

## **FAQ on the PDIC Closed Bank Loan Incentive Program (CLIP) 2.0** **(For Banks Closed in 2022 and Prior Years)**

### **1. What is the PDIC Closed Bank Loan Incentive Program (CLIP) 2.0 all about?**

CLIP 2.0 is a loan incentive program designed to encourage borrowers of banks that were ordered closed by the Monetary Board of the Bangko Sentral ng Pilipinas (BSP) to pay their loan obligations. The Program provides incentives for borrowers of closed banks to immediately settle their outstanding loan obligations so they can maintain their creditworthiness. The incentives generally involve reduction of the total loan obligation that a borrower is obligated to pay which may vary according to loan type (secured or clean) and when the bank was ordered closed. CLIP 2.0 also aims to help optimize recovery from the liquidation of closed banks' assets to improve the chances of recovery of claims by creditors and uninsured depositors.

### **2. What are the incentives available under CLIP 2.0?**

For borrowers of banks closed in 2022 and prior years, CLIP 2.0 offers the following incentives:

- Unencumbered Clean Loans: 30% discount or reduction on outstanding principal and booked interest and other charges, if any; and full waiver of unbooked interest, penalty and other charges.
- Unencumbered Secured Loans: Reduction of unbooked interest on the principal amount from actual Promissory Note (PN) rate to only 5% per annum and full waiver of unbooked penalty and other charges.

### **3. What are unencumbered clean loans?**

These are loans that are not secured by a collateral and free from claims by third parties such as, but not limited to, the BSP, Land Bank of the Philippines (LBP), and other creditors.

### **4. What are unencumbered secured loans?**

These are loans that are secured by a collateral (ex. real estate properties, motor vehicles ) and free from claims by third parties such as, but not limited to, the BSP, LBP, and other creditors.

### **5. What is outstanding principal?**

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

**6. What is an outstanding loan?**

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

**7. What are booked and unbooked 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. Unbooked obligations refer to interest, penalties, and other charges that are not yet recorded in the books but must be paid to fully settle one's loan with the closed bank.

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

It is the covered period recorded in the books of the closed bank.

**9. What does “per annum” mean?**

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

**10. What does “full waiver” of unbooked interest, penalties, and charges mean?**

It means you no longer have to pay the abovementioned unbooked 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 PDIC Public Assistance 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](mailto:clip-pad@pdic.gov.ph)
- Private message to PDIC's official Facebook account at [www.facebook.com/OfficialPDIC](http://www.facebook.com/OfficialPDIC)
- Personal inquiry at the PDIC Public Assistance Center (PAC)<sup>1</sup> at the 3/F SSS Bldg. 6782 Ayala Avenue corner V.A Rufino St., Makati City.

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<sup>1</sup> For visits to the PAC, clients are highly encouraged to request an appointment. For appointments, call the PDIC Public Assistance Hotline during office hours at (02) 8841-4141 (for borrowers within Metro Manila), call the Toll-Free number 1-800-1-888-7342 or 1-800-1-888-PDIC during office hours (for borrowers outside Metro Manila), send an e-mail to [pad@pdic.gov.ph](mailto:pad@pdic.gov.ph), or send a private message at PDIC's official Facebook page, [www.facebook.com/OfficialPDIC](http://www.facebook.com/OfficialPDIC).

**12. Can I avail of incentives under CLIP 2.0 regardless of my outstanding principal balance?**

Only borrowers with an outstanding principal balance of ₱5.0 million or less may avail of the incentives under CLIP 2.0.

**13. I have both a deposit and a loan with a closed bank. Can my deposit offset my loan under CLIP 2.0?**

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. Hence, the incentives will only apply to the ₱100,000 outstanding loan balance.

**14. I have two (2) loan accounts with a closed bank, one secured by a real estate mortgage and the other account unsecured, with a total outstanding principal balance greater than ₱5.0 million. Am I still eligible for the incentives under CLIP 2.0?**

Yes. The limit of ₱5.0 million for outstanding principal balance applies separately for unencumbered secured and unencumbered clean loans. This means you can avail of CLIP 2.0 for your unencumbered clean loan and unencumbered secured loan for a maximum total outstanding principal balance of ₱5.0 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 2.0 only for the secured debt? Can I get my collateral/mortgaged property and cancellation of the 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 CLIP 2.0 through a one-time cash payment/settlement.

**17. Until when can I avail of CLIP 2.0?**

You can avail of the incentives under CLIP 2.0 until 31 December 2024.

**18. Where do I pay my loan with the closed bank?**

- Personal payment at the PDIC PAC<sup>1</sup> at the 3/F SSS Bldg. 6782 Ayala Avenue corner V.A Rufino St., Makati City.
- 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]

- Online payment via **Landbank Link.Biz Portal** at [www.landbank.com](http://www.landbank.com).

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

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

- The PDIC Public Assistance 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](mailto:clip-pad@pdic.gov.ph)
- Private message to PDIC's official Facebook account at [www.facebook.com/OfficialPDIC](http://www.facebook.com/OfficialPDIC)
- Personal inquiry at the PDIC PAC<sup>1</sup> at the 3/F SSS Bldg. 6782 Ayala Avenue corner V.A Rufino St., Makati City.

#### 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 in the future. When a credit investigation is undertaken to verify your character and capacity to pay, they can get information on your delinquent loan. Given this negative record, it is likely that your loan or financing application will be disapproved.

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 of the asset upon foreclosure.

#### 21. Why do I need to pay my loans with a closed bank? After all, it is 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 canceled. 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. Knowing that, they will likely turn down your loan or financing application.

***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 incentives under CLIP 2.0 without having to go there?**

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

- The PDIC Public Assistance 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](mailto:clip-pad@pdic.gov.ph)
- Private message to PDIC's official Facebook account at [www.facebook.com/OfficialPDIC](http://www.facebook.com/OfficialPDIC)
- Personal inquiry at the PDIC PAC<sup>1</sup> at the 3/F SSS Bldg. 6782 Ayala Avenue corner V.A Rufino St., Makati City.