



CORPORATE CIRCULAR CMP NO. 12 – 020
Series of 2012

Subject : **GUIDELINES FOR THE ADVANCE PAYMENT OF ESTATE TAX AND OTHER EXPENSES IN CASES OF EXTRAJUDICIAL SETTLEMENT OF ESTATE OF DECEASED LANDOWNERS**

Pursuant to SHFC Board Resolution No. 295, series of 2012, these guidelines are hereby promulgated to expedite the transfer of titles from the landowner to the Community Association (CA) under the Community Mortgage Program (CMP) for projects whose registered owners or legitimate transferees have already died.

I. Coverage

These guidelines are applicable where the heirs of the decedent executed an Extrajudicial Settlement of Estate (EJS) or Affidavit of Self Adjudication under Section 1 of Rule 74 of the 1997 Revised Rules of Civil Procedure and said heirs have requested for the advance release of the loan proceeds under the CMP to pay for the estate taxes due from the heir/s for the following CMP projects:

1. New CMP project applications;
2. Existing pipeline CMP projects without Letter of Guaranty (LOG);
3. CMP projects already approved by the Board of Directors for issuance of LOG but the loan proceeds are still pending release because of the death of the landowner/s; and,
4. CMP projects with pending 50% release of the loan proceeds where the property cannot be transferred in the name of the CA due to the death of the landowners.

II. Conditions for release of loan proceeds for payment of estate taxes

The following conditions must be satisfied prior to the advance release of the loan proceeds for payment of the estate taxes and other expenses in the transfer of title in the name of the heir/s:

- A. For new CMP projects and existing pipeline CMP projects without LOG:
1. The only remaining requirement to be complied with prior to the issuance of the Letter of Guaranty (LOG) is the payment of the estate tax and the transfer of title in the name of the heirs of the decedent;
 2. The issuance of the LOG must be approved by the Board;
 3. The amount of estate tax including the expenses for the transfer of the title in the name of the heirs should not exceed fifty percent (50%) of the loan proceeds. In case the estate tax due and the expenses for the transfer of the title in the name of the heir/s exceed 50%, the loan proceeds may still be released provided that the heir/s show/s proof of capacity to pay the remaining balance of the tax due and other expenses for the transfer of title in the name of the heir/s; and,
 4. The project should be considered taken-out upon payment of estate taxes to the Bureau of Internal Revenue (BIR). The check to be issued by SHFC shall be in the name of the BIR having jurisdiction over the estate.

B. For CMP projects with LOG:

1. The amount of estate tax including the expenses for the transfer of the title in the name of the heirs should not exceed fifty percent (50%) of the loan proceeds. In case the estate tax due and the expenses for the transfer of the title in the name of the heir/s exceed 50%, the requirement indicated in Article II.A.3 shall be complied with;
2. The project should be considered taken-out upon payment of estate taxes to the Bureau of Internal Revenue (BIR). The check to be issued by SHFC shall be in the name of the BIR having jurisdiction over the estate.

C. For CMP projects pending release of the final fifty percent (50%):

1. The amount of estate tax including the expenses for the transfer of the title in the name of the heirs should not exceed the remaining balance of the loan proceeds;
2. The check to be issued by SHFC shall be in the name of the BIR having jurisdiction over the estate.

III. Requirements for release of advance payment of loan proceeds

The following requirements are to be submitted prior to release of the advance payment of the loan proceeds for payment of estate tax, to wit:


1. Deed of Absolute Sale between the heir/s and the CA;
2. Owner's duplicate copy of the title in the name of the deceased landowner and its latest Register of Deeds (RD) certified copy;
3. Notarized Deed of Extrajudicial Settlement of the estate with proof of publication in accordance with Section 1 of Rule 74 of the 1997 Revised Rules of Civil Procedure;
4. Written request from the heir/s for advance payment of estate tax and other expenses;
5. Duly notarized Authority to Deduct executed by the heirs in favor of SHFC to deduct from the loan proceeds the payment of estate taxes and other related expenses including taxes and expenses to be incurred in relation to the transfer of title in favor of the heirs. SHFC may facilitate the transfer of title in the name of the heir/s;
6. Bureau of Internal Revenue (BIR) assessment for estate taxes, the RD computation for transfer fees and computation of transfer taxes from the assessor's office for the transfer of title in the name of the heirs;
7. Heir's Bond in favor of SHFC in the amount of the total loan for the CMP project;
8. Notarized loan documents;
9. Notarized Lease Purchase Agreements;
10. Cash deposit equivalent to 3 months amortization and one (1) year Mortgage Redemption Insurance (MRI) premium; and,
11. Proof of updated payment of real property tax.

IV. Repealing Clause

Any office policies, office orders, memoranda or circulars or parts thereof inconsistent with any provision of this circular are deemed modified accordingly.

V. Effectivity

This corporate circular takes effect immediately upon its publication in a newspaper of general circulation.


MA. ANA R. OLIVEROS
President