


FOURTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
SECOND REGULAR SESSION)

OFFICE OF THE SECRETARY

8 DEC 15 P3:55

SENATE

RECEIVED BY: 

COMMITTEE REPORT NO. 234

Prepared and submitted jointly by the Committee on Banks, Financial Institutions and Currencies; Urban Planning, Housing and Resettlement; and Ways and Means on DEC 15 2008.

RE : Senate Bill No. 2971

Recommending its approval in substitution of Senate Bills No. 2450, 2262 and 2284.

Sponsor : Senator Edgardo J. Angara

Mr. President

The Committees on Banks, Financial Institutions and Currencies; Urban Planning, Housing and Resettlement; and Ways and Means to which were referred Senate Bill No. 2262, introduced by Senator Zubiri, entitled;

“AN ACT FURTHER STRENGTHENING THE HOME DEVELOPMENT MUTUAL FUND, TO BE KNOWN HEREON AS THE PAG-IBIG FUND, AMENDING FOR THE PURPOSE PD 1752, AS AMENDED, AND FOR OTHER PURPOSES”

Senate Bill No. 2284, introduced by Senator Trillanes, entitled:

“AN ACT FURTHER STRENGTHENING THE PAG-IBIG FUND AND FOR OTHER PURPOSES”

Senate Bills No. 2450 introduced by Senator Gordon, entitled;

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

have considered the same and have the honor to report them back to the Senate with the recommendation that the attached Senate Bill No. 2971 prepared by the Committees, entitled:

“AN ACT FURTHER STRENGTHENING THE HOME DEVELOPMENT MUTUAL FUND, TO BE KNOWN HEREON AS THE PAG-IBIG FUND, AMENDING FOR THE PURPOSE PD NO. 1752, AS AMENDED, AND FOR OTHER PURPOSES”

be approved in substitution of Senate Bill No. 2262, 2284 and 2450 with Senators Zubiri, Trillanes and Gordon and the members of the Committees on Banks, Financial Institutions and Currencies; Urban Planning, Housing and Resettlement and Ways and Means as authors thereof.

Respectfully Submitted:



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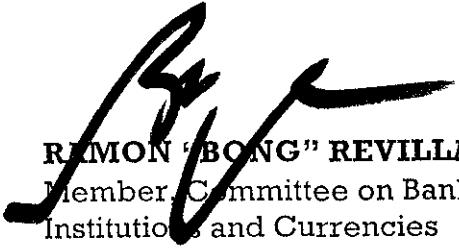
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President Pro-Tempore

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

8 DEC 15 P3:56

SENATE

S.B. No. 2971 RECEIVED BY



Prepared by the Committees on Banks, Financial Institutions and Currencies;
Urban Planning, Housing and Resettlement and Ways and Means

**AN ACT FURTHER STRENGTHENING THE HOME DEVELOPMENT
MUTUAL FUND, TO BE KNOWN HEREON AS THE PAG-IBIG FUND,
AMENDING FOR THE PURPOSE PD NO. 1752, AS AMENDED, AND FOR
OTHER PURPOSES**

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

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

3 **SEC. 2. Declaration of Policy.** - It is the policy of the State to establish, develop,
4 promote, and integrate a nationwide sound and viable tax-exempt mutual provident
5 savings system suitable to the needs of the employed and other earning groups, and to
6 motivate them to better plan and provide for their housing needs, by membership in the
7 Pag-IBIG Fund, with mandatory contributory support of the employers in the spirit of
8 social justice and the pursuit of national development.

9 **SEC. 3. Statement of Objectives.** - Towards this end, the state shall integrate all
10 laws relating to the Pag-IBIG Fund to effectively achieve the following objectives:

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

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

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

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

16 (a) "Board" – the duly constituted Board of Trustees of the Pag-IBIG Fund;

17 (b) "Compensation" – basic monthly salary plus mandated cost of living
18 allowance;

19 (c) "Contributions" – the amount payable to the Fund by the members and their
20 employers, in accordance with this Act;

21 (d) "Dependents" – refer to legal dependents of a deceased member, as defined
22 under the Family Code.

23 (e) "Employee" – any person in the service of an employer who receives
24 compensation of such services;

- 1 (f) "Employer" – any person, natural or juridical, domestic or foreign, who
2 carries on in the Philippines, or outside of the Philippines, any trade, business,
3 industry, undertaking or activity of any kind, and uses the services of another
4 person who is under his order as regards such services; the government, its
5 national and local offices, political subdivisions, branches, agencies, or
6 instrumentalities, including corporations owned and/or controlled by the
7 government, and the local government units;
- 8 (g) "Employment" – any service performed by an employee for his/her employer
9 within the Philippines: *Provided, however,* that any foreign government,
10 international organization or their wholly-owned instrumentality employing
11 workers in the Philippines or employing Filipinos outside of the Philippines,
12 may enter into an agreement with the Fund for the inclusion of their
13 employees as members of the Fund: *Provided, further,* that the term of such
14 agreement conform with the provisions of this Act.
- 15 (h) "Fund" – the fund created under this Act which is a government financial
16 institution involved in mobilizing provident fund's primarily for shelter
17 finance;
- 18 (i) "GSIS" – the Government Service Insurance System created under
19 Commonwealth Act No. 186, as amended;
- 20 (j) "Investible Funds" – shall mean funds available after deducting cost of
21 operations and expenses, administrative and general expenses, reserves for
22 benefit claims, provisions for a sinking fund for the return of the members'
23 equity upon maturity and provision for reserve for loan repayments.
- 24 (k) "Member" – an employee coverable under this Act and pays the mandated
25 contributions;
- 26 (l) "Membership Term" – a period of twenty (20) years commencing from the
27 first day of the month to which the member's initial contribution to the Fund
28 applies: *Provided,* that he shall have contributed a total of two hundred forty
29 (240) monthly contributions at the time of maturity;
- 30 (m) "Net Fund Asset" – the total assets of the Fund less current liabilities;
- 31 (n) "Permanent Total Disability" – loss or impairment of a physical and mental
32 function resulting from injury or sickness which completely incapacitates a
33 member to perform any work or engage in any business or occupation as
34 determined by the Fund;
- 35 (o) "SSS" – the Social Security System created under Republic Act No. 1161, as
36 amended;

37 **SEC. 5. Fund System.** To carry out the purposes of this Act, the Pag-IBIG Fund
38 is hereby created. The Fund is a mutual provident savings system for private and

1 government employees and other earning groups, supported by matching mandatory
2 contributions of their respective employers with housing as the primary investment.

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

6 **SEC. 6. Fund Coverage.** Coverage in the Fund shall be mandatory upon: (a) all
7 employees covered by the SSS and the GSIS, and their respective employers,
8 notwithstanding any waiver of coverage previously issued, including the uniformed
9 members of the Armed Forces of the Philippines, the Bureau of Fire Protection, the
10 Bureau of Jail Management and Penology, and the Philippine National Police; (b)
11 Filipinos employed by foreign-based employers; and (c) spouses who devote full time to
12 managing the household and family affairs, unless they also engage in another vocation
13 or employment which is subject to mandatory coverage, may be covered by the Fund on a
14 voluntary basis adopting as a basis of contributions one-half (1/2) of the monthly
15 compensation income of the employed spouse.

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

18 **SEC. 7. Fund Generation and Contributions.** The Funds of the Fund shall be
19 generated by the provident savings that the covered employees shall contribute for the
20 purpose every month, and the equal amounts that their respective employers shall
21 mandatory contribute.

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

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

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

28 “All employers – two percent (2%) of the monthly compensation of
29 all covered employees.

30 The maximum monthly compensation to be used in computing employee and
31 employer contributions shall not be more than five thousand pesos (P5,000.00); *Provided*,
32 that this maximum may be fixed from time to time by the Board of Trustees through rules
33 and regulations adopted by it, taking into consideration actuarial calculations and rates of
34 benefits.

35 Notwithstanding any contract to the contrary, an employer shall not deduct,
36 directly or indirectly, from the compensation of its employees covered by the Fund, or
37 otherwise recover from them, the employer’s contribution with respect to such
38 employees.

1 **SEC. 8. *Membership Term.*** Membership in the Fund shall be for a period of
2 twenty (20) years: *Provided*, that the member shall have contributed a total of two
3 hundred forty (240) monthly contributions at the time of maturity, except when earlier
4 terminated by reason of retirement, disability, separation from the service due to health
5 reasons, insanity, death, departure from the country or other causes as may be provided
6 for by the Board of Trustees.

7 Resignation, separation or suspension from employment may not necessarily
8 constitute a ground for membership termination, except for suspension of contributions.

9 **SEC. 9. *Waiver or Suspension of Coverage.*** Coverage of the Fund and/or the
10 payment of monthly contribution to the same may, by rules or resolutions of the Board of
11 Trustees, be waived or suspended by reasons of nature of employment, condition of
12 business, ability to make contributions and other reasonable considerations.

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

21 **SEC. 11. *Housing Features.*** A member of good standing shall be eligible to
22 apply for housing loans, under such terms and conditions as may be authorized by the
23 Board of Trustees, taking into account ability to pay. The Board of Trustees shall institute
24 policies to ensure that lower-income members obtain such housing loans. The Board
25 may, upon recommendation of the Chief Executive Officer, deputize any member of the
26 Fund's legal staff to act as special sheriff in foreclosure cases, in the sale or attachment of
27 the debtor's properties, and in the enforcement of court writs and processes in cases
28 involving the Fund. The Special Sheriff of the Fund shall make a report to the proper
29 court after any action taken by him, which shall treat such action as if it were an act of its
30 own sheriffs in all respects.

31 **SEC. 12. *Implementing Body.*** The Pag-IBIG Fund created under this Act, shall
32 implement the provisions hereof.

33 **SEC. 13. *Powers and Functions of the Fund.*** The Fund shall have the powers
34 and functions specified in this Act and the usual corporate powers:

- 35 (a) To formulate, adopt, amend and or rescind such rules and regulations as may
36 be necessary to carry out the provisions and purposes of this Act, as well as
37 the effective exercise of the powers and functions, and the discharge of duties
38 and responsibilities of the Fund, its officers and employees;

- 1 (b) To adopt or approve the annual and supplemental budget of receipts and
2 expenditures including salaries and allowances of the Fund personnel; to
3 authorize such capital and operating expenditures and disbursements of the
4 Fund as may be necessary and proper for the effective management and
5 operation of the Fund;
- 6 (c) To submit annually to the President of the Philippines not later than March 15,
7 a report of its activities and the state of the Fund during the preceding year,
8 including information and recommendations for the development and
9 improvement thereof;
- 10 (d) To invest its Funds in accordance with this Act;
- 11 (e) To acquire, utilize, or dispose of, in any manner recognized by law, real or
12 personal properties to carry out the purposes of this Act;
- 13 (f) To set up its own accounting and computer systems; to conduct continuing
14 actuarial and statistical studies and valuations to determine the financial
15 viability of the Fund and its project; to require reports, compilations and
16 analysis of statistical and economic data, as well as make such other studies
17 and surveys as may be needed for the proper administration and development
18 of the Fund;
- 19 (g) To have the power of succession; to sue and be sued; to adopt and use a
20 corporate seal;
- 21 (h) To enter into and carry out contracts of every kind and description with any
22 person, firm or association or corporations, domestic or foreign;
- 23 (i) To borrow funds from any source, private or government, foreign or domestic;
- 24 (j) To invest, own or otherwise participate in equity in any establishment, firm or
25 entity; to form, organize, invest in or establish and maintain a subsidiary or
26 subsidiaries in relation to any of its purposes;
- 27 (k) To approve appointments in the Fund except appointments to positions which
28 are policy determining, primarily confidential or highly technical in nature
29 according to the civil service rules and regulations; *Provided*, that all positions
30 in the Fund shall be governed by a compensation and position classification
31 system qualification standards approved by the Fund's Board of Trustees
32 based on a comprehensive job analysis, wage compensation study and audit of
33 actual duties and responsibilities; *Provided, further*, that the compensation
34 plan shall be comparable with prevailing compensation plans in the private
35 sector and shall be subject to the periodic review of the Board no more than
36 once every four (4) years without prejudice to yearly merit reviews or
37 increases based on productivity and profitability;

- 1 (l) To maintain a *provident fund*, which shall consists of contributions made by
2 both the Fund and its officers and employees and their earnings, for the
3 payment of benefits to such officials and employees or their heirs under such
4 terms and conditions as it may prescribe;
- 5 (m) To design and adopt an early retirement incentive plan (ERIP) for its own
6 personnel;
- 7 (n) To establish field offices and to conduct its business and exercise its powers in
8 these places;
- 9 (o) To approve restructuring proposal for the payment of due but unremitted
10 contributions and unpaid loan amortizations under such terms and conditions
11 as the Board of Trustees may prescribe;
- 12 (p) To determine, fix and impose interest and penalties upon unpaid contributions
13 due from employers and employees;
- 14 (q) To ensure the collection and recovery of all indebtedness, liabilities and/or
15 accountabilities, including unpaid contributions in favor of the Fund arising
16 from any cause or source or whatsoever, due from all obligors, whether public
17 or private; to demand payment of the obligations referred to herein, and in the
18 event of failure or refusal of the obligor or debtor to comply with the demand,
19 to initiate or institute the necessary or proper actions or suits, criminal, civil,
20 administrative, or otherwise, before the courts, tribunals, commissions, boards
21 or bodies of proper jurisdiction: *Provided, however*, that the Fund may
22 compromise or release, in whole or in part, any interest, penalty or civil
23 liability to the Fund in connection with the collection of contributions and the
24 lending operations of the Funds, under such terms and conditions as
25 prescribed by the Board of Trustees;
- 26 (r) To design and implement other programs that will further promote and
27 mobilize savings and provide additional resources for the mutual benefit of
28 the members with appropriate returns on the savings/investments. The
29 program shall be so designed as to spur socio-economic take-off and maintain
30 continued growth;
- 31 (s) To conduct continuing actuarial and statistical studies and valuations to
32 determine the financial condition of the Fund and taking into consideration
33 such studies and valuations and the limitations herein provided, readjust the
34 benefits, contributions, interest rates of the allocation or reallocation of the
35 Funds to the contingencies covered; and
- 36 (t) To exercise such powers and perform such acts as may be necessary, useful,
37 incidental or auxiliary to carry out the provisions of this Act.

1 **SEC. 14. Board of Trustees.** The corporate powers and functions of the Fund
2 shall be vested in and exercised by the Board of Trustees appointed by the President of
3 the Philippines, composed of the following:

- 4 (a) The Chairperson of the Housing and Urban Development and Coordinating
5 Council, as the *ex-officio* Chairman;
- 6 (b) The Secretary of the Department of Finance, as the *ex-officio* Vice Chairman;
- 7 (c) The Secretary of the Department of Labor and Employment or his/her duly
8 designated undersecretary, as *ex-officio* member;
- 9 (d) The Secretary of Budget and Management or his/her duly designated
10 undersecretary, as *ex-officio* member;
- 11 (e) The Secretary of Department of Trade and Industry, as *ex-officio* member;
- 12 (f) The Chief Executive Officer of the Fund, as member;
- 13 (g) Five (5) appointive members, two (2) representatives of private employees,
14 two representatives of private employers and one (1) representative of
15 government employees.

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

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

24 **SEC. 15. Powers of the Board.** The Board shall have the following powers:

- 25 (a) To formulate policies, rules and regulations to carry out effectively the
26 functions of the Fund under this Act;
- 27 (b) To promulgate such rules and regulations as may be necessary or proper for
28 the effective exercise of the powers and functions, as well as the discharge of
29 the duties and responsibilities of the Fund, its officers and employees;
- 30 (c) To authorize expenditures of the Fund in the interest of effective
31 administration and operations; to adopt from time to time the budgets for said
32 purposes;
- 33 (d) To approve the annual and supplemental budget of receipts and expenditures
34 including salaries and allowances of the Fund personnel; to authorize such
35 capital and operating expenditures and disbursements as may be necessary and
36 proper for the effective management and operation of the Fund;
- 37 (e) To condone, in whole or in part, penalties imposed on loans of
38 members/borrowers who, for justifiable reasons prescribed by the Board,

1 failed to pay on time any obligation due to the Fund; *Provided*, that such
2 exclusive power to condone shall likewise apply to penalties imposed on
3 employers, who justifiably fail to remit when due the required contributions of
4 their employees;

- 5 (f) To exercise such powers as may be necessary to carry into effect the powers
6 and accomplish the purposes for which the Fund is established.

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

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

- 14 (b) Grounds for and effects or termination of membership other than by
15 completion of term;

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

- 18 (d) *Interim disbursements of accumulated values to members of ameliorative and*
19 *similar purposes;*

- 20 (e) *Benefits, contributions including their rates, premium rates, and interest rates;*

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

- 22 (g) Adjudication and settlement of claims and disputes and the procedures for the
23 same on any matters involving the interests of members in the Fund;

- 24 (h) Optimize the effectiveness of the Funds coverage; and

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

27 **SEC. 17. *Powers and Duties of Chief Executive Officer.*** The Chief Executive
28 Officer of the Fund shall execute and administer the policies and resolutions approved by
29 the Board of Trustees, prepare its agenda and direct and supervise the operations and
30 management of the Fund. The Chief Executive Officer, subject to the approval of the
31 Board in case of approval of managerial positions and above, and the confirmation of the
32 Board in below that of manager level, shall appoint the personnel of the Fund, remove,
33 suspend or otherwise discipline then for cause, and prescribe their duties and
34 qualifications, in accordance with existing civil service laws, rules and regulations, to the
35 end that only competent personnel may be employed.

36 **SEC. 18. *Money Investments.*** All moneys of the Fund as are not needed to meet
37 current administrative and operational requirements, shall be invested with due and
38 prudent regard for its safety, growth and liquidity needs.

1 **SEC. 19. *Exemption from Tax, Legal Process and Lien.*** All laws to the contrary
2 notwithstanding, the Fund and all its assets and properties, all contributions collected and
3 all accruals thereto and income or investment earnings therefrom, as well as all supplies,
4 equipment, papers or documents shall be exempt from any tax, assessment, fee charge, or
5 customs or import duty; and all benefit payments made by the Pag-IBIG Fund shall
6 likewise be exempt from all kinds of taxes, fees or charges, and shall not be liable to
7 attachments, garnishments, levy or seizure by or under any legal or equitable process
8 whatsoever, either before or after receipt by the person or persons entitled thereto, except
9 to pay any debt of the member to the Fund. No tax measure of whatever nature enacted
10 shall apply to the Fund, unless it expressly revokes the declared policy of the state in
11 Section 2 hereof granting tax exemption to the Fund. Any tax assessment against the
12 Fund shall be null and void.

13 **SEC. 20. *Government Guarantee.*** The benefits prescribed in this Act shall not be
14 diminished and to guarantee said benefits, the government of the Republic of the
15 Philippines accepts general responsibility for the solvency of the Fund.

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

21 **SEC. 22. *Audit.*** The Chairman of the Commission on Audit shall act as the *ex-*
22 *officio* auditor of the Fund and, accordingly, is empowered to appoint a representative
23 and other subordinate personnel to perform and report on such *audit duties*, responsible to
24 and removable only by the Commission on Audit Chairman, without prejudice, however,
25 to the power of the Board of Trustees to contract for another mode of independent audit
26 service, in addition to that provided by the Commission on Audit as provided for under
27 P.D. No. 1445.

28 **SEC. 23. *Remittance of Contributions.*** (a) It shall be the duty of every employer,
29 private or public, to set aside and remit the contributions required under this Act in
30 accordance with a mechanism determined by the Board of Trustees.

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

35 (c) It shall be mandatory and compulsory for all government instrumentalities,
36 agencies, including government-owned and controlled corporations, to provide the
37 payment of contributions in their annual appropriations. Penal sanctions shall be imposed
38 upon these employers who fail to include the payment of contributions on time, or delay

1 the remittance of the required contributions to the Funds. The heads of offices and
2 agencies shall be administratively liable for non-remittance of the required contributions
3 to the Fund.

4 (d) Failure or refusal of the employer to pay or to remit the contributions herein
5 prescribed shall not prejudice the right of the covered employee to the benefits under this
6 Act.

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

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

13 **SEC. 24. *Employment Records and Reports.*** (a) Each employer shall
14 immediately report to the Fund the names, ages, civil status, occupations, salaries, and
15 dependents of its covered employees.

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

24 **SEC. 25. *Penal Provisions.*** Refusal or failure without lawful cause or with
25 fraudulent intent to comply with the provisions of this Act, as well as the implementing
26 rules and regulations adopted by the Board of Trustees, particularly with respect to
27 registration of employees, collection and remittance of employee-savings as well as the
28 employer counterparts, or the correct amount due, within the time set in the implementing
29 rules and regulations or specific call or extension made by the Fund Management shall
30 constitute an offense punishable by a fine of not less than, but not more than twice, the
31 amount involved or imprisonment of not more than six (6) years, or both such fine and
32 imprisonment, in the discretion of the Court, apart from the civil liabilities and/or
33 obligations of the offender or delinquent. When the offender is a corporation, the penalty
34 shall be imposed upon the members of the governing board and the President or General
35 Manager, without prejudice to the prosecution of related offenses under the Revised
36 Penal Code and other laws, revocation and denial of operating rights and privileges in the
37 Philippines, and deportation when the offender is a foreigner. In case of government
38 instrumentalities, agencies or corporations, the treasurer, finance officer, cashier,

1 disbursing officer, budget officer or other official or employee who fails to include in the
2 annual budget the amount corresponding to the employers' contributions, or who fails or
3 refuses or delays by more than thirty (30) days from the time such amount becomes due
4 and demandable or to deduct the monthly contributions of the employee shall, upon
5 conviction by final judgment, suffer the penalties of imprisonment of not more than six
6 (6) years, and a fine of not less than, but not more than twice the amount involved.

7 **SEC. 26. *Visitorial and Enforcement Powers.*** (a) The Fund or its duly authorized
8 representatives is empowered to inspect the premises, books of accounts and records of
9 any person or entity covered by this Act; require it to submit its reports regularly; and act
10 on violations of any provisions of this Act.

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

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

27 (b) The Fund may insure any of its interest or part thereof with any private
28 company or reinsurer. The insurance commission or its authorized representatives shall
29 make an examination into the financial condition and methods of transacting business of
30 the Fund at least once in two (2) years, but such examination shall be limited to the
31 insurance operation of the Fund as authorized under this paragraph and shall not embrace
32 the other operations of the Fund; and the report of said examination shall be submitted to
33 the commission and a copy thereof shall be furnished the office of the President of the
34 Philippines within a reasonable time after the close of the examination: *Provided*, that for
35 each examination, the Fund shall pay to the insurance commission an amount equal to the
36 actual expenses of the insurance commission in the conduct of the examination:
37 *Provided, further*, that the general law on insurance and the rules and regulations

1 promulgated thereunder shall have suppletory application insofar as it is not in conflict
2 with this Act and its rules and regulations.

3 **SEC. 28. *Implementing Rules and Regulations.*** The implementing rules and
4 regulations to effectively carry out the provisions of this Act shall be adopted by and
5 promulgated by the Board of Trustees of the Pag-IBIG Fund not later than ninety (90)
6 days after the approval of this Act which shall be published in at least two (2) national
7 newspapers of general circulation.

8 **SEC. 29. *Separability Clause.*** If for any reason, any provision of this Act, or the
9 application thereof to any person or circumstances, is held invalid or unconstitutional, the
10 remaining provisions not affected thereby shall continue to be in full force and effect.

11 **SEC. 30. *Repealing Clause.*** Presidential Decree No. 1752, as amended by
12 Executive Order Nos. 35 and 90 and Republic Act No. 7742, are hereby repealed. All
13 other laws, decrees, executive orders, or ruled and regulations, or parts thereof,
14 inconsistent with or contrary to the provisions of this Act or its purposes are hereby
15 amended or modified accordingly.

16 **SEC. 31. *Effectivity.*** This Act shall take effect fifteen (15) days after the
17 completion of its publication in the official gazette or in at least two (2) national
18 newspapers of general circulation.

19 *Approved,*