



**CORPORATE CIRCULAR NO. CMP - 08-006**

28 May 2008  
Series of 2008

TO : ALL CMP STAKEHOLDERS

SUBJECT : **POLICY GUIDELINES STRENGTHENING THE IMPLEMENTATION OF THE COMMUNITY MORTGAGE PROGRAM**

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Republic Act 7279 defined the Community Mortgage Program (CMP) as a mortgage financing program that will assist legally organized associations of underprivileged and homeless citizens that reside in blighted or depressed areas to own the lots they occupy or where they choose to relocate to. Through the years the success of the implementation of the CMP has been attributed to the effective and efficient synergies of efforts of the government, the CMP originators and the community associations. In recognition of these accomplishments, the Social Housing Finance Corporation (SHFC), by virtue of SHFC Board of Directors' Resolution 131 Series 2008, has adopted the following guidelines to further strengthen the work of the CMP in sustaining the delivery of its mandated purpose:

**I. APPLICATION OF CMP LOAN FINANCING**

As an operational policy, CMP financing shall be primarily utilized for On-Site Projects.

Voluntary off-site projects may be considered, on a case to case basis, for CMP financing provided that the beneficiaries are underprivileged, homeless, are not members of the Home Development Mutual Fund (PAG-IBIG) and have the capability to pay the required CMP loan amortizations. The property subject for voluntary off-site should likewise have the basic facilities (i.e., water source, power source, drainage system and road tracing) which is provided by the local government units (LGUs) and/or other government agencies.

## **II. MINIMUM AND MAXIMUM NUMBER OF BENEFICIARIES FOR CMP PROJECTS FOR ENROLMENT/ACCREDITATION**

The minimum number of beneficiaries a project can have to qualify for CMP financing shall be twenty (20). On the other hand, the maximum number of beneficiaries a project can have to qualify for CMP financing is set at two hundred (200). These aforementioned number requirements shall apply to both on-site and off-site projects.

Projects having less than the required minimum number of beneficiaries will be referred to the concerned LGU, which may assist the beneficiaries in negotiating the direct purchase of the project site with the landowner. The LGU may also opt to include these projects for enrolment under the SHFC's Localized Community Mortgage Program.

In addition, projects that have less than the required minimum number of beneficiaries, but are contiguous, may be combined and submitted to SHFC for CMP financing.

## **III. OCCUPANCY AND RESIDENCY REQUIREMENTS FOR CMP PROJECTS**

The occupancy requirements for a CMP project to be considered for CMP enrolment/accreditation shall be: (a) at least 90 percent at the time of application; and (b) 100 percent before the issuance of the Letter of Guaranty (LOG).

Beneficiaries that will join a community between the time of application and issuance of LOG shall be subject to the eligibility requirements of the Program.

The residency requirement, meanwhile, for CMP on-site project beneficiaries shall be an average of at least two (2) years at the time of submission of the project application.

## **IV. SITE IMPROVEMENTS AS A TAKE-OUT REQUIREMENT**

The compliance of projects requiring site improvements (e.g., riprap, land filling, etc.) shall be a precondition for take-out. The purpose of the site improvement requirement is to prevent any loss of lives and property.



**V. APPLICATION OF THE CA's CASH DEPOSIT AS PAYMENT TO THE LOAN PRINCIPAL**

The cash deposit requirement for a CA shall be equivalent to six months amortization (if the project is originated by a new Originator) or two months amortization (if the project is originated by an old Originator). These aforementioned cash deposits may then be applied as payment to the CA's loan principal on the first due date of loan amortization payment, provided that the CA opens a savings account (where withdrawals are only authorized by SHFC) with a maintaining balance equivalent to at least six months amortization. The special savings account shall be in the name of the CA and hence any interest income derived from the maintaining balance shall be credited to the CA's account.

**VI. POST TAKE-OUT SERVICE FEE**

A post take-out service fee of P500.00 per beneficiary will be given to CMP Originators provided that: (a) they have maintained a CER of at least 80 percent in a particular project for the required holding period of five years; and (b) they are able to complete project individualization (Stage I – parcellation of the mother title) within the said holding period.

The application of this Circular shall be effective 28 November 2008 and supersedes or revokes other circulars and issuances inconsistent herewith.

CMP projects that were already issued a Purchase Commitment Line before 28 November 2008 shall not be affected by this Circular.

For compliance.

  
**ATTY. FERMIN T. ARZAGA**  
President