

REPUBLIC ACT NO. 8501

AN ACT TO RESCUE THE NATIONAL SHELTER PROGRAM OF THE GOVERNMENT BY CONDONING THE PENALTIES ON ALL OUTSTANDING/DELINQUENT HOUSING LOAN ACCOUNTS WITH ANY OF THE GOVERNMENT INSTITUTIONS AND AGENCIES INVOLVED IN THE NATIONAL SHELTER PROGRAM AND BY AMENDING PRESIDENTIAL DECREE NO. 1752, AS AMENDED

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

SECTION 1. *Short Title.* – This Act shall be known as the "Housing Loan Condonation Act of 1998."

SEC. 2. *Condonation Clause.* – (a) All unpaid penalties on housing loans from any of the government institutions and agencies involved in the National Shelter Program of the Government, including but not limited to the Government Service Insurance System (GSIS), Social Security System (SSS), Home Development Mutual Fund (Pag-IBIG Fund), National Home Mortgage Finance Corporation (NHMFC), and the National Housing Authority (NHA), are hereby condoned: *Provided*, That all due and demandable arrearages composed of the principal and interest are restructured and paid within the remaining period of the loan;

(b) In the event that a borrower is able to pay only part of his/her due and demandable arrearages, only the penalties corresponding to the portion paid shall be condoned;

(c) A borrower must not have availed of any previous condonation program from any government institution or agency involved in the National Shelter Program; and

(d) The corresponding penalties due to the funders of the NHMFC on all delinquent accounts under its management shall likewise be condoned up to the extent paid by individual borrowers.

SEC. 3. *Amendatory Clause.* – To ensure the continuity of this Act, the Home Development Mutual Fund (Pag-IBIG Fund) which is a major financing institution of the National Shelter Program is hereby granted the power to condone. Section 12 of Presidential Decree No. 1752, as amended by Republic Act No. 7742, is hereby further amended to read as follows:

"SEC. 12. *Powers of the Board.* – The Board shall have the following powers;

"(a) To formulate policies, rules and regulations to carry out effectively the functions of the Fund under this Act;

"(b) To direct the operations and administration of the Fund;

"(c) To authorize expenditures of the Fund in the interest of effective administration and operations, to adopt from time to time the budgets for said purposes;

"(d) To condone, in whole or in part, penalties imposed on loans of members-borrowers of the fund who for justifiable reasons, failed to pay on time any obligation due to the Fund subject to the following requirements or conditions:

"(1) That a member-borrower may apply only once for the condonation of penalties on the entire loan amount.

"(2) That the loan amount must have been on arrears for a period of at least two (2) years.

"(3) That the annual total family income shall not be more than Three hundred thousand pesos (P300,000).

"Such exclusive power to condone shall likewise apply to penalties imposed on employers who justifiably fail to remit when due the required contributions of their employees;

"(e) To approve appointments of personnel; and

"(f) To exercise such powers as may be necessary to carry into effect the powers and accomplish the purposes for which the Fund is established."

SEC. 4. *Applicability on Delinquent Accounts Due to Defective Housing Units.* – This Act shall likewise apply to borrowers who failed or refused to pay their monthly amortizations due to structurally defective or substandard housing units and/or subdivisions lacking in basic amenities such as water, light, drainage, good roads and others and as required by law.

SEC. 5. *Implementing Rules and Regulations.* – All government institutions and agencies involved in the national shelter program, including but not limited to those mentioned in Section 2, are hereby required to promulgate the implementing rules and regulations within sixty (60) days after the effectivity of this Act.

SEC. 6. *Repealing Clause.* – All laws, executive orders, rules or regulations, or any part thereof, inconsistent with any provision of this Act are hereby repealed or modified accordingly.

SEC. 7. *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, February 13, 1998.