



**Social Housing Finance Corporation**  
a subsidiary of National Home Mortgage Finance Corporation

CORPORATE CIRCULAR NO. 11-017  
Series 2011

TO : ALL CMP BORROWERS AND MOBILIZERS

SUBJECT : **REVISED IMPLEMENTING GUIDELINES FOR ON-SITE LAND ACQUISITION PROJECTS OF THE COMMUNITY MORTGAGE PROGRAM**

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In accordance with the directive of President Benigno S. Aquino III and Vice President Jejomar C. Binay to eliminate poverty and corruption, these Implementing Guidelines are hereby promulgated.

**1. STATEMENT OF POLICY AND PURPOSE**

Pursuant to Republic Act No. 7279, otherwise known as the Urban Development and Housing Act of 1992 particularly Articles I, V, and VIII, the Community Mortgage Program (CMP) aims to improve the living conditions of homeless and underprivileged citizens by providing them affordable financing with which they can secure their tenure on the land they occupy. The Program supports the urban poor's constitutional right for security of tenure and development in partnership with Local Government Units (LGUs), Non-Government Organizations (NGOs) and other government and private sector entities.

These guidelines will simplify the systems and procedures of CMP to enable the Program to promote security of tenure for a maximum number of Filipino citizens, a very large number of whom are threatened with forcible eviction.

These guidelines will ensure that the Program will remain sustainable and free of corruption. The borrowers must be able to settle their loans, the mortgage documents must be enforceable and the process must be transparent and devoid of red tape.

**2. DEFINITIONS**

**2.1 Community Mortgage Program (CMP)**

The Community Mortgage Program is a mortgage financing program which assists legally organized associations of residents of blighted or depressed areas to own the lots they occupy, providing them security of tenure and eventually improve their neighborhood and homes to the extent of their affordability.

**2.2 CMP Loan**

The CMP loan is an affordable long term loan granted to qualified Community Associations (CAs). The proceeds of this loan are applied directly to the cost of purchasing the land the CA occupies. The CMP loan is secured by a first mortgage on the land to be acquired and is subject to the terms and conditions of the Loan Agreement (LA) and the Real Estate Mortgage Agreement (REM) between the CA and the SHFC.

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### 2.3 Partner-Stakeholders

This refers to SHFC's stakeholders whose crucial partnership role in operationalizing the program make it possible to fully and efficiently implement the CMP. SHFC's partners include:

#### 2.3.1 The Community Association (CA)

The Community Association is an organized homeowners association duly registered with the Housing and Land Use Regulatory Board (HLURB) and whose members meet the necessary eligibility requirements.

#### 2.3.2 The CMP Mobilizers (CMP-M)

This refers to a community-based organization duly accredited by SHFC which may either be a local government unit; a national government agency, bureau or corporation; or a non-government organization (NGO) whose principal role is to assist, organize and prepare the community for participation in the Program. The CMP-M shall likewise assist the community in preparing all documentary requirements related to the loan.

### 3. CMP LOAN TERMS AND CONDITIONS

#### 3.1 CMP Loan Amount

This refers to the total amount released by SHFC in favor of the CA for the purchase of the land subject of the CMP Project in which case it shall be either of the following: (a) sum of the loan entitlements of all the CA members; or (b) purchase price; or (c) the appraised value, whichever is lower. The CMP Loan Amount may also include additional loans availed by the CA from SHFC to cover the cost of registering the property in the name of the CA.

#### 3.2 CA Member Loan Entitlement

The maximum loan entitlement of individual members would be as follows: (a) Eighty thousand pesos (Php80,000) for projects located in Metro Manila and Highly Urbanized Cities (HUCs); (b) Sixty thousand pesos (Php60,000) for provincial projects located in developed areas; and (c) Forty-five thousand pesos (Php45,000) for provincial projects located in undeveloped areas.

Cities that have not yet been officially classified as Highly Urbanized may be considered as such by SHFC if it meets the criteria outlined by the National Statistical Coordination Board namely: (1) it has a population of at least two hundred thousand inhabitants as certified by the National Statistics Office and (2) its latest annual income is at least Fifty Million Pesos based on 1991 constant prices, as certified by the city treasurer. SHFC's classification of the City as Highly Urbanized will be sufficient for projects located within the said City to qualify under the maximum loanable amount of Eighty thousand pesos (Php 80,000.00).

#### 3.3 CA Member Willingness to Pay

After the CA member has been fully informed about the CMP and on his/her own free will decides to participate, the member shall pledge to repay the loan and fulfill other responsibilities as a CMP loan recipient. The CA member shall seriously determine his/her own capacity to pay based on his/her income and needs.

### 3.4 Lease Purchase Agreement

The member and the CA shall enter into and execute a Lease Purchase Agreement (LPA) or other legal document that will document the former's loan entitlement, schedule and terms and conditions of payment, the proceeds of which shall then be assigned to SHFC.

### 3.5 CMP Loan Interest

The CMP loan will bear 6% interest per year based on the outstanding balance.

### 3.6 CMP Loan Repayment Schedule

The CMP Loan, interest and penalties, if any, will be payable over a maximum period of 25 years in equal monthly amortizations.

### 3.7 CMP Loan Collateral

The land to be acquired by the CA shall serve as the CMP loan collateral, and will be acceptable as such only if the following criteria are met:

3.7.1 The title to the land is free from all liens and encumbrances at the time of release of the CMP loan. Should the title have any lien or encumbrance at the time of application, these shall be evaluated as to their acceptability. Acceptable liens and encumbrances shall be duly specified and defined in the Implementing Rules and Regulations. All liens or encumbrances should be cancelled prior to release of CMP loan proceeds. Liens and encumbrances deemed favorable to the CA may be retained;

3.7.2 The land is not classified as agricultural;

3.7.3 The land or any portion thereof offered as CMP collateral is not within environmentally-constrained and/or hazardous and danger areas or high risk areas as certified by the Department of Environment and Natural Resources or the concerned Local Government Unit;

3.7.4 The land has a road right of way or an access road lot to a city, municipal or barangay road; and

3.7.5 The landowner should have the legal capacity to sell or transfer the subject property for loan collateral under the CMP.

## 4. PURCHASE PRICE OF THE LAND

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Purchase price of the land shall be the result of free and open negotiations and agreement between the landowner and the CA. The negotiation process shall be conducted transparently and the agreement reached between the landowner and the CA's negotiating panel must be ratified by the CA's general membership. Consistent with the objectives of R.A. 7279, the parties shall strive to reach a reasonable balance between the need of the landowner for just compensation and the affordability constraints of the CA members. The CMP-M shall only have an advisory role in the price negotiation. The price negotiation shall be the sole undertaking of the landowner and the CA. SHFC, its officers, employees or representatives must not in any way be present, within or near the premises where these negotiations are being held.

In negotiating for the purchase price, the parties shall take into consideration the following factors:

- 4.1 The landowner is exempt from the 6% capital gains tax;
- 4.2 The purchase price of the land should not include brokerage fees, commissions or any other service charges that shall be passed on to the CA;
- 4.3 The actual physical conditions of the land that may have a bearing on the effective usable areas as well as cost of development; and
- 4.4 The prevailing prices of similar properties, assessment and zonal valuation.

#### **5. COLLATERAL APPRAISAL**

- 5.1 SHFC shall appraise the land to be mortgaged as a matter of due diligence as administrator for CMP funds. This due diligence shall be done only after the CA and the landowner have come to an agreement. It shall also be done independently and freely without influence of the landowner, the CA or its members and the CMP-M.
- 5.2 In the conduct of its appraisal, SHFC shall adhere to the generally accepted principles, practices and approaches in the valuation of real properties and on the parameters contained in the CMP Appraisal Methodology Manual approved by the SHFC Board on July 27, 2006. In addition, SHFC shall take the following into consideration:
  - 5.2.1 Actual physical conditions and constraints;
  - 5.2.2 Zonal Valuation;
  - 5.2.3 The latest officially recorded transactions upon similar property in the vicinity or in the absence thereof, the prices pegged by bank appraisal entities present in the city or locality;
  - 5.2.4 Latest assessed value as gathered from the City or Municipal Assessor;
  - 5.2.5 Market data gathered from banking institutions and professional appraisers; and
  - 5.2.6 Application of the engineering approach may be resorted to when the above-stated factors fail to produce a conclusive valuation.
- 5.3 In cases of unresolved discrepancies between SHFC's appraisal and that of the proponent's, an appraisal conducted by private appraisers accredited with other Government Financial Institutions (GFIs), may be resorted to and considered as basis of the loan amount. It is understood that the cost associated with the engagement of a private appraiser would be borne by the landowner.
- 5.4 In the event that the selling price is higher than SHFC's appraisal value, the CA may pay the excess directly to the landowner, provided that the said excess is within the 20% range. Otherwise, the application is deemed unacceptable.

#### **6. CMP LOAN APPLICATION REQUIREMENTS/ ELIGIBILITY**

- 6.1 A CMP loan application must be filed by a CA who possesses the following eligibility requirements:
  - 6.1.1 The CA is composed of not more than two hundred (200) members. In cases where a CA exceeds 200 members, a well-defined project management structure and other indicators that can show manageability should be presented for the project to be considered;
  - 6.1.2 The community has been in existence for five (5) years; eighty-five

percent (85%) of the total number of members should have a residency of five (5) years;

- 6.1.3 Majority of the CA officers and members have been active in community activities for more than one (1) year prior to application;
  - 6.1.4 The CA has a maintaining balance in its savings account equivalent to three (3) months loan amortization at the time of application; and
  - 6.1.5 The project site should be at least 85% occupied by the CA members upon application and 100% after two (2) years from loan release. Members who have not occupied their home lots within two (2) years shall be substituted by the CA with a qualified member.
- 6.2 The members of the CA should have the following qualifications:
- 6.2.1 Filipino citizen, of legal age (18) at the time of loan application and shall not be more than 60 years old upon loan release;
  - 6.2.2 The member has certified under oath that he/she has not been a recipient of any CMP loan or other government housing program, does not own or co-own a real property and is not a professional squatter as defined in RA 7279; and
  - 6.2.3 The member is a structure owner, a renter or a sharer at the site.
- 6.3 The CA, with the help of its CMP-M shall submit the following information in support of its CMP loan application:
- 6.3.1 A Community Profile that shall contain the following organizational and member information:
    - i. Household Income and sources of livelihood, place of work of members
    - ii. Length of residence of members
    - iii. Membership with the Home Mutual Development Fund (PAG-IBIG Fund), Social Security System and Government Service Insurance System
    - iv. Organizational structure and list of officers
    - v. Meetings and their frequency
    - vi. Organization's years of existence
  - 6.3.2 Complete and final masterlist of members, with corresponding share in the CMP loan;
  - 6.3.3 Certified true copy of present land title and two back titles of the property to be acquired. If the circumstance warrants, SHFC may require further back titles for validation;
  - 6.3.4 Lot plan duly signed by a licensed Geodetic Engineer, vicinity map and a schematic subdivision plan;
  - 6.3.5 MOA with landowner;
  - 6.3.6 MOA with CMP-M; and

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- 6.3.7 CA Board Resolution/Secretary's Certificate specifying the CAs intention to:
- i. purchase the property (description and owners);
  - ii. obtain a CMP loan from SHFC to finance the acquisition of the property; and
  - iii. mortgage the property as security for the loan to be obtained.

## **7. CMP LOAN APPLICATION PROCESS**

As provided for in Section 33 of R.A. 7279 duly organized, and HLURB registered CAs ready and able to comply with all the requirements for a CMP loan may apply with SHFC with the assistance of an accredited CMP-M.

The officers and employees of SHFC shall be strictly prohibited to refer prospective members to any CMP-M. They should instead give them a list of all accredited CMP-Ms.

## **8. DUE DILIGENCE**

The processing of CMP loan applications will essentially involve due diligence verification by SHFC on the CMP loan application and the collateral.

Upon acceptance of complete documentary requirements, SHFC shall strive to devote no more than one hundred twenty (120) working days to complete the due diligence process from CMP loan application to loan release.

## **9. ACCREDITED CMP MOBILIZERS (CMP-M)**

Accredited CMP-Ms are tasked to assist informal settlers in organizing themselves into CAs, making sure that they are ready and able to assume the responsibilities of availing a loan.

For the effective implementation of the above tasks, the CMP-M must possess the needed skills to organize communities, document CMP project applications and provide access to other government agencies involved in the program.

### **9.1 Qualifications of a CMP-M:**

- 9.1.1 Must be a duly registered stock and non-stock corporation;
- 9.1.2 Must have had at least two (2) years experience in subdivision/housing development and/or community-based social or economic assistance activities.  
This said qualification experience may have been done by the CMP-M itself or through partnerships with accredited CMP-M and/or reputable private sector/non-government organizations engaged in subdivision/housing activities and/or community-based social or economic assistance activities;
- 9.1.3 If a newly organized entity, one or more of the principal officers must be qualified to perform the functions enumerated in 9.2;
- 9.1.4 Must have organizational capabilities to assist in the documentation of the loan and mortgage, and must have the capacity to orient the members thereof on the duties and responsibilities of a landowner-debtor;
- 9.1.5 Any government entity may be accredited as CMP-M; and
- 9.1.6 Must have all the qualifications and none of the disqualifications as may be provided for in the CMP Implementing Rules and Regulations

### **9.2 The accredited CMP-M will perform the following:**

- 9.2.1 Study and profile prospective groups of informal settlers for possible assistance or intervention:
  - i. Identify households and household characteristics;
  - ii. Profile the site and document its physical characteristics;
  - iii. Identify issues in the community (social, political, etc.); and
  - iv. Identify potential or apparent leaders.
- 9.2.2 Assist and guide the CA in their functions;
  - i. Educate CA on the mechanics of CA formation;
  - ii. Educate and assist the CA in preparing their constitution and by-laws;
  - iii. Educate and assist the CA in preparing the CA Book of Accounts and Official Records;
  - iv. Educate the members on the rights, privileges, duties and responsibilities of CA membership;
  - v. Assist them in the election of their officers; and
  - vi. Assist them in registering with the HI.URB.
- 9.2.3 Educate and assist the CA in gathering and completing CMP loan requirements, and informing them of CMP standards and policies;
- 9.2.4 Assist in site analysis and evaluation, and in the identification of deficiencies and development needs;
- 9.2.5 Advise the CA in negotiating with landowners;
- 9.2.6 Assist in values formation and in bringing out potential issues that may affect the viability of the loan application; and
- 9.2.7 Assist the CA in accessing support from LGUs and other potential sources of support.
- 9.3 The performance of an accredited CMP-M will be strictly monitored by SHFC. The major performance indicator to be used is the collection efficiency rating (CER) of the CMP-M's past projects whose loans have been released. The minimum CER is 80%. SHFC shall endeavor to update monthly the CER of all projects whose loans have been released. CMP-Ms with pending project applications who are unable to meet the required minimum CER shall be evaluated based on the following performance indicators:
  - 9.3.1 Regular conduct of election of CA officers. The CMP-M's past projects whose loans have already been released regularly observe the mandated annual elections of CA officers;
  - 9.3.2 Presence of CA-initiated community improvement project/s in the communities organized by the CMP-M which have been implemented within five years from loan release;
  - 9.3.3 Number of years of active involvement in the program;
  - 9.3.4 Number of projects approved versus projects enrolled; and
  - 9.3.5 Number of households who benefited from the CMP-M's past projects whose loans have already been released.

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- 9.4 Non-government Organizations (NGOs) and Peoples' Organizations (POs) accredited as CMP-Ms may charge fees to cover costs associated with the conduct of their function in assisting CAs in their CMP applications and expenses as specified in Section 19 and subject to Section 18 of these guidelines. However, these institutions are reminded that the amount of such fees should take into consideration the financial capabilities of the CAs whose members belong to the homeless and underprivileged sector of Philippine society. These institutions are also prohibited from charging fees on items or activities not associated with the CMP application process.

SHFC shall act and investigate on complaints from CAs regarding such activities. SHFC shall blacklist/ban CMP-Ms found to be financially exploiting a CA.

#### **10. INSURANCE**

For the duration of the loan, there shall be a Mortgage Insurance on the lives of the principal borrowers as identified in the Master List of Members on a yearly renewable term basis.

The insurance premiums shall be included in the monthly amortizations of the members.

#### **11. CMP LOAN APPLICATION APPROVAL**

CMP loan applications that meet the preceding guidelines shall be endorsed by the SHFC Executive Committee and submitted to the SHFC Board for approval.

#### **12. PAYMENT OF THE PROPERTY / RELEASE OF THE LOAN**

Payment of the property/release of the loan shall be made under any of the following modes, viz:

- 12.1 Outright check payment when all documentary requirements are met and the title to the property is already transferred in the name of the CA and the first mortgage on the collateral property securing the loan is duly registered/annotated.
- 12.2 Assignment of loan proceeds shall be allowed, provided that prior legal encumbrance has been established and the corresponding Deed of Assignment by the rightful payee has been executed.

#### **13. COLLECTION AND SERVICING OF THE CMP LOAN**

- 13.1 As long as the community loan (CMP Loan) is not yet fully paid the loan stays as a joint and solidary obligation of the CA and all its members. As such, the CA shall have the obligation to collect the shares of its members in the monthly amortization of the community loan. Collection of amortization from members shall only be reflected in the records of SHFC when actual remittance of the amount has already been made by the CA to SHFC.

13.1.1 As manifestation of good faith on the part of the CA, a deposit equivalent to three (3) monthly amortizations shall be paid to SHFC prior to loan release. This deposit and its accrued interest income shall form part of the CA buffer fund that will be used to pay for the members' delinquency and shall be replenished when depleted.

13.1.2 The CA shall be entitled to a collection/service fee of one-percent (1%) of its gross/total actual regular collection of amortizations which is deductible from the remittance to SHFC. However, the said

collection/service fee shall not apply to full payments/lump sum amounts deducted from the loan proceeds such as: updating of arrearages of previously originated projects and windfall payments as consideration for CAs property affected by government infrastructure projects.

- 13.2 In case the CER falls below 80% due to internal conflict such as election-related issues, inefficient servicing of collection and loss of trust and confidence due to unremitted collections by the duly-authorized officer, SHFC may terminate the Collection Agreement with the CA through a formal notice to the latter. SHFC shall then accept direct payments from members until the conflict/case has been resolved by the CA or the concerned government agency that has jurisdiction over the case/issue. For this purpose, SHFC shall also maintain individual records of payment of the members along with that of the CA, to determine/monitor the extent of individual member obligations vis-à-vis that of the CA.
- 13.3 The CA shall undertake to:
- 13.3.1 Enter into a Collection Agreement with SHFC for the purpose of collecting from its members their shares in the monthly amortizations of the community loan and remitting the amount collected to SHFC in the manner prescribed in the Collection Agreement;
- 13.3.2 Keep individual records of paid and unpaid amortizations of its members together with the collective paid and unpaid amortizations of the CA;
- 13.3.3 Make these records accessible to all members and properly turn-over to the new set of officers in case there is a change of leadership which should be duly reported / registered with the HLURB; and
- 13.3.4 In case of default on the payment of the monthly amortization-share of any member, find a qualified substitute member who shall assume the obligations of the defaulting member. The substitution shall only become effective and enforceable upon approval by SHFC.
- 13.4 SHFC shall keep records of paid and unpaid amortizations of both the CA and their individual members. SHFC shall make these records publicly available and accessible.

#### **14. INDIVIDUALIZATION OF COMMUNITY TITLE**

- 14.1 The CA may undertake to individualize/parcellize the title to the property. If deemed necessary, SHFC may also undertake the individualization of the loan and the corresponding CA and CMP-M are obliged to cooperate.
- 14.2 Individualization of titles shall apply to the entire property covered by the community loan/mortgage evidencing the actual lot occupied and/or allocated by the member as appearing in the Subdivision Plan and the LPA.
- 14.2.1 Partial release of titles, in the case of multi-titled properties subject of CMP loan, may be allowed provided the shares in the loan secured by such titles to be released are fully paid.
- 14.2.2 In case of default by the CA in the payment of the monthly amortizations of the loan, and/or the CMP-M is no longer interested/active in the origination of CMP loans, SHFC may initiate the individualization of the title with the expenses incurred therefore charged against CA. In such cases, SHFC may foreclose only such titles pertaining to the members who are in default and transfer/release the titles of those who are up-to-

date/fully paid in their shares of the community loan after receipt of the relative costs of individualization of each title to be transferred / released.

- 14.2.3 Titles to roadways and open spaces shall remain in the name of the CA and shall not be alienated or transferred/donated to the LGU as long as the CA accounts are not yet fully paid except with the expressed conformity/consent of SHFC.

#### **15. SUBSTITUTION OF MEMBERS**

- 15.1 Master list of members submitted as part of the CMP loan application are deemed final and may not be subject to substitution during the loan application processing period.
- 15.2 A member may be substituted due to the following:
- 15.2.1 When the member is in default in the payment of his/her share in the monthly amortizations of the CA loan. A member is considered to be in default when he/she has not paid an equivalent of at least three (3) months amortization in which case Board of the CA shall declare him/her in default and shall substitute him/her with another qualified member who shall assume all rights and obligations over the allocated property/loan share of the defaulting member.
- 15.2.2 When he/she voluntarily waives his/her rights to the allocated lot/property in favor of the CA.
- 15.2.3 When he/she has been found guilty of violating laws and ordinances as determined by a competent court or a quasi-judicial body and/or he/she has been violating the rules and regulations of the CA and/or SHFC.

In any case, renters or sharers in the project sites shall be preferred or prioritized.

- 15.3 The CA shall be responsible for the substitution of members who have been declared by the Board of Directors of the CA to be in default pursuant to Section 15.2 or who voluntarily waived their rights pursuant to Section 15.2.2, without prejudice to the right of SHFC to disqualify substitute members if they fail to meet the qualifications of a member of CMP or if there is proof that misrepresentation has been committed by the CA officers.

#### **16. DEFAULT**

A CA account is considered in default if it is not up to date with its required monthly loan amortization payments. The following then are the provisions that would guide SHFC in addressing this concern:

- 16.1 For as long as the loan continues to be the loan of the CA, the payment of each member's amortizations shall be the responsibility of the whole membership. Default due to non-payment of monthly amortizations shall occur when there is non-payment equivalent to three (3) monthly amortizations of the community loan. This situation shall entitle SHFC to declare the CA in default.
- 16.2 Default shall also occur if the CA or any member thereof has been found guilty of violating local ordinances and laws as determined by a competent court or a quasi-judicial body; if he/she continues to violate SHFC's rules and regulations and its contract with the CA; and if he/she violates the CA's By-Laws and regulations.

16.3 In case of default in the payment of monthly amortizations, the CA shall submit to SHFC a list of defaulting members with information on the number and amount of monthly amortizations unpaid with details as to principal, interest, insurances and penalties.

16.4 The CA can advance the monthly amortizations of defaulting members.

**17. PENALTIES**

17.1 In case of non-payment of monthly amortizations on the due date (one month after release of the loan), the CA shall pay a penalty equivalent to 1/15 of 1% of the amount due per day of delay.

17.2 The same rate of penalty shall be imposed on delinquent members except when the CA rules and regulations provide for stiffer penalties, in which event, the excess penalty shall accrue to the CA.

**18. CMP MOBILIZER's (CMP-M's) FEE**

The CMP-M shall be entitled to a service fee equivalent to two percent (2%) of the loan amount or One Thousand Pesos (Php1,000) per member, whichever is higher. This shall be paid by SHFC in two tranches. The first half of the service fee shall be payable to the CMP-M upon issuance of the LOG while the second half will be payable upon the full release of the loan. CMP-Ms may charge CA members processing fees for actual out-of-pocket expenses incurred in the performance of community organizing and education activities, but in no case shall this processing fee exceed one percent (1%) of the member's CMP loan entitlement.

**19. EXPENSES FOR SHARING BY LANDOWNER AND CA**

Expenses incurred in relation to the transfer of titles and/or CCT, annotation of mortgage, shall be as per their agreements/consents. However, the following shall serve as guidance in the sharing of expenses, to wit:

19.1 For the account of the landowner:

- i. Updated real estate taxes on the property;
- ii. Transfer tax before the property is transferred in the name of the CA;
- iii. Documentary stamp tax for the Certificate Authorizing Registration issued by BIR;
- iv. Legal and notarization expenses relative to the execution of the Deed of Sale in favor of the CA;
- v. Documentary Stamp tax and Assessment necessary for the transfer of the title to the CAs; and
- vi. Removal of liens and encumbrances, if any.

19.2 For the account of the CA:

- i. Survey and Subdivision Plan of the property showing allocation of lots to members;
- ii. Registration of the Deed of Sale and mortgage and Transfer of the title and tax declaration from the landowner to the CA; and
- iii. Notarization and annotation of the mortgage and other documents in favor of the CMP-M or SHFC;

19.3 SHFC Management shall not allow nor tolerate the sharing of expenses unrelated to the requirements of the CMP loan application. Only items mentioned above

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and other related costs associated with the CMP loan application shall be recognized as legitimate expenses that would be shared by the landowner, CA and members. The landowner and the CA shall furnish SHFC any agreement on the expense sharing arrangements entered into by the Landowner, CA, and or the CMP-Ms.

**20. DOCUMENTARY REQUIREMENTS**

- a. Printed forms or pro forma documents for use by the CA and its members insofar as SHFC requirements are involved, shall be supplied by SHFC free of charge.
- b. Checklist of Requirements for application of the CMP-M/Project leading to the issuance of the Letter of Guaranty, payment of the loan and for individualization of title shall be provided to all CMP-Ms.

All provisions of Circulars, Memoranda, Guidelines, Notices and Policies inconsistent with any of the provisions of this Circular are accordingly repealed or modified.

**21. EFFECTIVITY**

This circular shall be effective and in force immediately upon its posting in the SHFC website.

For your information and guidance.

  
MA. ANA R. OLIVEROS  
SHFC President  


ANNEX 1

**COMMUNITY MORTGAGE PROGRAM  
for On-site Land Acquisition Projects**

**CHECKLIST OF REQUIREMENTS**

**I. PROJECT APPLICATION**

**A. CMP MOBILIZERS' (CMP-M) PARTICIPATION**

- A.1 Duly accomplished application letter (CMP-001);
- A.2 Duly accomplished CMP-M Information Sheet (CMP-002)

**For New Private Applicants**

- SEC/CDA Certificate of Registration, Articles of Incorporation and By-laws;
- Bio-data of officers indicating past and present positions held in relation to their involvement in community-based economic/social development projects. (Please include references);
- Notarized Board Resolution or Secretary's Certificate (re: community coordinating activities on the project);
- Track record in CMP and/or social housing development projects, i.e. summary of CMP and/or social housing development projects undertaken;
- Organizational structure (including the functional chart of officers and staff); and
- Annual audited financial statements (for the last two years)

**For Participating Local Government Units (LGUs)**

1. Council/Sangguniang Bayan Resolution; and
2. Permanent unit/department who will handle processing of CMP

**For Other Government Entities**

- Copy of charter (if entity is not involved in housing);
- Authority from board/head of office to do CMP community coordination; and
- Bio-Data of Officers

**For Existing Community Mobilizers**

- At least 80% Collection Efficiency Rating or Performance Rating

**II. FOR LETTER OF GUARANTY (LOG)**

**A. For Project Evaluation (Background Investigation and Site Inspection)**

1. Community Profile;
2. HLURB Certified copy of the Certificate of Registration, Articles of Incorporation, By-Laws and current General Information Sheet;
3. Memorandum of Agreement between CA and CMP- Mobilizer; and
4. Lot Plan with technical descriptions of the proposed CMP site; Vicinity Map showing the roads leading to the site and the landmarks (i.e., schools, private and government offices, etc.); and a Schematic Subdivision Plan duly signed by a licensed Geodetic Engineer

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**B. For Loan Examination**

1. Masterlist of Beneficiaries with Loan Apportionment (CMP-005);
2. Proof of CA savings equivalent to three (3) months amortization and one (1) year Mortgage Redemption Insurance (MRI) premium (both savings and MRI must be deposited in favor of the SHFC prior to loan release);
3. Notarized Proof of Payment of Equity, if any; and
4. Lease Purchase Agreement (LPA)

**C. For Mortgage Examination**

1. Notarized Board Resolution/Secretary's Certificate issued by the CA to its representative;
2. Memorandum of Agreement between the landowner and the CA or Letter of Intent to Sell from the landowner and Letter of Acceptance by the CA;
3. Real Estate Tax Clearance;
4. Tax Declaration showing residential classification;
5. Register of Deeds (RD) certified copy of present transfer certificate of title/s, first back title/s and second back title/s;
6. Special power of attorney (SPA) for the landowner's representative to sell the property;
7. Two (2) valid IDs of the landowner and/or authorized representative;
8. Real Estate Mortgage (REM);
9. Deed of Assignment of LPA from CA to SHFC;
10. Promissory Note;
11. Collection Agreement between CA and SHFC;
12. Deed of Assignment of Loan Proceeds from CA to landowner; and
13. Loan Agreement

**III. FOR LOAN RELEASE**

1. Deed of Absolute Sale;
2. Cancelled TCT in the name of landowner (with annotation of Deed of Absolute Sale);
3. TCT in the name of the CA with annotation of the REM and the Secretary's Certificate issued by the CA to its representative; and
4. Register of Deeds certified copies of Deed of Sale, REM and Secretary's Certificate issued by the CA to its representative

**IV. OTHERS (if needed)**

1. DAR Conversion Order if the title is a Certificate of Land Award (CLOA) or Emancipation Patent
2. Topographic map if the site has sloping terrain

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