

[REPUBLIC ACT NO. 9507, October 13, 2008]

**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 GFI's 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;