

SENATE

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S. No. 1987

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

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

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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:*

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,