



SOCIAL HOUSING FINANCE CORPORATION

Enhancing People's Lives and Empowering Communities through FAIR Shelter Solutions

Corporate Circular HDH No. **17 - 013**
Series of 2017

SUBJECT: GUIDELINES ON SUBSTITUTION FOR THE COMPLETION OF THE LEASE PURCHASE AGREEMENT (LPA)/ LEASE AGREEMENTS (LA) AND MASTERLIST OF BENEFICIARIES AND LOAN APPORTIONMENT (MBLA) FOR HIGH DENSITY HOUSING (HDH) PROJECTS

Section 1. Purpose

The purpose of this Circular is to facilitate community processes such as the final identification of the Member Beneficiaries who shall engage in the site development and building construction of their housing projects and consequently, the execution of Lease Purchase Agreements/ Lease Agreements to establish their commitment.

The completion of Lease Purchase Agreements/ Lease Agreements of the member beneficiaries is one of the difficult task or responsibility of the HOA. One of the principal reasons is the mobility of the member beneficiaries who discontinue due to economic or personal purposes thus requiring their substitution.

Thus, in order to avoid delay caused by the lack of LPA/ LA, especially in the implementation of site development and house construction, the following guidelines are prescribed on the substitution of member beneficiaries in the List of Beneficiaries submitted for the approval of Phase 2 and 3 loans and the completion of the Lease Purchase Agreement (LPA)/ Lease Agreement (LA).

Section 2. Completion of the Lease Purchase Agreement (LPA)/ Lease Agreements (LA) and the Masterlist of Beneficiaries and Loan Apportionment (MBLA)

The LPA/ LA and the MBLA shall be submitted after the issuance of the Notice of Approval and prior to the start of the site development and house construction. The non-submission of the LPA/ LA and the MBLA, however, shall not be an impediment to the release of the 15% mobilization fund and drawdown payments to the contractor. In this way, site development and house construction can continue without interruption.

Therefore, the technical documents required from the contractor for release of payments shall be separate from the documentary requirements from the HOA.

Section 3. Conduct of LPA/ LA Orientation and LPA/ LA Signing Day

To ensure that LPA/ LA are completed and submitted after the issuance of the Notice of Approval and prior to the start of the site development and house construction, an LPA/ LA orientation and signing day shall be conducted. This shall be organized and scheduled by SHFC. Refusal to sign the LPA/ LA on the signing day shall be a ground for substitution. The HOA shall immediately submit to SHFC the list of names of MBs who refused to sign and the following requirements for substitution:

- a. One government issued ID
- b. Filled up substitution form by the substitute
- c. MBLA
- d. Notarized HOA Board Resolution recommending the substitution
- e. HOA/ SHFC certification of the absence without justifiable reason or refusal to sign

MB's who are not present at the time of LPA/ LA signing day may be represented by his or her authorized representative who shall present a Special Power of Attorney. The MB shall also issue a sworn affidavit stating a justifiable reason for not personally accomplishing the LPA/ LA.

SHFC shall immediately establish the step-by-step instructions on how to fill up the LPA/ LA and the MBLA.

Section 4. Review of the LPA/ LA and the MBLA

To ensure that the MB's availing of HDH financing are the same MB's at the start and at the completion of the housing project, SHFC shall review and validate prior to the start of the site development and prior to the occupancy of the housing unit. In this way, SHFC is able to monitor the MBs who have remained interested in their HDH project.

Section 5. Substitution

The following are the grounds for substitution of MB's in the List of Beneficiaries in HDH projects:

- A. Execution of a notarized Voluntary Waiver of Rights or
- B. Disinterested MBs (those who have transferred their residence to another location or migrated to the province) or MB's who are absent and missing and cannot be located or
- C. Refusal to sign the LPA/ LA on the signing day or
- D. Death of an MB or
- E. Violation of the MB of the policies rules, regulations and guidelines of the HOA (provided the same is not illegal or contrary to the guidelines of SHFC) and/or SHFC or existing laws or ordinances of the locality or
- F. Final and executory decision from the courts or quasi-judicial body to substitute the MB

Section 6. Requirements for Substitution

The documentary requirements stated in Section III of Circular 16 – 046 shall be adopted and submitted by the HOA to SHFC for a valid substitution of member beneficiaries in the List of Beneficiaries except for (B) and (C) mentioned in Section 5 above.

On the ground of disinterested MBs (those who have transferred their residence to another location or migrated to the province), or MB's who are absent and missing and cannot be located, SHFC shall publish in a newspaper of general circulation the demand to show cause why the MB based on his disinterest or indifference towards the HDH project, should not be substituted. If there is no response after the prescribed time stated in the

publication, the HOA shall initiate the substitution process and submit the following requirements:

- a. One government issued ID
- b. Filled up substitution form by the substitute
- c. MBLA
- d. Notarized HOA Board Resolution recommending the substitution
- e. Proof of publication (from HDH or Loan Processing Group)

On the ground of Refusal to Sign, the documentary requirements stated in Section 3 above shall be complied.

On the ground of Violation of the MB of the policies rules, regulations and guidelines of the CA (provided the same is not illegal or contrary to the guidelines of SHFC) and/or SHFC or existing laws or ordinances of the locality, the same requirements in Section III (E) of Circular 16 – 046 shall be complied even if this ground is prior to the signing of the LPA.

Section 7. DILG Validation and Certificate of Eligibility (HDH Projects)

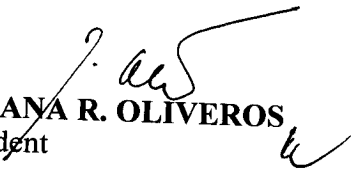
The SHFC/ HOA shall immediately submit the Board Resolution recommending the substitution to the DILG upon receipt of the following:

- Voluntary Waiver of Rights; or
- Lapse of the prescribed time stated in the publication; or
- Execution of the HOA affidavit on the commission of a violation; or
- Execution of HOA/ SHFC certification of refusal to sign on signing day; or
- Receipt of the final and executory decision to substitute the MB

DILG shall immediately validate and issue the Certificate of Eligibility for the substitution of the MBs under Section 5. Upon the issuance of the Certificate of Eligibility of the substitute or replacement from DILG and the complete requirements for substitution submitted to SHFC, the SHFC/ HOA shall immediately ask the substitute to sign the LPA/ LA.

However, the DILG validation and certificate of eligibility shall not be required for the substitution of a deceased or overaged MB, if there are heirs who can substitute the deceased or overaged MB. The requirements for a valid substitution, however, shall be complied.

This Circular shall be effective immediately upon posting in the SHFC website.


MA. ANA R. OLIVEROS
President

Date Approved: April 7, 2017