

Republic of the Philippines  
OFFICE OF THE PRESIDENT  
COMMISSION ON HIGHER EDUCATION

CHED Memorandum Order

No. 29  
Series of 1996

Subject: Rules and Regulations Implementing the Study-Now-Pay-Later Plan Under RA 8174

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In accordance with the pertinent provisions of Republic Act (RA) No. 7722, otherwise known as the "Higher Education Act of 1994", and by virtue of Resolution No. 082-96 duly adopted by the Commission en banc on 06 March, 1996, there is hereby created the Study-Now-Pay-Later-Plan Program under RA 8174. The program will afford educational loan grants to applicants, deserving and qualified under the criteria promulgated in its body of rules and regulations.

One thousand nine hundred nineteen (1,919) slots are hereby made available for application at the Higher Education Regional Offices, allocating nine hundred & sixty (960) for the Luzon and Visayas provinces of the C-20, four hundred & eighty four (484) for the Autonomous Region in Muslim Mindanao (ARMM) and four hundred & seventy five (475) for the Mindanao provinces for school years 1996-1997 to 1999-2000.

The SNPLP program under the Social Reform Agenda of the government for the alleviation of poverty will start its implementation effective school year 1996-1997.

Herewith are the Implementing Rules and Regulations of re for the information and guidance of all concerned.

SO ORDERED.

Pasig City, Philippines, May 13 1996

For the Commission:

  
ANGEL C. ALCALA  
Chairman

# **RULES AND REGULATIONS IMPLEMENTING THE STUDY-NOW-PAY LATER PLAN UNDER RA 8174**

The Commission on Higher Education, pursuant to R.A. 8174, the General Appropriations Act of 1996, and in accordance with the Social Reform Agenda of the government for the alleviation of poverty, will manage the Study-Now-Pay-Later Plan.

## **I. *COVERAGE***

The Study-Now-Pay-Later Plan will cater to incoming college freshmen and to those who have already earned units in any curriculum year and to accredited students who passed the PEPT and are qualified under the criteria set forth in these rules and regulations. The beneficiaries must come from ARMM, other regions in Mindanao and the rest of the C-20 provinces.

## **II. *QUALIFICATIONS OF APPLICANTS***

To qualify as a student borrower, the applicant should meet the following criteria:

1. Belong to a family whose annual gross income is not more than P72,000;
2. Be a high school graduate with a general average of 80 or its equivalent; or a college student with a weighted average of 2.5 or its equivalent in the last semester attended; or an out of school youth who has passed the PEPT;
3. Have a GSIS or SSS member guarantor who can guarantee the loan for the next five years; or have one who could present substantial proof/evidence of financial resources;
4. Be willing to enroll in the course of his choice, preferably in an SUC or in a private HEI with programs accredited at least level 1 in the applicant's region of domicile;
5. Be in good health as certified by a competent government physician.

### **III. DEFINITIONS OF TERMS**

For purposes of clarity, the following definitions of terms are given as used herein:

1. "Applicant" refers to a Filipino citizen desiring to apply under the Study Now Pay Later Plan program in order to pursue or continue a baccalaureate course in a school in the Philippines.
2. "CHED" refers to the Commission on Higher Education.
3. "Degree Program" refers to a course leading to at least a bachelor's degree.
4. "Deferment" refers to the temporary stoppage by the Higher Education Regional Office concerned of the educational loan assistance to a student borrower for valid reason.
5. "Education Loan Fund (ELF)" refers to the Student Loan Fund available to CHED through the Higher Education Regional Office (HERO) to service the financial needs of qualified borrowers.
6. "Guardian" refers to the natural or legal guardian of a student borrower.
7. "Guarantor" refers to a GSIS or SSS member or anyone with substantial financial resources who would guarantee the student borrower's loan.
8. "HERO" refers to the CHED office in the 15 regions of the country.
9. "PEPT" which means a Philippine Educational Placement Test refers to a battery of education development tests used to assess knowledge, skills and work experiences in various areas of endeavor of an applicant which will be given as basis for credit for academic equivalence, grade/year placement system and other related purposes.
10. "Reinstatement" refers to the resumption of the assistance to a student borrower after deferment or suspension.
11. "Renewal" refers to the continuance of the educational loan for the succeeding school term of a student borrower

who has complied with all the conditions of assistance specified under the Plan.

12. "S-N-P-L-P" an acronym of the Study-Now-Pay-Later-Plan program.
13. "Student-Borrower" refers to a student who has been granted an educational loan under the ELF.
14. "Tuition and Other Fees" refers to payment for instruction and other mandatory fees.

#### **IV. DOCUMENTS REQUIRED**

An applicant to the SNPLP must submit together with the duly accomplished application forms the following requirements:

1. Copy of latest BIR Income Tax Return (ITR) of parent/guardian whose income does not exceed P72,000.00 per annum
2. Copy of an appropriate report of rating
  - a. High School report card (Form 138) with a weighted average of 80% or higher for one entering college
  - b. Official summary or certification of grades showing a weighted average of 2.5 or higher in the semester last attended for one already in college
  - c. PEPT certificate of passing for an out-of-school youth
3. Certification of guarantee of loan executed by a GSIS or SSS member guarantor

#### **V. ADMINISTRATION OF THE EDUCATION LOAN FUND (ELF)**

##### **A. Powers of CHED and Office of Student Services (OSS)**

1. The CHED shall remain the grantor and administrator of the Education Loan Fund;
2. The OSS shall determine the distribution of the Education Loan Fund based on the incidence of

- poverty, total enrolment in the tertiary level, and the amount allotted for the program;
3. As conduit of the Education Loan Fund (ELF), OSS-CHED shall enter a MOA with the Higher Education Institutions (HEIs). A service fee equivalent to two per-cent (2%) per annum of loan processed or serviced by the HEIs shall be paid in check upon submission of three (3) copies of the masterlists for SNPLP records and other purposes.

**B. Functions of OSS-CHED:**

1. Shall deposit with the National Treasury or with a government bank the unused fund of the ELF;
2. Shall provide the HEIs with authenticated specimen signatures of its authorized officials in the transmittal letter and master lists;
3. Shall formulate policies, rules and regulations relative to the programs and projects involving educational loan assistance for approval by higher authorities;
4. Shall direct, supervise, monitor, evaluate and coordinate all activities of the student loan program;
5. Shall collaborate with other government, semi-government and non-government agencies in the promotion and evaluation of the student loan program.

**C. Functions and Responsibilities of the HEROs:**

The HEROs shall perform the following functions:

1. assist the Office of Student Services (OSS), CHED in the dissemination of information regarding student loan program;
2. sub-allot regional SNPLP slots among secondary schools and HEIs within the region;
3. furnish OSS-CHED reports on slot distribution by province/congressional district;
4. review and act on recommendations of secondary school principals/authorized HEI representative on applications for student loans;

5. send notice of award to qualified applicants for enrolment in the course of their choice preferably in SCUs or in private HEIs with programs accredited at least level I;
6. submit to OSS-CHED masterlist of grantees and rank list of qualified applicants by province/ congressional district;
7. retrieve itemized school bills from grantees/schools;
8. prepare vouchers and payrolls;
9. issue checks for payment of school bills to individual schools and allowances to individual grantees;
10. submit to OSS notarized photocopies of vouchers and payrolls duly signed by the school authorities and grantees, respectively, together with the schools' official receipts;
11. monitor periodically and evaluate reports of ratings of grantees every end of semester and issue continuance/ termination letter accordingly;
12. submit to the OSS-CHED names of graduated/ terminated grantees of both programs every end of the semester;
13. prepare directory of graduates by program;
14. resolve problems encountered within the region; and
15. render periodic reports requested by the OSS-CHED.

**D. Functions and Responsibilities of the Accepting HEIs:**

1. Accept a scholar with the Notice of Award from CHED;
2. Submit to the HERO Director within two weeks after the close of enrolment period the accomplished certificate of enrolment and itemized school bills of scholars for billing and payment;
3. Distribute financial benefits due to deserving awardees out of the remitted amount in accordance with the scheme of payment required by the OSS;
4. Orient the scholars on the policies, rules and regulations of the institution;

5. Submit to the HEROs the scholastic ratings of scholars not later than two weeks after the close of the school semester;
6. Evaluate awardee's scholastic performance every term in accordance with the policies, rules and regulations prescribed by the OSS;
7. Extend guidance, counseling, course placement, job assistance and other similar or allied services to awardee-graduates in coordination with the HEROs;
8. Submit prompt and punctual financial and other reports that may be required by the HEROs and the OSS;
9. Keep separate accounting records subject to periodic inspectorial visits by resident CHED-COA representatives and or OSS officials;
10. Recommend measures for the improvement of this program.

## **VI. *LOANS AND OTHER PRIVILEGES***

1. Loan: A maximum loan of P10,000.00 per semester covers the following expenses:
  - Tuition and other school fees
  - Living allowances
  - Book allowances
  - Clothing and transportation
2. Other Privileges: The following expenses are still covered by the loan if they are included in the curriculum and as such are a prerequisite for graduation:
  - Apprenticeship.
  - Affiliation
  - Thesis writing
  - Research
  - Graduation

The educational loan which shall have no interest during the borrower's period of studies shall be subject to renewal each succeeding semester if the student borrower maintains a general average of 80 or its equivalent in all his subjects following the grading system of the school where the student borrower is enrolled in; provided that

"incomplete" grades are removed within the following semester.

The loan shall start to earn 6% simple interest per annum after the two-year grace period following the graduation of the student borrower from his course.

## **VII. RELEASE OF LOANS**

The approved loan application shall be paid by the CHED to the HEI through the HERO. The student borrower shall sign a contract with the HERO every semester when he renews his loan.

## **VIII. SLOT ALLOCATION**

Fifty percent (50%) of the total number of slots will be allocated to the C-20 (15 provinces in Luzon and the Visayas). Twenty five percent (25%) will be allocated for the Autonomous Region of Muslim Mindanao (ARMM) and the remaining 25% for the other Mindanao provinces. (Please refer to attachment.)

## **IX. INSTITUTIONS AND PROGRAMS**

Student borrower shall enroll preferably in SUCs or in private schools, colleges and universities with programs/courses accredited at least level 1.

## **X. REPAYMENT**

To ensure repayment of loan, a borrower graduate, upon application of loan may be asked to sign a promissory note or a waiver to the prohibition of garnishment of salary upon employment.

The loan shall be paid in a period of 10 years, amortized monthly to the lending HEI to be remitted to the CHED through the HERO. Payment of loan shall begin after the end of a two-year grace period following the graduation of the student borrower from his course.

## **XI. FUNDS**

The special fund in the amount of P200 Million is made available for the Study-Now-Pay-Later Plan Program under the Poverty Alleviation Fund in the 1996 GAA, RA 8174.



## **XII. *Effectivity***

These rules and regulations implementing the Study-Now-Pay-Later Plan Program shall take effect first semester of school year 1996-1997 and shall thereafter remain in force unless modified, repealed or revoked or until the program is terminated due to non-availability or exhaustion of funds.

POVERTY ALLEVIATION PROGRAM IN THE  
AUTONOMOUS REGION IN MUSLIM MINDANAO  
SY 1996-1997 to SY 1999-2000

PROVINCES	SNPLP	
	SLOTS	FUNDING
LANAO DEL SUR	121	9,700,000.00
MAGUINDANAO	121	9,700,000.00
SULU	121	9,700,000.00
TAWI-TAWI	121	9,700,000.00
SUB-TOTAL	484	38,800,000.00
Mandatory Reserve (20%)		10,000,000.00
Operating Expenses (3%)		1,200,000.00
TOTAL		50,000,000.00

@P20,000.00/ grantee/ year for 4 school years.

ALLOCATION OF SNPLP SLOTS UNDER THE  
POVERTY ALLEVIATION PROGRAM IN THE  
OTHER MINDANAO PROVINCES  
SY 1996-1997 to SY 1999-2000

PROVINCES	SNPLP	
	SLOTS	FUNDING
AGUSAN DEL NORTE	25	2,042,105.26
AGUSAN DEL SUR	25	2,042,105.26
BASILAN	25	2,042,105.26
BUKIDNON	25	2,042,105.26
CAMIGUIN	25	2,042,105.26
DAVAO DEL NORTE	25	2,042,105.26
DAVAO DEL SUR	25	2,042,105.26
DAVAO ORIENTAL	25	2,042,105.26
LANAO DEL NORTE	25	2,042,105.26
MISAMIS OCCIDENTAL	25	2,042,105.26
MISAMIS ORIENTAL	25	2,042,105.26
NORTH COTABATO	25	2,042,105.26
SARAGANI	25	2,042,105.26
SULTAN KUDARAT	25	2,042,105.26
SURIGAO DEL NORTE	25	2,042,105.26
SURIGAO DEL SUR	25	2,042,105.26
SOUTH COTABATO	25	2,042,105.26
ZAMBOANGA DEL NORTE	25	2,042,105.26
ZAMBOANGA DEL SUR	25	2,042,105.32
<b>SUB-TOTAL</b>	<b>475</b>	<b>38,800,000.00</b>
Mandatory Reserve (20%)		10,000,000.00
Operating Cost (3%)		1,200,000.00
<b>TOTAL</b>		<b>50,000,000.00</b>

**ALLOCATION OF SNPLP SLOTS UNDER THE  
POVERTY ALLEVIATION PROGRAM IN THE  
C-20 (15 PROVINCES) OF LUZON AND THE VISAYAS  
SY 1996-1997**

PROVINCES	SNPLP	
	SLOTS	FUNDING
ABRA	64	P5,173,333.33
ANTIQUE	64	5,173,333.33
APAYAO	64	5,173,333.38
AURORA	64	5,173,333.33
BATANES	64	5,173,333.33
BENGUET	64	5,173,333.33
BILIRAN	64	5,173,333.33
EASTERN SAMAR	64	5,173,333.33
GUIMARAS	64	5,173,333.33
IFUGAO	64	5,173,333.33
KALINGA	64	5,173,333.33
MASBATE	64	5,173,333.33
MT. PROVINCE	64	5,173,333.33
ROMBLON	64	5,173,333.33
SOUTHERN LEYTE	64	5,173,333.33
<b>SUB-TOTAL</b>	<b>960</b>	<b>77,600,000.00</b>
Mandatory Reserve (20%)		20,000,000.00
Operating Expenses (3%)		2,400,000.00
<b>T O T A L</b>		<b>100,000,000.00</b>

ⒸP20,000.00/ grantees/ year for 4 school years

**Summary of Slot and Funding Allocation  
Study-Now-Pay-Later Plan  
R.A. 8174, 1996 GAA  
SY 1996-97 to SY 1999-2000**

AREA/ Items of Expenditure	C-20 in Luzon & the	ARMM Provinces	Other Mindanao	TOTAL
	Visayas		Provinces	
Total Fund	100,000,000.00	50,000,000.00	50,000,000.00	200,000,000.00
Mandatory Reserve (20%)	20,000,000.00	10,000,000.00	10,000,000.00	40,000,000.00
Operational Expenses (3%)	2,400,000.00	1,200,000.00	1,200,000.00	4,800,000.00
Net Amount	77,600,000.00	38,800,000.00	38,800,000.00	155,200,000.00
No. of Slots	960	484	475	1,919

100.00 per grantee per year for 4 school years