

**[ REPUBLIC ACT NO. 5488, June 21, 1969 ]**

**AN ACT AMENDING FURTHER REPUBLIC ACT NUMBERED FIVE HUNDRED AND EIGHTY, OTHERWISE KNOWN AS THE "HOME FINANCING ACT" AS AMENDED BY REPUBLIC ACT NUMBERED ONE THOUSAND FIVE HUNDRED AND FIFTY-SEVEN.**

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

SECTION 1. Section three of Republic Act Numbered Five hundred eighty as amended by Republic Act Numbered One thousand five hundred and fifty-seven is hereby further amended to read as follows:

"SEC. 3. Membership.—The Commission shall be composed of five members appointed by the President of the Philippines with the consent of the Commission on Appointments. The President shall designate one of the members as Chairman of the Commission who shall receive a compensation of twenty thousand pesos *per annum*. Any member of the Commission may be removed by the President for cause. Two of the members appointed shall be officers or directors of nongovernmental mortgagee-institutions participating in the insured mortgage program in accordance with the Provisions of this Act. The members shall receive for each meeting of the Commission attended, a per diem of fifty pesos; Provided, however, That a member shall receive a total of not more than three thousand pesos a year in *per diems*. The Chairman shall hold office for five years. The members of the Commission shall likewise hold office for five years, with the exception of the members first appointed who shall serve one, two, three and four years, respectively, as stated in their appointments. Thereafter, the person appointed to succeed a member of the Commission whose term shall have expired shall continue to serve for the full five-year term, and, except in the case of vacancies caused otherwise than the expiry of the term, only one member shall be appointed to the Commission each year. In the event of vacancy, the successor appointed to fill the same shall serve only the unexpired portion of the term of the member he succeeds. Any person who is directly or indirectly interested in a construction company or in a firm dealing in building and construction materials and accessories, real estate development companies and financial institutions that may have transactions with the Home Financing Commission shall be disqualified from being a member thereof, except for the two members who are officers or directors of nongovernmental mortgagee-institutions, participating in the insured mortgage program who shall be appointed as provided in this section."

SEC. 2. Subparagraph (d) of Section four of the same Act is hereby amended to read as follows:

"(d) To issue bonds, debentures, securities, collaterals, notes and other obligations with the approval of the President after consultation with Monetary Board of the Central Bank of the Philippines, but in no case to exceed at any one time the aggregate amount of the principal obligations of all mortgages and accounts insured under Chapter II and III of this Act plus the amount authorized for the Home Financing Fund in accordance with the provisions of section six of this Act. These bonds and other obligations shall be issued under such terms and conditions as are provided in this Act and the rules and regulations prescribed by the Commission and shall be redeemable at the option of the Commission at or before maturity and in such manner as may be stipulated therein and shall bear such rate of interest as may be fixed by the Commission but not more than seven per cent per annum. Such obligations shall be secured by the assets of the Commission, including the stocks, bonds, debentures and other securities underwritten, purchased or held by it under the provisions of this Act. The Commission shall provide for appropriate reserves for the redemption or retirement of said obligations. Such obligations may be issued and offered for sale at such price or prices as the Commission may determine, and shall be exempt from taxation as to principal and interest, except estate, inheritance and gift taxes. The said obligations shall be and are hereby fully and unconditionally guaranteed both as to principal and interest by the Government of the Republic of the Philippines and such guaranty shall be expressed on the face thereof. Bonds issued by the Commission shall be registered at the request of the holder thereof under such rules and regulations as may be prescribed by the Commission.

SEC. 3. Section nine of the same Act as amended is hereby further amended to read as follows:

Sec. 9. With a view to encourage the repair of existing residential buildings, and the rehabilitation requirements and recovery from damage caused by the elements, the Home Financing Commission shall prescribe rules and regulations to govern the insurance authorized under this section in accordance with the provisions set forth hereunder:

"(a) The Commission is authorized to insure banks, insurance companies, building and loan associations and other qualified lending institutions against losses which they may sustain as a result of eligible property improvement loans.

(b) Two classes of loans may be issued under this section at the discretion of the Commission:

'(1) Loans covering the cost of repair, alteration or improvement of an existing structure, such loans not to be in excess of ten thousand pesos and to mature in not to exceed ten years on a monthly amortization basis;

"(2) Loans covering the cost of alteration, repair, improvement

or conversion of an existing structure used or to be used as a dwelling for two or more families, such loans not to be in excess of twenty thousand pesos and to mature in not to exceed twenty years on a monthly amortization basis."

SEC. 4. Subsection (b) of Section ten of the same Act as amended is hereby further amended to read as follows:

(b) To be eligible for insurance under this section a mortgage shall

"(1) Involve a principal obligation (including such initial service charges, appraisal, inspection, and other fees as the Commission shall approve) in an amount—

"(a) not to exceed thirty thousand pesos per family unit including house and land nor in any case ninety-five per centum of the appraised value (as of the date the mortgage is accepted for insurance) of a property, whether urban, suburban, or rural upon which there is located or to be constructed a dwelling designed principally for a single-family residence: *Provided*, That no mortgage shall be insured under this paragraph unless the mortgagor shall be the owner and occupant of the property at the time of insurance and shall have paid on account of the property, in cash or its equivalent, at least five *per centum* of the appraised value thereof.

"(b) not to exceed nine thousand five hundred pesos per family unit including house and land nor in any case one hundred *per centum* of the appraised value of a property, whether urban, suburban, or rural, upon which there is located or to be constructed a dwelling, designed principally for a single family residence: *Provided*, That no mortgage shall be insured under this paragraph unless the mortgagor shall be the owner and occupant of the property at the time of insurance.

"(2) Have a maturity satisfactory to the Commission, but not to exceed forty years

SEC. 5. Subparagraph (c) of Sec. 13 of the same Act is hereby amended to read as follows:

"(c) Bear interest (exclusive of premium charges for insurance) at a rate not to exceed ten per centum per annum on the amount of the principal obligation outstanding at any time;

SEC. 6. Subsections (a) and (b) of Sec. 14 of the same Act as amended are hereby further amended to read as follows:

"(a) In the event the mortgagor becomes in default in accordance with regulations of the Commission, the mortgagee shall be entitled to receive the benefit of the insurance as hereinatfer provided, upon (1) the prompt conveyance to the Commission of rights to the property and (2) the assignment to it of all claims of the mortgagee against the mortgagor or