

Republic of the Philippines
Sixteenth Congress
First Regular Session

HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

3617

HOUSE BILL NO. _____
(in substitution of House Bill 1289)

Introduced by Rep. Roman T. Romulo

AN ACT
ESTABLISHING A VOLUNTARY STUDENT LOAN PROGRAM BY PRIVATE
BANKS, PROVIDING INCENTIVES THEREFOR AND FOR OTHER PURPOSES

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

1 **SECTION 1. Short Title.** This Act shall be known as the "Voluntary Student Loan
2 Program Act."

3
4 **SEC. 2. Declaration of Policy.** It shall be a policy objective of the State to assist
5 eligible students to obtain post-secondary technical-vocational certificates or
6 diplomas from technical-vocational institutes and college and post-graduate
7 degrees from higher education institutions by encouraging banks and
8 government financial institutions to lend money to eligible students to be repaid in
9 installments after the student graduates or leaves the educational institution.

10
11 **SEC. 3. Definition of Terms.** For purposes of this Act, the following terms shall
12 mean:

- 13
14 1) CHED – refers to the Commission on Higher Education;
- 15
16 2) Eligible Student - refers to a student who meets the admission requirements
17 of a tech-voc institute or higher education institution and has been accepted
18 for enrollment in a post-secondary technical-vocational institute as a non-
19 degree student or in an HEI as an undergraduate or post-graduate student;
- 20
21 3) Higher Education – refers to college and graduate education or training in an
22 educational program leading to a degree offered in HEIs. It is also known as
23 Tertiary Education;
- 24

- 1 4) Higher Education Institution (HEI) - refers to an educational institution that
2 is legally authorized to offer a program of education leading to the conferment
3 of a degree;
- 4
- 5 5) Lender – refers to a private bank which provides loans to student borrowers
6 pursuant to this Act;
- 7
- 8 6) Post-Secondary Education – refers to education and training in non-degree
9 vocational and technical courses offered in post-secondary technical-
10 vocational institutions;
- 11
- 12 7) Priority Eligible Student – refers to an eligible student who is an immediate
13 member of a family where no other immediate member of such family is
14 enrolled in or has completed post-secondary or higher education at the time
15 of the loan application;
- 16
- 17 8) Private Banks – refer to commercial, rural, thrift, cooperative and other types
18 of banks where the majority of the capital stocks are owned and operated by
19 the private sector and which are registered and directly supervised by the
20 *Bangko Sentral ng Pilipinas*;
- 21
- 22 9) Student-Borrower – refers to an eligible student with a loan under this Act;
- 23
- 24 10) Technical-Vocational Institute – refers to a technical-vocational (tech-voc)
25 education and training institution accredited by TESDA which offers any non-
26 degree program at the post-secondary educational level oriented towards
27 skills proficiency leading to certificate or diploma in preparation for a particular
28 occupation or group of middle-level occupations; and
- 29
- 30 11) TESDA – refers to the Technical Education and Skills Development Authority
31 as established under Republic Act No. 7796, otherwise known as the TESDA
32 Law.

33
34 **SEC. 4. Registration of Student Loan Program under this Act.** Private banks
35 participating in the student loan program may allot a portion of their loanable
36 funds for loans to eligible students. Such banks participating in the program may
37 be entitled to avail themselves of the incentives under this Act by the registration
38 of their student loan program with the *Bangko Sentral ng Pilipinas* (BSP).

39
40 In addition, the BSP shall provide other incentives which may be non-
41 monetary, to private banks participating in the voluntary student loan program
42 under this Act.

43
44 **SEC. 5. Loan Coverage.** - The loan may either cover the entire or part of the
45 cost of the program offered by the HEI or tech-voc institute, including, but not
46 limited to, tuition and miscellaneous fees: *Provided*, That adjustments shall be
47 made in case of increase in tuition and miscellaneous fees. It shall likewise

1 include an amount for the cost of attendance, covering necessary expenses of
2 the student for books, food, transportation, board and lodging and a reasonable
3 allowance for projects and other school requirements.

4
5 **SEC. 6. Student-Borrower Number.** For proper implementation of this Act and
6 to better facilitate the collection of the loan, the SSS and the GSIS shall issue,
7 upon application, an SSS or GSIS number to the student-borrower. The number
8 so issued shall serve as the permanent SSS or GSIS number of the student-
9 borrower in case of future employment with the private or government sector.

10
11 **SEC. 7. Qualification Requirements of Student-Borrower.** - Any student-
12 borrower eligible under this Act shall have the following entry requirements:

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14 A. General entry requirements:

- 15
16 1) Must be a Filipino citizen;
17
18 2) Currently enrolled or intends to enroll or re-enroll in any of the priority
19 courses to be determined by CHED or TESDA;
20
21 3) Has parents or guardians who are Social Security System (SSS) or
22 Government Service Insurance System (GSIS) members or SSS prior
23 registrants; and
24
25 4) Does not currently enjoy any scholarship or study grant.

26
27 B. Additional specific entry requirement for priority eligible student:

- 28
29 1) Barangay certification that no other immediate family member of the
30 student is enrolled or has completed a post-secondary higher education at
31 the time of the loan application; or
32
33 2) Notarized self-certification that no other immediate family member of the
34 student is enrolled or has completed a post-secondary higher education at
35 the time of the loan application.

36
37 C. Other requirements as may be determined by banks.

38
39 **SEC. 8. Loan Application.** - Any eligible student-borrower may file the loan
40 application with a participating private bank. A loan application shall include,
41 among others:

- 42
43 a. The Student SSS or GSIS number;
44
45 b. The Taxpayer's Identification Number (TIN) of the student, in case one is
46 employed;

1
2 c. The list of expenses which shall include the total tuition fees for the entire
3 period of attendance to complete the student's course or degree, with a
4 necessary allowance for any increase that the tech-voc institute or HEI may
5 rightfully make and the other miscellaneous expenses certified by the educational
6 institution;

7
8 d. A reasonable approximation of the cost of attendance of the student in the
9 chosen HEI or tech-voc institute which shall include, among others, the cost of
10 books, board, lodging and transportation expenses;

11
12 e. A statement of the student-borrower on the preferred employer in the future,
13 whether with the private or public sector; and

14
15 f. All other requirements that the participating private bank may impose for the
16 proper identification of the student.
17

18 **SEC. 9. *Loan Disbursement.*** - Upon approval of the loan application, the loan
19 shall be disbursed in tranches every semester or trimester, or any other term of
20 attendance, depending on the academic calendar adopted by the HEI or tech-voc
21 institute. Any succeeding tranche shall be disbursed on the condition that the
22 student-borrower completes the term previously enrolled in as certified by the HEI
23 or tech-voc institute. The tuition and miscellaneous fees payable to the
24 educational institution shall be disbursed or be made payable directly to the HEI
25 or tech-voc institute.
26

27 **SEC. 10. *Withholding of Second or Subsequent Disbursement.*** - A lender
28 who receives information that the student-borrower has ceased to be enrolled
29 before the disbursement of the second or any succeeding installment shall
30 withhold such disbursement. Any disbursement which is so withheld shall be
31 credited to the student-borrower's loan and treated as a pre-payment thereon.
32

33 **SEC. 11. *Interest Rate and the Five Percent (5%) Additional Interest as***
34 ***Allowable Deduction.*** - For any loan procured under this Act, lenders shall
35 charge an interest based on the prevailing ninety-one (91)-day Treasury Bill rate
36 at the time of release of the loan to be paid by the student-borrower and an
37 additional interest of three percent (3%) and in case of loans to priority eligible
38 students an additional interest of five percent (5%), which shall not be payable by
39 the student but may be claimed by the lender as a deduction from gross income:
40 *Provided*, That the additional five percent (5%) interest shall be allowed as a
41 deduction from gross income for the same taxable year that the additional
42 interest is due: *Provided, further*, That the total amount of the additional interest
43 and the claimed tax deduction shall be subject to proper documentation and to
44 the provisions of the National Internal Revenue Code, as amended.

45
46 **SEC. 12. *Terms and Conditions of Loans.*** - Any loan agreement shall:

1
2 **SEC. 12. Terms and Conditions of Loans.** - Any loan agreement shall:

- 3
4 a. Be evidenced by a note or other written instrument which provides for
5 repayment of the principal amount of the loan, together with the interest thereon,
6 in equal installments or when the borrower so requests, in graduated periodic
7 installments, payable quarterly, bi-monthly or monthly at the option of the
8 student-borrower, over a period beginning not earlier than twenty-four (24)
9 months after the student-borrower ceases attending the tech-voc institute or HEI,
10 and ending eight (8) years after such date, except that such period may begin
11 earlier than twenty-four (24) months upon the request of the student-borrower
12
13 b. Include a provision for acceleration of repayment of the whole, or any part, of
14 such loan, at the option of the student; and
15
16 c. Include a provision for preferential employment of the student-borrower in
17 private banks or in the government upon graduation.

18
19 **SEC. 13. Collection.** A lender shall file a request with the GSIS or the SSS to
20 collect the repayment of the loan through its system of salary deduction and
21 withholding. It may likewise enter into an arrangement with the Philippine
22 Overseas Employment Administration (POEA) and the Overseas Workers
23 Welfare Administration to ensure collection from the student borrower seeking
24 employment abroad.

25
26 **SEC. 14. Program Administration.** An inter-agency team composed of the
27 CHED, TESDA, BSP, Bankers Association of the Philippines (BAP), Chamber of
28 Thrift Banks (CTB), Credit Information Corporation (CIC) and the Rural Bankers
29 Association of the Philippines (RBAP) shall be jointly responsible for policy
30 guidance and direction, monitoring and evaluation of the student assistance
31 program under this Act. The CHED and TESDA shall act as chair and co-chair,
32 respectively, the said team.

33
34 **SEC. 15. Implementing Rules and Regulations.** The CHED, TESDA,
35 Department of Finance and the BSP, in consultation with the SSS, GSIS, Bureau
36 of Internal Revenue, National Bureau of Investigation (NBI), POEA, CIC, the
37 Coordinating Council of Private Educational Associations (COCOPEA) and the
38 Philippine Association of State Universities and Colleges (PASUC), shall
39 promulgate such rules and regulations necessary for the proper implementation
40 of this Act within ninety (90) days from the effectivity of this Act.

41
42 **SEC. 16. Separability Clause.** If any provision of this Act is declared
43 unconstitutional or invalid, the other sections or provisions not otherwise affected
44 shall continue to be in full force and effect.
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1 **SEC. 18. Effectivity Clause.** This Act shall take effect fifteen (15) days after its
2 publication in at least two (2) newspapers of general circulation.

3
4 **Approved,**