



Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

TWENTIETH CONGRESS
First Regular Session



HOUSE BILL NO. 2111

Introduced by Representative Ivan Howard A. Guintu

EXPLANATORY NOTE

Section 9, Article 13 of the 1987 Constitution provides that "[t]he State shall, by law, and for the common good, undertake, in cooperation with the private sector, a continuing program of urban land reform and housing which will make available at affordable cost decent housing and basic services to underprivileged and homeless citizens in urban centers and resettlement areas."

Furthermore, Section 2 (a) of Republic Act No. 7279 otherwise known as the Urban Development and Housing Act of 1992 provides that the State shall "[u]plift the conditions of the underprivileged and homeless citizens in urban areas and in resettlement areas by making available to them decent housing at affordable cost, ... "

Despite these provisions, socialized housing remains unattainable for the State's target beneficiaries. As reported by the Commission on Audit (COA), the National Housing Authority (NHA) faces difficulties in collecting amortization payments regularly and within the scheduled payment from its beneficiaries despite the modernization of its collection methods. COA noted that this is due to the financial incapability of the beneficiaries to pay its dues.

Furthermore, according to the 2022 Performance Scorecard of the NHA ~ Estate Management Department, as of June 2022, the NHA has a total of 22,635 housing units that were already awarded but remained unoccupied or vacant.

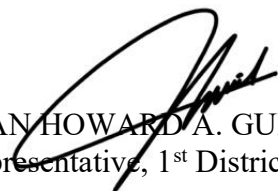
This bill seeks to condone all unpaid interests, including surcharges due from loans used for amortization of socialized housing units incurred by beneficiaries of socialized housing units awarded in 2004 and the preceding years. Furthermore, if the NHA has confirmed that socialized housing units are abandoned, unlawfully transferred, illegally occupied, or the beneficiary has violated occupancy rules and regulations, the right of the beneficiary to the socialized housing unit shall be canceled, and shall be acquired and re-awarded to other deserving beneficiaries.

In line with the State's goal of providing a decent and affordable house to the 3.7 million informal settler families in the country, the State shall maximize its unutilized or illegally occupied socialized housing units in order to provide housing to deserving beneficiaries. It is likewise

imperative of the State to provide financial stability to existing socialized housing beneficiaries. This shall help reduce the financial burden of existing socialized housing beneficiaries in order for them to live a productive and fruitful life, free of financial burdens incurred from the payment of socialized housing units provided by the State.

This proposed measure is the approved version on 3rd Reading in the House of Representatives during the 19th Congress.

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



IVAN HOWARD A. GUINTU
Representative, 1st District of Capiz



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AN ACT
ESTABLISHING A SOCIALIZED AND LOW-COST HOUSING LOAN
RESTRUCTURING AND CONDONATION PROGRAM

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 and Condonation Act”.

SEC 2. Declaration of Policy. -It is the policy of 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 to underprivileged and homeless citizens.

To this end, a rational loan restructuring and condonation program shall be instituted that takes into consideration the credit worthiness and credit discipline of the borrowers, and the financial viability of the lending institutions.

SEC. 3. Coverage of the Restructuring for Delinquent Socialized and Low-Cost Housing Loan Accounts. - There is hereby established a Socialized and Low-Cost Housing Loan Restructuring and Condonation Program of the National Housing Authority (NHA) and the Social Housing Finance Corporation (SHFC). Under this program:

- (a) For a period of twenty-four (24) months after the issuance of the implementing rules and regulations of this Act, all socialized and low-cost housing loans with the NHA and SHFC that have at least three (3) months of unpaid monthly amortizations as of the effectivity of this Act are hereby declared covered by the benefits of this loan restructuring and condonation program notwithstanding that the same accounts have availed of the benefits of a previous restructuring or condonation program: *Provided*, That the original principal amount of the housing loans shall not exceed One million eight hundred thousand pesos (P1,800,000.00)

- (b) An application for restructuring shall not be charged a processing fee and no downpayment shall be required for a borrower to apply for the benefits of this loan restructuring and condonation program;
- (c) All existing interests on principal, penalties, and surcharges shall be condoned upon approval of the restructuring application under this Act: *Provided*, That an interest rate of three percent (3%) or the interest rate of the original loan, whichever is lower, shall be imposed upon the restructured loan;
- (d) 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: *Provided*, That in no instance shall the extension of the restructured loan exceed the difference between the borrower's age at the time of application and the age of seventy (70);
- (e) In case of permanent physical incapacity of a borrower, the legal heirs and successors-in-interest may assume payment of outstanding housing loan: *Provided*, That such legal heirs and successors-in-interest must pass the NHA and SHFC's eligibility requirement before they are allowed to assume payment of the borrower's loan obligation: *Provided, further*, That in case of death of the borrower, the proceeds of the Mortgage Redemption Insurance shall have been fully applied;
- (f) The loan restructuring under this Act may be availed of only once except in case of *force majeure* affecting the ability to fulfill the financial obligation of the borrower; and
- (g) The loan restructuring and condonation program provided for in this Act shall be construed as a separate and distinct program from the ones being implemented by the NHA and SHFC, and the borrower has the option to choose which loan restructuring and condonation program will be availed.

SEC. 4. Authority to Continue the Restructuring Program. - Notwithstanding the lapse of the period provided in Section 3(a) of this Act, the governing boards of the NHA and SHFC are hereby authorized to continue the loan restructuring and condonation program under this Act.

SEC. 5. Exclusion from Coverage- In no instance shall the following housing loan 41 accounts be covered by this Act:

- (a) Any account without a single payment since takeout;
- (b) An account which housing unit has been abandoned by the borrower-owner for more than one (1) year from the date of delinquency;
- (c) An account which housing unit is occupied by a third party other than the original registered beneficiary or the legal heirs of the beneficiary; and

- (d) An account that has been foreclosed or a contract-to-sell that has been cancelled, or has been surrendered to the NHA or SHFC through *dacion en pago*, the title of which has already been consolidated or transferred in the name of the NHA or SHFC.

SEC. 6. Incentive for Prompt Payment of Monthly Amortization. - Upon the effectivity of this Act, all accounts, the monthly amortizations of which are paid on time, shall be entitled to incentives, including a reasonable discount on loan interest, the amount or percentage of which shall be determined by the respective boards.

SEC. 7. Implementing Rules and Regulations. - The Department of Human Settlements and Urban Development, NHA, and SHFC shall, in consultation with the relevant stakeholders, promulgate within ninety (90) days from the effectivity of this Act the rules and regulations to implement the provisions of this Act.

SEC. 8. Separability Clause. - If any portion or provision of this Act is declared unconstitutional, the remaining parts or provision not affected thereby shall remain in force and effect.

SEC. 9. Repealing Clause. - All laws, decrees, charters, executive orders, administrative orders, proclamations, rules and regulations, or parts thereof insofar as they are inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SEC. 10. Effectivity. - This Act shall take effect fifteen (15) days after completion of publication in the Official Gazette or in a newspaper of general circulation.

Approved,