

CONSULTATION/DIALOGUE WITH CMP ORIGINATORS

September 21, 2007, 10:00 A.M.

PHILEXIM Multi-Purpose Hall, 3rd Floor Citibank Center
Paseo de Roxas, Salcedo Village, Makati City

ATTENDANCE:

Board of Directors

Mr. Damaso C. Vertido
Ms. Apolonia A. Tolentino

SHFC Officers

Atty. Fermin T. Arzaga, President
Mr. Eduardo T. Manicio, Executive Vice President
Mr. Ernesto R. Leynes, Vice President – Treasury Group
Mr. Rodolfo R. Santos, Jr., Vice President – Management Services
Group

Mr. Edgar M. Aninipot
Ms. Josefina B. Banglagan
Mr. Florencio R. Carandang, Jr.
Ms. Jessica B. Caraso
Engr. Elsa Juliana H. De Villa
Engr. Felman R. Gilbang
Atty. Jose D. Melgarejo
Atty. Stephen P. Ovalles
Ms. Lourdes P. Panaligan
Ms. Julita R. Parreño
Ms. Delia V. Silva

SHFC Secretariat

Mr. Joselito A. Cada
Ms. Aireen A. Cañales
Mr. Nathaniel F. Castaritas
Ms. Elvira G. Inton
Mr. James Albeth A. Mabulay
Ms. Maripy C. Marcos
Ms. Joy P. Minerva
Mr. Emmanuel C. Peñarubia
Ms. Myrna G. Sipcon
Ms. Jena D. Taronga

CMP Originators

25 CMP Advocates
15 CMP Congress

29 League of Local Government Units
45 Other Originators

Visitors

Mr. Virgilio V. Maclang
Mr. Ernesto Villafranca

I. Preliminary Matters

The meeting commenced at 10:20 A.M. with an opening prayer led by Engr. Fleman R. Gilbang.

Executive Vice President Eduardo T. Manicio delivered his welcome remarks by giving updates on the following concerns of the corporations: (a) The Social Housing Finance Corporation (SHFC) is waiting for the approval and release of the ₱500 million budgetary appropriation for 2007 from the National Government; (b) SHFC is working on an increase of its capitalization to prepare itself for the Metro Manila Urban Settlers for the Poor Project financed by the Asian Development Bank; (c) SHFC is undergoing a Community Mortgage Program (CMP) policy review study that is presently being conducted by three external consultants; and (d) SHFC is implementing several activities in response to Republic Act 9485 or the Anti-Red Tape Law.

For the meeting's overview, Vice President Rodolfo R. Santos, Jr. informed the body that the this gathering was a product of the commitments agreed upon by SHFC and the CMP Originators during the consultation-dialogue done in Manila, Cebu City and Davao City last June 2007.

II. Presentations of SHFC

A. *SHFC feedback on comments on the circulars*

Mr. Florencio R. Carandang, Jr. informed the body on SHFC management's actions on the comments/suggestions made on the following CMP Circulars:

CMP Circular 001 (Imposition of Cost Recovery Fees/Charges)

On the Re-Appraisal. The SHFC Board of Directors has instructed SHFC to pursue the outsourcing of the SHFC appraisal system. SHFC, at present, is drafting the accreditation guidelines for external appraisal.

On the Re-Background Investigation (re-BI). SHFC will be sanctioning its employees who caused the failure of the BI. The sanctions to be imposed will be in accordance with existing Civil Service Commission rules. However, SHFC emphasized

that proper documentation (from the Community Associations) be submitted before employee sanctions are to be made.

The SHFC has likewise agreed to pay a disturbance fee of ₱25.00 per member of the Community Association (CA) and cost of reconstitution of the lost documents provided that proper documentation is made.

CMP Circular 002 (Creation of Price Negotiation Committee within the CA)

SHFC has decided to maintain this policy. It should be noted that this circular was meant to ensure transparency and ownership among CA and the landowner on the negotiated price. To ensure that transparency will be made, SHFC will include governance indicators in the BI process.

CMP Circular 003 (Collection Efficiency Rating [CER] and Other Performance Indicators)

On CER Benchmark. SHFC has decided to maintain the CER of 80% as a requirement for originators to enroll new projects. The 80% CER is a commitment in the 2008-2010 Medium Term Philippine Development Plan. For originators that have a CER of 70%-79%, they can still enroll new projects provided that a time-bound collection action plan/strategies is submitted to SHFC for evaluation and consideration. On a related matter, the SHFC has agreed to review and find ways on how to implement the other performance indicators on which the originators will be evaluated

On Holding/Retention Period. SHFC was amenable for a shorter holding period provided the originators submit a written intention to SHFC that title individualization of originated projects will be attained during the period of two years (the proposed period of the originators). SHFC will also propose to the SHFC Board an incentive program for originators who are able to individualize (up to stage II of project unitization) their originated projects within the two-year period and, at the same time, maintain a CER of 80%. SHFC will be proposing a post-take out service fee of ₱500.00 per beneficiaries for this incentive program. The payment of this post take out service fee will be made upon completion of stage II project unitization.

SHFC was also in the process of drafting an amendment that will ensure that the originators will not get an origination fee lower than ₱1,000.00 per member-beneficiaries (MBs). The option of “2% of the project cost whichever is lower” will no longer be applied if the average amount per MB is lower than ₱1,000.00.

On Cash Deposit prior to take-out (to be utilized as payment). SHFC is willing to apply the cash deposit as payment to the loan principal provided that an alternative buffer fund is made by the CA. Application of cash deposit as payment shall apply only to old projects that attained an 80% CER for three consecutive months after take-out. For new projects, the CA would be required to open a special savings account (that allows

authorized withdrawals only) that has a maintaining balance equivalent to six (6) months amortizations. This would be the “new buffer fund”.

On originator who abandoned the CA at the Letter of Guaranty (LOG) stage. SHFC has agreed with the suggestion to blacklist such originators who will not be allowed to enroll new projects for a period of five years from the time of abandonment. SHFC requires proper documentation of such cases.

CMP Circular 006 (Required CER Benchmark)

SHFC has agreed to apply the CER benchmark to CMP projects for accreditation and Board approval. The CER benchmark will not be applied to CMP projects with LOG.

B. Local Community Mortgage Program (LCMP) Updates

Vice President Santos informed the body that the LCMP implementing rules and regulations (IRR) have been approved by the SHFC Board on 27 July 2007. With an approved IRR, the SHFC has selected 15 LGUs as possible pilot areas: Davao City, Iloilo City, Naga city, Legaspi City, Island Garden City of Samal, Cotabato City, Quezon City, San Fernando city, Laoag City and Caloocan City). Vice President Santos also informed the body that SHFC has already talked with seven (7) of these 15 LGUs. They are Naga City, Legaspi City, Davao City, Island Garden City of Samal, Cotabato City, Quezon City and Caloocan City. He further noted that among the seven (7) LGUs, Naga City and Island Garden City of Samal have been very interested in the program and are finalizing the submission of their requirements.

C. Presentation of Collection Related Concerns

Ms. Josefina B. Banglagan presented the list of originators with 80% and above Collection Efficiency Ratings (CER) using collections from August 2006 to July 2007 (CER-1) and collections from take-out date to July 2007 excluding projects taken-out five years and above, individualized title accounts, and items for litigations (CER-2). Ms. Banglagan also presented the following lists: CERs of all originators (whether functioning or not), active and inactive originators with passing mark of at least 80% CER, originators who assisted the SHFC in the collection campaign and CAs with available MB ledgers.

On a related matter, Ms. Banglagan informed the body that the penalty condonation (retroactive from January 2007 until December 2007) has already been approved. Ms. Banglagan likewise informed the body that there is an available 90-day Installment Plan for MBs applying for penalty condonation that cannot afford to pay their arrears in cash. She further advised that application for such plan should be submitted by October 2007.

D. Presentation and Discussion on Hard Findings

Atty. Stephen P. Ovalles informed the participants that the Mortgage Examination Department (MED) and the Loan Examination Department (LED) have prepared a list of hard findings regarding the compliance of originators to CMP requirements. Atty. Ovalles further informed the body that the purpose of the presentation of the hard findings was to assist originators comply with the requirements and also to gather originators' comments and suggestions.

List of Hard Findings gathered by MED

Road Right of Way

Atty. Ovalles explained that SHFC is lenient in this requirement because the Originator is only required to submit an Undertaking that there is a road right of way as access road leading to the property. However, the Originator failed to submit an Undertaking. Atty. Ovalles noted that road right of ways are difficult to obtain especially private roads. He cited a particular project in Iloilo wherein the project has a road right of way but the owner of the private road does not want to sell the property or worst the owner of the adjoining lot is already dead. He noted that in these cases it will be difficult for the Originator to comply with the said requirement. He informed the body that if any originator encounters a similar situation, the ME will gladly assist them.

Titles

Atty. Ovalles discussed the annotation of lis penden, Contrato de Molienda or mortgages annotated since 1960s-1950s. He noted that everytime a title is given to a Community Association it should be clean except for the mortgage in favor of SHFC. He explained that there are titles submitted to SHFC with annotations. Atty. Ovalles disclosed that the lifespan of adverse claims is only 90 days according to Section 17 of the Land Registration Act. In the past after the lapse of the 90 days, the adverse claims are cancelled. However, in 1996 there was a Supreme Court decision requiring a court order to cancel the adverse claims. He mentioned that the Supreme Court will require a court order even if the 90 days had already lapsed. Atty. Ovalles noted that there are still some titles which were cancelled after the lapse of the 90 days. He notified the body that as long as the adverse claim is cancelled, even without a court order, SHFC will accept the title.

Atty. Ovalles explained that lis pendens is a litigation on the title of the land. He further explained that when lis pendens is annotated in the title, it should give notice to prospective buyers that they should be aware of the status of the title. He informed the participants that whoever buys the land is bounded by the case. Atty. Ovalles added that it is useless to submit a title under litigation. He noted that the annotation must be cancelled. He notified the body that there is another annotation on the title which is hard to cancel and this is levy on execution. He explained that the land has been subject to sheriff proceedings and the title is under custody of the court. The landowner has no right

to sell the property except when the landowner gets a court order or approval for the sale and the mortgage. He noted that if the court approves the sale, SHFC will accept the title.

Atty. Ovalles further explained that Carto Contrato de Molienda is for agricultural lands or sugar lands and it is just a mini contract and must also be cancelled. He noted that the previous three instances he mentioned are difficult to cancel. He also mentioned that if these cases are present in the titles, the originator must inform the landowner right away to avoid unnecessary inconveniences on the part of the landowner while undergoing the CMP process. He reiterated that properties with the said annotations on the title are not saleable and cannot be mortgaged.

Atty. Ovalles then discussed the discrepancy in the technical description in the title namely the 1st back title, present title and title in the CA's name. Atty. Ovalles cited the Register of Deeds (RD) in Palawan wherein the new RD does not want to correct the errors in the title because it was the mistake of the previous RD. He mentioned that there are some instances wherein the corrections are annotated in the title and it's ok. However, there are some RDs who require a court order because it was not his/her mistake but the fault of the previous RD. He suggested that the originator must report this matter to the Department of Justice (DOJ) because the RD is under the supervision of the DOJ. Atty. Ovalles noted that during the transfer of the title in the CAs name, the technical description of the title must be correct. He pointed out that the Originator should ensure that the technical description is correct. He cited that once a project is for full payment and the technical description did not close traverse it means that there is a discrepancy in the technical description. He emphasized that the Originator should be aware of this error because this is usually caused by the typist. Atty. Ovalles noted that the Originator should review the technical description of the title before it gets hold of the title already signed by the RD. He is grateful to the Makawili Foundation because it reviews the technical description of the title first and if there are errors they can have the title corrected before obtaining the final copy of the title. He reiterated that the Originators must be aware if there are errors in the technical description and it should familiarize itself with the way SHFC reviews the technical description and that is word for word, line per line. He suggested that the Originators not to break up the title because it will take some time for the ME to finish reviewing the technical descriptions of say 180 titles.

Atty. Ovalles next discussed the cancellation of restrictions in the title. He has become lenient particularly in reconstituted titles. He mentioned that there are restrictions for reconstituted titles wherein claimants are given two (2) years to file their claim on the ownership of the title. He further stated that it requires a court order to cancel the restrictions in the title. He noted that ME will accept a title as long as the Originator has filed a case in court and he assures them that the restrictions will be cancelled. He stressed that it will not be difficult to cancel the restrictions in the title unlike the adverse claims which he mentioned earlier.

Atty. Ovalles also informed the body on dilapidated titles. He mentioned that there are titles wherein the owner's copy is ok but the original copy in the RD is already mangled, wet or burnt and so the owner's name cannot be read anymore. Atty. Ovalles

pointed out, however, that the RD certifies that the title is valid. He noted that he will allow it because of the Certification from the RD and also it will not affect the mortgage. He stressed that what is important is that the title should be clean and without errors in the technical description.

Atty. Ovalles then discussed OCT no., Decree no., Vol. No. & page/book no. He informed the body that through experience the Originators emphasized that the upper portion of the title has not been photocopied. However, Atty. Ovalles pointed out that upon verification of the title from the RD, the copy of the RD also has no OCT no. or Decree No. He stressed that there is no point to reason out that the portion containing the OCT no. or Decree no. has not been photocopied because as mentioned, the OCT no. or Decree no. is missing in the original copy of the RD and this he pointed out is important in the primary entry book. The primary entry book is the first step in Registration.

On a related matter, Atty. Ovalles also discussed OCT 614 (lot 644) covering Quezon City. He emphasized that he is not that strict in pertaining to OCT 614. He noted that before SHFC will require a Certification from the Land Management Bureau. However, he pointed out that the LMB Certification is no longer necessary because lot 644 is already mentioned in the title.

Atty. Ovalles discussed OCT 543 which covers Caloocan City. He mentioned that SHFC will require Land Management Bureau Certification. He noted that it is not difficult to obtain the Certification.

He next presented discrepancies in technical descriptions in the TCTs registered in CA's name if already individualized. He reiterated that the Originators should not individualize the titles until the project has been taken out because if there are errors in the technical description it will take a long time for SHFC to pay the landowner. He noted that ME takes about a week or four working days to review 180 titles and the review will be repeated twice or thrice by different staff.

Conversion of land from Agricultural to Residential (Off-Site Projects)

Atty. Ovalles noted that it will take a long time for the conversion of land to residential. He mentioned that Originators usually allow the beneficiaries to occupy the property to make it an on-site project. However, he emphasized that the Board will not allow this because the Board knows that the Community Association has occupied the property for only seven (7) months and this practice will violate the 3-year residency requirement for on-site projects. Atty. Ovalles stressed that if the project is off-site, the Originator should declare it as off-site and to show to the Board that the beneficiaries are the real clientele of SHFC. He reiterated to the body that the process of conversion will consume a lot of time and stressed that the landowner must secure the conversion before applying the project to SHFC.

Submission of tax declaration in lieu of burned back titles

Atty. Ovalles emphasized that there is no way for SHFC to verify the burned back title of a reconstituted title so instead SHFC requires the Originator to submit two (2) back tax declarations. He pointed out that the Originators are having a hard time obtaining the two (2) back tax declarations.

If the property subject of CMP is under court appointed administrator, the sale, REM, etc. requires Court Order

Atty. Ovalles informed the participants that if the property for sale is under court appointed administrator, the administrator has to secure an approval from the Court. He cited that there are projects already for payment but the Originator has not yet secured a Court Order. He noted that sometimes he provides the pro-forma of the petition letter to the Court. He mentioned a particular project in Lapu-Lapu City wherein the Originator revealed that it will take a long time to secure a Court Order. However, Atty. Ovalles pointed out that when you file the petition today it will be approved in the next calendar hearing. The Originator is required to submit a Certification from the Court that the sale is approved and this will be acceptable to SHFC.

Deed of Assignment executed by the landowner/s in favor of a third person

Atty. Ovalles noted that SHFC allows mortgages from banks. He cited one Deed of Assignment (DOA) wherein the landowner is assigning the full amount to a bank. He suggested canceling the DOA and transferring ownership in favor of the bank. However, he pointed out that the landowner will not likely do so because of the tax implications involved in the transfer such as the capital gains tax, doc. stamps, etc. In the case of assignment in favor of a person, he suggested that prior to execution of the Deed of Assignment, the Originator should ask SHFC if the person is acceptable to SHFC.

Real Estate Mortgage and Deed of Absolute Sale – discrepancy in the date of Inscription in the title and the one indicated in the documents (REM and DAS)

Atty. Ovalles noted that more experienced Originators make mistakes in the date of annotation of the REM and the DAS in the title. Most of these Originators annotate the REM first before the DAS. Atty. Ovalles pointed out that the sale should come first and the REM afterwards.

Submission of Extra Judicial Settlement in case of deceased landowner/s and posting of heirs bond

Atty. Ovalles mentioned that the landowner has to pay taxes especially the estate tax. He cited instances wherein the landowner cannot pay the estate tax. He emphasized that the Originator should inform the landowner to pay the estate tax in extra judicial settlements and post the heirs bond for the protection of SHFC.

Payment of Estate Tax and/or Real Property Tax re: landowner always reasoned out that this tax should be paid by the CA.

Atty. Ovalles noted that when the Originator is dealing with the landowner, the Originator should inform the landowner that they will have to pay certain taxes. He cited instances wherein the landowner dies and the son or daughter automatically becomes the owner, however, ownership is not recognized not until the title is registered in his or her name. Atty. Ovalles stressed that the landowner has to pay the estate tax to effect the transfer and sale of the property. He ended his presentation on the list of hard findings.

List of Hard Findings gathered by LED

Masterlist – share in open space, share in loan, P/I and MRI computations

Atty. Ovalles revealed that he has eight (8) vouchers for payment but he cannot release the payment because the Originator has not submitted the Masterlist of Beneficiaries. He was wondering why the Originators cannot comply with the Masterlist and then comply with the ME findings which he thinks is much more difficult. He emphasized that the Masterlist is required in order to compute the loan amount.

Submission of PALC / approved subdivision plan

Atty. Ovalles noted that the PALC is easy to obtain from the Sanggunian. However, he pointed out that the Originators tend to delay the submission of the PALC because of some cost implication. The PALC should be submitted right away by the Originator.

Submission of Lease Purchase Agreements

Atty. Ovalles asked the participants if it is difficult to submit the Lease Purchase Agreement (LPA). He emphasized that the Masterlist of Beneficiaries and LPA should not be full of erasures because these documents can be used as evidence in court. If the documents are full of erasures, the Originator should request for a replacement.

Submission of proof of settlement / waiver of equity

Atty. Ovalles informed the body that MED & LED will not present the project to the Board of Director unless the Community Association has fully settled the equity. He noted that SHFC will not issue a Letter of Guaranty if the equity has not been fully settled by the Community Association.

Substitution of beneficiaries

Atty. Ovalles stressed that substitution of beneficiaries should be done during pre take-out.

Ejectment / replacement of recalcitrant

Atty. Ovalles noted that the allowed recalcitrance in a project is 10% but he emphasized that it is not advisable to allow such number because these people will cause problems to the Community Association. He informed the Originators to assist the Community Association in filing ejectment cases against the recalcitrance.

Submission of certification from the Price Negotiation Committee

Atty. Ovalles mentioned that this topic was discussed earlier citing the opinion of the Originators that the Price Negotiation Committee is useless and it has no purpose. However, Atty. Ovalles pointed out that this document is easy to comply. He stressed that the Originators refuse to comply with this requirement and as a result SHFC cannot release the loan proceeds to the landowners. Ms. Lita Asis of CMP Congress reacted and said that SHFC failed to consult them regarding this requirement. Atty. Ovalles emphasized that SHFC consulted with the Originators and further stated that unless there is instruction from the Board to scrap the Price Negotiation Committee, SHFC will require the Originator to comply with the said requirement. He consulted with Director Dam Vertido who was present in the meeting regarding the issue raised by the Originators. Director Vertido informed the participants that during the consultation meeting in Cebu City it was discussed that governance indicators may suffice in lieu of the Certification from the Price Negotiation Committee. However, he noted that the Board has not yet issued a ruling that the governance indicators may substitute for the Certification and so the policy that Originators have to submit a Certification still stands.

The representative of Quezon City LGU, meanwhile, noted that SHFC has implemented policy changes without a Circular. He cited the 100% occupancy requirement which SHFC is now imposing. Atty. Ovalles informed the body that this was the instruction of the Vice President of the Philippines and carried by the SHFC Board of Directors.

On a related matter, President Fermin T. Arzaga admitted that the Circular regarding the Price Negotiation Committee was not consulted with the Originators. President Arzaga clarified that the creation of the Price Negotiation Committee was a result of queries by members of the Board regarding the pricing of land sold to Community Association. The Price Negotiation Committee will determine if the landowner has correctly valued his/her property. Regarding the 100% occupancy requirement, President Arzaga informed the body that this was a directive from the Board in order to determine that the true recipients of the project are the members of the Community Association.

Presentation of BIR registered books of accounts

Atty. Ovalles noted that this requirement is easy to comply because the forms are available at National Bookstore.

Submission of PCL approval letter with Originator's conformity

Atty. Ovalles emphasized that the Originators should be responsible because they are serving the marginalized sector of our society. He added that their conformity to the PCL approval letter should be readily available.

Payment of cash deposit equivalent to two (2) / six (6) months amortization, one (1) year MRI premium and one (1) time payment of documentary stamps

Atty. Ovalles informed the Originators that there are many Community Associations who come to SHFC and are ready to pay the cash deposits. However, he emphasized that the Community Association should inform the Originators that they are paying the said fees directly to SHFC. Atty. Ovalles noted that SHFC is now accepting the payments to improve the collection campaign.

TSO recommendation/observations

Atty. Ovalles read each topic but informed the participants to direct their questions to the Manager of the Technical Services Department (TSD). He informed the body that the legal easement will be deducted from the property because legally it cannot be sold.

80% CER

Atty. Ovalles informed the participants that it should follow the required 80% CER. Moreover, he added that the Crecom or Board will not approve a project that has a CER below 80%.

III. Open Forum

One originator from the audience inquired how the 8 projects earlier mentioned by Atty. Ovalles got that far without a Masterlist. Atty. Ovalles informed the originator that the project has a Masterlist because SHFC will not issue a PCL if the project has no Masterlist. However, Atty. Ovalles noted that the Masterlist did not contain the specific area that is assigned to the particular beneficiary and the specific amount that the beneficiary is going to pay. He also added that there are no computations on the MRI, lot allocation and share in the open spaces. Ms. Asis of CMP Congress replied that it has complied with all the computations prior to PCL and the originator asked Atty. Ovalles if there is a new circular on this. The originator added that there may be substitutions on some of the beneficiaries prior and after issuance of the PCL. Moreover, she said that the initial masterlist has been complied by the Originator and the Community Association during the pre take-out stage. Ms. Delia Silvia of the LED informed the participants that there are areas for deduction like easement, re-blocking, technical descriptions not yet submitted by the Originator so that is why SHFC cannot finalize the total lot area for CMP which is needed for the computation of the loan amount in the Masterlist.

Ms. Annie Graciano from Zamboanga City is requesting for an incentive for those Originators who are in the process of individualizing the titles but their CER is below 80%. Ms. Jo Banglagan of SHFC cited SHFC Circular 003 wherein individualized titles are excluded in the computation of the CER. She noted that if the individualized titles are included in the computation of the CER, Ms. Graciano would meet the required 80% CER. Atty. Ovalles pointed out that if it would benefit the originators, SHFC will allow it.

LGU of Angono informed the body that the LGU has taken over the origination of a CMP project and the LGU is experiencing difficulty in the collection of the monthly amortization. He said that all of the beneficiaries have the same monthly income of P6,000 and he questioned how come SHFC allowed it in the BI. Atty. Ovalles noted that SHFC is aware of the concerns of the Mayor of Angono and he added that the representatives discussed the issue with him in his office.

Ms. Anna Oliveros raised two (2) questions to the Manager of TSD and to LCMP. Ms. Oliveros suggested that site development works should not be a requirement for land acquisition. On the LCMP, she raised three (3) points. The first point she raised is that SHFC should only visit the LGUs that are qualified for the LCMP. She added that there is no reason to visit the other LGUs identified by SHFC if the LGU is not qualified. The second issue she brought up is that the LCMP IRR is not clear on who is the approving authority for the LGU projects because the LGU is merely the processor. The third question she raised is whether or not SHFC will conduct a post-audit or a pre-audit of the project. She noted that in the guidelines there is a provision that it's a post-audit but SHFCs requires the LGU to submit the eligibility requirements and loan documents.

Ms. Elsa De Villa of TSD pointed out that SHFC will require the originator to comply with TSO's recommendations/observations if a potential risk exists in the project and likewise to protect the government fund. Ms. Oliveros, however, countered that SHFC may require compliance if only it is life threatening. Ms. De Villa cited that there are projects in SHFC which are not risky at the moment but in the future there may be some risks. She pointed out that SHFC is only protecting the beneficiaries and the government fund. Atty. Ovalles said that the requirement is a protective measure for the beneficiaries.

Director Vertido noted that both sides may have a point in this argument and he suggested that both parties consult each other on ways on how to operationalize the circular if the process is with LE and ME.

VP Rodolfo Santos noted that the listed LGUs were chosen geographically with representations from Luzon, Visayas and Mindanao. Moreover, there should be clustering of LGUs. He added that the identified LGUs will likely pass because SHFC conducted a research on the Local Housing Boards of the LGUs, its credit carrying capacity. Likewise, he said that SHFC informs the LGU that there is a program and base on SHFCs research the LGU is qualified and SHFC will open the program only to those LGUs which are qualified. On the second issue of Ms. Oliveros, VP Santos said that the idea of

putting another layer to the process may not be true because the LGU will be the entity which will process the loan of the Community Association. He added that what's important to SHFC is the appraisal of the property and the submission of the complete set of documents. He mentioned that SHFC will not anymore conduct BI of the beneficiaries or SI of the property. Moreover, he said that SHFC will conduct minimal review of the project. He pointed out that the post-audit will be undertaken after the project has been approved. He noted that this will be the time when SHFC visits the project and sees the condition of the beneficiaries. VP Santos informed the participants that the consultants of SHFC were invited to the consultation to observe and to consult with selected originators for their opinions regarding policy changes.

An Originator from Roxas City inquired on the number of days HUDCC evaluates the loan folder of a project for take-out. Atty. Ovalles replied that it will only take three (3) hours for HUDCC to review the documents but the staff who was handling the evaluation of the loan folder was attending a seminar. The originator raised the issue on receipt of documents by SHFC prior to Crecom. She cited a particular project in Iloilo. The Manager of the Accreditation Department notified the originator that her project is scheduled for Crecom presentation.

An Originator from Palawan suggested that SHFC consult first with the originators before implementing a particular policy revision so that the Originators are aware of the policy change. Atty. Ovalles informed the body that SHFC will relay the suggestion to the SHFC Board.

Ms. Elvie of Lucena City cited that she has a particular CMP project which she submitted to National Home Mortgage Finance Corporation (NHMFC). Upon follow-up with NHMFC, she was informed that the Community Association changed their originator. The NHMFC staff suggested filing a case against the Community Association. Atty. Ovalles replied that SHFC will look into the allegation of the originator. He added that the project was already taken out in 2005.

An Originator from Marikina City informed the body that they originated a project and their problem is the road right of way. They sought the assistance of the LGU in order secure the road right of way. The originator is asking if SHFC will finance the project even without an existing road right of way. Atty. Ovalles replied that the Originator or LGU may submit an Undertaking stating that they will secure the road right of way for the Community Association.

IV. Closing Remarks

President Arzaga thanked the participants for attending the consultation meeting.

There being no other matters for discussion, the meeting was deemed adjourned at 3:20 p.m.