

FAQ on the PDIC Closed bank Loan Incentive Program (CLIP)
(For Banks Closed as of December 31, 2019 or earlier)

1. *What is the PDIC Closed bank Loan Incentive Program (CLIP) all about?*

CLIP is an easy payment and zero penalty initiative to assist borrowers of banks that were closed by the Monetary Board of the Bangko Sentral ng Pilipinas (BSP). The Program provides incentives for borrowers of closed banks to immediately settle their outstanding loan obligations to help them maintain their credit worthiness. It also aims to help optimize recovery from the liquidation of closed banks' assets for the benefit of and for distribution to the creditors of closed banks.

2. *What are the incentives available under CLIP?*

For borrowers of closed banks under liquidation as of 31 December 2019, CLIP offers the following incentives:

- Unencumbered Clean Loans: 25% discount or reduction on outstanding principal and booked interest and other charges, if any; and full waiver of un-booked interest and penalty charges.
- Unencumbered Secured Loans: Reduction of un-booked interest on the principal amount from actual rate to only 5% per annum and full waiver of un-booked penalty charges and other charges.

3. *What are unencumbered clean loans?*

These are loans without collateral and not mortgaged to any creditors of the closed banks, such as, but not limited to the BSP and Land Bank of the Philippines (LBP).

4. *What are unencumbered secured loans?*

These are loans secured by collateral/s (e.g., real estate properties, motor vehicles, jewelries and others) that are free from any liens or encumbrances in favor of the creditor/s of the closed bank such as, but not limited to the BSP and LBP.

5. *What is outstanding principal?*

Principal represents the original amount of your loan or how much you borrowed from the closed bank. Meanwhile, *outstanding principal* refers to the still unpaid portion of the principal excluding booked and un-booked interest, penalties, and other charges.

6. *What is an outstanding loan?*

This refers to your outstanding principal balance plus booked and un-booked interest, penalties, and charges.

7. What are booked and un-booked interest, penalties, and charges?

Booked interest, penalties and other charges are outstanding loan-related obligations of the borrower that were already recorded in the books of the closed bank as of its closure date. Un-booked obligations refer to accrued interests, penalties, and other charges that are not yet recorded in the books of the bank.

8. What's the cut-off date for booked interest, penalties, and charges?

The last transaction and/or applicable date recorded in the books of the closed bank.

9. What does "per annum" mean?

It means per year, e.g., interest rate of 5% per year.

10. What does "full waiver" of un-booked interest, penalties, and charges mean?

It means you no longer have to pay the abovementioned un-booked obligations

11. How will I know if my loan with a closed bank is unencumbered clean or unencumbered secured?

You may get in touch with PDIC through any of the following:

- The Public Assistance Department (PAD) hotline at 8841-4141 (for Metro Manila calls) or the PDIC toll-free number at 1-800-1- 888-7342 (for calls outside of Metro Manila) during office hours.
- E-mail at clip-pad@pdic.gov.ph
- Private message to PDIC's official Facebook account at www.facebook.com/OfficialPDIC
- Personal inquiry at the PDIC Public Assistance Center (PAC) at the 3/F SSS Bldg. 6782 Ayala Avenue corner V.A Rufino St., Makati City. In compliance with established health protocols, visits to the PAC are by appointment only. Appointment schedule may be requested through phone call, email or private message to the PDIC Facebook page.

12. Can I avail of incentives under CLIP regardless of my outstanding principal balance?

Only borrowers with unencumbered clean loan or unencumbered secured loans with outstanding principal balance of ₱1.0 million or less may avail of the incentives under CLIP.

13. I have both a deposit and a loan with a closed bank. Can my deposit offset my loan under CLIP?

Yes, but the incentives will only apply to your outstanding balance *after offsetting*. For example: You have a ₱200,000 deposit and an outstanding loan balance (principal, interest,

penalty) of ₱300,000. After offsetting, your outstanding loan balance will only be ₱100,000 and the incentives will apply to this amount.

14. I have two (2) loan accounts with a closed bank, one secured by real estate mortgage and the other account is unsecured, with a total outstanding principal balance greater than ₱1.0 million. Am I still eligible for the incentives under CLIP?

Yes. The eligibility requirement of ₱1.0 million and below of outstanding principal balance applies separately for unencumbered secured and unencumbered clean loans. This means you can avail of the CLIP for your unencumbered clean loan and unencumbered secured loan for as long as the outstanding principal balance does not exceed ₱1.0 million each.

15. If I have two (2) unencumbered loans with a closed bank, secured and clean, is it possible to avail of the incentives under CLIP only for the secured debt? Can I get my collateral/mortgaged property and cancellation of mortgage after I fully settle said unencumbered secured loan?

No. You need to fully settle all your loan accounts (both unencumbered clean and unencumbered secured) with the closed bank before your collateral/mortgaged property and cancellation of mortgage are released to you.

16. Can I avail of the program via installment payments?

No. You may only avail of the CLIP through a one-time cash payment/settlement.

17. Until when can I avail of the CLIP?

You can avail of the CLIP until 30 September 2022.

18. Can I pay using electronic fund transfer?

As of the moment, electronic fund transfer is not accepted. The current acceptable payment modes are the following:

- Personal payment at the PDIC Public Assistance Center at the 3/F SSS Bldg. 6782 Ayala Avenue corner V.A Rufino St., Makati City. In strict compliance with health protocols, visits to the PAC are by appointment only. Appointment schedule may be requested through phone call, email or private message to the PDIC Facebook page.
- Any Philippine National Bank (PNB) branch. Using the PNB Payment Slip, provide the following information:

Company Name: **PDIC BURL – Name of Closed Bank**

Account Reference No. **[Your Loan Account No. with the Closed Bank]**

Payor's Name: **[Your Name]**

19. How can I know my updated loan balance with a closed bank?

You may request for an updated Statement of Account (SOA) through any of the following:

- The Public Assistance Department (PAD) hotline at 8841-4141 (for Metro Manila calls) or the PDIC toll-free number at 1-800-1- 888-7342 (for calls outside of Metro Manila) during office hours.
- E-mail at clip-pad@pdic.gov.ph
- Private message to PDIC's official Facebook account at www.facebook.com/OfficialPDIC
- Personal inquiry at the PDIC Public Assistance Center (PAC) at the 3/F SSS Bldg. 6782 Ayala Avenue corner V.A Rufino St., Makati City. In compliance with established health protocols, visits to the PAC are by appointment only. Appointment schedule may be requested through phone call, email or private message to the PDIC Facebook page.

20. What will happen to me if I don't pay off my loans with a closed bank?

Non-payment of your loan with a closed bank may adversely impact your chances of borrowing money from banks and other financial institutions. When they do a credit investigation to verify your character and capacity to pay, they can get information on your delinquent loan.

Additionally, non-payment of a secured loan will keep you from enjoying full ownership over the asset used as collateral. Worse, it may put you at risk of losing ownership over the asset upon foreclosure.

21. Why do I need to pay my loans with a closed bank? After all, it's already closed.

Apart from the fact that a bank's closure does not extinguish or nullify your debt, there are four (4) other important reasons to pay.

First, paying off your loan can help the people and businesses the bank owes money to. They include suppliers, service providers, and depositors with uninsured deposits (in excess of the ₱500,000 maximum insured amount). Your payment, along with those of other borrowers, will be used to pay them, too.

Second, you won't be able to reclaim or exercise complete ownership over the property or other assets you used as collateral for a secured loan. Unless you fully settle your debts, the mortgage will not be cancelled. Worse, you may lose possession of it completely upon foreclosure.

Third, chances are you won't be able to get a loan from banks and other financial institutions when you really need money later on. Through a credit investigation, they'll see your negative credit record resulting from non-payment of debt.

And lastly, paying off debts is the right and honorable thing to do. After all, you borrowed the money and everything borrowed must be returned according to mutually agreed terms.

22. I live far away from PDIC's office. How can I avail of the PDIC-CLIP without having to go there?

For general inquiries and to request for your latest Statement of Account (SOA), you may contact PDIC through any of the following:

- The Public Assistance Department (PAD) hotline at 8841-4141 (for Metro Manila calls) or the PDIC toll-free number at 1-800-1- 888-7342 (for calls outside of Metro Manila) during office hours.
- E-mail at clip-pad@pdic.gov.ph
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For loan payments, you may pay in cash or check at any Philippine National Bank (PNB) branch. Using the PNB Payment Slip, provide the following information:

Company Name: **PDIC BURL – Name of Closed Bank**

Account Reference No. [**Your Loan Account No. with the Closed Bank**]

Payor's Name: [**Your Name**]