



HOUSE OF REPRESENTATIVES

H. No. 6276

BY REPRESENTATIVES ROMULO, ROBES, GUINTU, CO-PILAR, DE LIMA, GATCHALIAN, PADIERNOS, TERENG, OAMINAL (H.), ORETA, LABADLABAD, GALANG, FERRER (A.), SAN FERNANDO, MERCADO-REVILLA, RIDON, ODUKADO, GONZALES (R.), LAGON (S.), SOLON, LOYOLA, RIVERA, SINGSON-MEEHAN, CHUA-TAI, CALIXTO, ANGELES AND DEFENSOR

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

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 “Housing Loan Condonation Act”.

2
3 **SEC. 2. Declaration of Policy.** – It is the policy of the State to undertake a continuing program
4 of urban land reform and housing that will make available at affordable cost decent housing and
5 basic services to underprivileged and homeless citizens.

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

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11 **SEC. 3. Coverage of the Restructuring Program for Delinquent Socialized and Low-Cost**
12 **Housing Loan Accounts.** – There is hereby established a Socialized and Low-Cost Housing Loan
13 Restructuring and Condonation Program under the National Housing Authority (NHA), the Social
14 Housing Finance Corporation (SHFC), the National Home Mortgage Finance Corporation (NHMFC)
15 and the Philippine Guarantee Corporation (PGC). Under this program:

- 16
17 (a) For a period of twenty-four (24) months after the issuance of the implementing rules and
18 regulations of this Act, all socialized and low-cost housing loans with the NHA, SHFC,
19 NHMFC, and PGC that have at least three (3) months of unpaid monthly amortizations as
20 of the effectivity of this Act are hereby declared covered by the benefits of this Act,
21 notwithstanding that the same accounts have availed of the benefits of a previous
22 restructuring or condonation program: *Provided, That* the original principal amount of the
23 housing loans shall not exceed One million eight hundred thousand pesos (P1,800,000.00);

- 1 (b) An application for restructuring shall not be charged a processing fee and no
2 downpayment shall be required for a borrower to apply for the benefits of this loan
3 restructuring and condonation program;
4
- 5 (c) All existing interests on principal, penalties, and surcharges shall be condoned upon
6 approval of the restructuring application under this Act: *Provided*, That an interest rate of three
7 percent (3%) or the interest rate of the original loan, whichever is lower, shall be imposed
8 upon the restructured loan;
9
- 10 (d) The term of a housing loan account being applied for restructuring may be extended for a
11 period longer than its original term in order to lower the amount of the monthly
12 amortization: *Provided*, That in no instance shall the term of extension of the restructured loan
13 exceed the difference between the borrower's age at the time of application and the age of
14 seventy (70);
15
- 16 (e) In case of permanent physical incapacity of a borrower, the legal heirs and successors in
17 interest may assume payment of outstanding balance of the housing loan: *Provided*, That such
18 legal heirs and successors in interest shall pass the NHA, SHFC, NHMFC, and PGC's
19 eligibility requirement before they are allowed to assume payment of the borrower's loan
20 obligation: *Provided, further*, That in case of death of the borrower, the proceeds of the
21 Mortgage Redemption Insurance shall have been fully applied;
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- 23 (f) The loan restructuring under this Act may be availed of only once except in case of *force*
24 *majeure* affecting the ability to fulfill the financial obligation of the borrower; and
25
- 26 (g) The loan restructuring and condonation program provided for in this Act shall be
27 construed as a separate and distinct program from the ones being implemented by the NHA,
28 SHFC, NHMFC, and PGC and the borrower has the option to choose which loan restructuring
29 and condonation program will be availed.
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31 **SEC. 4. Authority to Continue the Restructuring Program.** – Notwithstanding the lapse of the
32 period provided in Section 3(a) of this Act, the governing boards of the NHA, SHFC, NHMFC, and
33 PGC are hereby authorized to continue the loan restructuring and condonation program under
34 this Act.
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36 **SEC. 5. Exclusion from Coverage.** – In no instance shall the following housing loan accounts
37 be covered by this Act:
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- 39 (a) Any account without a single payment since takeout;
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- 41 (b) An account which housing unit has been abandoned by the borrower-owner for more than
42 one (1) year from the date of delinquency;
43
- 44 (c) An account which housing unit is occupied by a third party other than the original
45 registered beneficiary or the legal heirs of the beneficiary up to the second degree of
46 consanguinity;
47
- 48 (d) An account that has been foreclosed and the redemption period has already lapsed;

1 (e) A property subject of a contract-to-sell that has been validly cancelled and has been
2 re-awarded, allocated, or transferred to another qualified beneficiary; and
3

4 (f) A property that has been surrendered to the NHA, SHFC, NHMFC, or PGC through *dacion*
5 *en pago*, the title of which has already been consolidated or transferred in the name of the
6 NHA, SHFC, NHMFC, or PGC.
7

8 **SEC. 6. *Incentive for Prompt Payment of Monthly Amortization.*** – Upon the effectivity of this
9 Act, all accounts, the monthly amortizations of which are paid on time, shall be entitled to incentives,
10 including a reasonable discount on loan interest, the amount or percentage of which shall be
11 determined by the respective boards.
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13 **SEC. 7. *Implementing Rules and Regulations.*** – The Department of Human Settlements and
14 Urban Development, NHA, SHFC, NHMFC, and PGC shall, in consultation with the relevant
15 stakeholders, promulgate within ninety (90) days from the effectivity of this Act the rules and
16 regulations to implement the provisions of this Act.
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18 **SEC. 8. *Separability Clause.*** – If any portion or provision of this Act is declared
19 unconstitutional, the remaining parts or provision not affected thereby shall remain in force and
20 effect.
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22 **SEC. 9. *Repealing Clause.*** – All laws, decrees, orders, issuances, rules and regulations, or any
23 part thereof inconsistent with the provisions of this Act are hereby repealed, amended, or modified
24 accordingly.
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26 **SEC. 10. *Effectivity.*** – This Act shall take effect fifteen (15) days after its publication in the
27 *Official Gazette* or in a newspaper of general circulation.

Approved,