



NATIONAL HOME MORTGAGE FINANCE CORPORATION



CORPORATE CIRCULAR NO. 085
20 JUNE 2022
Series of 2022

ADDENDUM TO CORPORATE CIRCULAR NO. 081: IMPLEMENTING RULES AND REGULATIONS FOR THE HLRPP-4: BUILDING ELIGIBLE RESILIENT DWELLING FOR EVERYONE (BERDE) PROGRAM

Pursuant to the approval of the Executive Management Committee during its 2022-14 meeting held on 20 June 2022 per Resolution No. 2022-01, series of 2022, the Addendum to Corporate Circular No. 081 is hereby issued:

I. OBJECTIVES

1. To encourage the participation of the primary market in promoting green housing loan receivables eligible for securitization.
2. To address the inherent vulnerabilities of women, children, senior citizens, and people with disabilities in regard to green, sustainable, affordable housing and security through NHMFC's partner organizations.
3. To ensure that women and men both have equitable economic opportunities and access to affordable housing.

II. COVERAGE

This Circular shall cover the purchase of housing loan receivables beginning 01 July 2022 under the HLRPP-4: Building Eligible Resilient Dwelling for Everyone (BERDE) Program.

III. GUIDELINES

a. Financial Capacity of Borrowers

The loanable amount shall be limited to an amount for which the monthly repayment capacity of the borrower shall be based on the front-end ratio of not to exceed 33.33% of the borrower's gross monthly income, and the back-end ratio of not more than 75% of the borrower's final net income.

The front-end and back-end ratios are computed as follows:

$$\text{Front-end Ratio} = \frac{\text{Monthly Amortization}}{\text{Total Monthly Gross Income}}$$

$$\text{Back-end Ratio} = \frac{\text{Monthly Amortization}}{\text{Final Net Income}}$$

b. Loan Amount

The outstanding principal balance of each borrower shall not exceed Php6.0 Million.

c. Loan Term

The housing loan shall be repaid at a maximum term of thirty (30) years and shall, in no case, exceed the difference between age seventy (70) and the present age of the principal borrower. The principal/co-borrower shall be considered 70 years old at the time he has reached his 70th birthday.

d. Interest Rate

For loans above Php 3.0 Million, the loan shall have a fixed interest rate up to the end of the term as follows:

TERM	Interest (per annum)
5 - 15 Years	4.0%
16 - 25 Years	5.5%
26 - 30 Years	7.0%

e. Loan to Appraised Value (LTV) Ratio

The ratio of the loan amount to the appraised value of the collateral shall not exceed the following:

TERM	LTV Ratio
Up to Php 3.0 Million	100%
Above Php 3.0 Million	90%

f. Co-borrowers of the Housing Loan

A maximum of two (2) borrowers may apply for a single loan, subject to the following conditions:

f.1 A co-borrower or co-applicant is any person with capacity to enter into contract and without legal impediment who applies and solidary liable and responsible for the repayment of a loan with the principal borrower.

f.2 The principal and co-borrower has the option to register the Transfer Certificate of Title (TCT) or Condominium Certificate of Title (CCT) under the principal borrower only or under the names of both the principal and co-borrower.

f.3 The aggregate gross monthly income of the borrower and co-borrower shall be considered in determining their capacity to pay the housing loan.

f.4 The principal and co-borrower shall execute the Loan and Mortgage Agreement and Promissory Note.

f.5 The principal and co-borrower shall be solidary liable for the entire housing loan obligation.

f.6. The principal borrower shall be compulsory covered by the Mortgage Redemption Insurance (MRI) and Fire and Allied Perils Insurance (FAPI) to the extent of the total loan obligation granted. In the event that the principal borrower dies, the MRI will extinguish the entire loan. However, in the event that the co-borrower dies, the principal borrower will continue to amortize the entire loan.

In case both the principal and co-borrower opt to enroll the Mortgage Redemption Insurance (MRI), each of them shall be covered by the MRI premiums to the extent of the total loan obligation granted. In the event of death, NHMFC shall apply the MRI proceeds to the entire outstanding housing loan obligation.

f.7 Should a co-borrower signify an intention to avail a housing loan himself, he shall be allowed, provided that the existing loan, as a whole, has been fully paid.

f.8 For the interest subsidy scheme: If the combined gross monthly income of the principal and co-borrower belongs to the lowest income segment as mentioned in Section 6 (1b) of the BALAI BERDE Guidelines, the borrowers shall be authorized to avail of interest subsidy in the form of interest reduction for the first 10-year term.

IV. MECHANISM ON RESOLUTION OF ISSUES


Any issue arising from the interpretation and implementation of these Guidelines shall be resolved by the Sustainability Committee, except such matters that the Sustainability Committee decides should be escalated for resolution by the next higher approving authority.

V. REPEALING CLAUSE

All circulars inconsistent with the provision of this Circular are hereby repealed, amended or modified accordingly.

VI. EFFECTIVITY

This Circular shall take effect on 01 July 2022.

 Digitally
signed by
Rabat Carlo
CARLO LUIS R. RABAT
President