

NATIONAL HOME MORTGAGE FINANCE CORPORATION

NHMFC CORPORATE CIRCULAR NO. CMP-002  
27 July 1989  
Series of 1989

TO : ALL ORIGINATORS AND BORROWERS  
SUBJECT : FINANCING FOR SITE DEVELOPMENT  
UNDER THE COMMUNITY MORTGAGE PROGRAM

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These guidelines shall apply to mortgages under the Community Mortgage Program after the NHMFC shall have paid for the lot acquisition by the Community Association. Site development shall include, but not limited to, the paving of the roads, construction of drainage, sewerage, water and electrical systems, as long as the title/s to the lot/s remain undivided and still in the name of the Community Association. Development of sites already owned by or donated to the Community Association shall also be eligible under this financing scheme.

1. Scope of Site Development/Financing:

The site development to be financed shall include the following:

- a. Cost of subdivision and development surveys, plans and specifications including professional fees, and other necessary charges related thereto.
- b. Drainage, sewerage, septic vaults, electrical and water systems installations.
- c. Road construction/paving.

The actual cost of supervision, labor and materials for the above development items shall be the primary consideration in the assignment of appraisal values of the improvements to be financed. The costs of the individual titling of the lots and registration of mortgages thereon (which is to be undertaken within a period of two years from date of the land acquisition from the landowner), shall be for the account of the beneficiaries.

2. Loan Amount:

The ceiling for this financing stage for Community Mortgages shall be up to 100% of the appraised value of the developed lot or ₱45,000 per household lot whichever is lower, minus the

previously availed financing for lot acquisition.

3. Household Loan Entitlements:

The loan entitlements of the household units, existing at the time of application for this financing, shall govern the loan amount. The total of such loan entitlements should at least equal the overall loan amount applied for, including the previous loan/s for lot acquisition.

The manner of computing the loan entitlements and borrower eligibilities shall be as those prescribed by Circular CMP-001 dated April 17, 1989.

4. Availment of the Loan:

Financing under this scheme shall be available to the Community Association not earlier than six (6) months from the date of the original release of funds for lot acquisition, and provided that at least 90% of the total number of member-beneficiaries are up-to-date in the payment of their monthly rentals/amortizations. In case of donated site or where the site is already owned by the Community Association, this financing can be availed of anytime.

Partial releases of NHMFC funds to finance the site development are allowed provided that:

- a. Such releases of funds shall not exceed 100% of the appraised value of the developed lot minus the previously released value from rawland acquisition but not to exceed on the aggregate the amount of ₱45,000 per lot.
- b. Each release shall be supported by the following, executed in favor of the originator -- a Promissory Note, Real Estate Mortgage, Assignment of Receivables corresponding to the amount of the release or at the increased amount of the Community Loan, executed by the Community Association, plus a revised Master list of Beneficiaries.
- c. The originator executes the assignment of rights in favor of NHMFC over the loan and mortgage documents of the Community Association.

- d. Current appraisal report on the property by NHMFC or its representative/s shall be submitted.

5. On Appraisal:

Appraisal of the added value of the land after site development, under this second phase of implementation of the Community Mortgage Program and undertaken after the purchase of the land, shall be done by NHMFC or its authorized representative/s.

6. Documents to be submitted:

The following documents shall be submitted to NHMFC through the originator, viz:

- a. Board Resolution of the Community Association authorizing the additional borrowings and designating the authorized representative/s to sign all necessary documents for and in behalf of the Community Association together with the amount to be borrowed.
- b. Master list of beneficiaries with indications among others, of the total of each household entitlement, share in the previous loan for lot acquisition, and total household shares in the aggregate loan (including loan for site development).
- c. Plans and permits for the development, duly approved by the appropriate government agency/unit.
- d. NHMFC's (or its representative's) appraisal for the developed lot.
- e. Amended Lease Purchase Agreement showing the increased amount of rentals/amortizations of each household unit as per the increased share in the community loan.
- f. Amendment to the group life insurance policy or MRI to conform with the increases loan amount with proof of payment of additional premiums.
- g. Proof of payments of or certification to the effect, that at least 90% of the member-beneficiaries are up-to-date in their rentals/amortizations (to be executed by the community associations and verified by the originator and validated by NHMFC's Account Servicing Department).

- h. New or amended Loan Agreement, Promissory Note, and Real Estate Mortgage to be executed by the Community Association in favor of the originator; reflecting the new or increased amount of the loan of the Community Association, duly registered/annotated with the Register of Deeds when necessary.
- i. New or amended Deed of Assignment of rights under the Community Loan Documents executed by the originator in favor of NHMFC reflecting the additional or increased amount of loan.

7. Terms of the Loan:

The loan to be granted under this financing scheme shall be for a maximum term of 25 years (minus the expired portion of the term of the previous lot acquisition loan) payable in equal monthly amortization at the rate of interest prevailing at the time of availment.

8. Annotation of Contracts on the Title:

For purposes of annotating the contracts/agreement for this financing, the originator shall request NHMFC in writing to withdraw all documents and title/s to the property with the undertaking to return all necessary documents within a period of thirty (30) days from receipt thereof.

9. Origination and Origination Fee:

Only NHMFC accredited originators shall be allowed to originate loans under this financing scheme provided this stage of financing under the Community Mortgage Program is also evaluated by NHMFC and covered by a Purchase Commitment Line. A 2% origination fee based on the loan amount, equivalent to the value added on the land after site development shall be paid by NHMFC to the originator.

In case the loan covers land acquisition and site development and to be originated under a single take-out, the origination fee due shall be split in accordance with the origination fees provided for in the foregoing provision and in NHMFC Corporate Circular No. CMP-001.


Origination of loans for site development and house construction/improvement shall be undertaken by the same originator for the lot purchase loan.

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10. Applicability:

All provisions of NHMFC Corporate Circular No. CMP-001 dated April 17, 1989 which are not inconsistent with this Circular shall be applicable under this financing scheme.

This Circular shall take effect immediately.

  
RAMON A. ALBERT  
President