


13th CONGRESS OF THE REPUBLIC)
OF THE PHILIPPINES)
First Regular Session)

'04 JUL -6 A11:54

SENATE

RECEIVED BY: 

S. BILL NO. **1392**

Introduced by Senator Ralph G. Recto

EXPLANATORY NOTE

Under the Constitution, it is the policy of the State 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 and basic services to underprivileged and homeless citizens in urban centers and resettlement areas. This is the animating spirit behind this proposal which seeks to establish a Socialized and Low-Cost Housing Loan Restructuring Program.

The beneficiaries of the restructuring program under this proposal would be those with socialized housing loans or loans amounting to Two Hundred Twenty-five Thousand Pesos (P225,000.00) and below, and low-cost housing loans or loans amounting to over Two Hundred Twenty-five 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).

Recognizing the role of housing as a catalyst for economic growth and development, it is important to note that the state also adopts the policy of not only strengthening but also promoting and supporting the component activities of housing production and finance.

In view of the foregoing, the immediate approval of this bill is earnestly urged.

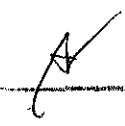


RALPH G. RECTO

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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 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) for three (3) years from the effectivity of this Act, all
socialized housing loans or loans amounting to Two
Hundred Twenty-five Thousand Pesos (P225,000.00) and
below, and all low-cost housing loans or loans amounting
to over Two Hundred Twenty-five 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 Services Insurance System (GSIS), Home Development Mutual Fund (HDMF), National Home Mortgage Finance Corporation (NHMFC), Home Guaranty Corporation (HGC), and the National Housing Authority (NHA), that have at least a six (6)-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 even if the annual total family income of the borrower-application 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

1 which shall be considered as the new principal amount:

2 *Provided, further,* that waiver of penalties, surcharges and
3 accrued interests for accounts subject of buy-back or
4 other default arrangements with government financing
5 institutions (GFIs) under the National Shelter Program of
6 the government shall be left to the discretion of the
7 respective boards of such GFIs;

8 (d) a borrower-applicant may be allowed to use the total
9 accumulated value of his/her membership contribution or
10 savings with the GSIS, SSS or HDMF to pay in full or in part
11 his/her housing loan;

12 (e) the term of a housing loan account being applied for
13 restructuring may be extended for a period longer than its
14 original term in order to lower the amount of the monthly
15 amortization to a maximum of One Thousand Five
16 Hundred Pesos (P1,500.00) for a period of three (3) years
17 from the approval of the application, after which, the
18 monthly amortization will revert back to its original
19 amount. The unserviced portion ensuing from the three
20 (3)-year lowered monthly amortization shall be paid on
21 the last year of the term of the housing loan along with
22 the last monthly amortization.

1 (f) in case of incapacity of a borrower, his/her legal heirs
2 and successors-in-interest may assume payment of his/her
3 outstanding housing loans; and

4 (g) loan restructuring under this Act may be availed of only
5 once.

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

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

11 (a) any account without a single payment since take out;

12 (b) an account whose housing unit has been abandoned by the
13 borrower-owner for more than two (2) years;

14 (c) an account whose housing unit has remained unoccupied for
15 a period of at least two (2) years;

16 (d) an account whose housing unit is occupied by a third party
17 other than the original registered beneficiary; and

18 (e) an account that has been foreclosed, the title of which has
19 already been consolidated/transferred in the name of the
20 GFI.

1 **SEC. 4. Remedies Against Delinquent Accounts.** – The GFIs shall

2 continue to exercise their right to foreclose properties covered by

3 accounts excluded in sub-paragraphs (a) through (d) under Section 3

4 hereof or of delinquent accounts of borrowers who shall fail to avail of the

5 benefits of this Act and that such foreclosure proceedings shall be exempt

6 from publication and from the payment of filing fees, capital gains tax

7 and documentary stamp tax: *Provided*, that in lieu of publication, posting

8 of the date and place of auction shall be made in at least three (3)

9 conspicuous public places similar to that provided for under Act 3135:

10 *Provided, further*, that notice to the borrowers at his last known address

11 shall likewise be made.

12 **SEC. 5. Declaration of Dividends.** - The declaration of dividends of

13 the funds managed by the GSIS, SSS and HDMF shall be limited to their

14 members who have not availed of the restructuring program under this

15 Act.

16 **SEC. 6. Incentive for Prompt Payment of Monthly Amortization.** –

17 Upon the effectivity of this Act, all accounts whose monthly amortizations

18 are paid on time shall be entitled to a reasonable discount on loan

19 interest.

20 **SEC. 7. Implementing Rules and Regulations.** – There is hereby

21 created an inter-agency committee headed by the Housing and Urban

22 Development Coordinating Council and composed of all the government

23 institutions and agencies enumerated in Section 2 hereof tasked to

1 promulgate the implementing rules and regulations within sixty (60) days
2 from the effectivity of this Act.

3 **SEC. 8. Congressional Oversight Committee.** – There is hereby
4 created a Congressional Oversight Committee composed of the
5 Chairman of the House Committee on Housing and Urban Development
6 and the Chairman of the Senate Committee on Urban Planning, Housing
7 and Resettlement, five (5) members of the Senate and six (6) members of
8 the House of Representatives. The members from the Senate shall be
9 appointed by the Senate President from among the members of the
10 Senate Committee on Urban Planning, Housing and Resettlement based
11 on the proportional representation of the parties or coalitions therein. The
12 members from the House of Representatives shall be appointed by the
13 Speaker from among the members of the House Committee on Housing
14 and Urban Development based on the proportional representation of the
15 parties or coalitions therein.

16 The Oversight Committee shall review and approve the
17 Implementing Rules and Regulations. It shall also review the performance
18 of the GFIs and agencies involved in the implementation of this Act.

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

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

4 Approved,