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**PRESIDENTIAL DECREE No. 1752**

December 14, 1980

**AMENDING THE ACT CREATING THE HOME  
DEVELOPMENT MUTUAL FUND**

WHEREAS, the Government, in pursuit of the Constitutional mandates on the promotion of public welfare through ample social services, as well as its humanist commitment to the interests of the working groups, in relation particularly to their need for decent shelter, as established the Home Development Mutual Fund, under Presidential Decree No. 1530, a system of employee- employer contributions for housing purposes; and

WHEREAS, there is need to strengthen the Home Development Mutual Fund and make it more effective both as a savings generation and home-building program for the gainfully-employed members of the Philippine society;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby order and decree the following:

Section 1. Title. This Act shall be known as the "Home Development Mutual Fund Law of 1980."

Section 2. Policy. It is the policy of the Republic of the Philippines to motivate the employed and other earning groups to better plan and provide for their housing needs by membership in an integrated, nationwide savings systems established for the said purposes, with contributory support of the employers, in the spirit of social justice and the pursuit of national development.

Section 3. Fund System. To carry out the purposes of this Act, there is hereby created the Home Development Mutual Fund of 1980, also referred to herein as the Fund, a provident savings system for employees, private and public, who shall be the members, supported by matching contributions of their respective employers, with housing as the primary investment. The system may cover self-employed and other working groups, as herein provided.

The Fund shall be a body corporate, with principal office in Metro Manila, and shall replace the Home Development Mutual Fund established under Presidential Decree No. 1530.

Section 4. Fund Coverage. Coverage of the Fund shall be mandatory upon all employees covered by the Social Security System and the Government Service Insurance System, and their respective employers.

Such coverage may be extended to other working groups, with or without employer contributions, as may be determined by the Board of Trustees.

Section 5. Fund Generation. The Fund shall be generated by the savings that the covered employees shall contribute for the purpose every month, and the equal amounts that the employers shall contribute, based on the following graduated percentages of basic monthly pay, to wit:

One per cent (1%) 1981;

Two per cent (2%) in 1982; and

Three per cent (3%) in 1983 onward;

*provided, however*, that for the purpose of this Act, "basic monthly pay" shall mean not more than P3,000.00.

Section 6. Membership Term. Membership in the Fund shall be for a period of twenty (20) years, except when earlier terminated by reason of retirement, disability, insanity, death, departure from the country or other, causes as may be provided for by the Board of Trustees. Resignation lay-off or suspension from employment may not necessarily constitute a ground for membership termination, except for suspension of contributions.

Section 7. Waiver or Suspension of Coverage. Coverage of the Fund and/or the payment of monthly contribution to the same may be rules and resolutions of the Board of Trustees be waived or suspended by reasons of nature of employment, condition of business, ability to make contributions and other reasonable considerations.

Section 8. Provident Character. The Fund shall be private in character, owned wholly by the members, administered in trust and applied exclusively for their benefit. All the personal and employer contributions shall be fully credited to each member, accounted for individually and transferable in case of change of employment. They shall earn dividends as may be provided for in the implementing rules. The said amounts shall constitute the provident fund of each member, to be paid to him, his estate or beneficiaries upon termination of membership, or from which peripheral benefits for the member may be drawn.

Section 9. Housing Features. A member of good standing shall be eligible to apply for a housing loan, with such terms as may be authorized by the Board of Trustees, taking into account ability to pay.

Section 10. Corporate Powers. The Fund shall have the powers and functions specified in this Act and the usual corporate powers:

(a) To make policies and guidelines, as well as adopt, amend and rescind such rules and regulations as may be necessary to carry out the provisions and purposes of this Act;

(b) To submit annually to the President of the Philippines not later than March 15, and make available to the members of public report covering its activities in the implementation of this Act, as well as the state of the Fund during the preceding year, including information and recommendations for the development and improvement of the Fund;

(c) To invest its fund, directly or indirectly, in accordance with this Act;

(d) To acquire, utilize, or dispose of, in any manner recognized by law, real or personal properties to carry out the purposes of this Act;

(e) To set up its own accounting and computer systems; to conduct continuing actuarial and statistical studies and valuations to determine the financial viability of the Fund and its projects; to require reports, compilations and analysis of statistical and economic data, as well as make such other studies and surveys as may be needed for the proper administration and development of the Fund;

(f) To have the power of succession; to sue and be sued; to adopt and use a corporate seal;

(g) To enter into and carry out contracts of every kind and description with any person, firm or association or corporation, domestic or foreign;

(h) To borrow funds from any source, private or government, foreign or domestic;

(i) To invest, own or otherwise participate in equity in any establishment, firm or entity; to form, organize, invest in or establish and maintain a subsidiary or subsidiaries in relation to any of its purposes;

(j) To exercise such powers and perform such acts as may be necessary, useful, incidental or auxiliary to carry out the provisions of this Act.

Section 11. Board of Trustees. The power and functions of the Fund shall be exercised by a Board of Trustees composed of the Minister of Human Settlements as Chairman, the Minister of Finance as Vice-Chairman, the Minister of the Budget, the Minister of Labor, the Minister of Industry, the Chief Executive Officer of the Fund, two representatives of private employees, two representatives of private employers, and one representative of government employees, as members.

The four private sector representatives shall each be appointed by the President of the Philippines for a term of two years, provided, however, that of the first set to be appointed, one representative of the employees and one representative of the employers shall have a term of only one year. The representative of the government employees shall be appointed by the President of the Philippines for a term of two years.

Until the appointment of another person by the President of the Philippines upon the recommendation of the Board of Trustees, the President of the National Home Mortgage Finance Corporation shall be the Chief Executive Officer of the Fund.

Section 12. Powers of the Board. The Board shall have the following powers:

(a) To formulate policies, rules and regulations to carry out effectively the functions of the Fund under this Act;

(b) To direct the operations and administration of the Fund;

(c) To authorize expenditures of the Fund in the interest of effective administration and operations; to adopt from time to time the budgets for said purposes;

(d) To approve appointments of personnel; and

(e) To exercise such powers as may be necessary to carry out into effect the powers and accomplish the purposes for which the Fund is established.

Section 13. Rule-Making Power. The Board of Trustees is hereby authorized to make and change needful rules and regulations, which shall be published in accordance with law or at least once in a newspaper of general circulation in the Philippines, to provide for, but not limited to the following matters:

(a) The effective administration, custody, development, utilization and disposition of the Fund or parts thereof, including payment of amounts credited to members or to their beneficiaries or estates;

(b) Extension of Fund coverage to other working groups, and waiver or suspension of coverage or its enforcement for reasons herein stated;

(c) Grounds for and effects of termination of membership other than by completion of term;

(d) Fund earnings and their distribution, investment and/or plowing back for the exclusive benefit of the members;

(e) Interim disbursements of accumulated values to members of ameliorative and similar purposes;

- (f) Housing and other loan assistance programs for members;
- (g) Adjudication and settlement of claims and disputes and the procedures for the same on any matters involving the interests of members in the Fund;
- (h) Optimize the effectiveness of the initial coverage drive through phased implementation based on reasonable classifications of employers and/or employee groups; and
- (i) Other matters that, by express or implied provisions of this Act, shall require implementation by appropriate policies, rules and regulations.

Section 14. Powers and Duties of Chief Executive Officer. The Chief Executive Officer of the Fund shall execute and administer the policies and resolutions approved by the Board of Trustees, prepare its agenda and direct and supervise the operations and management of the Fund. Subject to the approval of the Board, said officer shall appoint and assign the personnel of the Fund, remove, suspend or otherwise discipline them for cause and prescribe their duties and qualifications.

Section 15. Money Investments. All moneys of the Fund, as are not needed to meet current administrative and operational requirements, shall be invested with due and prudent regard for its safety, growth and liquidity needs.

Section 16. Tax and Guarantee Benefits. Notwithstanding any provisions of existing law, decree, executive or administrative order, rule or regulations to the contrary, the Fund and all its assets, collections, receivables and increments, as well as all distributions therefrom, whether of contributions, ratable income of the Fund, or dividends paid to or received by the members thereof, or their heirs/beneficiaries, shall be exempt from the payment of any and all forms of taxes, assessments and other charges. All such provident payments shall not be liable to attachment, garnishment, levy or seizure by or under any legal or equitable process whatsoever, either before or after receipt by the persons entitled thereto, except to pay any debt of the covered member to the Fund. In addition, the Government of the Republic of the Philippines hereby guarantees the payment of employees' and employers' contributions and dividends to the members when they are due.

Section 17. Administration Costs. The Fund shall bear the costs of its administration and development, in such amounts and/or limits as the Board of Trustees may deem appropriate, but not exceeding two percent (2%) of the net Fund assets of the previous year. Expenses for initial operation, however, may be provided for by the National Home Mortgage Finance Corporation, either as advances subject to reimbursement, with or without interest, or as subsidy for the development of housing finance.

Section 18. Audit. The Chairman of the Commission on Audit shall act as the ex-officio auditor of the Fund and, accordingly, is empowered to appoint a representative and other subordinate personnel to perform and report on such audit duties, responsible to and removable only by the Commission on Audit Chairman, without prejudice, however, to the power of the Board of Trustees to contract for another mode of independent audit service, in addition to that provided by the Commission on Audit.

Section 19. Existing Provident/Housing Plans. An employer and/or employee-group who, at the time this Decree becomes effective have their own provident and/or employee- housing plans, may register with the Fund, for any of the following purposes:

- (a) For annual certification of waiver or suspension from coverage or participation in the Fund, which shall be granted on the basis of verification that the waiver or suspension does not contravene any effective collective bargaining agreement and that the features of the plan or plans are superior to the Fund or continue to be so; or

(b) For integration with the Fund, either fully or partially.

The establishment of a separate provident and/or housing plan after the effectivity of this Decree shall not be a ground for waiver of coverage in the Fund; nor shall such coverage bar any employer and/or employee-group from establishing separate provident and/or housing plans.

Section 20. Existing Coverage. Membership under the Fund established under Presidential Decree No. 1530, together with amounts and benefits already accrued to the members, including employers' counterparts, as well as covering records and documents, shall be transferred, continued and/or integrated into the new Fund hereby established, subject henceforth to policies and rules adopted thereunder.

Section 21. Substitute Retirement Plan. A private employer shall have the option to treat the coverage by the Funds as a retirement plan for the employee concerned, within the purview of the Revised Labor Code of the Philippines, subject, however, to any existing collective bargaining agreement on the matter.

Section 22. Remittance of Contributions. It shall be the duty of every employer to set aside and remit the contributions required under this Act through the Social Security System and Government Service Insurance System or in accordance with a mechanism determined by the Board of Trustees, as may be approved by the President of the Philippines. Every employer required to set aside and remit such contributions as prescribed shall be liable for their payment, and non-payment shall further subject the employer to penalty of three per cent per month of the amounts payable from the date the contributions fall due until paid.

Section 23. Penal Provisions. Refusal or failure without lawful cause or with fraudulent intent to comply with the provisions of this Decree, as well as the implementing rules and regulations adopted by the Board of Trustees, particularly with respect to registration of employees, collection and remittance of employee savings as well as employer counterparts, or the correct amount due, within the time set in the implementing rules and regulations or specific call or extension made by the Fund Management, shall constitute an offense punishable by a fine of not less, but not more than twice, the amount involved or imprisonment of not more than six (6) years, or both such fine and imprisonment, in the discretion of the Court, apart from the Civil liabilities and/or obligations of the offender or delinquent. When the offender is a corporation, the penalty shall be imposed upon the members of the governing board and the President or General Manager, without prejudice to the prosecution of related offenses under the Revised Penal Code and other laws, revocation and denial of operating rights and privileges in the Philippines, and deportation when the offender is a foreigner.

Section 24. Fund Supervision. Particular aspects of the Fund's administration may be subject to supervision, or visitation or verification by appropriate agencies of the Government as may be designated and authorized by the President of the Philippines.

Section 25. Repealing Clause. Any provisions of law, decree, executive order, rule or regulations as are in conflict or inconsistent with the provisions and/or purposes of this Decree are accordingly repealed, amended or modified.

Section 26. Effectivity. This Decree shall take effect immediately.

Done in the City of Manila, this 14th day of December, in the year of Our Lord, nineteen hundred and eighty.