

# FREQUENTLY ASKED QUESTIONS ABOUT BALIKATAN & IT'S SERVICER, BFS

## Q: WHAT ACCOUNTS ARE COVERED BY BHF?

A: More than 52,000 highly delinquent mortgage loan accounts acquired by Balikatan Housing from NHMFC in a pioneering transaction in 2005.

## Q: WHY DID NHMFC SELL THESE ACCOUNTS?

A: NHMFC disposed of these accounts generated from the Unified Home Lending Program (UHLPP) due to difficulties they faced in collection, resulting in a high delinquency rate. It is believed that the private sector could better provide required capabilities and resources in asset management for remedial mortgage loan accounts.

## Q: WHAT IS BALIKATAN'S APPROACH?

A: While these transferred loans have been in default and are technically long overdue for foreclosure at the time they were acquired by Balikatan, the agreement with NHMFC is that Balikatan will nevertheless, as a matter of priority, first give each borrower the opportunity to resolve his loan. Exhausting this avenue is consistent with the business model that made Balikatan invest in this mortgage portfolio.

## Q: WHO IS BAHAY FINANCIAL SERVICES?

A: BFS is the exclusive service provider of Balikatan Housing Finance and tasked to carry out Balikatan's mandate to turn around the highly-delinquent home loan portfolio. BFS is a pioneering specialty asset management and mortgage servicing platform in the Philippines that combines full-scale functional competencies in Mortgage Finance Origination and Credit Underwriting, Loan Servicing, Delinquency and Default Management, Property Management and Secondary Mortgage Loan Market Development.

## Q: WHAT ARE THE LOAN RESOLUTION OPTIONS OF BALIKATAN / BFS?

A: Balikatan-BFS's settlement options are wide and varied.

- Spot cash settlement at a discount to appraised value – Full settlement through one-time payment or staggered payments up to 6 months.
- Installment settlement – Equal monthly installments up to 48 months.
- Term restructuring – Restructuring of loans on long-term basis, earlier of 20 years or borrower's age of 65; with deferred downpayment up to 12 months.
- Voluntary Surrender or Dacion En Pago – Payment in kind or surrender of collateral as full settlement of all outstanding obligations.

The rate of settlement being experienced by Balikatan has been very encouraging. It is a testament to the benefit of sitting down with BFS as well as the soundness of the customized financial packages being arrived at with individual borrowers. The offered terms are much better than what is available to borrowers today under NHMFC and may even be better than those prescribed by the recently passed Restructuring and Condonation Law. Furthermore, Balikatan-BFS's financial packages aim to achieve a

final solution where the borrowers can be certain to work towards legitimizing and holding their property titles at the end of the day, rather than merely "re-scheduling" the problem and eventually retreating back towards renewed delinquency.

## Q: WHY CAN'T BALIKATAN / BFS OFFER ONE UNIFORM PACKAGE FOR EVERYBODY?

A: There is no uniform solution for all borrowers. The circumstances surrounding each borrower are unique. They differ in the original loan amounts that they took out, their agreed financial terms, individual payment records, accumulated interest and penalties to-date, previous restructurings completed under NHMFC, value of their mortgaged properties, individual financial capacity, as well as willingness to pay. A customized solution actually generally redounds to the benefit of the borrowers.

## Q: WHAT IS BALIKATAN'S POLICY ON FORECLOSURE?

A: Balikatan, through its servicer, BFS, is committed to give all borrowers every acceptable and reasonable opportunity to first settle their delinquent housing loan obligations through affordable financial packages before seeking any legal remedies available under the loan agreements. As much as possible, foreclosure remains to be a last resort in Balikatan's efforts. Moreover, relief from foreclosure is afforded all Balikatan borrowers who show sincerity, seriousness, and capacity to work out their housing loans. However, foreclosure forms an integral part of any housing financing program in that it acts as 1) an incentive for the borrower to pay on its contracted obligation, 2) a necessary deterrent to non-payment of debt obligations, as well as 3) an alternative collection avenue. There is no mortgage financing program in the world without some right of foreclosure available to creditors and where the enforceability of such right is being questioned or impaired. Furthermore, under Philippine law the borrower is given an additional window through the one year redemption period to meet his obligations to the creditor. It is in fact unfair, if not demoralizing, for borrowers religiously paying their loans and making the corresponding financial sacrifices in order not to lose their homes, that other borrowers who do not pay their loan obligations get to equally enjoy their own homes but for free. All Balikatan borrowers are consistently encouraged to visit BFS' offices and discuss and negotiate the settlement of their housing loans. Even those accounts where the foreclosure process has been initiated or concluded are still encouraged to seek a settlement of their obligations. This is part of Balikatan's balancing act with its mandate to maximize recovery, especially for the funders, SSS and Pag-IBIG.

## Q: WHAT IS BALIKATAN'S POSITION ON DEVELOPER ISSUES?

A: With respect to claims of substandard developments, Balikatan, as a mere servicer, is guided by jurisprudence that the obligation to the creditor-lender is independent from any recourse to the developer. The loan agreements signed by the borrower specifically disallow issues with the developer to be raised as a defense for non-payment of loan obligations. This may seem harsh to some but the rationale for this is that the borrower used the loan proceeds to acquire title over the property that they chose for themselves, agreed to the terms of the loan, accepted the property from the developer, and benefited from the same throughout the years despite any shortcomings, and thus it is only right that the borrower should honor the corresponding debt.

## Q: OTHER THAN BFS, WHO ELSE ARE AUTHORIZED TO RESOLVE BALIKATAN ACCOUNTS?

A: No one else. There are many unauthorized and unscrupulous individuals or organizations that are trying to take advantage of delinquent borrowers by asking borrowers to sign documents appointing them as counsel or agents. Their modus operandi involves misrepresenting that they would be able to get the lender to settle at a greatly reduced amount. They would also falsely claim to be able to prevent foreclosure in exchange for a hefty "legal fee" with the end in view of preventing borrowers from settling their legal and just loan obligations. They fraudulently give borrowers false hopes and unnecessarily divert everybody's attention away from a legitimate solution to their loan problems. These are foreclosure avoidance scams which only serve to prolong the borrowers' difficulties. A number of individuals have been misled and encouraged by these same groups to sue Balikatan and BFS rather than meet with BFS and arrive at an amicable settlement. Most of these non-meritorious cases have been dismissed and Balikatan and BFS are confident that the ones that are pending will likewise be dismissed. No adverse decision has ever been rendered against Balikatan and BFS, showing that such delaying tactics represent a waste of borrowers' time and money, and may actually result in loss of property through negligent inaction on the part of the borrower. Borrowers should be wary of individuals or groups that encourage them to sue rather than seek a win-win resolution with Balikatan. They should not be ignorant of their roles and liabilities in legal proceedings.

## Q: WHAT ARE THE PROCEDURES FOR BFS'S LOAN RESOLUTION OPTIONS? HOW EFFICIENT IS THE SERVICING PROCESS?

A: Every Balikatan account holder is assigned a dedicated Account Specialist to handle his account. At every step of the way, from Settlement Discussion, Documentation, Recommendation, Approval and Account Closing, to Performing Loan Counselling, Final Payment and Title Release, the borrower is guided by the Account Specialist and/or Loan Specialist.

## Q: HOW CAN BALIKATAN ACCOUNT HOLDERS REACH BFS?

A: Balikatan borrowers should sit down with BFS and discuss their various options to settle their loans. BFS may be contacted and/or visited at the following:

Hotline: (02) 756-6268

Email: [hotline@bfs.com.ph](mailto:hotline@bfs.com.ph)

Text line: 0922-9999237 (text: BFS name, address, message)

### BFS Head Office

22nd and 24th Floor, BPI Buendia Center  
Sen. Gil J. Puyat Avenue

Makati City

### BFS Alabang Branch Office

8/F, Tower 2, Insular Life Corporate Center  
Insular Life Drive, Filinvest Corporate City  
Alabang, Muntinlupa (near Festival Mall)

### BFS Davao City Satellite Office

Unit 301-A Plaza de Luisa  
140 Ramon Magsaysay Ave.  
Davao City



## Avail of BFS' highly-discounted settlement options!