



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



CORPORATE CIRCULAR CMP NO. 13 - 029

December 02, 2013

Series of 2013

**SUBJECT: GUIDELINES ON THE ADVANCE PAYMENT OF
TRANSFER EXPENSES FOR THE ACCOUNT OF
THE LANDOWNER**

In the interest of service, and in order to facilitate the take-out of projects under the Community Mortgage Program (CMP), as well as the transfer of title in the name of Community Associations, the following guidelines shall be adopted:

I. POLICY

- ❖ Payment of **unpaid Real Property Tax assessments** covering the property subject of CMP, whether or not the tax lien is annotated to the title of the property may be deducted from the loan proceeds upon written request of the landowner/s of the property;
- ❖ Payment of **taxes and fees required for the transfer of title** in the name of Community Association and annotation of Real Estate Mortgage may also be deducted from the loan proceeds upon written request of the landowner/s of the property. These taxes and fees include the following:
 - Transfer Tax
 - Documentary Stamp tax on Sale
 - Documentary Stamp tax on Mortgage
 - Registration of Sale
 - Registration of mortgage
- ❖ **Taxes and other fees in cases of Extra-Judicial Settlements of the estate of deceased landowners** are likewise allowed to be deducted from the loan proceeds upon written request of the heir/s of the deceased landowner/s. These include the following:
 - Estate Tax – refer to *CMP Circular No. 12-020, Series of 2012 Re Guidelines for the Advance Payment of Estate Tax in cases of Extra-Judicial Settlement of Estate of Deceased Landowner/s*
 - Heir's bond

II. APPLICABILITY

This Circular shall apply to the following projects:

- ❖ Partially taken-out projects whose titles have not yet been transferred to Community Association;
- ❖ Projects with existing Letter of Guaranty (LOG) provided that all findings and/or requirements for take-out have already been complied with and/or submitted;
- ❖ Pipeline projects provided that the following conditions are met:
 - The only remaining requirement to be complied with for issuance of Letter of Guaranty (LOG) is the payment of above taxes or fees covering the CMP property;
 - The LOG for the project must be approved by the Board.

III. REQUIREMENTS

The following documents shall be submitted in order to process the Request for Advance Payment:

- ❖ Notarized Authority to Deduct executed by the landowner/s of the subject property authorizing SHFC to deduct the required taxes (such as real property tax, transfer tax, documentary stamp tax), registration fees, or heir's bond from the loan proceeds;
- ❖ Official computation of assessments from the concerned government agency and/or insurance company which shall not exceed 50% of the loan proceeds for projects not yet taken-out; or shall not exceed the remaining loan proceeds for projects partially taken-out;
- ❖ The project shall be considered taken-out once the check/s for advance payment of real property tax, transfer tax, documentary stamp tax, registration fees, or heir's bond are released. Hence, the following documents for take-out shall be submitted:
 - Notarized Deed of Sale between the Landowner and Community Association

- Owner's Duplicate copy and Register of Deeds (RD) certified copy of the title
- Notarized loan documents
- Notarized Lease Purchase Agreements
- Cash deposit equivalent to three (3) months amortization and one (1) year Mortgage Redemption Insurance (MRI) premium
- Proof of payment of equity, if applicable

IV. RELEASE OF CHECK/S

Check/s shall be made payable to the concerned government agency and/or insurance company and shall be released to the landowner or his/her authorized representative, provided that the latter is accompanied by SHFC personnel for payment/remittance to the named payee of the check.

V. EFFECTIVITY

This Circular shall take effect immediately. All previous Circulars, Memorandum Orders & related issuances inconsistent with any provision of this Circular are hereby repealed and modified accordingly.


MA. ANA. R. OLIVEROS
President

Dec. 18, 2013