

Republic of the Philippines
Congress of the Philippines

Metro Manila

Fourteenth Congress

Second Regular Session

Begun and held in Metro Manila, on Monday, the twenty-eighth day
of July, two thousand eight.



[REPUBLIC ACT No. 9507]

AN ACT TO ESTABLISH A SOCIALIZED AND LOW-COST
HOUSING LOAN RESTRUCTURING AND CONDONATION
PROGRAM, PROVIDING THE MECHANISMS THEREFOR, AND
FOR OTHER PURPOSES

*Be it enacted by the Senate and 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 of 2008”.

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 to underprivileged and homeless citizens.

Towards 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 Program for Delinquent Socialized and Low-Cost Housing Loan Accounts. – There is hereby established a Socialized and Low-Cost Housing Loan Restructuring and Condonation Program. Under this program:

(a) for a period of eighteen (18) months after the issuance of the implementing rules and regulations of this Act, all socialized and low-cost housing loans, the original principal amount of which are within the housing loan ceilings as determined by the Housing and Urban Development Coordinating Council (HUDCC), with any of the government financial institutions (GFIs) and agencies involved in the National Shelter Program (NSP), including, but not limited to, the Government Service Insurance System (GSIS), Social Security System (SSS), Home Development Mutual Fund (HDMF) or Pag-IBIG Fund, National Home Mortgage Finance Corporation (NHMFC), Social Housing Finance Corporation (SHFC), Home Guaranty Corporation (HGC), and the National Housing Authority (NHA) 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 Two million five hundred thousand pesos (P2,500,000.00): *Provided, further*, That every year after the effectivity of this Act, HUDCC is authorized to increase the amount herein stated;

(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 penalties and surcharges shall be condoned upon approval of the restructuring application under this Act: *Provided*, That a reasonable portion of the accrued interest on the housing loan shall also be condoned, the amount or percentage of which shall be determined by the respective boards of the GFIs and housing agencies mentioned in Section 3(a) hereof: *Provided, further*, That all remaining accrued interests shall be treated as non-interest bearing principal to be equally repaid during the term of the restructured loan: *Provided, moreover*, That an interest rate of not more than the interest of the original loan or not more than twelve percent (12%), whichever is lower, shall be imposed upon the restructured loan: *Provided, finally*, That all corresponding penalties and surcharges which the NHMFC and SHFC may have to pay their funders as a result of the implementation of this Act may be adjusted and condoned;

(d) Pag-IBIG Fund, GSIS and SSS may allow the borrower-applicant to use the total accumulated value of his/her membership contribution or savings to update his/her housing loan;

(e) 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 age seventy (70). In the event that the borrower fails to pay three (3) consecutive monthly amortizations during the term of the restructured loan, the concerned GFI or housing agency may pursue foreclosure proceedings on the property;

(f) in case of permanent physical incapacity of a borrower, his/her legal heirs and successors-in-interest may assume payment of his/her outstanding housing loan: *Provided*, That, in case of death of the borrower, the proceeds of the Mortgage Redemption Insurance (MRI) shall have been fully applied: *Provided, further*, That such legal heirs and

successors-in-interest must pass the GFIs' and/or housing agencies' eligibility requirement before they are allowed to assume payment of the borrower's loan obligation;

(g) the loan restructuring under this Act may be availed of only once except in case of *force majeure* affecting the ability of the borrower to fulfill his/her financial obligation; and

(h) 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 respective GFIs and housing agencies mentioned in Section 3(a) hereof, and the borrower has the option to choose which loan restructuring and condonation program he/she may avail of.

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 HDMF/Pag-IBIG Fund, SSS, GSIS, NHMFC, SHFC, HGC and NHA 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 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 his/her legal heirs;

(d) an account that has been foreclosed or a contract-to-sell that has been cancelled, or has been surrendered to the

GFI or housing agencies through *dacion en pago*, the title of which has already been consolidated/transferred in the name of the GFI or the housing agency; and

(e) Pag-IBIG Fund contract-to-sell accounts covered by the developers' buy-back guaranty.

SEC. 6. Remedies Against Delinquent Accounts. – Without prejudice to the resort to foreclosure as provided for by law or contract in proper cases, the GFIs and housing agencies shall continue to exercise their right to foreclose properties covered by accounts excluded in subparagraphs (a) through (e) under Section 5 hereof or of delinquent accounts of borrowers who shall fail to avail of the benefits under this Act and that such foreclosure proceedings shall be exempt from publication in newspapers: *Provided*, That posting of the date and place of auction shall be made in at least three (3) conspicuous public places similar to that provided for under Act 3135, as amended, otherwise known as An Act To Regulate The Sale of Property Under Special Powers Inserted In Or Annexed To Real-Estate Mortgages: *Provided, further*, That notice to the borrower at his/her last known address shall likewise be made: *Provided, finally*, That the foreclosure proceedings mentioned above should be observed in the event that the borrower avails of the benefits of this Act but subsequently defaults under the loan restructuring and condonation program.

SEC. 7. 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, but not limited to, a reasonable discount on loan interest, the amount or percentage of which shall be determined by the respective boards of the GFIs and housing agencies.

SEC. 8. Implementing Rules and Regulations. – There is hereby created an interagency committee headed by the HUDCC and composed of all the government institutions and

agencies enumerated in Section 3(a) hereof tasked to promulgate the implementing rules and regulations within sixty (60) days from the effectivity of this Act.

SEC. 9. *Congressional Oversight Committee.* - There is hereby created a Congressional Oversight Committee composed of the Chairman of the Senate Committee on Urban Planning, Housing and Resettlement and the Chairman of the House Committee on Housing and Urban Development, four (4) members of the Senate and four (4) members of the House of Representatives. The members from the Senate shall be appointed by the Senate President from among the members of the Senate Committee on Urban Planning, Housing and Resettlement based on the proportional representation of the parties or coalition therein. The members from the House of Representatives shall be appointed by the Speaker from among the members of the House Committee on Housing and Urban Development based on the proportional representation of the parties or coalitions therein.

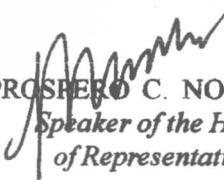
The Oversight Committee upon review and approval of the implementing rules and regulations shall become *functus officio* and, therefore, cease to exist: *Provided, however,* That the GFIs and housing agencies cited in Section 3(a) hereof shall submit to the Committee on Urban Planning, Housing and Resettlement of the Senate and the Committee on Housing and Urban Development of the House of Representatives an annual report on the availment of the loan restructuring and condonation program under this Act.


SEC. 10. *Repealing Clause.* - All laws, including Republic Act No. 8501, otherwise known as the Housing Loan Condonation Act of 1998, executive orders, rules or regulations, or any part thereof, inconsistent with any provision of this Act are hereby repealed or modified accordingly.

SEC. 11. *Separability Clause.* - If any provision of this Act is held invalid or unconstitutional, the provisions not otherwise affected shall remain valid and subsisting.


SEC. 12. *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,


PROSPERO C. NOGRALES
*Speaker of the House
of Representatives*



MANNY VILLAR
President of the Senate

This Act which is a consolidation of Senate Bill No. 1987 and House Bill No. 4220 was finally passed by the Senate and the House of Representatives on August 27, 2008 and August 26, 2008, respectively.


MARILYN B. BARUA-YAP
*Secretary General
House of Representatives*


EMMA LIRIO-REYES
Secretary of the Senate

Approved: OCT 13 2008


GLORIA MACAPAGAL-ARROYO
President of the Philippines

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