

MALACANANG
Manila

BY THE PRESIDENT OF THE PHILIPPINES

EXECUTIVE ORDER NO. 538

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.

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

By the President:

(SGD.) JACOBO C. CLAVE
Presidential Executive Assistant

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