



LOCALIZED COMMUNITY MORTGAGE PROGRAM

WHAT IS THE LCMP?

The LCMP is a modified community mortgage program which extends financial assistance for the acquisition of the land occupied by the constituents of the local government unit or the land where they will be relocated through the concept of community ownership, with the land primarily mortgaged to SHFC.

ELIGIBLE PARTNERS

1. Cities
2. Municipalities

Provinces are encouraged to extend assistance to their respective cities and municipalities.

Under this program, a qualified Local Government Unit is accredited by SHFC as partner-LGU and as such shall perform all pre take-out functions of SHFC such as;

1. Accreditation of CMP Mobilizers;
2. Background Investigation of projects;
3. Site Inspection and appraisal of projects;
4. Loan examination; and
5. Mortgage Examination.

The LGU is subsequently provided with an Omnibus Commitment Line (OCL) not to exceed P50 Million, with one (1) year validity on projects identified by the partner-LGUs.

As partners in this undertaking, the LCMP will serve as a vehicle what will enable the LGUs to maximize their limited

housing budget, with SHFC providing an additional maximum funding equivalent to:

- a. Seventy-five percent (75%) of the project cost for 1st to 4th class cities; or
- b. Ninety percent (90%) of the project cost for 5th and 6th class cities and all municipalities.

The remaining equity of the LGU can come in any of the following form:

- a. land owned by the partner-LGU;
- b. cash financing to pay-off the lot price; or
- c. site development.

DETAILS OF THE CMP LOAN

Types of projects:

1. **On-site Projects** – for the purpose of acquiring the land occupied by informal settlers of the partner-LGUs.
2. **Off-site projects** – for the purpose of acquiring and developing the land where informal settlers will be relocated through the concept of community ownership.

Loan Amount: A beneficiary can avail of a maximum loan amounting to P100,000 for lot acquisition loan; P30,000 for site development loan; and P120,000 house construction loan; for a maximum total loan of P250,000.

LOAN PURPOSE	AMOUNT	
	LOAN AMOUNT	MONTHLY AMORTIZATION
LOT ACQUISITION	P100,000.00	P 685.30
SITE DEVELOPMENT	P 30,000.00	P 205.59
HOUSE CONSTRUCTION	P 120,000.00	P 834.60
TOTAL PACKAGE	P 250,000.00	P 1,725.49

Interest Rate: 6% per annum

Maximum Term: 25 years

Loan Repayment: one (1) month after the release of the loan proceeds

Remittance of monthly payments: Community Associations (CA) shall collect the share of its members in the monthly amortization and remit the same to SHFC or to its accredited collecting bank (Land Bank of the Philippines)
Defaulting members: CA shall find a substitute member who shall assume the obligation of the defaulting member

BENEFITS FROM THE LCMP

The partner-LGU shall be entitled to 1/6 of actual amount of interest collected from the CA monthly loan amortization as incentive for collection services rendered if the Collection Efficiency Rating (CER) of the project reaches 90%-100% rating, provided further that they have assisted SHFC in its collection campaign. The 1/6 interest incentive shall however be released only after the issuance of post-audit clearances from SHFC.

SECURITY FOR THE OCL/CA LOAN

The partner-LGU shall put up a refundable cash deposit to SHFC equivalent to six (6) months amortization of the CA loan as a performance warranty to cover the projects enrolled under the OCL to be paid prior to issuance of LOG.

The CA, on the other hand, with the assistance of the partner-LGU, shall be responsible for the payment of advance payment equivalent to three (3) months amortization of the CA loan and one (1) year Mortgage Redemption Insurance (MRI) to be paid prior to loan release. This payment maybe applied to the CA loan in case of default.

Should you have additional questions on the LCMP, you may call our LCMP Dept. at tel. no. **(02)750-6337** local **120** or visit their office at the 5th Floor, BDO Plaza Bldg., 8737 Paseo de Roxas, Salcedo Village, Makati City.





**DOCUMENTARY REQUIREMENTS FOR
ACCREDITATION OF ELIGIBLE PARTNER
CITIES/MUNICIPALITIES**

- Filled up Pro-forma Application Form;
- An updated inventory of local housing backlog;
- Municipal/City Council Resolution for the creation of a Local Housing Board (LHB) with equitable multi sectoral representation that must have a NGO/PO representative involved in housing and urban development;
- Municipal/City Council approved organizational structure and personnel complement of the unit/department in-charge of socialized housing or other housing programs;
- Municipal/City Council Resolution authorizing the Local Chief Executive to make a refundable cash deposit equivalent to six (6) months amortization of CA loan in favor of SHFC as performance warranty for the project/s to be enrolled under the OCL as well as authorizing the said Local Chief Executive to sign, negotiate and transact with SHFC and other LCMP partners to fully operationalize and implement LCMP in the locality;
- Municipal/City Council Resolution specifying the list of priority projects together with its respective funding allocations;
- Project Profile of projects to be enrolled including:
 1. Appraisal Report; and
 2. Masterlist of Beneficiaries.
- Municipal/City approved Ordinance indicating the procedure and criteria for accreditation of CMP Mobilizers;

- An updated Comprehensive Land Use Plan (CLUP) and Comprehensive Shelter Plan (CSP) approved by LHB;
- Municipal/City Council ratified Annual Investment Plan (AIP) indicating the prioritized LCMP project/s for the year and the approved regular budget allocation for housing; and
- Commission on Audit (COA) Audited Financial Statements for the past three (3) years.

ACCREDITATION AND GRANTING OF OCL TO PARTNER-LGU

1. SHFC shall evaluate the submitted documents as to completeness and authenticity.
2. To ensure the viability of the project, SHFC shall conduct a background investigation with regard to the occupancy of the MBs. It shall also validate the LGU appraisal of the project. Both activities shall be made prior to accreditation and granting of OCL to the prospective Partner-LGU.
3. SHFC shall present a report regarding the results of the evaluation for approval by the Credit Committee of SHFC.
4. Upon accreditation and approval of the OCL, a MOA shall be executed between SHFC and the partner-LGU.
5. SHFC shall subsequently conduct trainings, orientations and seminars for partner-LGUs on the roles, duties and responsibilities to the implementation of LCMP

RELEASE OF LOAN PROCEEDS

After the partner-LGU completes the full LCMP processing cycle for each project, it shall submit all of the loan documents required under the new revised CMP guidelines to SHFC in four (4) sets including a certification from the Landowner that he/she has received full payment of the twenty-five percent (25%) for 1st to 4th class or ten percent

(10%) for 5th or 6th class cities and municipalities as partner-LGU participation of the project (for privately-owned land).

The partner-LGU shall likewise include its warranty on the project stating the following:

Warranty issued by the partner-LGU

1. The CA is a bonafide association and its acts are the voluntary acts of the members for the purpose of acquiring and keeping the property for themselves; and that the CA MBs are the rightful occupants of the property and are aware of their obligations under the CMP;
2. The MBs have not availed of any government housing program;
3. The physical existence of the identified project/s has been established; The TCT is authentic and is free from liens and encumbrances; and the registered owner, for privately owned property, is still living; and
4. Any violation of any warranty shall be a ground for SHFC to impose any or all of the penalties provided under Section 11 of the Amended Implementing Guidelines for the LCMP thereof, without prejudice to resort to other remedies as provided for by law.

PROCESSING TIME

SHFC's processing time for the release of loan proceeds shall not exceed thirty (30) calendar days from receipt of the **complete set** of LCMP documents from the partner-LGU.

