SALARY LOAN TAKE-OUT FACILITY FOR LOANS WITH GARNISHED ACCOUNTS

(Exclusive for DepEd Teaching Personnel)



Frequently Asked Questions (FAQs)

LANDBANK in partnership with the Department of Education (DepEd) to offer a Salary Loan Take-Out Facility that allows teachers to consolidate their outstanding loans from private lenders into a single loan with LANDBANK, with longer term and more affordable amortization. This is particularly for those facing high-interest rates and account garnishment from private lending institutions (PLIs).

Q1. Who can avail of this program?
This is exclusive for DepEd public school teachers whose LANDBANK payroll accounts are under garnishment by private lending institutions (PLIs).

Q2. Who are considered eligible?
You must be:
- *Currently employed as a DepEd public school teacher*
- *Without any pending administrative case or suspension*
- *Not due for retirement or with no application for retirement*

Q3. What is the interest rate?
The interest rate is 6.5% per annum which is lower than the existing 7% per annum for regular DepEd Salary Loans.

Q4. How do I apply?
The program will be rolled out nationwide. Interested teachers may visit their LANDBANK servicing branch for application and assistance.

Q5. How much can I borrow?
You can borrow an amount that will fully pay-off your existing garnished loan, as long as you still meet the required minimum monthly Net Take-Home Pay (NTHP) of ₱5,000 as set by the GAA (General Appropriations Act).

Q6. Can LANDBANK also refinance my other loans?
Yes, this is a loan consolidation program. However, the total loanable amount will depend on your remaining NTHP, after deductions (including loans with other Private Lending Institutions) and amortization from your approved loan proceeds.

Q7. What documents do I need to apply?
- *Duly accomplished Loan Application Form (LAF)*
- *Latest Endorsement Letter by the Executing Sheriff of Authorized Officer of the Court with his/ her copy of valid ID with specimen signature*
- *Latest payslip*
- *DepEd Certification on the Borrower's NTHP and employment details (i.e. in active service, with no pending administrative case or unserved suspension, etc.)*
- *Affidavit with listing of all loan obligations*

Q8. What is the loan term?
Loan term is up to seven (7) years, subject to eligibility and age requirements.

Q9. What will be the payment/amortization process?
Payments will be automatically deducted from your salary through DepEd's Automatic Payroll Deduction System (APDS).

Q10. What are the fees included in the loan?
The loan shall include the following fees (one-time outright payment or may be included in the loan amount):
- *System Fee - 6% of loan amount, minimum of ₱500, but not to exceed ₱4,000*
- *Documentary Stamp Tax, if applicable*
- *Premium on Credit Life Insurance (CLI)*
- *Advance interest, as applicable*
- *Other applicable attendant fees (i.e. notarial)*

Q11. Are these fees deducted one time?
Yes. These fees may be added to your loanable amount should your monthly NTHP be able to accommodate, and shall be deducted from loan proceeds. Otherwise, you may opt to pay it separately.

Q12. Can my Salary Loan Take-Out application exceed the loan amount covered by the garnishment order? (For example, I owe ₱20,000 but would like to apply for a ₱50,000 loan.)
Yes, on the following conditions:
- *If your NTHP is not lower than the ₱5,000 mandated by law after all deductions and loan amortizations.*
- *If qualified to apply for higher loan amount, the excess amount will be released upon receipt of Certificate of Full Settlement.*

Q13. Is renewal of the Salary Loan Take-Out Facility allowed?
No, renewal is not allowed under this facility. However, you may avail of the regular DepEd Salary Loan after one (1) year from loan release, subject to standard credit evaluation and existing loan policies.

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