowered  
19 to appoint a representative and other subordinate personnel to perform and  
20 report on such audit duties, responsible to and removable only by the  
21 Commission on Audit Chairman, without prejudice, however, to the power of  
22 the Board of Trustees to contract for another mode of independent audit  
23 service, in addition to that provided by the Commission on Audit AS  
24 PROVIDED FOR UNDER PD NO. 1445.

25 **[SEC. 19. Existing Provident/Housing Plans.** - An employer and/or  
26 employee group who, at the time this Decree becomes effective, have their  
27 own provident and/or employee-housing plans, may register with the Fund,  
28 for any of the following purposes:

29 (a) For annual certification of waiver or suspension from coverage or  
30 participation in the Fund, which shall be granted on the basis of verification  
31 that the waiver or suspension does not contravene any effective collective  
32 bargaining agreement and that the features of the plan or plans are superior  
33 to the Fund or continue to be so; or

1 (b) For integration with the Fund, either fully or partially. The  
2 establishment of a separate provident and/or housing plan after the effectivity  
3 of this Decree shall not be a ground for waiver of coverage in the Fund; nor  
4 shall such coverage bar any employer and/or employee-group from  
5 establishing separate provident and/or housing plans.

6 **SEC. 20. Existing Coverage.** - Membership under the Fund  
7 established under Presidential Decree No. 1530, together with amounts and  
8 benefits already accrued to the members, including employers' counterparts,  
9 as well as covering records and documents, shall be transferred, continued  
10 and/or integrated into the new Fund hereby established, subject henceforth to  
11 policies and rules adopted thereunder.

12 **SEC. 21. Substitute Retirement Plan.** - A private employer shall have  
13 the option to treat the coverage by the Fund as a retirement plan for the  
14 employee concerned, within the purview of the Revised Labor Code of the  
15 Philippines, subject, however, to any existing collective bargaining on the  
16 matter.]

17 **SEC. [22] 23. Remittance of Contributions.** - (a) It shall be the duty  
18 of every employer, PRIVATE OR PUBLIC, to set aside and remit the  
19 contributions required under this Act [through the Social Security System and]  
20 IN ACCORDANCE WITH A MECHANISM AS determined by the Board of  
21 Trustees.

22 (B) Every employer required to set aside and remit such contributions  
23 as prescribed under this Act shall be liable for their payment, and non  
24 payment shall further subject the employer to a penalty of three percent (3%)  
25 per month of the amounts payable from the date the contributions fall due  
26 until paid.

27 [(b) Failure or refusal of the employer to pay or remit the contributions  
28 herein prescribed shall not prejudice the right of the covered employee to the  
29 benefits under this Act.]

30 (C) IT SHALL BE MANDATORY AND COMPULSORY FOR ALL  
31 GOVERNMENT INSTRUMENTALITIES, AGENCIES, INCLUDING  
32 GOVERNMENT-OWNED AND CONTROLLED CORPORATIONS, TO  
33 PROVIDE THE PAYMENT OF CONTRIBUTIONS IN THEIR ANNUAL

1 APPROPRIATIONS. PENAL SANCTIONS SHALL BE IMPOSED UPON  
2 THESE EMPLOYERS WHO FAIL TO INCLUDE THE PAYMENT OF  
3 CONTRIBUTIONS ON TIME, OR DELAY THE REMITTANCE OF, THE  
4 REQUIRED CONTRIBUTIONS TO THE FUNDS. THE HEADS OF OFFICES  
5 AND AGENCIES SHALL BE ADMINISTRATIVELY LIABLE FOR NON-  
6 REMITTANCE OF THE REQUIRED CONTRIBUTIONS TO THE FUND.

7 (D) FAILURE OR REFUSAL OF THE EMPLOYER TO PAY OR TO REMIT  
8 THE CONTRIBUTIONS HEREIN PRESCRIBED SHALL NOT PREJUDICE  
9 THE RIGHT OF THE COVERED EMPLOYEE TO THE BENEFITS UNDER  
10 THIS ACT.

11 (E) THE CONTRIBUTIONS UNDER THIS ACT, IN CASES WHERE  
12 AN EMPLOYER REFUSES OR NEGLECTS TO PAY THE SAME, SHALL BE  
13 COLLECTED BY THE FUND IN THE SAME MANNER AS TAXES ARE  
14 MADE COLLECTIBLE UNDER THE NATIONAL INTERNAL REVENUE  
15 CODE, AS AMENDED. THE RIGHT TO INSTITUTE THE NECESSARY  
16 ACTION AGAINST THE EMPLOYER MAY BE COMMENCED WITHIN  
17 TWENTY (20) YEARS FROM THE TIME DELINQUENCY IS KNOWN OR  
18 THE ASSESSMENT IS MADE BY THE FUND, OR FROM THE TIME THE  
19 BENEFIT ACCRUES, AS THE CASE MAY BE.

20 **SEC. 24. EMPLOYMENT RECORDS AND REPORTS.** - (A) EACH  
21 EMPLOYER SHALL IMMEDIATELY REPORT TO THE FUND THE NAMES,  
22 AGES, CIVIL STATUS, OCCUPATIONS, SALARIES, AND DEPENDENTS OF  
23 ITS COVERED EMPLOYEES.

24 (B) EVERY EMPLOYER SHALL KEEP TRUE AND ACCURATE  
25 WORK RECORDS FOR SUCH PERIOD AND CONTAINING SUCH  
26 INFORMATION AS THE FUND MAY PRESCRIBE, IN ADDITION TO THE  
27 ANNUAL REGISTER OF NEW AND SEPARATED EMPLOYEES WHICH  
28 SHALL BE SECURED FROM THE FUND, WHEN THE EMPLOYEE SHALL  
29 ENTER ON THE FIRST DAY OF EMPLOYMENT OR ON THE EFFECTIVE  
30 DATE OF SEPARATION, THE NAMES OF THE PERSONS EMPLOYED OR  
31 SEPARATED FROM EMPLOYMENT AND SUCH OTHER DATA THAT THE  
32 FUND MAY REQUIRE AND SAID ANNUAL REGISTER SHALL BE  
33 SUBMITTED TO THE FUND IN THE MONTH OF JANUARY OF EACH

1 YEAR. SUCH RECORD SHALL BE OPEN FOR INSPECTION BY THE  
2 FUND OR ITS AUTHORIZED REPRESENTATIVES QUARTERLY, OR AS  
3 OFTEN AS THE FUND MAY REQUIRE.

4 **SEC. [23.] 25. Penal Provisions.** - Refusal or failure without lawful  
5 cause or with fraudulent intent to comply with the provisions of this [Decree]  
6 ACT, as well as the implementing rules and regulations adopted by the Board  
7 of Trustees, particularly with respect to registration of employees, collection  
8 and remittance of employee-savings as well as the employer counterparts, or  
9 the correct amount due, within the time set in the implementing rules and  
10 regulations or specific call or extension made by the Fund Management shall  
11 constitute an offense punishable by a fine of not less THAN, but not more  
12 than twice, the amount involved or imprisonment of not more than six (6)  
13 years, or both such fine and imprisonment, in the discretion of the Court,  
14 apart from the civil liabilities and/or obligations of the offender or delinquent.  
15 When the offender is a corporation, the penalty shall be imposed upon the  
16 members of the governing board and the President or General Manager,  
17 without prejudice to the prosecution of related offenses under the Revised  
18 Penal Code and other laws, revocation and denial of operating rights and  
19 privileges in the Philippines, and deportation when the offender is a foreigner.  
20 IN CASE OF GOVERNMENT INSTRUMENTALITIES, AGENCIES OR  
21 CORPORATIONS, THE TREASURER, FINANCE OFFICER, CASHIER,  
22 DISBURSING OFFICER, BUDGET OFFICER OR OTHER OFFICIAL OR  
23 EMPLOYEE WHO FAILS TO INCLUDE IN THE ANNUAL BUDGET THE  
24 AMOUNT CORRESPONDING TO THE EMPLOYERS' CONTRIBUTIONS,  
25 OR WHO FAILS OR REFUSES OR DELAYS BY MORE THAN THIRTY (30)  
26 DAYS FROM THE TIME SUCH AMOUNT BECOMES DUE AND  
27 DEMANDABLE OR TO DEDUCT THE MONTHLY CONTRIBUTIONS OF  
28 THE EMPLOYEE SHALL, UPON CONVICTION BY FINAL JUDGMENT,  
29 SUFFER THE PENALTIES OF IMPRISONMENT OF NOT MORE THAT SIX  
30 (6) YEARS, AND A FINE OF NOT LESS THAN. BUT NOT MORE THAN  
31 TWICE THE AMOUNT INVOLVED.

32 **SEC. [24.] 26. Visitorial and Enforcement Powers.** - (a) The Fund or  
33 its duly authorized representatives [may, at any time,] IS EMPOWERED TO

1 inspect the premises, books of accounts and records of any person or entity  
2 covered by this Act; require it to submit its reports regularly; and act on  
3 violations of any provisions of this Act.

4 (b) Particular aspects of the Fund's administration may be subject to  
5 supervision, visitation or verification by appropriate agencies of the  
6 government as may be designated and authorized by the President of the  
7 Philippines.

8 **SEC. 27. BORROWERS' INSURANCE ACCOUNT.** - (A) AS PART OF  
9 ITS INVESTMENT OPERATIONS, THE FUND MAY ACT AS INSURER OF  
10 ALL OR PART OF ITS INTEREST ON PROPERTIES MORTGAGED TO THE  
11 FUND, OR LIVES OF BORROWERS WHOSE LOANS ARE FINANCED BY  
12 THE FUND. FOR THIS PURPOSE, THE FUND MAY ESTABLISH A  
13 SEPARATE ACCOUNT TO BE KNOWN AS THE "BORROWERS'  
14 INSURANCE ACCOUNT". ALL AMOUNTS RECEIVED BY THE FUND IN  
15 CONNECTION WITH THE AFORESAID INSURANCE OPERATIONS SHALL  
16 BE PLACED IN THE BORROWERS' INSURANCE ACCOUNT. THE ASSETS  
17 AND LIABILITIES OF THE BORROWERS' INSURANCE ACCOUNT SHALL  
18 AT ALL TIMES BE CLEARLY IDENTIFIABLE AND DISTINGUISHABLE  
19 FROM THE ASSETS AND LIABILITIES IN ALL OTHER ACCOUNTS OF THE  
20 FUND. NOTWITHSTANDING ANY PROVISION OF LAW TO THE  
21 CONTRARY, THE ASSETS HELD IN THE BORROWERS' INSURANCE  
22 ACCOUNT SHALL NOT BE CHARGEABLE WITH THE LIABILITIES  
23 ARISING OUT OF ANY OTHER BUSINESS THE FUND MAY CONDUCT  
24 BUT SHALL BE HELD AND APPLIED EXCLUSIVELY FOR THE BENEFIT  
25 OF THE OWNERS OR BENEFICIARIES OF THE INSURANCE  
26 CONTRACTS ISSUED BY THE FUND UNDER THIS PARAGRAPH.

27 (B) THE FUND MAY INSURE ANY OF ITS INTEREST OR PART  
28 THEREOF WITH ANY PRIVATE COMPANY OR REINSURER. THE  
29 INSURANCE COMMISSION OR ITS AUTHORIZED REPRESENTATIVES  
30 SHALL MAKE AN EXAMINATION INTO THE FINANCIAL CONDITION AND  
31 METHODS OF TRANSACTING BUSINESS OF THE FUND AT LEAST ONCE  
32 IN TWO (2) YEARS, BUT SUCH EXAMINATION SHALL BE LIMITED TO  
33 THE INSURANCE OPERATION OF THE FUND AS AUTHORIZED UNDER

1 THIS PARAGRAPH AND SHALL NOT EMBRACE THE OTHER  
2 OPERATIONS OF THE FUND; AND THE REPORT OF SAID EXAMINATION  
3 SHALL BE SUBMITTED TO THE COMMISSION AND A COPY THEREOF  
4 SHALL BE FURNISHED THE OFFICE OF THE PRESIDENT OF THE  
5 PHILIPPINES WITHIN A REASONABLE TIME AFTER THE CLOSE OF THE  
6 EXAMINATION: *PROVIDED*, THAT FOR EACH EXAMINATION, THE FUND  
7 SHALL PAY TO THE INSURANCE COMMISSION AN AMOUNT EQUAL TO  
8 THE ACTUAL EXPENSES OF THE INSURANCE COMMISSION IN THE  
9 CONDUCT OF THE EXAMINATION: *PROVIDED, FURTHER*, THAT THE  
10 GENERAL LAW ON INSURANCE AND THE RULES AND REGULATIONS  
11 PROMULGATED THEREUNDER SHALL HAVE SUPPLEMENTARY  
12 APPLICATION INSOFAR AS IT IS NOT IN CONFLICT WITH THIS ACT AND  
13 ITS RULES AND REGULATIONS.

14 **SEC. 28. IMPLEMENTING RULES AND REGULATIONS.** – THE  
15 IMPLEMENTING RULES AND REGULATIONS TO EFFECTIVELY CARRY  
16 OUT THE PROVISIONS OF THIS ACT SHALL BE ADOPTED BY AND  
17 PROMULGATED BY THE BOARD OF TRUSTEES OF THE PAG-IBIG FUND  
18 NOT LATER THAN NINETY (90) DAYS AFTER THE APPROVAL OF THIS  
19 ACT WHICH SHALL BE PUBLISHED IN AT LEAST TWO (2) NATIONAL  
20 NEWSPAPERS OF GENERAL CIRCULATION.

21 **SEC. [25.] 29. Repealing Clause.** - Any provisions of law, decree,  
22 executive order, rules or regulations as are in conflict or inconsistent with the  
23 provisions and/or purposes of this [decree] ACT are [accordingly] HEREBY  
24 repealed, amended or modified ACCORDINGLY.

25 **SEC. [26.] 30. Effectivity.** - [This Decree shall take effect  
26 immediately.] THIS ACT SHALL TAKE EFFECT FIFTEEN (15) DAYS AFTER  
27 THE COMPLETION OF ITS PUBLICATION IN THE OFFICIAL GAZETTE OR  
28 IN AT LEAST TWO (2) NATIONAL NEWSPAPERS OF GENERAL  
29 CIRCULATION.

30 **Sec. 2. Separability Clause.** - In the event that any provision of this Act is declared  
31 unconstitutional, the validity of the other provisions shall not be affected by such declaration.

32 **Sec. 3. Repealing Clause.** - All laws, decrees, orders, rules and regulations and  
33 other issuances or parts thereof which are inconsistent with the provisions of this Act are

1 hereby repealed or modified accordingly

2           **Sec. 4. Effectivity.** - This Act shall take effect 15 days following its publication in the  
3 Official Gazette or in at least two newspapers of general circulation.

4           Approved,