

Department of Human Settlement and Urban Development's Orders and Memorandum from the President in relation to the Declaration of Public Health Emergency due to COVID-19

To ease the burden caused by the COVID-19 pandemic, the Secretary of the Department of Human Settlement and Urban Development ("DHSUD"), Eduardo D. Del Rosario, ordered the implementation of the following schemes:

- a. Three-month moratorium on loan payments to government agencies providing housing finance or key shelter agencies during the Luzon Enhanced Community Quarantine (ECQ); and
- b. Moratorium on in-house financing plans or credit intermediation by real estate developers.

I. Three-Month Moratorium on Loan Payments implemented by Key Shelter Agencies to Implement

The following are the key shelter agencies under the DHSUD:

1. Home Development Mutual Fund or *Pag-IBIG* Fund ("Pag-IBIG");
2. National Home Mortgage Finance Corp. ("NHMFC");
3. Social Housing Finance Corp. ("SHFC"); and
4. National Housing Authority ("NHA").

In compliance with the directive to publish their respective guidelines implementing a three (3) month moratorium on housing loans covering the period from 16 March to 15 June 2020, the foregoing key shelter agencies published circulars/advisories, which are accessible through their official websites:

Key Shelter Agency	Circular/Advisory published	Brief details
Pag-IBIG	Circular No. 432, or the <i>Guidelines on the Grant of Moratorium on Short Term Loan Amortization and Housing Amortizations/Installment Payments to Pag-IBIG Fund Borrowers/Buyers Affected by the COVID-19 Pandemic</i> ¹	<p><i>Pag-IBIG</i> Fund Housing Loan, Multi-Purpose Loan, and Calamity Loan borrowers who are residing in Luzon and in the National Capital Region may apply for said moratorium.</p> <p>Online applications for the three (3) month moratorium are being accepted by Pag-IBIG through its website.²</p> <p>Borrowers may likewise submit their applications at the nearest <i>Pag-IBIG</i> branch until 15 June 2020.</p>
NHMFC	Circular 074(?)	Online applications for said moratorium may be filed through NHMFC's website. ³
SHFC	Corporate Circular No. 054, or the <i>Guidelines on Moratorium on the Payment of Monthly Amortizations on Housing Loans due to ECQ</i>	All account holders of all SHFC's projects are automatically granted the moratorium and need not file a request or

¹ Available at <https://www.pagibigfund.gov.ph/document/pdf/circulars/housing/Circular%20NO.%20432%20%20Guidelines%20on%20the%20Grant%20of%20Moratorium%20on%20STL%20Amortization%20and%20HL%20Payments%20to%20Pag-IBIG%20Borrowers%20Buyers%20affected%20by%20COVID-19.pdf>

² See <http://www.pagibigfundservices.com/virtualpagibig/LoanMoratorium.aspx>

³ See <https://www.nhmfc.gov.ph/index.php/component/content/article?id=141>.

		application for the moratorium.
NHA		Residential account holders in all existing NHA projects (includes individual accounts and Community Association Account Holders) are automatically granted the moratorium and need not apply for the same.

II. Moratorium on In-House Financing Plans or Credit Intermediation by Real Estate Developers

On 03 April 2020, DHSUD issued a *Memorandum* of the President wherein it seeks to implement a moratorium on payment of in-house financing plans or credit intermediation extended by real estate developers to buyers of lot/house-and-lot in subdivision projects and units in condominium projects and other projects required to be registered with the DHSUD.

For proper guidance, DHSUD issued *Department Order (“DO”) No. 2020-004*. Frequently asked questions in relation to this Order are found below.

1. What is the mandate of the law to DHSUD with regard to subdivisions or condominium Projects?

The Presidential Decree No. 957 or the *Subdivision and Condominium Buyer Protective Decree*, mandates DHSUD, as the implementing agency, to regulate real estate development and to protect the interest of buyers of units in subdivisions and condominium projects.

2. What payments are suspended under the DO No. 2020-004?

Only payments of buyers of lots/housing/condominium units under installment or in-house financing plans for the purchase of lots/units in subdivisions and condominium projects and other similar real estate projects that are required to be registered with the DHSUD.

3. What is the period covered by the suspension of payments/moratorium under DO No. 2020-004?

The entire period of ECQ, as may be declared by the President of the Philippines or by any competent authority, and one month thereafter.

4. Does DO No. 2020-004 cover a moratorium on payment of loans for subdivisions and condominium projects under bank financing?

No, payment of loans for condominium units and house-and-lots under bank financing are not covered by DO No. 2020-004. It only covers in-house financing plans or credit intermediation extended by real estate developers to buyers.

Nonetheless, the Department of Finance (“DOF”) issued the *Implementing Rules and Regulations of Section 4 (aa) of Republic Act (“R.A.”) No. 11469, or the Bayanihan to Heal as One Act*, wherein covered institutions such as banks are required to implement a 30-day grace period for all loans with principal and/or interest falling due within the ECQ period without incurring interest, penalties, fees, and other charges. The initial 30-day grace period shall automatically be extended if the ECQ period is extended by the President of the Philippines pursuant to his emergency powers under R.A. No. 11469.

5. Who may avail of the moratorium granted under *DO No. 2020-004*?

All buyers of condominium and housing units in subdivisions, condominium projects, or any other real estate development required to be registered with the DHSUD under installment or in-house financing plans regardless if the units were bought during the pre-selling, selling, or post-selling stages.

6. If the buyer's request to suspend payment has not yet been approved by the developer and he fails to pay the installment becoming due and demandable during the ECQ, what will happen to the unpaid installment?

The unpaid installment shall not incur any interest, penalties, fees, or other charges arising from the buyer's failure to pay provided such installment falls due during the period covered by the moratorium.

7. When can the buyer pay the developer for all the installments covered by the moratorium?

Upon lifting of the ECQ period and thirty (30) days thereafter, the accumulated unpaid installments shall be payable within the succeeding six 6-months.

However, the buyer and developer may agree on any other period or option for the payment of the accumulated installments.