



## HOUSE OF REPRESENTATIVES

H. No. 5220

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BY REPRESENTATIVES ZIALCITA, TEODORO, ONG, VALENCIA, ALFELOR,  
PANCRUDO, LAGMAN, CUA (J.), JAVIER AND CODILLA, PER COMMITTEE  
REPORT NO. 1317

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AN ACT FURTHER STRENGTHENING THE HOME DEVELOPMENT  
MUTUAL FUND, TO BE KNOWN HEREINAFTER AS  
THE PAG-IBIG FUND, AND FOR OTHER PURPOSE

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

1       SECTION 1. *Title.* – This Act shall be known as the “Pag-IBIG Fund  
2       Law of 2008”.

3       SEC. 2. *Declaration of Policy.* – It is the policy of the State to  
4       establish, develop, promote and integrate a nationwide sound and viable  
5       tax-exempt mutual provident savings system suitable to the needs of the  
6       employed and other earning groups, and to motivate them to better plan and  
7       provide for their housing needs, by membership in the “Pagtulangan sa  
8       Kinabukasan: Ikaw, Bangko, Industriya, Gobyerno” Fund, hereinafter to be  
9       referred to as the Pag-IBIG Fund, with mandatory contributory support of the  
10      employers in the spirit of social justice and the pursuit of national  
11      development.

12      SEC. 3. *Statement of Objectives.* – Towards this end, the State shall  
13      integrate all laws relating to the Pag-IBIG Fund to effectively achieve the

1 following objectives:

2 (a) To improve the quality of life of its citizens by providing them with  
3 sufficient shelter;

4 (b) To provide for an integrated nationwide provident savings system;  
5 and

6 (c) To provide housing through mobilization of funds for shelter  
7 finance.

8 SEC. 4. *Definition of Terms.* – The following terms shall mean:

9 (a) “Board” the duly constituted Board of Trustees of the Pag-IBIG  
10 Fund.

11 (b) “Compensation” basic monthly salary plus mandated cost of living  
12 allowance.

13 (c) “Contributions” the amount payable to the Fund by the members and  
14 their employers, in accordance with this Act.

15 (d) “Dependents” the legal dependents of a deceased member, as  
16 defined under the Family Code;

17 (e) “Employee” any person in the service of an employer who receives  
18 compensation for such services.

19 (f) “Employer” any person, natural or juridical, domestic or foreign,  
20 who carries on in the Philippines, or outside of the Philippines, any trade,  
21 business, industry, undertaking or activity of any kind, and uses the services of  
22 another person who is under his order as regards such services; the  
23 government, its national and local offices, political subdivisions, branches,  
24 agencies or instrumentalities, including corporations owned and/or controlled  
25 by the government, and the local government units (LGUs).

26 (g) “Employment” any service performed by an employee for his/her  
27 employer within the Philippines: *Provided, however,* That any foreign  
28 government, international organization or their wholly-owned instrumentality  
29 employing workers in the Philippines or employing Filipinos outside of the

Philippines, may enter into an agreement with the Fund for the inclusion of their employees as members of the Fund: *Provided, further,* That the terms of such agreement conform with the provisions of this Act.

(h) "GSIS" the Government Service Insurance System created under Commonwealth Act No. 186, as amended.

(i) "Investible Funds" funds available after deducting cost of operations and expenses, administrative and general expenses, reserves for benefit claims, provisions for a sinking fund for the return of the members' equity upon maturity and provision for reserve for loan repayments.

(j) "Member" an employee covered under this Act and pays the mandated contributions.

(k) "Membership Term" a period of twenty (20) years commencing from the first day of the month to which the member's initial contribution to the Fund applies: *Provided,* That he/she has contributed a total of two hundred forty (240) monthly contributions at the time of maturity.

(l) "Net Fund Asset" the total assets of the Fund less current liabilities.

(m) "Pag-IBIG Fund" the new name of the Home Development Mutual Fund which stands for *Pagtulungan sa Kinabukasan: Ikaw, Bangko, Industriya, Gobyerno* Fund. The Pag-IBIG Fund is a government financial institution involved in mobilizing provident funds primarily for shelter finance.

(n) "Permanent Total Disability" the loss or impairment of a physical and mental function resulting from injury or sickness which completely incapacitates a member to perform any work or engage in any business or occupation as determined by the Fund.

(o) "SSS" the Social Security System created under Republic Act No. 1161, as amended.

SEC. 5. *Fund System.* – To carry out the purposes of this Act, the Home Development Mutual Fund established under Presidential Decree No. 1530, as amended, shall hereinafter be renamed as the Pag-IBIG Fund. The Pag-IBIG Fund is a mutual provident savings system for private and government employees and other earning groups, supported by matching mandatory contributions of their respective employers with housing as the primary investment.

The Pag-IBIG Fund, also herein referred to as the Fund, shall be a body corporate, with principal office in Metro Manila.

SEC. 6. *Fund Coverage.* – Coverage in the Fund shall be mandatory upon:

(a) All employees covered by the SSS and the GSIS, and their respective employers, notwithstanding any waiver of coverage previously issued, including the uniformed members of the Armed Forces of the Philippines (AFP), the Bureau of Fire Protection (BFP), the Bureau of Jail Management and Penology (BJMP), the Philippine National Police (PNP), the Philippine Coast Guard (PCG), and the National Mapping and Resource Information Authority (NAMRIA);

(b) Filipinos employed by foreign-based employers; and

(c) Spouses who devote full time to managing the household and family affairs, unless they also engage in another vocation or employment which is subject to mandatory coverage, may be covered by the Fund on a voluntary basis adopting as a basis of contributions one-half (1/2) of the monthly compensation income of the employed spouse.

Coverage may also be extended to other working groups, with or without employer contributions, as may be determined by the Board of Trustees.

1           SEC. 7. *Fund Generation and Contributions.* – The moneys of the  
2 Fund shall be generated by the provident savings that the covered employees  
3 shall contribute for the purpose every month and the equal amounts that their  
4 respective employers shall mandatorily contribute.

5           Covered employees and employers shall contribute to the Fund based  
6 on the monthly compensation of covered employees as follows:

7           Employees earning not more than One thousand five hundred pesos  
8 (P1,500.00) per month – one percent (1%).

9           Employees earning more than One thousand five hundred pesos  
10 (P1,500.00) per month – two percent (2%).

11          All employers – two percent (2%) of the monthly compensation of all  
12 covered employees.

13          The maximum monthly compensation to be used in computing  
14 employee and employer contributions shall not be more than Five thousand  
15 pesos (P5,000.00): *Provided*, That this maximum may be fixed from time to  
16 time by the Board of Trustees through rules and regulations adopted by it,  
17 taking into consideration actuarial calculations and rates of benefits subject to  
18 the approval of the President of the Philippines: *Provided, further*, That any  
19 further adjustments shall not exceed once every two (2) years from the time of  
20 its last adjustment: *Provided, finally*, That the adjustment in the maximum  
21 monthly compensation shall not be made within two (2) years from the  
22 effectivity of this Act.

23          Notwithstanding any contract to the contrary, an employer shall not  
24 deduct, directly or indirectly, from the compensation of its employees covered  
25 by the Fund, or otherwise recover from them, the employer's contribution with  
26 respect to such employees.

27          SEC. 8. *Membership Term.* – Membership in the Fund shall be for a  
28 period of twenty (20) years: *Provided*, That the member shall have contributed  
29 a total of two hundred forty (240) monthly contributions at the time of

1 maturity, except when earlier terminated by reason of retirement, disability,  
2 separation from the service due to health reasons, insanity, death, departure  
3 from the country or other causes as may be provided for by the Board of  
4 Trustees.

5 Resignation, lay-off or suspension from employment may not  
6 necessarily constitute a ground for membership termination, except for  
7 suspension of contributions.

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

17 SEC. 10. *Housing Features.* — A member of good standing shall be  
18 eligible to apply for housing, under such terms and conditions as may be  
19 authorized by the Board of Trustees, taking into account his ability to pay. The  
20 Board of Trustees shall institute policies to ensure that lower-income members  
21 obtain such housing loans. The Board may, upon recommendation of the chief  
22 executive officer, deputize any member of the Fund's legal staff to act as  
23 special sheriff in foreclosure cases, in the sale or attachment of the debtor's  
24 properties, and in the enforcement of court writs and processes in cases  
25 involving the Fund. The special sheriff of the Fund shall make a report to the  
26 proper court after any action taken by him, which shall treat such action as if it  
27 were an act of its own sheriff in all respects.

28 SEC. 11. *Powers and Functions of the Fund.* — The Fund shall have the  
29 powers and functions specified in this Act and the usual corporate powers:

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

4           (b) To adopt or approve the annual and supplemental budget of  
5 receipts and expenditures including salaries and allowances of the Fund  
6 personnel; to authorize such capital and operating expenditures and  
7 disbursements of the Fund as may be necessary and proper for the effective  
8 management and operation of the Fund;

9           (c) To submit annually to the President of the Philippines not later than  
10 March 15, a report of its activities and the state of the Fund during the  
11 preceding year, including information and recommendations for the  
12 development and improvement thereof;

13           (d) To invest its funds in accordance with this Act;

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

16           (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 condition of the Fund taking into consideration such studies and  
19 valuations and the limitations herein provided; to readjust the benefits,  
20 contributions, interest rates or the allocation or reallocation of the funds to the  
21 contingencies covered; and to require reports, compilations and analysis of  
22 statistical and economic data, as well as make such other studies and surveys  
23 as may be needed for the proper administration and development of the Fund;

24           (g) To have the power of succession; to sue and be sued; and to adopt  
25 and use a corporate seal;

26           (h) To enter into and carry out contracts of every kind and description  
27 with any person, firm, association or corporation, domestic or foreign;

28           (i) To borrow funds from any source, private or government, domestic  
29 or foreign;

1 (j) To invest, own or otherwise participate in equity in any  
2 establishment, firm or entity; and to form, organize, invest in or establish and  
3 maintain a subsidiary or subsidiaries in relation to any of its purposes;

4 (k) To approve appointments in the Fund except appointments to  
5 positions which involve policy directions and are primarily confidential or  
6 highly technical in nature according to civil service rules and regulations:  
7 *Provided*, That all positions in the Fund shall be governed by a compensation  
8 and position classification system and qualification standards recommended by  
9 the Fund's Board of Trustees and approved by the President of the Philippines  
10 based on a comprehensive job analysis, wage compensation study and audit of  
11 actual duties and responsibilities: *Provided, further*, That the compensation  
12 plan shall be comparable with prevailing compensation plans in the private  
13 sector and shall be subject to the periodic review of the Board no more than  
14 once every four (4) years without prejudice to yearly merit reviews or  
15 increases based on productivity and profitability: *Provided, finally*, That the  
16 compensation and position classification plan adopted by the Fund's Board of  
17 Trustees and the merit reviews and increases, shall be subject to the review of  
18 the Department of Budget and Management (DBM) and approval by the  
19 President of the Philippines;

20 (l) To maintain a provident fund which shall consist of contributions  
21 made by both the Fund and its officers and employees and their earnings, for  
22 the payment of benefits to such officials and employees or their heirs under  
23 such terms and conditions as it may prescribe;

24 (m) To design and adopt an Early Retirement Incentive Plan (ERIP) for  
25 its own personnel;

26 (n) To establish field offices and to conduct its business and exercise  
27 its powers in these places;



1 (o) To approve restructuring proposal for the payment of due but  
2 unremitted contributions and unpaid loan amortizations under such terms and  
3 conditions as the Board of Trustees may prescribe;

4 (p) To determine, fix and impose interests and penalties upon unpaid  
5 contributions due from employers and employees;

6 (q) To ensure the collection and recovery of all indebtedness, liabilities  
7 and/or accountabilities, including unpaid contributions in favor of the Fund  
8 arising from any cause or source or whatsoever, due from all obligors, whether  
9 public or private; to demand payment of the obligations referred to herein,  
10 and in the event of failure or refusal of the obligor or debtor to comply with  
11 the demand, to initiate or institute the necessary or proper actions or suits,  
12 criminal, civil, administrative, or otherwise, before the courts, tribunals,  
13 commissions, boards or bodies of proper jurisdiction, within thirty (30) days  
14 reckoned from the expiry date of period fixed in the demand within which to  
15 pay or settle the account: *Provided, however, That the Fund may compromise*  
16 *or release, in whole or in part, any interest, penalty or civil liability to the Fund*  
17 *in connection with the collection of contributions and the lending operations of*  
18 *the Fund, under such terms and conditions as prescribed by the Board of*  
19 *Trustees;*

20 (r) To design and implement other programs that will further promote  
21 and mobilize savings and provide additional resources for the mutual benefit  
22 of the members with appropriate returns on the savings/investments. The  
23 program shall be so designed as to spur socioeconomic take-off and maintain  
24 continued growth; and

25 (s) To exercise such powers and perform such acts as may be  
26 necessary, useful, incidental or auxiliary to carry out the provisions of this Act.

27 SEC. 12. *Board of Trustees.* – The corporate powers and functions of  
28 the Fund shall be vested in and exercised by a Board of Trustees appointed by  
29 the President of the Philippines, composed of the following;

1 (a) The Chairperson of the Housing and Urban Development  
2 Coordinating Council (HUDCC), as the *ex officio* chairman;

3 (b) The Secretary of the Department of Finance (DOF), as the  
4 *ex officio* vice chairman;

5 (c) The Secretary of the Department of Labor and Employment  
6 (DOLE) or his/her duly designated undersecretary, as *ex officio* member;

7 (d) The Secretary of the Department of Budget and Management  
8 (DBM) or his/her duly designated undersecretary, as *ex officio* member;

9 (e) The Secretary of the Department of Trade and Industry (DTI), as  
10 *ex officio* member;

11 (f) The Chief Executive Officer of the Fund, as member;

12 (g) Five (5) appointive members: two (2) representatives of private  
13 employees; two (2) representatives of private employers; and one (1)  
14 representative of government employees.

15 The four (4) private sector representatives shall each be appointed by  
16 the President of the Philippines for a term of two (2) years: *Provided,*  
17 *however,* That of the first to be appointed, one (1) representative of the  
18 employers shall have a term of only one (1) year. The representative of the  
19 government employees shall be appointed by the President of the Philippines  
20 for a term of two (2) years.

21 The chairman, vice chairman and members of the Board shall be  
22 entitled to *per diem* for each meeting actually attended at such amounts as may  
23 be fixed by the Board in accordance with existing laws, rules and regulations.

24 SEC. 13. *Powers of the Board.* – The Board shall have the following  
25 powers:

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

28 (b) To promulgate such rules and regulations as may be necessary or  
29 proper for the effective exercise of the powers and functions, as well as the

1 discharge of the duties and responsibilities of the Fund, its officers and  
2 employees;

3 (c) To authorize expenditures of the Fund in the interest of effective  
4 administration and operations; and to adopt from time to time the budgets for  
5 said purposes;

6 (d) To approve the annual and supplemental budget of receipts and  
7 expenditures including salaries and allowances of the Fund personnel; and to  
8 authorize such capital and operating expenditures and disbursements as may  
9 be necessary and proper for the effective management and operation of the  
10 Fund;

11 (e) To condone, in whole or in part, penalties imposed on loans of  
12 members/borrowers who, for justifiable reasons as determined by the Board,  
13 failed to pay on time any obligation due to the Fund: *Provided*, That such  
14 exclusive power to condone shall likewise apply to penalties imposed on  
15 employers, who justifiably fail to remit, when due, the required contributions  
16 of their employees;

17 (f) To recommend for approval by the President of the Republic of the  
18 Philippines the Fund's organizational and administrative structures and  
19 staffing pattern; and to establish, fix, review, revise and adjust the appropriate  
20 compensation package for the officers and employees of the Fund in  
21 accordance with Section 11(k) hereof; and

22 (g) To exercise or perform such other powers and functions as may be  
23 deemed necessary, proper or incidental to the attainment of its purposes and  
24 objectives.

25 SEC. 14. *Rule-Making Power.* – The Board of Trustees is hereby  
26 authorized to make and change needful rules and regulations, which shall be  
27 published in accordance with law or at least once in a newspaper of general  
28 circulation in the Philippines, to provide for, but not limited to, the following  
29 matters:

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

4 (b) Grounds for and effects of termination of membership other than  
5 by completion of term;

6 (c) Fund earnings and their distribution, investment and/or plowing  
7 back for the exclusive benefit of the members;

8 (d) Interim disbursements of accumulated values to members of  
9 ameliorative and similar purposes;

10 (e) Benefits, contributions including their rates, premium rates and  
11 interest rates subject to the approval of the President of the Philippines;

12 (f) Housing and other loan assistance programs to members;

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

16 (h) Optimize the effectiveness of the Fund's coverage; and

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

19 SEC. 15. *Powers and Duties of the Chief Executive Officer.* – The  
20 chief executive officer of the Fund shall execute and administer the policies  
21 and resolutions approved by the Board of Trustees, prepare its agenda, and  
22 direct and supervise the operations and management of the Fund. The chief  
23 executive officer, subject to the approval of the Board, shall appoint and  
24 assign the personnel of the Fund, remove, suspend or otherwise discipline  
25 them for cause and prescribe their duties and qualifications, in accordance  
26 with existing civil service laws, rules and regulations.

27 SEC. 16. *Money Investments.* – All moneys of the Fund, as are not  
28 needed to meet current administrative and operational requirements shall be  
29 invested with due and prudent regard for its safety, growth and liquidity needs.

1           SEC. 17. *Exemption from Tax, Legal Process and Lien.* – All laws to  
2 the contrary notwithstanding, the Fund and all its assets and properties, all  
3 contributions collected and all accruals thereto and income or investment  
4 earnings therefrom, as well as all supplies, equipment, papers or documents  
5 shall be exempt from any tax, assessment, fee, charge, or customs or import  
6 duty; and all benefit payments made by the Pag-IBIG Fund shall likewise be  
7 exempt from all kinds of taxes, fees or charges, and shall not be liable to  
8 attachments, garnishments, levy or seizure by or under any legal or equitable  
9 process whatsoever; either before or after receipt by the person or persons  
10 entitled thereto, except to pay any debt of the member to the Fund. No tax  
11 measure of whatever nature enacted shall apply to the Fund, unless it expressly  
12 revokes the declared policy of the State in Section 2 hereof granting tax  
13 exemption to the Fund. Any tax assessment against the Fund shall be null and  
14 void.

15           SEC. 18. *Government Guarantee.* – The benefits prescribed in this Act  
16 shall not be diminished and to guarantee said benefits the government of the  
17 Republic of the Philippines accepts general responsibility for the solvency of  
18 the Fund.

19           SEC. 19. *Administration Costs.* – The Fund shall bear the costs of its  
20 administration and development, in such amounts and/or limits as the Board of  
21 Trustees may deem appropriate, but not exceeding two percent (2%) of the  
22 Net Fund Assets of the previous year, excluding operating cost directly  
23 relating to the lending operations of the Fund.

24           SEC. 20. *Audit.* – The Chairman of the Commission on Audit shall act  
25 as the *ex officio* auditor of the Fund and, accordingly, is empowered to appoint  
26 a representative and other subordinate personnel to perform and report on such  
27 audit duties, responsible to and removable only by the Chairman of the  
28 Commission on Audit, without prejudice, however, to the power of the Board  
29 of Trustees to contract for another mode of independent audit service, in

1 addition to that provided by the Commission on Audit as provided for under  
2 Presidential Decree No. 1445, otherwise known as the Government Auditing  
3 Code of the Philippines.

4 SEC. 21. *Remittance of Contributions.* – (a) It shall be the duty of  
5 every employer, private or public, to set aside and remit the contributions  
6 required under this Act in accordance with a mechanism determined by the  
7 Board of Trustees.

8 (b) Every employer required to set aside and remit such contributions  
9 as prescribed under this Act shall be liable for their payment, and non-payment  
10 shall further subject the employer to a penalty of three percent (3%) per month  
11 of the amounts payable from the date the contributions fall due until paid.

12 (a) It shall be mandatory and compulsory for all government  
13 instrumentalities, agencies, including government-owned and -controlled  
14 corporations, to provide the payment of contributions in their annual  
15 appropriations. Penal sanctions shall be imposed upon these employers who  
16 fail to include the payment of contributions on time, or delay the remittance of  
17 the required contributions to the Fund. The heads of offices and agencies shall  
18 be administratively liable for non-remittance of the required contributions to  
19 the Fund.

20 (b) Failure or refusal of the employer to pay or to remit the  
21 contributions herein prescribed shall not prejudice the right of the covered  
22 employee to the benefits under this Act.

23 (c) The contributions under this Act, in cases where an employer  
24 refuses or neglects to pay the same, shall be collected by the Fund in the same  
25 manner as taxes are made collectible under the National Internal Revenue  
26 Code, as amended.

1           The right to institute the necessary action against the employer may be  
2 commenced within twenty (20) years from the time delinquency is known or  
3 the assessment is made by the Fund, or from the time the benefit accrues, as  
4 the case may be.

5           SEC. 22. *Employment Records and Reports.* – (a) Each employer shall  
6 immediately report to the Fund the names, ages, civil status, occupations,  
7 salaries, and dependents of its covered employees.

8           (b) Every employer shall keep true and accurate work records for such  
9 period and containing such information as the Fund may prescribe, in addition  
10 to the annual register of new and separated employees which shall be secured  
11 from the Fund, when the employee shall enter on the first day of employment  
12 or on the effective date of separation, the names of the persons employed or  
13 separated from employment and such other data that the Fund may require and  
14 said annual register shall be submitted to the Fund in the month of January of  
15 each year. Such record shall be open for inspection by the Fund or its  
16 authorized representatives quarterly, or as often as the Fund may require.

17           SEC. 23. *Penal Provisions.* – Refusal or failure without lawful cause or  
18 with fraudulent intent to comply with the provisions of this Act, as well as the  
19 implementing rules and regulations adopted by the Board of Trustees,  
20 particularly with respect to registration of employees, collection and  
21 remittance of employee savings as well as the employer counterparts or the  
22 correct amount due, within the time set in the implementing rules and  
23 regulations or specific call or extension made by the Fund Management, shall  
24 constitute an offense punishable by a fine of not less than, but not more than  
25 twice, the amount involved or imprisonment of not more than six (6) years, or  
26 both such fine and imprisonment, at the discretion of the court, apart from the  
27 civil liabilities and/or obligations of the offender or delinquent. When the  
28 offender is a corporation, the penalty shall be imposed upon the members of  
29 the governing board and the president or general manager, without prejudice

1 to the prosecution of related offenses under the Revised Penal Code and other  
2 laws; revocation and denial of operating rights and privileges in the  
3 Philippines; and deportation when the offender is a foreigner. In case of  
4 government instrumentalities, agencies or corporations, the treasurer, finance  
5 officer, cashier, disbursing officer, budget officer or other official or employee  
6 who fails to include in the annual budget the amount corresponding to the  
7 employers' contributions, or who fails or refuses or delays by more than thirty  
8 (30) days from the time such amount becomes due and demandable or to  
9 deduct the monthly contributions of the employee shall, upon conviction by  
10 final judgment, suffer the penalties of imprisonment of not more than six (6)  
11 years, and a fine of not less than, but not more than twice, the amount  
12 involved.

13 SEC. 24. *Visitorial and Enforcement Powers.* – The Fund or its duly  
14 authorized representative is empowered to inspect the premises, books of  
15 accounts and records of any person or entity covered by this Act, require the  
16 regular submission of reports, and act on violations of any provision of this  
17 Act.

18 SEC. 25. *Borrowers' Insurance Account.* – (a) As part of its  
19 investment operations, the Fund may act as insurer of all or part of its interest  
20 on properties mortgaged to the Fund, or lives of borrowers whose loans are  
21 financed by the Fund. For this purpose, the Fund may establish a separate  
22 account to be known as the "Borrowers' Insurance Account". All amounts  
23 received by the Fund in connection with the aforesaid insurance operations  
24 shall be placed in the Borrowers' Insurance Account. The assets and liabilities  
25 of the Borrowers' Insurance Account shall at all times be clearly identifiable  
26 and separate from the assets and liabilities in all other accounts of the Fund.  
27 Notwithstanding any provision of law to the contrary, the assets held in the  
28 Borrowers' Insurance Account shall not be charged against the liabilities  
29 arising out of any other business the Fund may conduct but shall be held and



1 applied exclusively for the benefit of the owners or beneficiaries of the  
2 insurance contracts issued by the Fund under this paragraph.

3 (b) The Fund may insure any of its interest or part thereof with any  
4 private company or reinsurer. The Insurance Commission or its authorized  
5 representatives shall make an examination into the financial condition and  
6 methods of transacting business of the Fund at least once in two (2) years, but  
7 such examination shall be limited to the insurance operation of the Fund as  
8 authorized under this paragraph and shall not embrace the other operations of  
9 the Fund; and the report of said examination shall be submitted to the  
10 Insurance Commission and a copy thereof shall be furnished the Office of the  
11 President of the Philippines within a reasonable time after the close of the  
12 examination: *Provided*, That for each examination, the Fund shall pay to the  
13 Insurance Commission an amount equal to the actual expenses of the  
14 Insurance Commission in the conduct of the examination: *Provided, further*,  
15 That the general law on insurance and the rules and regulations promulgated  
16 thereunder shall have suppletory application insofar as it is not in conflict with  
17 this Act and its rules and regulations.

18 SEC. 26. *Implementing Rules and Regulations.* – The implementing  
19 rules and regulations to effectively carry out the provisions of this Act shall be  
20 adopted by and promulgated by the Board of Trustees of the Pag-IBIG Fund  
21 not later than ninety (90) days after the approval of this Act which shall be  
22 published in at least two (2) national newspapers of general circulation.

23 SEC. 27. *Separability Clause.* – If for any reason, any provision of this  
24 Act, or the application thereof to any person or circumstances, is held invalid  
25 or unconstitutional, the remaining provisions not affected thereby shall  
26 continue to be in full force and effect.

27 SEC. 28. *Repealing Clause.* – Presidential Decree No. 1530, as  
28 amended by Executive Order Nos. 527 (series of 1979) and 538 (series of  
29 1979); Presidential Decree No. 1752, as amended by Executive Order Nos. 35

1 (series of 1986) and 90 (series of 1986); Republic Act No. 7742; and Republic  
2 Act No. 8501 are hereby repealed. All other laws, decrees, executive orders,  
3 rules and regulations or parts thereof inconsistent with or contrary to the  
4 provisions of this Act or its purposes are hereby amended or modified  
5 accordingly.

6 SEC. 29. *Effectivity.* – This Act shall take effect fifteen (15) days after  
7 the completion of its publication in the *Official Gazette* or in at least two (2)  
8 national newspapers of general circulation.

Approved,

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