

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Constitution Hills, Quezon City

EIGHTEENTH CONGRESS

First Regular Session

House Bill No. **370**



Introduced by: REPRESENTATIVE ERIC L. OLIVAREZ

EXPLANATORY NOTE

The Philippines is regularly hit by typhoons all year round. According to PAGASA, an average of twenty (20) typhoons visits the country. We are witnesses to the extent of devastation and socio-economic dislocation these typhoons and other natural calamities can cause our nation. Just a few years ago, typhoon Yolanda (Haiyan) left several thousands of our fellow Filipinos homeless and thousands dead. It took a considerable number of months before the whole affected community to regain or to start anew from the damages it brought to the people.

During a state of calamity, every Filipino family becomes vulnerable to countless problems, e.g., water shortage, brownouts, diseases, damage to properties and economic dislocations. For areas severely damaged, each person needs to start from scratch to get back a little of what they used to have, aside from the trauma brought about by the experience.

It is therefore understandable for these affected people to prioritize obligations and responsibilities one by one. The need to eat and find shelter after a devastating typhoon, earthquake or other form of calamity becomes the primary concern of the affected people. Other responsibilities like financial obligations such as loans and bills for electricity, water and telecommunications, become secondary or the least of the concerns of the affected people.

It can also be noted that during calamities, basic utility services like electricity and water are disrupted and sometimes severely damaged resulting to weeks or months of lack or absence of services by the utility companies or providers. It would be disadvantageous, if not unjust to charge or collect fees from the affected people for interrupted or poor services by the utility companies or providers.

The families and people in a calamity area need assistance from government and other agencies or social institutions to cope up with the effects brought by the a calamity, either natural or man-made.

The economic dislocation and stagnation, aside from the emotional stress and mental anguish cause extreme difficulties on the part of the borrowers from financial institutions and other private persons to meet payments falling due during this period of calamity. Consequently, these loans and financial obligations are subjected to harsh and onerous penalties and surcharges including interests which accrue during period of commercial inactivity and when all efforts are focused for relief operations, rehabilitation and restoration of facilities, thereby resulting in closure of business and/or foreclosures of collaterals.

It is the responsibility and duty of the State to provide relief to the affected people and to provide adequate social services to maintain and sustain a quality of life even during or after calamities.

By providing financial relief to the affected people during calamities in the form of forbearance or moratorium in the collection of fees for utility services, payments for loans and credits, and other financial obligations, can provide a breathing space for them to recover from the effects of a typhoon or calamity.

This measure proposes to impose a compulsory moratorium on the accrual and collection of interest, penalties and surcharges by financial institutions both public and private, including natural and juridical persons, within six (6) months from the time the areas are declared under a state of calamity by

the President of the Philippines and/or by the concern local government unit through their Sanggunian.

Likewise, this measure also proposes that a moratorium or forbearance in payment of bills for utility services be granted, and a grace period of sixty (60) days in the areas declared under a state of calamity.

The present measure has been deliberated and approved on 3rd Reading by the House of Representatives in the 17th Congress and was transmitted to the Senate of the Philippines but failed to pass in the later chamber due to lack of material time.

It is the prayer of this representation that this measure be approved in the shortest possible time because of the urgency of the matter it intend to address.



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**AN ACT IMPOSING A MANDATORY MORATORIUM ON
THE ACCRUAL AND COLLECTION OF PRINCIPAL INTERESTS,
PENALTIES AND SURCHARGES ON ALL LOANS FROM PUBLIC
AND PRIVATE FINANCIAL INSTITUTIONS PERSONS FOR A
PERIOD OF SIX MONTHS FROM THE TIME ANY AREA
WITHIN
THE TERRITORIAL JURISDICTION OF THE REPUBLIC OF
THE PHILIPPINES IS DECLARED A CALAMITY AREA BY THE
PRESIDENT OF THE PHILIPPINES AND FOR OTHER
PURPOSES.**

Be it enacted by Congress in Session assembled:

Section 1. This act shall be otherwise known as the
Moratorium in "Calamity Act of 2013".

Section 2. A moratorium is hereby imposed on the principal
payments, accrual and collection of interests, penalties and
surcharges on all loans, credit accommodations or financial
obligations of any kind from public or private financial
institutions for a period of six months from the time the area is
declared a calamity area by the President of the Philippines due
to natural calamities or disasters.

Section 3. However, payments for principal and interest thereto may be made by the borrower during the six (6) month, which voluntary intention shall be made in writing.

Section 4. Any violation of this act shall subject the erring financial institution or private lender to a fine equivalent to five (5) times the interests, penalties and surcharges collected in violation of the provisions of this act for the first offense; then (10) times the amounts in interests, penalties and surcharges collected for the second offense and suspension of the license to operate for the third and subsequent offense.

Section 5. The fines imposed under this Act will be automatically applied/offset against the principal loan of the borrower, upon final conviction by the appropriate court.

Section 6. The Banko Sentral ng Pilipinas is hereby mandated to enforce the provisions of this act and to issue such implementing rules and regulations as may be necessary to enforce the provisions of this act.

Section 7. All existing laws, rules, regulations inconsistent with this act are hereby deemed modified, amended, supplemented or repealed.

Section 8. This act shall become effective after publication once a week for two consecutive weeks in three newspapers of general circulation.

Approved.