



SOCIAL HOUSING FINANCE CORPORATION

Enhancing People's Lives and Empowering Communities through FAIR Shelter Solutions

CMP Corporate Circular No. 17 - 048
Series of 2017.

TO : ALL CMP BORROWERS/MOBILIZERS/STAKEHOLDERS

SUBJECT : AMENDMENTS TO CORPORATE CIRCULAR NO. 16-046 ON
THE SUBSTITUTION OF MEMBER BENEFICIARIES

Corporate Circular No. 16-046 dated 09 November 2016 entitled *Amendments to the Guidelines on Substitution of Member Beneficiaries* is further amended as follows:

I. COVERAGE/GROUNDS FOR SUBSTITUTION

The definition of the term *absentee* under I.2 is amended as follows:

2. MB is an absentee MB (*absentee* is defined as (a) failure to occupy the assigned lot/ unit without justifiable reason when they are supposed to under existing CMP and HDH guidelines; or (b) MB has impliedly abandoned the project by transferring his/her residence to another location; or (c) general disinterest in the project by being absent for a long period of time and MB can no longer be located;

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6. Unjustified refusal to sign the LPA/LA on the signing day organized and scheduled by SHFC.

II. ELIGIBILITY OF SUBSTITUTES

The eligibility requirements under II.A is amended as follows:

- A. To become eligible, all substitutes must comply with the following requirements:
- a. Eighteen (18) years of age but not more than sixty (60) years old except where the rules of succession apply;

III. SUBSTITUTION PROCESS AND DOCUMENTARY REQUIREMENTS

The documentary requirements under III.B is amended as follows:

- A. MB is an absentee MB:
1. One (1) Government issued ID;

2. Filled up substitution form by the substitute attesting that he/she has all the qualifications and none of the disqualifications of the program;
3. Amended MBLA Form;
4. Original copy of the notarized CA's Board Resolution recommending the substitution and attesting that he/she has all the qualifications and none of the disqualifications of the program and as to the eligibility of the proposed substitute; and
5. Affidavit from three (3) disinterested persons attesting to the absence of the MB.

The substitution under this ground shall be processed upon SHFC's validation that the MB is an absentee MB by sending the demand letter to the last known address and after publication in a newspaper of general circulation the said demand. However, in case the MB has not signed any LPA yet, publication in the newspaper is sufficient for substitution.

The documentary requirements under III.D is amended as follows:

D. Upon death of an MB and his Mortgage Redemption Insurance (MRI) proceeds is insufficient to cover arrears in loan amortization, the heirs shall substitute and assume the balance of the loan. However, upon failure to pay equivalent to three months amortizations under a new term of payment, the heirs shall be declared in default of payment under I, 5 (a). However, in case the deceased MB has no heirs or his/her heirs can no longer be located despite diligent efforts, any eligible substitute may apply to assume the balance of the MB's loan taking into consideration the order or preference in section II.B:

1. One (1) Government issued ID;
2. Filled up substitution form by the principal borrower identified by the heirs to be the substitute attesting that he/she has all the qualifications and none of the disqualifications of the program;
3. Amended MBLA Form;
4. Original copy of the notarized CA's Board Resolution recommending the substitution and attesting that he/she has all of the qualifications and none of the disqualifications of the program and as to the eligibility of the proposed substitute;
5. Death Certificate;
6. Extrajudicial Settlement of Estate or Affidavit of Adjudication. In case the deceased MB has no heirs or his/her heirs can no longer be located despite diligent efforts, the notice published by the CA in a newspaper of general circulation regarding the death of the said MB shall be submitted; and

7. Affidavit of Publication.

The documentary requirements under III.E is amended as follows:

E. When there is an event of default:

For event of default under I (5) (a) [default in payment for 3 months]:

1. One (1) Government issued ID;
2. Filled up substitution form by the substitute attesting that he/she has all the qualifications and none of the disqualifications of the program;
3. Amended MBLA Form;
4. Original copy of the notarized CA's Board Resolution recommending the substitution and attesting that he/she has all of the qualifications and none of the disqualifications of the program and as to the eligibility of the proposed substitute; and
5. a. In case there is an existing/ active CA:

One (1) demand letter from the CA and one (1) demand letter from SHFC.

b. In case of inactive CA:

One (1) demand letter from SHFC.

c. The demand letter may be served to the MB by delivering personally a copy of the said demand letter to the MB himself, or, if he refuses to receive and sign for it, by tendering it to him, or to any person of legal age and discretion residing therein.

If personal service cannot be made, the demand letter may be sent by the CA and SHFC thru registered mail or thru private courier, with return card or the certificate of service by the postmaster.

Notwithstanding notice of the demand letter thru personal service or thru registered mail or private carrier, in case the MB could no longer be found in the project site, SHFC shall notify the defaulting MB by publication in a newspaper of general circulation the demand to show cause why the MB should not be substituted.

A new section III.F is hereby added as follows:

- F. MB unjustifiably refuses to sign the LPA/LA on the signing day organized and scheduled by SHFC:

1. One (1) Government issued ID;
2. Filled up substitution form by the substitute attesting that he/she has all the qualifications and none of the disqualifications of the program;
3. Amended MBLA Form; and
4. Original copy of the notarized CA's Board Resolution recommending the substitution and attesting that he/she has all the qualifications and none of the disqualifications of the program and as to the eligibility of the proposed substitute.

IV. PROCESS AND APPROVAL OF THE SUBSTITUTION

Paragraph IV.A is amended as follows:

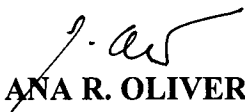
- A. SHFC shall conduct the necessary due diligence on the application through the evaluation of documents, checking for double availment, verification of information or data submitted to SHFC, sending of confirmation letters or posting in public places, publication in a newspaper, conduct of site visit, and/or such other means that will enable SHFC to validate the facts on the ground. The results or findings of the SHFC account officer shall be contained in a memo report containing his/her recommendation on whether to approve or disapprove the substitution.
- B. The Group Head concerned shall approve on all applications for substitution.
- C. After approval, all substitutes are required to update the account of the MB within thirty (30) days upon notice of SHFC's approval of the substitution either thru a one (1) time cash payment or under any of the existing updating schemes of the corporation. Failure to update the account shall render the approval of substitution null and void and of no effect. No processing fee shall be collected by the HOA or SHFC in the processing of all applications for substitution.
- D. After payment by the substitute, SHFC shall amend the MBLA, accept the new Lease Purchase Agreement of the substitute and notify the CA, the substitute and the original MB of the approval of the substitution except where the original MB is an absentee MB, is declared disinterested and can no longer be located.


V. EFFECTIVITY

This guidelines shall apply prospectively. Hence, pending substitution applications shall be processed under the old guidelines.

All other provisions of Corporate Circular CMP No. 16-046 not inconsistent herewith shall remain in full force and effect.

For immediate implementation.


MA. ANA R. OLIVEROS
President


May 17, 2017