

THIRTEENTH CONGRESS OF THE REPUBLIC }  
OF THE PHILIPPINES }  
First Regular Session }

'04 JUN 30 P4:11

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SENATE  
S. No. 325

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Introduced by Senator S. R. Osmeña III

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**EXPLANATORY NOTE**

Housing is a public concern in the sense that adequate housing facilities contribute to public health, the stability of the family as a social institution, and the growth of cohesive communities.

Residential home building also plays a key role in the cyclical movements of the economy. As a major part of gross national capital formation, residential building has been known to signal booms or busts in the economy.

Government intervention in public housing consists of socialized housing programs for the poor who cannot afford to set aside a budget for housing, and financing programs giving access to financing for those families who have the long-term capability to amortize investments in housing.

This bill seeks the creation of home financing facilities, or a housing bank within the Development Bank of the Philippines. The housing bank, to be capitalized at ₱10 billion, of which ₱5 billion will be exclusively used to support the shelter program, to ensure a steady supply of long-term capital for home financing. The housing bank will have the power to:

- a) invest and grant loans directly or indirectly for the establishment of services, infrastructures, housing and real estate;
- b) underwrite, purchase, own, sell, mortgage stocks bonds, debentures, securities, foreign or local currencies and other evidence of indebtedness issued for and in connection with any project or enterprise referred to in the preceding paragraphs;
- c) serve as the national housing bank, provide banking services to fulfill the requirements of the housing program of the government and meet the needs of homeowners, employees, and small and medium scale entrepreneurs in the acquisition, construction or development of their housing units.

In view of the foregoing, passage of this bill is earnestly requested.

*S. Osmeña III*

**SERGIO OSMEÑA III**  
Senator

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**AN ACT**  
**PROVIDING FOR THE COUNTRY'S URBAN DEVELOPMENT PROGRAM**  
**THROUGH THE CREATION OF A HOUSING BANK WITHIN THE**  
**DEVELOPMENT BANK OF THE PHILIPPINES, AMENDING THE**  
**PROVIDIONS OF EXECUTIVE ORDER NO EIGHTY ONE (E.O. 81),**  
**OTHERWISE KNOWN AS THE CHARTER OF THE DEVELOPMENT BANK**  
**OF THE PHILIPPINES**

*Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:*

1 SECTION 1. The second and third "WHEREAS" clauses of Executive  
2 Order No. 81, the revised DBP Charter, are hereby amended to read as follows:

3 "WHEREAS, within the context of the general policy, there  
4 nevertheless exists a clear role for direct government participation in the  
5 banking system through a government development bank, particularly in  
6 INVESTMENTS AND servicing the medium and long term requirements of  
7 agriculture, and small and medium-scale industry, export development,  
8 SERVICES, INFRASTRUCTURE, HOUSING, REAL ESTATE  
9 DEVELOPMENT, and the government sector;

10 "WHEREAS, the Development Bank of the Philippines is the  
11 government financing institution charged with providing principally  
12 medium and long term credit facilities for agriculture, industry, export  
13 development, SERVICES, INFRASTRUCTURE, HOUSING, REAL  
14 ESTATE DEVELOPMENT, and the government sector";

15 SECTION 2. The second paragraph of Section 2 of the same Charter is  
16 hereby amended as follows:

1 "Sec. 2. Name, Purpose and Domicile. - xxx

2 The primary purpose of the Bank shall be to provide banking services  
3 principally to service medium and long term CREDIT AND INVESTMENT  
4 needs of agriculture and industrial enterprises particularly in the  
5 countryside and preferably for small and medium scale enterprises, AND  
6 TO PROVIDE AN ADEQUATE FINANCIAL SUPPORT FOR THE  
7 EFFECTIVE IMPLEMENTATION OF THE HOUSING AND  
8 DEVELOPMENT PROGRAMS OF THE COUNTRY, BY ASSURING A  
9 STEADY SOURCE OF CHEAP AND LONG-TERM CAPITAL FOR  
10 HOUSING FINANCE AND MANAGEMENT; Provided, however, That the  
11 pursuit of these objectives shall be undertaken within the context of a  
12 financially viable and stable banking institutions; AND Provided, [further,]  
13 FINALLY, That the Bank shall [continue to] be classified as a  
14 [development] SPECIALIZED bank, PERFORMING DEVELOPMENTAL  
15 FUNCTIONS AND ACTIVITIES, [and *Provided, finally,* That unless  
16 otherwise provided herein, the Bank may perform all other functions of a  
17 thrift bank.]”

18 SECTION 3. Section 3, paragraphs (b) and (e) of the same Charter are  
19 also hereby amended to read as follows:

20 "SEC 3. *Corporate Powers* - The Development Bank of the  
21 Philippines shall have the power:

22 (a) xxx

23 (b) To MAKE INVESTMENTS AND grant loans, DIRECTLY OR  
24 INDIRECTLY, for the establishment, development or expansion of any  
25 agricultural or industrial enterprise, SERVICES, INFRASTRUCTURE,  
26 HOUSING AND REAL ESTATE;

27 (c) To acquire, [assign,] UNDERWRITE, PURCHASE, OWN,  
28 SELL, MORTGAGE, or otherwise dispose of [marketable] STOCKS,  
29 BONDS, DEBENTURES, securities, [and other debt instruments which are

1 essential to the effective conduct of its general banking activities]  
2 FOREIGN OR LOCAL CURRENCIES AND OTHER EVIDENCE OF  
3 INDEBTEDNESS ISSUED FOR OR IN CONNECTION WITH ANY  
4 PROJECT OR ENTERPRISE REFERRED TO IN THE PRECEDING  
5 PARAGRAPHS”;

6 SECTION 4. Section 3 of the said Charter is further amended by adding a  
7 new paragraph (h) which reads as follows:

8 SEC. 3. Xxx

9 (H) TO SERVE AS THE NATIONAL HOUSING BANK. PROVIDE  
10 BANKING SERVICES TO FULFILL THE REQUIREMENTS OF THE  
11 HOUSING PROGRAM OF THE GOVERNMENT AND MEET THE NEEDS  
12 OF HOMEOWNERS, EMPLOYEES, AND SMALL AND MEDIUM SCALE  
13 ENTREPRENEURS IN THE ACQUISITION, CONSTRUCTION, OR  
14 DEVELOPMENT OF THEIR HOUSING UNITS.”

15 SECTION 5. Section 4 of the same Charter is hereby amended to read as  
16 follows:

17 “SECTION 4. Loans and Other Investments. - Loans and other  
18 investments of the Bank shall be subject to the [same] MAXIMUM limits and  
19 ceilings applicable to [thrift] banks under existing provisions of law and  
20 regulations promulgated by the Monetary Board [, including but not limited  
21 to prescribed limits and ceilings: *Provided*, That loans and investments  
22 would exceed the prescribed limits as the result of the implementation of  
23 its rehabilitation program, as well as those investments authorized under  
24 Section 6 hereof, which are in excess of the prescribed limits shall be  
25 reduced within five years in accordance with such program of reduction as  
26 may be approved by the Monetary Board. The period of reduction may be  
27 extended to another five years by the President of the Philippines upon  
28 recommendation of the Monetary Board.]”

1 SECTION 6. Section 5 of the same Charter is also hereby amended to read  
2 as follows:

3 "SEC. 5. Issuance of NOTES and Bonds. - The Bank may issue all  
4 kinds of NOTES, bonds, debentures and securities, and/or the renewal of  
5 refunding thereof [hereinafter called 'Conds'], AND INCUR OTHER  
6 OBLIGATIONS within and/or outside the Philippines, as such terms,  
7 rates, and conditions as the Board of Directors of the Bank may determine  
8 subject to compliance with provisions of applicable law, and rules and  
9 regulations promulgated by the Monetary Board.

10 The Bank shall, WHEN NECESSARY, provide for appropriate  
11 reserves for the redemption or retirement of the bonds. These bonds and  
12 other obligations shall be redeemable at the option of the Bank at or before  
13 maturity and in such manner as may be stipulated therein and shall bear  
14 such rate of interest as may be fixed by the Bank."

15 SECTION 7. Sec. 7 of the same Charter is also hereby amended by  
16 inserting a new paragraph which reads as follows:

17 "[The] FOR PURPOSES OF SERVICING AS THE NATIONAL  
18 HOUSEING BANK, THE DEVELOPMENT BANK OF THE PHILIPPINES IS  
19 HEREBY AUTHORIZED TO HAVE A capital stock [of the Bank shall be  
20 Five] AMOUNTING TO TEN Billion Pesos (₱10,000,000,000.00) to be  
21 divided into one hundred million common shares with par value of ₱100  
22 per share. These shares are available for subscription by the National  
23 Government. OF THIS AMOUNT, FIVE BILLION SHALL BE USED  
24 EXCLUSIVELY FOR THE SUPPORT OF THE SHELTER PROGRAM AS  
25 MANDATED BY EXISTING LAWS, PAYABLE BY THE NATIONAL  
26 GOVERNMENT WITHIN TWO YEARS FROM THE EFFECTIVITY OF  
27 THIS ACT. [Upon the effectivity of this Charter, the National Government  
28 shall subscribe to Twenty-Five Million common shares of stock worth Two  
29 Billion Five Hundred Million which shall be deemed paid for by the

1 Government with the net asset values of the Bank remaining after the  
2 transfer of assets and liabilities as provided in Section 30 hereof].

3 UPON THE EFFECTIVITY OF THIS ACT, THE NATIONAL  
4 GOVERNMENT SHALL SUBSCRIBE TO FIFTY [Twenty-five] MILLION  
5 COMMON SHARES OF STOCK WORTH FIVE [Two] BILLION [and Five  
6 hundred million] PESOS THE REMAINING COMMON SHARES OF  
7 STOCK ARE AVAILABLE FOR SUBSCRIPTION BY THE NATIONAL  
8 GOVERNMENT AGENCIES AND GOVERNMENT OWNED AND  
9 CONTROLLED CORPORATIONS OR MAY BE OFFERED FOR SALE OR  
10 FOR SUBSCRIPTION BY PRIVATE INDIVIDUALS CONSISTENT WITH  
11 EXISTING BANKING LAWS.”

12 SECTION 8. The first and third paragraphs of Section 8 of the same  
13 Charter are also hereby amended to read as follows:

14 “SEC. 8. Board of Directions; Composition; Tenure; Per Diems. -  
15 The affairs and business of the Bank shall be directed and its properties  
16 managed and preserved and its corporate powers exercised, unless  
17 otherwise provided for in this Charter, by a Board of Directors consisting of  
18 seven members to be appointed by the President of the Philippines. The  
19 term of office of the Chairman [,] AND THE Vice Chairman [,] SHALL BE  
20 FOR A PERIOD OF THREE YEARS, and [the] ALL OTHER members of the  
21 Board of Directors shall be for a period of [one year] TWO YEARS AND  
22 until such time as their successors are appointed.

23 No person shall be [elected] APPOINTED Director of the Bank unless  
24 he is a natural born citizen of the Philippines, no less than thirty-five years  
25 of age, of good moral character and has attained proficiency, expertise and  
26 recognized competence in one or more of the following: Banking, finance,  
27 economics, law, agriculture, business management, public management,  
28 public utility or government administration: PROVIDED, THAT ONE

1 MEMBER OF THE BOARD SHOULD BE EXPERIENCED IN URBAN  
2 DEVELOPMENT AND HOUSING MANAGEMENT.”

3 SECTION 9. **Rules and Regulations.** - The Board of Directors of the  
4 Development Bank of the Philippines is hereby authorized to promulgate such  
5 rules and regulations as may be necessary to implement the provisions of this Act:  
6 Provided, That the issuance of the same shall be subject to the applicable  
7 provisions of the General Banking Law and within the corporate limitations given to  
8 it.

9 SECTION 10. **Repealing Clause.** - All laws, executive orders,  
10 resolutions, ordinances, and any rules and regulation which may be inconsistent  
11 with the provisions of this Act are hereby deemed repealed, amended or modified  
12 accordingly.

13 SECTION 11. **Effectivity Clause.** - This Act shall take upon its approval.

14 Approved,