

SIXTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)



'14 APR -1 P5 :40

SENATE
S.B. NO 2186

RECEIVED BY: ji

Introduced by SENATOR FERDINAND R. MARCOS, JR.

**AN ACT SETTING A UNIFORM PERIOD FOR THE REDEMPTION
OF FAMILY HOMES SOLD AT FORECLOSURE SALES, EXECUTION SALES
AND OTHER FORCED SALES, AND FOR OTHER PURPOSES**

Explanatory Note

In its 1948 Report, the Code Commission on the Proposed Civil Code of the Philippines perfectly captured and recognized that, "(t)he home is the seat and symbol of family affections and it should not be liable to be seized for debts except in certain special cases." It furthered that, "the family home is a sacred symbol of family love and is the repository of cherished memories that last during one's lifetime. When a home is seized by creditors it seems as though the heart of the family were shattered." Hence, the Code Commission concluded with firm conviction that, "(t)he family home needs and is deserving of the protection of the law."

The policy declaration of the New Civil Code of the Philippines remains all the more true and applicable to this day—almost sixty-five years (65) later—with the country experiencing a massive backlog in housing, which unfortunately is predicted to balloon to 5.6 million units by 2016 (**2013 Year-End Report, Housing and Urban Development Coordinating Council [HUDCC] [www.hudcc.gov.ph/Stats.aspx?name=Year-end%20Report] [accessed on 20 March 2014]**).

The Filipino family home is currently protected under the New Civil Code through exemption from execution, forced sale or attachment, except when the forced sale is due to tax liability, to debts incurred prior to the constitution of the family home, to mortgage debts where the family home was used as collateral, and to debts owing to workers who had rendered service or furnished materials for the construction of the family home.

However, this protection is not enough. There is a need to reinforce the protection and extend its reach even to the exceptions provided under the Civil Code. At the same time, it is important to balance these benefits accorded to the preservation of the family home with the rights and interests of the creditors and obligees, which too are equally deserving of our protection and preservation. It is believed that setting a longer redemption period for family homes, granting additional possessory rights, and opportunities for novation, condonation and restructuring programs will be a reasonable compromise between them.

Through this legislation, and consistent with the age-old national policy that views the family home as a "sacred symbol" of the Filipino family, it is just proper not only to help preserve and perpetuate the family home in the face of the family's daily economic and financial adversities, but at the same time alleviate the country's very pressing housing needs.

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



FERDINAND R. MARCOS, JR

'14 APR -1 P5:40

SENATE
SENATE BILL NO. **2186**

RECEIVED BY: *js*

Introduced by Senator FERDINAND R. MARCOS, JR.

**AN ACT SETTING A UNIFORM PERIOD FOR THE REDEMPTION
OF FAMILY HOMES SOLD AT FORECLOSURE SALES, EXECUTION SALES
AND OTHER FORCED SALES, AND FOR OTHER PURPOSES**

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

SECTION 1. Title. – This Act shall be known as **"The Family Home Protection Act of 2014"**.

SEC. 2. Declaration of Policy. – In the spirit of the New Civil Code, it is hereby declared the policy of the State to further protect the Filipino family home from being taken away from the family actually residing therein, on account of the personal obligations of the family members, without affording the family a reasonable and adequate time and opportunity to save up and muster the needed resources to pay for the said obligations, redeem and ultimately preserve the family home from seizure and dispossession.

SEC. 3. Definition of Family Home. – For purposes of this Act, "family home" shall mean the house and the lot on which it stands, including a condominium unit under Republic Act No. 4726, which is actually occupied, both at the time that it is encumbered or levied upon and at the time of the forced sale thereof, as a family residence of the husband and the wife, or an unmarried, separated, or widowed head of the family, with their parents, ascendants and descendants, as well as their brothers and sisters, who are dependent upon them for their chief support.

SEC. 4. Uniform Redemption Period. – Notwithstanding any law to the contrary, a family home which is sold at a foreclosure sale, attachment or execution sale or other forced sale due to debt, tax liability or other personal obligation may be redeemed within two (2) years from the date of registration of the certificate of sale with the Register of Deeds in case of properties registered under the Torrens system, or within two (2) years from the date of the sale in case of untitled properties, by paying the correct amount of the redemption price as determined by existing appropriate laws.

SEC. 5. Prohibition Against Eviction. – During the two-year redemption period provided hereunder, the family actually residing in the family home sold at public auction shall be protected in its possession and shall neither be evicted

nor threatened to be evicted, and the creditor, mortgagee or the purchaser in the foreclosure sale is prohibited from taking possession of the family home in whatever way or capacity. However, family actually residing therein may be charged reasonable rent during the said period, which shall be added to the amount of the redemption price.

SEC. 6. Substantiation Requirements. – In claiming the benefits under this Act, the redemptioner shall accompany the exercise of the right of redemption with sufficient evidence, such as affidavits and other adequate records.

SEC. 7. Other Benefits. – Even in case of failure to redeem the family home sold at public auction, the family actually residing therein shall still be accorded a right of first refusal or right of preemption, or be given priority in the repurchase, lease or other possible forms of possession or occupation of the said family home.

SEC. 8. Continuing Efforts to Offer Novation, Condonation and Restructuring Programs. – Banks, quasi-banks, financial institutions, including government housing agencies and financial institutions, shall study the feasibility and viability of offering to concerned borrowers-mortgagors reasonable novation, restructuring and condonation programs or packages of their loan obligations which involve family homes as mortgage collaterals, taking into consideration the credit worthiness and credit discipline of the borrowers, and the financial viability of the lending institutions.

Government housing agencies and financial institutions shall continue to implement novation, restructuring and condonation programs of loan obligations secured by family homes, especially in the socialized and low-cost housing brackets, in accordance with Republic Act No. 9507, or the "Socialized and Low-Cost Housing Loan Restructuring Act of 2008".

SEC. 9. Separability Clause. - The provisions of this Act are hereby declared to be separable and if any clause, sentence, provision or section of this Act or its application thereof to any person or circumstance should, for any reason, be held invalid or unconstitutional, such invalidity or unconstitutionality shall not affect the other provisions or application of this Act which can be given force and effect.

SEC. 10. Repealing Clause. - All laws, decrees, charters, executive orders, administrative orders, proclamations, rules and regulations, or parts thereof insofar as they are inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SEC. 11. Effectivity. - This Act shall take effect fifteen (15) days after completion of publication in the Official Gazette or in a newspaper of general circulation.

Approved,