

TWENTIETH CONGRESS)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)



HOUSE OF REPRESENTATIVES

*Introduced by Representative Rufus B. Rodriguez and
Representative Maximo B. Rodriguez, Jr.*

House Bill No. **6653**

EXPLANATORY NOTE

The Philippines is in crisis. The sharp economic downturn has caused diverse number of individuals and workers into unemployment and has reduced the income of many others. As a result of this adverse economic condition, the capacity to make payments by homeowners has deteriorated and will continue for months or years to come, leading to the possibility of a widespread foreclosures and evictions.

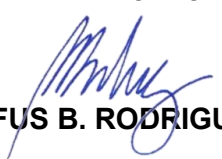
This proposed measure will benefit homeowners who defaulted due to causes attributed to the economic crisis. This bill when enacted into law will give homeowners the opportunity to start repayment under new schemes that will allow them to fairly balance income against expenses, under existing standard of living. The proposed measure will also rescue the homeowners from the proposed of losing their homes.

R.A. 8501 enacted in 1998 to remedy defaulting accounts proved ineffective because out of the 181,349 defaulting accounts only 19,612 availed of the program. The homeowners were reluctant to avail of the program because the resulting doubled amortizations and required down-payment will push them deeper to indebtedness.

Housing is a basic human right guaranteed under the United Nations Covenant, Philippine Constitution and domestic law UDHA (Urban Housing and Development Act of 1992). The provision on human right to adequate housing states: "Everyone has the right to a standard of living adequate for the health and well being of himself and his family, including food, clothing, housing, medical care and necessary social services and the right to security in the event of unemployment, sickness, disability, widowhood, old age, or lack of livelihood."

While the government cannot build or finance housing units to satisfy the demands, it should make sincere effort to utilize resources to ensure that low-cost and socialized housing shall be given fair share to those resources for the benefit of the underprivileged and most vulnerable sectors of society, enabling the participation of the private sector towards that endeavor.

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


RUFUS B. RODRIGUEZ


MAXIMO B. RODRIGUEZ, JR.

HOUSE OF REPRESENTATIVES

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Representative Maximo B. Rodriguez, Jr.*

House Bill No. **6653**

AN ACT
TO ESTABLISH HOUSING LOAN REPAYMENT PROGRAM, PROVIDING THE
MECHANISMS THEREFORE, 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 “Housing Loan Repayment Act”.

Section 2. Declaration of Policy. – It is the policy of the State to provide access to opportunities that shall uplift standard of living, promote development of human dignity vital to progress, promote a healthy and productive housing environment and establish a continuing affordable and adequate shelter program that shall ensure fairness, social justice and equality, to lessen homelessness, utilize resources equitably to make available decent shelter to underprivileged citizens, enabling private sector participation in this endeavor and protect the right to security in the event of unemployment, sickness, disability, old age, widowhood or lack of livelihood.

Section 3. Purposes: The purposes of this Act are:

- a. To eliminate the blockage in the economic, low cost and socialized housing that frustrate individual dreams and government’s efforts towards a continuing shelter program;
- b. To serve as emergency mechanism to prevent mass foreclosure and evictions and distress selling of homes, resulting from unemployment, reduced income, insufficient income, death or physical incapacity, retirement and other causes, attributable to the economic crisis;
- c. To create an environment conducive to peace, development and progress by giving the borrowers the chance to pay under new terms that will allow them to adjust fairly to demands of the present standard of living;
- d. To pave the way for an in-depth review of the over all government housing policies.

Section 4. Objectives: The objectives of this Act are:

- a. To provide the means to secure homes for the beneficiaries so as to promote stable neighborhoods and stable nation as well;
- b. To be able to liquefy investments that can be used for continuous shelter production;
- c. To amend the loans to improve the status of the assets, raising its net worth as an investment for capital generation.

Section 5. Coverage: All economic low-cost and socialized housing loans that have at least six (6) months of unpaid monthly amortization as of the effectivity of this Act;

Notwithstanding that the same accounts have availed of the benefits of a previous restructuring or condo-nation program, provided that the original principal amount of the housing loan shall not exceed Two Million Five Hundred Pesos (Php2,500,000.00).

- a) Agencies covered – Government financing institutions and agencies – 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), and

b) Private institutions, private developers and banks involved in the National Shelter Program.

c) Accounts covered – In addition to the above provision on coverage, the Act shall also cover mortgages that have been foreclosed but has not been sold to an individual third party, and, loans secured by Contract-to-Sell (CTS) including accounts that have been cancelled due to delinquency.

Section 6. Loan Classification: Considered as amended loan. The loan to be repaid shall be the original principal amount.

Section 7. Terms:

- a.) The loan shall be repaid at a maximum term of thirty years (30) and shall be assumed by legal heirs and successors-in-interest once the borrower reach retiring age. The borrower can however opt to shorten the term.
- b.) All accrued arrearages in interest, penalties and surcharges shall be condoned and shall appear on the statement of account of the borrower upon receipt and approval of the application of the borrower.
- c.) No down payment shall be required to apply for this repayment program and a processing fee lower than the previous restructuring or condonation program shall be charged.

Section 8. Interest rate:

The loan shall bear interest at the following rates per annum:

<u>Loan Amount</u>	<u>Interest Rate</u>
Below 500,000	6%
Over P500,000 to 1,000,000	7%
Over P1,000,000 to P2,500,000	10.5%

Delayed Payments shall be charged minimum penalty.

Section 9. Special Provisions. In line with the government's policy of ensuring that a fair share of the resources utilized for low cost and socialized housing be made available to the most indigent and vulnerable sectors of our society, this Act provides that:

a) Community Mortgage Program (CMP) loans shall bear interest rate at 3% per annum upon effectivity of this Act, and all accrued interests, penalties and surcharges emanating from this loan shall be condoned. CMP projects shall be entitled to support equivalent to infrastructure development either from their respective local government revenues or congressional district funds or from senate funds, to alleviate burden of cost of community improvement by the dwellers, for them to set goals for self-improvement.

b) Relocation Program loans shall bear no interest, provided the original relocatees occupied their homes through the entire length of the loan, to mitigate their disadvantage in the new environment that left them unemployed and/or added cost of transportation to their place of work.

Section 10. The payment program provided in this Act shall be distinct and separate from the restructuring schemes implemented by the GFI's and the borrower is given the option to choose schemes appropriate to his/her needs.

Section 11. This Repayment Program may be availed of only once

Section 12. 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 the government institutions and agencies and non-government organizations, homeowners' association or people's organizations here of tasked to promulgate the implementing rules and regulations within sixty (60) days from the effectivity of this Act.

Section 13. Separability Clause. – Should any provision of this Act or any part thereof be declared invalid, the other provisions, so far as they are separable from the invalid ones, shall remain in full force and effect.

Section 14. Repealing Clause. – All laws, executive orders, rules or regulations, or any part thereof, inconsistent with any provisions of this Act are hereby repealed and modified accordingly.

Section 15. 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,