



SOCIAL HOUSING FINANCE CORPORATION

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

CORPORATE CIRCULAR HDH NO. 17 - 015

Series of 2017

SUBJECT: TERMS OF THE RENT-TO-OWN SCHEME FOR MEMBER BENEFICIARIES OF THE HIGH DENSITY HOUSING PROGRAM

Section 9 of Corporate Circular No. 13-026, series of 2013, entitled *High Density Housing Project Guidelines*, provides that the Repayment Scheme for members duly registered as beneficiary of the Homeowners Association of the High Density Housing (HDH) Program shall adopt a graduated monthly amortization, with option to avail rent-to-own scheme.

These guidelines are hereby issued by virtue of SHFC Board Resolution Numbers 531 and 546 dated June 15, 2016, and January 26, 2017, respectively, to cover the proper implementation of the rent-to-own scheme under the HDH Program.

Section 1. Objective of the Rent-to-Own Scheme

These guidelines are promulgated to provide and expand SHFC's housing finance under the HDH program by making it more affordable for informal settler families with limited financial capacities. This scheme allows for payment of a lower monthly fees for a maximum of five years, to give said families ample time to improve their capacities.

Section 2. Definition of Terms

The terms or words used in these guidelines shall be understood as follows:

- 2.1 **Rent-to-own** scheme shall be understood as a rental scheme with the option to purchase at the end of the maximum allowable rental period.

Section 3. Scope of the Rent-to-Own Scheme

The scheme shall be made available to of HDH community member-beneficiaries (MBs) who cannot afford to pay the first year amortization, provided that they are not more than 10% of the total number of MBs per project.

Moreover, SHFC, together with the Homeowner's Association shall draft the criteria pertaining to the prioritization of renters in case the number of qualified families is beyond 10% of the total number of MBs.

Section 4. Terms of the Rent-to-Own Scheme



The following are the terms of the rent-to-own scheme:

1. The amount of monthly rental fees shall be fixed at a rate of P600.00 for all families within the first, second, and third income deciles of the rent-to-own scheme identified as eligible by SHFC and the HOA;

2. The payment of rent that is due to SHFC shall be coursed through the community association;
3. MBs may enjoy the scheme for a maximum rental period of only 5 years, within which they may opt to purchase the building/unit by entering into a lease agreement together with the other MBs of the HOA or voluntarily vacate the property. Should the family decide to purchase the unit, repayment shall be based on the graduated amortization scheme, provided that the accumulated rental payments shall not be considered a down payment or part of the purchase price;
4. SHFC shall regularly evaluate the financial capacities of MBs who qualified for the availment of the rent-to-own scheme to ensure that they are still eligible renters;
5. After the five-year period, the CA shall submit the amended Masterlist of Beneficiaries and Loan Apportionment (MBLA), which shall include the former renters, and shall reckon the monthly amortization for a maximum period of 30 years starting at the month after the end of the Rent-to-Own contract with the CA. Repayment of former renters shall start at an amount equivalent to the first-year graduated amortization of the HOA;
6. The CA loan equivalent to the number of renters shall not incur interest and penalty within the allowable rental period;
7. Non-payment of rent shall incur a penalty charge of 1/15 or 1% of the rental cost per day. Three (3) consecutive months of non-payment by the renter shall require substitution and shall follow the documentary requirements as stated in Section III of Corporate Circular 16-046;
8. In case of abandonment of the renter, any defects distinguished on the unit shall be on the account of the HOA.

Section 5. Effectivity

This circular shall be effective and in force immediately upon its posting in the SHFC website.


MA. ANA R. OLIVEROS
President 

Date Approved: May 31, 2017