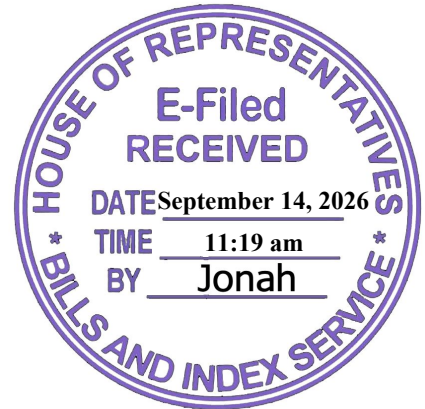


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

TWENTIETH CONGRESS
Second Regular Session

House Bill No. 11277



Introduced by **Representative ERIC G. YAP**

EXPLANATORY NOTE

This bill seeks to establish a National Affordable Student Loan Program, which offers a sustainable, low-interest student financing system for Filipino learners. It provides affordable education loans with a fixed interest rate, flexible repayment terms, and borrower protection mechanisms to complement existing government scholarship and financial assistance programs.

While the government has expanded access to free tertiary education through Republic Act No. 10931, otherwise known as the "*Universal Access to Quality Tertiary Education Act*", many Filipino students continue to struggle with expenses that remain beyond the coverage of free tuition, including books, transportation, accommodation, digital learning tools, internship costs, review classes, and other education-related expenses. These financial burdens continue to prevent many students, particularly those from low-income families, from completing their education or pursuing graduate and professional studies.

This measure institutionalizes the National Affordable Student Loan Program administered by government financial institutions, providing accessible financing at a fixed two percent (2%) annual interest rate. It likewise introduces a reasonable grace period, collateral-free borrowing, borrower protection measures, and transparent lending standards to ensure that financial assistance remains affordable, sustainable, and responsive to the needs of Filipino learners.

Investing in education is an investment in the country's future. In making educational financing more accessible and equitable, the State continues to empower more Filipinos to acquire knowledge and skills that will strengthen the nation's workforce, improve social mobility, and promote inclusive economic growth.

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


HON. ERIC G. YAP

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House Bill No. **11277**

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AN ACT
ESTABLISHING A NATIONAL AFFORDABLE STUDENT LOAN PROGRAM,
AND FOR OTHER PURPOSES

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

Section 1. *Short Title.* – This Act shall be known as the “*National Affordable Student Loan Act*”.

SEC. 2. *Declaration of Policy.* – It is hereby declared the policy of the State to make higher education more accessible, inclusive, and high-quality for every citizen regardless of status, age, sexual orientation, race, disability, gender identity, sex, or language. It further seeks to ease the financial burden of pursuing and completing higher education, create a sustainable, low-interest financing scheme alongside existing scholarships and grants, strengthen government financial institutions' role in national development, and ensure responsible lending and borrower protection.

The State recognizes the complementary roles of public and private higher education and technical-vocational institutions, and values the lasting contributions of private tertiary schools to education.

SEC. 3. *Objectives.* – This Act specifically seeks to:

- a. Provide affordable education financing at a fixed interest rate per annum;
- b. Institutionalize long-term funding mechanisms for student credit support;
- c. Ensure equitable access for economically disadvantaged students;

- d. Provide flexible repayment structures linked to the borrower's financial capacity; and
- e. Maintain financial sustainability while minimizing default risks.

SEC. 4. *Creation of the National Affordable Student Loan Program.* – There is hereby established a National Affordable Student Loan Program (NASLP) for all Filipino students who shall enroll in State Universities and Colleges (SUCs), Local Universities and Colleges (LUCs), private Higher Educational Institutions (HEIs), and Technical and Vocational Education and Training (TVET) programs in all Technical-Vocational Institutions (TVIs) registered under the Technical Education and Skills Development Authority (TESDA), to be administered by the Land Bank of the Philippines (LBP), the Development Bank of the Philippines (DBP), and other banks as may be established by law, hereinafter referred to as “participating banks”: *Provided*, That individuals who availed of the loan during their undergraduate studies may qualify for another cycle of student loan to pursue graduate education, including medicine and law, upon full payment of their previously obtained loan: *Provided, furthermore*, That individuals who did not avail of the loan program during their undergraduate studies may access the same to pursue graduate education, including medicine and law: *Provided, finally*, That individuals who likewise did not avail of the loan program during their undergraduate studies may apply for the loan to cover review expenses for licensure examinations administered by the Professional Regulation Commission.

SEC. 5. *Coverage of the Program.* – The NASLP shall cover financing for following:

- a. Tuition and miscellaneous fees;
- b. Books, learning materials, and digital equipment;
- c. Living and transportation allowances;
- d. Thesis, research, internship, licensure, and graduation fees;
- e. Technical-vocational certification costs;
- f. Review programs for licensure examinations; and
- g. Other legitimate education-related expenses as may be defined in the implementing rules and regulations.

SEC. 6. *Eligible Beneficiaries.* – Eligible borrowers must be:

- a. Filipino citizens;

- b. Enrolled or accepted in duly accredited and recognized HEIs, SUCs, LUCs, or TVIs;
- c. Not be recipients of full government scholarships covering identical expenses; and
- d. Comply with documentary and evaluation requirements.

SEC. 7. *Fixed Interest Rate.* – Loans granted under this Act shall bear a fixed interest rate of two percent (2%) per annum, computed on a simple interest basis. The rate shall remain fixed throughout the life of the loan and shall not be subject to adjustment due to inflation, market movements, banking rate changes, escalation clause, or other supervening circumstances.

SEC. 8. *Loan Limits.* – The maximum loanable amount per academic year or full academic program shall be determined by the participating banks, subject to actual cost of attendance, income classification of the borrower's household, and other just and equitable factors as may be determined by the participating banks: *Provided*, That a cumulative loan ceiling may be imposed per borrower.

SEC. 9. *Grace Period and Maturity.* – All borrowers shall enjoy a grace period of three (3) years from the date of the immediately preceding enrollment in an accredited and recognized HEIs, SUCs, LUCs, or TVIs; or six (6) months after securing gainful employment, whichever is later: *Provided*, That no interest capitalization shall occur during the grace period; *Provided, further*, That borrowers may prepay the loan in full or in part at any time without penalty, and such prepayment shall proportionately reduce the remaining maturity period.

Loans granted under this Act shall have a maximum maturity period of ten (10) years from the commencement of repayment, unless otherwise extended by cases of hardship including involuntary unemployment, permanent disability, serious illness by the borrower or his or her family member within the second civil degree, fortuitous events, and other meritorious circumstances as may be determined by the participating bank: *Provided*, That the grace period provided under this Act shall not be included in the computation of the maximum maturity period: *Provided, finally*, That in case of willful and continuous default exceeding twelve (12) months without valid cause, the remaining balance may, subject to due process, be declared due and demandable.

SEC. 10. *Collateral and Security.* – Loans under this Act shall not require traditional collateral. However, participating banks may require a co-maker or guarantor, enrollment verification, and/or academic progress certification.

SEC. 11. *Appropriation.* – The amount necessary for the implementation of the NASLP provided under this Act shall be included in the annual General Appropriations Act. Furthermore, additional funding may be sourced from allocations from LBP and DBP lending portfolios and government-backed bond issuances for education financing;

SEC. 12. *Credit Guarantee Fund.* – A National Student Loan Guarantee Fund is hereby created to cover a portion of defaults, ensure sustainability of the two percent (2%) fixed rate; and absorb systemic repayment risks. The Fund shall be managed and administered by the Department of Finance (DOF), in coordination with the participating banks.

SEC. 13. *Transparency Requirements.* – Borrowers shall be provided, as a minimum requirement, with full disclosure of repayment schedules, total repayment computation, and clear explanation of obligations and penalties.

SEC. 14. *Prohibited Practices.* – The following practices shall be prohibited:

- a. Imposition of hidden charges;
- b. Unconscionable penalty rates beyond lawful limits;
- c. Harassment in collection practices; and
- d. Unauthorized data sharing, pursuant to Republic Act No. 1405, entitled “*An Act Prohibiting Disclosure of or Inquiry Into, Deposits with Any Banking Institution and Providing Penalty Therefor*”, and other data privacy laws.

Violations shall be subject to applicable administrative and criminal penalties.

SEC. 15. *Implementing Rules and Regulations.* – The DOF, in coordination with the participating banks, and in consultation with the Commission on Higher Education (CHED), TESDA, Bureau of Internal Revenue, within ninety (90) days from the approval of this Act, shall formulate the necessary rules and regulations for the the effective enforcement of this Act. It shall include credit risk modeling, default monitoring systems, data-sharing agreements with government employment agencies, without prejudice to privacy laws; and rehabilitation and restructuring programs for distressed borrowers.

SEC. 16. *Congressional Oversight Committee; Annual Reporting.* – There is hereby created a Congressional Oversight Committee composed of five (5) Members from the Senate and five (5) Members from the House of Representatives. The Members from the Senate shall be appointed by the Senate President based on the proportional representation from the parties or coalition therein with at least one (1) Member representing the Minority. The Members from the House of Representatives shall be appointed by the Speaker, also based on proportional representation of the parties or coalitions therein, with the Chair of the House Committee Banks and Financial Intermediaries and at least one (1) member representing the Minority.

The Committee shall be headed by the respective Chairs of the Senate Committee on Higher, Technical and Vocational Education and the House of Representatives Committee on Higher and Technical Education. The Secretariat of

the Congressional Oversight Committee shall come from the existing Secretariat personnel of the Committees of the Senate and the House of Representatives concerned.

The Committee shall monitor and ensure the effective implementation of this Act, determine inherent weaknesses and loopholes in the law and recommend the necessary remedial legislation or administrative measures and perform such other duties and functions as may be necessary to attain the objectives of this Act.

SEC. 17. *Separability Clause.* – If any provision is declared unconstitutional, the remaining provisions shall remain in force.

SEC. 18. *Repealing Clause.* – All inconsistent laws, orders, memoranda, circulars, ordinances and regulations are hereby repealed or modified accordingly.

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

Approved,