



**BANGKO SENTRAL NG PILIPINAS**

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OFFICE OF THE GOVERNOR

**MEMORANDUM NO. M-2020-028**

**To : All BSP-Supervised Financial Institutions (BSFIs)**

**Subject : Frequently Asked Questions (FAQ) II on the Implementing Rules and Regulations (IRR) of Section 4(aa) of Republic Act (R.A.) No. 11469, Otherwise Known as the "Bayanihan to Heal As One Act"**

The attached Frequently Asked Questions (FAQ) II on the Implementing Rules and Regulations (IRR) of Section 4(aa) of Republic Act (R.A.) No. 11469, otherwise known as the "Bayanihan to Heal as One Act" supplements the FAQs issued under Memorandum No. M-2020-018 dated 6 April 2020 for additional guidance of BSFIs.

For information and compliance.

  
**BENJAMIN E. DIOKNO**  
Governor

Att: a/s

22 April 2020

## PART II

### Frequently Asked Questions (FAQ) on the Implementing Rules and Regulations (IRR) of Section 4(aa) of RA 11469 or the “Bayanihan to Heal As One Act”

1. How will the extension of the Enhanced Community Quarantine (ECQ) period affect the 30-day mandatory grace period provided under the “Bayanihan to Heal as One Act” (Bayanihan Act)?
  - The IRR provides that the initial 30-day grace period shall automatically be extended if the ECQ period is extended by the President of the Republic of the Philippines. The ECQ period is extended until 30 April 2020. This means that all covered institutions shall implement a 30-day grace period for all loan payments with principal and interest falling due within the extended ECQ period (or from April 13 to 30, 2020) without incurring interest on interest, penalties, fees and other charges. Lending institutions shall also implement an additional 30-day grace period for loan accounts that qualified for an initial 30-day grace period and the new due date falling within the extended ECQ period without incurring interest on interest, penalties, fees and other charges.
2. Does the mandatory grace period provided under the Bayanihan Act and its IRR apply only to loans extended by covered financial institutions operating in Luzon since the IRR refers to the ECQ imposed in Luzon pursuant to Proclamation No. 929 (s. 2020)?
  - The Bayanihan Act and its IRR cover all lenders without distinction. Thus, the mandatory grace period shall apply to loans extended by all covered financial institutions irrespective of their place of operation. The ECQ period under Proclamation No. 929 (s. 2020) serves as reference date for determining the loan accounts that qualify for the mandatory application of the 30-day grace period based on the loan payment due dates.
3. Does the mandatory grace period provided under the Bayanihan Act and its IRR apply to letters of credits, bills purchase, guarantees and other contingent facilities that were funded by the covered financial institution?
  - Yes, the mandatory grace period shall apply to payments for said facilities that will fall due within the ECQ period.
4. Does the IRR apply to employees’ benefit loans extended by financial institutions to their own workforce (e.g. appliance loan, emergency loan, provident fund loan)?
  - Yes, the IRR covers all types of loans.

5. How will the mandatory grace period be applied to past due accounts?
- Accounts that became past due prior the ECQ period shall not be charged interest on interest, charges and other fees during the mandatory grace period.
6. Are insurance premium payments covered by the mandatory grace period? Will the mandatory grace period be applied to insurance products bundled with bank loans (*e.g.* mortgage redemption insurance, fire insurance)?
- Insurance premium payments are not covered by the mandatory grace period since they do not represent payments for loan obligations/borrowings. However, insurance companies are not precluded from providing a grace period for the payment of the insurance premiums.
- Insurance products that are bundled with bank loans are covered by the 30-day grace period.
7. How will the relief for loans particularly on the non-imposition of Documentary Stamp Tax (DST) be applied if the DST has already been paid by the borrower during the ECQ period but prior the issuance of the IRR?
- Borrowers who paid DSTs during the ECQ period but before the issuance of the IRR may apply for a tax refund. The law provides that all loans with payment due dates falling within the ECQ period shall qualify for the mandatory application of the 30-day grace period.
8. Can financial institutions allow the payment of the lump sum amount of the accrued interest during the mandatory grace period on the last payment date of the loan?
- The IRR provides that borrowers have the option to pay the interest accrued during the mandatory grace period either in lumpsum on the new due date or on staggered basis over the life of the loan. Nonetheless, covered financial institutions are not precluded from offering less onerous payment schemes with the consent of the borrower, such as allowing lump sum payment of accrued interest on the last payment date of the loan, provided that the interest accrued during the mandatory grace period will not be charged with interest on interest, fees and other charges.
9. How will the grace period be applied to DOSRI transactions under Section 342 of the Manual of Regulations for Banks (MORB)?
- The mandatory grace period shall apply to DOSRI transactions with payments falling due within the ECQ period. No penalty/sanction shall be imposed on such DOSRI transactions when payment is made on the new due date following the application of the mandatory grace period.

DOSRI credit card holders may pay the amount falling due within the ECQ period on or before the new due date following the application of the mandatory grace period. Banks/Credit card companies may offer other payment schemes to DOSRI credit card holders for purchases made during the ECQ period, subject to prior BSP approval.

10. Will covered financial institutions be given a transitory period to complete any needed reversals and/or adjustments considering the likely limitations of the existing banking systems and processes in complying with the IRR of the Act?

- This will be handled on a case by case basis. Concerned financial institutions should coordinate with their respective supervising department.

11. What interest rate should covered financial institutions apply in computing for interest accruing during the mandatory grace period?

- Covered financial institutions should use the interest rate stipulated in the loan agreement.