

# ABOT-KAYA PABAHAY FUND DEVELOPMENT LOAN PROGRAM

## OBJECTIVE

The Abot-Kaya Pabahay Fund Developmental Loan Program (AKPF - DLP) aims to provide low-income families in key urban areas affordable houses by financing site development/improvements and house/building construction in CMP and other socialized housing projects.

## LOAN PURPOSE

1. Site upgrading/development and housing construction for eligible CMP projects as compliance to balanced housing requirements under Section 18 of RA 7279.
2. LGU sponsored housing projects where end-user financing shall be provided either through CMP/LCMP or the High Density Housing (HDH) Program.
3. Site development and/or construction of high density housing units for the HDH Program.
4. Small scale inner city housing projects providing house and lot packages for socialized housing borrowers with assured end-user financing either through CMP/LCMP or the HDH program. Banks' ROPOA, foreclosed/idle properties of pension funds like SSS, GSIS as well as those of other institutions provided there is end-user financing through the afore-cited facilities.

## LOAN AMOUNT

The maximum loanable amounts shall be as follows: (a) P15 million for projects covered by CMP and LCMP; and (b) P75 million for projects under the HDH Program.

## INTEREST RATE/LOAN MATURITY

**Interest Rate** - Interest rate shall be at six percent (6%) per annum.

**Loan Maturity** -The loan shall have a maximum term of 36 months after each drawdown but shall have earlier maturity based on project feasibility and the availability of the take-out window.

## COLLATERAL APPRAISAL

Appraisal of the property shall be conducted either by SHFC or private appraisal companies.

SHFC shall appraise the property using the principles, practices and approaches applied in the valuation of CMP projects. In the event that SHFC's appraisal value is lower than the selling price, private appraisers may also be engaged provided they are accredited by the Banko Sentral ng Pilipinas (BSP).

In the event that a landowner initially tenders a selling price previously certified by an appraiser duly accredited by Banko Sentral ng Pilipinas (BSP), then SHFC shall validate the said amount.

In case of disagreement on what the Current Fair Market Value (CFMV) of the property ought to be, then such matter shall be fully disclosed to, and decided by, the Board of Directors.

Collateral coverage for the loan shall be 80% of appraisal value and total AKPF exposure shall not exceed 80% of project value when completed.

## LOAN AVAILMENT

Upon approval of the loan, the developer should avail of the loan within one (1) year. Failure to do so would mean that the facility is cancelled.

The loan shall be released on staggered basis depending on project requirement and collateral coverage. The other conditions for loan releases are as follows:

1. The initial release shall not be more than fifty percent (50%) of the appraised value of the collateral and shall

be in accordance with the project requirement as reflected in the approved work schedule. Prior to the initial loan release, the developer must infuse at least 5% of the total cost in terms of horizontal development.

If the landowner and the borrower are two different entities, initial development equivalent to 5% of the total project cost is required prior to initial loan release.

2. Subsequent releases shall be based on the total collateral value consisting of the value of the land and improvements made thereon net of the previous drawdowns multiplied by eighty percent (80%)
3. Apart from meeting the minimum collateral coverage of 125%, the project should also meet the required accomplishment for both land development and house construction (as may be applicable).

## LOAN REPAYMENT

Payment to principal shall be made quarterly with the first payment due on or before the end of the eighteenth (18th) month from date of initial loan release which shall be covered by post-dated checks to be issued in advance by the developer, or upon take-out by the end-user financing window, whichever comes first.

## PENALTY RATE/LOAN SECURITY

### Penalty Rate

Penalty rate is 1/20 of 1% per day (18.0%per annum) of delay of the defaulted amount which covers principal and interest accrued

### Loan Security

A mortgage shall be duly constituted on the property. Owner's Duplicate Title, free from liens and encumbrances.

## BORROWER PREQUALIFICATION

1. Open for institutions/ corporations, single proprietorship, partnership and LGUs with qualified partner developers of socialized housing projects. The borrower or his partner-developer must have a proven record of success in undertaking development of real estate projects and must have track records of at least three (3) years.
2. Validity of prequalification is one (1) year.
3. Project subject of financing must be eligible under the CMP or the HDH Program administered by SHFC.
4. A borrower who will put up at least 5% of the project cost as equity counterpart/contribution shall be preferred over other loan applicants who do not offer a greater amount.

## PROJECT REQUIREMENTS

### Site Suitability

The project must meet SHFC minimum requirements for site suitability criteria.

### Project Size

Project size beyond 10 has. shall be subject to the re-evaluation of proponent's resources as to (i) equipment (ii) manpower (iii) finance

### Title Subject of Collateral

1. The property/ies must be registered under Torrens Title System and should be free from litigations, encumbrances, liens and adverse claims. In case of properties subject of CMP, the obligation shall be annotated as additional encumbrances.
2. If the property is encumbered, the proponent must ensure cancellation of such liability before execution of the loan agreements. The proponent has sixty (60) days to facilitate the cancellation.

3. The proponent and the landowner shall each assign a project controller who will certify to the validity of the project accomplishment report.

## Project Implementation Schedule and Delays in Completion

If for any reason the proponent fails to implement the project per schedule after the initial loan drawdown, except for fortuitous events and reasons of force majeure, the proponent shall pay a commitment charge of 0.5% per month of the succeeding drawdown after 60 days of project stalemate on non-accomplishment based on targeted completion. The charge shall be deducted from the succeeding loan releases.

In case the proponent fails to avail the succeeding drawdown within six (6) months, all unreleased loan shall be automatically cancelled while the released loan(s) shall be deemed due and demandable.

## Contractor's All Risk Insurance

Regardless of project location, vertical works should be insured against allied perils/calamities. The insurance coverage shall be enforced until such time the project is turned-over to end-user.

## 10% Retention Fee

A retention fee equivalent to ten percent (10%) of project cost shall be imposed to answer for possible project deficiency/defects and shall be released only after correction of such defects and a certificate of completion and acceptance has been issued by the CA beneficiary. The SHFC shall validate said correction within 15 calendar days from receipt of Certificate of Completion and Acceptance.

## TRANSITORY PROVISIONS

The AKPF-DLP shall be utilized for the purpose of Land Acquisition under HDH Program and other socialized housing programs similar thereto, with its commencement reckoned from the time of the issuance of the legal opinion by the Office of the Government Corporate Counsel (OGCC) upholding the validity and lawfulness of such kind of utilization.



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