

COLLECTION AGREEMENT

KNOW ALL MEN BY THESE PRESENTS:

This Agreement made and entered into by and between:

The SOCIAL HOUSING FINANCE CORPORATION (SHFC), a corporation duly organized and existing under and by virtue of Philippine laws, with principal office at 5th Floor, Banco de Oro Plaza 8737 Paseo De Roxas Avenue, Makati City, represented herein by its President, **Ma. Ana R. Oliveros**, hereinafter referred to as the SHFC;

-and-

_____ Homeowners' Association Incorporated, represented herein by its President hereinafter referred to as the Community Association.

WITNESSETH:

WHEREAS, under its charter the NATIONAL HOME MORTGAGE FINANCE CORPORATION (NHMFC) a government corporation duly created by Presidential Decree No.1267, as amended by Executive Order No.90, dated December 17, 1986 was mandated to develop a special type of homebuyer's loan financing known as "Community Mortgage Program" hereinafter referred to as CMP to cater to the housing needs of the low-income groups;

WHEREAS, pursuant to Executive Order No.272 dated January 20, 2004, the Social Housing Finance Corporation (SHFC) was created as a 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 corporation with the Securities and Exchange Commission (SEC) on June 21, 2005;

WHEREAS, the CMP calls for the organization of the loan beneficiaries into a Community Association (CA), duly registered with the appropriate government agencies.

NOW, THEREFORE, for and in consideration of the foregoing premises, the CA hereby binds itself to collect from its member-beneficiaries hereinafter referred to as MB's, their monthly rentals/amortizations and remit the same to SHFC, under the following terms and conditions:

1. COLLECTION

1.1 COMMUNITY ASSOCIATION

- 1.1.1. The CA shall collect all amortization payments of its MB's on due date. The monthly rentals/amortizations shall consist of principal, interest, insurance premiums and penalties (if any);
- 1.1.2. If the amortization due falls on a non-working day, such amortization shall fall on the last working day before the due date.
- 1.1.3. The CA shall likewise receive prepayments of amortization of loan, as well as excess payments and advance payments by the MB's on their accounts.
- 1.1.4. The CA shall issue its own Official Receipts for all amounts received from its MB's. For monitoring and control purposes, the Community Mortgage Receipt (CMR), Remittance Report and Abstract of Collection corresponding to all amortization payments remitted by the CA to SHFC shall be posted on a designated place accessible for all the MB's for purposes of verification.
- 1.1.5. The Officer or the representative of the CA assigned with the task of collection and remittance of payments shall be bonded by a surety company accredited by SHFC in the amount equivalent to the average monthly collections, with such bond to be always current and in favor of SHFC.
- 1.1.6. The CA President and the representative/s of the CA assigned the task of Collection shall, before the release of the loan amount for the CMP project be required to attend a seminar to be conducted by SHFC on the pertinent rules and procedure regarding collection and remittance of amortization payments made by the MB's to the SHFC.

1.2. SHFC

- 1.2.1. The CA shall have the primary responsibility to collect from the MB's, however, this responsibility should not prejudice the authority of SHFC to accept or refuse direct payments from the MB's, as may be warranted by circumstances heretofore mentioned or for any other reasons similar thereto.
- 1.2.2. The SHFC shall issue the Community Mortgage Receipts (CMR) corresponding to the payments remitted by the CA.

2. REMITTANCE OF COLLECTIONS

The CA shall remit the total amount collected from its MB's either directly to SHFC or its regional office or desk offices or to any designated branches of the Land Bank of the Philippines nearest/convenient to the CA/MB's.

Every payment by the CA should be accompanied with the Remittance Report, Abstract of Collection to be submitted to SHFC together with the photocopy of the CMR.

Inability of the CA to collect association dues, taxes and all other fees from the MB's shall not in any way cause the delay in the remittance of collections due to SHFC.

Delays or failure to remit collection shall be a ground for suspension or cancellation of this agreement after ten (10) days notice by SHFC to the CA.

3. PENALTIES

In the event the CA fails to remit the collected amortization payment on time or on due date, any amount due to SHFC shall be subjected to a penalty of 1/15 of 1% of the total amount due, per day of delay, without need of demand.

4. COLLECTION FEE

The CA shall be entitled to a collection/service fee equivalent to one-percent (1%) of the actual gross/total regular collection of the amortization deductible from the remittance to SHFC. However, the said collection /service fee shall not apply to full payment/lump sum amount deducted from the take-out proceeds as updating of arrearages of previously originated projects, and windfall payments as consideration for CA's property affected by government infrastructure projects.

The CA may collect service fees from direct payments accepted by SHFC provided that the CA has complied with all the provisions of this agreement.

5. MAINTENANCE OF RECORDS

- 5.1. The CA shall keep individual records of all its MB's accounts for proper monitoring of all collection and payments made by them on their respective accounts. Likewise, it shall maintain records of the mother account, showing the total monthly rentals/amortization due and total monthly remittances made to SHFC.
- 5.2. One year after the take out, the CA shall submit its Audited Annual Financial Statement/Treasurer's Report to SHFC and every year thereafter, to be submitted within thirty (30) days after the end of the calendar year.
- 5.3. These records shall be accessible to all MB's and properly turned over to the new set of officers in case there is a change of leadership which should be duly registered/reported with the Housing and Land Use Regulatory Board or Cooperative Development Authority (CDA) or Securities and Exchange Commission (SEC), whichever is applicable.
- 5.4. Failure to comply with the above requirements shall be a ground for SHFC to suspend the enforceability of the Collection Agreement. During the period of suspension, SHFC may accept direct payment from member-beneficiaries. The Accounts Management Department, Operations Group shall monitor compliance by the CA with above requirements and shall recommend/indorse to SHFC President the reactivation of the Collection Agreement.

6. CANCELLATION AND SUSPENSION OF COLLECTION AGREEMENT

SHFC shall either suspend or cancel this Collection Agreement after giving ten (10) days notice to the CA based on any of the following grounds.

- a). Inefficient servicing of collection as reflected in unacceptably low collection efficiency and delays in servicing/remittance of collection.
b). Unremitted collections
c). Inactive CA officers
d). Negligence in collection during transition period towards new set of officers
e). other similar grounds which resulted to low collection efficiency.

SHFC shall then accept direct payments from MB's until SHFC lifts the suspension.

In cases of internal conflicts between the CA officers and MB's, SHFC shall accept-in trust, until conflicts have been resolved, all direct payments from the MB's. However, full payments for the period shall not be considered in the computation of CER. Based on the final resolution by SHFC and CA or the authorized body that has jurisdiction over the conflict/issue, SHFC shall either reactivate or terminate this agreement with finality and accordingly inform the CA of the action taken by SHFC.

7. OTHER PROVISIONS

- 7.1. In case of default for three (3) consecutive months in the payment of the amortization share of any member-borrower, the CA shall undertake to find the qualified substitute member-borrower. The substitution shall only become effective and enforceable upon approval by SHFC.
7.2. SHFC has the right to send its representative to conduct audit/examination of all the records of the CA at any time during business hours of the day.
7.3. The CA shall adhere to the provision of Corporate Circulars that the SHFC may issue from time to time pertaining to the "Community Mortgage Program".

8. TERMINATION

This agreement shall be effective from the date hereof until suspended or terminated.

IN WITNESS WHEREOF, we have hereunto set our hand this _____ day of _____ at Makati, Metro Manila.

COMMUNITY ASSOCIATION:

SOCIAL HOUSING FINANCE CORPORATION:

By:

By:

MA. ANA R. OLIVEROS
President

SIGNED IN THE PRESENCE OF:

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
_____) S.S.

BEFORE ME, this _____ day of _____ personally appeared:

Table with 3 columns: NAME, CTC.NO., DATE/PLACE OF ISSUE. Row 1: MA. ANA R. OLIVEROS, _____, _____

known to me to be the same official who executed the foregoing instrument and acknowledge to me that the same is their free act and deed, as well as the free act and deed of the Corporations they represent. This document consisting of two (2) pages, including this page wherein the acknowledgement is written, refers to COLLECTION AGREEMENT and the same is duly signed by its parties and their instrumental witnesses on all pages hereof.

This Collection Agreement was presented to me by _____ who exhibited (government issued I.D. No. or CTC No.) issued on _____ at _____, personally known to me who affirmed under oath that he personally know the principal parties and the Collection Agreement was signed by them.

IN MY TESTIMONY WHEREOF, I have hereunto set my hand and affixed my notarial seal at the place and on the date first above-mentioned.

NOTARY PUBLIC

Doc. No. _____
Page No. _____
Book No. _____
Series of _____