

USUFRUCT AGREEMENT

This **USUFRUCT AGREEMENT**, hereinafter referred to as the “Agreement”, is made and executed by:

SOCIAL HOUSING FINANCE CORPORATION (SHFC), a government - owned and controlled corporation sans original charter created under Executive Order 272, series of 2004, and duly registered with the Securities and Exchange Commission (SEC) with principal office address at BDO Plaza Bldg. Paseo de Roxas, Makati City, represented by its President, _____ (hereinafter referred to as the **LANDOWNER**);

-and-

_____, a non - stock and non - profit organization, duly organized and registered with the Housing and Land Use Regulatory Board (HLURB), with principal address at _____, represented by its President _____ (hereinafter referred to as the **USUFRUCTUARY**).

WITNESSETH:

WHEREAS, the **LANDOWNER** owns a parcel of land consisting of _____ SQUARE METERS (_____sq. m.) which is a portion of TCT No. _____ registered with the Registry of Deeds for _____, containing a total area of _____ SQUARE METERS (_____sq. m.), more or less situated at _____, hereinafter referred to as the “**Community Mortgage Program (CMP) PROJECT**”. A copy of the Schematic / Approved Subdivision Plan with the technical description is hereto attached as ANNEX “A” and made as integral part of this Agreement.

WHEREAS, the **USUFRUCTUARY** is composed of Informal Settler Families (ISFs) who are in low- income bracket qualified for social housing program.

WHEREAS, the **LANDOWNER** is a lead government agency to undertake social housing programs that will cater to the formal and informal sectors in the low-income bracket and shall take charge of developing and administering social housing program schemes, particularly the **CMP** and the **Abot Kaya Pabahay Fund Program (AKPF)**.

WHEREAS, the **USUFRUCTUARY** has identified and chosen the **CMP PROJECT** as the site for its member-beneficiaries (MBs) for the construction of their housing units/ buildings on the mentioned lot;

WHEREAS, the **LANDOWNER** is willing to enter into a usufruct agreement with the **USUFRUCTUARY** over the **CMP PROJECT** subject to the terms and conditions herein;

NOW THEREFORE, for and in consideration of the foregoing premises and of the mutual covenants hereinafter contained, the parties hereby agree as follows:

1. **TERM.** The term of the usufruct shall be for a period of two (2) years from the signing of this Agreement unless the **PARTIES** pre - terminate the same on the following grounds:
 - 1.1. The **USUFRUCTUARY** buys the land from the **LANDOWNER**;
 - 1.2. The **USUFRUCTUARY** violates any of the conditions stated herein, and

1.3. The USUFRUCTUARY violates the provisions of the site development and building construction loan agreements which shall be subsequently entered into between the parties.

1.4. The USUFRUCTUARY fails to apply for site development and house construction loan from the LANDOWNER.

Provided, further that, only the LANDOWNER may invoke subsections 1.2 and 1.3 as grounds for the pre - termination of the Agreement. Provided, finally that, any action on the part of the LANDOWNER for any prolonged period of time cannot be taken to mean as a renunciation of its right to pre - terminate the Agreement under the said grounds.

2. PURPOSE OF THE USUFRUCT- the USUFRUCT shall be used exclusively for the acquisition of the CMP PROJECT intended for the residential use of the USUFRUCTUARY's MBs.

3. LAND OWNERSHIP- The ownership and title of the CMP PROJECT remains with and continues to be in the name of the LANDOWNER. Upon expiration or pre -termination of the Agreement on the grounds stated under sub - sections 1.3 and 1.4 of this Agreement, all permanent improvements existing on the CMP Project shall inure to the benefit of the LANDOWNER. It is hereby understood that permanent improvements shall refer to those that cannot be detached or removed without damaging the CMP PROJECT.

4. RIGHTS AND OBLIGATIONS OF THE USUFRUCTUARY

4.1. The USUFRUCTUARY shall apply for site development and house construction loan with the LANDOWNER and the necessary permits within thirty (30) days upon execution of this Agreement. As soon as the house construction and site development is completed or within two (2) years, whichever comes first, the USUFRUCTUARY shall apply for a land acquisition loan to acquire the CMP PROJECT;

4.2. The USUFRUCTUARY shall voluntarily surrender possession and return or vacate the CMP PROJECT to the LAND OWNER without need of demand upon expiration of the Agreement in case the former does not purchase the property from the LAND OWNER;

4.3. The USUFRUCTUARY shall pay the real estate taxes due on the CMP PROJECT upon construction of their housing units/ buildings as well as the taxes due on housing units/ building constructed;

4.4. The USUFRUCTUARY shall not sell, dispose, mortgage, encumber, transfer, assign, tolerate the use by a third party, or use as collateral for their economic venture the CMP PROJECT or any portion thereof during the lifetime of the Agreement, unless with the consent of the LANDOWNER;

4.5. The USUFRUCTUARY shall not enter into any other agreements pertaining to the CMP PROJECT except for the lease with its respective MBs;

4.6. The USUFRUCTUARY shall not alienate or transfer its USUFRUCTUARY rights, or alter the form or substance of the CMP PROJECT, or do anything thereon which may be prejudicial to the rights of the LANDOWNER;

4.7. The USUFRUCTUARY shall be obliged to notify the LANDOWNER of any act of a third person, of which it may have knowledge, that may be prejudicial to the

rights of ownership, and it shall be liable if it did not do so, for damages, as if they had been caused through its own fault;

4.8. The USUFRUCTUARY may provide, introduce and/ or maintain proper infrastructures, perimeter fences, facilities that shall make the CMP PROJECT sustainable and viable for use;

4.9. The USUFRUCTUARY shall be responsible for maintaining the cleanliness and peace and order in the area of the CMP PROJECT;

4.10. The USUFRUCTUARY shall not use the CMP PROJECT for any unlawful or illegal act.

5. RIGHTS AND OBLIGATIONS OF THE LAND OWNER

5.1. Authorize the USUFRUCTUARY to apply, sign, obtain, secure, and submit documents for securing the necessary permits, including but not limited to building and development permits;

5.2. Exercise the right of ownership over the property under usufruct;

5.3. Remove hazardous or harmful structures at the expense of the USUFRUCTUARY.

6. OTHER TERMS AND CONDITIONS

6.1. Any action not taken by SHFC against any breach of any provision of this Agreement shall not constitute a waiver of any violation of the terms and conditions hereof by the USUFRUCTUARY, unless made in writing and signed by the LANDOWNER.

6.2. This Agreement shall be binding upon the parties hereto and their successors-in-interest.

6.3. In case of breach of any terms of the Agreement, dispute and/ or litigation arising from this agreement, the venue of actions shall be filed in the proper courts of Makati City, to the exclusion of all other courts.

IN WITNESS WHEREOF, the herein parties have set their hands this _____ day of _____ at _____, Philippines.

LANDOWNER
Represented by:

USUFRUCTUARY
Represented by:

President
Gov't issued ID No. _____

President
Gov't issued ID _____

Signed in the presence of:

ACKNOWLEDGEMENT

REPUBLIC OF THE PHILIPPINES)
_____ City) S.S.

BEFORE ME, a Notary Public for and in the above jurisdiction this day of _____ personally appeared:

Name	Government Valid ID	Place and Date of Issue	Expiration Date

Known to me to be the same persons who executed the foregoing instrument, consisting of four (4) pages, including this page wherein this acknowledgement is written, signed by parties and their instrumental witnesses and sealed with my notarial seal. This agreement refers to as the USUFRUCT AGREEMENT and acknowledged to me that the same are their own free voluntary acts and deeds as well as of the Corporation and the USUFRUCTUARY herein represented.

WITNESS MY HAND AND SEAL on the date, year and place first above written.

Doc. No. ____;
Page No. ____;
Book No. ____;
Series of 20____.