

[REPUBLIC ACT NO. 6846, January 24, 1990]

**AN ACT CREATING THE *ABOT-KAYA PABAHAY* FUND,
OTHERWISE KNOWN AS THE SOCIAL HOUSING SUPPORT FUND
ACT, 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 Abot-Kaya Pabahay Fund, otherwise known as the Social Housing Support Fund Act.

SEC. 2. *Policy.* — It is hereby declared as the policy of the Government to promote the national shelter program and to implement a continuing program of social housing that shall make available to low-income families affordable houses and/or lots equitably distributed in the fourteen (14) regions of the country by establishing a financial support system that shall encourage the active participation of the private sector.

SEC. 3. *Fund System.* — To carry out the purpose of this Act, there is hereby created the Abot-Kaya Pabahay Fund, hereinafter referred to as the Fund, in the amount of Two billion and five hundred million pesos (P2,500,000,000.00) to be constituted over a period of five (5) years through a continuing yearly appropriation of Five hundred million pesos (P500,000,000.00) from the National Government.

This Fund shall be used exclusively for the objectives of enhancing affordability of low-cost housing by low-income families, providing developmental financing for low-cost housing projects, and eliminating risks for the funding agencies involved in housing, namely: the Social Security System (SSS), the Government Service Insurance System (GSIS) and the Home Development Mutual Fund (HDMF).

The Fund shall be devoted to provide amortization support, expedite the development of land into suitable sites for social housing by providing developmental financing to developers of low-cost housing projects, and establish a strong guarantee system to ensure viable cashflow for the funding agencies involved in housing.

To augment the Fund, the President shall avail of portions of grants, assistance, programs and concessional loans from foreign governments with maturities of twenty-five (25) to thirty (30) years or more and carrying soft interest to generate the peso equivalent of Five hundred million pesos (P500,000,000.00) per year for five (5) years.

- a. *Amortization Support.* A borrower shall be eligible to apply for amortization support to the National Home Mortgage and Finance Corporation pursuant to

Section 4(a) of this Act: *Provided*, That he has the following qualifications:

1. Has a gross family income per month as hereinafter provided;
2. Has not been a recidivist or a habitual delinquent as to offenses involving moral turpitude; and
3. Is not a homeowner and has not been the recipient of any housing loan or housing unit from any agency, financial institution or office for the last five (5) years.

Level A. Eligible borrowers with a gross family income of not exceeding Four thousand pesos (P4,000.00) per month, who apply for loans of not exceeding Eighty thousand pesos (P80,000.00), shall be entitled to the following monthly amortization support for the first five (5) years of the loan amortization period:

Amortization Period	Amortization Support
months 1 to 12	35% of monthly amortization
months 13 to 24	30% of monthly amortization
months 25 to 36	25% of monthly amortization
months 37 to 48	20% of monthly amortization
months 49 to 60	14% of monthly amortization

Level B. Eligible borrowers with a gross family income of not exceeding Five thousand pesos (P5,000.00) per month, who apply for loans of over Eighty thousand pesos (P80,000.00) but not exceeding One hundred thousand pesos (P100,000.00), shall be entitled to the following monthly amortization support for the first five (5) years of the loan amortization period:

Amortization Period	Amortization Support
months 1 to 24	25% of monthly amortization
months 25 to 36	20% of monthly amortization
months 37 to 48	14% of monthly amortization
months 49 to 60	7% of monthly amortization

The aforesaid amortization support shall apply only to loans granted from the approval of this Act to five (5) years thereafter on a first-come-first-served basis to eligible borrowers as herein defined.

Loans under this Fund shall not be subject to such charges, fees or premiums except minimum processing fees to be charged by developers, mortgage redemption insurance and fire insurance premiums. If during the amortization period the property acquired or built on the proceeds of the loan is lost or seriously damaged due to force majeure for which the borrower is not in any way responsible, the administering agencies are authorized to liberalize the terms of repayment or waive the same depending on the equities of the situation.

Amortization support for Level A borrowers shall not be less than sixty percent (60%) of all available funds allotted for the purpose.

At least forty percent (40%) of the yearly appropriation for the Fund shall be

for amortization support to Level A and Level B borrowers.

- b. *Developmental Financing.* There is hereby established a developmental financing system whereby proponents of low-cost housing projects with a selling cost of not exceeding Sixty thousand pesos (P60,000.00) per house and/or lot package, which shall be available exclusively for Level A eligible borrowers, shall be entitled to a developmental financing loan of not exceeding eighty percent (80%) of the entire project cost.

At least fifteen percent (15%) and not more than twenty percent (20%) of the yearly appropriation for the Fund shall be for developmental financing: Provided, That the unused funds for developmental financing shall be utilized for Level A amortization support.

- c. *Cashflow Guarantee.* There is hereby established a cashflow guarantee system such that loans of not exceeding One hundred fifty thousand pesos (P150,000.00) with an interest rate of not exceeding twelve percent (12%) per annum originated by the funding agencies or their accredited financial institutions shall be assigned to the Fund immediately after origination for which the Fund shall issue promissory notes of similar cashflows as the assigned loans guaranteed by the Republic of the Philippines.

Forty percent (40%) of the yearly appropriation for the Fund shall be for the cashflow guarantee.

SEC. 4. *Corporate Powers.* — (a) *National Home Mortgage and Finance Corporation (NHMFC).* In addition to its powers and functions vested under Presidential Decree No. 1267, the National Home Mortgage and Finance Corporation, hereinafter referred to as the NHMFC, shall establish the amortization support and developmental financing systems in accordance with subsections (a) and (b) of Section 3 hereof, exercise administration and control over the fund allotted for amortization support and developmental financing, and act as trustee thereof.

(b) *Home Insurance and Guaranty Corporation (HIGC).* In addition to its powers and duties vested under Executive Order No. 535, as amended, the House Insurance and Guaranty Corporation, hereinafter referred to as the HIGC, shall establish the cashflow guarantee system in accordance with subsection (c) of Section 3 hereof, exercise administration and control over the fund allotted for cashflow guarantee, and act as trustee thereof.

(c) *Powers and functions of administering agencies.* The NHMFC and the HIGC as administering agencies and trustees of the Fund shall exercise the following powers and functions:

1. To make policies and guidelines as well as adopt, amend and rescind such rules and regulations as may be necessary to carry out the provisions and purposes of this Act;
2. To submit annually to the President of the Philippines and to the Congress of the Philippines not later than March 15, and make available to the general public a detailed report covering its investments, operations and other activities in the implementation of this Act, including information and recommendations for the development and improvement of the Fund;