

CLARIFYING LAND TENURE UNDER THE PAMBANSANG BAGONG NAYON PROGRAM UNDER LETTER OF INSTRUCTIONS NO. 509.

LETTER OF INSTRUCTIONS NO. 685, April 02, 1978

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WHEREAS, Letter of Instructions No. 509 directs the establishment of model Bagong Nayon housing projects in designated regional growth centers;

WHEREAS, under the same Letter of Instructions, housing benefits shall be made available to beneficiaries under a long term lease;

WHEREAS, it is a basic desire of project beneficiaries that they own the units they occupy;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby direct that:

- Upon the uninterrupted occupancy of a lessee under Letter of Instructions No. 509 of a unit for a minimum period as may be prescribed by the local government and approved by the Authority, said lessee shall be given an option to purchase the unit provided that he shall completely and faithfully comply with lease conditions up to the time of grant of the option to purchase.
- The purchase price shall be composed of the following:

a)

The acquisition cost of the land

b)

Costs of development, reclamation (when applicable) and servicing of the property which are allocated to the residential areas provided that only these costs shall be allocated to residential areas which are due to development intended mainly for the use of project beneficiaries and which are not the normal functional responsibilities of national agencies and the local government.

c)

Cost of planning and design of the project as well as interests charged by the National Housing Authority for advances made for the implementation of project components to the local governments or the national agencies.

The local government shall propose and the National Housing Authority shall approve, the cost allocation for the purpose of exercise of an option to purchase.

- The lease amounts to be levied on the beneficiary shall be designed to recover the costs of the components listed in 2 above over a maximum period of 25 years and together with an interest calculated by the Authority to cover the cost of borrowing and administering funds. However, considering the affordability of the beneficiaries, initial lease amounts may be set which do not fully recover such amounts.

- Upon the exercise of the option to purchase, title to the land shall be issued to the beneficiary subject to a lien in the form of a mortgage to cover the costs determined in number 2 above and still unpaid. Whatever costs were recovered to the date of exercising option due to the design in 3 above shall be credited against the purchase price; provided however, that if the beneficiary availed of lower lease amounts, unpaid amounts which otherwise should have been already recovered will be assessed an accrued interest which shall be made a part of the purchase price. This shall however, be without prejudice to restructuring the loan enjoyed by the beneficiary provided that no restructured loan shall extend for more than 25 years.
- Land, tenure shall be freehold with restrictions. Restrictions applicable or the freehold title shall be proposed by the local government and approved by the National Housing Authority. These restrictions shall be annotated at the back of the title and of other evidences of ownership.
- In order to expedite the completion of projects under the Pambansang Bagong Nayon Program, the National Housing Authority is hereby authorize to raise funds for this program from sources aside from and in addition to bond issues as specified in Letter of Instructions No. 509 provided that these are prescribed by Presidential Decree 757.
- The provisions of Letter of Instructions No, 509 to the extent that they are inconsistent with the provisions of this Letter of Instructions are hereby amended accordingly.
- This Letter of Instructions shall take effect immediately.

DONE in the City of Manila, this 2nd day of April, in year of Our Lord, nineteen hundred and seventy-eight.

(Sgd.) FERDINAND E. MARCOS
President of the Philippines

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