

LOAN AGREEMENT

(Lot Acquisition under Accommodation Mortgage)

This Loan Agreement is made and executed this ____ of _____ at _____
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, represented herein by its President, _____, (hereinafter, "SHFC");

-and-

_____, a homeowners association duly organized and existing under Philippine Laws with HLURB Certificate of 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, 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 was registered as a private financing corporation with the Securities and Exchange Commission (SEC) on June 17, 2005;

WHEREAS, the HOA intends to acquire the property/ies to obtain security of tenure for its member-beneficiaries (MBs);

WHEREAS, the SHFC shall extend a loan to the HOA for the purpose of acquiring the property/ies where which they are located or to which they choose to relocate to;

NOW, THEREFFORE, for and in consideration of the foregoing premises, the parties agree as follows:

1. SHFC shall grant a loan to the HOA in the principal sum of _____ (P_____), as evidenced by a Promissory Note executed by the HOA in favor of SHFC;
2. The proceeds of the loan shall be exclusively used to finance the acquisition of property/ies situated in _____ consisting of _____ square meters (_____ sqm.), covered by Transfer Certificate of Title (TCT) No./s _____ of the Register of Deeds for _____. The lot allocation to the MBs shall be covered by a notarized lease agreement executed between the former and the HOA which shall be submitted to SHFC.
3. The loan shall be payable monthly over a maximum term of twenty five (25) years and shall bear interest at the rate of six percent (6%) per annum. The monthly payments due

shall be computed based on the aggregate amount indicated in the Lease Agreement of each MB.

4. Late payment of the monthly amount due in accordance with the payment schedule hereto attached shall be subject to a penalty at the rate of 1/15 OF ONE PERCENT (1/15 of 1%) of the unpaid amount due per day of delay until full payment.
5. The HOA shall deposit and maintain with SHFC an amount equivalent to three (3) months amortization and one (1) year mortgage redemption insurance (MRI) premium upon loan release. This amount shall answer for any delinquency in the amortization payment of the HOA. As such, SHFC is automatically authorized without need of further notice to apply the three (3) months amortization to the outstanding loan. After notice, the HOA shall be required to replenish the said amount within thirty (30) days.
6. The HOA shall have the primary responsibility of collecting monthly payments due from its MBs for payment to SHFC. However, the non-payment by the MB of the periodic monthly payment due does not in any way release the HOA from the liability to pay the loan granted herein.
7. As security for the prompt and full payment of the loan herein granted, a REAL ESTATE MORTGAGE (REM) shall be executed by the HOA in favor of SHFC over all its rights and interest in the property/ies located at _____ containing an area of _____ square meters (_____ sq.m.) under TCT No. _____ of the Registry of Deeds for _____.
8. The occurrence of any of the following shall constitute an event of default:
 - a) Failure of the HOA to pay the equivalent of at least three (3) consecutive monthly payments of the loan without need of further demand;
 - b) Any willful or intentional misrepresentation or fraud committed by the HOA in securing the loan;
 - c) Any untrue or incorrect representation, statement or warranty on any material fact or information made by the HOA in this Agreement, or any other document submitted to SHFC;
 - d) Any unjustified refusal of the HOA to declare in default delinquent MBs and substitute them;
 - e) The Mortgage cannot be registered with the Registry of Deeds or said security has become subordinated to the claim of any person or entity, whether public or private;
 - f) Violation by the HOA of SHFC policies, rules, regulations and guidelines;
 - g) The Mortgage shall, for any cause, cease to be in full force and effect or it is otherwise impaired and the required collateral value has been reduced;
 - h) The HOA shall become insolvent or unable to pay its debt as they mature, or take advantage of insolvency, moratorium or other laws for the relief of the debtor, whether filed voluntarily or involuntarily, or any judgment or order is entered by a court of competent jurisdictions for the appointment of a receiver, trust, or the like to take charge of all or substantially all of the assets of the HOA;

- i) There shall have occurred a material change in the financial conditions of the HOA which, in the reasonable opinion of the SHFC or its assignee, the HOA will be unable to perform its obligation under this Assignment;
 - j) The HOA subdivides, leases, sells, transfers, assigns, tolerates possession thereof or otherwise disposes of the mortgaged property to other persons other than the named MB, without prior written consent of SHFC or its assignee/transferee, or commit any act which may impair directly or indirectly the value of the mortgaged property;
 - k) Use of property for purposes other than residential or use thereof for unlawful or illegal purposes;
 - l) Violation of the terms of the Collection Agreement; or
 - m) Failure to implement and/or avail the additional site and house construction loan as provided under Section 12 hereof.
9. Effects of Default. Upon occurrence of default, SHFC may:
- a) Declare the outstanding loan, together, with the accrued interest and penalties, immediately due and demandable;
 - b) Foreclose the mortgage securing the loan;
 - c) Institute collection case against the HOA;
 - d) Declare the HOA in default and substitute delinquent MBs mentioned in Section 8 (d);
 - e) Terminate the loan agreement; and
 - f) Avail of any other remedies provided for by law and this agreement.
10. It is understood that the above remedies are alternative and 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 percent (25%) of the total amount due.

Any Court action arising from this note shall be filed exclusively in the appropriate courts in Makati City.

11. The HOA acknowledges and takes cognizance of the fact that it was SHFC which financed the land acquisition of the HOA project thus hereby recognizes SHFC'S power and authority over the project and can impose, or overrule any act or activity of the HOA that impairs the mortgaged property or will prejudice SHFC's financial exposure in the HOA project.

12. PROJECT SITE HAZARDS:

The HOA hereby acknowledges and takes cognizance of the fact that the project site is susceptible to the risks or hazards as shown in the geo hazard maps and the reports issued by the Philippine Institute of Volcanology and Seismology (PHIVOLCS) and the Mines and Geosciences Bureau (MGB). As such, the HOA agrees to coordinate with the local

government unit to assist them in the implementation of the appropriate mitigating measures, including the measures recommended by the PHIVOLCS and MGB.

In case the HOA would not be able to obtain funds to implement the said mitigating measures, the HOA shall be required to avail of site development and housing construction loans from SHFC.

In the event that the HOA fails to implement and/or avail of additional site and housing construction loans despite repeated demands, the HOA shall be declared in default and the loan shall be considered due and demandable.

13. RESTRICTIONS

13.1. The HOA shall not sell, dispose, mortgage, encumber, or use as collateral for their economic venture the PROJECT SITE or any portion thereof during the lifetime of the Agreement;

13.2. The HOA shall not enter into any other agreement (except for obtaining loan from SHFC) without the consent of SHFC;

13.3. The HOA shall immediately inform SHFC of any action by third parties that may prejudice the rights of SHFC;

13.4. The HOA may provide, introduce and/or maintain proper infrastructures, perimeter fences, facilities and improvements, electricity, and water facilities that shall make the PROJECT SITE sustainable and viable for use;

13.5. The HOA shall be responsible for maintaining the cleanliness and peace and order in the area in the PROJECT SITE;

If any or more provisions contained in this Loan 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.

14. The implementing guidelines of SHFC and Community Mortgage Program (CMP), including any and all amendatory and supplementary circulars thereto, are deemed incorporated herein by reference and made an integral part hereof.

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

**SOCIAL HOUSING
FINANCE CORPORATION**

HOA

By: _____
President

By: _____
President

SIGNED IN THE PRESENCE OF:

For SHFC

For HOA

ACKNOWLEDGMENT

Republic of the Philippines)
Makati City) 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 LOAN AGREEMENT for lot acquisition and acknowledged to me that the same are their own free voluntary acts and deeds as well as of the Corporation and the 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__.