

SENATE

COMMITTEE REPORT NO. 30 RECEIVED BY 14

Prepared and submitted jointly by the Committees on Urban Planning, Housing and Resettlement and Local Government on DEC 19 2007.

Re : Senate Bill No. 1987

Recommending its approval in substitution of Senate Bill Nos. 37, 422 and 1570.

Sponsors : Senators Zubiri and Aquino

MR. PRESIDENT:

The Committees on Urban Planning, Housing and Resettlement and Local Government, to which were referred Senate Bill No. 37 introduced by Senator Biazon, entitled:

**"AN ACT
TO ESTABLISH A SOCIALIZED AND LOW-COST HOUSING LOAN RESTRUCTURING PROGRAM,
PROVIDING THE MECHANISMS THEREFOR, AND FOR OTHER PURPOSES";**

Senate Bill No. 422 introduced by Senator Estrada, entitled:

**"AN ACT
TO ESTABLISH A SOCIALIZED AND LOW-COST HOUSING LOAN RESTRUCTURING PROGRAM,
PROVIDING THE MECHANISMS THEREFOR, AND FOR OTHER PURPOSES";**

and Senate Bill No. 1570 introduced by Senator Zubiri, entitled:

**"AN ACT
TO ESTABLISH A SOCIALIZED AND LOW-COST HOUSING LOAN RESTRUCTURING PROGRAM,
PROVIDING THE MECHANISMS THEREFOR, AND FOR OTHER PURPOSES";**

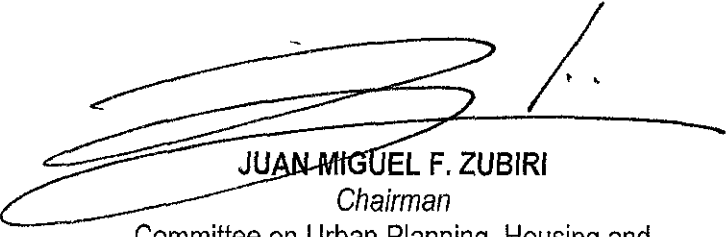
have considered the same and have the honor to report them back to the Senate with the recommendation that the attached bill, Senate Bill No. 1987, prepared by the Committees, entitled:

**"AN ACT
TO ESTABLISH A SOCIALIZED AND LOW-COST HOUSING LOAN RESTRUCTURING PROGRAM,
PROVIDING THE MECHANISMS THEREFOR, AND FOR OTHER PURPOSES";**

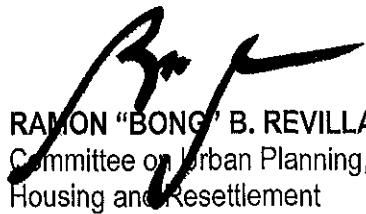
be approved in substitution of Senate Bill Nos. 37, 422 and 1570, with Senators Biazon, Estrada and Zubiri as authors thereof.


Respectfully submitted:

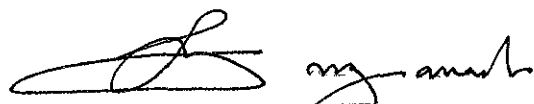

BENIGNO "NOYNOY" C. AQUINO III
Chairman
Committee on Local Government
Member, Committee on Urban Planning,
Housing and Resettlement


JUAN MIGUEL F. ZUBIRI
Chairman
Committee on Urban Planning, Housing and
Resettlement

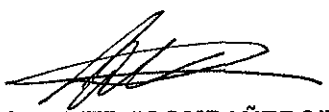
Vice Chairpersons:


RAMON "BONG" B. REVILLA, JR.
 Committee on Urban Planning,
 Housing and Resettlement
 Member, Committee on Local Government


RODOLFO G. BIAZON
 Committee on Urban Planning,
 Housing and Resettlement
 Member, Committee on Local
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FRANCIS "CHIZ" G. ESCUDERO
 Committee on Local Government
 Member, Committee on Urban Planning,
 Housing and Resettlement

Members:


ALAN PETER "COMPAÑERO" S. CAYETANO
 Committee on Urban Planning, Housing and
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 Committee on Local Government


EDGARDO J. ANGARA
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 and Resettlement
 Committee on Local Government


GREGORIO B. HONASAN II
 Committee on Urban Planning, Housing and
 Resettlement


JUAN PONCE ENRIQUE
 Committee on Urban Planning, Housing
 and Resettlement
 Committee on Local Government
*with interpellations
 and amendments.*


RICHARD J. GORDON
 Committee on Local Government


"COMPAÑERA" PIA S. CAYETANO
 Committee on Local Government


LOREN B. LEGARDA
 Committee on Urban Planning, Housing and
 Resettlement
 Committee on Local Government


MANUEL "LITO" M. LAPID
 Committee on Local Government
gmr

*may interpellate
+ amend.*



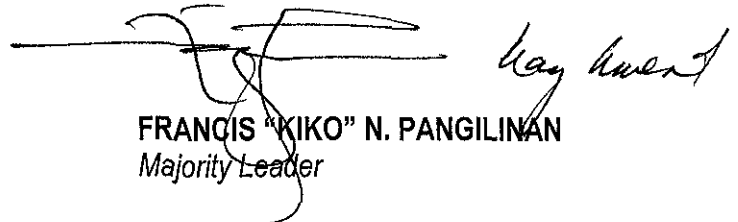
ANTONIO "SONNY" F. TRILLANES IV
Committee on Local Government

M.A. MADRIGAL
Committee on Urban Planning,
Housing and Resettlement
Committee on Local Government

Ex-Officio Members:

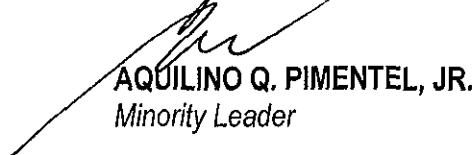


JINGGOY EJERCITO ESTRADA
President Pro-Tempore



FRANCIS "KIKO" N. PANGILINAN
Majority Leader

may amend:



AQUILINO Q. PIMENTEL, JR.
Minority Leader

HON. MANNY VILLAR
Senate President
Senate of the Philippines
Pasay City

SENATE

RECEIVED



S. No. 1987

(In substitution of S. Nos. 37, 422 and 1570)

Prepared jointly by the Committees on Urban Planning, Housing and Resettlement, and
Local Government with Senators Biazon, Estrada and Zubiri
as authors thereof

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:*

1 SECTION 1. *Title.* – This Act shall be known as the “Socialized and Low-Cost
2 Housing Loan Restructuring Act of 2007.”

3 SECTION 2. *Declaration of Policy.* – It is the policy of the State to undertake a
4 continuing program of urban land reform and housing that will make available at
5 affordable cost decent housing to underprivileged and homeless citizens taking into
6 consideration credit worthiness and credit discipline of the borrowers, and financial
7 viability of the lending institution.

8 SECTION 3. *Coverage of the Restructuring Program for Delinquent Socialized*
9 *and Low-Cost Housing Loan Accounts.* – There is hereby established a Socialized and
10 Low-Cost Housing Loan Restructuring Program. Under this program:

11 a. for three (3) years from the effectivity of this Act, all socialized and low-cost
12 housing loans, the original principal amount of which are within the housing
13 loan ceilings as determined by the Housing and Urban Development
14 Coordinating Council (HUDCC), with any of the government financing
15 institutions and agencies involved in the National Shelter Program (NSP),
16 including but not limited to, the Government Service Insurance System
17 (GSIS), Social Security System (SSS), Home Development Mutual Fund
18 (HDMF), National Home Mortgage Finance Corporation (NHMFC), Social
19 Housing Finance Corporation (SHFC), Home Guaranty Corporation (HGC),

1 and the National Housing Authority (NHA) that have at least six (6)-months of
2 unpaid monthly amortizations as of the effectivity of this Act are hereby
3 declared covered by the benefits of this restructuring program notwithstanding
4 that the same accounts have availed of the benefits of a previous
5 restructuring or condonation program. *Provided*, That the original principal
6 amount of the housing loans shall not exceed Two Million Five Hundred
7 Thousand Pesos (P2,500,000.00). *Provided, further*, That every year after
8 the effectivity of this Act, HUDCC is authorized to adjust the amount herein
9 stated;

10 b. an application for restructuring shall only be charged a processing fee which
11 shall be lower than the previous restructuring or condonation programs and
12 no downpayment shall be required for a borrower to apply for the benefits of
13 this restructuring program;

14 c. all penalties and surcharges shall be condoned upon approval of the
15 restructuring application under this Act. *Provided*, That a reasonable portion
16 of the interest on the housing loan shall also be condoned, the amount or
17 percentage of which shall be determined by the respective boards of the
18 government financing institutions (GFIs) and housing agencies mentioned in
19 Section 3(a) hereof. *Provided, further*, That all accrued interests shall be
20 treated as non-interest bearing principal to be equally repaid during the term
21 of the restructured loan. *Provided, finally*, That all corresponding penalties
22 and surcharges which the NHMFC and SHFC may have to pay its funders as
23 a result of the implementation of this Act shall be automatically adjusted and
24 condoned;

25 d. the term of a housing loan account being applied for restructuring may be
26 extended for a period longer than its original term in order to lower the
27 amount of the monthly amortization. *Provided*, That in no instance shall the
28 extension of the restructured loan exceed the difference between the
29 borrower's age at the time of application and age sixty-five (65). In the event
30 that the borrower fails to pay six (6) consecutive monthly amortization during
31 the term of the restructured loan, the concerned GFI or housing agency may
32 pursue foreclosure proceedings on the property;

33 e. in case of incapacity of a borrower, his/her legal heirs and successors-in-
34 interest may assume payment of his/her outstanding housing loan;

35 f. loan restructuring under this Act may be availed of only once; and

1 g. the loan restructuring and condonation program provided for in this Act shall
2 be construed as a separate and distinct program being implemented by the
3 respective GFIs and housing agencies mentioned in Section 3(a) hereof and
4 the borrower has the option to choose which condonation program he may
5 avail of.

6 SECTION 4. *Authority to Continue the Restructuring Program.* Notwithstanding
7 Section 3 (a) of this Act, the governing boards of NHMFC, SHFC, HGC and NHA are
8 hereby authorized to continue the restructuring program under this Act.

9 SECTION 5. *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 borrower-owner
13 for more than two (2) years from the date of delinquency;
- 14 c. an account whose housing unit is occupied by a third party other than the
15 original registered beneficiary; and
- 16 d. an account that has been foreclosed, the title of which has already been
17 consolidated/transferred in the name of the GFI or the housing agency.

18 SECTION 6. *Remedies Against Delinquent Accounts.* - Without prejudice to the
19 resort to foreclosure as provided for by law or contract in proper cases, the GFIs and
20 housing agencies shall continue to exercise their right to foreclose properties covered
21 by accounts excluded in subparagraphs (a) through (d) under Section 5 hereof or of
22 delinquent accounts of borrowers who shall fail to avail of the benefits under this Act
23 and that such foreclosure proceedings shall be exempt from publication in newspapers
24 and from the payment of filing fees, *Provided, that* posting of the date and place of
25 auction shall be made in at least three (3) conspicuous public places similar to that
26 provided for under Act 3135: *Provided, further,* That notice to the borrower at his last
27 known address shall likewise be made.

28 SECTION 7. *Incentive for Prompt Payment of Monthly Amortization.* - Upon the
29 effectivity of this Act, all accounts whose monthly amortizations are paid on time shall
30 be entitled to incentives, including but not limited to, a reasonable discount on loan
31 interest, the amount or percentage of which shall be determined by the respective
32 boards of the government financing institutions (GFIs) and housing agencies.

33 SECTION 8. *Implementing Rules and Regulations.* - There is hereby created an
34 inter-agency committee, headed by the Housing and Urban Development Coordinating
35 Council and composed of all the government institutions and agencies enumerated in

1 Section 3(a) hereof, tasked to promulgate the implementing rules and regulations within
2 sixty (60) days from the effectivity of this Act.

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

14 The Oversight Committee upon review and approval of the Implementing Rules
15 and Regulations shall become *functus officio* and therefore cease to exist.

16 SECTION 10. *Repealing Clause.* - All laws, executive orders, rules or
17 regulations, or any part thereof, inconsistent with any provisions of this Act are hereby
18 repealed or modified accordingly.

19 SECTION 11. *Effectivity Clause.* - This Act shall take effect fifteen (15) days
20 after its complete publication in the Official Gazette or in at least two (2) newspapers of
21 general circulation.

22 Approved,