



*Kaagapay ng Komunidad sa Maginhawang Pamumuhay*



26 January 2023

**OFFICE OF THE NATIONAL  
ADMINISTRATIVE REGISTER  
(ONAR)**

Room 208, Second Floor,  
Bocobo Hall, UP Law Center  
UP Diliman, Quezon City

Sir/Madam:

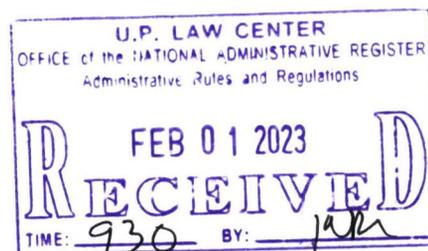
Greetings!

Pursuant to Section 3 of Book VII of the Administrative Code, which requires every agency in the Government to file with the University of the Philippines Law Center certified copies of every rule adopted by it, we are hereby transmitting three (3) Certified True Copies of the Social Housing Finance Corporation's (SHFC) "COMMUNITY GUIDED FINANCING (CGF) GUIDELINES".

Thank you.

Very truly yours,

**ATTY. KAROLINE J. ABELLO-TORDECILLA**  
Acting Board Secretary  
*Office of the Board Secretary*



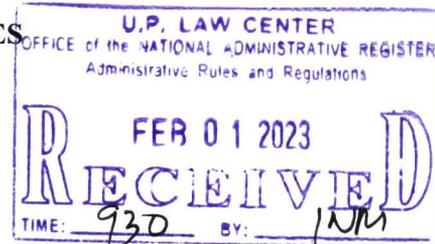


Kaagapay ng Komunidad sa Maginhawang Pamumuhay



CORPORATE CIRCULAR NO. 23 - 060  
Series of 2023

SUBJECT : COMMUNITY GUIDED FINANCING (CGF) GUIDELINES



## SECTION ONE – INTRODUCTION AND FRAMEWORK

### 1.1 Background and Purpose

Pursuant to the instructions of the Department of Human Settlements and Urban Development Secretary Jose Rizalino Acuzar, to improve and enhance the financing framework of SHFC in accordance with the program of the Department, the *Pambansang Pabahay Para sa Pilipino*, the Social Housing Finance Corporation (SHFC) crafted the Community Guided Financing (CGF) Framework.

The CGF aims to accelerate the financing of housing projects through a more flexible, responsive, and adaptable approach. Its application shall no longer be limited to CMP only but will likewise be made applicable to other SHFC program modalities and special projects.

### 1.2 Definition of Terms

1. **Community Association (CA)** - a legally organized association registered with the Department of Human Settlements and Urban Development (DHSUD) or other Government agencies, and applying for SHFC's housing finance.
2. **Community Guided Financing (CGF) Approach** – The CA, within the ambit of People's Plan approach, shall now be guided by the SHFC throughout the housing and settlement process in deciding the location of the property, Developer or Contractor selection, housing concept and plans, and the pricing.
3. **Developer** - refers to a natural or juridical person or firm that owns, buys, and/or improves raw land with labor and capital, and arranges for utilities and essential services, in order to provide housing projects, which the communities, with the guidance and assistance from SHFC, planned and designed for their respective associations. Additionally, the Developer develops the entire project by providing land thru acquisition or agreement, with the landowner, site development, and house/building construction.
4. **Contractor** – refers to a natural or juridical person or firm that undertakes a housing project on a contract to contract basis;
5. **SHFC-Accredited Developer or Contractor** - refers to a Developer or Contractor duly accredited by SHFC.
6. **Individualization** – The process of subdividing the property subject for a housing project, into parcels of land to be assigned to the members of the CA upon full-payment.

### **1.3 Process Framework**

1. CA and Developer or Contractor negotiate and agree on a housing project design, cost and specifications, and miscellaneous fees under the ambit of Community Guided Financing Approach;
2. CA request financing from SHFC;
3. SHFC conducts due diligence on the qualification of the CA, the complete set of LGU approved plans & drawings, bill of quantities and specifications if equivalent to the project cost, and conducts valuation of the project cost and site suitability;
4. SHFC presents the project to the SHFC Credit Committee, Executive committee and the Board of Directors for approval and funding commitment, subject to SHFC delegation of Authority;
5. SHFC issues LOG, and enters into an agreement with the CA, Developer or Contractor and the LGU;
6. Developer or Contractor constructs the project per milestone/s or until completion. CA request payment for the completed units or achieved milestones;
7. After due diligence, SHFC processes and releases the loan proceeds to the SHFC-accredited Developer or Contractor.

### **1.4 Scope of Application and Approval**

These guidelines shall apply to prospective SHFC projects approved by the Credit Committee, Executive Committee, and the SHFC Board of Directors for funding commitment, subject to the following approved SHFC Delegation of Authority:

<b>FUNDING REQUIREMENT</b>	<b>LEVEL OF APPROVING AUTHORITY</b>
Up to Php25 Million	Credit Committee
Above Php25 Million Up to Php50 Million	Executive Committee
Above Php50 Million	Board of Directors

The Credit Committee shall be chaired by the SHFC President, who shall also be authorized to reconstitute the members of the said Committee.

The SHFC Management shall have the authority to issue the Letter of Guarantee (LOG) and takeout the project, and shall duly inform the Board of all the releases made.



**SECTION TWO – STAKEHOLDER ELIGIBILITY**

This Section covers the eligibility criteria of the different stakeholders involved in the implementation of the SHFC Project.

**2.1 Community Association (CA) requirements**

1. The membership of the CA shall consider the following:
  - a. Those families, formal or informal, that are in need of housing;
  - b. Those living in danger zones;
  - c. Those affected by government infrastructure projects;
  - d. Those affected by court-ordered demolitions;
  - e. Victims of disaster or calamity (natural or man-made); and
  - f. Families from a common sector or group needing resettlement assistance
2. The CA shall secure an LGU-certified or a Partner-Funding Agency-certified list of its members;
3. The age of the members shall not exceed the age of sixty-five (65) years old at the date of application and not more than seven (70) years old upon maturity. For members who are sixty (60) years of age or older but under the age restriction, a co-borrower is required
4. The CA must be registered with DHSUD or other Government agencies, whichever is applicable.

**Section 2.1.1 Capacity Building Requirement**

The CA shall be capacitated with its roles and responsibilities as association members, as officers, and as SHFC borrowers, prior to issuances of Certificate of Readiness to Occupy.

<b>TRAINING REQUIREMENT</b>	<b>REQUIRED ATTENDEES</b>	<b>PROOF OF TRAINING</b>
1. Magna Carta for Homeowners Association	All CA members	Training certificate  The training shall be conducted either by SHFC, DHSUD or LGU.
2. Estate Management	All CA members	Training certificate

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		The training shall be conducted either by SHFC, DHSUD or LGU.
3. Gender and Development	All CA members	Training certificate  The training shall be conducted either by SHFC, DHSUD or LGU.
4. SHFC loan repayment training	All CA members	SHFC
5. Reportorial trainings such as but not limited to: crafting of secretary certificate, board resolutions, annual report, minutes and other related reportorial documents;	CA officers	Training certificate  The training shall be conducted either by SHFC, DHSUD or LGU

**The trainings shall commence upon issuance of the LOG to the Developer or Contractor.** All trainings must be completed prior to the completion of all the housing units.

SHFC shall organize its own pool of trainers within the organization. If there are no subject matter experts on a particular topic, SHFC shall select and capacitate one of its own employees, or may tap other Government agencies to provide the training.

Trainings may be conducted through an online platform (eg., Zoom, Microsoft Teams) preferred by the CA. If online training is not possible due to technical issues, SHFC shall allocate a reasonable budget as determined by the Management for the face to face training.

The SHFC shall partner with the LGU or Barangay for the venue of the activity.

The aforementioned trainings must not in any way be part of the requirements to release the loan proceeds.

***Section 2.2 Developer or Contractor Orientation Requirement***

All Developers or Contractors who are interested, or who have been approached by the CA and agreed to work on a SHFC project shall undergo a Community Guided Financing Orientation conducted by SHFC.



A Certificate of Attendance shall be issued by SHFC to the Developer or Contractor upon completion of the orientation which will be submitted to the appropriate SHFC office for record purposes.

***Section 2.2.1 Accreditation Criteria for Developers and Contractors***

All Developers or Contractors engaged to work on the Community Guided Financing must be accredited by SHFC.

***Documentary Requirements for the Accreditation of Both Developer and Contractor***

1. Company profile to include the following:
  - a. SEC Certified True Copy of Certificate of Registration, Articles of Incorporation and By-Laws, Updated General Information Sheet, Secretary's Certificate;
  - b. Updated Mayor's Permit;
  - c. Organizational Chart
  - d. List of Developer or Contractor's key technical personnel with their individual curriculum vitae and ID;
  - e. Annual Audited Financial Statements for the last two (2) years signed on each and every page by a Certified Public Accountant and properly stamped-received by the Bureau of Internal Revenue including Certified True Copy of supporting financial documents (latest bank statement certified by the Bank Manager, credit line certificate from bank or supplier, etc.);
2. List of completed projects with project cost and original or certified copy of Certificate of Completed Projects with project cost; and
3. List of ongoing projects with project cost.

***Additional Documentary Requirements for the Accreditation of Contractor***

1. Philippine Contractors Accreditation Board (PCAB) license for Contractors;
2. List of completed projects with project cost, original or certified copy of Certificate of Completed Projects with project cost, and Certificate of Acceptance for the last **5 years**; and
3. List of ongoing projects with project costs, copy of the notice of award and notice to proceed, and copy of the project contract.

## **ACCREDITATION PROCEDURE**

1. Developer or Contractor applicants submit complete documentary requirements and receiving officer conducts document check and verification of the submitted requirements;
2. SHFC shall conduct review on the organization based on the submitted documents;
3. Upon favorable recommendation, the application shall be forwarded to the SHFC President for approval; and
4. SHFC shall issue a Certificate of Accreditation and post the same at SHFC website and Social Media platforms of SHFC.

Developers and Contractors with Accreditation Certificate and Certificate of Good Standing issued by the DHSUD and Home Development Mutual Fund or Pag-IBIG may be granted Certificate of Accreditation without the need to undergo the accreditation process.

### ***Section 2.2.2 Cancellation of the Accreditation of the Developer or Contractor***

1. Cases of abandonment of CA and the project without formal termination of contract;
2. Submission of spurious documents/statements;
3. Deviation from approved plans and specifications, or providing downgraded/substandard specifications without approval from the CA, SHFC and/or LGU;
4. Misrepresentation during pre-qualifications or accreditation;
5. Refusal to rectify the non-compliance of specifications of building design.

### ***Section 2.2.3 Permits and Licenses (Project Inclusions)***

The SHFC-Accredited Developer or Contractor shall be responsible for securing and paying all the necessary costs associated with permits and licenses, individualization, and the CA registration to the Department of Human Settlements and Urban Development (DHSUD) and other Government agencies.

### ***Section 2.2.4 Developer or Contractor selection of the CA***

The CA, with the assistance of SHFC, shall choose from the following options in the selection of its Developer or Contractor:

1. Selection from DHSUD's list of accredited Developers or Contractors published on its website;

2. Selection from SHFC's list of accredited Developers or Contractors published on its website;
3. Selection from LGU or Local Inter-agency Committee (LIAC) endorsed Developers or Contractors; and
4. Selection through publication. The cost of the publication shall be shouldered by the CA.

Selected Developers or Contractors who are not accredited by SHFC must go through the accreditation process.

The CA shall issue a written and signed resolution which includes the following:

1. Preferred Developer or Contractor;
2. Location of the property;
3. Design and specifications; and
4. Full-package price.

### ***Section 2.3 Estate Management Plan***

As a requirement prior to the CA's transfer to its new housing project, the CA shall:

1. Constitute an Estate Management Committee, within its Association, with defined roles and responsibilities; and
2. Craft Estate Management Plan.

The Estate Management Plan shall include but not limited to the following:

1. Policy on open and shared spaces;
2. Policy on unit/building maintenance and improvements;
3. Policy on peace and order; and
4. Engagement of the LGU and civic partners.

The receiving LGU through its housing department or authorized department must conform to the plan. The Estate Management Plan shall be submitted to SHFC's appropriate office for clearance as part of the requirement for the Certificate of Readiness to Occupy under *Section 4.4*.

## **SECTION THREE – DUE DILIGENCE AND APPRAISAL**

This Section covers the due diligence and Credit Committee Approval Phase, which encompasses all activities, and requisites that must be completed, as well as the documentary requirements that must be submitted prior to the approval of the SHFC project. A project valuation and site suitability study shall be conducted by SHFC as part of its due diligence and review process.



### ***Section 3.1 Loan and Mortgage Examination***

The guidelines embodied in Board Resolution No.877 for the conduct and parameters of the Community Needs Assessment (CNA) Tool and Process shall be amended, as follows:

1. All projects shall utilize the CNA as tool for profiling the community members;
2. The appropriate SHFC office shall determine the affordability level of the members based on the CNA and submitted proof of income. The average household income shall be the basis for the determination of the interest rates of the CA.
3. The affordability table and assigned interest rates of the CA must be presented to the Credit Committee for approval; and

#### ***Section 3.1.1 Interest Rates and Terms***

The loan interest and term shall be based on prevailing rates as determined by Management and approved by the SHFC Board.

#### ***Section 3.2 Project Collateral***

The land on which the housing units are constructed including the improvements thereof shall be the collateral to the loan. The loan shall be secured by a real estate mortgage on the subject property.

The collateral shall either be of the following:

1. The land owned by the Developer or Contractor;
2. The land covered with a Memorandum of Agreement between the Landowner and Developer or Contractor authorizing the latter to mortgage, develop and sell the property. The payment terms of the loan pertaining to the land subject of the MOA must be expressly sated therein.

All applicable taxes shall be shouldered by the Developer or Contractor or landowner.

#### ***Section 3.3 Endorsement of the Project for Approval***

SHFC projects that have been satisfactorily assessed shall be endorsed for approval subject to the SHFC Delegation of Authority under *Section 1.4*. Approved projects shall be issued a Letter of Guarantee (LOG).

All projects endorsed to the Credit Committee are strictly required to have already secured a Certificate of Fund Availability signed by the SHFC Treasury and Finance Controllership Department.

### ***Section 3.3.1 Letter of Guarantee and Multi-Stakeholder Agreement***

#### **Letter of Guarantee (LOG)**

The construction of the project must commence within ninety (90) days from the receipt of the LOG. The LOG will be terminated, upon receipt of proper notice, if construction does not commence within the prescribed timeframe. This period, nevertheless, may be extended up to sixty (60) days upon submission of valid and justifiable reasons or causes, as the case may be, by the parties.

The LOG shall be issued based on the annual delivery schedule submitted by the Developer and/or Contractor.

#### **Multi-Stakeholder Agreement**

After the issuance of the LOG to the Developer or Contractor, a Multi-Stakeholder Agreement shall be forged among the relevant stakeholders and parties of the housing project, such as but not limited to, the CA, the SHFC-Accredited Developer or Contractor, the Local Government Unit and SHFC, if applicable. This agreement shall state the obligations and responsibilities of the parties involved and may be terminated after ninety (90) days from execution if the parties failed to perform their respective obligations and responsibilities, as stated in the agreement.

### ***Section 3.4 Project Appraisal***

SHFC shall conduct the appraisal in the following manner:

- 1.) Initial valuation prior to the elevation of the project to the Board for funding commitment; and
- 2.) Appraisal prior to the issuance of LOG.

SHFC shall constitute an Appraisal department to conduct an appraisal of the projects. The Department shall have a regional counterpart to fast-track the appraisal of the housing projects nationwide.



### ***Section 3.4.1 Dispute Appraisal/Valuation***

In the event that the Developer or Contractor of CA disputes or contests matters arising out of or in connection with the appraisal/valuation report, including any questions of its method or validity, the Developer or Contractor or CA must submit a written “Notice of Dispute” to SHFC within fifteen (15) working days from receipt of the Appraisal/Valuation Report.

After which, the SHFC Appraisal department shall set a meeting with the CA and the Developer or Contractor to reconcile the figures.

## **SECTION FOUR – PROJECT PAYMENT AND TURNOVER**

This Section discusses the provisions fundamental for the turnover of the completed housing units, and the release of loan proceeds to the SHFC-Accredited Developer or Contractor.

### ***Section 4.1 Payment Scheme***

Upon request of the CA, SHFC shall release the loan proceeds to the SHFC-Accredited Developer or Contractor, in the following manner:

1. For Horizontal projects: Loan proceeds shall be released upon completion of the acceptable unit/s. The completed unit/s subject to billing must be ready for occupancy with installed utilities;
2. For Vertical projects: Loan proceeds shall be released under a progress billing.

### ***Section 4.1.1 Removable items***

Removable items shall be installed and tested ten (10) days before the transfer date of the association to avoid pilferage, theft and robbery in the project site.

The Developer or Contractor shall execute an undertaking outlining its commitment to install the removable items ten (10) days before the turnover date. The Developer or Contractor shall construct a designated storage area for the removable items on site. SHFC shall conduct an on-site inspection to verify if the removable items are in the storage area and ready for installation.

Failure to comply shall be ground for the withholding of the billing for the final batch of completed units or building.

#### ***Section 4.2 Release of Retention***

All loan releases, either by batch or full release, shall be subject to a retention of seven point five percent (7.5%). Such retention may be released after ninety (90) days or earlier, as the case may be, and upon accomplishment of the following:

1. SHFC-Accredited Developer or Contractor's issuances of a Certificate of Completion of rectification of the defects listed in punch lists signed by the unit assigned members;
2. Certificate of Completion from the utility providers stating that permanent utility connections are installed in the project site;
3. RD-Certified copy of the TCT transferred to the CA's name for the open space and road networks; and
4. Occupancy Permit from the LGU.

#### ***Section 4.3 Insurance***

All CA members shall be compulsorily covered by the Mortgage Redemption Insurance (MRI) and Fire and Lightning Insurance (FLI) which they shall pay a uniform premium rate effective on the date of takeout.

The unit-assigned member shall be required to pay one (1) year advance MRI/FLI Prepayment prior to the loan release of the completed units.

SHFC shall no longer require the CA to pay an advance amortization prior to the release of loan proceeds.

#### ***Section 4.4 Certificate of Readiness to Occupy***

SHFC shall issue the Certificate of Readiness to Occupy to the CA upon submission of the following:

1. Training certificates of all completed trainings by the unit-assigned member; and
2. Estate Management Plan with conformity of the LGU;

The SHFC shall have fifteen (15) calendar days to release the CRO upon submission of complete and acceptable compliances.

#### **Section 4.5 Occupancy**

The following are the requirements for the CA to occupy the completed units:

1. LGU Certificate of Occupancy; and
2. SHFC's Certificate of readiness to Occupy (CRO).

The CA has thirty (30) days to occupy the units and start the monthly amortization upon receipt of the SHFC's CRO.

#### **Section 4.6 Short-term loan facility**

To finance the working capital requirement of SHFC-Accredited Developers/Contractors for the construction and completion of the approved housing project, a Short-Term Loan Facility can be availed by them through the Development Bank of the Philippines (DBP), and other applicable government financial institutions.

SHFC will continuously explore partnerships with other banks and financial institutions to assist and help the Developers/Contractors with their capital requirement.

### **SECTION SIX – REPEALING CLAUSE**

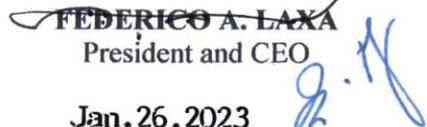
All Corporate Circulars, Office Orders, Construction Manual, Accreditation Manual, implementing rules and regulations on Turnkey modality approved by the SHFC Board or parts thereof contrary or inconsistent with the provision if this guidelines are hereby repealed, amended, or modified accordingly.

### **SECTION SEVEN -- EFFECTIVITY**

This Guidelines shall take effect immediately upon approval of the SHFC Board of Directors. As additional requirement, this Guidelines must be:

1. Published in a newspaper of general circulation; and
2. Filed with the Office of the National Administrative Register in the University of the Philippines.

*Signed by:*

  
**FEDERICO A. LAXA**  
President and CEO

Jan. 26, 2023