



HOUSE OF REPRESENTATIVES

H. No. 4220

BY REPRESENTATIVES BIAZON, SUSANO, ZIALCITA, VILLAROSA, NOGRALES,
UY (R.A.), ALMARIO, CODILLA, NICOLAS, TEODORO, CHATTO, DEL
MAR AND VALENCIA, PER COMMITTEE REPORT NO. 587

AN ACT TO INSTITUTE 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:*

1 SECTION 1. *Title.* – This Act shall be known as the “Socialized and
2 Low-Cost Housing Loan Restructuring Act of 2008”.

3 SEC. 2. *Declaration of Policy.* – It is the policy of the State to
4 undertake a continuing program of urban land reform and housing that will
5 make available at affordable cost decent housing to underprivileged and
6 homeless citizens.

7 SEC. 3. *Coverage of the Restructuring Program.* – There is hereby
8 established a socialized and low-cost housing loan restructuring program.
9 Under this program;

10 (a) For a period of three (3) years from the effectivity of this Act, all
11 socialized and low-cost housing loans, the original principal amount of which

1 are those within the ceilings as determined by the Housing and Urban
2 Development Coordinating Council (HUDCC), with any of the government
3 financial institutions (GFIs) and housing agencies involved in the National
4 Shelter Program (NSP) including, but not limited to, the Government Service
5 Insurance System (GSIS), the Social Security System (SSS), the Home
6 Development Mutual Fund (HDMF) or PAG-IBIG, the National Home
7 Mortgage Finance Corporation (NHMFC), the Social Housing Finance
8 Corporation (SHFC), the Home Guaranty Corporation (HGC) and the National
9 Housing Authority (NHA) that have at least six (6) months of unpaid monthly
10 amortizations as of the effectivity of this Act are hereby declared covered by
11 the benefits of this restructuring program notwithstanding that the same
12 account has availed of the benefits of a previous restructuring or condonation
13 program: *Provided*, That the amount of the original principal loans shall not
14 exceed Two million pesos (P2,000,000.00): *Provided, further*, That the
15 availment of the benefits of this Act is without any restriction on the annual
16 total family income of the borrower-applicant;

17 (b) An application for restructuring shall only be charged a processing
18 fee which shall be lower than those charged under previous restructuring or
19 condonation programs and no downpayment shall be required of a borrower to
20 apply for the benefits of this restructuring program;

21 (c) All penalties and surcharges shall be condoned upon approval of the
22 restructuring application under this Act: *Provided*, That a reasonable portion of
23 the accrued interest shall be condoned, the amount of which shall be left to the
24 determination by the respective boards of the GFIs and housing agencies
25 mentioned in Section 3(a) hereof: *Provided, further*, That all remaining
26 accrued interests shall be treated as a non-interest bearing principal to be
27 equally repaid during the term of the restructured loan: *Provided, moreover*,
28 That a six percent (6%) interest shall be imposed upon the restructured original

1 "principal loan: *Provided, finally,* That all corresponding penalties and
2 surcharges which the NHMFC and the SHFC may have to pay their funders as
3 a result of the implementation of this restructuring program shall be
4 automatically adjusted and condoned;

5 (d) A PAG-IBIG, GSIS and SSS borrower-applicant may be allowed to
6 use the total accumulated value of his/her membership contribution or savings
7 to pay in full or in part his/her housing loan;

8 (e) The term of a housing loan account being applied for restructuring
9 may be extended for a period longer than its original term in order to lower the
10 monthly amortization: *Provided,* That the extension of the restructured loan
11 shall not exceed the borrower's age at the time of application and the age of
12 sixty-five (65): *Provided, further,* That a failure of the borrower to pay six (6)
13 monthly amortizations at any time during the term of the restructured loan shall
14 be a cause for the GFIs or housing agencies to institute foreclosure proceedings
15 against the property covered by the defaulting account;

16 (f) In case of permanent physical incapacity of a borrower, his/her legal
17 heirs and successors-in-interest may assume payment of his/her outstanding
18 housing loan: *Provided,* That the legal heirs and successors-in-interest must
19 pass the GFIs' and/or housing agencies' eligibility requirement before they are
20 allowed to assume payment of the borrower's loan obligation; and

21 (g) The loan restructuring under this Act may be availed of only once
22 except in cases of calamities, disasters or *force majeure* affecting the ability of
23 the borrower to fulfill his/her financial obligation.

24 SEC. 4. *Authority to Continue the Restructuring Program.* –
25 Notwithstanding Section 3(a) of this Act, the governing boards of the NHMFC,
26 SHFC, HGC and NHA are hereby authorized to continue the restructuring
27 program under this Act.

1 SEC. 5. *Exclusion from Coverage.* – In no instance shall the following
2 housing loan accounts be covered by this Act:

3 (a) Any account without a single payment since takeout;

4 (b) An account whose housing unit has been abandoned by the
5 borrower-owner for more than two (2) years from the date of delinquency;

6 (c) An account whose housing unit is occupied by a third party other
7 than the original registered beneficiary or his/her legal heirs; and

8 (d) An account that has been foreclosed, with cancelled contract-to-sell,
9 or has been surrendered to the GFIs or housing agencies through *dacion en*
10 *pago*, the title of which has already been consolidated/transferred in the name
11 of the GFI or the housing agency.

12 SEC. 6. *Remedies Against Delinquent Accounts.* – Without prejudice to
13 the resort to foreclosure provided for by law or contract in proper cases, the
14 GFIs and housing agencies shall continue to exercise their right to foreclose
15 properties covered by accounts excluded in paragraphs (a) through (c) under
16 Section 5 hereof or of delinquent accounts of borrowers who shall fail to avail
17 of the benefits under this Act.

18 SEC. 7. *Incentive for Prompt Payment of Monthly Amortization.* –
19 Upon the effectivity of this Act, all accounts whose monthly amortizations are
20 paid on time shall be entitled to incentives including, but not limited to, a
21 reasonable discount on loan interest, the amount or percentage of which shall
22 be determined by the respective boards of the GFIs and housing agencies.

23 SEC. 8. *Implementing Rules and Regulations.* – There is hereby
24 created an interagency committee headed by the HUDCC and composed of all
25 the government institutions and agencies enumerated in Section 3 hereof
26 tasked to promulgate the implementing rules and regulations within sixty (60)
27 days from the effectivity of this Act.

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

13 The oversight committee shall review and approve the implementing
14 rules and regulations. It shall also review the performance of the GFIs and
15 housing agencies involved in the implementation of this Act.

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

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

Approved,

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