



HUDCC RESOLUTION NO. 3
Series of 2015

HOUSING DEVELOPMENT FINANCING GUIDELINES FOR COOPERATIVES

WHEREAS, the Rules and Regulations Implementing the Special Provisions of the Philippine Cooperative Code of 2008 created the Joint Monitoring and Evaluation Committee (JMEC) composed of the Cooperative Development Authority (CDA), the National Housing Authority (NHA), the Housing and Land Use Regulatory Board (HLURB), the Home Development Mutual Fund (HDMF), the Social Security System (SSS), the Government Service Insurance System (GSIS), the Land Bank of the Philippines, the Development Bank of the Philippines (DBP), concerned cooperative sectors and other appropriate government agencies and financial institutions;

WHEREAS, Section 13 of the Rules and Regulations Implementing the Special Provisions of the Philippine Cooperative Code of 2008 mandated the JMEC to formulate joint standards for the proper implementation, monitoring, organization, management, development of cooperative housing projects and all matters relating to the organization, management, and development of the cooperative housing projects;

WHEREAS, the Housing and Urban Development Coordinating Council (HUDCC), together with Key Shelter Agencies (KSAs) and government finance institutions (GFIs), and in coordination with the CDA, formulated the housing development financing guidelines for cooperatives;

THEREFORE, BE IT RESOLVED, AS IT IS HEREBY RESOLVED that the HUDCC adopts the Housing Development Financing Guidelines for Cooperatives crafted by the JMEC member-agencies:

***HOUSING DEVELOPMENT FINANCING GUIDELINES
FOR COOPERATIVES***

WHEREAS, Article XII of the 1987 Philippine Constitution recognizes the rights of cooperatives to own, establish, and operate economic enterprises and broaden their base of ownership;

WHEREAS, on 17 February 2009, Congress approved Republic Act No. 9520 entitled, "An Act Amending the Cooperative Code of the Philippines to be known as the Philippine Cooperative Code of 2008";

WHEREAS, Rule I on Housing Cooperatives, Part II – Special Provision of the Revised Rules and Regulations Implementing Certain and Special Provisions of the Philippine Cooperative Code of 2008 (Revised IRR) promulgated the rules and regulations in relation to Housing Cooperatives;

WHEREAS, Section 13 of the Revised IRR further created the Joint Monitoring and Evaluation Committee (JMEC) primarily tasked to formulate standards, settle disputes, and recommend amendments to the Revised IRR, among others;

WHEREAS, pursuant to the provisions of Art. 62 (13) under Chapter V of Republic Act No. 9520 and Section 8 of its Revised IRR, "The appropriate housing agencies and government financial institutions shall create a special window for financing housing projects undertaken by cooperatives with interest rates and terms equal to, or better than those given for socialized housing projects.";

WHEREAS, in recognition of cooperatives as vital partners to housing development, there is a need for the concerned Key Shelter Agencies (KSAs) and Government Financial Institutions (GFIs) to standardize forms, enhance existing housing programs for cooperatives, and provide a mechanism for streamlined requirements and processes in extending technical assistance and/or access to affordable financing to cooperatives undertaking housing development;

WHEREAS, the Housing and Urban Development Coordinating Council (HUDCC), together with the KSAs and GFIs which all form part of the HUDC Council, and in coordination with the Cooperative Development Authority (CDA), spearheaded the formulation of housing development financing guidelines for cooperatives;

NOW, THEREFORE, in consideration of the above premises, the members of the JMEC do hereby approve and issue the following Guidelines:

Article I DEFINITION OF TERMS

1. **Affordable Cost** shall refer to the most reasonable price of land and shelter based on the needs and financial capability of program beneficiaries and appropriate financing schemes.
2. **Blanket Loan / Wholesale Loan** shall refer to a housing loan contracted/obtained by a Cooperative intended to identify member-beneficiaries for land acquisition, land improvement, house construction, home improvement, or renovation and other similar purposes.
3. **Buy-Back** shall refer to the right or opportunity of the seller of property to repurchase the property under stated conditions. It gives the original seller the first right to buy before any other attempt to sell is made.

4. **Cooperative** shall refer to an autonomous and duly registered association of persons, with a common bond of interest, who have voluntarily joined together to achieve their social, economic, and cultural needs and aspirations by making equitable contributions to the capital required, patronizing their products and services and accepting a fair share of the risks and benefits of the undertaking in accordance with universally accepted cooperative principles.
5. **Cooperative Housing Program** shall refer to an alternative housing approach, in partnership with government/non-government agencies involved in housing program, undertaken by a financially and organizationally stable cooperative to address the housing problems of its members, primarily the low-income earners, through its own cooperative efforts in planning and direct production of affordable, decent and adequate housing units.
6. **Economic Housing** shall refer to a type of housing project provided to average income families in accordance with the provisions of the Revised Rules and Regulations of Batas Pambansa Blg. 220.
7. **Retail Loan** shall refer to a housing loan contracted/obtained by the individual beneficiaries of a housing project of a cooperative.
8. **Site Development** shall refer to land clearing and grubbing, road construction, installation of power and water distribution system, construction of drainage and sewerage system, and other developments contained in the approved plans and/or in the brochure and advertisement.
9. **Socialized housing** refers to housing programs and projects covering houses and lots or homelots only undertaken by the Government or the private sector for the underprivileged and homeless citizens which shall include sites and services development, long-term financing, liberalized terms on interest payments, and such other benefits in accordance with the provisions of Republic Act 7279 otherwise known as the Urban Development and Housing Act of 1992.

Article II

GENERAL PROVISIONS

Section 1. Objectives. This Guidelines shall have the following objectives:

- a) To make cooperative housing a viable solution to the housing needs of the members;
- b) To encourage the participation and involvement of cooperatives in housing provision, through land acquisition, land development, house construction and establishment of basic utility services;
- c) To provide accessible and affordable financing package to cooperative members;

- d) To standardize the forms and streamline the processing of requirements for cooperatives engaged in housing development;
- e) To promote business-related activities for the cooperative by making available business financing; and
- f) To improve collaboration between and among government agencies in housing provision to cooperatives.

Section 2. Coverage. This Guidelines shall be applicable to duly-registered cooperatives undertaking socialized and/or economic housing development.

Article III GENERAL ELIGIBILITY REQUIREMENTS

- a) Cooperatives registered with CDA and with Certificate of Compliance;
- b) The cooperative and its officers must be in good credit standing and have no derogatory record, as certified by CDA;
- c) The cooperative officers and beneficiaries are active members of the Pag-IBIG Fund/Social Security System (SSS)/Government Service Insurance System (GSIS), as may be required by the concerned GFI or KSA;
- d) The cooperative, its officers and beneficiaries have attended the required trainings/seminars/workshops by concerned agencies.

Article IV LAND ACQUISITION

Section 1. Components or Coverage. The Loan includes the purchase of land by the cooperative.

Section 2. Technical Requirements.

- a) A Resolution by the Board of Directors expressing its intent to buy the land and a written document stating the commitment to sell on the part of the landowner/s;
- b) There must be at least 30 potential beneficiaries of the housing project and providing therein their profile, subject to the eligibility criteria of the concerned GFI or KSA;
- c) A Resolution by the Board of Directors certifying the allocation of the capital equivalent to the required equity of the project and presentation of the bank certificate/passbook indicating the amount of the equity deposited therein;
- d) The land proposed for acquisition must be covered by an Original Certificate of Title (OCT) or Transfer Certificate of Title (TCT) free from liens and encumbrances;
- e) The subject property must be duly classified as residential per approved zoning ordinance/CLUP, subject to Department of Agrarian Reform (DAR) conversion clearance, if necessary;
- f) Approved lot plan indicating adjacent boundaries/vicinity map;

- g) Site suitability clearances such as Environmental Compliance Certificate (ECC)/Certificate of Non-Coverage (CNC) by the Department of Environment and Natural Resources (DENR), Mines and Geosciences Bureau (MGB) clearance, proof of Right-of-Way (ROW), etc;
- h) Project Feasibility Study, subject to the evaluation and approval of concerned GFI and KSA;
- i) Cooperative Board Resolution authorizing the borrowing;
- j) Deed of Undertaking to start site development and housing construction.
- k) The property shall be subject to appraisal by the concerned GFI or KSA, or any designated/accredited professional appraiser or firm by said GFI or KSA; and
- l) The concerned GFI or KSA may require additional documents to support the housing project.

Section 3. Financial Requirements.

- a) Latest Audited Financial Statement of the Cooperative and Income Tax Return (ITR) stamp received by the Bureau of Internal Revenue (BIR);
- b) The working fund of the borrowing cooperative should be deposited to the concerned GFI, or to a designated bank assigned by the GFI or KSA, if applicable; and
- c) The concerned GFI or KSA may require additional documents to support the housing project.

Section 4. Loan Terms.

- a) Repayment terms and interest rates shall be equal to the existing policies of each concerned GFI or KSA. In case however that additional funding shall be provided by law pursuant to Art. VIII Sec. 1 of this Guidelines, better repayment terms and interest rates shall be extended;
- b) The loan shall be secured by a Real Estate Mortgage (REM)/Guaranty/Deed of Assignment on the land itself and its improvements thereon and other forms of security, as acceptable to the concerned GFI or KSA;
- c) The loan amount shall not exceed the loan-to-appraised value ratio of the collateral property as prescribed by the concerned GFI or KSA;
- d) Loan proceeds shall be released directly to the landowner upon transfer of the title to the cooperative and annotation of the mortgage to the new TCT, or upon compliance with all of the following conditions:
 - d.1 The annotation of the mortgage to the new TCT;
 - d.2 Surrender of the original TCT;
 - d.3 Deed of Absolute Sale; and
 - d.4 Deed of undertaking to transfer the title in the name of the cooperative within a prescribed period by the GFI or KSA, including the payment of related taxes and registration expenses;

Article V
LAND DEVELOPMENT AND HOUSE CONSTRUCTION

Section 1. Components or Coverage. The loan shall cover any or a combination of the following applicable projects:

- a) Site development of raw land into serviced lots with basic infrastructure and utilities;
- b) Structural upgrading including repair/improvement of existing housing and infrastructure facilities;
- c) Construction of new housing units in developed or serviced lots. It may also include the construction of multi-storey residential buildings;
- d) Other community facilities as prescribed under BP 220.

Section 2. Technical Requirements.

- a) The cooperative must be the registered owner of the land subject of the loan or a holder of any legal instrument conveying subject property to the cooperative;
- b) The cooperative must issue a Board Resolution containing the following provisions:
 - b.1. Guidelines on the substitution/replacement policy and other terms and conditions in the contract with the beneficiary;
 - b.2. Authorizing, confirming and ratifying the borrowing and Deed of Undertaking to start site development and housing construction within the period required by the concerned GFI or KSA;
- c) The cooperative shall have the option to undertake land development and housing construction pursuant to the Guidelines of the concerned GFI or KSA through any of the following:
 - c.1. By Administration
 - c.2. Joint venture
 - c.3. Services of a qualified housing contractor
- d) The house construction plan, subdivision plan and development plans of the subject property must be approved by the concerned LGU or by HLURB and other government agencies, as the case may be;
- e) Site suitability clearances such as Environmental Compliance Certificate (ECC)/Certificate of Non-Coverage (CNC) by the Department of Environment and Natural Resources (DENR), Mines and Geosciences Bureau (MGB) clearance, proof of Right-of-Way (ROW), etc;
- f) Land development and house construction shall strictly follow the Revised Rules and Standards for Economic and Socialized Housing Projects (BP 220);
- g) Project Feasibility Study, subject to the evaluation and approval of concerned GFI or KSA;
- h) Title/s must have been individualized/unitized within the prescribed period;
- i) The concerned GFI or KSA may require additional documents to support the housing project.

Section 3. Financial Requirements.

- a) A Resolution from the Board of Directors certifying the allocation of the capital equivalent to the required equity of the project;
- b) Latest Audited Financial Statement of the Cooperative and ITR stamp received by the BIR;
- c) The concerned GFI or KSA may require additional documents to support the housing project.

Section 4. Loan Terms.

- a) Repayment terms and interest rates shall be equal to the existing policies of each concerned GFI or KSA. In case however that additional funding shall be provided by law pursuant to Art. VIII Sec. 1 of this Guidelines, then better repayment terms and interest rates must be extended;
- b) The loan amount shall not exceed the loan-to-appraised value ratio of the collateral property as prescribed by the concerned GFI or KSA;
- c) The initial loan release shall be based on the existing policy of the concerned GFI or KSA;
- d) Loan releases in tranches shall be based on actual accomplishment.

Article VI RETAIL HOUSING LOAN

Section 1. Components or Coverage. The retail housing loan shall cover the proportionate share of the qualified beneficiary on the cost of land acquisition, land development and house construction, subject to the Guidelines of concerned GFI or KSA.

Section 2. Retail Housing Loan Requirements. Hereunder are additional requirements in availing retail housing loans by the members of the Cooperative:

- a) The Cooperative must issue a Board Resolution containing the following provisions:
 - a.1. Buy Back provisions in case of breach of warranties or breach of contract;
 - a.2. A signed document stating the commitment of the beneficiaries to acquire the property generated from the project.
- b) Title/s must have been individualized/unitized within the prescribed period;
- c) The concerned GFI or KSA may require other documents to support the availment of the retail housing loan.

Section 3. The concerned GFI or KSA and the cooperative may enter into a Collection Servicing Agreement stipulating, among others, the terms and conditions on the collection and remittance of the payment of the retail housing loan.

Article VII ENTERPRISE LOANS

Section 1. To promote business-related activities, the cooperative may avail of financial assistance for the establishment of the following within the housing project:

- Commercial buildings;
- Public transport;
- Livelihood;
- Public utilities; and
- Other socio-economic projects beneficial to the Cooperative.

The amount to be granted shall be based on the submitted business plan and paying capacity of the cooperative.

Article VIII MONITORING AND EVALUATION PROVISIONS

Section 1. Monitoring Group. The HUDCC and CDA shall form a monitoring group which shall be responsible for monitoring the accomplishment and compliance of concerned implementing agencies to this Guidelines.

Section 2. Monitoring Tool. A monitoring tool shall be devised by JMEC to monitor the development of this Guidelines. KSAs and GFIs shall submit quarterly reports to the JMEC.

Article IX MISCELLANEOUS PROVISIONS

Section 1. Source of Funds. Congress shall be requested to allocate funds/budget to the concerned GFIs and KSAs annually to support housing development for cooperatives, including the provision of better repayment terms and interest rates.

Section 2. Information, Education and Communication (IEC). The JMEC shall develop and implement an IEC Program, to include training modules, brochures, primers, briefing kits and other information materials related to housing programs for cooperatives.

Section 3. Capacity Building. The JMEC, in coordination with other stakeholders, shall continuously undertake capacity-building activities to cooperatives and beneficiaries of their housing projects for the effective operationalization of these guidelines.

Section 4. Manuals and Forms of Agencies. Concerned GFIs and KSAs shall harmonize the provisions of this Guidelines into their existing manuals, forms, guidelines and other related issuances, and provide a mechanism for streamlined requirements and processes.

Article X TRANSITORY PROVISIONS

Effectivity. This Guidelines shall take effect 15 days after publication in the Official Gazette.

The JMEC may amend, modify, revise, and/or update this Guidelines as needed; provided, the amendments, modifications, revisions, and/or updates thereof, are in furtherance of the objectives of this Guidelines and consistent with existing laws.

Article XI ESCALATION CLAUSE

Any issue in the interpretation and implementation of this Guidelines shall be resolved by the majority members of the JMEC.

RESOLVED, FURTHER, THAT the HUDCC, the KSAs and the GFIs shall monitor the implementation of their respective cooperative programs and submit periodic reports thereon to the HUDC Council, without need of demand.

RESOLVED, FINALLY, THAT the Guidelines shall not apply to projects in the pipeline, which have already been subjected to existing standards, rules or regulations, as approved by the respective Boards of the KSAs.

APPROVED this 8th day of June 2015, at Pasay City, Philippines.