

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

THIRTEENTH CONGRESS
1st Regular Session

House Bill No. 241



Introduced by **RODRIGUEZ D. DADIVAS**

Explanatory Note

The lack of decent and affordable housing facilities remains to be one of the most pervasive socio-economic problems that our government needs to confront. At present, there are more than 60% of Filipino households belong to the poverty threshold or whose family income is below P14,000.00 a month. These people do not have a home to call their own not because they don't need it but the unavailability of affordable housing units that prevented them from having one. Furthermore, if there are housing programs available, its loan mechanisms are still not proportion insofar as the income of these more than 60% Filipino households.

This bill seeks to establish a mechanism that would provide low-cost housing loan restructuring program. It provides incentives to those who pay monthly amortizations on time by giving them reasonable discounts on their loan interest.

Under this bill, all penalties and surcharges will be condoned upon approval of the application, provided, that all accrued interests shall be added to the remaining balance of the principal, the aggregate of which shall be considered as the new principal amount.

There are other provisions under this bill that would make housing loan facilities available for the poor Filipinos.

In light of the foregoing, approval of this bill is earnestly sought.


RODRIGUEZ D. DADIVAS

Representative
1st District, Capiz

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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:

Section 1. Title. – This Act shall be known as the "Socialized and Low-Cost Housing Loan Restructuring Act of 2004."

Sec. 2. Restructuring of Delinquent Socialized and Low-Cost Housing Loan Accounts. – In keeping with the Constitutional mandate for the State to undertake a continuing program of urban land reform and housing that will make available at affordable cost decent housing and basic services, there is hereby established a Socialized and Low-Cost Housing Loan Restructuring Program. Under this program:

- a) For three (3) years from the effectivity of this Act, all socialized housing loans or loans amounting to Two Hundred Twenty Five Thousand Pesos (P225,000.00) and below, and all low-cost housing loans or loans amounting to over Two Hundred Twenty Five Thousand Pesos (P225,000.00) but not exceeding Five Hundred Thousand Pesos (P500,000.00) with any of the government financing institutions and agencies involved in the National Shelter Program (NSP), including but not limited to, the Government Service Insurance System (GSIS), Social Security System (SSS), Home Development Mutual Fund (HDMF), National Home Mortgage Finance Corporation (NHMFC), Home Guaranty Corporation (HGC), and the National Housing Authority (NHA) that have at least a six-month unpaid monthly amortization area hereby declared covered by the benefits of this restructuring program notwithstanding that the same account has availed of the benefits of a previous restructuring or condonation program and even if the annual total family income of the borrower-applicant exceeds Three Hundred Thousand Pesos (300,000.00);
- b) An applicant for restructuring shall only be charged a processing fee which shall be lower than those charged under previous restructuring or condonation programs and no down payment shall be required for a borrower to apply for the benefits of this restructuring program;

- c) All penalties and surcharges shall be condoned upon approval of the application under this Act: Provided, that all accrued interests shall be added to the remaining balance of the principal, the aggregate of which shall be considered as the new principal amount;
- d) A borrower-applicant may be allowed to use the total accumulated value of his/her membership contribution or savings with the GSIS, SSS, or HDMF to pay in full or in part his/her housing loan;
- e) The term of a housing loan account being applied for restructuring may be extended for a period longer than its original term in order to lower the amount of the monthly amortization to a maximum of One Thousand Five Hundred (P1,500.00) for a period of three (3) years from the approval of the application, after which, the monthly amortization will revert back to its original amount. The unserviced portion ensuing from the three-year lowered monthly amortization shall be paid on the last year of the term of the housing loan along with the last monthly amortization. In the event that the borrower fails to pay any amortization during the three-year period, he/she shall voluntarily surrender his/her property without need of judicial proceedings;
- f) In case of incapacity of a borrower, his/her heirs and successors-in-interest may assume payment of his/her outstanding housing loan; and
- g) Loan restructuring under this Act may be availed only once.

All corresponding penalties and surcharges with NHMFC may have to pay its funders as a result of the implementation of this Act shall be automatically adjusted and condoned.

Sec. 3. Exclusion from Coverage. – In no instance shall the following housing loan accounts be covered by this Act:

- a) Any account without a single payment since takeout;
- b) An account whose housing unit has been abandoned by the borrower-owner for more than two (2) years;
- c) An account whose housing unit has remained unoccupied for a period of at least two (2) years;
- d) An account whose housing unit is occupied by a third party other than the original registered beneficiary; and
- e) An account that has been foreclosed, the title of which has already been consolidated/transferred in the name of the government financing institution.

Sec. 4. Declaration of Dividends. – The declaration of dividends of the funds managed by the GSIS, SSS, and HDMF shall be limited to their members who have not availed of the restructuring program under this Act.

Sec. 5. Contribution of Government Financing Institutions to the National Shelter Program. – The contribution of the government financing institutions to the NSP shall be limited to the net earnings derived from their housing programs.

Sec. 6. Incentive for Prompt Payment of Monthly Amortization. – Upon the effectivity of this Act, all accounts whose monthly amortizations are paid on time shall be entitled to a reasonable discount on loan interest.

Sec. 7. Applicability on Delinquent Accounts Due to Defective Housing Units. – This Act shall likewise apply to borrowers who failed or refused to pay their monthly amortizations due to structurally defective or substandard housing units and/or subdivisions lacking in basic amenities such as water, light, drainage, good roads, and others and as required by law.

Sec. 8. Implementing Rules and Regulations. – There is hereby created an inter-agency committee headed by the Housing and Urban Development Coordinating Council and composed of all government institutions and agencies enumerated in Section 2 hereof tasked to promulgate the implementing rules and regulations within sixty (60) days from the effectivity of this Act.

Sec. 9. Congressional Oversight Committee. – There is hereby created a Congressional Oversight Committee composed of the Chairman of the House Committee on Urban Planning, Housing and Resettlement, five (5) members of the Senate and six (6) members of the House of Representatives. The members from the Senate shall be appointed by the Senate President from among the members of the Senate Committee on Urban Planning, Housing and Resettlement based on the proportional representation of the parties or coalitions therein. The members from the House of Representatives shall be appointed by the Speaker from among the members of the House Committee on Housing and Urban Development based on the proportional representation of the parties or coalitions therein.

The Oversight Committee shall review and approve the Implementing Rules and Regulations. It shall also review the performance of the government financing institutions and agencies involved in the implementation of this Act.

Sec. 10. Repealing Clause. All laws, executive orders, rules or regulations, or any part thereof, inconsistent with any provisions of this Act are hereby repealed or modified accordingly.

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

Approved,