



## HOUSE OF REPRESENTATIVES

H. No. 3835

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BY REPRESENTATIVES BIAZON, CODILLA, DADIVAS, AMIN, NOGRALES, ARROYO (I.), ZUBIRI, ROMUALDO, PINGOY, VILLAROSA, REMULLA (G.), REYES (V.), ZIALCITA, ESPINO, ESCUDERO, JARLAULA, CUA (J.), UMALI (A.V.), UY (R.), TULAGAN, PUENTEVELLA, CASTELO DAZA, JAWORSKI, DY (C.), GOLEZ, TAÑADA AND MAGTUBO, PER COMMITTEE REPORT NO. 415

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AN ACT INSTITUTING A SOCIALIZED AND LOW-COST HOUSING LOAN RESTRUCTURING PROGRAM, PROVIDING THE MECHANISM THEREFOR, AND FOR OTHER PURPOSES

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

1           SECTION 1. *Title.* -- This Act shall be known as the "Socialized and  
2 Low-Cost Housing Loan Restructuring Act of 2005".

3           SEC. 2. *Restructuring of Delinquent Socialized and Low-Cost Housing*  
4 *Loan Accounts.* -- In keeping with the constitutional mandate for the State to  
5 undertake a continuing program of urban land reform and housing that will  
6 make available at affordable cost decent housing and basic services, there is

1 hereby established a socialized and low-cost housing loan restructuring  
2 program. Under this program:

3 (a) all socialized housing loans or loans amounting to Two hundred  
4 twenty-five thousand pesos (P225,000.00) and below and all low-cost housing  
5 loans or loans amounting to over Two hundred twenty-five thousand  
6 pesos (P225,000.00) but not exceeding Five hundred thousand pesos  
7 (P500,000.00) with any of the government financial institutions (GFIs) and  
8 government-owned and -controlled corporations (GOCCs) involved in the  
9 National Shelter Program (NSP), including but not limited to, the Government  
10 Service Insurance System (GSIS), Social Security System (SSS), Home  
11 Development Mutual Fund (HDMF) or PAG-IBIG, National Home Mortgage  
12 Finance Corporation (NHMFC), Home Guaranty Corporation (HGC), and the  
13 National Housing Authority (NHA) are hereby declared covered by the  
14 benefits of this restructuring program notwithstanding that the same account  
15 has availed of the benefits of a previous restructuring or condonation program  
16 and even if the annual total family income of the borrower-applicant exceeds  
17 Three hundred thousand pesos (P300,000.00);

18 (b) an application for restructuring shall only be charged a processing  
19 fee which shall be lower than those charged under previous restructuring or  
20 condonation programs and no downpayment shall be required of a borrower to  
21 apply for the benefits of this restructuring program;

1 (c) all penalties and surcharges shall be condoned upon approval of the  
2 restructuring application under this Act: *Provided*, That all accrued interest  
3 shall be added to the remaining balance of the principal, the aggregate of  
4 which shall be considered as the new principal amount: *Provided, further*,  
5 That waiver of penalties, surcharges and accrued interests for accounts subject  
6 of buy back or other default arrangements with GFIs and GOCCs under the  
7 NSP of the government shall be left to the discretion of the respective boards  
8 of such GFIs and GOCCs;

9 (d) a PAG-IBIG borrower-applicant may be allowed to use the total  
10 accumulated value of his/her membership contribution or savings to pay in full  
11 or in part his/her housing loan;

12 (e) the term of a housing loan account being applied for restructuring  
13 may be extended for a period longer than its original term in order to lower the  
14 amount of the monthly amortization to a maximum of One thousand five  
15 hundred pesos (P1,500.00) for a period of three years from the approval of the  
16 application, after which, the monthly amortization shall be based on the new  
17 principal amount provided for under Section 2(c): *Provided*, That the  
18 unserviced portion ensuing from the three-year lowered monthly amortization  
19 shall be paid either on an installment basis or on the last year of the term of the  
20 housing loan along with the last monthly amortization, whichever is affordable  
21 to the borrower: *Provided, further*, That the repayment period shall not exceed

1 the working age of the borrower, as prescribed by the GFI concerned:  
2 *Provided, finally,* That in the event that the borrower fails to pay any  
3 amortization during the three-year period, he/she shall voluntarily surrender  
4 his/her property without need of judicial proceedings;

5 (f) in case of permanent physical incapacity of a borrower, his/her  
6 successors-in-interest may assume payment of his/her outstanding housing  
7 loan: *Provided,* That the successors-in-interest shall be limited to legal heirs  
8 and relatives by consanguinity or affinity within the fourth civil degree; and

9 (g) loan restructuring under this Act may be availed of only once.

10 All corresponding penalties and surcharges which NHMFC may have to  
11 pay its funders as a result of the implementation of this Act shall be  
12 automatically adjusted and condoned.

13 SEC. 3. *Exclusion from Coverage.* – In no instance shall the following  
14 housing loan accounts be covered by this Act:

15 (a) any account without a single payment since takeout;

16 (b) an account whose housing unit has been abandoned by the  
17 borrower-owner for more than two years;

18 (c) an account whose housing unit has remained unoccupied for a  
19 period of at least two years;

20 (d) an account whose housing unit is occupied by a third party other  
21 than the original registered beneficiary or his/her legal heirs; and

1 (e) an account that has been foreclosed, the title of which has already  
2 been consolidated/transferred in the name of the GFI.

3 SEC. 4. *Application of Dividends to Delinquent Accounts.* – The  
4 dividends from the funds managed by the GSIS, SSS and HDMF shall be  
5 applied to the delinquent accounts of their members.

6 SEC. 5. *Incentive for Prompt Payment of Monthly Amortization.* –  
7 Upon the effectivity of this Act, all accounts whose monthly amortization are  
8 paid on time shall be entitled to a reasonable discount on loan interest.

9 SEC. 6. *Implementing Rules and Regulations.* – There is hereby  
10 created an inter-agency committee headed by the Housing and Urban  
11 Development Coordinating Council (HUDCC) and composed of all the  
12 government institutions and agencies enumerated in Section 2 hereof tasked to  
13 promulgate the implementing rules and regulations within sixty (60) days from  
14 the effectivity of this Act.

15 SEC. 7. *Congressional Oversight Committee.* – There is hereby created  
16 a congressional oversight committee composed of the Chairman of the House  
17 Committee on Housing and Urban Development and the Chairman of the  
18 Senate Committee on Urban Planning, Housing and Resettlement, six members  
19 of the House of Representatives and five members of the Senate. The  
20 members from the House of Representatives shall be appointed by the Speaker  
21 from among the members of the House Committee on Housing and Urban

1 Development based on the proportional representation of the parties or  
2 coalitions therein. The members from the Senate shall be appointed by the  
3 Senate President from among the members of the Senate Committee on Urban  
4 Planning, Housing and Resettlement based on the proportional representation  
5 of the parties or coalitions therein.

6 The oversight committee shall review and approve the implementing  
7 rules and regulations. It shall also review the performance of the GFIs and  
8 GOCCs involved in the implementation of this Act.

9 *SEC. 8. Repealing Clause.* – All laws, executive orders, rules and  
10 regulations, or any part thereof, inconsistent with any provision of this Act are  
11 hereby repealed or modified accordingly.

12 *SEC. 9. Effectivity Clause.* – This Act shall take effect fifteen (15) days  
13 after its complete publication in the *Official Gazette* or in at least two national  
14 newspapers of general circulation.

Approved,

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