



Kaagapay ng Komunidad sa Maginhawang Pamumuhay

08 May 2023

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

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

U.P. LAW CENTER
OFFICE of the NATIONAL ADMINISTRATIVE REGISTER
Administrative Rules and Regulations

R MAY 10 2023 **D**
REGISTERED

ONAR Registration

TIME: 4:25

BY: [Signature]

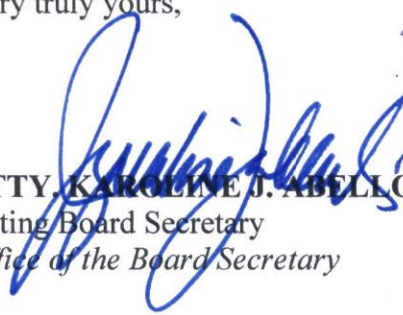
Sir/Madam:

Greetings!

Pursuant to Section 3, Book VII of the Administrative Code, requires every Agency in the Government to file with the University of the Philippines Law Center certified copies of every rule adopted by the said Agency. In this regard, we are hereby transmitting three (3) Certified True Copies of the Social Housing Finance Corporation's (SHFC) "IMPLEMENTING GUIDELINES FOR COMMUNITY GUIDED FINANCING FRAMEWORK", Corporate Circular No.23-061 Series of 2023.

Thank you.

Very truly yours,

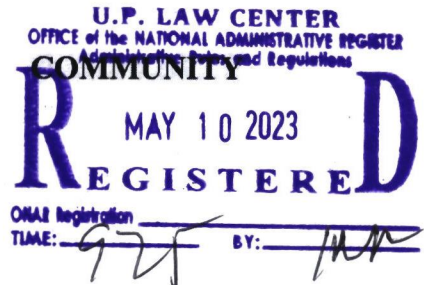

ATTY. KAROLINE J. ABELLO-TORDECILLA
Acting Board Secretary
Office of the Board Secretary



CORPORATE CIRCULAR NO. 23 - 061
Series of 2023

**SUBJECT : IMPLEMENTING GUIDELINES FOR
GUIDED FINANCING FRAMEWORK**

SECTION ONE – INTRODUCTION AND FRAMEWORK



1.1 Background and Purpose

The Community Guided Financing Framework was approved through Board Resolution No. 1003 series of 2022 which aims to accelerate the financing of housing projects through a more flexible, responsive, and adaptable approach. Its application shall no longer be limited to the Community Mortgage Program (CMP) only but will likewise be made applicable to other SHFC program modalities and special projects.

To ensure efficient and effective implementation and application of the CGF, the Implementing Guidelines is hereby created. The Implementing Guidelines shall cover the mandated functions, procedures and processes to facilitate the implementation of the CGF provisions approved by the SHFC Board. Further, this is to ensure the harmonized application of the provisions across all the housing programs of the SHFC.

1.2 Definition of Terms

1. **Community Association (CA)** – a legally organized association registered with the Department of Human Settlements and Urban Development (DHSUD) applying for SHFC's housing finance.
2. **Community Guided Financing (CGF) Approach** – the CA, under the People's Plan and Community Mortgage Program 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. **SHFC-accredited Developer** – An accredited developer of SHFC which refers to a natural or juridical person or firm that owns, buys and/or improve raw land with labor and capital, and arranges for utilities and essential services, in order to provide housing projects, which the community planned and designed to be built for their association. Additionally, the Developer develops the entire project by providing land thru acquisition or agreement with the landowner, site development, and house/building construction.
4. **SHFC-accredited Contractor** – An accredited contractor of SHFC which refers to a natural or juridical person or firm that undertakes a housing project on a contract-to-contract basis in accordance with the approved plans and specifications.



5. **Abandonment of project** – the act of discontinuing any activities or works related to the housing project with no intention of completing it.
6. **Individualization** – the process of subdividing the property subject for a housing project, into parcels of land and/or units to be assigned to the members of the CA.
7. **Condominium Certificate of Title (CCT)** - a document that serves as a proof of unit ownership for Vertical housing projects;
8. **Guarantor** – a member's relative up to the second degree of affinity and consanguinity who is financially able and willing to assume the outstanding balance of the loan should the member fail or refuse to pay the same.
9. **Vulnerable and marginalized sector** – Members classified as senior citizens, solo parents, persons with disabilities, and indigenous people as defined under existing laws.
10. **Gross Monthly Income (GMI)** – GMI is the sum of the household basic monthly compensation and any cost of living allowances.

1.3 Process Framework

1. CA submits a proposal letter address to the SHFC President & CEO (Attention to the concerned branch) stating its request for housing finance under the CGF;
2. The SHFC concerned branch writes a letter to the CA prequalifying its request and outlining the requirements for financing;
3. CA submits financing requirements and Association Board resolution stating the chosen SHFC-accredited Developer or Contractor, location of the property, housing design and cost;
4. SHFC conducts due diligence on the qualification of the CA, the complete set of conceptual plans & drawings, agreed timeline, bill of quantities and specifications if equivalent to the project cost, and conducts valuation of the project cost and site suitability;
5. SHFC Concerned Branch 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;
6. SHFC issues LOG, and enters into an agreement, if applicable, with the CA, Developer or Contractor and the LGU;
7. SHFC-accredited Developer or Contractor constructs the project per SHFC-approved milestone/s or until completion;
8. After due diligence, SHFC processes and releases the loan proceeds to the SHFC-accredited Developer or Contractor; and

9. Inform the Board of all the releases made.

1.4 Scope of Application and Approval

These guidelines shall apply prospectively to SHFC projects approved by the Credit Committee, Executive Committee, and the SHFC Board of Directors for funding commitment.

The SHFC Management shall 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 General requirements of the Community Association (CA)

2.1.1 The CA must be duly registered with the Department of Human Settlements and Urban Development (DHSUD);

2.1.2 The composition of the CA must consider either or a combination of the following:

1. Those families, formal or informal, that are in need of housing;
2. Those living in danger zones where ISFs are highly prone to health and safety risks, or;
3. Those affected by government infrastructure projects, or;
4. Those affected by court-ordered demolitions, or;
5. Victims of disaster or calamity, or;
6. Member from a common sector or group needing resettlement assistance.

2.1.3 The resettlement project must have a list of members certified by the Local Government Unit (LGU) or a Partner-Funding Agency who will form the CA in the preceding section;

2.1.4 A Court Decision shall be required for those affected by Court-ordered demolitions in lieu of an LGU or Partner-Funding Agency certification;

2.1.5 In case the CA's or any of its members' property is affected by a government infrastructure project, the CA composed of qualified member-beneficiary may avail of the CGF provided that a certification from the expropriating agency shall be issued. The prohibition on double-availment shall be inapplicable in this circumstance;

2.1.6 For off-city projects, the receiving LGU shall conform with the certified list prepared by the sending LGU, subject to the applicable Department of Interior and Local Government (DILG) Memorandum Circular or Guidelines;

2.1.7. The CA shall open a Bank account with passbook on savings to secure the monthly dues, insurance savings, and other community collections of the members;

2.1.1 Requirements of a member:

1. A member shall be a Filipino of legal age, 18 years old but not more than sixty-five (65) years old at the time of loan take-out;
2. The member has not availed of any housing programs of the Government. Members who were found to have availed themselves of any housing programs of the government shall be automatically delisted from the master list of beneficiaries and substituted.
3. Accomplished Community needs Assessment (CNA) form with the following attachments:
 - A. Two primary government-issued IDs;
 - B. Marriage contract, if married, or Affidavit of Cohabitation, if not married or partners but living together for at least five (5) years, if applicable; and
 - C. Notarized Special Power of Attorney, if applicable.
 - D. Proof of Income:
 - D.1 Certificate of Employment and Compensation (for Formal Income-Earners);
 - D.2 Notarized Certification of the Barangay Captain or Notarized Affidavit of Income duly checked and verified by the LGU (for Informal Income-Earners).
4. Must not own any real property whether in urban or rural areas;
5. Must not be a professional squatter or a member of squatting syndicates.

2.2 Roles of the Local Government Units (LGUs):

The LGUs, through its Local Housing Board (LHB)/Local Shelter Plan (LSP) or for resettlement projects, the Local Inter-Agency Committee (LIAC), may:

1. Identify possible relocation sites within its locality;
2. Conduct the validation of the beneficiaries;
3. Cooperate in the implementation and possible cost-sharing of Gender and Development and capacity building programs. Conduct, assist, and/or support Gender and Development and Capacity Building Program to increase awareness, address emerging gender issues and improve and elevate the knowledge, skills and competencies of informal settler families;
4. Assist in fast-tracking the issuance of the necessary permits in favor of the CAs;

5. Assist in the provision of social services such as basic facilities, schools, day-care centers, and livelihood for the relocatees;
6. Contribute/Share in providing assistance for each informal settler families for 24 months based on the prevailing average monthly rental in the locality depending on their budgetary capacity and authority from the Sanggunian;
7. Assist the borrowers by promptly providing possible staging areas including security for these areas;
8. Formulate a cost-sharing mechanism for the provision of basic services and facilities;
9. Provide any other form of assistance for the CAs such as the preparation of engineering/technical designs, use of heavy equipment, construction of drainage system, road concreting, electrification, and installation of the water system, that will contribute to the success of the housing project and to the establishment of a sustainable community; and
10. Assist in the crafting of the Estate Management Plan of the community and provide any form of assistance in the implementation and sustainability of the estate management.

2.3 Role of Partner-Funding Agency

SHFC shall initiate partnerships with relevant government agencies and financial institutions, public or private, and/or local and/or international funding agencies to facilitate the implementation of SHFC's housing programs.

2.4 Capacity Building requirement

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

SHFC's capacity building and development program is a process of strengthening the skills, competencies, abilities, processes, and resources of the community associations.

This will enable and empower them to survive, adapt, and thrive in a new and different environment. Through the program, communities can develop to be resilient, inclusive, sustainable, and empowered to confront economic, environmental, and social challenges.

All Community Guided Financing (CGF) projects are required to complete the capacity building and development training prior to the issuance of a Certificate of Readiness to Occupy (CRO). Training charged to GAD should address certain gender issues aligned to the approved GAD Plans and Budget, if not, it should be charged to the capacity building budget of the SHFC Corporate Operating Budget.

All trainings must only commence after the issuance of the LOG.

TRAINING REQUIREMENT	REQUIRED ATTENDEES	PROOF OF TRAINING
1. Gender and Development	All CA members	Training certificate The training shall be conducted either by SHFC, DHSUD, or LGU.
2. Financial Literacy a. Loan repayment training	All CA members	Training certificate The training shall be conducted either by SHFC, DHSUD, or LGU.
3. Estate Management: a. Magna Carta for Homeowners Association b. Reportorial trainings such as but not limited to: the crafting of secretary certificate, board resolutions, annual report, minutes, and other related reportorial documents	All CA members	Training certificate The training shall be conducted either by SHFC, DHSUD, or LGU.

Objectives:

SHFC aims to acquaint the men and women leaders/members of the community with their roles and responsibilities in relation to the management of their housing project and what is expected of them to help them achieve their mission and vision and build RISE (Resilient, Inclusive, Sustainable, and Empowered) Communities:

1. To Empower women and men in the community with gender-sensitive practices and leadership roles and responsibilities as members of the community association and the importance of gender development within the provision of the Magna Carta of Women (R.A. 9710);
2. To increase knowledge on the inclusive process of planning and development, implementation, monitoring, and evaluation of the housing project;
3. To familiarize Salient Points and Reportorial Requirements of the Magna Carta for Homeowners Association (R.A. 9904), and apply relevant sections of the law handling a situation or issue in the community and satisfactorily resolve conflicts within the community; and
4. To understand the duties and obligations, rules and regulations, and the different schemes in the SHFC collection program.

The following are the steps to be taken by the branch to comply with SHFC's Capacity Building and Development process:

2.4.1 Online Training

Step 1: The concerned branch must submit a list of CGF projects upon issuance of the Letter of Guaranty with the following attachments to the Program Development Enhancement (PDE):

1. Community Association Profile (CAP) with sex-disaggregated data
2. Project Profile (PP)
3. Training Needs Assessment (TNA)
4. Approved Master list of Beneficiaries and Loan Apportionment (MBLA)

Step 2: The PDE and the concerned branch will have a first Assessment Meeting to discuss the identified CGF project and a possible timeline for the training or activity.

Step 3: The PDE will prepare and finalize the course outline, training modules, and materials based on the data gathered in the CAP, PP, and TNA.

Step 4: The branch to lead and ensure all logistics and administrative requirements are met for efficient and effective training.

Step 5: The PDE will lead and moderate the training including the documentation. After the conduct of the training, the PDE and the concerned branch will conduct a Post- Assessment Evaluation Report of the training. The PDE will issue a Certificate of Satisfactory Completion under the CA's name to the concerned branch upon 100% attendance. In the instance that the community could not meet the required attendance, those who are absent during the activity will be required to attend the next scheduled batch of training.

After the activity, the concerned branch will provide a Post-Activity Report for the purposes of liquidation which will be consolidated by the PDE.

Step 6: The concerned branch is required to submit an assessment report after the training was completed and will conduct an Impact Assessment of the CA after six (6) months from the training date.

2.4.2 In-person Training

Step 1: Follow the Step 1-3 of the Online Training Procedures.

Step 2: The concerned branch shall submit the necessary gender-related data and analysis to identify in which line item in the endorsed GPB can the proposal be charged. All proposals must have a gender perspective and be articulated with a gender lens to be able to charge to the GAD budget.

Step 3: The concerned branch shall coordinate with the partner LGU or Barangay for the venue of the activity.

Step 4: The concerned branch shall craft the budget proposal for the activity, and must have the *conforme* of the GAD Team. All necessary expenses for the training shall be charged to the approved Capacity Building or GAD budget, whichever is applicable.

Step 5: Follow the Step 5 of the Online Training Procedures.

2.4.3 Resource Person

The concerned branch may tap other Government agencies to provide the training. If there are no subject matter experts on a particular topic, the SHFC Human Resources Division shall select and capacitate qualified employees through training of trainers to have a local pool of trainers. In the event that the DSHUD or LGU conducted the said capacity building and development training, they should provide PDE with the curriculum vitae, training module outline, and certificate of satisfactory completion.

The aforementioned training must not in any way be part of the requirements to release the loan proceeds to any contractor/ developer.

2.5 Developer or Contractor Orientation Requirement

All developers 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.

The concerned branch or Settlements Management Group (SMG), upon request of the Community Association, shall conduct an orientation to the selected Developer or Contractor on Community Guided Financing.

A Certificate of Attendance shall be issued by SHFC concerned Branch or SMG to the Developer or Contractor upon completion of the orientation which will be submitted to the Partner Relations Division (PRD) for record purposes.

2.5.1 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

To establish the legal existence, technical and financial capacity of Developer or Contractors who are interested to engage to SHFC projects, are required to submit the following documentary requirements to the PRD:

A. Developer

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;

Articles of Incorporation and existing by-laws must clearly indicate the authority of the applicant to engage in real estate trade particularly in the development and selling of lots or units.

For Single Proprietorship, DTI Certified True Copy of Certificate of Registration

Securities and Exchange Commission (SEC) and Department of Trade and Industry (DTI) registered Developers tapped to engage in SHFC projects by the CA is required to have an experience on the construction of subdivision and condominium projects;

- b. Updated Mayor's Permit;
- c. Organizational Chart;
- d. List of Developer's key technical personnel with their individual curriculum vitae and ID including List of Developer's key technical personnel who will be assigned to SHFC Project;
- 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.);

The developer must at least have a satisfactory financial performance or position as evidence by its AFS with no adverse opinion or disclaimer. The developer must not be in the bank or financial institution's negative list.

2. List of completed projects with project cost, project duration and original or certified copy of Certificate of Completed Projects with project cost;
3. List of on-going projects with project cost and percentage of accomplishment; and
4. Net financial Contracting Capacity.

B. Contractor

1. Company profile to include the following:
 - a. Corporation: SEC Certified True Copy of Certificate of Registration, Articles of Incorporation and By-Laws, Updated General Information Sheet, Secretary's Certificate;

For Single Proprietorship, DTI Certified True Copy of Certificate of Registration

Securities and Exchange Commission (SEC) and Department of Trade and Industry (DTI) registered contractors tapped to engage in SHFC projects by the CA is required to have an experience on the construction of subdivision and condominium projects;

- b. Updated Mayor's Permit;
- c. Philippine Contractors Accreditation Board (PCAB) license for Contractors;

For prospective projects, the required PCAB License of contractors who will be engaged to participate in SHFC projects must at least have a principal classifications and categories of General Engineering/ Building A and Building B or Application for Registration and Classification of Contractor (ARCC) of PhP 150 Million and up.

Existing contractors with a principal classification and category below the requirement will remain as accredited builder and will only be allowed to engage in the project as a subcontractor for the principal contractors or after they have upgraded their license.

Developers/contractors included in the list of Blacklisted Entities of Government Procurement Policy Board shall be barred from participating to the program until their company name is removed thereof.

- d. Organizational Chart;
- e. List of Contractor's key technical personnel with their individual curriculum vitae and ID including List of Contractor's key technical personnel who will be assigned to SHFC Project;
- f. 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.);

The contractor must at least have a satisfactory financial performance or position as evidence by its AFS with no adverse opinion or disclaimer. The contractor must not be in the bank or financial institution's negative list.

- 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;

3. List of ongoing projects with project costs and percentage of accomplishment, copy of the notice of award and notice to proceed, and copy of the project contract; and
4. Net financial Contracting Capacity.

2.5.2 Accreditation Procedure

The Partner Relations Division (PRD) shall follow the foregoing procedures in the accreditation of Developers and Contractors and shall observe the turn-around time prescribed in the Ease of Doing Business Act of 2019 from receipt of the complete and compliant documentary requirements, to wit:

1. Developer or Contractor applicants submit complete documentary requirements and PRD conducts document check and verification of the submitted requirements;
2. PRD shall conduct review (table review and site visit) on the organization based on the submitted documents;
3. Developers or Contractors with legal and financial capacity but with unsatisfactory remarks from its previous projects shall be required by PRD to submit a letter of explanation with resolution;
4. Upon completion of PRD evaluation, the application of the Contractor or Developer shall be forwarded to the SHFC President for approval;
5. SHFC shall issue a Certificate of Accreditation and post the same at SHFC website and Social Media platforms; and
6. The PRD shall complete the evaluation process within twenty (20) calendar days.

Developers and Contractors with Accreditation Certificate and Certificate of Good Standing issued by the DHSUD or Home Development Mutual Fund may be granted Certificate of Accreditation without the need to undergo the accreditation process and evaluation. Nonetheless, these Developers and Contractors are required to submit the documentary requirements under Section 2.5.1 A and B for SHFC's records.

The Partner Relations Division reserves the right to conduct further verification and investigation to the applicant Developer or Contractor if the circumstances warrants.

The accredited Developer and Contractor are required to update their documentary requirements annually and will be subjected to re-validation of documents.

Accredited Developers and Contractors who fail to submit their updated documents shall be considered inactive and will not be allowed to engage in SHFC projects unless to complete an ongoing project if so determined by the Regional Engineer Department.

2.5.3 Cancellation of the Accreditation of the Developer or Contractor

The accreditation of a Developer or Contractor is predicated on the pursuit of a common goal and the existence of shared values. The community's interests and well-being should always be the primary consideration. SHFC expects integrity to govern the activities of its partners at all times.

Without prejudice to the imposition of additional administrative sanctions as the internal rules of the SHFC may provide and/or further criminal prosecution as provided by applicable laws, the SHFC shall impose on accredited Developers and Contractors, after the termination of the contract penalty of suspension of one (1) year for first offense, two (2) years for the second offense from participating in any of the SHFC projects, blacklisting for one to 2 years or cancellations of accreditation, for violations committed during the contract implementation stage, which include, but not limited to the following:

Item	Offenses
1.	Cases of abandonment without formal termination of contract;
2.	Submission of spurious documents/statements;
3.	Deviation from approved plans and specifications, and agreed timeline without approval from CA, SHFC and/or LGU.
4.	Misrepresentation during pre-qualifications or accreditation and contract implementation;
5.	Refusal to rectify the non-compliance of specifications of building design;
6.	Lending license or accreditation to other Developers or Contractors to complete the project;
7.	Refusal to rectify structural defects within the warranty period; and
8.	Incurrence of negative slippage below 50%.

In addition to the penalty of suspension, the performance security posted by the Developer or Contractor shall also be forfeited by the CA and SHFC .

SHFC shall act on all complaints against applicant and accredited Developer and Contractors filed by the Community Association, LGU or the public and shall provide them the opportunity to respond to the charges. The Department of Engineering (DOE) of SHFC which is tasked to conduct the investigation shall carefully evaluate all complaints and shall be guided by the principles of due process.

Every complaint received against an applicant or accredited Developer or Contractors shall be investigated to determine the veracity of the same. Part of the investigation is giving the Developer and Contractors the opportunity to respond to the complaints against it.

Once the DOE determines a clear violation of SHFC rules and regulations, it shall issue a resolution on the matter within twenty (20) calendar days from receipt of the cancellation report and/or complaint from the units or branches.

The DOE shall promulgate its rules and regulations on the suspension or cancellation of the Developers or Contractors accreditation.

2.6 Permits and Licenses (Project Inclusions)

The SHFC-Accredited Developer or Contractor shall be responsible for securing and paying all the necessary costs associated with the following:

1. Development and Building permits;
2. Environmental Compliance Certificate;
3. Individualization of titles or Condominium Certificate of titles, including the Master Deed of Restrictions;
4. CA registration to DHSUD; and
5. Payment of any and all kind of taxes and fees prior to transfer of title to the CA and its member-beneficiaries; and,
6. Other related requirements/documents set forth to the housing project.

2.7 Project Application

The CA will submit a proposal letter address to the SHFC President & CEO and attention to the concerned branch stating its request for housing finance with the following attachments:

1. Vicinity Map of the property;
2. Preliminary concept of the project; and
3. CA Profile and origin.

2.8 Developer or Contractor Selection and Project Plans & Location Acceptance

2.8.1 Developer or Contractor Selection

To ensure that the Developer or Contractor has the technical and financial capacity to undertake the project, the Community Association (CA) with the assistance of SHFC shall choose from the following options:

1. Selection from SHFC's list of accredited Developers or Contractors published on its website;
2. Selection from the Department of Human Settlements and Urban Development (DHSUD), National Home Mortgage Financing (NHMFC) Corporation, and Home Development Mutual Fund's (HDMF) list of accredited Developers or Contractors published on its website; or
3. Selection from LGU or Local Inter-agency Committee (LIAC) endorsed Developers or Contractors.

Developers or Contractors selected by the CA outside the aforementioned options and are not accredited by SHFC, DHSUD, NHMFC or HDMF, must go through the accreditation process and requirements stated in *Section 2.2.1*.

2.8.2 Project Location

To ensure that the preferred site of the CA is viable and safe for a housing project, the SHFC will conduct preliminary visits and evaluation.

The pre-evaluation findings will be communicated to the CA which will serve as its guide before accepting the project site.

2.8.3 Projects Plans

Prior to the CA's acceptance of the Developer or Contractor's project proposal, SHFC will pre-evaluate the plans and cost to ensure the feasibility and affordability of the project.

The pre-evaluation findings will be communicated to the CA which will serve as its guide before accepting the project plans and cost.

2.8.4 CA Endorsement Of The Project Specifics

With the guidance of SHFC and thorough review of the site and plans, the CA will submit a Board resolution to the SHFC Branch with the following specific agreements:

1. Their acceptance of the project site/location;
2. Their selected Developer or Contractor;
3. Their acceptance of the Final Project Design and Specifications; and
4. Their agreement to the Full Package Price per member.

2.8 Estate Management Plan

Estate Management aims to sustain not only the material but also the economic, social, and other benefits that can be derived by communities from living together in a new housing project.

As a requirement prior to the CA's transfer to its new housing project, and to ensure that the Estate Management is in place, the CA shall:

1. Constitute an Estate Management Committee, within its Association, with defined roles and responsibilities. The composition of the committee may include at least two (2) CA officers, two (2) CA members, and one (1) LGU representative; and
2. Craft Estate Management Plan.

The Estate Management Plan shall be crafted during the capacity-building training of the CA, which must include but not be 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;
4. Restrictions on the use of the property;
5. Restrictions on any construction and activity that affects the structural integrity of the units; and
6. Engagement of the LGU and civic partners.

The receiving LGU through its housing department or authorized department must conform with the plan. If the LGU does not act or conform with the submitted Estate Management Plan within twenty (20) calendar days from receipt, the receiving copy will be regarded sufficient as a requirement;

The Estate Management Plan must be adopted by the CA through a Board resolution. The Board resolution adopting the Estate Management Plan shall be submitted to the Settlements Management Group through its concerned SHFC Branch.

The SMG must monitor the implementation of the Estate Management Plan ninety (90) days after the project's full completion and turnover.

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.

3.1 Community Organizing

The Local Government Unit (LGU) shall be primarily responsible for assisting, organizing, and preparing the communities for its participation in the SHFC's housing program. Should the LGU expressly state that they are unable to undertake the projects (i.e., limited community organizing competence/human resource), the following may be resorted to:

3.1.1 SHFC may perform mobilizing and other developmental undertaking (in-house mobilizing) for the project, or

3.1.2 SHFC shall provide the LGU with a latitude to work with an accredited Mobilizer. The Mobilizer must be accredited by the LGU, in accordance with their respective accreditation procedures. The cost of the Mobilizer's service fee shall be borne by the LGU.

3.2 Project Collateral

The land and all improvements thereon shall be the collateral for the loan. The loan shall be secured by a real estate mortgage on the subject property.

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

3.3. Loan and Mortgage Examination (LE/ME) requirements

In accordance with the amended guidelines embodied in Board Resolution No. 877. Series of 2020 for the conduct and parameters of the Community Needs Assessment Tool and Process, the below-listed documentary requirements shall be submitted by the CA with the assistance of the LGU and SHFC:

1. CA's application letter for financing;
2. Certified list of MBs with sex disaggregated data from the concerned government agency;
3. Fully Accomplished Community Needs Assessment form;
4. Photocopies of two (2) valid IDs with 3 affixed signatures must be certified by the CA President. For representatives, they should also submit photocopies of their valid IDs and SPA from the member;
5. Photocopies of two (2) valid IDs of the guarantor, only if applicable;
6. Marriage license or certificate of cohabitation, whichever is applicable;
7. Proof of household income:
 - 7.1 Certificate of Employment and Compensation (for Formal Income-Earners);
 - 7.2 Certification from the Barangay Captain or Notarized Affidavit of Income duly checked and verified by the LGU (for Informal Income-Earners).
8. CA's bank account;
9. Photocopy of BIR Certificate of Registration
10. DHSUD certified copy of the following:
 - 10.1 Certificate of Registration, Articles of Incorporation and By-laws;
 - 10.2 Original notarized and certified copy of updated General Information Sheet containing the names of duly elected officers of the association and its board of directors/trustees and holding office for a term of two years.
11. Board Resolution or Secretary's Certificate stating the following:
 - 11.1 Preferred Developer or Contractor, location of the property, TCT No., design and specifications and full-package price;
 - 11.2 Authority of the CA President to transact, purchase, borrow, loan, mortgage, sign and perform all acts in behalf of the community association relevant to its project application; and
 - 11.3 Photocopy of valid government issued identity card of the CA President and CA Secretary.
12. RD certified copy of the Present title/s covering the property to be posted as loan collateral with the following attachments:
 - 12.1 RD certified copy of First and Second Back Titles;
 - 12.2 Certified copy of updated Tax Clearance or proof of payment of Real Property Tax;
 - 12.3 Land classification;

- 12.4 Memorandum of Agreement between the Landowner and Developer or Contractor authorizing the latter to mortgage, develop and sell the property – if required under the circumstances; and
- 12.5 Authorized representative certification with photocopies of two (2) valid IDs and TIN;

3.4 CNA/LE And ME Report

A. Loan Examination Procedure

The concerned branch shall undertake the following:

Determine the following:

- 1 The affordability requirement based on the full-package price per unit;
2. The monthly amortization amount shall not exceed 30% of the Gross Monthly Income (GMI) of the member-beneficiaries. The SHFC branch shall determine the number of members with 30% of the GMI lower than the monthly amortization.
3. The following members with 30 % of the GMI lower than the monthly amortization will be required to have a guarantor;
 - 3.1 A guarantor is required for members who are sixty (60) years of age or older but under the age restriction;
 - 3.2 The guarantor may be a principal borrower's parent, child (of legal age), sibling, or other relative up to the second degree of affinity and consanguinity;
 - 3.3 Should be financially able and willing to assume the outstanding balance of the loan should the principal borrower fail or refuse to pay the same.
 - 3.4 A guarantor is required for members belonging to the vulnerable and marginalized sector, and those members with household income lower than the average affordability income of the CA;
4. The program double-avaiers through verification of the names listed in the MBLA with the SHFC Database of Taken out Projects as well as the beneficiary's spouse's name
5. Finalization of Masterlist of Beneficiaries and Loan Apportionment (MBLA);

After conducting the aforementioned process, the concerned branch shall prepare a Community Needs Assessment and Loan examination report which states the compliances, findings and disclosures of the CA within twenty (20) calendar days from the receipt of complete and acceptable requirements.

B. Mortgage Examination Procedure

The concerned branch shall conduct mortgage examination of the collateral to ensure mortgageability of the property, ownership, presence or absence of liens and

encumbrances, taxes, among others at least twenty (20) calendar days prior to the endorsement of the project to the Credit Committee.

3.5 Technical Report And Procedures

The SHFC Regional Engineering Department (RED) shall require the following preliminary requirements from the Developer or Contractor to conduct technical review of the project:

1. Contractor or Developer's Certificate of Participation – CGF orientation and Certificate of Accreditation from SHFC;
2. Concept, plans, construction timeline, and specifications;
3. Full-package price breakdown; and
4. DRRM or MGB's report on potential hazard in the property.

The RED shall review and validate the completeness and acceptability of the items 2 and 3 in the list above in addition to the following:

1. The road right of way of the property;
2. The risk and mitigation measures of the potential hazards; and
3. The economic and social opportunities of the property.

The RED shall have twenty (20) calendar days from receipt of complete and compliant documentary requirements to accomplish technical review.

3.6 Project Appraisal

The RED and concerned branch shall provide a copy of its Loan examination report, Technical report and Mortgage examination report to the Appraisal Department (AD). The AD shall accomplish the preliminary valuation based on the submitted conceptual plan, specification and package price within twenty (20) calendar days from receipt of the aforementioned reports.

The AD shall provide a copy of the appraisal report to the concerned operation's Senior Vice President, and archive the same to its database for future reference.

In the event that there is a discrepancy in the appraisal and valuation between Developer or Contractor and SHFC, the latter shall prevail.

3.7 Omnibus Certificate of Compliance

The concerned regional hub must issue an Omnibus Certificate of Compliance to certify that the proposed project has complied and submitted the requirements for SHFC's financing program.

3.8 Endorsement Of The Project For Funding

All projects must secure funding commitment prior to the issuance of the Letter of Guarantee. The following are the requirements for funding commitment:

1. Community Needs Assessment, Loan examination and Mortgage examination report;
2. Technical report;
3. Appraisal report;
4. Omnibus Certificate of Compliance; and
5. Certificate of Fund Availability.

All projects with reports and certifications stated therein shall be endorsed to the concerned committee for approval and funding commitment.

3.9 Letter Of Guarantee And Multi-stakeholder Agreement

A. Letter of Guarantee (LOG)

All projects approved and with funding commitment are required to submit the following documents prior to the elevation to the Credit Committee for the issuance of the Letter of Guarantee:

1. Development permit and application for Building permit, with the following attachments:
 - a) Environmental Compliance Certificate (ECC)
 - b) Land Reclassification as residential duly approved by the Sanggunian and/or the Department of Agrarian Reform (DAR), if applicable;
 - c) Complete set of land development plans, building plans & drawings, and detailed bill of materials and specifications;
2. Application for DENR-LMB/LRA Lot Plan/Subdivision Plan;
3. Certificate of Compliances to Committee or Board conditions from the Office of the Compliance Officer;
4. Final Appraisal Report; and
5. Omnibus Certificate of Compliance.

The construction of the project must commence within ninety (90) calendar days from the receipt of the LOG. Upon written notice from SHFC, the LOG will be terminated, if construction does not commence within the ninety (90) calendar days. This period, however, maybe extended up to sixty (60) calendar days for valid and justifiable reasons or causes, as determined by SHFC.

Projects with a multi-year timeline shall be issued a Letter of Guarantee on a year to year basis based on annual commitments of the Developer or Contractor, and upon validation of SHFC.

B. Multi-stakeholder agreement

After the issuance of the LOG to the Developer or Contractor, a Multi-Stakeholder Agreement shall be executed 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.

The multi-stakeholder agreement will have a provision for any liquidated damages.

C. Loan Documents

The CA and SHFC shall execute the necessary loan and mortgage documents. The CA and Accredited Developer or Contractor shall execute a Contract to Sell or Development and Construction Agreement whichever is applicable.

SECTION FOUR – PROJECT PAYMENT AND TURNOVER

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

4.1 Payment Scheme

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

A. Vertical Housing Project

The SHFC shall only release Mobilization Fund to the Developer or Contractor with Vertical housing projects.

4.1.1 The mobilization fund is equivalent to fifteen percent (15%) of the annual guaranteed loan proceeds of the project.

Release of the loan shall be made in progress billing and in accordance with the work schedule and milestone set by SHFC. Releases shall be made in the following manner:

Releases	Accomplishment percentage requirement	Mobilization Fund(MF) Recoupment %	Retention fee %
1 st billing	20%	0%	7.5%
2 nd billing	20%	0%	7.5%
3 rd billing	20%	33% of the MF released.	7.5%
4 th billing	20%	33% of the MF released.	7.5%
5 th billing (final)	20%	34% of the MF released.	7.5%

The submission of the following documents shall be required prior to the release of the fifteen percent (15%) mobilization fund:

1. SHFC Certificate of approval to release loans with the following attachments:
 - 1.1 CNA/ LE/ ME and Technical Report;
 - 1.2 Letter of Guarantee;
 - 1.3 Final Appraisal report;
 - 1.4 Loan agreement;
 - 1.5 Promissory note;
 - 1.6 Real Estate Mortgage;
 - 1.7 Deed of assignment of loan proceeds;

2. Deed of Absolute Sale in favor of the CA;

4.1.2 For the first billing, approved DENR-LMB/LRA Lot Plan/Subdivision Plan and Building permit must be complied and submitted;

4.1.3 For subsequent releases excluding final billing, the SHFC shall only require the submission of the following documents:

1. SHFC Certificate of approval to release loans signed by the President;
2. RED's validation report of the works completed; and

4.1.4 For the final release, additional documents shall be submitted:

1. Certificate from the Developer or Contractor that the unit is available and ready for occupancy;
2. Certificate of Completion and Acceptance (COCA) of all the completed units from the CA;
3. Undertaking that the Developer or Contractor provides a temporary utility connection and the permanent utility connection will be installed within a maximum of ninety (90) days from the turnover date;
4. MBs Deed of Assignment with Assumption of Mortgage or Deed of Absolute sale with Assumption of Mortgage;
5. Master Deed of Restriction; and
6. Occupancy permit from the LGU;

B. Horizontal Housing Project

The Developer or Contractor may request for the payment of a completed housing unit (with water and power utilities) upon completion of at least ninety percent (90%) of the total works per unit is completed.

The submission of the following documents shall be required prior to the release of the loan proceeds for the completed unit/s:

- 4.1.5 SHFC Certificate of approval to release loans with the following attachments:
 1. CNA/ LE/ ME and Technical Report;
 2. Letter of Guarantee;
 3. Final Appraisal report;
 4. SHFC validation report of the completed units;

5. Certificate of Completion and Acceptance (COCA) by the batch of completed units, supported with a punch list signed by the unit-assigned member;
6. Loan agreement;
7. Promissory note;
8. Real Estate Mortgage;
9. Signed Lease Purchase Agreements per member; and
10. Deed of assignment between Developer and CA assigning the loan proceeds;

4.1.6 Certificate from the Developer or Contractor that the unit is available and ready for occupancy (including water and power) with the following attachments:

1. Deed of Absolute Sale in favor of the CA;
2. Owner's duplicate copy and RD-certified copy of the individualized TCT transferred to the CA's name;
3. Building permit;
4. Approved DENR-LMB/LRA Lot Plan/Subdivision Plan; and
5. Occupancy permit from the LGU.

4.1.7 For subsequent request for payment until the close-out of the project, SHFC shall only require the submission of the following documents:

SHFC Certificate of approval to release loans with the following attachments:

1. SHFC validation report of the completed units;
2. Certificate of Completion and Acceptance (COCA) by batch of completed units, supported with a punch list signed by the unit-assigned member;
3. Signed Lease Purchase Agreements per member; and
4. MBs Deed of Assignment with Assumption of Mortgage or Deed of Absolute sale with Assumption of Mortgage.

4.1.7 Certificate from the Developer or Contractor that the unit is available and ready for occupancy (including water and power) with the following attachments:

1. Deed of Absolute Sale in favor of the CA;
2. Owner's duplicate copy and RD-certified copy of the individualized TCT transferred to the CA's name; and
3. Occupancy permit from the LGU.

4.2 Removable Items

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

The following are the removable items:

1. Doors and accessories
2. Window glasses/ Window Jalousies and aluminum frame
3. Lavatory

4. Kitchen sink
5. Water Closet and accessories
6. Shower Head
7. Water Faucet
8. GI Strainer
9. Electrical cables, fixtures and switches
10. Electrical Panel Board
11. Final coating

The Developer or Contractor shall execute an undertaking outlining its commitment to install the removable items ten (10) calendar days before the turnover date (merge with the 1st paragraph). 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 grounds for withholding the billing for the final batch of completed units or buildings.

4.3 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 within ninety (90) calendar days reckoned from the release of the final payment, 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. For Vertical project: owner's duplicate copy and RD-certified copy of the Condominium Certificate of Title per completed unit in the CA's name and RD-Certified copy of the TCT transferred to the CA's name for the open space and road networks;

4.4 Advance Payment Of Monthly Amortization

All CA members are required to pay the three (3) months advance amortization to SHFC prior to the release of the final billing. The advance amortization is treated as follows:

1. Based on the MBLA, the deposit shall be posted by FCD in the ledgers of the Community Associations and member-beneficiaries without the need for the CA's request or SHFC's notification to the CA regarding its application;
2. Without prejudice to the first amortization to be paid by the MB a month after the date of takeout, the advance amortization shall be treated as a regular advance payment on the same date;

3. The said advance payment shall be regularly credited as monthly amortization payment in cases of deficient or no payments for the month.

The advance payment amortization is not part of the requirements to release the loan proceeds to the Developer or Contractor.

4.5 Certificate Of Readiness To Occupy (CRO)

All CAs are required to accomplish the CRO prior to the transfer to its new housing project.

The CA through its concerned branch shall request the issuance of the CRO from the Settlements Management Group (SMG) upon submission of the following:

1. A copy of the CA's Board resolution adopting the Estate Management Plan with the conformity of the LGU; and
2. Official Receipt of the three (3) months advance amortization paid to SHFC, either by batch or individual.

The SMG shall have twenty (20) calendar days to release the CRO upon submission of the complete and acceptable compliances.

Upon the CAs accomplishment of the CRO, the concerned SHFC branch shall facilitate the transfer of the member-beneficiaries in its new housing project. Furthermore, the branch shall duly inform the LGU and the Barangay of the transfer date of the CA.

4.6 Start Of Monthly Amortization

For Horizontal project, the CA member has thirty (30) calendar days from the **Takeout Date** of the completed unit, to start the monthly amortization payment.

For Vertical projects, the CA member has thirty (30) calendar days from the issuance of the **Certificate of Completion and Acceptance (COCA)**, to start the monthly amortization payment.

The members can pay directly to any SHFC Offices nationwide, or other payment options and partners (Landbank, ECPay, GCash, PayMaya, 7-eleven, MLhuilier, Linkbiz, and BPI).

Fixed monthly amortization for projects funded by the Corporate Operating Budget of SHFC.

SECTION FIVE – OTHER PROVISIONS

5.1 Loan Entitlement And Specifics

A. Loan Ceiling

The loan entitlement for each member shall be in accordance with the average affordability level of the association and current price/loan ceilings promulgated by DHSUD at the time of project approval.

B. Interest Rates

The outstanding loan shall bear an interest rate of six point five percent (6.5%) per annum.

C. Loan Term

The maximum loan term shall be thirty (30) years and shall, in no case, exceed the difference between age seventy (70) and the present age of the principal borrower.

E. Penalties

In case of non-payment of monthly amortizations on the due date, the member-beneficiary shall be charged a penalty equivalent to 1/15 of 1% of the amount due per day of delay, or as determined by the Management.

F. Default In Payment

An account is considered in default if the member fails to pay the equivalent of at least three (3) monthly amortizations. The member with default account will be substituted in accordance with the SHFC policy on Substitution.

G. Real Property Tax

It is the sole obligation of the member-beneficiary (lot/unit owner) to update his/her Real Property Tax annually as levied by the city or municipality where the property is located.

A proof of payment of RPT shall be required to be submitted to the concerned branch. The concerned branch must submit an annual report to the Senior Vice President for Operations. Nonpayment of RPT shall be an event of default.

5.2 Insurance Coverage

The principal Member-Beneficiary (MB) of the community association shall be compulsorily covered by Mortgage Redemption Insurance (MRI) for the duration of the loan which is equivalent to his/her approved loan value. For House Construction Loans or Fire bases, the MB shall be compulsorily covered by Fire/Lightning Insurance (FLI).

A. Mortgage Redemption Insurance (MRI)

For Horizontal and Vertical projects, the insurance premium for the 1st year of coverage shall be paid in advance prior to the release of loan proceeds; a principal member-beneficiary shall be covered one (1) month after loan take-out.

Premium for the succeeding years shall be paid on a monthly basis which shall be included in the monthly amortization of the MB.

B. Fire/Lightning Insurance (FLI)

The House and its improvement shall be covered by FLI for an amount equivalent to the loan or appraised value of the unit and/or its improvement.

For Horizontal projects, the insurance premium for the 1st year of coverage shall be paid in advance prior to the release of loan proceeds; a principal member-beneficiary shall be covered one (1) month after loan take-out.

For Vertical projects, the insurance premium covering the months of the construction timeline shall be paid in advance prior to the release of any loan proceeds; a principal member-beneficiary shall be covered one (1) month after the issuance of COCA.

Premium for the succeeding years shall be paid on a monthly basis which shall be included in the monthly amortization of the MB.

C. Health Statement/Underwriting Requirement

Principal member-beneficiaries who are sixty (60) years old but not over sixty-five (65), at the time of loan take-out, shall be required to submit Health Statement/Underwriting requirements for approval by the insurance provider/s. In case of disapproval, they may apply for substitution and is subject to submit the requirements. (For discussion)

D. Documentary Stamp Tax (DST)

The one-time payment DST shall be collected, prior to the release of any loan proceeds, if the loanable amount exceeds PhP 100,000.00 per SHFC Corporate Circular No. 19-053 Series of 2019.

E. Documentary Requirement For MRI/FLI Enrolment

For the enrolment, comply with the procedures indicated in the memorandum INS-2021-245, dated 15 June 2021. The following documents shall be submitted within 5-day upon loan take-out:

1. Approved Masterlist of Beneficiary and Loan Apportionment (MBLA)
2. Proof of Payment: Advance MRI/FLI premium and Documentary Stamp Tax, if applicable
3. Health Statement/Underwriting Requirements, if applicable

F. Guarantor

A member who is 60-65 years old at the time of loan take-out and not covered by insurance is required to have a guarantor.

5.3 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 Credit Facility can be availed by them through the Development Bank of the Philippines (DBP).

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

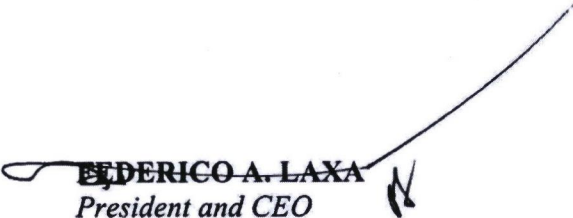
SECTION SIX – REPEALING CLAUSE

All Corporate Circulars, Office Orders, Construction Manual, Accreditation Manual, implementing rules and regulations on CMP Turnkey Modality provided under SHFC Corporate Circular No. 21-057, approved by the SHFC Board of Directors or parts thereof, contrary or inconsistent with the provision of these guidelines, are hereby repealed, amended, or modified accordingly.

SECTION SEVEN – EFFECTIVITY

These Guidelines shall take effect immediately upon:

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


FEDERICO A. LAXA
President and CEO

April 28, 2023