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**PRESIDENTIAL DECREE No. 1530**  
INSTITUTING A SYSTEM OF VOLUNTARY  
CONTRIBUTIONS FOR HOUSING PURPOSES

WHEREAS, a prime concern of the New Society is the quality of human life, which cannot be improved without providing the citizens with sufficient human shelters and structures;

WHEREAS, the Constitution of the Philippines, in its Article II, Section 7, mandates that: "The State shall establish, maintain, and ensure adequate social services in the field of housing to guarantee the enjoyment by the people of a decent standard of living;"

WHEREAS, the government has concentrated its efforts in establishing decent human settlements and in uplifting the conditions in our communities;

WHEREAS, up to this time there exist an acute housing shortage which has remained a persistent problem due to the burgeoning population, the absence of adequate house financing, and increasing construction costs, which place satisfactory housing beyond the reach of the masses;

WHEREAS, there is an urgent need to provide massive financing to help solve the housing problem that impedes national development; and

WHEREAS, the difficulties in house financing may be greatly alleviated by establishing a system of voluntary contributions from government and private employees.

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

Section 1. There are hereby created the Home Development Mutual Funds, one for the government employees and the other for private employees.

Section 2. The Fund for government employees shall be established and maintained by the contributions of government employees and the National Government to be administered by the Government Service Insurance System (GSIS) separately from all its other funds.

The Home Development Mutual Fund for private employees shall be established and maintained by the contributions of private employees and their respective employers, to be administered by the Social Security System (SSS). With respect to the government and private employees, their contributions shall be on a voluntary basis, based on three per cent (3%) of their basic salaries. The National Government and the employer concerned shall give a counterpart contribution equivalent to the amount collected from their employees.

Section 3. An employee who contributes to the Fund in accordance with the rules and regulations to be adopted by the GSIS or the SSS, shall be considered a member thereof. He shall be a member of good standing if he is up to date in his monthly contributions. The employee's contributions shall earn interest annually at such rate as shall be provided in the implementing rules and regulations of this Decree. In case the financial condition of the Fund

warrants, as determined by the GSIS or the SSS, dividends from the surplus profits of the Fund may be distributed annually to members of good standing.

Section 4. An employee who is a member of good standing shall be eligible to apply with the Fund for a housing loan, subject to the rules and regulations to be adopted by the GSIS or the SSS.

Section 5. The loan shall be secured by a real estate mortgage. The amount of the loan shall be equivalent to eighty per cent (80%) of the appraised value of the collateral, but not to exceed P80,000.00, subject to the applicant's paying capacity and such other requirements which may be imposed by the GSIS or the SSS.

Section 6. 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 the liquidity need of the Fund.

Section 7. The GSIS or the SSS may contribute to the Fund its lands and the housing units thereon, if any at their appraised values for developmental purposes for resale to qualified employees. All contributions of the GSIS or the SSS shall earn interest on a yearly basis as shall be provided in their respective implementing rules and regulations of this Decree.

Section 8. Notwithstanding any provision of existing law, decree executive or administrative order, rule or regulation to the contrary, the Fund, as well as the interests and dividends received by the members thereof, shall be exempt from the payment of any and all forms of taxes, tariffs and duties, fees, imposts and assessments, and other charges, and no law hereafter enacted shall repeal this provision unless it is provided therein that the same is applicable to the Fund by specifically stating its name.

Section 9. The GSIS or the SSS shall advance such amounts necessary for the initial operation of the Fund it respectively administers, which shall also earn interest as provided in Section 7 hereof.

Section 10. In case a member of the Fund is separated from the service by reason of retirement, death, disability, resignation or dismissal, he shall cease to be a member of the Fund, provided, however, that he may continue at the option of the GSIS or the SSS to be a member of the Fund, and provided, further, that in any event, if the separated employee has an existing real estate mortgage loan with the Fund at the time of his separation, the real estate mortgage shall continue to be valid and subsisting until fully liquidated but the member-mortgagor must continue paying monthly contributions based on his last salary received prior to separation.

Section 11. In case an employee ceases to be a member of the Fund due to retirement, death, disability and separation from the service, he shall be entitled to a return of his contributions in accordance with the implementing rules and regulations.

Section 12. The GSIS or the SSS shall respectively promulgate the necessary rules and regulations to implement this Decree.

Section 13. The GSIS or the SSS is hereby authorized to employ such executives and workers as may be necessary for the administration of the Fund and/or for the implementation of the objectives of this Decree. Such executives and workers shall not be subject to the Civil Service Law and the rules and regulations of the Wage and Position Classification Office and Section two hundred fifty-nine of the Revised Administrative Code.

Section 14. Any provision of law, decree, executive order, rule or regulation in conflict with, or contrary to this Decree or its purposes, is hereby repealed or modified accordingly.

Section 15. This Decree shall take effect upon its approval.

Done in the City of Manila, this 11th day of June, in the year of Our Lord, nineteen hundred and seventy-eight.

## EXECUTIVE ORDER NO. 538

June 4, 1979

### PRESCRIBING THE ADMINISTRATION OF THE HOME DEVELOPMENT MUTUAL FUNDS

WHEREAS, in compliance with Section 7, Article II of the Constitution of the Philippines, P.D. 1530 instituted a system of voluntary contribution from employees, and their employers, for housing purposes, establishing thereby the Home Development Mutual Funds, to be administered by the GSIS and SSS for government and private employees respectively;

WHEREAS, Executive Order No. 527, while centralizing the responsibility of dealing with the housing problem by transferring the administration of the Funds to the National Home Mortgage Finance Corporation, nevertheless inadequately gives due course to the true spirit and intent of P.D. 1530;

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 direct the following effective immediately:

1. For the purpose of attaining unified management cost-savings resulting from economies of scale, and more stable financial viability, the Home Development Mutual Funds shall be merged into one FUND under the management and administration of the National Home Mortgage Finance Corporation;
2. To highlight the private character of the Fund, being as it is the pool of voluntary contributions from the employer and employees for the benefit of the latter, the collection of contributions may be effected, not only through the GSIS and SSS, but also through collection banks, private or government duly as credited by the National Home Mortgage Finance Corporation;
3. So as to enable the employers to gradually gear their financial plans to the objectives of P.D. 1530, there shall be a transitory period up to December 31, 1980, wherein the participation of employers is made voluntary in nature. Upon the expiration of said period, which may be extended by the President from time to time when, upon the recommendation of the Board of Directors of the NHMFC, the conditions so require, the contributions of the employer's counterpart shall be compulsory.

Nothing herein, however, should be construed to restrict the right of the employee, to begin his membership in the Fund even before his employer is financially prepared to pay the counterpart in which case, for him to be a member qualified for the Fund's housing loan benefit, he must also remit what his employer should have contributed.

4. In conformity with its charter, the NHMFC, may by under the Rules that it shall promulgate, course the lending operation of the Fund, through duly accredited banks, both government and private who may be asked to originate the home mortgages of borrowing members on the basis of a purchase commitment from the NHMFC as administrator of the Fund.

5. In recognition of housing as a priority concern of the Government, notwithstanding any provisions of existing law, decree, executive or administrative order, rule or regulation to the contrary, the Fund, as well as all distributions therefrom, whether of income or equity received by the members thereof, shall be exempt from the payment of any and all forms of taxes, tariffs, and duties, fees, imposts and assessments, and other charges, and no law hereafter enacted shall take this exemption away without a specific provision to that effect. Moreover, the payment of the benefits due from the Fund, to the extent of the employee's equity, shall be guaranteed by the Republic of the Philippines.

6. Any provision of law, decrees, executive order, ordinances, rules and regulations inconsistent herewith are hereby repealed, amended or modified accordingly.

7. If for any reason, any foregoing section or provisions declared to be unconstitutional or invalid, the other sections or provisions hereof, which are not affected thereby shall continue to be in full force and effect.

Done in the City of Manila, this 4th day of June, in the Year of Our Lord, nineteen hundred and seventy-nine.