



UNIVERSITY OF THE PHILIPPINES

**Provident Fund**

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# **Balance Transfer Loan (BTL)**

## **Frequently Asked Questions (FAQ)**

If you have additional questions or clarifications, please message us on Facebook at [www.facebook.com/uprovidentfund](https://www.facebook.com/uprovidentfund), visit our website at [www.uprovidentfund.com](http://www.uprovidentfund.com), or contact a UP Provident Fund office near you.

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## 1. What is Balance Transfer Loan (BTL)?

Balance Transfer Loan or BTL is UP Provident Fund’s new loan product which allows eligible members to transfer to UP Provident Fund the balance or remaining principal of an existing loan with a bank or lending institution.

## 2. Why should I avail of BTL?

When you transfer your existing loan to UP Provident Fund Inc. (UPPFI), you will be able to reduce your monthly amortization which translates to cash savings for you every month. (See sample computations of cash savings in the section “Sample Computations: Balance Transfer Loan” below.)

## 3. What is the interest rate?

There is no fixed BTL interest rate. It is charged on a case-by-case basis, using the formula:

- BTL Interest Rate = Annual interest rate of the loan to be transferred minus two (2) percentage points

**Example:** If the loan to be transferred charges 8% interest, then the BTL interest rate becomes 6% once transferred to UP Provident Fund. With this lower rate, you are assured of cash savings since your monthly amortization will surely be lower than your current monthly amortization.

## 4. How much can I borrow?

You may borrow any amount that may be used to pay the remaining principal balance of your loan, but subject to the following loan amount policy of UP Provident Fund:

<b>Years of Service in UP</b>	<b>Loanable Amount</b>
Less than four (4) years	Up to 75% of your Member’s Equity
Four (4) years but less than 15 years	Up to 85% of your Member’s Equity
15 years and above	Up to 100% of your Member’s Equity

As approved by the UPPFI Board of Trustees, the loanable amount will also depend on whether your net pay in UP can pay the monthly amortization. Please take note that the total of all outstanding loans you have with UP Provident Fund cannot exceed your Member’s Equity.

## **5. Can I borrow an amount that will only cover a portion of my principal balance?**

Yes. You may borrow any amount as long as it is within the limits identified in FAQ No. 4.

## **6. How will I pay for my BTL monthly amortization?**

The monthly amortization will be automatically deducted from your UP salary every month.

In cases of underpayment or no payment using salary deduction, you have the option to pay via direct deposit to a bank account of UP Provident Fund. If you fail to pay three (3) months of the required monthly amortization, your loan is considered default. Default loans are charged a surcharge of  $\frac{1}{2}$  of 1% per month, compounded monthly, applied on the amount due. One year after the date of default, the total amount due (including all accumulated interest and surcharges) will be offset against your Member's Equity.

## **7. For how long can I pay my BTL (loan payment period)?**

The minimum loan period is one (1) year, while the maximum period is equal to the remaining years of the existing loan (rounded up).

For example, if the remaining loan period is 5 years and 1 month, the BTL loan period becomes 6 years when transferred to UP Provident Fund. The longer payment period translates to higher cash savings for you due to the lower monthly amortization.

## **8. What types of loans are eligible for the BTL?**

The following loans issued by "pre-approved institutions" in FAQ No. 9 are eligible for the BTL:

- Housing Loan
- Car Loan
- Personal Loan
- Business or SME Loan
- Any GSIS Loan
- Any Pag-Ibig Loan

## 9. Which entities are considered “pre-approved institutions”?

The following banks and institutions which issued the eligible loans in FAQ No. 8 are accepted for the BTL:

- GSIS
- Pag-Ibig
- Top 20 Universal and Commercial Banks as recognized and categorized by the Bangko Sentral ng Pilipinas:
  1. BDO Unibank (BDO)
  2. Metropolitan Bank and Trust Company (Metrobank)
  3. Bank of the Philippine Islands (BPI)
  4. Land Bank of the Philippines (Land Bank)
  5. Philippine National Bank (PNB)
  6. Security Bank Corporation (SECB)
  7. China Banking Corporation (China Bank)
  8. Development Bank of the Philippines (DBP)
  9. Union Bank of the Philippines (UBP)
  10. Rizal Commercial Banking Corporation (RCBC)
  11. United Coconut Planters Bank (UCPB)
  12. East West Banking Corporation (East West Bank)
  13. Citibank Philippines (Citibank)
  14. Asia United Bank Corporation (AUB)
  15. The Hongkong and Shanghai Banking Corporation (HSBC)
  16. Philippine Trust Company (PhilTrust)
  17. Bank of Commerce (BOC)
  18. Maybank Philippines, Inc. (Maybank)
  19. Robinsons Bank Corporation (Robinsons Bank)
  20. Philippine Bank of Communications (PBCom)

**NOTE:** Loans issued by other banks or institutions not mentioned in the list may be approved subject to evaluation by the BTL Approval Committee (AC). However, loans issued by another person, a credit cooperative, or a credit card company are not allowed and will be automatically disapproved.

## 10. What are the requirements to avail of BTL?

Please submit the following documents when applying for a BTL:

1. Two (2) months most recent UP payslip
2. Duly accomplished BTL Loan Information Slip
3. Original copy of bank certification or official statement from the bank or financial institution issued in the last one (1) month containing latest loan details, specifically stating, among others:
  - (i) Interest Rate of the loan;
  - (ii) Remaining loan or principal balance;

- (iii) Loan maturity date or date of final amortization payment;
  - (iv) Repricing period, if applicable
4. Signed BTL Application Form (for your signature upon submission of the 3 documents above)

## **11. Can I apply for BTL if the loan is under the name of my spouse or immediate family?**

By default, the loan must be in the name of the member. However, loans in the name of the member's spouse or immediate family, such as parents, siblings, or children, may still be applied and may be approved after evaluation.

## **12. Can I borrow an amount higher than the remaining balance of my loan?**

No. Members are only allowed to borrow up to the full amount needed to pay the remaining principal balance of the existing loan. If you wish to avail of a higher amount, you may consider availing our Personal Equity Loan (PEL) instead.

## **13. How long is the processing of my BTL application?**

Any member may submit a BTL application anytime before the cut-off of Monday 12:00 noon. All applications received before the cut-off will be processed that week and proceeds of approved BTLs will be released within 5-10 working days. Please note that the application cut-off and releasing of checks may be moved in case of holidays or work cancellations.

## **14. How will I receive my BTL proceeds?**

The proceeds of your loan will be issued as a check payable to the bank or lending institution that gave you the loan. A representative from UP Provident Fund will contact you once the check is ready for pickup.

## **15. Can I request that loan proceeds be deposited to my bank account?**

No. BTL proceeds will only be issued as a check and the check will be made payable to the bank or lending institution that gave you the loan.

## **16. Will UP Provident Fund be in charge of settling my loan with my creditor?**

No. Please note that it is your responsibility to settle the payment of the loan with your creditor.

## **17. My loan has a repricing policy. How will this affect my BTL?**

If the loan has an interest repricing policy, UP Provident Fund will apply the same repricing period on the transferred loan. For example, if the original loan's repricing period is three (3) years, the BTL will be repriced three (3) years after its approval.

The new (repriced) interest rate will follow this formula:

- Repriced BTL Interest Rate = Annual interest rate (of similar loan product offered by the same or similar institution at the time of repricing) minus two (2) percentage points

Upon BTL application, the member agrees to be automatically charged the new interest rate at the time of repricing. The adjusted monthly amortization resulting from the repriced rate will be automatically deducted from the member's monthly salary without need for member's approval.

If the member will not agree to be covered by the repriced interest rate, the full amount of the loan, including all accumulated interest and surcharges, becomes due and demandable.

### ***Example of Repricing:***

A member decides to transfer to UP Provident Fund his 10-year housing loan from BDO, which charges interest rate of eight percent (8%) per annum. Prior to availing the BTL, the member has already paid 2 years and 1 month of monthly amortization (This means the remaining loan term is 7 years and 11 months). The member's BDO housing loan has a 3-year repricing policy.

Upon approval of the BTL application, the member will be charged interest rate of six percent (6%) – that is, 8% minus 2%. The loan payment period becomes eight (8) years – rounded up from 7 years and 11 months (which is the remaining loan term of the original loan). The BTL will be repriceable every three (3) years, adopting the original repricing period of the member's BDO loan.

The first repricing period is three (3) years after the approval of the member's BTL. If, for example, during this repricing period, BDO offers a similar 10-year housing loan with 9% interest per annum, the member's BTL will be repriced upwards. The

new BTL interest rate will be 7% per annum (that is, 9% minus 2%) and will be used until the next repricing period after three (3) more years.

Similarly, if during the repricing period, the counterpart loan in BDO has a lower interest rate, the BTL interest rate will also be reduced. If, for example, during the repricing period, the 10-year BDO housing loan interest rate dropped to 7%, the new BTL interest rate will be 5% (that is, 7% minus 2%). This new repriced interest rate will be used until the next repricing period after three (3) more years.

### **18. If I fail to pay my BTL monthly amortizations, will UP Provident Fund foreclose my property (e.g., house) or repossess my asset (e.g., car)?**

No. You may continue to own and use the asset even if you fail to pay your BTL monthly amortization. UP Provident Fund will not foreclose or repossess your house, car, or property.

However, your loan will be considered default if you fail to pay three (3) months of the required monthly amortization. Default loans are charged a surcharge of ½ of 1% per month, compounded monthly, applied on the amount due.

One year after the date of default, the total amount due (including all accumulated interest and surcharges) will be offset against your Member's Equity.

### **BTL Application and Processing Schedule**

Application Cut-off	Monday 12:00 Noon
Application Processing and Approval	Tuesday to Wednesday
Check Preparation	Thursday to Friday
Releasing of Checks	5-10 working days after cut-off

*\* Cut-off and check release dates may be moved in case of holidays or work cancellations.*

## Sample Computations: Balance Transfer Loan (BTL)

### SCENARIO 1: Cash Savings from Housing Loan transferred to UP Provident Fund

Loan Amount	P1,000,000.00
Interest Rate (per annum)	14%
Original Loan Payment Period	15 years
<b>Original Monthly Amortization</b>	<b>P13,317.00</b>

After exactly 5 years of payments with the bank, the member decides to transfer the housing loan balance to UP Provident Fund. The new monthly amortization and cash savings from the new monthly amortization are as follows.

Remaining Loan Amount	P857,714.00 <sup>a</sup>
Interest Rate (per annum)	12% <sup>b</sup>
Loan Payment Period	10 years <sup>c</sup>
<b>New Monthly Amortization</b>	<b>P12,306.00</b>
<b>Cash Savings per Month</b>	<b>P1,011.00 per month <sup>d</sup></b>
<b>Your Total Cash Savings</b>	<b>P121,320.00 in ten years <sup>e</sup></b>

<sup>a</sup> Loan balance after 5 years of amortization payments

<sup>b</sup> Original 14% annual interest rate minus 2 percentage points (14%-2%=12%)

<sup>c</sup> Since the original payment period is 15 years and the member has already made 5 years of payments, the remaining loan term is 10 years

<sup>d</sup> Old monthly amortization of P13,317 minus new monthly amortization of P12,306

<sup>e</sup> P1,011.00 x 120 months = P121,320 savings in 120 months (10 years)

### SCENARIO 2: Cash Savings from Car Loan transferred to UP Provident Fund

Loan Amount	P500,000.00
Interest Rate (per annum)	12%
Original Loan Payment Period	5 years
<b>Original Monthly Amortization</b>	<b>P11,122.00</b>

The member already paid 1 year and 2 months of monthly amortization and then decides to transfer the loan balance to UP Provident Fund. Since the remaining loan term is 3 years and 10 months, this will be rounded up and the BTL will be approved with a loan period of 4 years. The monthly amortization is as follows:

Remaining Loan Amount	P408,489.00 <sup>a</sup>
Interest Rate (per annum)	10% <sup>b</sup>
Loan Payment Period	4 years <sup>c</sup>
<b>New Monthly Amortization</b>	<b>P10,360.00</b>
<b>Cash Savings per Month</b>	<b>P762.00 per month <sup>d</sup></b>
<b>Your Total Cash Savings</b>	<b>P36,576.00 in four years <sup>e</sup></b>

<sup>a</sup> *Loan balance after payment of 1 year and 2 months of monthly amortization*

<sup>b</sup> *Original 12% annual interest rate minus 2 percentage points (12%-2%=10%)*

<sup>c</sup> *Since the original payment period is 5 years and the member has already paid 1 year and 2 months of amortization, the remaining loan term is 3 years and 10 months. This will be rounded up to 4 years when transferred to UP Provident Fund.*

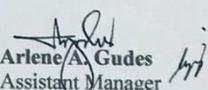
<sup>d</sup> *Old monthly amortization of P11,122 minus new monthly amortization of P10,360*

<sup>e</sup> *P762.00 x 48 months = P36,576 savings in 4 years*

## Sample Bank Certification for BTL

To avail of BTL, one of the requirements that must be submitted is an **original copy of bank certification or official statement** issued by the bank or lending institution in the last one (1) month containing the following loan details:

1. Interest Rate of the loan;
2. Remaining loan or principal balance;
3. Loan maturity date or date of final amortization payment;
4. Repricing period, if applicable

	<small>BPI Family Savings Bank Center Paseo de Roxas corner Dela Rosa St. Makati City, Philippines 1200 Tel (632) 8185541-48 Express Phone 89-100 : (632) 8910000 www.bpiexpressonline.com</small>
<h3>CERTIFICATION</h3> <p>As of October 2, 2018</p>	
Name :	[REDACTED]
Address:	[REDACTED]
Loan Account Number	: 000000074767:
Current Interest Rate	: 6.88%
Original Principal Balance	: Php 2,000,000.00
Outstanding Principal Balance	: Php 568,436.81
Origin Date	: 02/20/17
Maturity Date	: 02/20/22
Original Term	: 60MONTHS
Remaining Term	: 41MONTHS
Status	: Up-to-Date
Collateral	: Real Estate Mortgage
 Arlene A. Gudes Assistant Manager BFB Consumer Loans Services	