

Republika ng Pilipinas
PAMBANSANG PANGASIWAAN NG PATUP
(National Irrigation Administration)
Lungsod ng Quezon

MC NO. 32, 1981

MEMORANDUM CIRCULAR

TO : THE ASSISTANT ADMINISTRATORS; HEADS OF DEPARTMENTS AND STAFFS;
REGIONAL IRRIGATION DIRECTORS; PROJECT MANAGERS AND PROVINCIAL
IRRIGATION ENGINEERS; IRRIGATION SUPERINTENDENTS AND OFFICERS-
IN-CHARGE OF SYSTEMS; CHIEF CORPORATE ACCOUNTANT AND REGIONAL/
PROJECT ACCOUNTANTS; CORPORATE AUDITOR AND REGIONAL/PROJECT
AUDITORS AND ALL OTHERS CONCERNED
National Irrigation Administration

SUBJECT: Implementation of Presidential Decree No. 1752 for the Mandatory
Coverage of Employers and Employees to the Home Development
Mutual Fund (PAG-IBIG FUND) of 1980 Effective July 1, 1981

For the information, guidance and compliance of all concerned,
attached is a copy of the Implementing Rules and Regulations of the Home
Development Mutual Fund (PAG-IBIG FUND) of 1980 to carry out effectively
the provisions and objectives of Presidential Decree No. 1752.

In this connection, the effectivity for the implementation of the
mandatory coverage of the employers and employees as provided under Sec-
tion 2 of Rule II of the Home Development Mutual Fund's Implementing
Rules and Regulations shall start on July 1, 1981. Thereafter, man-
datory coverage of the employer shall take effect on the first date of
its operation, and that of the employee on the date of his employment.
Each member employee as provided under Section 4 of the Rule shall con-
tribute a percentage of his Fund Salary for each month until his membership
is terminated under the following graduated percentages:

One percent (1%) in 1981

Two percent (2%) in 1982

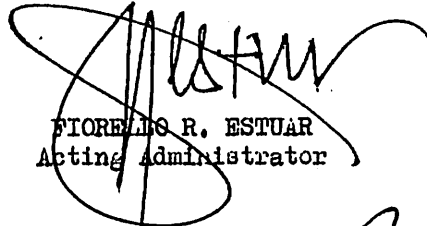
Three percent (3%) in 1983 onward;

The employer shall likewise contribute an equivalent counterpart
for each of his employees.

Contributions of the member employee to the Fund shall be collected
through payroll deductions by their respective offices which shall remit the
same on or before the 10th day of the month immediately following

the month of collections to the accredited collecting banks of the National Home Mortgage Finance Corporation and its branches such as the Philippine National Bank, Philippine Veterans Bank, Land Bank and Metro Banks together with duly accomplished remittance form prescribed by NHMFC which are available in all its accredited collecting banks. A primer to employers on the collecting system of the PAG-IBIG Fund is attached for guidance and reference of all concerned,

Strict compliance is hereby enjoined.


FIORELLO R. ESTUAR
Acting Administrator

July 14, 1981

Attachments:

HDMF Implementing Rules and Regulations, Book I

Primer To Employers on the Collecting System
of the PAG-IBIG FUND

HDMF Circular No. 2

Monthly Remittance Form

Report on Additional Employees

CLC- 

GMD-

PAS-

OCV. DW 7/1/81

included
8-3-81

IMPLEMENTING RULES AND REGULATIONS OF THE HOME DEVELOPMENT
MUTUAL FUND of 1980

Board Resolution No. 3 Series of 1981 dated May 12, 1981

Adopting and Promulgating the Implementing Rules and Regulations
of the Home Development Mutual Fund Law of 1980

RESOLVED; That in order to carry out effectively the provisions and objectives of P.D. 1752 which amended P.D. 1530 and established the Home Development Mutual Fund of 1980, the Board of Trustees, pursuant to the powers vested in the same, hereby adopts the following rules and regulations.

GENERAL PROVISIONS

I. Scope of the Rules

These Implementing Rules and Regulations consist of Three Books. Book One deals with employees falling within the coverage of the GSIS and SSS; Book Two covers the self employed and professionals; and Book Three applies to other working groups, such as but not limited to employees of foreign employers, embassies and consulates, international organizations and institutions, and non-permanent government employees not covered by the GSIS.

II. Restatement of Fund Objectives

In general, the objectives of the Fund are-

1. To motivate the employed and other working groups to better plan and provide for their housing needs by membership in an integrated, nationwide savings system with contributory support of employers, in the spirit of social justice and the pursuit of national development,
2. To establish, maintain and ensure an affordable and adequate housing credit system for its members and thereby contribute to the establishment of decent human settlements and the upliftment of social conditions of our communities.

III. Private/Provident Character of the Fund

The Fund shall be for the mutual benefit of the members, private in character, owned wholly by them, administered in trust and applied exclusively for their benefit. All personal and employer contributions shall be fully credited to each member, accounted for individually and portable in case of change of employment. They shall earn dividends as provided for in these Rules. The said amounts shall constitute the provident fund of each member, to be paid to him, his estate or beneficiaries upon termination of membership, or from which may be drawn peripheral benefits for the member as may be approved by the Board of Trustees.

IV. Rule-Making Power of the Board of Trustees

The Board of Trustees has been authorized to make, issue, amend or change necessary rules and regulations to implement the provisions of P.D. 1752 for the effective administration, collection, custody, development, utilization and disposition of the Fund and parts thereof and such other matters that, by express or implied provisions of the law shall require action by the Board of Trustees.

VI. Non-Transferability of Benefits

No member shall assign, transfer, or convey or in any manner encumber his interest in the fund prior to his actual receipt of the same, and any transaction attempting or purporting to effect such transfer or encumbrance shall not be recognized.

VII. Adjudication and Settlement of Claims and Disputes.

All claims and disputes on any matter relative to the implementation of the provisions of P.D. 1752 affecting the rights and interest of the members shall be within the original and exclusive jurisdiction of the Fund, the decision of whose Chief Executive Officer shall be final and unappealable after the lapse of thirty (30) days from receipt of notice by the aggrieved party of such decision and without him taking the appropriate remedies available to him to a competent court. The Chief Executive Officer shall prescribe the forms to be used and the procedure to be followed in the adjudication and settlement of the aforementioned claims and disputes.

VII. Amendments

These Rules and Regulations may be amended, modified, complemented and/or repealed by the Board from time to time if the interest of the Fund and its members so requires.

IX. Saving Clause

Should any provision of this Resolution or any part thereof be declared invalid, the other provisions so far as they are separable from the invalid ones, shall remain in force.

X. Effectivity

These Rules and Regulations shall take effect fifteen (15) days after its complete publication in the Official Gazette or in a newspaper of general circulation

PRIMER TO EMPLOYER
ON THE
COLLECTION SYSTEM
OF THE
PAG-I B. L. GO. FUNDS
(Home Development Mutual Fund)

1: Employer - who is either

- ## II. UNDERTAKINGS OF THE EMPLOYER

1. Deducts the contributions of its employed members from their monthly pay.
 - 1.1 If Employer is Participating - Employees members contribute 3% of their monthly Fund Salary.
 - 1.2 If Employer is Non-Participating - Employees members contribute 3% of their monthly Fund Salary.
- "Fund Salary" shall mean the current basic compensation to employees; however, if the Participating Employer so desires it shall include the cost of living allowance and such other forms of remuneration regularly received by its employees.
2. On or before the 10th day of the month following the month of collection, remit the amount due to the Authority accomplished by supporting documents provided by the Employer.

III. COLLECTION DOCUMENTS

A. Initial Remittance Report on HDMF Form No. FG 79-101A

After the Employer has accomplished the Subscription for Employer Participation (HDMF Form No. 79-008) or the Employer Service Agreement (HDMF Form No. 79-004), he forwards all Application Forms for Membership (HDMF Form No. 79-001) to the NHMFC-Shelter Savings Department.

NHMFC will process these application forms and send the Employer a computer-generated listing which will serve as the Employer's supporting document for his initial remittance.

The computer-generated listing or Initial Remittance Report will contain the following information:

1. Employer Tax Account Number (and Branch Code, if any) which is the Employer's I.D. No. for HDMF purposes;
2. Name of Employer;
3. Address of Employer;
4. Category of Employer - Participating or Non-Participating;
5. Names of Employee-Members;
6. Employee-Member's I.D. No. for HDMF purposes. This is alphanumeric and directly derived from the member's NAME, and DATE OF BIRTH.
7. Monthly contribution of each Employee-Member computed on the basis of his declared Fund Salary;
8. When first remittance will start;
9. Total monthly contributions;
10. Total amount to be remitted.

There will be a section in this list where the Employer (any of his authorized signatories) will sign, thereby validating the list and another section where the Bank fills in information regarding payment.

The computer print-out will relieve the Employer of the task of manually preparing his initial remittance list. He simply reviews the listing for accuracy and certifies each page as correct. In case of errors, the Employer crosses out the erroneous data, enters the correction/s immediately above them and authenticates the change/s with an authorized signature. The HDMF computer files shall be adjusted accordingly before the payments are posted.

The report will be in three (3) copies. Distribution of copies is as follows:

2 copies - to the Bank for transmittal to
NHMFC-Treasury Department

1 copy - Employer's copy

The Employer brings all three copies to the Bank together with his remittance. The Bank will acknowledge receipt of the payment by issuing a Special Bank Receipt on HDMF Form No. FG 79-100 (EXHIBIT E). The receiving teller fills in the details of the Employer's payment (SBR No. and amount paid) on the spaces provided in the computer listing and gives one copy of the same document to the Employer.

For a facsimile of the Form and further instructions refer to EXHIBIT A.

Subsequent remittance reports shall be of the "exception" type, for which the Employer will use HDMF Form No. FG 79-101 (Remittance Form).

B. Remittance Form or HDMF Form No. FG 79-101

This document will support the Employer's subsequent monthly remittances after the first computer-generated list (HDMF Form No. FG 79-101A). This form is designed in such a manner that only "exceptions" on members' contributions occurring during a particular month are to be reported.

Refer to EXHIBIT B for a sample of the Form. Instructions on how to accomplish it are printed at the back of the Remittance Form.

The form is to be prepared in triplicate per type of change being reported. The Employer brings all copies to the Bank together with his remittance. The Bank will acknowledge receipt of the payment by issuing a Special Bank Receipt and fills in details of payment (SBR No. and amount paid) on every copy of HDMF Form No. FG 79-101. Said copies will then be distributed as follows:

Original and duplicate - to the Bank for transmittal to NHMFC-Treasury Department

Triplicate - Employer's file copy

The Remittance Form will be made available to Employers in all offices of NHMFC-accredited Collecting Banks or sent directly to Employers upon the latter's request.

An important change is to be noted in the manner of reporting additional members contributing thru the Employer for the First Time. Per instructions at the back of the Remittance Form, the names of new members are to be written down in the said form. As an innovation to said rule and to provide additional convenience to the Employer, NHMFC has decided to come out with a computer-generated listing of additional members similar to the Initial Remittance Report also in three (3) copies which are forwarded to the Employer. The Employer, in reporting additional members in the Remittance Form, simply:

1. Checks box (1) opposite ADDITIONAL MEMBERS CONTRIBUTING THRU THIS EMPLOYER FOR THE FIRST TIME.

2. Fills up the following columns:
 - a. Employer's I.D. No. and BR CODE (NHMFC-supplied Branch Code to the Employer, if any)
 - b. Company Name
 - c. Company Address
 - d. Period Covered - Year and Month only
 - e. Category of Employer
3. Fills up "CONTRIBUTION" section with the total amount of additional members' share and the employer's counterpart for the month -- If the Employer is a Participating Employer, and only the additional members' share -- If the Employer is Non-Participating
4. Writes down the words, "PLEASE REFER TO ATTACHMENT" under column "Name of Member"
5. Attaches two copies of the computer-generated listing to the specific Remittance Form
6. Signs both reports.

C. NHMFC-HDMF Debit Memo or HDMF Form No. FG 79-102

A NHMFC-HDMF debit memo (EXHIBIT C), coupled by a statement of account, is issued by the NHMFC in case of errors or adjustments which understate monthly remittances of Employers.

When a debit memo is paid, a copy of the same should be submitted by the Employer to the NHMFC-accredited Collecting Bank for transmittal to the NHMFC-Treasury Department.

D. NHMFC-HDMF Credit Memo or HDMF Form No. FG 79-103

A NHMFC-HDMF credit memo (EXHIBIT D) will be issued by NHMFC in any of the following cases:

1. Errors or adjustments which overstate monthly remittances of Employers;
2. Unrecovered employer accumulated value -- which refers to that portion of the counterpart contributions of the Participating Employer plus corresponding earnings thereto that is not recovered by the withdrawing employee-member. This amount is available for offset against the Employer's future remittances.

To avail of credits, the Employer should attach a copy of the NHMFC-HDMF credit memo to his Remittance Form and enter the amount of credit used under AVAILABLE CREDITS column of the RECAPITULATION Portion of HDMF Form No. FG 79-101.

E. Special Bank Receipt or SBR (HDMF Form No. FG 79-100)

The Special Bank Receipt (EXHIBIT E) is a document issued by NHMFC-accredited Collecting Banks to Payors for and in behalf of the NHMFC for HDMF membership contributions received.

either in the form of cash, checks, postal money order or remittance order to be credited to the NHMFC-HDMF bank account/s. This will serve as the official NHMFC receipt for purposes of HDMF remittances when validated.

The SBR is accomplished in triplicate. Copies are to be distributed as follows:

Original - to the Bank for transmission to
NHMFC-Treasury Department

Duplicate - Payor's copy

Triplicate - Bank file

The payor should see to it that the receiving teller indicates the correct name of the Employee, his address, date of payment, the permanent employer I.D. No., branch code (if any), purpose of payment (whether in payment of monthly contributions or a NHMFC-HDMF debit memo), form of payment, and that the receiving teller signs and validates the Special Bank Receipt.

IV. OPERATING PROCEDURES - COLLECTION AND REMITTANCE OF CONTRIBUTIONS IN CASE OF OVERSTATEMENT OR UNDERSTATEMENT OF REMITTANCES

A. In case of Overstatement of Remittances - to Use Unavailed Credits

1. Shelter Savings Group - Savings Department (SSG-SD)

The SSG-SD performs the following:

- 1.1 Prepares four (4) copies of HDMF Credit Memo (HDMF Form No. 79-103) to be distributed as follows:

Original and quadruplicate copies - to NHMFC
Duplicate copy - to Employer as supporting document to be attached to future remittance
Triplicate copy - to Employer for his file

2. Employer

The Employer performs the following:

- 2.1 Receives duplicate and triplicate copies of NHMFC-HDMF credit memo.
- 2.2 Deducts contributions of members from their monthly remuneration.
- 2.3 Contributes employer counterpart equal to employees' total contributions.
- 2.4 Accomplishes Remittance Form in triplicate.
- 2.5 Attaches credit memo issued by NHMFC to the Remittance Form.
- 2.6 Forwards remittance together with Remittance Form and credit memo to the Bank.

Remittances using unavailed credits may be effected as follows:

- 2.6.1 In the event that the amount to be remitted is greater than the credit memo amount, the balance should be covered by cash, check, postal money order, and/or Treasury Warrant. In this case the Collecting Bank issues SBR reflecting the above balance.
- 2.6.2 If the amount to be remitted is equal to the credit memo amount, no other payment is necessary.
- 2.6.3 If the amount of the credit memo is greater than the amount to be remitted, no SBR will be issued by the Bank. However, an excess payment is recognized by NHMFC and the excess amount shall be included in the Employer's Retained Credits. Another NHMFC-HDMF credit memo in the amount of the excess shall be generated and given to the Employer.

B. In Case of Understatement of Remittance - Payment Must be Made

1. Shelter Savings Group - Savings Department

The SSC-SD performs the following:

- 1.1 Prepares four (4) copies of the NHMFC-HDMF Debit Memo (HDMF Form No. 79-102) to be distributed as follows:

Original and quadruplicate copies - to NHMFC

Duplicate copy - to Employer as document to be attached to future remittance

Triplicate copy - to Employer for his file

2. Employer

The Employer performs the following:

- 2.1 Receives duplicate and triplicate copies of NHMFC-HDMF debit memo.
- 2.2 Pays the debit memo through the Bank.
- 2.3 Leaves one copy of the debit memo to the Bank which the Bank attaches to the corresponding SBR to be forwarded to NHMFC-Treasury Department.

**C. In Case the Employer has Received Both Credit and Debit Memos
the following rules shall be followed:**

1. If the amount of the credit memo (CM) is greater than the total of the month's remittance and the amount of the debit memo added, he may use the credit memo to exhaust all payments. In this case, no SBR will be issued by the Bank. The excess amount shall be included by NHMFC in the Employer's Retained Credits and another credit memo in the excess

2. If the amount of the CM is less than the total of the month's remittance and the amount of the debit memo added, he may use the total amount of the CM and cover the balance with cash or check.
3. If the amount of the CM is equal to the total of the month's remittances plus the amount of the debit memo, no other payment is necessary.

In all of the above cases, the Employer attaches a copy each of the debit and credit memos to the original and duplicate copies of the Remittance Form which he then submits to the Bank.

The Bank in turn forwards all the documents together with the original copy of the SBR (if one is issued) to the HHMF-Treasury Department.

V. ILLUSTRATION ON HOW THE FORMS ARE TO BE ACCOMPLISHED

A. Suppose we have the following information:

1. Company Name - ABC Manufacturing Company
2. Address of Employer - 466 Pasona Land Extension, Makati, Metro Manila
3. Employer's I.D. No. (T.A.N.) - T1834-S6678-49
4. Category of Employer - Participating
5. Authorized Signatory - Mr. Juan T. de la Cruz, Vice President-Treasurer
6. First Month of Collection - August 1979
7. Due Date of First Remittance - September 10, 1979
8. Employee-Members as of August 1979:

Name	Fund Salary
a. Emilia C. Villamin	P 1,200.00
b. Rey P. Santos	1,000.00
c. Cynthia A. Castro	900.00
d. Epifanio V. Cruz	850.00
e. Mariplu M. Valdez	950.00
f. Milagros D. Nunez	1,000.00
g. Jose P. Remedios	2,500.00
h. Juan T. de la Cruz	3,200.00

9. Amount remitted to HHMF thru the DBP-Makati Branch - P 904.00 (cash)
10. Date of remittance - September 7, 1979
11. Corporate Tax Account of DBP (for example) - S6543-112521-B3
12. Branch Code of DBP-Makati Branch (for example) - 001

Resulting forms are as follows:

1. If Employer is Participating:

- a) Initial Remittance Report - EXHIBIT A-1
- b) Special Bank Receipt - EXHIBIT B-1

2. If Employer is Non-Participating but Servicing:

- a) Initial Remittance Report - EXHIBIT A-2
- b) Special Bank Receipt - EXHIBIT B-1

B. Suppose we have the following information for the month of September 1979:

1. No change in the composition of Employer members and in the amount of their monthly contributions.
2. Amount remitted to NHMFC thru the DRP-Makati Branch - P 904.00 (BPI Check No. 093537)
3. Date of remittance - October 9, 1979

The Forms will be accomplished in this manner:

1. If Employer is Participating:

- a) Remittance Form - EXHIBIT C-1
- b) Special Bank Receipt - EXHIBIT B-2

2. If Employer is Non-Participating but Servicing:

- a) Remittance Form - EXHIBIT C-2
- b) Special Bank Receipt - EXHIBIT B-2

C. Suppose we have the following information for the month of October 1979:

1. Some changes occurred during October 1979, viz:

- a. Emilia C. Villamin resigned from ABC Corp. Company to transfer to another firm, effective October 16, 1979. No HDMF contribution was deducted from her salary for the month of October 1979.
- b. Beth P. Dizon was hired as secretary effective October 3, 1979. Her application for HDMF membership was forwarded to the NHMFC on October 3, 1979. Her Fund Salary as declared amounts to P700.00.
- c. The Fund Salary of Maribeth Valdez was adjusted from P950.00 to P1,200.00 effective October 16, 1979.

2. Amount remitted to NHMFC thru the DRP-Makati Branch - P890.00 per BPI Check No. 105678.

3. Date of payment - November 5, 1979

The Forms will appear as follows:

a) If the Employer is Participating:

- 1) Remittance Form - EXHIBIT C-3
- 2) Special Bank Receipt - EXHIBIT B-3

b) If the Employer is Non-Participating but Servicing:

- 1) Remittance Form - EXHIBIT C-4
- 2) Special Bank Receipt - EXHIBIT B-3

V. COMPUTATION OF CONTRIBUTIONS

In computing the employee-member's contribution, drop any fraction of a peso. For example:

If the member's monthly Fund Salary is P600.00, the employee's share as computed is P25.32 (3% of P860.00). Drop P.32. Thus, amount to be remitted to HMF through the collecting bank is P50.00.

If Employer is Participating		If Employer is Non-Participating but Servicing	
Member's share	P25.00		P50.00*
Employer's share	P25.00		
Total contribution	P50.00		P50.00

*The Employer's share of P25.00 is merely added to the member's share.

VI. MAINTENANCE OF RECORDS ON HMF CONTRIBUTIONS PER EMPLOYEE-MEMBER BY EMPLOYERS

Since under the HMF system, Employers are required to issue certifications from time to time, it is imperative that they maintain records which reflect their employee-members' updated data, i.e.:

1. Ledgers to record each member's contributions per month.
2. File of initial and subsequent Remittance Reports and other documents transmitted to HMF.

These records should be kept in the premises of the Employer, subject to inspection by HMF staff when necessary.

THE CHECK, TREASURY WARRANT OR POSTAL MONEY ORDER SHOULD BE PAYABLE TO "HMF- ADMINISTRATOR FOR THE HMF CASES"

BOOK ONE
EMPLOYEES COVERED BY GSIS AND SSS

Rule 1 Definitions

Section 1. Definition of Terms - The following terms shall mean:

- a. Employer - any person, natural or juridical, domestic, or foreign, who carries on in the Philippines any trade, business, industry, undertaking or activity of any kind, and uses the services of another person who is under his orders as regards such services; the Government, its national and local offices, political subdivisions, branches, agencies or instrumentalities including corporations owned and/or controlled by the Government; and other organizations, associations and institutions which are now, or in the future will be under the coverage of the GSIS and SSS by virtue of their respective charters.
- b. Employee - any person in the service of an employer who receives compensation for such service;
- c. SSS - the Social Security System created under Republic Act Numbered Eleven Hundred and Sixty-One, as amended;
- d. GSIS - the Government Service Insurance System created under Commonwealth Act Numbered One Hundred Eighty Six;
- e. Fund - the Home Development Mutual Fund of 1980 established by Presidential Decree No. 1752;
- f. Board - the duly constituted Board of Trustees of the Home Development Mutual Fund of 1980;
- g. Chief Executive Officer - the person who executes and administers the policies and resolutions approved by the Board, and directs and supervises the operations and management of the Fund;
- h. Member - any person embraced under Section 1, Rule II of this Book;
- i. Active, Member - a member who is up to date in his monthly contributions and his employer's contributions;
- j. Member-Borrower - a member who has availed of the Fund's housing loan program and has an outstanding loan account with the Fund;
- k. Member-Saver - a member who has no outstanding loan account with the fund;
- l. Employee Accumulated Value - the employee's personal contributions to the Fund and the corresponding dividends credited thereto;
- m. Employer Accumulated Value - the employer's counterpart contributions to the fund and the corresponding dividends credited thereto;
- n. Total Accumulated Value - the sum of the Employee accumulated value and the Employer Accumulated Value;
- o. Fund Salary - the member's current basic monthly pay. Provided, That the employer may include the cost-of living allowance and such other forms of remuneration regularly received by the employee. Provided, further, That if the amount used as basis for the Fund Salary exceeds Three Thousand Pesos (P3,000.00), for purposes of these Rules, the Fund Salary shall only be P3,000.00.
- p. Monthly - the period from the end of the last payroll period of the preceding month to the end of the last payroll period of the current month if compensation is on hourly, daily or weekly basis; if on any other basis, "monthly" shall mean a period of one calendar month;
- q. Fund Income - the income of the Fund from investments, loans, fines, penalties or surcharges earned by the Fund as provided for in Sections 2 and 4, Rule VII of this Book;

r. Dividends - increments credited according to these Rules or resolutions of the Board, to the Employee and Employer Accumulated Values, or paid out in cash, to wit:

1. Fixed Dividend - set at 7.5% p.a.;

2. Variable Dividend - the portion out of unassigned surplus available for distribution after deducting fixed dividends and contingency, liquidity, and across-subsidy-reserves;

s. Membership Maturity - a period of 20 yrs commencing from the first day of the month to which the member's initial contribution to the Fund applies;

t. Retirement - the member's retirement from service as determined by his employer's retirement plan qualified under R.A. No. 4917 (An Act Providing That Retirement Benefits of Employees of Private Firms shall not be Subject to Attachment, Levy, Execution or any Tax Whatsoever), Provided, he is not less than 50 years of age; or if his employer has no qualified retirement plan, the first day of the month immediately following his 60th birthday;

u. Total Disability - loss or impairment of a physical or 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;

v. Beneficiary - the person designated by the member to receive in the event of his death, the amount due him from the Fund in accordance with these Rules;

w. Integration - merging of private provident or housing plan with the Fund, relative to employer-employee required contributions to the Fund, so that for all legal intents and purposes, the members of the plan become members of the Fund;

x. Waiver - temporary exclusion from coverage under the Fund of an employer who is not yet registered with the Fund;

y. Suspension - Temporary exclusion from coverage under the Fund of an employer who is already registered with the Fund;

z. Provident Plan - a plan established and maintained by an employer, primarily to provide for the payment of determinable benefits to the plan members. For purposes of waiver or suspension of coverage, retirement, pension or gratuity plans are covered under this definition;

aa. Housing Plan, - a plan established and maintained by an employer or employees group, with or without employer counterpart, usually to provide financial assistance to qualified employees by extending loans for the acquisition of a house/lot, construction or improvement of a house, all at liberal rates and terms primarily for the benefit of the employees. For purposes of waiver or suspension of coverage, existing free housing facilities provided by an employer to his employees may be considered similar to housing plan;

bb. Net Fund Asset - the total assets of the Fund less current liabilities

Section 2. Gender; Number- Whenever used herein, the masculine pronoun shall include the feminine and neuter gender, the singular number shall include the plural and the plural shall include the singular, unless the context clearly indicates a different meaning.

RULE II - MEMBERSHIP

Section 1. Coverage - Membership in the Fund shall be compulsory upon all employees covered by the GS IS and SSS under their respective charters.

Section 2. Effectivity - For Employees presently covered by the GSIS or SSS, as well as for their respective employers, mandatory coverage shall take effect on the date of effectivity of P.D. 1752; Provided, That implementation thereof shall start on July 1, 1981.

Thereafter, mandatory coverage of the employer shall take effect on the first day of his operation, and that of the employee on the date of his employment.

Section 3. Registration - All employers shall register with the Fund. They shall submit to the Fund all data and information it may require in relation to their respective businesses and employees in such forms as the Chief Executive Officer may prescribe for the purpose.

Section 4. Membership Contribution - The member shall contribute a percentage of his Fund Salary per employee for each month until his membership is terminated as provided for in section 6 of this Rule graduated as follows:

- One percent (1%) in 1981;
- Two percent (2%) in 1982;
- Three percent (3%) in 1983 onward;

The employer shall likewise contribute an equivalent counterpart for each of his employees

Section 5. Portability of Membership - A member who transfers to another employer or who becomes self-employed or a self-paying employee as defined in Books Two and Three respectively, carries with him his Total Accumulated Value.

Section 6. Termination of Membership - Membership shall be terminated anytime upon the occurrence of any of the following;

- a. Membership Maturity;
- b. Death;
- c. Retirement;
- d. Total Disability or Insanity, and
- e. Departure from the country permanently

Occurrences other than the above shall not constitute termination of membership as may otherwise be provided by the Board.

RULE III - WAIVER/SUSPENSION /INTEGRATION

1. Section 1, Waiver or Suspension - Existing Provident Plan - An employer and/or employee group who has an existing provident plan at the date of the effectivity of P.D. 1752, qualified under Republic Act No. 4917 and actuarially determined to be sound and reasonable by an independent actuary duly accredited by the Insurance Commission may apply with the Fund annually for waiver or suspension of coverage. Such waiver or suspension may be granted by the Chief Executive Officer on the basis of verification that the waiver or suspension does not contravene any effective collective bargaining or other existing agreement and that the feature of the plans are superior to the Fund and continue to be so.

Section 2. Waiver or Suspension - Existing Housing Plan - An employer and/or employee group who has an existing housing plan at the date of effectivity of P.D. 1752 may apply with the Fund annually for waiver or suspension of coverage. Such waiver or suspension may be granted by the Chief Executive Officer on the basis of verification that the waiver or suspension does not contravene any effective collective bargaining or other existing agreement and that the features of the plan or plans are superior to the Fund and continue to be so.

Section 3. Waiver or Suspension - Distressed Employer - An employer who is or becomes financially incapable of paying or continually paying his counterpart contribution may apply with the Fund annually for waiver or suspension of coverage. Such waiver or suspension may be granted by the Chief Executive Officer upon verification that financial condition of the applicant warrants such concession.

Section 4. Effects of Waiver or Suspension - Existing Provident/Housing Plan - Waiver or suspension granted to an employer under Sections 1 or 2 of this Rule shall likewise apply to his employees who are members of the private plan. Provided, that such members are not member-borrowers of the Fund. A member-borrower shall continue to pay and remit his monthly contributions to the Fund. A member-saver, on the other hand, may opt to remain in good standing or restore such status by remitting his monthly contributions to the Fund.

Employees who are non-members of the private plan and their employer shall be covered by the Fund until such time that the employees become members of the private plan, subject to the provisions of the preceding paragraph.

Section 5. Effects of Waiver or Suspension - Distressed Employer - Waiver or suspension granted to an employer under Section 3 of this Rule shall likewise apply to all of his employees except member borrowers of the fund. A member borrower shall continue to pay and remit his monthly contributions to the Fund. A member-saver, on the other hand, may opt to remain in good standing or restore such status by remitting his monthly contributions to the Fund.

Section 6. Integration of Provident/Housing Plan - An employer and/or employee group who has an existing provident/housing plan at the date of effectivity of P.D. 1752 may register with the Fund for integration, either fully or partially. Provided, such integration shall be considered full, if the contributions to the provident/housing plan, on a monthly basis, are wholly remitted to the Fund. Provided, further, that if said contributions are not sufficient to meet the contributions required under Section 5 of P.D. 1752, additional contribution shall be made by the employer and/or employee group.

Section 7. Effects of Integration - Integration with the Fund of private provident/housing plan under the preceding section shall have the following effects:

- a. An employee who is a member of the private plan shall be considered a member of the Fund and is therefore afforded all the rights and benefits due him under the Fund.
- b. An employee who is not a member of the private plan, as well as his employer in so far as he is concerned, shall be covered by the Fund as provided for in Section 4 of O.D. 1752.

Section 8. Processing of Applications - The Chief Executive Officer shall issue the rules of procedure that shall govern the filing, receipt, requirements, processing and actions on application for waiver,

suspension or integration mentioned in the preceding sections of this Rule. Application for waiver, suspension or integration shall be made in such forms as may be prescribed by the Chief Executive Officer.

Notwithstanding the filing of an application for waiver, suspension or integration, mandatory coverage shall remain in full force and effect until the same is expressly waived, suspended or integrated by the Chief Executive Officer.

Section 9. Decision of the Chief Executive Officer - The decision or resolution of the Chief Executive Officer on applications for waiver, suspension or integration shall, unless appealed to a competent court, become final and unappealable after lapse of thirty (30) days from receipt of notice by the applicant and/or aggrieved party.

Section 10. Future Provident/Housing Plans - The establishment of a separate provident/housing plan after the effectivity of P.D. 1752 shall not be ground for waiver or suspension of coverage in the Fund nor for full or partial integration with the Fund. Neither shall such coverage bar any employer and/or employee group from establishing separate provident/housing plans.

RULE IV - BENEFICIARIES

1. Section 1. Nomination - A member shall nominate in writing by filing the prescribed form, his beneficiary/ies who shall receive the amount which may be due him from the Fund in case of death. Provided, That such beneficiary is not otherwise disqualified by the Civil Code from being named beneficiary.

Section 2. Change of Beneficiary - Every nomination shall remain in force until the death of beneficiary or until revoked or amended by the member making it by filing another nomination form.

Section 3. Incompetent Beneficiary - In the event that any beneficiary is a minor or otherwise incompetent to receive the benefits at the time payment is due, payment shall be made to the legal guardian or as may be ordered by the Courts.

Section 4. Failure to Nominate - In the event of the member's death and there is no designated beneficiary, the laws of succession shall apply.

RULE V - BENEFITS

Section 1. Benefits Upon Termination of Membership - In case of termination of membership as provided for under Section 6, Rule II of this Book, the member shall receive his Total Accumulated Value subject to the provisions of the HIMP Housing Loan Guidelines of 1980.

Section 2. Dividend Benefit - Fixed dividends of 7.5% per annum shall be distributed to active member-savers from time to time as credits to their Total Accumulated Values or in cash. Variable dividends from surplus earnings of the Fund may be distributed to active members from time to time upon approval by the Board.

Section 3. Exemption from Tax, Legal Practice and Lien, Notwithstanding any provision of existing law, decree, letter of instruction, executive or administrative order, rule or regulation to the contrary,

the Fund and all its assets, collections, receivables and increments, as well as all distributions therefrom whether of contributions, distributable income of the Fund or dividends paid to or received by the members thereof, or their heirs/beneficiaries, shall be exempt from the payment of any and all forms of taxes, assessments and other charges. All such provident payments shall not be liable to attachments, garnishment, levy or seizure by or under any legal or equitable process whatsoever, either before or after receipt by the persons entitled thereto, except to pay any debt of the member to the Fund.

Section 4. Guaranty - The Government of the Republic of the Philippines guarantees the payment of Total Accumulated Value to the members of the Fund when they fall due.

RULE VI REAL ESTATE HOUSING LOAN

Section 1. Eligibility - An Active member shall be eligible to apply for a housing loan under the terms and conditions set forth in the RUMF Housing Loan Guidelines of 1980.

Section 2. Source of Housing Loan Amounts - The amounts to be loaned out of qualified members shall come from the Fund and/or other source approved by the Board.

RULE VII - EMPLOYER'S OBLIGATIONS

Section 1. Employer's Fiduciary Obligation - The employer assumes a fiduciary relationship with both the Fund and the members concerned as regards the latter's contribution and the counterpart, as well as the remittance thereof.

Delinquency of the employer to remit the contributions and/or refusal or failure to comply with the provisions of P.D. 1752 shall be ground for the imposition of the penalty under Sections 2 and 4 of this Rule.

The employer is likewise enjoined to conduct a continuing information campaign on the Fund through the posting of the RUMF Law of 1980 and of the promulgated Rules and Regulations in the work premises of the employees.

Section 2. Penalty Clauses - Refusal or failure to comply with these Rules and Regulations, issued pursuant to P.D. 1752 particularly with respect to the registration of employees, collection and remittance of employee contributions as well as employer counterparts, in the correct amount due, within the time set or specific call or extension made by the Fund management, shall constitute an offense punishable by the penalty imposed under Section 23 of P.D. 1752. When the Offender is a corporation, the penalty shall be imposed upon the members of the governing board and the President or General Manager, without prejudice to prosecution of related offenses under the revised Penal Code and other laws, revocation and denial of operating rights and privileges in the Philippines and denial of operating rights and privileges in the Philippines and deportation when the offender is a foreigner.

Section 3. Collection from Members - Contributions of members shall be collected through payroll deductions by their respective employers, who for this purpose shall act as agent both of the Fund and the member.

Every employer shall issue a receipt of all contributions deducted from the employee's compensation or shall indicate such deduction on the member's pay envelope.

HDMF members formerly employed under the context of "Employee" and who became self-employed or self-paying employees shall remit their contributions to the Fund.

In the event a member-saver becomes unemployed, goes on leave without pay, is subjected to disciplinary action where he is suspended from work or his employer's coverage is waived or suspended, his monthly contributions shall be suspended for the duration of the unemployment, leave, suspension from work or waiver or suspension of coverage: Provided, That such member-saver may opt to remain in good standing or restore such status by remitting his monthly contribution to the Fund. A member-borrower, on the other hand, shall continue to pay and remit his monthly contribution to the Fund.

Section 4. Remittance of Collections - Employers shall set aside and remit the contributions, as defined in these Rules, to the Fund. Employers shall be liable for their payment, and non-payment shall, in addition to the penalty provided in Section 2 of this Rule, subject the employer to penalty of three percent (3%) per month or any fraction thereof of the amounts payable from the date the contributions fall due until paid.

Contributions shall be credited to the account of the members only upon actual receipt thereof by the Fund together with the supporting documents.

RULE VIII ADMINISTRATION OF THE FUND

Section 1. Board of Trustees - Direction and control of the Fund shall be vested on its duly constituted Board of Trustees, composed of the following:

- The Minister of Human Settlements, who shall act as Chairman;
- The Minister of Finance, who shall act as Vice-Chairman;
- The Minister of the Budget;
- The Minister of Labor;
- The Minister of Industry;
- The Chief Executive Officer of the Home Development Mutual Fund;
- One representative of government employees;
- Two representatives of private employees;
- Two representatives of private employers.

Section 2. Administration Costs and Expenses - All costs and expenses attributable to the administration and development of the Fund, in such amount and/or limits as the Board may deem viable, not exceeding two percent (2%) of the previous years net Fund asset, shall be borne by the Fund.

Expenses for initial operation may be provided for by the National Home Mortgage Finance Corporation, subject to reimbursement, with or without interest, or as subsidy for the development of housing finance.

Section 3. Investment of Money - Moneys of the Fund that are not needed to meet current administrative and operational requirements, shall be invested primarily in housing loans to members or home mortgage-backed securities with due and prudent regard for the Fund's safety, growth, and liquidity needs.

Section 4. Fund Supervision - The administration and disposition of the Fund including its books of accounts, shall be subject to supervision, visitation and verification by appropriate agencies of the government as may be designated and authorized by the President of the Philippines.

Section 5. Records and Reports - The Board shall keep and cause to be kept such as may be necessary for the purpose of making actuarial and statistical studies, calculations and valuations of the Fund including such data as may be necessary for the adjustments of member benefits, variable dividends, interest rates and contingency reserves, it shall maintain appropriate books of accounts to record its assets, liabilities, income, expenses, receipts and disbursements of funds and other financial transactions and operations.

It shall likewise submit annually to the President of the Philippines, not later than March 15, a public report covering the activities, as well as the state of the Fund, during the preceding year, including information and recommendations for the development and improvement of the Fund.

Section 6. Audit - The Chairman of the Commission on Audit shall act as the ~~ex-officio~~ auditor of the Fund and, accordingly, is empowered to appoint a representative and other subordinate personnel to perform and report on such audit duties, responsible to and removable only by the Commission on Audit Chairman, without prejudice, however, to the power of the Board to contract for another mode of independent audit service, in addition to that provided by the Commission on Audit.

RULE IX MISCELLANEOUS PROVISIONS

Section 1. Existing Coverage - Membership under P.D. 1530, together with amounts and benefits already accrued to the members, including employer's counterparts, as well as covering records and documents, shall be transferred, continued and /or integrated into the Fund: Provided, That members of the Fund established under P.D. 1530 shall have the option to withdraw the allowable amounts from the same under such terms and conditions set by the Board. These members, upon integration into the Fund shall be subject to rules and regulations herein contained.

Section 2. Substitute Retirement Plans - Substitution of Fund benefits for retirement benefits means that the Employer Accumulated Value which a member receives upon termination of his membership in the Fund may be applied by the private employer as partial payment of the retirement benefits due such employee-member upon retirement.

A private employer shall have the option to treat the coverage by the Fund as a substitute retirement benefit for the employee concerned within the purview of the Revised Labor Code: Provided, such treatment does not in any way contravene any effective collective bargaining or other existing agreement: Provided, further, That only the Employer Accumulated value of the last employer shall be applied as partial payment of the retirement benefits due the employee member, Provided, finally, That in case the Employer Accumulated Value is less than the retirement benefits which the employee-member is entitled to receive, the employer shall pay the deficiency upon retirement of the employee-member.