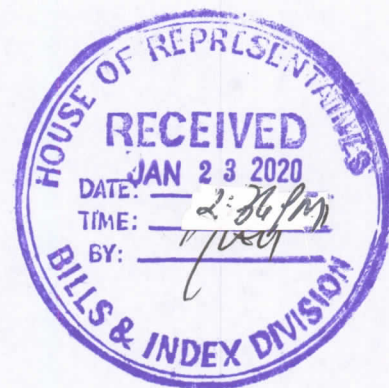


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Constitution Hills, Quezon City

EIGHTEENTH CONGRESS
First Regular Session



House Bill No. 6050

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 several thousand 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.

Last year, the country was hit again by several typhoons and struck by major earthquakes in several parts of Mindanao; ad recently (on-going) the eruption and the imminent threat of another hazardous eruption of Taal Volcano. These major events has negatively impacted the lives and livelihood of our 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, volcanic eruption 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 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 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 intends to address.



ERIC L. OLIVAREZ

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**AN ACT PROVIDING FOR FINANCIAL RELIEF TO
VICTIMS OF CALAMITIES.**

*Be it enacted by the Senate and House of representatives of the
Philippines Congress assembled:*

Section 1. Short Title. - This Act shall be known as the
"Financial Relief in Times of Calamities Act".

Section 2. Coverage. - This Act applies to a person in an
area declared under a state of calamity by the President of the
Philippines or the local government unit concerned through its
local *Sanggunian*, and who has outstanding utility charges, loan,
credit or any financial obligations from public or private utility
companies and financial institutions.

All the benefits under this Act shall also apply to distribution
utilities such as local water districts and electric cooperatives in
terms of outstanding balances on loan obligations to financial or
lending institutions.

Section 3. Definition of Terms. - As used in this Act:

- (a) *Forbearance* refers to the act of refraining from proceeding
against a delinquent debtor and giving further time for
repayment of a debt or financial obligation;

- (b) *Grace Period* refers to the period during which payment is allowed to be received for a certain period of time after the actual due date. During this period, no late fees are charged and the late payment does not result in default or cancellation of the loan;
- (c) *Moratorium* refers to the period during which the person or borrower is not required to pay outstanding or unpaid utility bill, loan, credit accommodation or financial obligation;
- (d) *Person* refers to a natural or juridical person residing or operating any business in an area declared under a state of calamity by the President of the Philippines or the local government unit concerned through its local *Sanggunian*;
- (e) *State of Calamity* refers to a condition involving mass casualty and/or major damages to property, disruption of means of livelihoods, roads and normal way of life of people in the affected areas as a result of the occurrence of natural or human- induced hazard;
- (f) *Utility* refers to water, electricity, gas and telecommunications including telephone, internet and cable, as well as other similar services;
- (g) *Utility Service Provider* refers to a business organizations, subject to government regulation, that provides or distributes an essential commodity or service such as water, electricity, internet and cable, as well as other similar services;

Section 4. Moratorium Forbearance and Grace Period. –

All persons covered under this Act shall be granted a moratorium of forbearance and be allowed a grace period of sixty (60) days from the cessation of the disaster in areas declared under state of calamity, to pay the utility bills which have fallen due during the time the area has been declared under state of calamity.

A moratorium shall also be granted on the principal payments, accrual and collection of interests, penalties and surcharges on all loans, debts, and credit accommodations or financial obligations of any kind from public or private financial institutions for a period of (6) months from the time the area was declared under a state of

calamity by the President of the Philippines or the local government unit concerned through its local *Sanggunian*;

Section 5. Violations and Penalties. – Any violation of this Act shall subject the erring utility service provider, distribution utility, financial institution or private lender to a fine equivalent to five (5) times the interest, penalties and surcharges collected in violation of the provisions of this Act for the first offense; ten (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.

Upon final conviction by the appropriate court, the fines imposed under this Act shall be automatically applied to the principal loan balance of the borrower.

Section 6. Implementing Rules and Regulations. – Within sixty (60) days from the effectivity of this Act, the Department of Energy (DOE) shall, in coordination with the Energy Regulatory Commission (ERC), the National Telecommunication Commission (NTC), the National Disaster Risk Reduction Management Council (NDRRMC) and the Department of Interior and Local Government with the various national leagues of local government units, issue and promulgate the implementing rules and regulations to carry out the provisions of this Act.

Section 7. Separability Clause. – If any provision of this Act or any portion thereof is declared unconstitutional by a competent court, the other provisions shall not be affected thereby and shall remain valid and enforceable.

Section 8. Repealing Clause. – All laws. Decrees. Executive orders, rules and regulations, or parts thereof which are inconsistent with this Act are hereby repealed, amended or modified accordingly.

Section 9. Effectivity. – This Act shall take effect fifteen (15) days its publication in the *Official Gazette* or in a newspaper of general circulation.

Approved.