

MALACAÑANG
Manila

EXECUTIVE ORDER NO. 90

IDENTIFYING THE GOVERNMENT AGENCIES ESSENTIAL FOR THE NATIONAL SHELTER PROGRAM AND DEFINING THEIR MANDATES, CREATING THE HOUSING AND URBAN DEVELOPMENT COORDINATING COUNCIL, RATIONALIZING FUNDING SOURCES AND LENDING MECHANISMS FOR HOME MORTGAGES AND FOR OTHER PURPOSES

WHEREAS, Government recognizes that shelter is a basic need for which low and middle families, particularly in urbanized areas, require assistance;

WHEREAS, Government has approved a six-year National Shelter Program which aims at providing increased levels of such assistance on a nation-wide basis;

WHEREAS, there is a need to define the mandates of government agencies involved in housing and to better coordinate and monitor their activities;

WHEREAS, there is also a need to establish a system that will provide the funds required for long-term housing loans on continuous, self-sustaining basis;

WHEREAS, there is likewise a need to encourage private sector participation in low-cost housing and finance;

NOW, THEREFORE, I, CORAZON C.AQUINO, President of the Philippines, do hereby order:

Title I

HOUSING AGENCIES AND MANDATES

SECTION 1. Key Agencies. To ensure the accomplishment of the National Shelter Program, the following primary government housing agencies, any provision of existing laws and their respective charters to the contrary notwithstanding, are hereby mandated to:

- a. National Housing Authority – The National Housing Authority shall be the sole government agency engaged in direct shelter production. It shall focus its efforts in providing housing assistance to the lowest 30% of urban income earners through slum upgrading, squatter relocation, development of sites and services and construction of core-housing units. In addition, it shall undertake programs for the improvement of blighted urban areas and provide technical assistance for private developers undertaking low-cost housing projects. Development of its existing properties for housing projects for income-earners

above the lowest 30% may be continued provided that funds generated thereon are utilized for the attainment of its primary mandate.

- b. National Home Mortgage Finance Corporation – The National Home Mortgage Finance Corporation shall be the major government home mortgage institution. Its initial main function is to operate a viable home mortgage market, utilizing long-term funds principally provided by the Social Security System, the Government Service Insurance System and the Home Development Mutual Fund to purchase mortgages originated by both private and public institutions that are within government-approved guidelines. It is also charged with the development of a system that will attract private institutional funds into long-term housing mortgages.
- c. Human Settlements Regulatory Commission – The Human Settlements Regulatory Commission, renamed as the Housing and Land Use Regulatory Board, shall be the sole regulatory body for housing and land development. It is charged with encouraging greater private sector participation in low-cost housing through liberalization of development standards, simplification of regulations and decentralization of approvals for permits and licenses.
- d. Home Financing Corporation – The Home Financing Corporation, renamed as the Home Insurance and Guaranty Corporation, shall assist private developers to undertake low and middle income mass housing production and encourage private institutional funds and commercial lenders to finance such housing development and long-term mortgage through a viable system of guarantees, loan insurance and other incentives.

SECTION 2. *Support Agencies.* To ensure that the funds required for long-term housing loans are available on a continuous and self-sustaining basis, the following support agencies, any provision of existing laws and their respective charters to the contrary notwithstanding, are hereby mandated to:

- a. Home Development Mutual Fund – The Home Development Mutual Fund will continue to administer provident fund contributions collected from member employees and employers, utilizing funds not required for provident benefits for housing loans for members, and, in addition, will be charged with the development of saving schemes for home acquisition by private and government employees.
- b. Social Security System – The Social Security system shall be the primary provider of funds for long-term housing mortgages for low and middle-income private sector employees.
- c. Government Service Insurance System – The Government Service Insurance System shall be the primary provider of funds for long-term housing mortgages for low and middle-income government employees.

Title II

THE HOUSING AND URBAN DEVELOPMENT COORDINATING COUNCIL

SECTION 3. Creation; Main Function; Principal Office. There is hereby created a Housing and Urban Development Coordinating Council, hereinafter referred to as the Council, under the immediate control and supervision of the President of the Philippines, charged with the main function of coordinating the activities of the government housing agencies to ensure the accomplishment of the National Shelter Program. The Council shall have its principal office in Metropolitan Manila.

SECTION 4. Composition. The Council shall be composed of the following:

- a. A Chairman, who shall be appointed by the President of the Philippines;
- b. The Heads of the primary government agencies and the support agencies for funding for housing enumerated above;
- c. One representative each from the National Economic and Development Authority, the Ministry of Finance, the Ministry of Budget and Management, the Ministry of Public Works and Highways and the Development Bank of the Philippines; and
- d. Two representatives from the private sector to be selected by the Council.

SECTION 5. Powers and Functions of the Council. The Council shall have the following powers and functions:

- a. To formulate national objectives for housing and urban development and to design broad strategies for the accomplishment of these objectives;
- b. To determine the participation and coordinate the activities of the key government housing agencies in the national housing program;
- c. To monitor, review and evaluate the effective exercise by these agencies of their assigned functions;
- d. To assist in the maximum participation of the private sector in all aspects of housing and urban development;
- e. To recommend new legislation and amendments to existing laws as may be necessary for the attainment of government's objectives in housing;
- f. To formulate the basic policies, guidelines and implementing mechanisms for the disposal or development of acquired or existing assets of the key housing

agencies which are not required for the accomplishment of their basic mandates;

- g. To exercise or perform such other powers and functions as may be deemed necessary, proper or incidental to the attainment of its purpose and objectives.

SECTION 6. *Powers and Functions of the Chairman.* The Chairman of the Council shall serve as ex-officio Chairman of the governing Boards of the key housing agencies. To assist him in the fulfilling of his duties, the Chairman is hereby authorized to create Council Secretariat with a staff of qualified personnel.

SECTION 7. *Council Secretariat.* The Secretariat shall be headed by a Secretary-General to be appointed by the Chairman of the Council.. The Secretary-General shall be an ex-officio member of the Council and shall be responsible for the execution and administration of its approved policies and measures.

SECTION 8. *Appropriations.* To cover initially the expenses of the Council and the Secretariat, the appropriated funds of the Ministry of Human Settlements for the Shelter Secretariat shall be utilized together with proportionate contributions of the key government housing agencies which is set at TEN MILLION PESOS (P 10,000,000.00). thereafter, the necessary funds shall be appropriated every Fiscal Year in the General Appropriations Act.

Title III

RATIONALIZING THE FUNDING SOURCES AND LENDING MECHANISMS FOR HOME MORTGAGES

Section 9. *Funding Sources.* To enable the Social Security System, the Government Service Insurance System and the Home Development Mutual Fund to provide improved benefits to their members and to generate the necessary long-term funds for housing, a rationalization of all employer and employee contributions for all social insurance and provident fund benefits is hereby directed to include the following:

- a. Raising the Social Security System maximum compensation, inclusive of the Cost of Living Allowance, as basis for contributions from P1,000.00 to P3,000.00;
- b. Making contributions to the Home Development Mutual Fund voluntary on the parts of both employees and employers;
- c. Instituting a single mandatory contribution rate for employees and employers for all social insurance programs.

SECTION 10. Home Development Mutual Fund as Voluntary Fund. In the implementation of the above rationalization program, the following shall govern the operations of the Home Development Mutual Fund:

- a. All existing contributions together with their accumulated earnings shall be retained in the Home Development Mutual Fund until their maturity in accordance with existing rules and regulations.
- b. Membership in the fund for new private and government employees and their respective employers shall be voluntary after December 31, 1986.
- c. After December 31, 1986, existing members, both employees and employers, shall have the option to continue or discontinue new Fund contributions.
- d. To encourage provident fund savings for home acquisition, all government instrumentalities, agencies and corporations shall match the voluntary contributions made by government employees in accordance with existing ratios. Private employers are urged to match the contributions of their employees who opt to continue their membership in the Fund.

SECTION 11. Implementing Rules. The Presidential Commission on Government Reorganization (PCGR) is hereby instructed to draft implementing rules for the rationalization of the Home Mortgage Financing System and for the new Home Development Mutual Fund guidelines to take effect on January 1, 1987. The National Economic and Development Authority is hereby instructed to coordinate the drafting of the implementing rules for the rationalization of all social insurance programs to take effect not later than March 31, 1987.

SECTION 12. Home Mortgage Financing System. Complimentary to the rationalization of the Funding Sources as above provided, an integrated home mortgage financing system is hereby adopted with the following features:

- a. Lending Guidelines – Amounts financed, interest rates, and terms on home mortgages to be purchased by the National Home Mortgage Finance Corporation shall be determined by the Council on recommendation by its technical staff which shall include representatives of the funding support institutions.
- b. Allocation of Fund Contributions – For 1987, the total amount to be made available for long-term mortgages under the National Shelter program, the Government Service Insurance System and the Home Development Mutual Fund will be P4.2 Billion. The Social Security system, fund will contribute a total of P3.4 billion to be allocated by the National Economic and Development Authority among the agencies in an equitable manner. The national Government shall contribute the balance of funds required. Thereafter, each institution on recommendation of the Council, shall set a

fixed percentage of their annual investible funds for long-term home mortgages. These funds shall be made available to the National Home Mortgage Finance Corporation under terms which ensure their repayment.

- c. Lending Rates chargeable to the National Home Mortgage Finance Corporation – Funds shall be used by the National Home Mortgage Finance Corporation principally to extend mortgage loans for the members of the funding agencies for this, the agencies will charge the National Home Mortgage Finance Corporation annual interest equivalent to the average interest rate charged to members under terms approved by the Council less reasonable spread to cover the National Home Mortgage Finance Corporation's administration costs as well as adequate provisions for loan losses. The funding agencies may also make direct loans to or purchase securities from the National Home Mortgage Finance Corporation. In this event, interest rates and terms shall be as agreed between the National home Mortgage Finance Corporation and the funding institution.

SECTION 13. Interim Arrangements. A phasing-in process for the implementation of the Home Mortgage Financing System as above provided shall be determined and implemented by the Council over a period not to exceed six months. In the interim, the Social Security, the Government Service Insurance System and the Home Development Mutual Fund shall continue with their home mortgage lending activities provided that the beneficiaries, lending packages, rates, terms and procedures shall be made uniform and in accord with the National Shelter Program not later than December 31, 1986. Such loans shall be considered as partial compliance with each agency's funding commitments for the year.

Title IV

OTHER PROVISIONS

Section 14. Special Provisions. To further assist the housing agencies in the fulfillment of their primary objectives, the following are directed to be undertaken:

- a. The Metropolitan Waterworks and Sewerage System, within its area of jurisdiction, shall immediately take over water and sewerage systems completed by the National Housing Authority;
- b. The direct housing development activities of the Human Settlements Development Corporation's housing and construction materials subsidiaries as well as of the Land Investment Trust administered by the Home Financing Corporation shall be phased out within a period of three (3) years from the effectivity of this Executive Order. All concerned agencies shall, not later than March 31, 1987, submit to the Council their respective phasing-out programs. Whatever net proceeds realized therefrom shall be turned over to the National Government.

- c. The Social Security System and the Government Service Insurance System shall be allowed to engage in bridge development financing of low and middle income mass housing projects;
- d. The National Home Mortgage Finance Corporation shall be recapitalized so that its unimpaired capital after realistic provisions for losses amounts to P500 Million;
- e. The Home Financing Corporation shall be recapitalized to enable it to fulfill its objectives.

SECTION 15. *Separability*. The provisions of this Executive Order are declared to be separable and if any provision or the application thereof is held invalid or unconstitutional, the validity of other provisions shall be affected.

SECTION 16. *Repealing Clause*. All laws, orders, issuances, corporate charters, rules and regulations or parts thereof inconsistent with this Executive Order are hereby repealed or modified accordingly.

SECTION 17. *Effectivity*. This Executive Order shall take effect immediately.

Done in the City of Manila this 17th of December, in the year of our Lord, nineteen hundred and eighty-six.

Sgd. **CORAZON C. AQUINO**

By the President:

JOKER P. ARROYO
Executive Secretary