



PAMBANSANG PUNONGHIMPILAN TANOD BAYBAYIN NG PILIPINAS
(National Headquarters Philippine Coast Guard)
139 25th Street Port Area
1018 Manila

NHQ-PCG/CGFS

19 April 2023

MEMORANDUM CIRCULAR
NUMBER.....3-23

**GUIDELINES ON THE STANDARD LOAN APPLICATION FOR PHILIPPINE
COAST GUARD PERSONNEL**

I. REFERENCES:

- A. Article 1156 to Article 1178, Republic Act No. 386
- B. Article 1933, Republic Act No. 386
- C. Article 2176, Republic Act No. 386
- D. Section 56, Republic Act No. 11936
- E. Memorandum Circular Number 05-14, Policies, Guidelines and Procedure in the Application and Processing of Loans dated 26 August 2014.
- F. Memorandum of Agreement (MOA) between the PCG and the Different Financial Institution and Association (FIAs)

II. PURPOSE:

This Memorandum Circular shall prescribe and follow the principles and standards observed in the grant of loans and other credit accommodations for Philippine Coast Guard (PCG) personnel.

III. SCOPE:

This Memorandum Circular shall apply to all PCG Personnel, either uniformed or non-uniformed.

IV. OBJECTIVE:

This Memorandum Circular aims to enjoin policies, rules and procedures relative to the standard loan applications of all PCG personnel in accordance with existing laws, rules and regulations.

V. DEFINITION OF TERMS:

- a. Authorized Deductions – those deductions from salaries and other benefits accruing to any government employee, chargeable against the appropriations for Personnel Services, may be allowed for the payment of an individual employee's contributions or obligations as stated in the Government Appropriations Act of the current year.

- b. Borrower/Debtor – a person that receives a sum of money from a Financial Institution and Association with an agreement to pay it back within a specified period of time.
- c. Co-Borrower or Co-maker – a person who, through a contract, pledges to pay the principal borrower's debt if he or she fails to do so. He/she does not get the loan proceeds but he/she is equally liable for payment of the obligation in the event of default.
- d. Collateral Allowances – are monetary benefits given apart from the regular pay and allowances such as but not limited to Hazardous Duty Pay, Flying Pay, Sea Duty Pay, Instructor's Duty Pay and Magna Carta.
- e. Commanding Officer/Chief of Office – immediate superior officer duly designated and appointed as head of office authorize to sign and endorse application for loan.
- f. Financial Institution and Associations (FIAs) – any partnership, company, corporation, association (incorporated or unincorporated), institution, estate, cooperative organization, or other entity that engages in any financial activity, which is accredited by the PCG for authorized payroll deductions.
- g. Net Take Home Pay (NTHP) – is the sum total of all earnings excluding subsistence allowance and collateral allowances less authorized load deductions and mandatory deductions.
- h. Subsistence Allowance – allowance intended to defray the cost of daily regular meals by each PCG personnel and which may vary from Four Thousand Two Hundred Pesos Only (Php 4,200.00) to Four Thousand Six Hundred and Fifty Pesos (Php 4,650.00) depending on the calendar days in a month.

VI. POLICIES:

- a. Collateral Allowances and Subsistence Allowances shall be excluded from the computation of the loan.
- b. The required monthly NTHP shall not be lower than Five Thousand Pesos Only (Php5,000.00) or as may be prescribed by law. In addition, the subsistence allowance shall be included in the computation of the monthly NTHP. Hence, the monthly NTHP of PCG personnel shall be observed from Nine Thousand Two Hundred Pesos Only (Php 9,200.00) to Nine Thousand Six Hundred and Fifty Pesos Only (9,650.00), depending on the number of days in a month, or as may be prescribed by law.
- c. Co-Borrower or Co-Maker who voluntarily signs the loan application is precluded to demand the Coast Guard Finance Service (CGFS) to cease his solidary obligation.

- d. In any case when the principal borrower is separated or retired from the service, an Affidavit of Undertaking shall be complied with for loan obligations to be deducted from his/her separation pay or retirement benefits.
- e. PCG personnel awaiting Commissionship or Enlistment may apply for a loan provided that the requested amount is within the prescribed loanable limit for P/ENS and CCGNO; a maximum loan amount of P200,000 for P/ENS while CCGNO applicants may qualify for up to P100,000 loan limit. As for Commissioned Officer and Enlisted Personnel, they may also submit a loan application for an amount dependent on their financial capacity.
- f. However, a P/ENS or CCGNO may apply for a loan beyond the prescribed loanable amount in the event of an emergency, such as medical problems or the death of a relative.
- g. Any violation or fraud committed in the process of the loan application shall be strictly dealt with.

VII. GUIDELINES:

- a. PCG personnel applying for a loan shall ensure that all documents required by accredited financial institutions and associations are properly complied with and submitted.
- b. PCG personnel shall submit the following to CGFS:
 - i. Authenticated copy of CAD or Appointment Order for Officer, Enlistment Order for Non-Officer, Appointment Order for Non-Uniformed Personnel;
 - ii. Certification of Non-Pending Case from Coast Guard Inspector General and Internal Affairs Service (CGIG-IAS);
 - iii. Printed Payslip of the Borrower and Co-Borrower/Co-Maker;
 - iv. Certification of No Intention to Retire/Separate (For Officers); and
 - v. Certification of Willing to Re-Enlist (For Non-Officers)
- c. Computation of loan shall be attached to the application form duly assigned by concerned FIAs reflecting the monthly deduction and the remaining monthly NTHP as stated in item VI (b) of this Circular.
- d. A loan Application Form (LAF) shall be submitted by the principal borrower/debtor which shall include an Authorization for Payroll Deduction and in accordance with the requirements set forth by the FIs.
- e. Reconstruction of Loan shall be required.

VIII. PROCEDURES:

- a. The principal borrower/debtor's Commanding Officer/Head Office shall determine the completeness of the documentary requirements needed in

the loan application and borrower/debtor capability to avail of loan before signing the application. Incomplete requirements shall not be endorsed by the Commanding Officer.

- b. The CGFS shall review the accomplished LAF and other supporting requirements to ensure that the borrower has complied with the required MNTHP before signing for the approval of the application.
- c. Based on the documents submitted by the FIAs, the CGFS shall deduct the loan's monthly amortization from the borrower's salary and shall likewise terminate the same upon completion of payment.

IX. DISSEMINATION:

Headquarters CGFS shall be responsible for the proper dissemination of this Circular by conducting a series of seminars/workshops for all PCG Personnel.

X. RESCISSIONS:

All circulars, policies and provisions of existing regulations inconsistent with this circular's provision are hereby amended or rescinded as the case may.

Further, Memorandum Circular Number 05-14, Policies, Guidelines and Procedure in the Application and Processing of Loans dated 26 August 2014 is hereby rescinded.

XI. EFFECTIVITY:

This Circular shall take effect upon publication.

BY COMMAND OF COAST GUARD ADMIRAL ABU:

OFFICIAL:

TITO ALVIN G ANDAL
CG COMMO
Chief of Coast Guard Staff


JAYSIEBELL B FERRER
CG CDR
Coast Guard Adjutant