

For CTS accounts, developer/originator who failed to pay the full monthly amortization and/or other loan obligations when due shall pay a penalty of one-fifteenth of one percent (1/15 of 1%) of any unpaid amounts for each day of delay.

For REM accounts, whenever the borrower fails to pay the full monthly amortization and/or other loan obligations for 3 consecutive months, there shall be an automatic increase in the interest rate by 2% up to the full term of the loan.

What are the fees and charges that shall be paid by originating institution/developers?

For the origination of housing loan receivables, the originating institution shall pay the following fees:

1. Processing Fee = Php 2,000/account (to be deducted from the take-out proceeds);
2. Preliminary Appraisal Fee = Php 3,000/project (to be paid up-front); and
3. Final Appraisal Fee = Php 1,000/account (to be paid up-front).

All incidental expenses including air fare/transportation and hotel accommodation related to site inspection, borrower interview, and other related due diligence activities shall be borne by the originator.

No amount or portion of all the fees collected shall be charged or passed to the borrower(s) nor shall the borrower be required to advance the same.

Checklist of Requirements for Originating Institution

BANK/FINANCIAL INSTITUTION/DEVELOPERS *

- ☐ Application Letter (Prescribed Form)
- ☐ Secretary's Certificate and Board Resolution
- ☐ Audited Financial Statements (past 2 years)
- ☐ Financial Statements duly stamped received by Bangko Sentral ng Pilipinas (for Banks)
- ☐ Interim Financial Statements (for Banks)
- ☐ Latest CAMELS Rating (for Banks)
- ☐ Information Sheet (Prescribed Form)
- ☐ Bio-data of the Board of Directors and Key Officers
- ☐ Certificate of Registration with SEC/BDT and Articles of Incorporation / By-laws or Articles of Co-Partnership (for Developers)
- ☐ Permit from the Regulatory Body concerned i.e., HLURB—for Developers

*Additional documents may be required during the due diligence process

DOCUMENTARY REQUIREMENTS

CONTRACT TO SELL (CTS) ACCOUNTS

- ☐ CTS duly executed between the borrower & the owner-developer or originator
- ☐ Deed of Assignment of Receivables with Recourse
- ☐ Irrevocable Special Power of Attorney (SPA)
- ☐ Certificate of Acceptance
- ☐ Individual TCT/CCT
- ☐ Tax Declaration
- ☐ Affidavit/Certification of Warranties
- ☐ Letter of Authority in favor of the NHMFC to inspect the property of the borrower/buyer
- ☐ Borrower's Ledgers
- ☐ Insurance Policy (SRI and FAPI) with Health Statement if:
 - Borrower is 60 years old and above
 - Loan Value is Php 1.0M and above
- ☐ Technical Documents*

REAL ESTATE MORTGAGE (REM) ACCOUNTS

- ☐ Loan and Mortgage Agreement (LMA)
- ☐ Notarized Promissory Note
- ☐ Certificate of Acceptance
- ☐ Individual TCT/CCT
- ☐ Tax Declaration / Tax Receipt/s
- ☐ Purchase of Loan Agreement
- ☐ Affidavit/Certification of Warranties
- ☐ Letter of Authority in favor of the NHMFC to inspect the property of the borrower/buyer
- ☐ Borrower's Ledgers
- ☐ Insurance Policy (MRI and FAPI) with Health Statement if:
 - Borrower is 60 years old and above
 - Loan Value is Php 1.0M and above
- ☐ Technical Documents*

*** Technical Documents (For CTS/REM Accounts)**

- a. Photocopy of Individual TCT/CCT
- b. Vicinity Map or Location Plan
- c. Lot Plan
- d. Approved Subdivision/Site Development Plan
- e. Complete Set of Approved Building Plans Per Model
- f. Detailed Bill of Materials and Specifications
- g. Specification for Land Development & Housing Units
- h. Permits for Building & Site Developments
- i. License to Sell (Certified True Copy)

For more information, please visit or get in touch with:
Mortgage Pooling Department, Securitization Group at
Tel Nos.: 893-0491 (Direct) or 893-1501 local 367.
www.nhmfc.gov.ph



National Home Mortgage Finance Corporation

Securitization Group

4th Flr. Filomena Bldg. III, 104 Amorsolo St.,
Legaspi Village Makati City

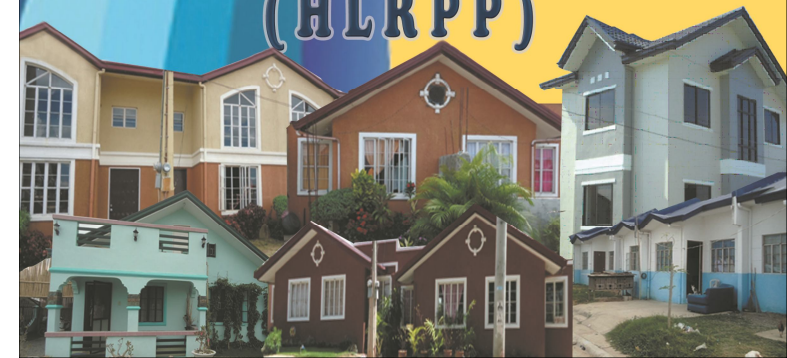


**NATIONAL HOME MORTGAGE
FINANCE CORPORATION**

LOW RATES, FIXED TERM



**HOUSING LOAN RECEIVABLES
PURCHASE PROGRAM
(HLRPP)**



The National Home Mortgage Finance Corporation (NHMFC) is a Secondary Mortgage Institution (SMI) with the primary purpose of attracting long term investments through the issuance of housing bonds or other securities in order to increase liquidity in the housing sector and to purchase residential loan/mortgage receivables originated by both public and private institutions and developers that are within government-approved standards.

What is the process in the secondary mortgage market?

When institutions grant housing loans, they initiate the original transaction in the creation of mortgages which are then purchased by NHMFC, thus forming the primary segment of the mortgage market. When NHMFC trades these mortgages through the issuance of securities/bonds, it is able to tap private or public investments as source of funds for a sustainable housing finance. This completes the process of the secondary mortgage market.

What is the role of NHMFC as SMI?

NHMFC’s commitment to and actual purchase of housing loan receivables assure originating institutions of the immediate recovery of their liquidity as it consequently assumes the long-term risk of home lending and other modes of home financing. Being thus relieved of risk and assured of liquidity, originating institutions are effectively reinforced and enabled to lend to more home borrowers. With NHMFC’s trading of the asset-backed and government guaranteed housing bonds or other forms of securities, funds are generated which are again flowed back into home financing. This recycling process overcomes fund volume limitations and comes full circle to the advantage of borrowers in the form of more affordable home loans with lower interest rates and longer repayment periods.

What is Housing Loan Receivables Purchase Program (HLRPP)?

HLRPP is the new housing finance program of NHMFC which aims to purchase valid loan/mortgage receivables from the originating institutions. The originating institution shall ensure that all requirements pertaining to the loan/mortgage receivables are in order, for them to be able to sell the loan receivables to NHMFC. Backed up by these loan/mortgage receivables, security papers are issued for sale in the capital market through securitization.

Who may originate under HLRPP?

The following are qualified to originate under the HLRPP:

- 1. Housing Developers
- 2. Government Financing Institutions
- 3. Banks
- 4. Cooperatives
- 5. Corporate Employers with Housing Program
- 6. LGU engaged in housing development

What housing loan accounts are qualified for the purchase

under this program?

Existing residential loans from qualified housing loan originator/s to serve as the underlying collaterals that are eligible for securitization, and

What are the types of loans qualified for purchase?

- 1. Contract to Sell (CTS)
- 2. Real Estate Mortgage (REM)

What are the criteria for these loans?

NHMFC shall conduct due diligence on the residential loans for purchase subject to the following criteria:

- 1. The loan accounts are updated in the amortization payments as of the purchase date;
- 2. The Downpayment/Equity and Seasoning Period requirements are met as follows:

2.1 House and Lot (CTS/REM)	
EQUITY a. Fully paid of not less than 20% of Total Contract Price	SEASONING PERIOD 6 Months Seasoning Period
b. Fully paid of not less than 10% of Total Contract Price	12 Months Seasoning Period

- 3. Outstanding Principal Balance to Collateral Ratio or Loan to Value Ratio (LTV)

Classification	Contract to Sell (CTS) and Real Estate Mortgage (REM)
House & Lot	a. For Minimum Equity of 10%, LTV must not be over 90%
	b. For Minimum Equity of 20%, LTV must not be over 80%

4. Warranty

4.1 Contract to Sell (CTS)	With Buy-Back Guaranty (Until Conversion to REM)
4.2 Real Estate Mortgage (REM)	Without Buy-Back Guaranty

What is the basis for purchase price of the loan

receivables?

NHMFC shall pay the amount equivalent to the PURCHASE PRICE of the portfolio upon assignment of the corresponding loan receivable and compliance with the NHMFC housing loan guidelines and requirements.

Purchase price is the Outstanding Principal Balance (OPB) of the loan as of the cut-off date minus Discount or plus Premium as the case may be.

** Enrolment of renewal of MRI/SRI and FAPI shall be done by NHMFC to ensure that the account is fully covered. Originators shall inform the borrower that the insurance premium payments shall be included in the monthly amortization.*

How much is the interest on the loan?

Php1.0 M and below	-	8% (fixed)
Above Php1.0 M	-	10% (fixed)

Rate Reduction may be allowed provided that the NHMFC rate is not less than the prevailing market rate as determined by the Executive Committee and confirmed by the Risk Management Committee of the NHMFC Board.

How long is the payment period?

The loan period shall not be more than twenty-five (25) years but in no case exceed the difference between present age and 70th year of the principal borrower.

When is the borrower considered in default?

The borrower shall be considered in default, among other instances in the Loan Agreement, when there is failure to pay any three (3) consecutive monthly installments and other loan obligations stated therein. In the event of default, the outstanding loan balance, all accrued interests, fees, and charges shall become due and demandable.