



**SOCIAL HOUSING FINANCE CORPORATION**  
a subsidiary of National Home Mortgage Finance Corporation

**CORPORATE CIRCULAR NO. CMP- 09-015**

23 November 2009

Series of 2009

**TO : ALL CMP BORROWERS/ORIGINATORS/STAKEHOLDERS**

**SUBJECT : REVISED GUIDELINES ON WARRANTY UNDERTAKING**

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In order to assist the Originators in sustaining their accreditation activities through the payment of origination fees, and to expedite processing of applications and take-out of projects under Community Mortgage Program (CMP), the following guidelines on Warranty Undertaking are hereby adopted:

1. The Warranty Undertaking shall be executed by Community Association.
2. The concerned Originator of the project shall assist the association in the fulfillment of its obligations under the Warranty Undertaking.
3. In the event the Community Association fails to comply with the Warranty Undertaking at the end of six (6) months from full take-out of the project, the loan shall be declared due and demandable and the Originator's accreditation may be suspended should circumstances warrant.
4. The origination fee shall be released to the concerned Originator upon take-out of the project.

For this purpose, the following technical requirements may be covered by Warranty Undertaking:

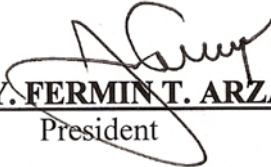
1. Physical and legal establishment of Road Right-of-Way (RROW) or annotation of Perpetual Grant of RROW
2. Submission of Preliminary Approval and Locational Clearance (PALC) or approved subdivision plan provided that proof of filing of application with the Local Government Unit is submitted
3. Clearing of obstructions and encroachments
4. Re-blocking of structures in accordance with site development plan
5. Earthfilling
6. Provision of soil protection measure or drainage system
7. Correction of technical description in the title provided that a corrected technical description signed by Geodetic Engineer and/or approved by Bureau of Lands/Land Registration Authority is submitted

**SCOPE AND EFFECTIVITY:**

For projects with Letters of Guaranty that have existing Warranty Undertaking, the origination fee shall be released upon take-out of the project. Likewise, for projects that were already taken-out and have existing Warranty Undertaking involving any of the requirements enumerated above, the corresponding origination fee shall be released upon written request of the concerned Originator.

This is, however, without prejudice for SHFC to suspend the accreditation activities of the Originator for unfulfilled obligations under said Warranty Undertaking should circumstances warrant.

This Circular shall take effect immediately. All provisions of other Circulars, Memoranda, Guidelines and Notices inconsistent with any provisions of this Circular are accordingly repealed or modified.

  
**ATTY. FERMIN T. ARZAGA**  
President