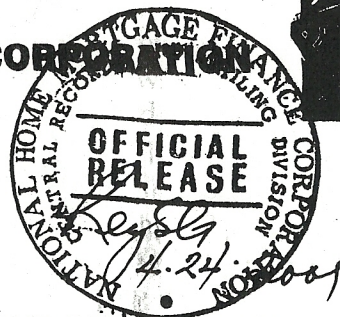




# NATIONAL HOME MORTGAGE FINANCE CORPORATION



CORPORATE CIRCULAR NO. CMP - 025

April 20, 2001

Series of 2001

TO : ALL CMP BORROWERS AND ORIGINATORS

SUBJECT : **AMENDMENTS TO COLLECTION AND  
SERVICING OF THE LOAN UNDER  
CORPORATE CIRCULAR NO. CMP-018**

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In order to ensure a more efficient and effective servicing of collections by community associations financed by NHMFC under the Community Mortgage Program and to resolve the numerous issues due to, among others, internal conflict among the member-beneficiaries of the Association, the NHMFC Board of Directors approved under Resolution No. 3116 dated March 29, 2001, amendments to Section 13 of Corporate Circular No. CMP-018 dated November 22, 1995.

The specific amendments are presented as follows:

Sec. 13. COLLECTION AND SERVICING OF THE LOAN

13.1 As long as the community loan is not yet paid nor the loans are individualized and assumed personally by the members to the extent of their shares, the loan stays as joint and solidary obligation of the Community Association (CA) and all of its member-borrowers. As such, the CA shall have the obligation to collect the shares of its member-borrowers in the monthly amortization of the community loan.

13.1.1 As manifestation of good faith on the part of the CA, a Time/Savings Deposit equivalent to two (2) or six (6) monthly amortizations, as the case may be, shall be assigned to NHMFC as long as the loan remains a CA loan. This deposit shall be applied to the CA's account including the interest earned in case its Collection Efficiency Rating (CER) falls below the acceptable standard.

For the updated CAs, renewal of Time Deposits shall be made upon maturity and the interest earned may be withdrawn at the option of the CA.



13.1.2 The evidence of bank deposit and Deed of Assignment, together with the Revised Collection Agreement, shall be submitted to NHMFC before the release of the loan proceeds.

13.1.3 The CA shall be entitled to a collection/service fee of one-percent (1%) of its gross/total actual regular collections of the amortizations deductible from the remittance to NHMFC. However, the said collection/service fee shall not apply to full payments/lump sum amount deducted from the take-out proceeds as updating of arrearages of previously originated projects, and windfall payments as consideration for CA's property affected by government infrastructure projects.

In case of low collection efficiency due to internal conflict such as election-related issues, inefficient servicing of collection, and loss of trust and confidence due to unremitted collections by the duly authorized officer, NHMFC shall terminate the collection agreement with the CA through a formal notice to the latter. NHMFC shall then accept direct payments from member-beneficiaries (MB's) until the conflict/case has been resolved by CA and NHMFC or concerned government agency that has jurisdiction over the case/issue.

**13.2 The Community Association shall undertake to:**

13.2.1 Enter into a Collection Agreement (as revised) with NHMFC for the purpose of collecting from its member-borrowers their shares in the monthly amortizations of the community loan and remitting the amount collected to NHMFC in the manner prescribed in the Revised Collection Agreement.

13.2.2 Keep individual records of paid and unpaid amortizations of its member-borrowers together with the collective paid and unpaid amortizations of the CA. The CA shall be required to present its BIR registered books of account to NHMFC prior to the release of take-out proceeds and every year thereafter, to be submitted within thirty (30) days after the end of the calendar year.



One year after the take-out, the CA shall be required to submit its Audited Annual Financial Statement/Treasurer's Report to NHMFC and every year thereafter, to be submitted within thirty (30) days after the end of the calendar year.

These records shall be accessible to all member-beneficiaries and shall be properly turned-over to the new set of officers in case there is a change of leadership which should be duly reported/registered with the Housing and Land Use Regulatory Board (HLURB) or Securities and Exchange Commission (SEC)/Cooperative Development Authority (CDA).

Failure to comply with the above requirements shall constitute as ground for NHMFC to suspend the enforceability of the Collection Agreement. During the period of suspension, NHMFC may accept direct payment from member-beneficiaries. The Account Management Department shall monitor compliance by the CA with above requirements and shall recommend/indorse to NHMFC President the resuscitation of the Collection Agreement.

13.2.3 In case of default in the payment of the monthly amortization-share of any member-borrower, to find a qualified substitute member-borrower who shall assume the obligations of the defaulting member-borrower. The substitution shall only become effective and enforceable upon approval by NHMFC.

Sec. 14 COVERAGE/APPLICATION OF THE AMENDMENTS

- 14.1 In general, the above amendments shall apply to all CMP projects already taken-out, and those with approved Purchase Commitment Lines with conditional Board approval, and are in process by the Loan and Mortgage Examination Units, including enrolled projects for mortgage delivery.
- 14.2 In particular, all CMP projects with applications in process for enrollment/Purchase Commitment Lines shall be covered by the Revised Collection Agreement and all other pertinent provisions of this Circular.



14.3 As applicable, these amended guidelines shall cover the remittances on collections made by the CAs effective June 2001.

14.4 By virtue of this Circular, existing Collection Agreements between NHMFC and Community Associations are deemed accordingly amended. At the option of the CA's present leadership, a new agreement (as revised) may be executed.

This Circular which takes effect immediately hereby supersedes or revokes other Circulars and issuances inconsistent thereto.



ATTY. ANGELICO T. SALUD  
President



COLLECTION AGREEMENT

KNOW ALL MEN BY THESE PRESENTS:

This Agreement, made and entered into by and between:

The NATIONAL HOME MORTGAGE FINANCE CORPORATION, a government corporation duly created by Presidential Decree No. 1267, as amended by Executive Order No. 90, dated December 17, 1986, with office address at Filomena Bldg., 104 Amorsolo St., Legasi Village, Makati City, represented herein by its

hereinafter referred to as the NHMFC;

- and -

The \_\_\_\_\_, a community association, duly organized and existing under the laws of the Republic of the Philippines, with principal address at \_\_\_\_\_ represented herein by its President, \_\_\_\_\_ for a community loan granted/originated through, \_\_\_\_\_ hereinafter, referred to as the Community Association (CA).

WITNESSETH: That

WHEREAS, under its charter, the NHMFC has mandated to operate a viable home mortgage market;

WHEREAS, pursuant to such mandate, the NHMFC has developed a special type of homebuyers' financing loan as "Community Mortgage Program (CMP)" to cater to the housing needs of the low-income groups;

WHEREAS, the CMP calls for the organization of the loan beneficiaries into a Community Association herein referred to as a Community Association, duly registered with the appropriate government agencies.

NOW, THEREFORE, for and in consideration of the foregoing premises, the CA hereby binds itself to collect from member-beneficiaries their monthly rentals/amortizations under the following terms and conditions:

1. COLLECTION

1.1 The CA shall collect all amortization payments of its member-beneficiaries (MB's) on due date. The monthly rentals/amortizations shall consist of principal, interest, insurance premiums and penalties (if any);

1.2 If the amortization due falls on a non-working day, such amortization shall fall on the last working day before the due date.

1.3 The CA shall likewise receive prepayments of amortizations of loan, as well as excess payments and advance payments by the MB's on their accounts.



1.4 The CA shall issue its own Official Receipts for all amounts received from its MB's. For monitoring and control purposes, the Mortgage Bank Receipt (MBR), Remittance Report and Abstract of Collection corresponding to all amortization payments remitted by the CA to NHMFC shall be posted to a designated place accessible to all MB's for verification.

1.5 The Officer or representative of the CA assigned the task of collection and turn-over of payments shall be bonded in the amount equivalent to the average monthly collections.

2. TURN-OVER OF COLLECTIONS

The CA shall remit the total amount collected from its member-beneficiaries either directly to NHMFC or its Zonal/Satellite Offices or to any designated branches of Land Bank of the Philippines nearest/convenient to the CAMB's.

Every payment by the CA should be accompanied with the Remittance Report and Abstract of Collection to be submitted to NHMFC together with the photocopy of the Mortgage Bank Receipt.

3. PENALTIES

In the event the CA fails to turn over/remitt the collected amortization payment on time or on due date, any amount due NHMFC shall be subject to a penalty of 1/15 of 1% of the total amount due, per day of delay, without need of demand.

4. COLLECTION FEE

The CA shall be entitled to a collection/service fee equivalent to one-percent (1%) of the actual gross/total regular collections of the amortizations deductible from the remittance to NHMFC. However, the said collection/service fee shall not apply to full payments/lump sum amount deducted from the take-out proceeds as updating of arrearages of previous originated projects, and windfall payments as consideration for CA's property affected by government infrastructure projects.

5. MAINTENANCE OF RECORDS

5.1 The CA shall keep individual records of all its MB's accounts for proper monitoring of all collections and payments made by them on their respective accounts. Likewise, it shall maintain records of the mother account, showing the total monthly rentals/amortizations due and the total monthly remittances made to NHMFC.

5.2 One year after the take-out, the CA shall be required to submit its Audited Annual Financial Statement/Treasurer's Report to NHMFC and every year thereafter, to be submitted within thirty (30) days after the end of the calendar year.



5.3 These records shall be accessible to all MB's and properly turned-over to the new set of officers in case there is a change of leadership which should be duly registered/reported with the Housing and Land Use Regulatory Board or Securities and Exchange Commission (SEC) or Cooperative Development Authority (CDA).

5.4 Failure to comply with the above requirements shall be a ground for NHMFC to suspend the enforceability of the Collection Agreement. During the period of suspension, NHMFC may accept direct payment from member-beneficiaries. The Account Management Department-Community Mortgage Group shall monitor compliance by the CA with above requirements and shall recommend/indorse to NHMFC President the resuscitation of the Collection Agreement.

6. OTHER PROVISIONS

6.1 In case of low collection efficiency due to internal conflict such as election related issues, inefficient servicing of collection, and loss of trust and confidence due to unremitted collections to NHMFC by the duly authorized officer, NHMFC shall terminate the Collection Agreement with the CA by giving a written notice to the latter at least thirty (3) days in advance of such termination. NHMFC shall then accept direct payments from member-beneficiaries until the conflict/case has been resolved by the CA and NHMFC or the concerned government agency that has jurisdiction over the case/issue.

6.2 In case of default in the payment of the monthly amortization-share of any member-borrower, the CA shall undertake to find a qualified substitute member-borrower who shall assume the obligations of the defaulting member-borrower. The substitution shall only become effective and enforceable upon approval by NHMFC.

6.3 NHMFC has the right to send its representative to conduct audit/examination of all the records of the Community Association at any time during reasonable hours of the day.

6.4 The CA shall adhere to the provisions of Corporate Circulars that the NHMFC may issue from time to time pertaining to the "Community Mortgage Program".

6.5 This Agreement may be terminated by NHMFC by giving a written notice to the Community Association at least thirty (30) days in advance of such termination.



7. TERMINATION

This Agreement shall be effective from the date hereof until terminated.

IN WITNESS WHEREOF, we have hereunto set our hand this \_\_\_\_\_ day of \_\_\_\_\_, Makati, Metro Manila.

NATIONAL HOME MORTGAGE  
FINANCE CORPORATION

By:

By:

SIGNED IN THE PRESENCE OF:

\_\_\_\_\_

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)  
CITY OF MAKATI ) S.S.

BEFORE ME, this \_\_\_\_\_ day of \_\_\_\_\_  
personally appeared:

NAME

RES. CERT. NO.

DATE/PLACE OF ISSUE

In his capacity as

Of the National Home  
Mortgage Finance Corp.

Known to me to be the same official executed the foregoing instrument and acknowledged to me that the same is their free act and deed, as well as the free act and deed of the Corporations they represent. This document consisting of two (2) pages, including this page wherein the acknowledgment is written, refers to COLLECTION AGREEMENT and the same is duly signed by its parties and their instrumental witnesses on all pages hereof.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my notarial seal at the place and on this date first above-mentioned.

NOTARY PUBLIC

Doc. No. \_\_\_\_\_;  
Page No. \_\_\_\_\_;  
Bk No. \_\_\_\_\_;  
Series of \_\_\_\_\_