

COLLECTION AGREEMENT

This Agreement is made and entered into by and between:

SOCIAL HOUSING FINANCE CORPORATION, a government - owned and controlled corporation created under E.O. 272 s. of 2004, with principal office address at BDO Plaza Bldg., 8737 Paseo de Roxas Makati City, represented herein by its President, _____, (hereinafter "SHFC");

-and-

_____, a homeowners association duly organized and existing under Philippine Laws with HLURB Certificate Registration No. _____ located at _____, represented by its President, _____, (hereinafter, "HOA");

WITNESSETH:

WHEREAS, Republic Act (R.A.) 7279, otherwise known as the URBAN DEVELOPMENT and HOUSING ACT of 1992 has mandated the National Home Mortgage Finance Corporation (NHMFC) to be the administrator of the Community Mortgage Program (CMP) of the national government and thus actually pays the landowner the acquisition cost of the CMP project;

WHEREAS, pursuant to Executive Order No. 272, series of 2004, the SHFC was created as a wholly-owned subsidiary of the NHMFC, to perform the latter's powers and functions relating to the administration and management of the CMP and was registered as a private financing corporation with the Securities and Exchange Commission (SEC) on June 17, 2005;

WHEREAS, the CMP calls for the organization of the loan beneficiaries into a HOMEOWNERS ASSOCIATION duly registered with the appropriate agencies.

WHEREAS, the HOA is availing of a CMP loan with SHFC.

NOW, THEREFORE, for and in consideration of the foregoing premises, the HOA hereby binds itself to collect from its member-beneficiaries (MBs) their monthly payments and pay the same to SHFC, under the following terms and conditions:

I. COLLECTION

A. RIGHTS AND OBLIGATIONS OF THE HOA

1. The HOA shall collect all amortization payments from its MBs and shall pay all said amounts to SHFC on or before due date. The monthly payments shall consist of principal, interest, insurance premiums and penalties (if any).

All payments made to SHFC must be accompanied by a Remittance Report and Abstract of Collection reflecting the individual monthly payments made by all MBs.

2. If the monthly payment is due on a non-working day, such amortization shall be paid on the last working day before the due date.
3. The HOA shall receive prepayments of loan, as well as excess payments and advance payments by the MBs on their accounts which should all be paid to SHFC immediately.

4. The HOA shall issue its own Official Receipts for all amounts received from its MBs.

For monitoring and disclosure purposes, the Community Mortgage Receipt (CMR), Remittance Report and Abstract of Collection corresponding to all monthly payments by the HOA to SHFC shall be posted on a designated public place located within the community and accessible for all the MBs.

5. In case of error or mistake in the posting of payments of MBs due to the fault of the HOA, the latter shall notify SHFC to correct the error or mistake.
6. Before the release of the loan amount for the CMP project, the HOA President and the person assigned with the task of collection shall be required to attend a seminar conducted by SHFC on the pertinent rules and procedure regarding collection of monthly payments.
7. The HOA shall be responsible in reminding the MBs of their accounts and in the application of their payments.
8. Maintain records provided in Section V.

B. RIGHTS AND OBLIGATIONS OF SHFC

1. It shall be the primary responsibility of the HOA to collect from the MBs and to pay the amounts collected to SHFC. However, SHFC reserves the right to collect, accept or refuse direct payments from the MBs, as may be warranted by circumstances.
2. The SHFC shall issue the Community Mortgage Receipts (CMR) corresponding to the payments made by the HOA.

II. COLLECTION OF PAYMENTS

The HOA shall collect the amount due from its MBs which shall be paid directly to SHFC or its regional offices or to any designated branches of the Land Bank of the Philippines nearest/convenient to the HOA/MBs.

Payment of amortizations by the HOA to SHFC shall not be delayed notwithstanding the non-payment of association dues, taxes and all other fees by its MBs.

In case an MB is declared in default for failure to pay three (3) consecutive months, the HOA should undertake to find a qualified substitute MB. The substitution shall only become effective and enforceable upon approval by SHFC.

Delay or failure to pay the amortizations due shall be a ground for suspension or cancellation of this agreement after notice to the HOA.

III. PENALTIES

In the event the HOA fails to collect the amortization payments on due date, any amount due to SHFC shall be subjected to penalty of 1/15 of 1% of the total unpaid amount due, per day of delay, without need of demand.

IV. COLLECTION INCENTIVE

The HOA shall be entitled to a collection incentive equivalent to one percent (1%) of the actual gross/total regular collection of the amortization, immediately deductible before payment to SHFC.

However, in computing the collection incentive, the following shall not be included: (a) full payment; (b) lump sum payments using loan proceeds i.e, updating of arrearages of previous CMP project and windfall payments obtained from expropriation proceedings.

V. MAINTENANCE OF RECORDS

- a. The HOA shall accurately and faithfully maintain an accounting record of all collections made such as but not limited to monthly amortization, association dues, real property tax, etc. For proper monitoring, the HOA shall have a record of all its MBs and the corresponding payments made by each one.
- b. These records shall be accessible to all MBs.
- c. The HOA shall submit its Audited Financial Statement/Treasurer's Report whenever required by SHFC.
- d. All records shall be properly turned over to the new set of officers of the HOA when there is a change of leadership.

VI. SUSPENSION AND CANCELLATION OF COLLECTION AGREEMENT

SHFC may either suspend or cancel this Collection Agreement after notice to the HOA based on any of the following grounds:

- a. Inefficient collection by the HOA and / or continuous and gradual decline in collections for a period of three (3) consecutive months as evidenced by majority of the MBs becoming delinquent or as a result of internal conflict;
- b. Failure or unreasonable delay to remit collections to SHFC as determined by SHFC;
- c. Unjustifiable refusal by HOA to accept valid tender of payments from the MBs such as but not limited to non-payment of association dues, internal conflict, etc.;
- d. Inactive HOA which renders the HOA unable to operate;
- e. Failure of the HOA to comply with Section V(a) above;
- f. Other grounds analogous to the foregoing.

As a consequence, SHFC may accept direct payments from MBs until SHFC lifts the suspension or reinstates the Collection Agreement.

In order to lift the suspension or reinstate the collection agreement, the HOA shall show proof that any ground cited above are remedied or ceased to exist.

Notwithstanding the provisions for cancellation and suspension of the collection agreement, the following circumstances shall also authorize SHFC to accept direct payments from MBs:

- a. Internal conflicts between HOA officers and MBs;

- b. Pending case or dispute between HOA officers and MBs in judicial or quasi-judicial bodies;
- c. Unjustifiable refusal by HOA to accept valid tender of payments from the MBs such as but not limited to non-payment of association dues, internal conflict, etc.
- d. Inactive HOA which renders the HOA unable to operate;

VII. OTHER PROVISIONS

- a. Notwithstanding collection by the HOA Officers of the monthly amortization from the MBs, only payments actually received by SHFC shall be credited to the MB's account. SHFC shall not be liable for the non-payment by the HOA Officers of the monthly amortizations collected from its MBs.
- b. SHFC has the right to send its representative to conduct audit/examination of all the records of the HOA at any time during business hours of the day.
- c. The HOA shall adhere to provision of Corporate Circulars that the SHFC may issue from time to time pertaining to the "Community Mortgage Program".
- d. If any or more provisions contained in this Collection Agreement shall be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired.

VIII. LEGAL ACTION

- a. *Cost for litigation.* In the event that the SHFC or its assignee/transferee has to initiate any action or proceeding, the latter shall be entitled to collect litigation costs and expenses, including but not limited to Attorney's fees equivalent to at least twenty five (25%) of the total amount due.
- b. *Venue for actions.* Any Court action arising from this note shall be filed exclusively in the appropriate courts in Makati City.

IX. EFFECTIVITY

This agreement shall immediately take effect upon signing and continue unless suspended or terminated.

IN WITNESS WHEREOF, we have hereunto set our hands this ____ day of _____ 20____, at _____.

SOCIAL HOUSING FINANCE CORPORATION

By:

President
 Government ID No. _____

HOA

By:

President
 Government ID No. _____

SIGNED IN THE PRESENCE OF:

ACKNOWLEDGMENT

Republic of the Philippines)
) S.S.

BEFORE ME, a Notary Public for and in the above jurisdiction this day of _____ personally appeared:

Name	Government Valid ID	Place and Date of Issue	Expiration Date

Known to me to be the same persons who executed the foregoing instrument, consisting of five (5) pages, including this page wherein this acknowledgement is written, signed by parties and their instrumental witnesses and sealed with my notarial seal. This agreement refers to as COLLECTION AGREEMENT and acknowledged to me that the same are their own free voluntary acts and deeds as well as of the Corporation and HOA herein represented.

WITNESS MY HAND AND SEAL on the date, year and place first above written.

Doc. No.: ____;
Page No.: ____;
Book No.: ____;
Series of 20__.