



HOUSE OF REPRESENTATIVES

H. No. 3617

BY REPRESENTATIVE ROMULO, PER COMMITTEE REPORT NO. 21

AN ACT ESTABLISHING A VOLUNTARY STUDENT LOAN PROGRAM BY PRIVATE BANKS, PROVIDING INCENTIVES THEREFOR AND FOR OTHER PURPOSES

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

1 SECTION 1. *Short Title.* – This Act shall be known as the “Voluntary
2 Student Loan Program Act”.

3 SEC. 2. *Declaration of Policy.* – It shall be a policy objective of the
4 State to assist eligible students to obtain post-secondary technical-
5 vocational certificates or diplomas from technical-vocational institutes and
6 college and post-graduate degrees from higher education institutions by
7 encouraging banks and government financial institutions to lend money to
8 eligible students to be repaid in installments after the student graduates or
9 leaves the educational institution.

10 SEC. 3. *Definition of Terms.* – For purposes of this Act, the
11 following terms shall mean:

12 (a) *CHED* refers to the Commission on Higher Education.

13 (b) *Eligible student* refers to a student who meets the admission
14 requirements of a technical-vocational institute (TVI) or higher

1 education institution (HEI) and has been accepted for enrollment in a post-
2 secondary TVI as a nondegree student or in an HEI as an undergraduate or
3 post-graduate student.

4 (c) *Higher education* refers to college and graduate education or
5 training in an educational program leading to a degree offered in HEIs. It is
6 also known as tertiary education.

7 (d) *Higher education institution (HEI)* refers to an educational
8 institution that is legally authorized to offer a program of education leading
9 to the conferment of a degree.

10 (e) *Lender* refers to a private bank which provides loans to student-
11 borrowers pursuant to this Act.

12 (f) *Post-secondary education* refers to education and training in
13 nondegree vocational and technical courses offered in post-secondary TVIs.

14 (g) *Priority eligible student* refers to an eligible student who is an
15 immediate member of a family where no other immediate member of such
16 family is enrolled in or has completed post-secondary or higher education at
17 the time of the loan application.

18 (h) *Private banks* refer to commercial, rural, thrift, cooperative and
19 other types of banks where the majority of the capital stocks are owned and
20 operated by the private sector and which are registered and directly
21 supervised by the Bangko Sentral ng Pilipinas (BSP).

22 (i) *Student-borrower* refers to an eligible student with a loan under
23 this Act.

24 (j) *Technical-vocational institute* refers to a technical-vocational
25 education and training institution accredited by the Technical Education and
26 Skills Development Authority (TESDA) which offers any nondegree
27 program at the post-secondary educational level oriented towards skills

1 proficiency leading to a certificate or diploma in preparation for a particular
2 occupation or group of middle-level occupations.

3 (k) *TESDA* refers to the Technical Education and Skills Development
4 Authority as established under Republic Act No. 7796, otherwise known as
5 the “TESDA Act of 1994”.

6 SEC. 4. *Registration of Student Loan Program Under this Act.* –
7 Private banks participating in the student loan program may allot a portion of
8 their loanable funds for loans to eligible students. Such banks participating
9 in the program may be entitled to avail themselves of the incentives under
10 this Act by the registration of their student loan program with the BSP.

11 In addition, the BSP shall provide other incentives which may be
12 nonmonetary to private banks participating in the voluntary student loan
13 program under this Act.

14 SEC. 5. *Loan Coverage.* – The loan may either cover the entire or
15 part of the cost of the program offered by the TVI or HEI including, but not
16 limited to, tuition and miscellaneous fees: *Provided,* That adjustments shall
17 be made in case of increase in tuition and miscellaneous fees. It shall
18 likewise include an amount for the cost of attendance, covering necessary
19 expenses of the student for books, food, transportation, board and lodging
20 and a reasonable allowance for projects and other school requirements.

21 SEC. 6. *Student-Borrower Number.* – For proper implementation
22 of this Act and to better facilitate the collection of the loan, the Social
23 Security System (SSS) and the Government Service Insurance System
24 (GSIS) shall issue, upon application, an SSS or GSIS number to the student-
25 borrower. The number so issued shall serve as the permanent SSS or GSIS
26 number of the student-borrower in case of future employment with the
27 private or government sector.

1 **SEC. 7. *Qualification Requirements of Student-Borrower.*** -- Any
2 student-borrower eligible under this Act shall have the following entry
3 requirements:

4 (a) General entry requirements:

5 (1) Must be a Filipino citizen;

6 (2) Currently enrolled or intends to enroll or re-enroll in any of the
7 priority courses to be determined by the CHED or TESDA;

8 (3) Has parents or guardians who are GSIS or SSS members or SSS
9 prior registrants; and

10 (4) Does not currently enjoy any scholarship or study grant;

11 (b) Additional specific entry requirement for priority eligible student:

12 (1) Barangay certification that no other immediate family member of
13 the student is enrolled or has completed a post-secondary higher education at
14 the time of the loan application; or

15 (2) Notarized self-certification that no other immediate family
16 member of the student is enrolled or has completed a post-secondary higher
17 education at the time of the loan application; and

18 (c) Other requirements as may be determined by banks.

19 **SEC. 8. *Loan Application.*** -- Any eligible student-borrower may file
20 the loan application with a participating private bank. A loan application
21 shall include, among others:

22 (a) The student SSS or GSIS number;

23 (b) The taxpayer's identification number (TIN) of the student, in
24 case one is employed;

25 (c) The list of expenses which shall include the total tuition fees for
26 the entire period of attendance to complete the student's course or degree,
27 with a necessary allowance for any increase that the TVI or HEI may

1 rightfully make and the other miscellaneous expenses certified by the
2 educational institution;

3 (d) A reasonable approximation of the cost of attendance of the
4 student in the chosen TVI or HEI which shall include, among others, the cost
5 of books, food, board, lodging and transportation expenses;

6 (e) A statement of the student-borrower on the preferred employer
7 in the future, whether with the private or public sector; and

8 (f) All other requirements that the participating private bank may
9 impose for the proper identification of the student.

10 SEC. 9. *Loan Disbursement.* – Upon approval of the loan application,
11 the loan shall be disbursed in tranches every semester or trimester, or any
12 other term of attendance, depending on the academic calendar adopted by the
13 TVI or HEI. Any succeeding tranche shall be disbursed on the condition that
14 the student-borrower completes the term previously enrolled in as certified
15 by the TVI or HEI. The tuition and miscellaneous fees payable to the
16 educational institution shall be disbursed or be made payable directly to the
17 TVI or HEI.

18 SEC. 10. *Withholding of Second or Subsequent Disbursement.* – A
19 lender who receives information that the student-borrower has ceased to be
20 enrolled before the disbursement of the second or any succeeding installment
21 shall withhold such disbursement. Any disbursement which is so withheld
22 shall be credited to the student-borrower's loan and treated as a prepayment
23 thereon.

24 SEC. 11. *Interest Rate and the Five Percent (5%) Additional Interest*
25 *as Allowable Deduction.* – For any loan procured under this Act, lenders
26 shall charge an interest based on the prevailing ninety-one (91)-day Treasury
27 Bill rate at the time of release of the loan to be paid by the student-borrower
28 and an additional interest of three percent (3%) and in case of loans to

1 priority eligible students an additional interest of five percent (5%), which
2 shall not be payable by the student but may be claimed by the lender as a
3 deduction from gross income: *Provided*, That the additional five percent
4 (5%) interest shall be allowed as a deduction from gross income for the same
5 taxable year that the additional interest is due: *Provided, further*, That the
6 total amount of the additional interest and the claimed tax deduction shall be
7 subject to proper documentation and to the provisions of the National
8 Internal Revenue Code, as amended.

9 SEC. 12. *Terms and Conditions of Loans.* – Any loan agreement
10 shall:

11 (a) Be evidenced by a note or other written instrument which
12 provides for repayment of the principal amount of the loan, together with the
13 interest thereon, in equal installments or when the borrower so requests, in
14 graduated periodic installments, payable quarterly, bimonthly or monthly at
15 the option of the student-borrower, over a period beginning not earlier than
16 twenty-four (24) months after the student-borrower ceases attending the TVI
17 or HEI, and ending eight (8) years after such date, except that such period
18 may begin earlier than twenty-four (24) months upon the request of the
19 student-borrower;

20 (b) Include a provision for acceleration of repayment of the whole, or
21 any part, of such loan, at the option of the student; and

22 (c) Include a provision for preferential employment of the
23 student-borrower in private banks or in the government upon graduation.

24 SEC. 13. *Collection.* – A lender shall file a request with the GSIS or
25 SSS to collect the repayment of the loan through its system of salary
26 deduction and withholding. It may likewise enter into an arrangement with
27 the Philippine Overseas Employment Administration (POEA) and the

1 Overseas Workers Welfare Administration (OWWA) to ensure collection
2 from the student-borrower seeking employment abroad.

3 SEC. 14. *Program Administration.* – An interagency team composed
4 of the CHED, TESDA, BSP, the Bankers Association of the Philippines
5 (BAP), the Chamber of Thrift Banks (CTB), the Credit Information
6 Corporation (CIC) and the Rural Bankers Association of the Philippines
7 (RBAP) shall be jointly responsible for policy guidance and direction,
8 monitoring and evaluation of the student assistance program under this Act.
9 The CHED and the TESDA shall act as chair and co-chair, respectively, of
10 the said team.

11 SEC. 15. *Implementing Rules and Regulations.* – The CHED,
12 TESDA, the Department of Finance (DOF) and the BSP, in consultation with
13 the SSS, GSIS, the Bureau of Internal Revenue (BIR), the National Bureau
14 of Investigation (NBI), the POEA, CIC, the Coordinating Council of Private
15 Educational Associations (COCOPEA) and the Philippine Association of
16 State Universities and Colleges (PASUC), shall promulgate such rules and
17 regulations necessary for the proper implementation of this Act within ninety
18 (90) days from the effectivity of this Act.

19 SEC. 16. *Separability Clause.* – If any provision of this Act is
20 declared unconstitutional or invalid, the other sections or provisions not
21 otherwise affected shall continue to be in full force and effect.

22 SEC. 17. *Effectivity Clause.* – This Act shall take effect fifteen (15)
23 days after its publication in at least two (2) newspapers of general circulation.

Approved,