

FIFTEENTH CONGRESS)
CONGRESS OF THE PHILIPPINES)
Second Regular Session)

2011
Office of the Secretary

11 DEC 15 24:37

Senate Bill No. 3088

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Introduced by Senator Edgardo J. Angara

EXPLANATORY NOTE

This bill seeks to amend RA 133 to make the Philippine national economy more attractive and hospitable to foreign investment, an indispensable part of economic and financial stimulation and which will boost the country's international competitiveness.

The existing RA 133 bars foreign banks from participating and bidding in the foreclosure sale of real estate properties mortgaged to them. This provision, while seeking to uphold the principle of an economy effectively controlled by Filipinos, also results in numerous failed auctions and poor maintenance of property, and deprives the country of greater credit through foreign investment in real estate lending.

In addition, Filipino borrowers, most of whom have only real estate properties as security, have a difficult time obtaining loans from foreign banks and thus do not receive credit that will serve to jumpstart their economic participation.

This bill aims to amend RA 133 to create a mechanism that will uphold the purpose of real estate security arrangements, stimulate lending and commercial activity, increase foreign participation, and provide greater credit accommodation for Filipino borrowers, while at the same time respecting the Constitutional mandate for a Filipino-controlled economy.

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


EDGARDO J. ANGARA

DEC 15 24:37

Senate Bill No. 3088

Introduced by Senator Edgardo J. Angara

AN ACT AMENDING SECTION ONE OF REPUBLIC ACT NUMBERED ONE HUNDRED THIRTY THREE, ENTITLED "AN ACT TO AUTHORIZE THE MORTGAGE OF PRIVATE REAL PROPERTY IN FAVOR OF ANY INDIVIDUAL, CORPORATION, OR ASSOCIATION SUBJECT TO CERTAIN CONDITIONS", AS AMENDED BY REPUBLIC ACTS NUMBERED FORTY-THREE HUNDRED EIGHTY-ONE AND FORTY-EIGHT HUNDRED EIGHTY-TWO.

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

1 *SECTION 1.* Section 1 of Republic Act No. 133, also known as an Act to Authorize
2 Mortgage of Private Real Property in Favor of Any Individual, Corporation, or
3 Association Subject to Certain Conditions, is hereby amended as follows:
4

5 "Sec. 1. Any provision of law to the contrary notwithstanding, private real
6 property may be mortgaged in favor of any individual, corporation, or association, but the
7 mortgagee or his successor in interest, if disqualified to acquire or hold lands of the
8 public domain in the Philippines, shall not take possession of the mortgaged property
9 during the existence of the mortgage and shall not take possession of mortgaged property
10 except after default and for the sole purpose of foreclosure, receivership, enforcement or
11 other proceedings and in no case for a period of more than five years from actual
12 possession and shall not bid or take part in any sale of such real property in case of
13 foreclosure: Provided, that said mortgagee or successor in interest may take possession of
14 said property after default in accordance with the prescribed judicial procedures for
15 foreclosure and receivership and in no case exceeding five years from actual possession;
16

17 **"PROVIDED, FURTHER, THAT IN CASE THE MORTGAGEE OR**
18 **SUCCESSOR-IN-INTEREST IS A FOREIGN BANK DULY AUTHORIZED TO**
19 **OPERATE IN THE PHILIPPINES BY THE BANGKO SENTRAL NG PILIPINAS**
20 **(BSP), SAID FOREIGN BANK SHALL BE ALLOWED TO BID OR TAKE PART**
21 **IN ANY SALE OF THE MORTGAGED PROPERTY IN CASE OF JUDICIAL OR**
22 **EXTRAJUDICIAL FORECLOSURE, AVAIL OF RECEIVERSHIP,**
23 **ENFORCEMENT AND OTHER PROCEEDINGS AND TAKE POSSESSION OF**
24 **THE MORTGAGED PROPERTY, AFTER DEFAULT, AND FOR A PERIOD**
25 **NOT EXCEEDING FIVE (5) YEARS FROM ACTUAL POSSESSION.**
26 **PROVIDED, FINALLY, THAT IN NO EVENT SHALL TITLE TO THE REAL**
27 **PROPERTY BE TRANSFERRED TO SUCH FOREIGN BANK, WHICH SHALL**
28 **BE REQUIRED TO TRANSFER ITS RIGHTS TO A QUALIFIED FILIPINO**
29 **NATIONAL DURING THE SAID FIVE (5) YEAR PERIOD, WITHOUT**
30 **PREJUDICE TO THE MORTGAGOR'S RIGHTS UNDER APPLICABLE**
31 **LAWS."**
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