

EXECUTIVE ORDER NO. 272

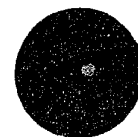
AUTHORIZING THE CREATION OF THE SOCIAL HOUSING FINANCE CORPORATION AND DIRECTING THE TRANSFER OF THE COMMUNITY MORTGAGE PROGRAM, ABOT-KAYA PABAHAY FUND PROGRAM, AND OTHER SOCIAL HOUSING POWERS AND FUNCTIONS OF THE NATIONAL HOME MORTGAGE FINANCE CORPORATION TO THE SOCIAL HOUSING FINANCE CORPORATION

WHEREAS, the Constitution mandates the State to undertake a continuing program of urban land reform and housing which will make available, at affordable cost, decent housing and basic services to underprivileged and homeless citizens in urban centers and resettlement areas;

WHEREAS, the National Home Mortgage Finance Corporation [NHMFC] was created under Presidential Decree No. 1267 with the primary purpose of developing and providing a secondary market for home mortgages granted by public and/or private home financing institutions;

WHEREAS, Republic Act No. 6846 [RA 6846], otherwise known as the "*Social Housing Support Fund Act of 1990*," as amended by Republic Act No. 7835 [RA 7835], otherwise known as the "*Comprehensive and Integrated Shelter Financing Act of 1994*," created the *Abot-Kaya Pabahay* Fund [AKPF] to enhance the affordability of low-cost housing by low-income families, provide developmental financing for low-cost housing projects, and eliminate the risks for the government funding agencies involved in housing, and designated the NHMFC to act as the trustee of the AKPF and exercise administration and control over the AKPF amortization support program and AKPF developmental financing program;

WHEREAS, Republic Act No. 7279 [RA 7279], otherwise known as the "*Urban Development and Housing Act of 1992*," adopted the Community Mortgage Program [CMP] as a component of the National Shelter Program to assist legally-organized associations of underprivileged and homeless citizens to purchase and develop a tract of land and to own lots they occupy or where they choose to relocate to, under the concept of community ownership, and designated the NHMFC as the administrator of the CMP;



WHEREAS, the Housing and Urban Development Coordinating Council [HUDCC] Secretariat, through the HUDCC Chairman, has recommended the creation of the Social Housing Finance Corporation [SHFC] as a wholly-owned subsidiary of the NHMFC, to perform the latter's powers and functions relating to the administration, management and development of the CMP and the AKPF Program (amortization support program and developmental financing program), as well as other social housing functions of the NHMFC, in order to allow the NHMFC to devote full attention to its mandate to develop and provide a secondary market for home mortgages granted by public and/or private home financing institutions;

NOW, THEREFORE, I, GLORIA MACAPAGAL-ARROYO, President of the Philippines, by virtue of the powers vested in me by law, do hereby order:

SECTION 1. *Authority to Establish the Social Housing Finance Corporation.* – The National Home Mortgage Finance Corporation [NHMFC] is hereby authorized to organize and establish a body corporate to be known as the Social Housing Finance Corporation [SHFC], as a wholly-owned subsidiary, to be formed in accordance with the Corporation Code and pertinent rules and regulations issued by the Securities and Exchange Commission [SEC]. Upon its incorporation, the SHFC shall be under the administrative supervision of the HUDCC.

SECTION 2. *Mandate.* – The SHFC shall be the lead government agency to undertake social housing programs that will cater to the formal and informal sectors in the low-income bracket and shall take charge of developing and administering social housing program schemes, particularly the CMP and the AKPF Program (amortization support program and developmental financing program).

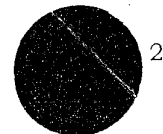
SECTION 3. *Capitalization, Powers and Functions of the SHFC.* – The NHMFC, as the incorporator and holding company of the SHFC, shall determine the capitalization, powers and functions of the SHFC.

SECTION 4. *Board of Directors of the SHFC.* – The Board of Directors of the SHFC shall be composed of the following:

- a. HUDCC Chairman as *ex-officio* Chairman;
- b. SHFC President as *ex-officio* Vice Chairman;
- c. Secretary of the Department of Finance or his designated representative;
- d. Secretary of the Department of the Interior and Local Government, or his designated representative;



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- e. Secretary of the Department of Budget and Management, or his designated representative;
- f. Representative from the *Bangko Sentral ng Pilipinas* [BSP] designated by the BSP Governor;
- g. Representative from the NHMFC designated by the Board of Directors of NHMFC; and
- h. Four (4) representatives from the private sector, who shall be nominated by the President of the Republic of the Philippines.

SECTION 5. *President of the SHFC.* – The President of the SHFC shall be nominated by the President of the Republic of the Philippines.

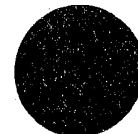
SECTION 6. *Transfer.* – Upon the incorporation of the SHFC, the following funds and programs directed towards social housing shall be transferred from the NHMFC to the SHFC:

- (a) The CMP, including all funds appropriated for the CMP;
- (b) The AKPF Program (amortization support program and the developmental financing program); and
- (c) Such other funds, programs and functions related to social housing as may be determined by the NHMFC Board.

Upon such transfer, all powers, functions, rights and duties previously exercised by the NHMFC relating to the administration, management and development of the CMP and the AKPF Program (amortization support program and the developmental financing program), whether as administrator or as trustee, as well as the other social housing functions of the NHMFC to be determined by the NHMFC Board, shall be transferred to and exercised by the SHFC.

SECTION 7. *Transfer Committee.* – A Transfer Committee composed of the HUDCC Chairman, the NHMFC President, a representative from the DBM, and two (2) representatives from the HUDCC, shall prepare the necessary plans and measures to effect the transfer of all assets, liabilities and records of the CMP and the AKPF Program (amortization support program and the developmental financing program) to the SHFC within thirty (30) days from the issuance of this Executive Order.

The NHMFC, SHFC and the Transfer Committee are hereby directed to take all the necessary steps towards effecting the efficient transfer of the CMP and the AKPF Program (amortization support program and the developmental financing program) from the NHMFC to the SHFC and shall jointly submit a report to the President on all actions taken to implement the provisions of this Executive Order within thirty (30) days after the SHFC shall have been organized and established.



SECTION 8. Personnel. – The SHFC position structure and staffing pattern shall be subject to the approval of the DBM. To ensure the continued implementation of the CMP and the AKPF Program (amortization support program and the developmental financing program) during the period of transfer and transition, the NHMFC personnel who are performing the functions transferred to the SHFC shall continue to perform such duties; provided, that those personnel whose positions or job descriptions are not included in the SHFC position structure and staffing pattern may, at their option, remain with the NHMFC, retire, or be separated from the service, and shall be entitled to the benefits provided by law at the time of retirement or separation.

SECTION 9. Existing Policies and Rules. – Existing policies, guidelines, rules and regulations with respect to the functions of the NHMFC which have been transferred to the SHFC shall continue in effect until amended or modified accordingly.

SECTION 10. Repealing Clause. – All executive issuances, guidelines, rules and regulations, or parts thereof which are contrary or inconsistent with the provisions of this Executive Order are hereby repealed or modified accordingly.

SECTION 11. Effectivity. – This Executive Order shall take effect immediately.

City of Manila, JAN 20 2004



Gloria Arroyo



By the President:

Alberto G. Romulo
ALBERTO G. ROMULO
Executive Secretary