



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

CORPORATE CIRCULAR CMP NO. 13 - 027
Series of 2013

**SUBJECT: GUIDELINES OF THE ONE YEAR UPDATING SCHEME UNDER
RA 9507**

In view of the continued clamor from delinquent borrowers for condonation of accumulated penalties, the SHFC Board approved on May 24, 2013 the GUIDELINES OF THE ONE YEAR UPDATING SCHEME UNDER RA 9507, to wit:

Coverage

The scheme shall cover loans/obligations of delinquent member-beneficiaries with accumulated arrearages equivalent to at least three (3) monthly amortizations.

Eligible Applicants

The following may apply to this program:

- a. All member-beneficiaries of covered accounts, except those beneficiaries who have availed themselves of the benefits of a penalty condonation and loan restructuring program under the RA 9507.
- b. All members-beneficiaries who requested for the extension of RA 9507 and deposited payments to SHFC.
- c. All member-beneficiaries whose accounts are in the process of foreclosure or have been foreclosed but are still within the redemption period.
- d. The legal heirs of deceased member-beneficiaries with unpaid loan balances after application of the proceeds of the Mortgage Redemption Insurance.
- e. Substitutes duly approved by SHFC. Applicants for substitution may also avail themselves of this program subject to clearance from the Project Individualization Department.

Terms and Conditions

- a. Computation of Arrearages - The total arrearages shall include unpaid principal, accrued interest, unpaid penalties, accrued interest on unpaid principal (IUP), unpaid premiums (MRI and FAPI), taxes, and other incidental charges, including foreclosure expenses, if applicable. The total arrearages shall be computed as of designated cut-off date, which is the due date of the regular monthly amortization after the date of application.

- b. Downpayment – Since RA 9507 requires no downpayment, applicants may opt to make a downpayment or not.
- c. Processing Fee - No processing fee is required.
- d. Condonation of Penalty - All penalties shall be condoned provided that the regular amortizations are updated and all arrearages are settled on or before one year from cut off date. Penalties shall be added back to the account in the event of default or failure to settle all accounts (regular amortization and arrearages) within the said term. This shall apply whether the borrower opted to pay in monthly installment or lump-sum.
- e. Payment Options – Upon filing of application the applicant shall choose and commit from among the following options:
 - e.1 Full updating upon application – The total arrearages shall be paid in full upon application of the borrower. In this case, the cut off date shall be the application date.
 - e.2 Pay in monthly installments - The total arrearages shall be settled through monthly installment of not more than 12 months. The payment shall commence a month after the cut- off date. The monthly payment shall be composed of the monthly installment for arrearages and the regular monthly amortization.
 - e.3 Pay in lump sum - The total arrearages shall be settled in full on any date before the lapse of one year from cut off date. The borrower is not required to pay the monthly installment for arrearages but shall pay the regular monthly amortization. The lump sum payments should not be less than the total arrearages otherwise, the account shall be considered in default and penalties condoned shall be added back to the account.
- f. Delayed Payments - Delayed payment of the regular monthly amortization shall be subject to penalty and IUP.
- g. Default – An account shall be considered in default if the applicant fails to pay the regular monthly amortizations equivalent to at least three (3) months. In such cases, the SHFC may pursue foreclosure. Regardless of the payment option chosen, an account shall also be considered in default if the total payments made during the year is less than the total arrearages and the regular monthly amortizations.
- h. Documentation – all approved applicants shall be required to execute a Promissory Note.



Handling departments

The Accounts Management Department (AMD), the Regional Operations Department (ROD) and the Task Force on Remedial Management of Accounts (TFRMA) shall evaluate and recommend approval of all qualified applications.

Recording of payments

The AMD, ROD and TFRMA shall monitor and coordinate the recording of payments with the Finance and Controllershship Department. All payments to settle arrearages under this scheme shall be temporarily lodged as undistributed collection. The distribution of collections shall be effected upon maturity of the payment period or upon settlement of the arrearages, whichever comes first. The same payments shall be credited as payments made as of cut-off date.

Approving authority

All applications shall be subject to approval of the duly authorized officer of SHFC.

This Circular takes effect immediately.


MA. ANA R. OLIVEROS
President

July 18, 2013