

Frequently Asked Questions (FAQ) about the closed AMA Rural Bank of Mandaluyong, Inc. (AMA Bank)

Background:

The Court of Appeals (CA) Third Division issued on 24 January 2020 a writ of preliminary injunction preventing the Bangko Sentral ng Pilipinas (BSP) and the Philippine Deposit Insurance Corporation (PDIC) from proceeding with the liquidation of AMA Bank. The injunction will be in effect until the CA issues a decision on the case.

Prior to that or on 25 November 2019, the CA issued a temporary restraining order (TRO) to prevent the BSP and PDIC from further implementing Monetary Board Resolution No. 1705.D dated 7 November 2019 that ordered the closure of AMA Bank and placed it under liquidation by the PDIC. The TRO is effective for 60 days until 25 January 2020.

The PDIC will file the appropriate actions or pleadings to vigorously contest the issuance of the writ of preliminary injunction.

The PDIC emphasizes that, notwithstanding the injunction, AMA Bank remains closed and under liquidation by the PDIC. Under the law, the PDIC has the sole authority to manage and administer closed banks.

FREQUENTLY ASKED QUESTIONS

A. DEPOSITORS

The writ of preliminary injunction suspends the takeover and deposit insurance operations of PDIC in AMA Bank. As such, all banking units of the closed bank will remain padlocked and all activities pertaining to the takeover/liquidation and deposit insurance operations continue to be on a “freeze” status. Hence, the examination of records and subsequently, the payment of deposit insurance to all insured *bona fide* depositors will be further delayed.

1. When will depositors of AMA Bank be paid?

For closed bank this size, the PDIC pays up to 15 working days from the date of takeover. However, with the issuance of the writ of preliminary injunction, in addition to the refusal of the closed bank’s employees to cooperate with PDIC on Day 1 of takeover on 8 November 2019 and the earlier issuance of the 60-day TRO, the schedule of payment of deposit insurance cannot be determined as of this time.

2. What is PDIC doing to service the depositors of AMA Bank?

PDIC will vigorously contest the writ of preliminary injunction.

PDIC will be ready to immediately resume its takeover and deposit insurance operations once the injunction is lifted, or once a final decision is issued upholding the closure of AMA Bank.

The immediate payment of deposit insurance to all insured depositors is the paramount concern of the PDIC.

3. What should depositors do during the period of injunction?

Depositors are advised to gather and safeguard their evidence of deposits and other bank account records, and await further announcements from PDIC.

4. If my deposit in AMA Bank exceeds the maximum deposit insurance coverage of PhP500,000, how can I file a claim for the amount in excess of the insured deposit?

The uninsured portion of deposit, or the amount beyond PhP500,000, is deemed filed when the depositor files a claim for the insured portion of their deposit. As such, there is no need to file a separate claim against the assets of AMA Bank. However, for the duration of the injunction, depositors are advised to gather and safeguard their evidence of deposits and other bank account records, and await further announcements from PDIC.

5. If depositors go to AMA Bank or any of its branches, do they interact with PDIC personnel or AMA Bank employees?

By virtue of the injunction, all the banking units of AMA Bank will remain padlocked and all activities pertaining to takeover/liquidation and deposit insurance operations continue to be on “freeze” status.

PDIC reminds all clients of the closed AMA Bank to communicate only with authorized PDIC personnel for all their inquiries and concerns.

Despite being constrained to stop its liquidation operations in the closed AMA Bank due to the injunction, PDIC still has the authority over the assets, records and affairs of the Bank.

6. How do we get updates on PDIC operations in the closed AMA Bank?

Updates will be posted in the PDIC website, www.pdic.gov.ph, and its Facebook account. Depositors may also contact PDIC through any of the following:

- For Metro Manila-based depositors, borrowers and creditors, call the Public Assistance Department (PAD) at hotline 8841-4141 during office hours
- For those outside Metro Manila, call the PDIC toll-free number at 1-800-1- 888-7342 or 1-800-1-888-PDIC during office hours
- E-mail to pad@pdic.gov.ph
- Visit the PDIC Public Assistance Center at the 3/F SSS Bldg., 6782 Ayala Avenue corner V.A Rufino St., Makati City
- Send a private message to the official PDIC Facebook account at www.facebook.com/OfficialPDIC.

B. BORROWERS

Borrowers of the closed AMA Bank are still under obligation to continue payments for their loans, despite the closure of AMA Bank, and the subsequent issuance of the injunction. The loan obligation is not extinguished when a bank is ordered closed by the Monetary Board and placed under the liquidation of the PDIC. As Liquidator of AMA Bank, PDIC is the only entity authorized to receive loan payments from the borrowers.

7. If borrowers go to AMA Bank or any of its branches, do they interact with PDIC personnel or AMA Bank employees?

By virtue of the injunction, all banking units of AMA Bank will remain padlocked and all activities pertaining to the takeover/liquidation and deposit insurance operations continue to be on a “freeze” status. PDIC reminds all clients of the closed AMA Bank to communicate only with authorized PDIC personnel for all their inquiries and concerns.

Despite being constrained to stop its liquidation operations in the closed AMA Bank due to the injunction, PDIC still has the authority over the assets, records and affairs of the Bank.

8. How do we pay our loans?

PDIC shall accept payment of loan obligations from borrowers through the following:

- PDIC Public Assistance Center; and
- Any Philippine National Bank (PNB) branches using the PNB Payment Slip indicating the following:
 - Company Name: **PDIC BURL – AMA Rural Bank**
 - Account Reference No. [xxxx-xxxx-x]
 - Payor's Name: [_____, _____]

The PDIC official receipt to be issued shall be stamped with the following provision:

“Payment received is subject to review and reconciliation once the loan records and documents of the closed bank are properly and completely turned over to PDIC.”

Note: Loan payments will be fully accounted; payments received while the injunction is in effect will be separately identified.

9. Where do I get the Account Reference Number as I need to pay my loan obligations with AMA Bank?

For the issuance of Account Reference Numbers while the injunction is in effect, borrowers are advised to contact PDIC through any of the following:

- For Metro Manila-based depositors, borrowers and creditors, call the Public Assistance Department (PAD) at hotline 8841-4141 during office hours
- For those outside Metro Manila, call the PDIC toll-free number at 1-800-1- 888-7342 or 1-800-1-888-PDIC during office hours
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10. I want to pay my loans; can I request for a Statement of Account (SOA) for the exact loan amount to be paid?

The PDIC is currently unable to generate SOAs since the officers and employees of AMA Bank did not turn over the bank records. The recent injunction order likewise prevents the PDIC from accessing loan records. When the injunction is lifted and the loan records are fully accounted, borrowers may then request for their respective statements of accounts from the PDIC.

Borrowers may pay their loans based on their regular payment schedule, or last known loan balance subject to review and reconciliation once the loan records and documents of AMA Bank are properly and completely turned over to PDIC.

The PDIC official receipt to be issued shall be stamped with the following provision:

“Payment received is subject to review and reconciliation once the loan records and documents of the closed bank are properly and completely turned over to PDIC.”

11. I am a teacher-borrower who made a request for SOA as a requirement to avail of the GSIS Financial Assistance Loan (GFAL) take-out facility even before AMA Bank was closed. Will I be able to get my requested SOA from PDIC?

The PDIC is currently unable to generate SOAs since the officers and employees of AMA Bank did not turn over the bank records. The recent injunction order likewise prevents the PDIC from accessing loan records.

- 12. I am a teacher-borrower with GSIS-GFAL application already approved, with proceeds ready for release by the GSIS to AMA Bank before its closure. Will I be able to avail of my loan and subsequently get my refund for the higher loan proceeds from GSIS-GFAL as compared to my outstanding loan balance with AMA Bank (or refund for over-deduction of Dep-Ed)?**

For now, although PDIC may accept checks for release by GSIS to take out the teachers' loans, PDIC will be unable to establish the amount of refund, if any, and issue Certificate of Full Payment (COFP) since the officers and employees of AMA Bank did not turn over the bank records, and the injunction prevents PDIC access to loan records. The COFP is a requirement of the Department of Education (DepEd) together with the issuance of advice to stop salary deduction for fully paid borrowers. Meanwhile, PDIC requests borrowers to submit a photocopy of the Statement of Account (SOA) issued by the closed bank as of date of application for GFAL take-out for reference.

Note: Proceeds of the GFAL loans are being released to AMA Bank and shall be applied to the outstanding loan obligations of the borrowers, although some checks for release were already cancelled by GSIS due to the bank's closure. Based on information gathered from the borrowers prior to the TRO and the injunction, most of the GFAL loan proceeds are higher than the amount of loan to be taken out, thus, borrowers are entitled to a refund.

- 13. I am a teacher-borrower with GSIS-GFAL application already approved, and my check representing proceeds of my GFAL loan has been released by the GSIS to AMA Bank before its closure. Will I be able to get my refund?**

The checks released by GSIS to AMA Bank before its closure are under PDIC custody and will be negotiated by the PDIC. However, PDIC will be unable to establish the amount of refund, if any, and issue Certificate of Full Payment (COFP) since the officers and employees of AMA Bank did not turn over the bank records, and the injunction prevents PDIC access to loan records. The COFP is a requirement of the DepEd together with the issuance of advice to stop salary deduction for fully paid borrowers. Meanwhile, PDIC will request borrowers to submit a photocopy of the SOA issued by the closed bank as of date of application for GFAL take-out for reference.

If the checks are not yet with PDIC, then they are still with GSIS. Please see answer to Question 11.

- 14. I am a teacher-borrower with GSIS-GFAL loan, and I would like to request for a SOA from PDIC to determine if there are new deductions by the DepEd and GSIS. I hope to get a refund.**

PDIC will be unable to generate SOA and establish the amount of refund, if any, since the officers and employees of AMA Bank did not turn over the bank records, and the injunction prevents PDIC access to loan records.

- 15. I am a teacher-borrower with salary loan that I have already paid or has been taken out by GSIS under GFAL, with Certificate of Full Payment issued by AMA Bank, and I have already submitted other DepEd requirements prior to the bank's closure. What happens to my DepEd salary deductions?**

PDIC will issue advice to DepEd for the stoppage of salary deduction of borrowers who have already paid in full or through GSIS-GFAL takeout, with Certificates of Full Payment issued by AMA Bank, and have submitted complete requirements to DepEd.

- 16. I am a teacher; how do I get my refund, representing excess monthly remittance of loan collections through DepEd salary deductions?**

A written request for refund, supported by pertinent documents (i.e., valid Identification Card, payslips, Official Receipts and/or other proofs of payment, latest SOA issued by the bank, if any) shall be submitted to PDIC. The request, together with the submitted

documents, shall be evaluated based on the loan records of the closed bank to determine overpayment.

PDIC, however, may not be able to immediately establish the amount of refund, if any, since the officers and employees of AMA Bank did not turn over the bank records, and the injunction prevents PDIC access to loan records.

17. How do I request for documents such as Certificate of Full Payment, cancellation of mortgage, release of collateral titles, OR/CR for Chattel Mortgage, pull-out of submitted original documents for fully paid accounts, and other loan-related documents?

Currently, PDIC is unable to provide the requested documents/services since the officers and employees of AMA Bank did not turn over the records of the closed bank. The recent injunction order likewise prevents PDIC from accessing loan records.

18. Will my loan incur interests and charges if I stop payment?

Yes.

19. I don't know how much I should pay. I need to get my SOA first. Will my loan incur interests and charges if the loan is paid only when I get the SOA?

Yes, the loan will continue to be subjected to interest and penalties. However, depending on the circumstance and subject to approval by the PDIC Board, the PDIC may offer a moratorium on the payment of interest and/or penalty charges for the contested period upon lifting of the injunction or when a final decision is issued upholding the closure of the Bank.

20. How do I get a refund from overpayment of my loan?

The injunction prevents the PDIC from accessing loan records. Hence, it is unable to validate refunds from loan payments, if any. When the injunction is lifted and PDIC is able to fully account these records, borrowers may request refund from the PDIC for their overpayments.

21. How do I get a cancellation and release of mortgage for my loan that has been fully paid?

The injunction prevents the PDIC from accessing loan records. Hence, it is unable to validate full payments on various loans. When the injunction is lifted and PDIC is able to fully account these records, borrowers may request for cancellation and release of mortgage from the PDIC.

C. CREDITORS

22. As a creditor, when can I file a claim against the assets of AMA Bank?

Creditors of AMA Bank may file their claims against the Bank's assets within 60 days from publication of the Notice to Creditors in a newspaper of general circulation. PDIC will also issue press releases to announce the publication and the start of the filing period against the assets of AMA Bank.

23. What will happen to the lease payment on AMA Bank's premises and utilities during the TRO?

These shall be paid by PDIC upon receipt of billing statements.

D. OTHERS

24. What is the status of PDIC operations in the closed AMA Bank?

All PDIC operations in the Head Office, branches and branch-lite units of AMA Bank remain suspended and on “freeze” status. All banking units remain padlocked.

25. What will PDIC do to the employees of AMA Bank who refused to turn over records under their accountabilities, possession and custody?

PDIC will file criminal charges against these accountable employees. Refusal to turn over records is a criminal offense under the PDIC Charter (Republic Act No. 3591, as amended) punishable by six to 12 years imprisonment, or a fine of not more than P10 million, or both at the discretion of the court.

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