



SOCIAL HOUSING FINANCE CORPORATION
a subsidiary of National Home Mortgage Finance Corporation

CORPORATE CIRCULAR NO. 13 - 022
Series 2013

TO : ALL CMP BORROWERS AND MOBILIZERS

**SUBJECT : CMP EXPRESS LANE FOR VICTIMS OF EVICTION,
DEMOLITION AND DISASTER AND THOSE THREATENED
THEREWITH**

I. STATEMENT OF POLICY AND PURPOSE

This Express Lane for Community Mortgage Program (CMP) and Localized CMP projects offers immediate financing to purchase land for victims of eviction, demolition and disaster and those threatened therewith.

Republic Act 7279 (The Urban Development Housing Act) provides that there should be no demolition without prior consultation with the affected families and a relocation site acceptable to them. In relation thereto, Executive Order 272 (2004) created and mandated the Social Housing Finance Corporation (SHFC) to develop and administer social housing programs for the low-income groups in both the formal and informal sectors and to assist these families in the provision of relocation sites with funds from the CMP.

These guidelines shall therefore provide the implementation framework within which SHFC and its partners, the CMP-Mobilizers (CMP-M), Local Government Units (LGU), and other concerned private institutions can immediately provide and facilitate CMP financing assistance to families and communities affected by eviction, demolition, disaster, or those threatened therewith.

II. DEFINITIONS

1. Eviction

Eviction is the forced ejection of communities from their place of residence that will result in a major disruption of their economic and social activities. Eviction of communities from their place of abode may be due to:

- health and safety risks;
- implementation of government infrastructure project;
- court order for eviction and demolition; or
- developmental activities and armed conflict (evictees are internally-displaced peoples or IDPs).

2. Demolition

Demolition refers to the physical destruction of the shelter structures of communities leading to the latter's residential displacement.

3. Disaster

Disaster is defined as calamities brought about by the natural environment. Disasters also include human-aggravated disasters stemming from activities that result in drastic changes in the environment.

III. COVERAGE AND PROCESS

The beneficiaries of this financial assistance are members of legally-organized community associations (CA) of informal settlers in urban or urbanizable areas who are victims of eviction, demolition, and disaster and those threatened therewith, as enumerated below.

Eviction resulting from the following:

- danger areas where informal settler families are highly prone to health and safety risks (ex. under/near transmission lines, esteros, railroad tracks, garbage dumps, riverbanks, shorelines, waterways, mining sites, chemically-sprayed agriculture areas or public places, such as sidewalks, roads, parks, and playgrounds);
- implementation of government infrastructure project;
- court order for eviction and demolition; or
- developmental activities and armed conflict.

Demolition resulting from the following:

- involuntary destruction of residential structures by legal authorities; or
- voluntary destruction of residential structures by informal settler families who decide to leave their original place of residence due to imminent forcible eviction.

Disaster may result from the following:

- disasters brought about by the natural environment (e.g., earthquakes, volcanic eruptions, tropical cyclones, and floods) and human aggravation that has caused the displacement or intensive damage of a community from their place of residence; or
- human-aggravated disasters stemming from activities that result in drastic changes in the environment (e.g., flash floods due to erosion caused by forest denudation, etc.); and significant loss of life and property (e.g., armed conflict, fires, and explosions).

Given the immediate need for financial assistance of CAs in said situations, SHFC shall only require submission of documentary requirements enumerated in **Annex A**

(Checklist of Requirements Community Mortgage Program—Express Lane for Victims of Eviction, Demolition and Disaster). For all other documentary requirements not immediately required, these shall not be waived but be merely deferred. CMP-M/CAs shall submit these deferred documents enumerated in **Annex B** within one year from date of loan release.

The rules or guidelines pertaining to the CMP Off-Site program shall be applicable in a suppletory nature.

The following are the steps in project application:

1. Upon receipt of application from the CMP-M/CA, SHFC shall conduct the following activities:
 - a. SHFC appraisal of the property and site inspection; and
 - b. SHFC background investigation.
2. The CMP-M/CA shall also submit all documents for Letter of Guarantee as provided for in Annex A which will be used for background investigation, property appraisal and site inspection and mortgage examination.
3. Upon favorable evaluation, the project shall be elevated to the Credit Committee for endorsement to the Executive Committee and approval of the Board. Prior to the Board approval, a Memorandum of Understanding between SHFC and a qualified guarantor shall be submitted.
4. After approval by the SHFC Board of the issuance of the Letter of Guarantee, the guarantor shall submit the Guarantee for the specific project involved and the Memorandum of Agreement among the CA, the CMP-M, and the guarantor. The Guarantee Agreement shall be required before the loan release to the landowner.

IV. CMP EXPRESS LANE WITH GUARANTEE

Under the Express Lane, CAs shall be assisted by CMP-M which may be a nongovernment organization (NGO) or LGU. Given that the processing of the CMP application under this Office Order is deemed immediate, SHFC shall require a guarantee from these institutions—NGO, LGU, or from other government agencies or individuals.

Upon submission and acceptance of documentary requirements for the CMP Express Lane, SHFC shall endeavor to complete the due diligence process within sixty (60) working days.

A. Forms of Guarantee

SHFC shall accept any of the following forms of guarantee:

1. Cash;
2. Escrow Account;
3. Time deposits and savings;
4. Stocks and securities; or
5. In the case of LGUs, aside from Nos. 1-4 above, it may submit a Deed of Assignment on any of the following:
 - LGU's regular income as sourced from its annual budget, equivalent to an amount sufficient to service the guarantee with SHFC but in no case exceeding 20% of its regular income; or
 - Net profits or income from a project or economic enterprise of the LGU. This shall be net of all the costs and expenses related to the project.
6. Such other forms of guarantee as may be acceptable to SHFC.

B. Terms of Guarantee

The guarantee shall be equivalent to twenty five percent (25%) of the CMP loan. The guarantee shall ensure the submission of deferred documents enumerated in Annex B within a period of one (1) year from date of loan release. This guarantee shall also serve as a security that the Community Association does not fall below the minimum Collection Efficiency Rating (CER) for a period of one year beginning on the fourth (4th) month from date of loan release.

C. Call and Release of the Guarantee

The failure to comply with the terms of guarantee stated in Section IV (B), shall give rise to SHFC's right to call on the guarantee of the NGO, LGU, or government agency or individual.

The guarantee may be released on a staggered basis depending on the weights assigned to the deferred document/s stated in Annex B.

D. CMP Loan Amount and Loan Term of the Community Associations

The CMP guidelines shall be applied in the determination of the loan amount. However, on a case to case basis, whenever abnormal market conditions push up the

price of prospective relocation sites and to reduce or do away with equity payment by the ISF's, SHFC will use the following property valuation reports only as benchmark in the determination of the loan amount: (a) SHFC's appraisal; (b) other market data stated in the SHFC's appraisal report; and (c) external appraisal by a BSP-accredited appraiser. SHFC shall pay for the services of the external appraiser.

The loan shall be for a term of 25 years and the interest of the loan shall be at 6%.

V. CMP EXPRESS LANE WITH ACCOMODATION MORTGAGE

If the guarantees enumerated in Section IV (A) are unavailable, an accommodation mortgage can be offered under the same terms and conditions mentioned in Section IV (B).

In an accommodation mortgage, third persons who are not parties to the principal obligation may secure the latter by pledging or mortgaging their own property.

In case of an accommodation mortgage under the CMP Express Lane and prior to the issuance of a Letter of Guarantee, a letter of conformity from the landowner shall be submitted to SHFC agreeing to undertake the following: (a) execution of an accommodation mortgage in favor of SHFC; (b) annotation of the accommodation mortgage on the title of the property offered for mortgage; (c) surrender of original Owner's Duplicate of Certificate of Title with annotated accommodation mortgage; and (d) execution of Deed of Absolute Sale in favor of the CA.

After the Letter of Guarantee is issued and upon compliance of the items stated in the letter of conformity, the landowner can receive full payment for his property.


VI. COLLECTION AND ACCOUNT SERVICING OF THE LOAN DURING THE GUARANTEE PERIOD

The NGO, LGU, or any government agency or individual that provided the guarantee shall monitor and guide the CA in the collection of loan amortizations for one (1) year beginning on the fourth (4th) month from date of loan release.

For the first three (3) months from release of loan proceeds, payment of monthly amortizations by the CA shall be deferred to give sufficient time for its members to focus on relocating to and preparing the project site.

All provisions of circulars, memoranda, guidelines, notices and policies inconsistent with any of the provisions of this Office Order are accordingly repealed or modified.

For your information and guidance


MA. ANA R. OLIVEROS
President

Jan. 22, 2013

ANNEX A

CHECKLIST OF REQUIREMENTS COMMUNITY MORTGAGE PROGRAM EXPRESS LANE FOR VICTIMS OF EVICTION, DEMOLITION AND DISASTERS

1. FOR LETTER OF GUARANTY (LOG)

a. For Background Investigation

- i. HLURB Certified copy of the Certificate of Registration, Articles of Incorporation, By-Laws and current General Information Sheet
- ii. E-copy of the Masterlist of Member-Beneficiaries (1)
- iii. Income Profile
- iv. Proof that Member Beneficiaries are victims of demolitions and disasters
- v. MOA between CA and CMP Mobilizer

b. For Appraisal and Site Inspection

- i. MGB Report
- ii. TCT
- iii. Zoning Certificate
- iv. Lot Plan and Vicinity Map
- v. Technical description of CMP area, in case portion only of the property is for sale
- vi. *Topographic map if the site has sloping terrain*

c. For Mortgage Examination

- i. Certified True Copy of the Title (1) and 2 Titles Back
- ii. Memorandum of Agreement between the landowner and the CA or Letter of Intent to Sell from the landowner and Letter of Acceptance by the CA;
 1. Updated Special Power of Attorney (SPA) for the landowner's representative to sell the property or Secretary Certificate of landowner corporation, if applicable
 2. Incorporation papers and updated GIS if the landowner is a corporation, duly certified by SEC
 3. Notarized Board Resolution/ Secretary's Certificate issued by the CA to its representative (1)
- iii. Tax Declaration
- iv. MOU between guarantor and SHFC

2. FOR LOAN RELEASE

a. For Partial Release

- i. Notarized Deed of Absolute Sale (1)
- ii. Landowner's Duplicate Copy of the Title
- iii. Two (2) valid IDs of the landowner and/or authorized representative
- iv. Loan Agreement
- v. Real Estate Mortgage
- vi. Promissory Note
- vii. Guaranty Instrument

- viii. Memorandum of Agreement among the CA, the CMP-M and the guarantor which may be the LGU, NGO or private institution or individual

- ix. BIR CGTE/CAR
 1. LOG & SHFC Certificate of Capital Gains Tax Exemption (*SHFC docs*)
 2. E-copy of the Masterlist of Beneficiaries (*with SHFC*)
 3. Notarized Deed of Absolute Sale (*with SHFC*)
 4. Tax Declaration (*with SHFC*)
 5. Vicinity Map (*with SHFC*)
 6. Certified True Copy of Title of Landowner (*with SHFC*)
 7. Articles of Incorporation and By-Laws (*with SHFC*)
 8. Secretary Certificate to Purchase Property (*with SHFC*)
 9. Documentary Stamp Tax payment
 10. TIN of landowner and community association
 11. Certificate of No Improvement
 12. Real Estate Tax Clearance or latest proof of payment of realty tax

b. For Full Release

- i. Certified True Copy of the Title in the name of the CA with the annotation of the REM and the Secretary's Certificate issued by CA to its representative
- ii. Cancelled TCT in the name of landowner (with annotation of Deed of Absolute Sale);
- iii. Register of Deeds certified copies of Deed of Sale, REM and Secretary's Certificate issued by the CA to its representative
- iv. Site Development and House Construction Plans
- v. Institutional Memorandum of Understanding from government agencies and/or private sector and/or civil society organizations for the funding and/or delivery of services necessary for the completion of the housing projects.

ANNEX B

DEFERRED DOCUMENTS (80%)	WEIGHT
a. Subdivision Plan/ Site Development Plan and House Construction Plan	15%
b. Masterlist of Beneficiaries with Loan Apportionment	15%
c. Three Month Amortization/ One Year MRI	15%
d. Road Right of Way/ PALC or Development Permit	10%
e. Community Profile	10%
f. Lease Purchase Agreements, Deed of Assignment of LPA	10%
g. Tax Declaration in the name of the CA	5%
CER of 80% for a period of 1 year	20%