

# **Multi-Purpose Loan (MPL) Program of PERAA**

## **Guidelines**

### *Eligibility*

- Member is currently employed by a Participating Institution (PI) and is regularly contributing to the Fund.
- Must have remitted at least twelve (12) monthly contributions.
- PI must be up to date in contributions
- PI must be adopting a contributory scheme or with employees' voluntary contribution
- Member has not been suspended from the MPL Program

### *Loan Amount*

#### **1. MPL**

The maximum loanable amount shall be the lowest of:

- P 50,000
- 75% of the borrower's personal AV at the time of application

#### **2. Expanded MPL (E-MPL)**

The maximum loanable amount shall be the lowest of:

- P 200,000
- 75% of the borrower's personal AV at the time of application

#### **3. MPL Plus**

The maximum loanable amount shall be:

- More than P 200,000 but not to exceed 75% of the borrower's personal AV at the time of application

### *Loan Period*

#### **1. MPL**

- payable in 12 or 24 months upon the option of the borrower
- subject to the provision pertaining to the monthly paying capacity of the borrower

#### **2. Expanded MPL (E-MPL)**

- payable in 12, 24 or 36 months upon the option of the borrower
- subject to the provision pertaining to the monthly paying capacity of the borrower

#### **3. MPL Plus**

- payable in 12, 24, 36, 48 or 60 months upon the option of the borrower
- subject to the provision pertaining to the monthly paying capacity of the borrower

***Interest Rate and Other Charges (Effective May 1, 2017)***

<b>Type of Loan</b>	<b>Annual Interest Rate*</b>	<b>Amortization Period</b>	<b>Amount</b>
MPL	6% Effective Rate	12 to 24 months	Up to P50,000
E-MPL	8% Effective Rate	12 months	P50,001 - P200,000
	10% Effective Rate	24 months	
	12% Effective Rate	36 months	
MPL Plus	8% Effective Rate	12 months	P200,001 up to 75% Employee AV
	10% Effective Rate	24 months	
	12% Effective Rate	36, 48, 60 months	

- interest rates may change upon approval of the Board of Trustees

A service fee equivalent to 1.5% of the amount of loan will be deducted from the loan proceeds.

***Loan Payment/Remittances***

The loan shall be paid in equal monthly payments through salary deductions according to the term one have chosen. Payment will start one (1) month after the check has been released to the borrower (i.e. date released: April 15, 2017, first amortization due: May 15, 2017 to be deducted from his salary for the month of May, remittance to PERAA: until end of June)

- In case of separation from service from the present employer, the loan balance including accrued interests and penalties shall become immediately due and payable. When the employee files for a Repurchase or Separation-from-Service benefit claim or in case of retirement, total disability or departure from the country permanently, proceeds from the borrower's personal accumulated value shall be applied to the outstanding loan and any unpaid balance shall be paid in full by the borrower.
- All loans will be evaluated three (3) months after the maturity date for MPL and any unsettled or unpaid amortizations including penalties will be automatically deducted from the accumulated value of the borrower. For E-MPL and MPL Plus, evaluation will be every year thereafter. If a total of 6-mos. amortization has not been paid, the loan balance including accrued interests and penalties will be automatically deducted from the accumulated value of the borrower. The borrower will then be suspended from the program for a period of one year.

***Loan Renewal***

A borrower may renew his multi-purpose loan upon payment of six (6) monthly amortizations. The outstanding balance, together with any accrued interests, penalties and charges, shall be deducted from the proceeds of the new loan.

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MPL 2017