

HOME DEVELOPMENT MUTUAL FUND
Corporate Headquarters
Petron MegaPlaza
358 Sen. Gil Puyat Avenue
Makati City

HDMF CIRCULAR NO. 301

TO: ALL CONCERNED

SUBJECT: **AMENDED GUIDELINES ON THE Pag-IBIG CREDIT FACILITY FOR PRIVATE DEVELOPERS**

Pursuant to the approval by the HDMF Board of Trustees during the 279th Board Meeting last 24 November 2011, the **Amended Guidelines of the Pag-IBIG Credit Facility for Private Developers** are hereby issued:

A. OBJECTIVE

The Pag-IBIG Credit Facility aims to:

1. **Enable developers to have a faster turnaround on the developer's investment in the construction and development of housing projects;**
2. Provide a liquidity mechanism for private developers to enable them to continue developing housing projects pending the take-out of delivered and complete housing loan applications.

B. ELIGIBILITY

The Pag-IBIG Credit Facility shall be made available to accredited developers awaiting take-out of delivered and complete housing loan applications, and who satisfy the following criteria set by the HDMF Credit Evaluation Committee, among others:

1. Must have an established track record of delivering quality mortgages to HDMF.
2. Must have had previous satisfactory dealings with HDMF under any of its home lending programs, and/or the NHMFC as originator under the UHLP.

C. AMOUNT/TERM OF CREDIT LINE

An accredited developer shall be granted a revolving credit line up to a maximum of **70% of the total amount of accounts subject of deliveries to the Fund but not to exceed the Single Borrower's Limit (SBL) prescribed by the Fund.**

The credit line shall be made available for a maximum term of one (1) year from the date of execution of the Loan Agreement between HDMF and the developer, renewable for another year thereafter.

The Loan Agreement shall stipulate, among others, that the developer shall secure an interim fire and other allied perils insurance on the property assigned/mortgaged to the Fund for an amount equivalent to the funds released by Pag-IBIG Fund.

D. TERMS AND CONDITIONS FOR AVAILMENT

1. Amount

Each availment shall not exceed seventy percent (70%) of the total value of takeout proceeds or collectibles assigned to HDMF **on accounts with Notice of Approval (NOA) issued by HDMF.**

2. Maturity

Each availment shall have a maturity period of **ninety (90) calendar days, renewable for a maximum period of ninety (90) calendar days.**

3. Interest

The loan shall bear an interest rate defined as the prevailing market rate (on Friday preceding the date of release of proceeds) of **91-day Treasury Bills plus 3% or BSP Lending rate plus one percent (1%), whichever is higher.**

In case of renewal of loan term, a 182-day Treasury Bills plus four percent (4%) or BSP Lending Rates plus one percent (1%), whichever is higher, shall be charged on the outstanding balance.

In both cases, the interest rate shall in no case be lower than six and a half percent (6.5%).

4. Collateral

The developer shall execute in favor of, and deliver to HDMF, the Deed of Assignment (DA) with Real Estate Mortgage, assigning the takeout proceeds, and mortgaging the TCTs covering the house and lot packages for which HDMF shall release funds.

5. Service Fee

The developer shall pay a service fee equivalent to 0.1% of the amount for drawdown.

6. Loan Payment

The loan principal and the applicable accrued interest charges shall be paid from the take-out proceeds. HDMF shall furnish the developer a statement of the application of payment on the outstanding loan balance and accrued interest charges, within seven (7) working days from submission of complete mortgage documents required for the release of takeout proceeds.

If the take-out proceeds fully satisfy the developer's outstanding loan balance and accrued interest charges, HDMF shall remit to the developer any remaining amount thereon.

If the requirements for the release of take-out proceeds are not submitted on or before maturity of the availment, the term of the loan may be extended for a **maximum period of ninety (90) calendar days**, provided that the developer remits the accrued interest charges on or before the first day immediately following the maturity date of the loan availment. If no such interest payment is made, the outstanding loan including accrued interest charges shall be considered due and demandable without notice or demand.

7. **Penalty**

Failure on the part of the developer to pay his obligation upon maturity, or when it becomes due and demandable, shall subject him to a penalty equivalent to one-twentieth of one percent (1/20 of 1%) of any unpaid amount for each day of delay or 18% p.a.

8. **Default**

In the event that the developer fails to fully comply with the requirements for the release of the take-out proceeds of the assigned mortgages after an **extension or renewal of the credit facility**, the outstanding loan, including accrued interest charges, shall be considered due and demandable without notice or demand.

9. **Effects of Default**

Upon occurrence of default, such default shall have the following effects, alternate, concurrent and cumulative with each other, which the Fund may exercise singly or collectively:

- 9.1. Require the developer to redeem the individualized TCTs;**
- 9.2. Takeout of accounts with 100% assignment of proceeds;**
- 9.3. Register the individual REM on the individual Certificates of Title (TCTs) covering the housing units subject of the funds released and institute foreclosure proceedings;**
- 9.4. To apply, at its option, any time, the borrower's monies, which for any reason and under any contract, are presently or hereafter come into the possession or control of the Fund in full or partial payment of the borrower's obligation in the Loan Agreement and Promissory Note;**
- 9.5. Enforce any and all rights, actions and remedies provided for under Loan Agreement and Promissory Note evidencing the loan.**
- 9.6. To blacklist or suspend the developer in accordance with the guidelines set by the Fund;**
- 9.7. Avail of any other remedies, provided for under existing laws, including but not limited to the filing of an action for sum of money or damages against the borrower. As an auxiliary to the civil action for sum of money or damages, the Fund may pray for the provisional remedy of attachment when the proper statutory grounds for attachment exist.**

E. APPROVAL OF APPLICATIONS

The Senior Management shall have the authority to approve applications for availment of the Pag-IBIG Credit Facility for Private Developers and shall duly inform the HDMF Board of Trustees of said approval.

F. AMENDMENTS

These guidelines may be amended, revised or modified by the Pag-IBIG Fund Senior Management Committee in furtherance of the objectives of the program, provided that the amendments, revisions or modifications herein adopted are consistent with the mandate of the Fund under its charter and existing laws.

This Circular takes effect immediately.



ATTY. DARLENE MARIE B. BERBERABE
Chief Executive Officer

Makati City
14 December 2011