

[HDMF (Pag-IBIG FUND) CIRCULAR NO. 344, July 24, 2014]

GUIDELINES IMPLEMENTING THE PAG-IBIG FUND TAKEOUT MECHANISM FOR DEVELOPER-ASSISTED HOUSING PROGRAM

*Adopted: 24 July 2014
Date Filed: 30 July 2014*

Pursuant to the approval of the Pag-IBIG Fund Board of Trustees in its 298th Meeting held last 24 September 2013 as well as in its 300th Meeting held last 30 January 2014, the Guidelines Implementing the Pag-IBIG Fund Takeout Mechanism for Developer-Assisted Housing Program are hereby issued:

I. OBJECTIVES

The program seeks to achieve the following objectives:

1. To encourage the participation of developers in providing the needed housing inventory that can be made available for sale to Pag-IBIG member-buyers via a Pag-IBIG housing loan.
2. To define parameters in the allocation and disbursement of funds allocated for housing, specifically for Developer-assisted housing loans.

II. COVERAGE

The coverage under these guidelines shall be optional for accredited Developers for six (6) months from date of effectivity. Within the said period, accredited Developers may still be evaluated and be subject to the terms of Circular Nos. 259, 287 and 298. After 6 months from effectivity, coverage herein shall be mandatory.

III. MECHANICS

1. Pag-IBIG Fund shall accredit Developers who shall participate in the program to ensure that its objectives are met.
2. The Fund and the accredited Developer shall enter into a Memorandum of Agreement (MOA) providing for among others:
 - 2.1 That the Fund shall provide a funding allocation to the Developer upon compliance with the terms and conditions set by the Fund.
 - 2.2 That the Developer shall receive, pre-process and deliver applications of Pag-IBIG member-buyers for the purchase of a lot/house and lot/condominium unit in the Developer's subdivision/condominium project.

2.3 That the Fund shall approve the applications for the purchase of a lot/house and lot/condominium unit of Pag-IBIG member-buyers that meet the Fund's criteria as provided in the prevailing Pag-IBIG Fund Housing Program.

2.4 That the Fund and the Developer shall execute a Deed of Absolute Sale (DOAS) for the residential unit chosen by the Pag-IBIG member-buyer. The Fund, in turn, shall execute a Deed of Conditional Sale (DCS) in favor of the Pag-IBIG member-buyer.

Upon the written request of the member-buyer, and provided the loan-to-value ratio does not exceed fifty percent (50%), the HL account may be a REM account. The Developer shall execute a DOAS in favor of the member-buyer, who shall, execute a mortgage on the property in favor of the Fund.

2.5 That the Developer shall process and shoulder the cost of transfer of the certificate of title to the property from its name to the name of the Fund.

2.6 That the release of proceeds shall be made in accordance with the terms and conditions provided in these guidelines.

2.7 That the Developer shall buyback the accounts that are affected by breach of warranties.

2.8 The MOA between the Developer and the Fund shall be subject to crossdefault as defined in existing pro-forma loan documents prescribed by the Fund.

3. The Developer shall submit to the Fund the Pag-IBIG member-buyer's application for the purchase of a lot/house and lot/condominium unit. The first submission of applications shall be scheduled and must be carried out not later than sixty (60) calendar days from the date of signing of the Memorandum of Agreement.

4. Applications delivered by accredited Developers shall be processed within fifteen (15) working days from submission of the documents listed in the Checklist of Requirements. A Notice of Approval (NOA) shall be issued if the Pag-IBIG member-buyer meets the Fund's eligibility criteria in its prevailing housing program. The NOA shall be valid for ninety (90) days only, reckoned from date of receipt thereof. In case the requirements for the takeout of the account are not submitted within the prescribed period, the Pag-IBIG member may re-file his application subject to the payment anew of the filing fee.

If any negative findings on the application can be rectified, a Notice of Deficiency shall be issued and the developer shall be given ten (10) working days from receipt of the notice to make such corrections. If the affected application is re-submitted beyond the 10-day period given to the developer, said application shall be considered as a new application and the Pag-IBIG member-buyer shall be required to pay the re-filing fee.

In case the application is disapproved, the Fund shall issue a Notice of Disapproval, stating the grounds therefor.

5. A Developer may request for advance evaluation of borrowers or inspection of completed units; provided, a written request is submitted to the Fund and the corresponding filing fee is paid. The Credit Investigation Report (CIR), Buyer Validation Sheet (BVS) and the receipt of the filing fee must be submitted to the Fund when filing the Pag-IBIG member-buyer's housing application. The CIR and BVS shall be valid for six (6) months only.

6. All developer-assisted accounts shall be supported by a DCS on the subject property. The Pag-IBIG Fund may allow an account to be secured by Real Estate Mortgage when the loan to collateral ratio does not exceed fifty percent (50%).

The Senior Management Committee shall set or adjust the limit on housing packages that will adopt the DCS documentation as it may deem necessary.

7. The Fund shall accredit Developers who will enter into a Collection Servicing Agreement (CSA) with the Fund and act as its collecting agent for one (1) year from execution of the CSA, provided said Developer meets or exceeds the criteria provided in Item XI Section 1 hereof.

IV. ACCREDITATION OF DEVELOPERS

1. The Fund shall accredit Developers who shall participate in the program annually, in accordance with the following criteria:

1.1 Any of the Developer's key officers or shareholders must not be among those blacklisted by the Fund from participating in any of its loan programs, or any of the Developer's key officers or shareholders must not be a key officer or shareholder of a Developer that has been blacklisted by the Fund. Key officers refer to Board of Directors, president/general manager/chief executive officer, corporate secretary, corporate treasurer and similar positions.

1.2 The Developer must be duly authorized to operate as evidenced by a Certificate of Registration from the Securities and Exchange Commission (SEC) or the Bureau of Domestic Trade (BDT);

1.3 The Developer must at least have a satisfactory financial performance/ position as evidenced by its latest audited financial statements (stamped received by the Bureau of Internal Revenue) with no adverse opinion/ disclaimer; and

1.4 The Developer must not be in the banks' or financial institutions' Negative List.

2. The Developer must satisfy or disclose related real estate entities. Related real estate entities refer to the parent company and subsidiaries of the Developer, and to business entities engaged in the real estate business, whether or not they are currently transacting with the Fund, either as developer, seller or marketing agent of another developer or individual, in which the Developer or any of its key officers is also a key officer or a shareholder.

If a Developer has related real estate development company/ies, the performance of one of the related entities shall determine if the application for accreditation and classification of the Developer under applicable guidelines will be approved or not, and vice versa.

The Pag-IBIG Fund Housing Business Center which has the jurisdiction over the principal place of business of the Developer shall evaluate the application for accreditation and determine the corresponding classification of said Developer. The Business Development Sector, however, shall evaluate said application and accordingly determine its classification when the said Developer has a project in the National Capital Region regardless of its principal place of business.

V. PROJECT EVALUATION

Subdivision/Condominium Projects shall be evaluated based on the following:

1. Permits and Licenses issued by the Local Government Unit and other regulatory agencies for the subdivision/condominium project covered by the funding allocation.
2. No outstanding Cease and Desist Order has been issued by HLURB against the developer or any of its related real estate entities.
3. Status of project development - At least with model units for subdivision projects or showroom for condominium projects.

VI. FUNDING ALLOCATION

A. TERMS AND CONDITIONS OF THE ALLOCATION

1. The Fund shall provide a Funding Allocation to the Developer for the takeout of approved applications of eligible Pag-IBIG members, the amount of which shall be based on the Developer's projected submission of applications for each subdivision/condominium project for the year of signing of the MOA. Approval of Funding Allocation shall be in accordance with the prevailing approving/signing authorities.

For this purpose, the Developer shall submit the corresponding monthly schedule of projected submission of applications, with the first submission scheduled not later than sixty (60) calendar days from the date of signing of the MOA.

2. The Developer's Funding Allocation shall be available from the date of execution of the Memorandum of Agreement to December of the same year, which is alternately called herein as "year of signing."

3. Utilization of the Funding Allocation shall be as follows:

3.1 The funding allocation is deemed utilized based on the loan amount of applications submitted by the Developer for the given quarter, not on the loan value approved by the Fund.

3.2 At the end of each quarter any unutilized allocation shall be automatically added to the allocation for the succeeding quarter.

3.3 Any unutilized allocation by December of the year of signing shall be forfeited.

4. The Developer shall be required to apply for a new Funding Allocation for the succeeding year and every year thereafter. It shall be evaluated based on the criteria provided in accordance with Item IV Section 1 hereof and classified accordingly pursuant to the Guidelines on the Classification of Developers and the Grant of Incentives.

5. COMMITMENT FEE

5.1 The commitment fee is a charge that shall be imposed on the Developer if it fails to fully utilize the budget allocation in a given quarter. The commitment fee shall be based solely on the funding allocation of every succeeding quarter or the quarter following the quarter in which the Developer failed to meet its scheduled delivery.

5.2 As a rule the DEVELOPER shall not be charged with a commitment fee. However, if at the end of a quarter, the Developer is unable to utilize at least eighty percent (80%) of its budget allocation, it shall be charged with a commitment fee equivalent to one-half percent (1/2 %) of the budget allocation for the succeeding quarter. The unutilized budget of the preceding quarter that was added to the succeeding quarter shall not be considered in computing the commitment fee.

5.3 If by the end of the succeeding quarter, the Developer is able to utilize at least 80% of the budget allocation therefor, excluding the unutilized budget of the previous quarter that was added, the commitment fee collected shall be refunded to the Developer and no commitment fee shall be charged in the following quarter.

6. RELEASE OF LOAN PROCEEDS

The takeout proceeds of housing loans that passed evaluation shall be released to the Developer within three (3) working days from submission of complete documents enumerated in the Notice of Approval, which shall include:

6.1 Deed of Absolute Sale executed by the developer in favor of the Fund or of the Pag-IBIG member-buyer as the case may be;

6.2 Individual Transfer Certificate of Title (TCT) in the name of the Fund or of the Pag-IBIG member-buyer as the case may be;

6.3 Deed of Conditional Sale between the Fund and the Pag-IBIG member-buyer if the TCT is in the name of the Fund, or Loan and Mortgage Agreement if the TCT is in the name of the Pag-IBIG member-buyer;

6.4 Notarized Promissory Note;

6.5 Tax Declaration on the land in the name of the Fund or in the name of the Pag-IBIG member-buyer as the case may be;

6.6 Tax Declaration on the improvements in the name of the Fund or in the name of the Pag-IBIG member-buyer as the case may be;

6.7 Updated Real Estate Tax Receipt for the quarter;

6.8 Occupancy Permit;

6.9 Certificate of Acceptance; and

6.10 Transfer Tax Receipt for lot and building.