

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



'22 JUL 18 A8:52

SENATE
S. No. 660

RECEIVED BY: _____

Introduced by Senator **PIA S. CAYETANO**

**AN ACT
INCREASING THE MAXIMUM VALUE OF THE FAMILY HOME EXEMPT FROM
EXECUTION, FORCED SALE OR ATTACHMENT, AMENDING FOR THE
PURPOSE ARTICLE 157 OF THE FAMILY CODE OF THE PHILIPPINES, AS
AMENDED**

EXPLANATORY NOTE

It has been ruled that the family home is a real right that is gratuitous, inalienable, and free from attachment. The great controlling purpose and policy is the protection or the preservation of the homestead - the dwelling place. A houseless, homeless population is a burden upon the energy, industry, and morals of the community to which it belongs. No greater calamity, not tainted with crime, can befall a family than to be expelled from the roof under which it has been gathered and sheltered.¹

The Family Code of the Philippines, which took effect on August 3, 1988, pegged the maximum value of the family home exempt from execution, forced sale or attachment at P200,000.00 in rural areas and P300,000.00 in the urban areas. The exemption of the family home is limited to such amounts, unless those maximum values are adjusted by law. If it is assessed that such amounts do not reflect the present value of the peso because of currency fluctuations, the amount of exemption shall be based on the value that is most favorable to the constitution of a family home. Any amount in excess of those limits can be applied to the payment of any of the

¹ Eulogio v. Bell, G.R. No. 186322, 8 July 2015.

obligations to creditors, as provided under Articles 155 and 160 of the Family Code.² Over three decades have elapsed since the effectivity of the Family Code, and such amounts have been rendered unrealistic by the current real estate prices.

In the Philippines, homes not valued more than PhP3 million are classified as affordable housing.³ In 2018, Housing and Urban Development Coordinating Council outlined the bracketing for the low-income segment housing based on price range and ceiling. In its categorization, units sold: (a) for more than P1.7 million but not exceeding P3 million are considered low-cost housing; (b) for P450,000 up to P1.7 million are classified as economic housing; and (c) below P450,000 are classified under the socialized housing group.⁴ Moreover, per the latest Bureau of Internal Revenue (BIR) Revenue Regulation 08-2021 dated 11 June 2021, the value-added tax (VAT) exemption threshold for the sale of house and lot packages and other residential dwellings is at PhP3,199,200.00, which is based on the 2010 Consumer Price Index.

Relatedly, our country's inflation rate continues to move at a faster pace of 6.1 percent in June 2022, compared to 5.4 percent in May 2022. This is the highest recorded inflation since October 2018 as the average inflation for the first half of 2022 was posted at 4.4 percent.⁵ Relative to their annual rates in the previous month, annual increases were also higher in the housing, water, electricity, gas and other fuels commodity group at 6.6 percent.

As such, the increase of the value of a family home, which is exempted from execution, forced sale or attachment appeared to have become more timely, considering that a number of Filipino families are struggling to keep up with the

² Eulogio v. Bell, Sr., G.R. No. 186322, 8 July 2015.

³ Reyes, R. (2018, February 13). Government urged to allocate more funds for low-cost housing. *BusinessMirror*. <https://businessmirror.com.ph/2018/02/13/government-urged-to-allocate-more-funds-for-low-cost-housing/>

⁴ Reyes, R. (2018, February 13). Government urged to allocate more funds for low-cost housing. *BusinessMirror*. <https://businessmirror.com.ph/2018/02/13/government-urged-to-allocate-more-funds-for-low-cost-housing/>

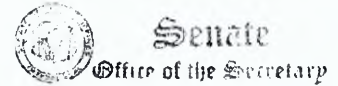
⁵ Summary Inflation Report Consumer Price Index (2018=100): June 2022 (2022, July 5). *Philippine Statistics Authority*. <https://psa.gov.ph/statistics/survey/price/summary-inflation-report-consumer-price-index-2018100-june-2022>

escalation of prices for their sustenance and basic necessities. This proposed measure, which is one of the bills filed by the undersigned in the 13th Congress, seeks to augment the maximum amount of the family home exempt from execution, forced sale or attachment, and thereby safeguard a very basic right under the law.

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

Pia S. Cayetano
PIA S. CAYETANO *pro*

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

1 Section 1. Article 157 of the Family Code of the Philippines, as amended, is
2 hereby amended to read as follows:

3 "Art 157. The actual value of the family home shall not
4 exceed, at the time of its constitution, the amount of [three
5 hundred thousand in urban areas, and two hundred thousand in
6 rural areas] **THREE MILLION ONE HUNDRED NINETY-NINE**
7 **THOUSAND TWO HUNDRED PESOS (Php3,199,200.00)**, or
8 such amounts as may hereafter be fixed by law: **PROVIDED,**
9 **THAT IF THIS AMOUNT DOES NOT MATCH THE PRESENT**
10 **VALUE OF THE PESO DUE TO CURRENCY FLUCTUATIONS,**
11 **THE AMOUNT OF EXEMPTION SHALL BE BASED ON THE**
12 **VALUE MOST FAVORABLE TO THE CONSTITUTION OF A**
13 **FAMILY HOME.**

14 [In any event, if the value of the currency changes after
15 the adoption of this Code, the value most favorable for the
16 constitution of a family home shall be the basis of evaluation.]

17 [For purposes of this Article, urban areas are deemed to
18 include chartered cities and municipalities whose annual income

1 at least equals that legally required for chartered cities. All others
2 are deemed to be rural areas.]”

3 Sec. 2. This Act shall take effect fifteen days after its publication in the Official
4 Gazette or in at least (2) national newspapers of general circulation, whichever comes
5 earlier.

Approved,