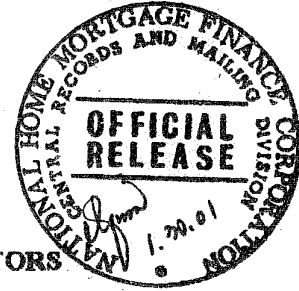


NATIONAL HOME MORTGAGE FINANCE CORPORATION



CORPORATE CIRCULAR NO. CMP-023
24 January 2001
Series of 2001



TO : ALL CMP BORROWERS AND ORIGINATORS

SUBJECT : REVISED GUIDELINES FOR CMP OFF-SITE PROJECTS

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In order to scale-up the implementation of the Community Mortgage Program, the NHMFC Board of Directors approved under Resolution No. 3107, dated 07 December 2000, the re-opening of off-site CMP projects, processing of which was temporarily suspended on 27 March 2000, to review further and rationalize this program component

Pursuant to said Board Resolution, the implementing guidelines and documentation requirements for the revised off-site CMP projects are hereby adopted by Management:

I. OBJECTIVES

Financing for off-site projects shall be granted to qualified beneficiaries to:

1. Assist them in their voluntary relocation efforts;
2. Assist the immediate relocation of those facing imminent eviction or dangers posed by natural or man-made calamities such as flooding, landslide etc. and for those communities opting for self-help/incremental development
3. Encourage and support alternative self-help and incremental approach to resettlement and housing.

II. GUIDELINES FOR THE ACQUISITION OF OFF-SITE PROPERTIES FOR CMP PROJECTS

1. Types of Loans

Financing for off-site may be availed through a single line/loan for any of the three stages or a combination of the following loan stages

- 1.1 Lot acquisition only, provided this shall be available only for communities that should be immediately relocated as defined under Section I-2;
- 1.2 Single loan / line approval for lot acquisition and site development, with tranching releases for the latter;
- 1.3 Single loan / line approval of financing up to vertical development (housing materials loan) with tranching releases for site development;
- 1.4 Single loan / line approval of financing of lot acquisition and housing materials.

2. Loan Amount

The loan amount to be extended shall be in accordance with the following limits:

- 2.1 Purchase of an undeveloped property with the ceiling of P30,000 per unit lot. However, for homelots located within Metro Manila and in other highly urbanized areas, as defined by the Housing and Urban Development Coordinating Council (HUDCC), the amount of loan that can be availed of shall be up to P60,000 per lot.
- 2.2 Site Development, provided that the amount of loan that can be availed of shall not exceed P400 per square meter of the total area for horizontal development.
- 2.3 Housing Materials Loan with a ceiling of P40,000 per unit/beneficiary. The labor cost must be borne by the beneficiaries in the form of sweat equity.

3. Loan to Value Ratio

- 3.1 The maximum amount of loan that can be availed of shall be based on the contract price or 90% of the appraised value of the property, whichever is lower.

4. Requirements / Qualifications

- 4.1 Lot Acquisition Loan (Please see Annex A)
- 4.2 Site Development Loan (Please see Annex B)

4.3 Housing Materials Loan (Please see Annex C)

4.4 Homogeneity

Off-site projects shall comply with the homogeneity requirement for the borrower community association. For CMP purposes, "homogeneous" is defined as possessing any or all of the following attributes:

4.4.1 A Community Association of which 70% of its members come from an existing group of residents of a single district, sitio or pocket community living within the same or contiguous barangay and having an established organization for at least one (1) year before loan application, except those affected by government development projects, eviction, and calamities who are opting for voluntary relocation. The remaining 30% of the membership may come from the low income/informal sector residing in a single district, sitio or packet community not extending beyond one (1) km. radius.

4.4.2 A group of people formally organized for at least two (2) years and bound by commonalities, such as profession or occupation and sense of purpose or objective.

5. Release of Loan

5.1 Lot Acquisition

5.1.1 One time release of loan proceeds when all documentary requirements are met.

5.2 Site Development Loan

5.2.1 Initial release equivalent to ten (10%) percent of the Site Development Loan shall be made together with the loan proceeds for raw land acquisition.

5.2.2 succeeding releases shall be in accordance with the approved Work and Drawdown Schedule but in no case shall the releases exceed five (5) tranches, inclusive of the initial release of 10%

5.3 Housing Materials Loan

Releases shall be in accordance with the approved Work and Drawdown Schedule, but in no case shall the release exceed two (2) tranches.

6. Amortization of Loan

The Lot Acquisition Loan shall be amortized based on date of release of proceeds. For Stages II and III, whatever releases made prior to final/last release of proceeds will be charged a broken period interest which shall be deducted from every release. The final amortization of the integrated loan shall be recomputed based on the remaining term of the lot acquisition loan.

7. Mortgage Documentation

To simplify documentation of loan releases, Loan and Mortgage Agreements shall cover the entire approved facility of lot acquisition, site and vertical developments, as the case may be. This is provided, however, that the actual Promissory Note (PN) and servicing of the obligation shall be based on the actual loan release by NHMFC for the project.

This is provided further that NHMFC has the option to require consolidation of all individual PNs based on tranches/releases into one PN, the due date of which shall coincide with the due date of the lot acquisition loan. For this purpose, one annotation shall be made for the entire loan.

8. Accreditation of Originator

8.1 following criteria shall be applied in the accreditation of the Originator for CMP off-site projects:

8.1.1 Track record in CMP and/or social housing.

The Originator has taken out at least one (1) successful CMP project and/or has completed/accomplished a social housing project.

8.1.2 Capacity to monitor the developments of the CMP off-site Project/s.

9. Sanctions

9.1 At least 70% of the beneficiary-families shall have transferred to the site within one-year from the final release of the loan proceeds. Failure to do so may mean the imposition of any or all of the following sanctions depending on the severity of the circumstance:

9.1.1. The loan may be declared due and demandable and the origination privileges of the originator may be suspended.

9.1.2 Hold-out on 30% of origination fee for lot acquisition loan may apply prior to occupancy. The balance of the origination fee shall be released upon the transfer of at least 70% of member-beneficiaries to the CMP property.

9.2 The NEMFC shall take appropriate legal action against the Originator and the CA who fails to complete the work on site development and/or vertical development.

10 Coverage

These guidelines shall cover all off-site projects with applications for Enrollment / Purchase Commitment Lines in process. Off-site CMP projects with approved PCL applications/enrollments are covered by the old guidelines.

11. Effectivity

These guidelines which shall take effect immediately, supersedes previous Circulars and issuances inconsistent thereto.


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