

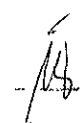
FOURTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
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SENATE

P.S. Resolution No. **1094**

RECEIVED BY: 

Introduced by Senator FRANCIS G. ESCUDERO

RESOLUTION

DIRECTING THE SENATE COMMITTEES ON URBAN PLANNING, HOUSING AND RESETTLEMENT, AND ACCOUNTABILITY OF PUBLIC OFFICERS AND INVESTIGATIONS TO IMMEDIATELY CONDUCT AN INVESTIGATION INTO THE NATIONAL HOME MORTGAGE FINANCE CORPORATION'S (NHMFC) AUCTION OF MORE THAN 53,000 DELINQUENT HOUSING LOANS TO DEUTCH BANK REAL ESTATE GLOBAL OPPORTUNITIES (GLOBAL) IN 2004 AND THE CONSEQUENT CREATION OF A JOINT VENTURE SPECIAL PURPOSE VEHICLE CALLED BALIKATAN HOUSING FINANCE INC. (BALIKATAN) WHICH OTHERWISE RESULTED IN HIGHER INTEREST RATES AND EXORBITANT DOWNPAYMENT HOUSING LOAN RESTRUCTURING SCHEME TANTAMOUNT TO A QUESTIONABLE PUBLIC SERVICE ACCOUNTABILITY PURSUANT TO CONSTITUTIONAL AND STATUTORY MANDATES

WHEREAS, Section 9, Article XIII of the Constitution mandates Congress to “undertake, in cooperation with the private sector, a continuing program of urban land reform and housing which will make available at affordable cost decent housing” to less fortunate Filipinos in urban areas and, that in doing so, its implementation shall “ensure respect of the rights of small property owners.”

WHEREAS, in response to this mandate, Congress has enacted, among others, laws on condonation, i. e., Republic Act Nos. 9507 and 8502, to “make available at affordable cost decent housing” to low and middle income Filipino earners.

WHEREAS, in 1977 the NHMFC was created by virtue of Presidential Decree No. 1267, “with the mandate of increasing the availability of affordable housing loans to finance the Filipino homebuyer’s acquisition of housing units through the development and operation of a secondary market for home mortgages.”

WHEREAS, in 2004, following the advice of its financial advisor, the NHMFC sold through a supposed competitive auction more than 53,000 delinquent housing loans or non-performing loans (NPLs) to GLOBAL valued at or with a total principal balance of Php13.45 billion, more or less.

WHEREAS, the said auction resulted in NHMFC acquiring Php5.12 billion, as purchase price, and a 49% equity interest, pursuant to the joint venture agreement to be had with GLOBAL.

WHEREAS, the Joint Venture Agreement created the BALIKATAN, a special purpose vehicle designed to absorb the NPLs of NHMFC and settle the same; BALIKATAN is 49% NHMFC and 51% GLOBAL.

WHEREAS, however, the arrangement between NHMFC and GLOBAL resulted in a loan restructuring scheme which yielded higher interest rates and exorbitant downpayment to the detriment of the borrowers who are low and middle income earners yearning to have decent housing.

WHEREAS, these borrowers have as security for their loans low and middle cost housing units located in 500 housing subdivisions nationwide.

WHEREAS, albeit it may be argued that NHMFC effected the above arrangement aboveboard and in full accord with law, it is quite unthinkable nevertheless that it otherwise resulted in a damaging effect undermining Filipinos whose rights and interests the above constitutional and statutory provisions mandate to protect and respect.

WHEREAS, currently, and despite diligent efforts made in the concerned agencies of government to address the issue at hand, BALIKATAN continues with its move to foreclose, eventually eviction, the housing units concerned; hence, the Senate Committees concerned must act with dispatch.

WHEREAS, it is of primordial concern as well to raise public accountability in this regard, especially as to why this imminent reversion to homelessness is happening inspite of the clear mandate the Constitution and the law give as a guidepost to NHMFC and other government financial institutions involved (SSS, GSIS and HDMF or Pag-Ibig Fund).

WHEREAS, public office is a public trust and all public officers are accountable to the people at all times, their duties and responsibilities must be strictly performed.

NOW, THEREFORE, BE IT RESOLVED AS IT IS HEREBY RESOLVED that the Senate Committees on Urban Planning, Housing and Resettlement, and Accountability of Public Officers and Investigations *immediately* conduct an investigation into the National Home Mortgage Finance Corporation's (NHMFC) auction of more than 53,000 delinquent housing loans to Deutch Bank Real Estate Global Opportunities (GLOBAL) in 2004 and the consequent creation of a joint venture special purpose vehicle called Balikatan Housing Finance Inc. (BALIKATAN) which otherwise resulted in higher interest rates and exorbitant downpayment housing loan restructuring scheme tantamount to a questionable public service accountability pursuant to constitutional and statutory mandates.

Adopted,


FRANCIS G. ESCUDERO