

[REPUBLIC ACT NO. 8763, March 07, 2000]

AN ACT CONSOLIDATING AND AMENDING REPUBLIC ACT NOS. 580,1557,5488, AND 7835 AND EXECUTIVE ORDER NOS. 535 AND 90, AS THEY APPLY TO THE HOME INSURANCE AND GUARANTY CORPORATION WHICH SHALL BE RENAMED AS HOME GUARANTY CORPORATION, AND FOR OTHER PURPOSES

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

CHAPTER I

TITLE AND DECLARATION OF POLICY

Section 1. *Title.* - This Act shall be known as the "Home Guaranty Corporation Act of 2000."

SEC. 2. *Declaration of Policy.* - It is hereby declared the policy of the State to undertake, in cooperation with the private sector, a continuing nationwide housing program which will make available at affordable cost decent housing.

In recognition of the role of housing as catalyst of economic growth and development, it is hereby declared a State policy to strengthen, promote and support the component activities of housing production and finance.

SEC. 3. *Statement of Objectives.* - Towards this end, the State shall integrate all laws providing for housing credit guaranty to attain the following objectives:

- a. Ensure continuous funding support to vigorously implement the government's programs for urban and rural housing, resettlement, the development of sites and services, and the renewal of blighted areas;
- b. Enhance the capability of low-income groups to acquire decent and low-cost housing units through the introduction of support mechanisms and facilities which shall render affordable such acquisitions;
- c. Provide for a strong and sustainable housing finance program with complimentary support systems, which will pump prime, build-up and strengthen available sources of cheap and long-term capital;

- d. Increase the private sectors' participation in the investment of their funds into the mainstream of housing finance for developmental and end-user financing requirements;
- e. Encourage the flow of private funds for mass housing development and homebuyers' financing through a viable system of mortgage and credit guaranty;
- f. Enjoin the active participation of local government units in socialized housing programs through adequate measures for housing development in their respective areas;
- g. Strengthen the capital base and optimize the resources of the National Government and the Corporation to ensure that homeless families across the nation can enjoy the benefits that can be derived from the government's guaranty facilities;
- h. Serve the housing requirements of all the underprivileged and those gainfully employed, especially those who are not members of any funding agencies such as the Government Service and Insurance System (GSIS), the Social Security System (SSS), and the Home Development Mutual Fund (HDMF); and
- i. Institutionalize and promote the aided self-help approach in homeownership and introduce support facilities that will enhance the capability of low income groups to acquire decent housing.

CHAPTER II

HOME GUARANTY CORPORATION

SEC. 4. *Home Guaranty Corporation.* - The Home Insurance and Guaranty Corporation is hereby renamed as the Home Guaranty Corporation, hereinafter referred to as the Corporation, which shall have its principal office in Metropolitan Manila and shall exist for a period of fifty (50) years from December 15,2000. The Corporation may establish such offices, agencies, subsidiaries or branches anywhere in the Philippines as its operations would require and its Board of Directors would determine.

SEC. 5. *Corporate Powers and Functions.* - The Corporation, in addition to the regular powers and functions provided under Section 36 of the Corporation Code, shall have the following powers and functions, subject to the limitations hereinafter provided:

- a. To promote homebuilding and land ownership, giving primary preference to the homeless and underprivileged sectors of the society;
- b. To guaranty the payment in favor of any natural or juridical person, of any and all forms of mortgages, loans and other forms of credit

facilities and receivables arising from financial contracts exclusively for residential purposes and the necessary support facilities thereto;

- c. To assist private developers to undertake socialized, low, and medium-cost mass housing projects by encouraging private funds to finance such housing projects through a viable system of long-term mortgages, guaranties and other incentives;
- d. To pursue the development and sustainability of a secondary mortgage market for housing as the primary strategy to encourage private sector participation in housing finance. The Corporation shall undertake such programs and measures using the guaranty cover as enhancement to encourage trading by the public in a secondary market for housing mortgages, bonds, debentures, notes and securities;
- e. To underwrite, purchase, own, sell, mortgage or otherwise dispose of stocks, bonds, debentures, securities and other evidence of indebtedness issued in connection with the powers enumerated in this Act: *Provided, That*, it shall not engage in direct mortgage lending activities;
- f. To borrow money and/or to issue bonds, debentures, securities, collaterals, notes, and other obligations in local currencies with the approval of the President of the Philippines after consultation with the Monetary Board of the Bangko Sentral ng Pilipinas, and in foreign currencies, here or abroad, with the approval of the President of the Philippines in consultation with the Monetary Board of the Bangko Sentral ng Pilipinas and the Secretary of Finance, but in no case to exceed at anyone time the aggregate amount of the principal obligations of all mortgages and accounts guaranteed under this Act. These bonds and other obligations shall be issued under such terms and conditions as provided in this Act and the rules and regulations prescribed by the Corporation, and in such manner as may be stipulated therein and shall bear such rate of interest as may be fixed by the Corporation. Such obligations shall be secured by the assets of the Corporation including the stocks, bonds, debentures and other securities underwritten, purchased or held by it under the provisions of this Act. Such obligations may be issued and offered for sale at such price as the Corporation may determine, and shall be exempt from taxation as hereinafter provided as to principal and interest, except estate, inheritance, and gift taxes. Bonds issued by the Corporation shall be registered at the request of the holder thereof under such rules and regulations as may be prescribed by the Corporation;
- g. To promote housing by the aided self-help method whereby families with some outside aid build their own houses with their own labor; to provide technical guidance to such families; to guaranty loans to such families on first liens on house and land with such other security and conditions as the Corporation shall determine, providing at least for ultimate recovery of principals; and to do all

other activities as are relevant and significant in such a program of aided self-help for housing;

- h. To adopt, alter, and use a corporate seal; to enter into contracts; and to sue and be sued in any court of competent jurisdiction;
- i. To acquire, purchase, own, hold, manage, administer, operate, develop, lease, pledge, mortgage, exchange, sell, transfer or otherwise dispose of, in any manner permitted by law, real and personal property with every kind and description, monies and funds, or any interests therein as may be necessary to carry out the purposes and objectives of the Corporation; and
- j. To do any and all acts and things and to exercise all powers which may be necessary or convenient to the accomplishment or furtherance of its purposes and objectives, or which a natural person can do and exercise and which may now be or hereafter be authorized by law.

SEC. 6. *Authorized Capital Stock.* - The Corporation shall have an authorized capital stock of Fifty billion pesos (P50,000,000,000), divided into fifty million (50,000,000) shares of common stock with a par value of One thousand pesos (P1,000) per share.

Out of the increase in its authorized capital stock of Forty-seven billion five hundred million pesos (P47,500,000,000), the amount of Seven billion five hundred million pesos (P7,500,000,000) shall be subscribed and paid in cash by the Government of the Republic of the Philippines upon the approval of this Act, and accordingly the said amount of Seven billion five hundred million pesos (P7,500,000,000) is hereby appropriated out of the funds of the National Treasury, not otherwise appropriated. Succeeding National Government equity to the Corporation shall be included in the annual General Appropriations Act.

No portion of the authorized capital stock of the Corporation shall accrue to any agency or instrumentality of the National Government, including government-owned or controlled corporations.

SEC. 7. *Use of Net Worth.* - The use of the net worth of the Corporation shall be subject to the following limitations:

- a. At least forty percent (40%) shall be allocated exclusively for socialized housing, to be distributed equitably among all the regions, to the extent practicable;
- b. At least thirty percent (30%) shall be allocated exclusively for low-cost housing, to be distributed equitably among all the regions, to the extent practicable;
- c. At least twenty percent (20%) shall be allocated exclusively for medium-cost housing, to be distributed equitably among all the

regions, to the extent practicable; and

- d. Not more than ten percent (10%) may be allocated for open housing.

Investments, if any, by the Corporation in any establishment or enterprise, whether public or private, shall be subject to the same limitation, herein above provided as well as those specified in Chapter III of this Act.

SEC. 8. *Board of Directors.* - The Corporation shall be governed and its activities be directed, controlled and managed by a Board of Directors, hereinafter referred to as the Board, which shall be composed of seven (7) members, as follows:

- a. The Secretary of the Department of Finance as the ex officio Chairman;
- b. The Chairman of the Housing and Urban Development Coordinating Council (HUDCC), as ex officio Vice Chairman;
- c. The Director General of the National Economic and Development Authority (NEDA), as ex officio member;
- d. The President of the Corporation, as member; and
- e. Three (3) other members to be appointed by the President of the Philippines, who shall serve for a term of five (5) years: *Provided*, That the person appointed shall be of good moral character, of unquestionable integrity, of known probity and patriotism and with expertise and experience of at least ten (10) years in business, finance and the professions: *Provided, further*, That in the event of a vacancy, the successor appointed to fill the same shall serve only the unexpired portion of the term of the member he succeeds to.

The decisions of the Board shall be made by a vote of the majority of all its members.

The Chairman of the Corporation shall preside over meetings of the Board of Directors. The Vice Chairman of the Board shall assist the Chairman and act in his stead in case of the latter's absence or incapacity.

The Chairman, Vice Chairman, and the Members of the Board shall be entitled to per diem for each meeting actually attended at such amount as may be fixed by the Board in accordance with existing laws, rules and regulations.

SEC. 9. *Powers, Functions and Duties of the Board of Directors.* - The Board shall have the following powers, functions and duties:

- a. To adopt the bylaws of the Corporation and to revise or amend the same as may be expedient;