

FAST FACTS on the COMMUNITY MORTGAGE PROGRAM



OVERVIEW AND OBJECTIVES

To ensure the effective delivery of housing finance under the National Shelter Program and increase the access to homeownership of the lowest sector of society, the Social Housing Finance Corporation (SHFC), a subsidiary of the National Home Mortgage Finance Corporation (NHMFC), has been tasked to develop and administer the Community Mortgage Program (CMP).

CMP is a financing scheme to assist and enable informal settlers, slum dwellers or residents of blighted areas, in purchasing, through their duly-registered community associations, the land they occupy or the land where they will be relocated. It is a requirement that the landowner is willing to sell said property to the community association.

The loan is granted in three stages – 1) for lot purchase; 2) land/site development; 3) house construction/improvement.

CMP allows a maximum loan of P120,000 covering the three stages for Metro Manila and other highly urbanized areas and P100,000 outside Metro Manila per individual beneficiary, payable in equal monthly amortizations for a maximum of 25 years at an annual interest rate of 6%. The loan is secured by a first mortgage, on the undivided tract of land initially under community ownership of the beneficiaries. Later on, the property is subdivided with individual mortgages per beneficiary.

LAND/SITE QUALIFICATIONS:

1. Land is covered by a Transfer of Certificate of Title and is free from liens/ encumbrances (except in certain cases), at the time of financing by SHFC;
2. Land conversion, if not yet classified as residential;
3. Written intent to sell and buy between the landowner and the Community Association;
4. With road right of way for land not bounded by public road lot;
5. Surety bond in favor of SHFC pending reconstitution of lost or damage title, if applicable;
6. Observance of the provisions of applicable existing laws;

LOAN PURPOSES AND LIMITS

| PURPOSE | AMOUNT | |
|-----------------------|-----------------------------|-------------|
| | Metro Manila/ HUA | Other Areas |
| 1. Lot Acquisition | | |
| • Undeveloped | ₱ 80,000.00 | ₱ 45,000.00 |
| • Developed | ₱ 80,000.00 | ₱ 60,000.00 |
| 2. Site Development | ₱ 15,000.00 per beneficiary | |
| 3. House Construction | ₱ 40,000.00 per beneficiary | |
| LOAN PACKAGE | ₱120,000.00 | ₱100,000.00 |

HUA – Highly Urbanized Areas

- | | | |
|----------------|-------------------------|----------------------|
| 1. Baguio City | 6. Angeles City | 11. Olongapo City |
| 2. Lucena City | 7. Bacolod City | 12. Iloilo City |
| 3. Cebu City | 8. Mandaue City | 13. Zamboanga City |
| 4. Butuan City | 9. Davao City | 14. Gen. Santos City |
| 5. Iligan City | 10. Cagayan de Oro City | 15. Metro Manila |

BORROWERS:

Tenants/beneficiaries shall form and register a Community Association, cooperative or condominium corporation, which entity shall borrow and initially own and mortgage the land. Individual beneficiaries right over the land and eventual ownership of the lot is achieved through a Lease Purchase Agreement (LPA) with the Community Association.

ELIGIBILITY OF CMP BORROWERS:

1. Have not availed of any housing loan from GSIS, SSS, or HDMF.
2. Not a registered owner or co-owner of any housing unit

COLLATERAL:

The very same property, which is subject of purchase, shall serve as the collateral for the loan.

INSURANCES:

A Mortgage Redemption Insurance (MRI) on the lives of the principal borrowers shall cover the loan extended for the acquisition of the lot and the horizontal development thereof.

A Fire and Allied Perils Insurance (FAPI) shall cover the loan for Stage III, which is house construction or home improvement.

LOAN AMOUNT AND TERMS:

The loan can be paid up to twenty-five (25) years in equal monthly amortizations at 6% interest per annum. Until the individual titles of the lots are transferred in the names of the individual beneficiaries and the corresponding mortgages on their shares in the community loan are annotated thereon, the Association is the only borrower and shall collect from the members the monthly amortizations on their individual loan allocations. For its efforts to collect and service the loan shares of its members, the Association shall be entitled to 1% of the amount collected and remitted to SHFC.

DELINQUENCY/DEFAULT:

For non-payment on time of the monthly amortization due (starting one month from take-out/release of loan), the Community Association shall be charged the equivalent of 1/15 of 1% of the amount due, per day of delay. The same rate of penalty shall be charged the delinquent member-beneficiary, except when the Association rules and regulations provide for stiffer penalties.

SUBSTITUTION OF BENEFICIARIES/FORECLOSURE:

Another qualified beneficiary may substitute any member-beneficiary who is in arrears in payment of his share in the monthly amortization when the arrearages are equivalent to at least three (3) monthly amortizations.

Proof of notice of demand to pay plus the Board Resolution on the substitution of the member shall be included among the documents to be submitted to SHFC. In case the arrearages of the whole community loan amortization reach at least the equivalent of 3 monthly amortizations, the collateral/mortgage may be foreclosed by SHFC.

The Community Association may apply for updating/restructuring of the loan from SHFC, to avoid foreclosure of the mortgage financed by the Community Mortgage Loan.

LOAN ORIGINATOR:

Any 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) shall originate the loan.

The CMP loan originator shall be entitled to an origination fee equivalent to P1,000.00 per household-beneficiary or two percent (2%) of the approved loan, whichever is lower. This fee shall be payable upon the take-out of the lot acquisition loan.

FOR FURTHER INQUIRIES, please write/call the SHFC-Management Services Group, 6th Flr., Banco de Oro Plaza, #8737 Paseo de Roxas cor. Makati Ave Makati City, with telephone numbers: 750-63-38 to 50 local 821 or 812-69-78.