


**MEMORANDUM***hmm*
MASTER COPY

FOR : ALL BOC OFFICIALS AND EMPLOYEES

FROM : 
DONATO B. SAN JUAN
Deputy Commissioner, IAG

SUBJECT : **GSIS Financial Assistance Loan (GFAL II)**

DATE : September 14, 2020

1. The Government Service Insurance System (GSIS) launched its latest GSIS Financial Assistance Loan program (GFAL II) which is a balance-transfer and debt-consolidation scheme that aims to help active GSIS members settle their outstanding loan balances with lending institutions, accredited by the said members' respective Agencies, including government banks.
2. Under GFAL II, qualified borrowers may apply for up to a maximum loan amount of Five Hundred Thousand Pesos (Php 500,000.00), payable in equal monthly installment of up to six (6) years, at an interest rate of six percent (6%) per annum.
3. Relative thereto, the above-mentioned financial assistance shall be available until December 31, 2020 to the Bureau's employees who meet the following qualifications:
 - 3.1 Must be an active regular member of the GSIS with permanent status of employment. The said member must have at least three (3) years of periods with paid premium (PPP).
 - 3.2 Has no pending administrative case and/or criminal charge; Provided, however, that if the pending case or charge is filed by an accredited lending institution due to the concerned employee's non-payment of his/her loan obligations as a result of the prioritization of GSIS and Home Development Mutual Fund (HDMF) loan payments, the said employee shall remain eligible, subject to the submission of documentary proof stated under Item No. 4 of this Memorandum.
 - 3.3 Is not on Leave Without Pay (LWOP) at the time of availment.
 - 3.4 Has an outstanding loan from the lending institution accredited by BOC.
 - 3.5 Has no due and demandable loan account/s with the GSIS.

4. Further, applications for GFAL II shall be supported by the following documents:
 - 4.1 Application Form (*Annex A*) properly filled out by the employee and duly endorsed by his/her respective office's Agency Authorized Officer (AAO) with the said employee's consent to assign the proceeds of the loan to the concerned lending institution/s.
 - 4.2 Borrower Loan Agreement, Loan Voucher and/or other certified documents indicating the details of the loan from the accredited lending institution/s, such as: original loan amount, net loan, term of loan, interest rate, monthly amortization, and due date of first loan amortization.
 - 4.3 GSIS pro-forma Statement of Account (SOA) made on the loan issued by the accredited lending institution/s with the concurrence of the concerned employee as to its correctness (*Annex B*), however, should the lending institution refuse to fill out or the GSIS prescribed SOA:
 - 4.3.1 Acceptance of the Statement of Account (SOA) prepared and signed by the authorized official of the lending institution provided that a statement of certification attesting to the correctness is printed/stamped on the available space or on the dorsal portion thereof and signed by the member, thus:

"I hereby certify that the loan details such as principal, interests, penalties, and other charges stated in this SOA were issued upon my request for GFAL II purposes.
 - 4.4 Payslips of the employee for the last three (3) months, certified as true copy/ies by his/her respective office's Agency Authorized Officer (AAO).
 - 4.5 Such other documents that the GSIS or the BOC may require to verify the balance of existing loan/s with the lending institution/s, and the paying capacity of the employee.
5. Loan obligations with several lending institutions shall be consolidated into one application, based on the SOAs to be provided by the same.
6. For further information and/or clarifications, employees may coordinate with their respective Agency Authorized Officers.
7. For your information.

Signature Over Printed Name of Borrower"



GSIS FINANCIAL ASSISTANCE LOAN II (GFAL II) LOAN APPLICATION

Form No. 01062020-GFAL II LAF-REV 1
(Please read Documentary Requirements at the back)



THIS APPLICATION SHALL NOT BE PROCESSED UNLESS COMPLETELY FILLED OUT.

WARNING: Direct or indirect commission of fraud, collusion, falsification, misrepresentation of facts, or any other kind of anomaly in the accomplishment of this form, or in obtaining any benefit under this application, shall be subject to administrative and/or criminal action.

I wish to apply for the GSIS Financial Assistance Loan II to pay my existing loan/s with the following lending institution/s (LIs):

	LI NO. 1	LI NO. 2	LI NO. 3	LI NO. 4
Lending Institution (LI)				
Business Address				
Telephone No.				
Interest Rate				
Term (1-year, 2-year, 3-year, etc.)				
Monthly Amortization				
Total Outstanding Balance (based on SOA)				

PERSONAL DATA (Please print/type):

Name of Applicant		
<i>Last Name</i>	<i>First Name</i>	<i>Middle Name</i>
Birthdate	Birth Place	BP No.
Mailing/Residential Address		
Agency and Address		
Telephone No.	Cell Phone No.	Email Address

UNDERTAKING

In consideration of the loan granted under this Application, I promise to pay the approved Loan Amount to the GOVERNMENT SERVICE INSURANCE SYSTEM (GSIS) in accordance with the Terms and Conditions printed at the back hereof which I have read and understood clearly. I bind myself to pay the required monthly amortization as they fall due under the Terms and Conditions through payroll deduction for which I hereby authorize the Treasurer or Disbursing/Collection Officer of my Agency to deduct the amount from my monthly salary.

Pursuant to the objective of the Program, I agree to assign the proceeds of this loan to the LI to settle in full or in part the balance of my loan account with the said private lender.

SIGNATURE OF MEMBER/BORROWER

Position Title/Designation

Agency

Date Signed _____

TO BE FILLED OUT BY THE AGENCY AUTHORIZED OFFICER

This Office certifies that: (1) the above signature of the member/borrower is authentic; (2) there is no pending administrative and/or criminal charge against him; (3) the member/borrower is a permanent employee and regular premium-paying member of GSIS; (4) the member is not on leave of absence without pay; and (5) the member/borrower has an outstanding loan from _____ (Name of Lending Institution/s) which is being repaid through salary deduction.

For the Loan granted by virtue of this Application, this Office agrees to: (1) collect and remit immediately to GSIS the monthly installment due from said borrower, and (2) in case of his separation from the service, make final payments due him only after clearance is obtained from GSIS.

Agency Authorized Officer (AAO)
(Signature over Printed Name)

Date

THIS APPLICATION IS NOT FOR SALE AND MAY BE REPRODUCED.



(TO BE FILLED OUT BY THE LENDING INSTITUTION)

THE APPLICATION FOR GFAL SHALL NOT BE PROCESSED UNLESS THIS FORM IS COMPLETELY FILLED OUT.

WARNING: Direct or indirect commission of fraud, collusion, falsification, misrepresentation of facts, or any other kind of anomaly in the accomplishment of this form, shall result in the automatic disapproval of loan application.

Date: _____

To the Loan Officer
Government Service Insurance System

Dear Sir/Madam:

Please be informed that Mr. / Ms. _____ of
_____ (Name of Office and Office
Address) has an outstanding loan obligation with _____
(Name of Lending Institution) as shown below:

Loan Product Name: _____	Maturity Date: _____
Loan Amount: _____	Mo. Deduction: _____
Date Granted: _____	Last Amount Paid: _____

OUTSTANDING BALANCE COMPUTATION
(as of _____)

Principal Balance	Php _____
Interest Balance (Due and Unpaid)	_____
Penalty Charges	_____
Other Charges: _____ (Provide separate sheet/s, if necessary.)	_____
TOTAL	Php _____
Less: Unearned Interest	_____
TOTAL AMOUNT DUE	Php _____

This statement containing the loan details of the borrower is verified true and correct, and shall be valid up to _____.

The outstanding balance stated herein refers to all obligations due and unpaid, including interests, penalties and other charges and expenses that have accrued or were incurred by the borrower, in relation to the loan/s. **No unearned interest is charged from the borrower.**

It is understood that the borrower is applying for the *GSIS Financial Assistance Loan II*, in order to settle the outstanding balance of his or her loan with _____ (Name of Lending Institution), in full or in part.

Further, the check representing proceeds from the financial assistance loan shall be made payable to the lending institution, _____. For this purpose, we are authorizing Mr. / Ms. _____, with ID No. _____ (attached) to claim the check from the GSIS and deliver to the latter the corresponding Official Receipt (OR) issued by the lending institution as proof of payment.

CONFORME:

Signature over Printed Name of the borrower

Date Signed: _____

Signature over Printed Name

Designation: _____

Date Signed: _____

- 1. **LOAN AMOUNT**
 - a. The maximum loanable amount per borrower is Php500,000, provided that the resulting net take home pay is not lower than the amount required under the General Appropriations Act (GAA), after all required monthly obligations have been deducted.
 - b. The amount set by GSIS as loan amount shall be considered fixed and non-negotiable.
 - c. The arrearages on other GSIS loans of a borrower shall not be deducted from the proceeds of the financial assistance loan.
- 2. **INTEREST RATE** Interest on loan shall be at six (6) percent per annum computed in advance. The effective rate per annum to be used shall be 11.258% for 6 years. The monthly interest and outstanding balance of the loan shall be computed based on diminishing balance. Pro-rata interest covering the days from loan granting up to the end of the month prior to the first due month shall be deducted in advance from the loan proceeds.
- 3. **TERM.** Loan repayment shall be made over six (6) years in seventy-two (72) equal monthly installments.
- 4. **DUE DATE OF FIRST MONTHLY AMORTIZATION.** The remittance due date of the monthly amortizations shall be on or before the 10th day of each month following the due month until the loan is fully paid.
 - a. For loans granted on or before the 25th of the month, the first due month shall be the calendar month following the granting of the loan. The loan amortization shall be remitted by the agency to GSIS on or before the 10th of the month following such due month.
 - b. For loans granted after the 25th of the month, the first due month shall be the 2nd calendar month following the granting of the loan, and shall be remitted by the agency to GSIS on or before the 10th day of the month following such due month.
- 5. **PAYMENT MECHANISM.** The monthly amortization shall be paid through payroll deduction. However, the borrower shall directly remit to the GSIS the loan installment as they fall due under any of the following instances:
 - a. His or her name is excluded from the monthly collection list;
 - b. He or she is on secondment, on study leave without pay or extended leave without pay;
 - c. The monthly amortization is not deducted and/or remitted by the agency for any reason aside from item 4(b); and
 - d. The loan amortization deducted from the payroll is not sufficient to cover the full amount due.
- 6. **REDEMPTION INSURANCE (RI).** The financial assistance loan has RI to safeguard the interests of both the member and the GSIS in case of the former's untimely death during the term of the loan. The RI rate is as follows:

Loan Term	Monthly RI Rate (Per Php1,000 of Loan Amount)
6 years	0.38

To ensure that the member is covered with RI from the date of loan granting, an advance RI premium shall be deducted from the loan proceeds as follows:

Date of Loan Granting	RI Premium to be Deducted
On or before the 23rd of the month	Equivalent to 1 month
After the 23rd of the month	Equivalent to 2 months

In case the loan is in default, the RI coverage shall be deemed lapsed or cancelled.

- 7. **NO SERVICE FEE.** The member availing of the GFAL shall not be charged a service fee by the GSIS.
- 8. **APPLICATION OF PAYMENTS.** The order of priority for the application of payment shall be as follows: (a) RI premium, (b) Penalty (if any), (c) Interest and (d) Principal.
- 9. **PRE-TERMINATION.** The loan may be pre-terminated by paying the outstanding balance before the end of the loan term. No fees shall be charged to the borrower in case of pre-termination.
- 10. **COMPULSORY PRE-TERMINATION.** The loan agreement shall be deemed pre-terminated upon the death, resignation, permanent disability, retirement or separation from service of the borrower, in which case the outstanding balance shall be due and demandable and shall be collected by GSIS from the claims of the borrower, his/her heirs, and/or by other courses of action (administrative or civil). Retiring borrowers may opt to avail of the Choice of Loan Amortization Schedule for Pensioners (CLASP), subject to existing policies and procedures.
- 11. **TRANSFER OF OFFICE.** The borrower shall give the GSIS a 15-day advance notice in case of his or her transfer to another government office/agency. For the continued remittance of the borrower's monthly payment on the loan, this application shall be sufficient authority for GSIS to **effect notice** and collection through salary deduction from his or her new government office/agency.
- 12. **CANCELLATION.** Once the loan is approved and the loan proceeds are released to the lending institution/s, the borrower shall no longer have the option to cancel the loan but may only pre-terminate the same through payment of the total outstanding balance.

- 13. **PENALTY FOR ARREARAGES.** An account is considered in arrears if: a) there is payment for monthly instalment but the remittance of said payment is delayed, b) the actual amount paid for the month is less than the amount due for the same month, or c) there is no payment made for the month. It shall incur a penalty at the rate of 1% per month, compounded monthly, until the arrears are paid.
- 14. **DEFAULT** An account is considered in default when the total unpaid obligation is equivalent to more than six (6) monthly amortizations. In the event of default, the outstanding balance of the loan becomes due and demandable without need of demand or further notice, all of which the member expressly waives. In case of failure to pay the outstanding balance declared in default, the outstanding balance shall be charged with an interest equivalent to 12% per annum compounded monthly (p.a.c.m.) and a penalty of 6% p.a.c.m., from the date of default until the date of full payment.
- 15. **NO RENEWAL.** The GFAL II is a one-time offer of the GSIS and is not renewable.
- 16. **AUTOMATIC DEDUCTION OF ARREARAGES.** Any and all arrearages from the GFAL shall be deducted from the proceeds of the Enhanced Conso-Loan Plus Program which the borrower may avail of.
- 17. **COLLECTION IN THE EVENT OF RESIGNATION, SEPARATION, RETIREMENT, DEATH OR PERMANENT TOTAL DISABILITY.** After the date of execution of this loan application, the employer/agency shall withhold the release of any or all benefits due to the borrower until after the requisite clearance and/or statement of account, if any, shall have been duly secured from the GSIS, pursuant to GSIS Memorandum Circular No. 005, Series of 2018. The GSIS, upon receipt of the request, shall issue the appropriate clearance and/or statement of account to the duly authorized representative of the employer/agency. The employer/agency, upon receipt of the statement of account from the GSIS, shall deduct and/or withhold from any or all benefits that may accrue to the borrower, the total amount corresponding to the outstanding loan accounts and arrearages, if any, and remit the same to the GSIS to liquidate the loan.
- 18. **REFUND OF OVERPAYMENTS AFTER END OF LOAN TERM.** At the end of the loan term, any overpayment shall be treated in accordance with the policy guidelines on treatment of excess payment.
- 19. **ATTORNEY'S FEES.** Should the GSIS be compelled to refer the loan or any portion thereof to an Attorney-at-Law for collection or to enforce any right hereunder against the borrower or avail of any remedy under the law or this Agreement, the borrower shall pay an amount equivalent to 25% of all amounts outstanding and unpaid as and for attorney's fees and litigation expenses.
- 20. **VENUE.** Any legal action, suit or proceeding arising out or relating to this Agreement, shall be brought or instituted in the appropriate courts in the City of Pasay or such other venue at the exclusive option of GSIS. In the event the borrower initiates any legal action arising from or under this Agreement, for whatever causes, the borrower agrees to initiate such action only in the City where the principal office of GSIS is located.
- 21. **NOTICES.** All notices required under this Agreement for its enforcement shall be sent to the Office Address or the Residential Address indicated in the Personal Data portion of this loan application. The notices sent to the said Office or Residential Address shall be valid and shall serve as sufficient notice to the borrower for all legal intents and purposes. In case of past due loans, the borrower concerned gives the GSIS consent to furnish his/her Head of Agency, Regional Director or School Principal a copy of the notices issued to him/her by the GSIS regarding the past due loans.

I confirm that I have read and fully understood the GFAL II Terms and Conditions and undertake to comply with them. Furthermore, I hereby authorize the GSIS, through my employer (government agency) to deduct from my terminal leave benefits any remaining outstanding loan obligations I may have with the GSIS upon my separation or retirement. I understand that the remittance thereof by my employer to the GSIS shall first be undertaken before the issuance of a GSIS clearance for the release of my remaining terminal leave benefits, if any.

I confirm my understanding of the Privacy Policy of the GSIS pursuant to the requirements of Republic Act (R.A.) No. 10173, otherwise known as the Data Privacy Act, and consent to the manner of collection, use, access, disclosure and processing of my personal and sensitive personal data by the GSIS.

Finally, pursuant to R.A. No. 9510, otherwise known as the "Credit Information System Act", and its implementing Rules and Regulations (IRR), I hereby acknowledge and consent to: 1) the regular submission and disclosure of my basic credit data and updates thereon to the Credit Information Corporation (CIC), and 2) the sharing of my basic credit data with lenders authorized by the CIC, and credit reporting agencies and outsourced entities duly accredited by the CIC, subject to the provisions of R.A. No. 9510, its IRR and other relevant laws and regulations.

MEMBER/BORROWER (Signature over Printed Name)

DATE SIGNED

BIR TIN