


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

'04 JUN 30 P10:43

SENATE
S.B. No. 888

RECEIVED BY: 

Introduced by Senator Jinggoy Ejercito Estrada

EXPLANATORY NOTE

The National Home Mortgage Finance Corporation (NHMFC) as the major government mortgage institution has made available 185,000 housing units classified as follows:

P180,000 - Socialized Housing at 9% interest
P225,000 - Economic Housing at 12% interest
P375,000 - Economic Housing at 16% interest

Out of the about 185,000 total borrowers, only around 55,000 have updated their loan payments; the rest have defaulted due to the economic crisis faced by our country beginning the last decade. Hence, Republic Act No. 8501 otherwise known as the "Housing Loan Condonation Act of 1998" was enacted to rescue the National Shelter Program of the government by condoning the penalties on all outstanding/ delinquent housing loan accounts with any of the government institutions and agencies involved in the National Shelter Program. As of today, only about 37,000 out of the delinquent 96,000 borrowers availed of the provisions of Republic Act No. 8501. The other borrowers are given until December 31, 2001 to avail of the condonation offered by said Republic Act No. 8501. In the meantime, those who availed of the condonation under Republic Act No. 8501 were allowed to restructure their loan and pay the same within the remaining period of the loan. However, due to another surge of crisis, they were still unable to comply with the terms and conditions of their restructured loan agreement. Some of these mortgages have been foreclosed and the others are now facing foreclosure proceedings. The other borrowers who have not updated their obligation for at least three (3) months may also be foreclosed at any time at the option of the National Home Mortgage Finance Corporation.

The same is true with the other government institutions and agencies involved in the National Shelter Program such as the National Housing Authority (NHA), Government Service Insurance System (SSS), and Home Development Mutual Fund (PAG-IBIG Fund).

This situation is most alarming as while the government and the private sector are launching new housing projects, the present beneficiaries of National Shelter Program are on the verge of being thrown out of their homes after a short tenure. Thus, this Bill is being filed to give a relief to the underprivileged citizens of our country until

such time that our economic conditions improve hopefully within three (3) years from today. After all, it is the policy of the State to provide for an equitable land tenure system that shall guarantee security of tenure of beneficiaries.


Immediate approval hereof is earnestly sought.



JINGGOY EJERCITO ESTRADA
Senator

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**AN ACT
TO ESTABLISH A SOCIALIZED AND LOW-COST HOUSING LOAN
RESTRUCTURING PROGRAM, PROVIDING THE MECHANISMS THEREFOR, 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 "Socialized and Low-Cost Housing Loan Restructuring Act of 2004."

SEC. 2. **Restructuring of Delinquent Socialized and Low-Cost Housing Loan Accounts.** - In keeping with the Constitutional mandate for the State to undertake a continuing program of urban land reform and housing that will make available at affordable cost decent housing and basic services, there is hereby established a Socialized and Low-Cost Housing Loan Restructuring Program. Under this program:

- a) all socialized housing loan or loans amounting to Two Hundred Twenty Five Thousand Pesos (P25,000.00) and below and all low-cost housing loans or loans amounting to over Two Hundred Twenty Five Thousand Pesos (P225,000.00) but not exceeding Five Hundred Thousand Pesos (P500,000.00) with any of the government financing institutions and agencies involved in the National Shelter Program (NSP), including but not limited to, the Government Service Insurance System (GSIS), Social Security System (SSS), Home Development Mutual Fund (HDMF), National Home Finance Home Corporation (NHMFC), Mortgage Guaranty Corporation (HGC), and the National Housing Authority (NHA) that have at least a six-month unpaid, monthly amortization are hereby declared covered by the benefits of this restructuring program notwithstanding that the same account has availed of the benefits of a previous restructuring or condonation program and no matter whether or not the annual total family income of the borrower-applicant exceeds

Three Hundred Thousand Pesos (P300,000.00);

- b) an application for restructuring shall only be charged a processing fee which shall be lower than those charged under previous restructuring or condonation programs and no downpayment shall be required for a borrower to apply for the benefits of this restructuring program;
- c) all penalties and surcharges shall be condoned upon filing of the restructuring application under this Act: Provided, that all accrued interests shall be added to the remaining balance of the principal, the aggregate of which shall be considered as the new principal amount.
- d) a borrower-applicant may be allowed to use the total accumulated value of his/her membership contribution or savings with the GSIS, SSS, or HDMF to pay in full or in part his/her housing loan;
- e) the term of a housing loan account being applied for restructuring may be extended for a period longer than its original term in order to lower the amount of the monthly amortization to a maximum of One Thousand Five Hundred Pesos (P1,500.00) for a period of three (3) years from the approval of the application, afterwhich, the monthly amortization will revert back to its original amount. The unserviced portion ensuing from the three-year lowered monthly amortization shall be paid on the last year of the term of the housing loan along with the last monthly amortization. In the event that the borrower fails to pay any amortization during the three-year period, he/she shall voluntarily surrender his/her property without need of judicial proceedings;
- f) in case of incapacity of a borrower, his/her legal heirs and successors-in-interest may assume payment of his/her outstanding housing loan; and
- g) loan restructuring under this Act may be availed of only once.

All corresponding penalties and surcharges which NHMFC may have to pay its funders as a result of the implementation of this Act shall be automatically adjusted and condoned.

SEC. 3. Exclusion From Coverage - In no instance shall the following housing loan accounts be covered by this Act:

- a) any account without a single payment since takeout;
- b) an account whose housing unit has been abandoned by the borrower-owner for more than two (2) years;
- c) an account whose housing unit has remained unoccupied for a period of at least two (2) years;
- d) an account whose housing unit is occupied by a third party other than the original registered beneficiary; and

- e) an account that has been foreclosed, the title of which has already been consolidate / transferred in the name of the , government financing institution.

SEC. 4. - *The declaration of dividends* Of the funds managed by the GSIS, SSS, and HDMF shall be limited to their members who have not availed of the restructuring program under this Act.

SEC. 5. *Contribution of Government Financing Institutions to the National Shelter Program* - The contribution of the government financing institutions to the NSP shall be limited to the net earnings derived from their housing programs.

SEC. 6. *Incentive for Prompt Payment of Monthly Amortization.* - Upon the effectivity of this Act, all accounts whose monthly amortization are paid on time shall be entitled to a reasonable discount on loan interest.

SEC. 7. *Implementing Rules and Regulations.* - There is hereby created an inter-agency committee headed by the Housing and Urban Development Coordinating Council and composed of all the government institutions and agencies enumerated in Section 2 hereof tasked to promulgate the implementing rules and regulations within sixty (60) days from the effectivity of this Act.

SEC. 8. *Congressional Oversight Committee.* - There is hereby created a Congressional Oversight Committee composed of the Chairman of the House Committee on Housing and Urban Development and the Chairman of the Senate Committee on Urban Planning, Housing and Resettlement, five (5) members of the Senate and six (6) members of the House of Representatives. The members from the Senate shall be appointed by the Senate President from among the members of the Senate 'Committee on Urban Planning, Housing and Resettlement based on the proportional representation of the parties or coalitions therein. The members from the House of Representatives shall be appointed by the Speaker from among the members of the House Committee on Housing and Urban Development based on the proportional representation of the parties or coalitions therein.

The Oversight Committee shall review and approve the Implementing Rules and Regulations. It shall also review the performance of the government financing institutions and agencies involved in the implementation of this Act.

SEC. 9. **Repealing Clause.** - All laws, executive orders, rules or regulations, or any part thereof, inconsistent with any provisions of this Act are hereby repealed or modified accordingly.

SEC. 10. **Effectivity Clause.** - This Act shall take effect fifteen (15) days after its complete publication in the Official Gazette or in at least two (2) national newspapers of general circulation.

Approved,