

**NHMFC GUIDELINES ON THE HOUSING LOAN RECEIVABLES
PURCHASE PROGRAM (AS AMENDED)**

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MANDATES

Develop and provide for a secondary market for home mortgage granted by public and/or private home financing institutions (under PD No. 1267 dated December 21, 1977)

Implement the low-income housing production of government, using funds from SSS, GSIS & HDMF (E.O. #90 dated December 17, 1986)

Administrator of Community Mortgage Program (CMP) (R.A. 7279)

Administrator of the Amortization Program, Social Housing Development Loan Program and the Interest shortfall Subsidy and Mortgage Trading Liquidity Support Fund (R.A. 6846, amended by R.A. 7835)

MISSION

The NHMFC shall be the government's major secondary mortgage institution, able to attract long term funds to provide strong and sustainable housing finance.

VISION

Establishment of a strong and sustainable housing finance system where funds are made available to home borrowers in a timely manner and at reasonable terms.

CORPORATE GOALS and OBJECTIVE

- Provide liquidity to the housing sector through securitization of mortgages/assets.
- Promote stability to the housing finance system through participation in the capital market.
- Establishment of an efficient and effective organization with a professional workforce utilizing best practices.
- Maintain efficiency in operation and efficacy in financial management to ensure sustainability of its programs.
- Efficient and Effective management of its subsidiaries.

II. DEFINITION OF TERMS

AMORTIZATION/AMORTIZATION PAYMENT is the monthly installment payment of the principal and accrued interest of a residential loan at stated periods for a definite time as stipulated on the Promissory Note or Contract to Sell.

AMORTIZING ACCOUNT is an account that has fully paid the required down payment or equity of a housing loan and has commenced gradual payment of the monthly loan obligation.

APPRAISED VALUE is the value of the property taken up at the time of Purchase. It is the fair valuation of real estate property as determined by the NHMFC appraiser.

BUY BACK GUARANTY is a guarantee that the originator pledged to NHMFC that it shall repurchase the loan receivable in case of a breach of any provision in the Deed of Assignment or when NHMFC exercise its call for non-performing loans.

CONTRACT-TO-SELL is a sales contract between a housing loan buyer/borrower and the housing developer or housing loan originator where the buyer/borrower of the housing unit is obliged to pay a pre-determined amount on installment basis within a specified period of time and that the seller is obliged to deliver title to the housing unit when the buyer/borrower has fully paid the housing loan.

DISCOUNT is a percentage deducted from the Purchase Price of an acceptable portfolio.

EQUITY represents a percentage of the Selling Price which the Borrower contributed as Capital for the purchase of the housing unit.

FRONT-END RATIO is the portion of the borrower's income allocated to make mortgage payment.

LOAN (OPB) TO COLLATERAL RATIO is the proportion or percentage between the Outstanding Principal Balance at the time of purchase over the Appraised Value of the underlying Collateral.

MORTGAGE is a financial transaction by which a borrower/debtor secures for the seller/creditor the fulfillment of a principal obligation by subjecting to such security the residential property or real rights over the real property in case of non-fulfillment of said obligation at time specified.

ORIGINAL INTEREST RATE is the interest rate agreed upon at the point of Sale between the Housing Developer/Originating Institution and the Borrower and as stated in the Original Promissory Note and Contract to Sell.

OUTSTANDING PRINCIPAL BALANCE is the Selling Price minus Equity Payments and Monthly Amortization Payments applied to Principal as of cut-off date.

PREMIUM is a percentage added to the Purchase Price of a good quality portfolio.

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

SEASONED RESIDENTIAL LOAN (SRL) is a loan receivable with regular payments of at least twelve (12) consecutive months.

SEASONING PERIOD is the period where the account is amortizing prior to its sale/assignment to NHMFC. The seasoning period shall commence at the point where amortization payment of the loan with interest bearing portion begins.

SELLING PRICE is the agreed price between the Originator and the Buyer in the purchase of the housing unit.

WARRANTY is a pledge or assurance that the Originator will perform its obligation in case of a buy back call by NHMFC as a result of any breach with respect to the purchase of residential loan receivables.

III. RATIONALE FOR THE PROGRAM TO PURCHASE HOUSING LOAN RECEIVABLES

Origination and purchase of mortgages are the most important transactions in the process of making housing credit available and affordable to borrowers. These form the crux of a system where the two leading performers in housing finance – the government and the private/public sector – fulfill their mutual commitments as partners towards making housing a possible endeavor to benefit the greatest number of people.

The substance of this partnership is the firm and forward commitment executed by each partner, specifically the National Home Mortgage Finance Corporation (NHMFC) and the originating institutions to perform each other's role to the optimum.

Mortgage origination by banks or financial institutions and housing developers, Corporate Housing Institutions, NGOs, LGUs and Cooperatives (named as Originating Institutions) involved in the home financing aspect of the national shelter system sets off the process of channeling much-needed funds into home lending. 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 housing 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.

The crucial role that originating institutions perform in this process is underscored by the fact that they possess both the resource and the technical capability to act as conduits of finances for home acquisition. On the other hand, they are constrained by their liquidity and profit requirements, the risk involved in having to expose their funds for long periods, and the generally high cost of money – all of which ultimately restrict the grant of affordable home loans and other modes of home financing.

NHMFC's commitment to and actual purchase of mortgages and 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. Meanwhile, the viability of the process is further firmed up for the originating institutions as they earn fees for the monthly servicing of loan repayments. Finally, 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.

It is towards the smooth and beneficial functioning of this home financing system that this Implementing Guidelines for Housing Loan Receivables for Purchase Program is set forth. Addressed to both originating institutions and the home-borrowers, it defines the extent and limits within which a particular housing loan may be originated and purchased, and how a specific housing loan scheme may be availed of and granted.

The purpose of this manual is to facilitate the smooth and efficient relationship between the home borrowers, the lending institutions and NHMFC. In the process, ensure that the system works to bring affordable housing credit within the reach of those in need but could not avail the housing program of the SSS, GSIS or HDMF.

IV. THE VALUE AND CHARACTERISTICS OF A QUALITY HOUSING LOAN RECEIVABLE

The NHMFC shall purchase valid and quality residential loans and/or receivables with adequate security on the underlying assets, on which the origination process has undergone intensive evaluation following the strict standards of NHMFC's credit criteria.

V. THE NHMFC PROGRAM IN BRIEF

The NHMFC as the sole government secondary mortgage institution, is mandated to operate a viable housing finance by enhancing and ensuring liquidity in the housing sector. NHMFC shall promote the participation of investors through the sustained sale of its housing bonds and other types of housing securities under the Securitization Law and other applicable laws, rules and regulations. In order to achieve this program, NHMFC commits to purchase valid loans/mortgages/receivables created on home loans by the originating institutions. The originating institutions shall ensure that all requirements pertaining to these loans/mortgages/receivables are in order, for them to be able to sell such mortgages to NHMFC. These loans/mortgages/receivables are turned into an asset pool on which securities or bonds are issued for sale or trading in the market.

VI. STATEMENT OF POLICY AND OBJECTIVES

The National Home Mortgage Finance Corporation is a secondary mortgage institution 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 loans/mortgages/receivables originated by both public and private institutions that are within government-approved standards.

VII. SCOPE AND COVERAGE

These guidelines shall apply to the purchase of quality residential loans/mortgages/receivables originated by public/private financial institutions and developers, in accordance with the terms, conditions and standards of NHMFC.

VIII. GENERAL PROVISIONS

A. PURPOSE

The NHMFC shall purchase the following accounts:

1. Existing residential loans from qualified housing loan originator/s to serve as the underlying collaterals that are eligible for securitization.
2. Loans with lot only as collateral maybe purchased provided that the lot is fully developed and within a residential area.

B. TYPES OF LOANS QUALIFIED FOR PURCHASE

1. REAL ESTATE MORTGAGE (REM)
2. CONTRACT-TO-SELL (CTS)

The residential loans shall have the following equity, OPB to Collateral ratio, insurances and warranties with the corresponding seasoning period:

	REAL ESTATE MORTGAGE (REM)	CONTRACT-TO-SELL (CTS)
DOWN PAYMENT/ EQUITY	at least 20% of total contract price	at least 15% of total contract price
OPB-COLLATERAL-RATIO (House & Lot) (Residential Lot Only)	Not over 80% Not over 70%	Not over 85% Not over 70%
WARRANTY	Without Buy-Back Guaranty	With Buy-Back Guaranty up to full term of loan
SEASONING PERIOD	Minimum of Twelve (12) consecutive monthly payments	Minimum of Twelve (12) consecutive monthly payments
INSURANCES*	MRI/FAPI	SRI/FAPI

*Enrolment or renewal of MRI/SRI and FAPI shall be done by NHMFC through its Insurance Division 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.

C. PURCHASE PRICE OF THE LOAN RECEIVABLE

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.

D. INTEREST RATE

NHMFC shall adopt or maintain the ORIGINAL INTEREST RATE of the loan as agreed upon by the borrower and the seller and/or originator, as provided for in the original Promissory Notes and Contract-to-Sell. Negotiation for rate reduction for originator's retention will be allowed provided that the share of NHMFC rate is not less than twelve percent (12%) per annum after deduction of the originator rate.

E. LOAN TERM

The loan period shall not be more than thirty (30) years but in no case exceed the difference between present age and 70th year of the principal borrower.

F. BORROWER CREDITWORTHINESS

NHMFC shall conduct due diligence on both the originating institution to assess the originator's credit processes and risk management policies. It shall likewise conduct analysis on the profile of the loan portfolio and the underlying asset to determine the credit risk associated in the purchase. The portfolio's performance, more particularly, the four Cs of Credit shall form part of the assessment, as follows:

CAPACITY - The borrower must have the capacity to meet the monthly loan obligation. Sources of income shall be submitted for evaluation, including family member/s still living with the borrower. The portfolio's file must contain any of the following documents:

1. Latest Income Tax Returns;
2. Certificate of Employment;
3. Employment Contract duly certified by the Embassy (for OFW);
4. Other documents showing other income

The borrower's repayment capacity shall be based on the front-end ratio of not more than 33%. Front-end Ratio shall mean the portion of the

borrower's income used to make mortgage payments. The ratio is computed as follows:

$$\text{Front-end Ratio} = \frac{\text{Monthly Mortgage Payments}}{\text{Monthly Gross Income}}$$

Housing expenses or Monthly Mortgage Payments include Principal, Interest, Real Estate Taxes and Insurances, while Monthly Gross Income shall be determined by the submitted ITR and/or Certificate of Employment and Compensation.

CHARACTER OR CREDIT HISTORY – The character or credit history shall form part of the evaluation process to determine payment patterns and history of borrower in meeting his obligation. The following documents shall be used to evaluate the Borrower's credit history:

1. Borrower's Ledger
2. Originator's copy of Receipts showing amortization payments

CAPITAL - The borrower has provided adequate capital or equity for the underlying asset. The Originator must provide copies of the receipts representing payment/s of the Equity.

COLLATERAL – The property is existing and construction is complete; that it is free from any liens and encumbrances. Site inspection shall be conducted by the Mortgage Pooling Department to confirm existence and completion of the unit.

G. APPRAISAL OF COLLATERAL

The NHMFC or its accredited External Appraisers shall conduct appraisal to determine the value of the portfolio for purchase using the standard procedures of appraisal process such as the Market Data Approach for land and Cost or Engineering Approach for building.

The collateral appraisal shall be conducted in accordance with the following general methods:

1. Lot Appraisal – Market Data Approach shall be used wherein the market value estimate is based on prices paid in actual market transactions and/or current listings. At least three (3) reliable market data preferably made within one (1) year from date of sale of the property and close to the date of appraisal shall be given more consideration.
2. House/Building Appraisal – Cost or Engineering Approach shall be used in which the value of the building is derived by estimating the cost of

the unit as if it were to be reproduced or replaced in new condition. The estimated depreciation caused by physical deterioration, functional or economic obsolescence is deducted from the Reproduction or Replacement Cost New (RCN).

H. INSURANCES

The portfolio shall be compulsorily covered with Mortgage or Sales Redemption Insurance (MRI/SRI), Fire and Allied Perils Insurance. The premiums for such insurance shall have been paid at the time of purchase.

1. *MORTGAGE OR SALES REDEMPTION INSURANCE (MRI/SRI)*

The borrower shall be covered by Mortgage or Sales Redemption Insurance (MRI/SRI) under the automatic coverage system of an insurance pool. The insurance amount and premium shall be in accordance with the schedule in the Master Policy. When the loan is the result of tacking among borrowers, only the principal borrower shall be covered by MRI or SRI to the full or total amount of loan. There will be no MRI/SRI coverage for the co-borrower. Thus, should the principal borrower die ahead of his co-borrower, the total aggregate loan shall be extinguished by MRI/SRI. Otherwise, the total loan shall be continuously amortized should the co-borrower die.

2. *FIRE AND ALLIED PERILS INSURANCE (FAPI)*

The borrower shall obtain from the NHMFC accredited insurance pool, Fire and Allied Perils Insurance on the property mortgaged for an amount equivalent to at least NHMFC's purchase price of the dwelling unit and/or its improvements.

3. *PREMIUM PAYMENTS*

The premium on the aforesaid coverage shall be prepaid annually by the borrower. MRI/SRI and FAPI insurance premium payments shall be included in the monthly housing loan amortization of the borrower.

I. DEFAULTS AND PENALTIES

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

The borrower(s) 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.

J. COLLECTION AGREEMENT

The originator shall have its existing collecting banks/agents to collect the amortization payments of its borrowers/buyers on installment provided that the same be remitted directly to NHMFC or to its accredited collecting banks/agents.

K. FEES AND CHARGES

The originating institution shall pay a non-refundable front-end Processing and Appraisal Fee of Five Thousand Pesos (Php5,000.00) per account which shall be paid up-front, plus incidental expenses* supported by receipts as follows:

1. Hotel Accommodation, up to Php1,500.00 per day
2. Transportation Allowance (Plane Fare, Gasoline)
3. Title and Tax Declaration Verification

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

*Incidental expenses (if any) shall be deducted from proceeds of payments in the purchase of loan receivables.

L. TERMS AND CONDITIONS FOR PURCHASE

The purchase of housing loan receivables shall be governed by the herein below terms and conditions:

1. *REPRESENTATIONS AND WARRANTIES OF THE ORIGINATING INSTITUTION*

With respect to the housing loan receivables purchased by NHMFC, whether the said receivable arose from a CTS or a REM, the originating institution shall be required to warrant against the following:

- a. Non-Performing Loans – The originator shall warrant that the borrower has the capacity to pay his/her monthly amortizations as they fall due. In this regard, the originator is deemed to be the agent of the borrower, whereby the originator shall undertake to collect from borrower all the monthly amortizations due and to remit the same to the NHMFC.

In the event, however, that the borrower incurs default in his/her obligation during the term of the loan, the originator shall buy back the non-performing loan/s or defaulting loans. Default shall mean failure of the borrower to pay when due any three (3) consecutive monthly installments as stipulated in the CTS, which is inclusive of the two (2) months grace period provided for in Section 4 of Republic Act No. 6552.

In the alternative and subject to the approval of the NHMFC, the originator may substitute the non-performing loan/s with an equally qualified loan receivable.

- b. Defective Title or Collateral – The originator shall warrant that the title of the property covering the mortgage or CTS is free from all liens and encumbrances. The originator shall certify that it has the technical know-how and had exercised proper diligence in the verification of the title/ownership of the mortgage(s)/buyer over the property and that the title/documents of ownership contained no vitiating defects, which could have been found or discovered with the exercise of proper diligence and technical skill.
- c. Defective Mortgage/CTS – The originator shall warrant that the mortgage (in case of financial institution) or CTS (in case of developer) constituted on a property has complied with all the requirements of a valid mortgage/sale.
- d. Hidden Faults or Defects of the Land – The originator shall warrant that the land where the housing unit is constructed is free from hidden defects. In this case, the originator shall certify that the land is fit for the use it was intended at the time of the sale.
- e. Structural Defects – The originator shall warrant that the housing unit has no structural defect and that the materials used in the construction of the housing unit have passed the standards set forth by appropriate agencies. In case of a structural defect, or in the event that a case is brought by the borrower against the originator alleging structural defects, the originator shall buy back the loan within thirty (30) days from the date of receipt of NHMFC's notification.

To ensure the compliance of the originator with its warranties, the originator shall execute an affidavit/certification of warranties.

2. EFFECT OF BREACH OF WARRANTIES

In case the originating institution breaches any of the warranties stipulated above with respect to any of the loans and mortgages purchased, NHMFC shall without prejudice to other legal remedies,

have a right of recourse against the originating institution for the outstanding principal balance of such loans and mortgages, including accrued interests and charges thereon, together with a three percent (3%) surcharge on the aggregate amount due. Failure to pay such amount due within 15 days from demand shall subject the originating institution to a penalty of one tenth of one percent (1/10 of 1%) thereon per day of delay in addition to the regular interest, penalties and other charges on the loan.

Further, NHMFC shall have the right of recourse against the originating institution in case of breach of any of the warranties stipulated with respect to any of the loans and CTS purchased, or breach of any provision of the Deed of Assignment, or in case of failure to assign a new borrower or failure to buy back the Non-Performing Loans. In the event the NHMFC exercise its right of recourse, the originating institution shall have the duty to reimburse the NHMFC to the full amount previously released by the NHMFC to the developer plus a penalty of three percent (3%) per month computed on a daily basis for everyday of delay from date of accrual of said right upon demand.

3. BANK GUARANTEE OR PERFORMANCE BOND

The originator shall be required to obtain a valid bank guaranty from a reputable bank or Performance Bond from a reputable Insurance company equivalent to the amount of the loan purchased, to cover for whatever defects and/or deficiencies that may arise on the originated mortgages.

4. RETURN OF DEFICIENT CTS

Within the period of ten (10) working days, NHMFC shall return to the originating institution all CTS found deficient. In such cases, the originating institution shall be given thirty (30) working days to redeliver corrected/completed CTS with the required documents

The originating institution, at its own expense, shall commit to answer for any defects on land development and house construction (except that which is caused by wear and tear), to meet the specifications set by the HLURB. This is without prejudice to the provisions of Article 1723 of the Civil Code of the Philippines, which the originating institution agrees to bind itself with the engineer, architect or contractor (as the case may be).

The originating institution shall be responsible for the payment of all expenses incidental to the registration of the Deed of Assignment/LMA, which necessarily includes the payment of all tax obligations that may be imposed as a consequence to the executions of the said loan documents in favor of NHMFC.

5. NOTICE OF CANCELLATION

In case of default, non-payment and/or violation of any provision in the Contract-to-Sell by the borrower which would give the developer/originator the right to rescind or cancel the Contract to Sell, the originating institution shall notify the NHMFC within five (5) days prior to the actual cancellation of the Contract-to-Sell concerned.

Failure to pay for three (3) consecutive monthly amortizations shall be ground for the automatic cancellation of the CTS.

In this case the originating institution will be given a six-month period within which to eject the borrower and resell the house and lot to another buyer/borrower. The originating institution shall be wholly responsible for any liability arising from Republic Act No. 6552, otherwise known as the Maceda Law.

In the event that the originating institution fails to eject the buyer/borrower, the NHMFC has the option to either require the originating institution to buy-back the loan subject of the cancelled CTS, or require the originating institution to replace the cancelled CTS with an equally qualified loan receivable.

6. RELEASE OF PAYMENT

The proceeds of the purchased loan will be released to the originating institution after NHMFC's receipt of all documentary requirements as stipulated for under this Guidelines and after passing the underwriting criteria and standards of NHMFC.

7. DOCUMENTARY REQUIREMENTS

The originating institution shall submit the following documents covering the borrower's loan account and such other documents as required or as applicable in the course of the due diligence process:

For Real Estate Mortgage (REM) Accounts

1. Loan and Mortgage Agreement (LMA) executed by the borrower and duly annotated on the TCT/CCT;
2. Notarized Promissory Note;
3. Certificate of Acceptance declaring that the buyer unconditionally accepts the housing unit;
4. Individual Transfer Certificate of Title (TCT) or CCT as the case may be, covering the subject property, in the name of the borrower with proper mortgage annotation in favor of NHMFC;
5. Tax Declaration and Tax Receipt/s in the name of the borrower;

6. Purchase of Loan Agreement – a deed executed by the originating institution in favor of NHMFC, whereby the originating institution sells the loan obligation/mortgage receivables covered by the LMA, PN and other auxiliary documents in favor of NHMFC;
7. Affidavit/Certification of Warranties executed by the developer;
8. Letter of Authority in favor of NHMFC to inspect the property of the borrower/buyer;
9. Borrower's Ledgers;
10. Insurance Policy covering MRI and FAPI;
11. Proof of Capacity to Pay (Any one of the following documents: Latest Income Tax Returns, Certificate of Employment, Employment Contract duly certified by the Embassy/Consular Office {for OFW}, or other documents showing other income)
12. Technical Documents:
 - a. Photocopy of Individual TCT/CCT
 - b. Vicinity Map, or Location Plan
 - c. Lot Plan
 - d. Approved Subdivision/Site Development Plan (complete set with profile/details topographic map, road lay-out plan, drainage/sewer system, water distribution system, power distribution system);
 - e. Complete set of Approved Building Plan per model
 - f. Detailed Bill of Materials and Specifications (land development and building);
 - g. Specification for Land Development & Housing Units
 - h. Permits for Building & Site Development
 - i. License to Sell (Certified True Copy)

For Contract-to-Sell (CTS) Accounts

1. CTS duly executed between the borrower and the owner-developer or originator as the case may be with the written conformity of the borrower to the assignment of the loan receivables/CTS to a third party;
2. Deed of Assignment of Receivables with Recourse, an instrument to be executed by the Developer/Originator in favor of the NHMFC assigning its receivables under Contract to Sell.
3. Irrevocable Special Power of Attorney (SPA), the instrument duly executed by the Developer/Originator, constituting the NHMFC as its Attorney-in-fact. The SPA shall include the authority for NHMFC to claim and receive the proceeds of any insurance policy, when applicable;
4. Certificate of Acceptance declaring that the buyer unconditionally accepts the housing unit;
5. Individual Transfer Certificate of Title (TCT) covering the subject house and lot, or Condominium Certificate of Title (CCT) in case

of condominium unit, with the Deed of Assignment (DOA) duly annotated thereon;

6. Tax Declaration;
7. Affidavit/Certification of Warranties, executed by the developer;
8. Letter of Authority in favor of the NHMFC to inspect the property of the borrower/buyer;
9. Borrower's Ledgers;
10. Insurance Policy covering SRI and FAPI;
11. Technical Documents:
 - a. Photocopy of Individual TCT/CCT
 - b. Vicinity Map, or Location Plan
 - c. Lot Plan
 - d. Approved Subdivision/Site Development Plan (complete set with profile/details topographic map, road lay-out plan, drainage/sewer system, water distribution system, power distribution system);
 - e. Complete set of Approved Building Plan per model
 - f. Detailed Bill of Materials and Specifications (land development and building);
 - g. Specification for Land Development & Housing Units
 - h. Permits for Building & Site Development
 - i. License to Sell (Certified True Copy)

ANNEXES

ANNEXES:

CHECKLIST OF REQUIREMENTS FOR ORIGINATING INSTITUTION

BANK/FINANCIAL INSTITUTIONS

- Application Letter (prescribed form)
- Secretary's Certificate and Board Resolution
- Audited Annual Financial Statements (past 2 years)
- Financial Statements duly stamped received by Central Bank (past 8 quarters)
- Interim Financial Statements
- Information Sheet (prescribed form)
- Bio-Data of Directors and Key Officers
- Brief Corporate History

DEVELOPERS

- Application Letter (prescribed form)
- Secretary's Certificate and Board Resolution
- Audited Annual Financial Statements (past 2 years)
- Certificate of Registration with SEC/BDT and Articles of Incorporation/By-Laws or Articles of Co-partnership
- Bio-Data of Directors and Key Officers
- Permit from the Regulatory Body concerned (i.e. HLURB & PCAB)

SECRETARY'S CERTIFICATE

I, _____, of legal age, after being sworn in accordance with law, depose and state;

1. That I am the duly elected and qualified Corporate Secretary of _____, a Corporation duly organized and existing under the laws of the Republic of the Philippines with principal address at _____.

2. That during the meeting of the Board of Directors of _____, on _____ at (Time) _____ a quorum was present and Board Resolution No. _____ was duly passed and approved, to wit:

"Resolved that _____ is hereby designated and authorized to negotiate with the National Home Mortgage Finance Corporation (NHMFC) for the sale of residential loan receivables which the Corporation originated thru the Real Estate Mortgage (REM) or Contract to Sell (CTS) in the total amount of _____. The authority to transact with the NHMFC is subject to pertinent laws and such terms and conditions as the NHMFC may deem proper to stipulate therein."

"Resolved further that any of the following signatories whose specimen signatures appear below are also hereby authorized to execute, sign and deliver in behalf of the Corporation, all documents, papers and other instruments that may be necessary and required to implement the provisions of the aforementioned contract and carry out the obligations assumed by the Corporation including but not limited to the agreement on Servicing and Purchase of Loan and Mortgage."

3. That the foregoing Resolutions are of full force and effect in all their parts and have not been amended, suspended nor revoked.

_____, _____ day of _____, 20 _____.

REPUBLIC OF THE PHILIPPINES)
_____) S.S.

SUBSCRIBED AND SWORN TO before me this _____ day of _____, 20____, affiant exhibiting to me his/her Residence Certificate No. _____ issued at _____ on _____, 20_____

NOTARY PUBLIC

SECRETARY'S CERTIFICATE

I, _____, of legal age, Filipino citizen and with business address at _____, after having been sworn to in accordance with law do hereby depose and state: THAT-

1. I am the duly appointed Corporate Secretary of _____, a corporation duly organized and existing under Philippine laws with principal business address at _____;
2. At a special meeting of the Board of Directors of the same corporation held on _____ at its principal office, where a quorum was present, the following resolution was passed and approved:

Board Resolution No. _____

RESOLVED AS IT IS HEREBY RESOLVED, that NATIONAL HOME MORTGAGE FINANCE CORPORATION is hereby designated and authorized to act as a representative of _____, whereby NHMFC is authorized to perform the following acts for and in behalf of the Corporation:

- (1) To collect from the buyer, _____, the receivables covered by the Contract to Sell;
- (2) To execute the Notice of Cancellation of Contract to Sell in the event the buyer fails to comply with his/ their obligations under the said contract to sell and to cancel and annul, the Contract to Sell, in the event any or all, of the abovementioned buyers fails to perform any of his/ their obligation in the Contract to Sell or commit a breach of the conditions thereof, warranting the cancellation and annulment of the Contract to Sell.
- (3) To file the necessary legal action against the buyer in the Contract to Sell in the event the latter refuses to surrender the subject property after cancellation of the Contract to Sell;
- (4) To sell the property covered by the Contract to Sell as cancelled, whether in cash or in installment;
- (5) To collect the proceeds of the sale of the subject property and apply the said proceeds as it may deem proper;
- (6) To collect the proceeds of any insurance claim, whether under SRI or FAPI, and apply the said proceeds as it may deem proper;

- (7) To sign, execute and deliver the Deed of Absolute Sale to the buyer in case of full payment; and
- (8) To sign, execute and deliver all documents, papers and other instruments that may be necessary and required to implement the above authorities.

3. The above resolution is still in full force and effect not having been amended, suspended and/ or revoked.

Issued this _____ at
_____.

Corporate Secretary

SUBSCRIBED AND SWORN to before me this _____ at
_____. Affiant exhibiting to me his/ her community tax certificate
no. _____ issued on _____ at _____.

Doc. No. _____;
Page No. _____;
Book No. _____;
Series of 20__.

Date

National Home Mortgage Finance Corporation
Filomena Bldg., 104 Amorsolo St.
Legaspi Village, Makati City

ATTENTION: _____

Gentlemen:

We would like to express our intent to sell our residential loan receivables under the NHMFC's Housing Loan Receivables Purchase Program (HLRPP). As of _____ (cut-off date), the outstanding principal balance of our total portfolio is Php_____.

We understand fully the National Home Mortgage Finance Corporation's requirements and standards pertaining to this program. We shall be originating seasoned residential loans/mortgages that will conform to these standards and requirements.

Attached is our Board Resolution to this effect, our latest financial statements and other required documents. We shall be glad to comply with any additional requirement in connection with the sale of our residential loan receivables.

Very truly yours,

Name & Designation of
Authorized Representative

Name of Originator

Contact Person:

Tel. No. _____

INFORMATION SHEET

I. BUSINESS NAME : _____

ADDRESS : _____

PROJECT NAME/LOCATION:

II. NATURE OF BUSINESS (Please Describe)

III. HISTORY (Date founded/incorporated; significant developments/changes in products, organization, ownership, others)

IV. OWNERSHIP

Name and Nationality:

Outside Corporate or Family Affiliation

Equity
Contribution

V. OFFICERS & DIRECTORS

Name & Age:

Outside Corporate or Family Affiliation

Positions Held

VI. LIST OF COMPLETED & ON-GOING PROJECT

VII. ORGANIZATIONS AND STAFFING PATTERN

VIII. DISTRIBUTION AND SELLING TERMS (Major markets and customers served; percentage breakdown of sales; method and distribution; selling terms)

IX. FINANCIAL INSTITUTIONS AND OTHER CREDITORS

<u>Name</u>	<u>Type and Amount of Credit Accommodation</u>	<u>Security/Guaranty</u>
-------------	--	--------------------------

X. AFFILIATES/SUBSIDIARIES (Names of affiliates and subsidiaries; nature of business and relationship; amount and percentage of equity share).

I HEREBY CERTIFY that I am the duly authorized representative of the above-mentioned company, and that the above statements are true and correct to the best of my knowledge and belief. I agree to notify the NHMFC of any material change affecting any of the aforementioned data based on the information contained therein. I authorize the NHMFC to obtain or verify such information as it may require concerning this transaction.

Signature & Position

DEED OF ASSIGNMENT OF RECEIVABLES WITH RECOURSE

KNOW ALL MEN BY THESE PRESENTS

This Deed of Assignment executed by and between:

_____, a corporation duly organized and existing under the laws of the Republic of the Philippines, with principal place of business at _____ and herein represented by _____, who duly authorized for this purpose as evidenced by the Secretary's Certificate/ Board Resolution attached as ANNEX "A", and hereinafter referred to as the ASSIGNOR;

-and-

NATIONAL HOME MORTGAGE FINANCE CORPORATION (NHMFC), a government owned and controlled corporation, created and organized by virtue of P.D. No. 1267 dated December 21, 1977, with principal office at Filomena Building III, 104 Amorsolo Street, Legaspi Village, Makati City, and herein represented by its President _____, duly authorized for this purpose as evidenced by the Secretary's Certificate/ Board Resolution attached as ANNEX "B", and hereinafter referred to as the ASSIGNEE

WITNESSETH THAT:

WHEREAS, the ASSIGNOR is the absolute and registered owner of a parcel of land located at _____, and developed it as a subdivision with a housing project known as _____;

WHEREAS, the house and lot located at _____, with an area of _____ square meters (___ sq. m.) with unit design _____ has been sold in installments by the ASSIGNOR to _____ (hereinafter referred to as the BUYER);

WHEREAS, the ASSIGNOR has exercised due diligence in determining the financial capacity of the BUYER to pay the amortizations for the house and lot purchased as they fall due;

WHEREAS, the ASSIGNOR has executed a Contract to Sell over the said parcel of land in favor of the BUYER. In the said Contract to Sell, the Buyer has paid a down payment equivalent to _____ (PhP_____), and shall pay equal monthly amortizations in the

amount of _____ (PhP _____) for a period of _____ years.

WHEREAS, the BUYER has agreed in writing that the ASIGNOR may sell, deliver and assign all its rights, interests and participation in the loan receivables covered by the Contract to Sell to a third person, whether natural or juridical;

WHEREAS, the ASSIGNOR has the intention of assigning the remaining loan receivables covered by the Contract to Sell executed in favor of the BUYER in the amount of _____ (PhP _____) to the ASSIGNEE, the amount of which represents the OPB as of cut-off date.

WHEREAS, the ASSIGNEE is willing to purchase the above mentioned loan receivables with Recourse as against the ASSIGNOR in the event that the BUYER failed to comply with his/ her obligations under the Contract to Sell;

NOW THEREFORE, for and in consideration of the amount of _____ PhP _____), which represents the outstanding principal balance as of the cut-off date agreed upon by the parties, the ASSIGNOR hereby transfers and delivers the loan receivables covered by the Contract to Sell and all other supporting documents to the ASSIGNEE, and the parties further agree as follows:

1. The ASSIGNOR agrees to deliver to the assignee all the documents relative to the subject Contract to Sell;
2. The ASSIGNOR agrees and undertakes to shoulder the cost of registration of this Deed of Assignment with Recourse before the Register of Deed exercising jurisdiction over the location of the property as well as all other expenses due to effect the said registration;
3. THE ASSIGNOR agrees and undertakes to collect the monthly amortizations from the BUYER and to remit the same to the ASSIGNEE;
4. The ASSIGNOR agrees that the Contract to Sell shall be deemed defective in the event of the following:
 - a. Failure of the BUYER to pay his/ her monthly amortizations for three (3) consecutive months as stipulated in the Contract to Sell;
 - b. A Decision from a court of competent jurisdiction is issued declaring the Title/ Collateral covered by the Contract to Sell as defective, and/ or declaring the Contract to Sell as null and void; or

WITNESS MY HAND AND SEAL on the date and at the place first above written.

Doc. No. _____;
Page No. _____;
Book No. _____;
Series of _____.

IN WITNESS WHEREOF, I hereby sign this Affidavit this _____ day of _____ at _____.

Affiant

SUBSCRIBED AND SWORN to before me this ____ day of _____ at _____, affiant exhibiting to me his/ her identification card, to wit _____.

Doc. No. _____
Page No. _____
Book No. _____
Series of _____.

NON DISCLOSURE AGREEMENT

This **Agreement** is executed on _____ by and between:

National Home Mortgage Finance Corporation, a corporation organized under Philippine law with principal address at Filomena Building III, 104 Amorsolo Street, Legaspi Village, Makati City, Philippines ("NHMFC"), and

_____ a corporation organized under _____ law with principal address at _____.

Preliminary Statements:

The NHMFC wishes to obtain or has obtained from _____ information that is confidential to _____ for the Express Purpose. _____ has agreed to disclose such information on the terms of this Agreement.

1. INTERPRETATION

1.1 Definitions

These meanings apply unless the contrary intention appears:

Confidential Information means:

- (a) any oral communication, documents or other information (whether on computer disk, visual presentation or otherwise) provided to NHMFC, its Related Parties or its Representatives in connection with the Express Purpose;
- (b) the fact that Confidential Information may be or has been provided to the NHMFC, its Related Parties or its Representatives;
- (c) the fact that the NHMFC, its Related Parties or its Representatives may be, or has been, participating in discussions and/or has withdrawn from discussions with _____ in relation to the Express Purpose or the substance of any such discussions; and
- (d) the terms of this Agreement (including the identity of the parties).

Express Purpose means [_____]

Related Party means any shareholder or partner of NHMFC in relation to the Express Purpose.

Representative means any director, officer, employee, financier or adviser of the Company or a Related Party to whom the Confidential Information has been disclosed.

2. CONFIDENTIALITY

2.1 Treatment of Confidential Information

The NHMFC must, and must procure that its Related Parties and its Representatives:

- (e) do not directly or indirectly, without the prior written consent of _____, disclose or publish the Confidential Information;
- (f) establish and maintain effective security measures to safeguard all Confidential Information from unauthorised access, use, copying, disclosure, damage or destruction;
- (g) take reasonable steps to enforce the confidentiality obligations under this Agreement;
- (h) use reasonable efforts to comply with any reasonable request from _____ in respect of the Confidential Information, including a request to prevent or restrain a breach or suspected breach of this Agreement or any infringement or suspected infringement of _____ rights by any person, whether by court proceedings or otherwise;
- (i) not, without the prior written consent of _____, reproduce in any form any part of a document or other record which contains, is based on or utilises the Confidential Information, other than for the Express Purpose; and
- (j) store the Confidential Information so that it can be retrieved later.

2.2 Advice to Discloser

If the NHMFC determines that it does not wish to proceed further with the carrying out of the Express Purpose, it must promptly advise _____ in writing of that fact.

2.3 Ownership of Confidential Information

All Confidential Information disclosed remains the property of _____:

3. PERMITTED USE AND DISCLOSURE

3.1 Use for Express Purpose

The NHMFC and its Related Parties may only use the Confidential Information for the Express Purpose.

3.2 Incorporation of Confidential Information in documents

The NHMFC and its Related Parties may prepare documents incorporating part of the Confidential Information only for the Express Purpose.

3.3 Disclosure

The NHMFC may disclose the Confidential Information in connection with the Express Purpose to its Related Parties and Representatives who, prior to the disclosure of any Confidential Information:

- (a) have a specific need to have access to the Confidential Information for the Express Purpose; and
- (b) have been informed by the NHMFC that they owe a duty of confidence to _____; and
- (c) in the case of Related Parties, execute a separate Confidentiality Agreement in favour of _____ in a form substantially similar to this Agreement.

3.4 Breach by non-parties

The NHMFC must ensure that none of the persons to whom the Confidential Information is disclosed in accordance with clause 2.3 of this Agreement do or omit to do anything which, if done or omitted to be done by the NHMFC, would constitute a breach of the NHMFC's obligations under this Agreement.

3.5 Discretion as to disclosure

_____ is free and entitled to disclose or make available Confidential Information on such terms and conditions as _____ in its absolute discretion sees fit.

4. LIMITATIONS

The provisions of this Agreement do not extend to any of the Confidential Information which:

- (a) is in or becomes part of the public domain other than as a result of a breach by the NHMFC, a Related Party or a Representative or any

other person of this Agreement or of any corresponding Agreement between a Related Party or Representative and _____;

- (b) was known to the NHMFC at the time of disclosure of the Confidential Information except as a result of a prior confidential disclosure by _____;
- (c) becomes known to the NHMFC on a non-confidential basis from any third party; or
- (d) is required by any law or any order of any court, tribunal, authority, regulatory body or stock exchange to be disclosed. However, before the NHMFC makes any disclosure under this clause 4(d), it must, when allowed by law, provide _____ with prompt written notice of the requirement to disclose Confidential Information to enable _____ to seek an appropriate protective order or to take steps to resist or narrow the scope of the requirement to disclose the Confidential Information. When making any disclosure, the NHMFC must only disclose the minimum Confidential Information required to comply with the applicable law or order.

5. Return of Confidential Information

5.1 Return or destruction

If requested by _____, the NHMFC must, and must procure that its Related Parties and Representatives, immediately:

- (a) at the direction of _____, return to _____ or destroy all documents containing any Confidential Information, all documents referred to in clause 3.2 and any copies of those documents; and
- (b) remove from electronic storage all Confidential Information, including such information combined with any other information.

5.2 Return or destruction

No action by the NHMFC under clause 5.1 releases the NHMFC or its Related Parties or Representatives from their obligations under this Agreement.

6. Term of Agreement

The NHMFC must observe the obligations of confidentiality expressed in this Agreement for one (1) year from the date of receipt of the Confidential Information. This clause survives termination of this Agreement.

7. Miscellaneous

7.1 Governing law

This Agreement is governed by Philippine laws. Each party submits to the non-exclusive jurisdiction of the courts of Makati City.

7.2 Amendments

This Agreement may only be amended in writing by the mutual agreement of the parties.

7.3 No waiver

The failure or delay of a party to exercise its rights will not be a waiver of its rights.

7.4 Assignment

The NHMFC may not assign any of its rights or obligations under this Agreement without the consent of _____.

7.5 References to certain general terms

Unless the contrary intention appears, a reference in this Agreement to:

- (a) a document includes any computer program, circuit, circuit layout, drawing, specification, material, record and any other means by which Confidential Information may be stored or reproduced;
- (b) anything (including any right) includes a part of that thing;
- (c) a group of persons or things is a reference to any two or more of them jointly and to each of them individually;
- (d) the word "including" when introducing an example, does not limit the meaning of the words to which the example relates to that example or similar examples;
- (e) the singular includes the plural and vice versa;
- (f) consent means prior written consent; and
- (g) an obligation of a party not to do a thing includes an obligation not to permit that thing to be done.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their authorized representatives on the date above written.

**NATIONAL HOME MORTGAGE
FINANCE CORPORATION**

(NAME OF ORIGINATOR)

By: _____

By: _____

CONTRACT TO SELL

LOCATION: _____
CONTRACT NO.: _____
LOT AREA: _____ FLOOR AREA: _____ BLK: ____ LOT ____/ PHASE: _____
UNIT DESIGN/ MODEL: _____ CONTRACT PRICE: _____
DOWNPAYMENT: _____ BALANCE: _____
NO. OF YEARS TO PAY: _____ MONTHLY: _____

KNOW ALL MEN BY THESE PRESENTS:

This Contract to Sell (herein referred to as the Contract), made and entered into by and between:

_____, a Corporation duly organized and existing under and by virtue of the laws of the Republic of the Philippines, with principal place of business at _____ and represented in this act by its President _____, who is duly authorized and empowered for this purpose, herein referred to as the SELLER;

- AND -

_____, herein referred to as the BUYER, Filipino of legal age, single/ married to _____ with address at _____, hereinafter referred to as the BUYER.

WITNESSETH THAT:

WHEREAS, the SELLER is the absolute and registered owner, of a certain parcel of land, consisting of _____ (_____) SQUARE METERS, more or less, and covered by Transfer Certificate of Title No. _____ of the Registry of Deeds for _____ and developing it as a subdivision with a housing project known as _____ located at _____.

WHEREAS, it is the intention of the SELLER to create a residential community where the general welfare of its members is promoted and protected through covenants between the SELLER and BUYER, stipulating the restrictions and limitations imposed as easements on the land and which covenants are embodied on a Deed of Restrictions, here attached as _____ and made an integral part hereof. WHEREAS, the BUYER, has inspected the property and finding the same suitable for his/her/its intended use or purpose, and subject to certain terms and

conditions, has offered to purchase the same from the SELLER, who is willing to sell to the BUYER, per the latter's Application for Reservation dated ____ N/A____, a copy of which hereto attached as _____ and made an integral part hereof.

WHEREAS, the SELLER, based on the representations of and the documents submitted by the BUYER, has found the BUYER qualified and capable of purchasing the subdivision lot and the housing unit and has accepted the aforesaid offer;

NOW, THEREFORE, in consideration of the foregoing premise, the SELLER hereby contracts and obligates itself to sell the subdivision lot and a housing unit thereon as herein described to the BUYER, who likewise contracts and obligates himself/herself/itself to purchase the same, under the following terms and conditions:

1. The PROJECT – The project is located in _____, with model houses design described, identified as and named _____, each with its particular specification, area, features, etc.

2. The PROPERTY - The BUYER agrees to buy the subdivision lot located at the PROJECT, specifically described as _____, with a total area of approximately _____ (____) square meters and with the housing unit described as _____ with a floor area of _____ (____) square meters.

3. TOTAL CONTRACT PRICE AND MODES/MANNER OF PAYMENT: The total consideration, or contract price for the PROPERTY, shall be _____ (Php _____) Philippine Pesos, which shall be paid in full by the BUYER to the SELLER at the latter's designated office, without the necessity of demand or the services of a collector, in the following manner.

In the event of payment through in-house financing, construction of the house shall commence and start upon _____ percent full payment of the total contract price. Completion and turn over of the house to the BUYER shall be made upon the full payment of _____ percent of the total contract price and payment of all surcharges, penalties, accrued interest, taxes and other assessments on the property, etc., if any.

3.1 - The BUYER agrees to pay the total Contract Price mentioned in Par. 3 in _____
The manner and under the following terms and conditions;

3.2 - Deposit of ____N/A_____ which is hereby acknowledged to have been received by the SELLER. This Deposit received on __N/A_ is applied in part of the down payment herein below stated.

3.3 - Down payment of _____ (_____) shall be paid on _____ and represents _____ percent (_____) of the Contract price and is net of any and all discounts, receipts in full of which is hereby acknowledged upon this contract.

3.4 -The balance of _____ (_____), with an interest rate of _____ (_____ %) per annum accruing from the date of this contract or in monthly installments of _____ (_____) payable in _____ (_____) years beginning on _____ , and every _____th of the month thereafter until full payment, payable on said due dates without need of further demand.

3.5 BALLOON PAYMENT: PARTIES hereby agree that in the event the PURCHASER opts to make a balloon payment, the following shall apply:

- i) If made within the _____ to _____ year of the contract period, there shall be no interest on the principal amount.
- ii) If made after the _____ year of the contract period, the INTEREST RATE for the year when the balloon payment is made shall apply in addition to the principal amount.

3.6 EXTERNAL FINANCING – The balance of the purchase price may be paid by or through a real estate loan which the BUYER warrants to apply for and secure from bank or other financing institution, the proceeds from which loan, not to exceed the abovementioned balance, shall be paid directly to the SELLER, subject to the rules and regulations of the financing institution on the release of the payment for the said balance.

Provided that in the event the BUYER fails, for whatever reason to secure the said loan within a period of ninety (90) days from the execution of this Contract, the abovementioned balance shall be immediately due and demandable.

In the event of payment through bank or other reputable financing institution, construction of the house shall commence and start upon _____ (_____ %) percent full payment of the total contract price. Completion and turn over of the house to the BUYER shall be made _____ (_____) months or _____ (_____) days from the day of the take out of the remaining _____ (_____ %) percent buy-out from the bank or any other reputable financing institution. Any surcharges, penalties, accrued interest, taxes and other assessments on the property, etc, shall also be settled and paid by the buyer before the turn-over of the property.

4. APPLICATION AND ORDER OF PREFERENCE OF PAYMENT: All payments made by the BUYER under this Contract shall be applied and accounted for in the following order:

- 4.1 To all surcharges and/or penalties due and outstanding, if any, thence;

- 4.2 To all accrued interest due and outstanding, if any, thence;
- 4.3 To all taxes and other assessments on the Property, as provided herein, if any, thence; and
- 4.4 To the outstanding balance of the principal of the total contract price.

5. STATEMENT OF ACCOUNT: The SELLER shall, upon the BUYER'S request, furnish the latter with periodic Statement of Accounts reflecting the application of all payments that the BUYER has made under this Contract, which statements shall, however, be subject to a reconciliation of records of the PARTIES. In the event of any discrepancy between the statements and the records of payments of the PARTIES, and the actual applications of payments appearing on the SELLER'S records, the statements shall be adjusted accordingly.

6. PAYMENT OF INSTALLMENT: Any and all payments under this contract shall be made by the BUYER to the SELLER'S duly designated representative/ assignee with its principal place of business at _____. It is hereby agreed and expressly understood that any and all payments made by the BUYER through the BUYER'S broker or sales agent or any person other than the SELLER'S duly authorized representative/ assignee, shall be the sole risk and responsibility of the BUYER, and no receipt other than that of the SELLER signed by the authorized signatory/ies of the latter and issued by the said Cashier, shall be recognized as evidence of payment to the SELLER.

7. PENALTY ON LATE PAYMENTS: In case the BUYER fails or refuses, for whatever reason, to pay any of the installments stipulated in Clause Nos. 3 and 3.4 above on or before the due date, the BUYER shall pay the SELLER, a penalty equivalent to _____ percent (___%) penalty, cumulatively, of the unpaid installment for every month of delay or a fraction thereof . This shall, however, be without prejudice to the cancellation of this Contract under Clause No. 13.1 hereof in the event the proceedings for the enforcement of the same have been instituted by the SELLER before the BUYER is able to fully pay the outstanding obligation, including the penalty, thereon.

8. POSSESSION OF PROPERTY: Upon the BUYER'S complete payment of _____ PERCENT (___ %) of the CONTRACT PRICE and the payment of any penalties or interest, if any, and the unit is ready for occupancy, the BUYER may occupy the property the and is deemed to enjoy possession of the same. The BUYER shall from that time onwards, assume full responsibility for the upkeep and maintenance of the PROPERTY and liability for paying all taxes due and other assessments levied thereon, whether the BUYER takes physical possession of and occupies the PROPERTY shall remain with the SELLER or its assignee, until after the total contract price and all interest, liquidated damages, if any, taxes and assessment as provided here, have been fully paid by the BUYER.

8.1. CERTIFICATE OF COMPLETION : The PARTIES agree that prior to the issuance by the government entity/ies concerned of the necessary permits, licenses, including but not limited to the

Certificate of Completion, and should the BUYER has already paid ____% of the purchase price and should the unit be ready for occupancy, but the development of the PROJECT is still ongoing, the parties agree that the BUYER may not demand from the SELLER to provide electricity, other public utilities, and paved roads, etc., until and after the necessary permits, licenses, Certificate of Completion shall have been to the SELLER. The BUYER may, subject to the written consent of the SELLER, which consent shall not be unjustifiably withheld, be permitted to install temporarily, electric and water connection, at the expense of the BUYER.

8.2. START OF CONSTRUCTION: The PARTIES agree that upon completion by the BUYER of _____ percent (____%) payment of the CONTRACT PRICE including any penalties or interest due if any, the SELLER shall start constructing and building the PROPERTY.

9. TAXES AND OTHER ASSESSMENT : The BUYER shall assume payments of the realty taxes due, as well as special taxes and other charges, dues and assessments levied on the PROPERTY, mortgage redemption insurance, if any, commencing on the calendar quarter immediately after the BUYER'S entitlement to the possession of the PROPERTY as stipulated in Clause No. 8 here. In addition, the BUYER shall likewise shoulder all increases on any of the taxes, such as realty tax, value-added tax and similar taxes and assessments on the property, which might be enacted or promulgated after the execution of this Contract. In the event the BUYER refuses or fails, for whatever reason, to pay any or all of the above taxes and other charges, dues and assessment within the prescribed period of time the SELLER may, at its option, advance payments of the same, including the penalties, surcharges if any, subject to the full reimbursement by the BUYER of the total amount advanced by the SELLER for reimbursement. Should the BUYER refuse or fails for whatever reason, to fully reimburse the SELLER for whatever amount the latter has advanced for this purpose, the said amount shall be automatically included in the former's outstanding obligation as stipulated under Clause No.3 here, which obligation shall be subject to the same _____ percent (____ %) penalty as the unpaid installments.

10. DOCUMENTARY STAMPS TAXES, TRANSFER FEES, REGISTRATION FEES, ASSOCIATION DUES, PUBLIC UTILITIES AND OTHER CHARGES/OBLIGATIONS: The PARTIES hereby agree that the following fees shall be for the account of the BUYER and are excluded and are not included in the total purchase price: Notarial fees, Documentary Stamp Taxes, fees on the annotation on the title/s, association dues, maintenance fees, security fees and insurance for the housing unit, and public utility connection charges.

The PARTIES hereby agree that for the duration of this Contract, any charges or obligations arising from or in relation to the property which charges or obligations are not covered here and are not clearly for the account of the SELLER shall be for the account of the BUYER.

11. DEED OF ABSOLUTE SALE: The SELLER shall execute the Deed of Absolute Sale over the PROPERTY in favor of the BUYER, and deliver the title thereto and the tax declaration immediately after the latter's full and complete payment of the account and obligations stipulated here. It is expressly understood that the SELLER shall not be under any obligation to execute the Deed of Absolute Sale and deliver any document pertaining to the PROPERTY to the BUYER until all of the latter's obligations have been fully and satisfactorily complied with.

11.1 The title, right and interest to be conveyed shall be subject to the provisions of BP 220, as amended, and its implementing rules and regulations, the Deed of Restrictions, zoning regulations and other restrictions imposed by the government whether national or local, which the BUYER agrees to be bound thereby.

12. MORTGAGE – Where applicable, prior to or within the time when the BUYER is making the installment payments on the PROPERTY, the PARTIES hereby agree that the SELLER is hereby authorized to mortgage or put up as security for a real estate loan the title to the PROPERTY; Provided however, that, upon full payment of the total purchaser price and payment of any penalty, surcharges, interests, if any, by the buyer, the title shall be delivered to the BUYER free from lien or encumbrance, except the DEED OF RESTRICTION annotated thereon.

13. DEFAULT AND THE AUTOMATIC CANCELLATION OF CONTRACT FOR FAILURE TO PAY ANY AMOUNT DUE:

13.1 Default shall take place upon the failure or delay of the BUYER to pay the amount stated in pars. 3 or any installment due as stated in pars. 3.4, outside of the grace period as provided here and also in accordance with Republic Act No. 6552.

13.2 Without prejudice to the rights of and other causes of action available to the SELLER as stipulated here, it is agreed and expressly understood that, in the event the BUYER fails or refuses, for whatever reason, to pay any of the monthly amortizations, including the penalty thereon, as well as taxes and other charges, dues and assessments payable as provided here and within the grace period stipulated in Clause No. 14, the SELLER shall immediately send a notarized Notice to Cancellation to the BUYER, and should the latter still fail or refuse, for whatever reason, to settle the outstanding account, fully within _____ (___) days from service of the Notice of Cancellation, this Contract shall be considered automatically cancelled without need of judicial action or court order. It is agreed and expressly understood, that the mere transmittal of the Notarized Notice of Cancellation by registered mail to the BUYER through the latter's address indicated

here, shall be considered sufficient service of the notice, regardless whether the same was actually received by the BUYER or not.

14. GRACE PERIOD AND FORFEITURE OF PAYMENTS: In case of default, the BUYER shall be entitled to the following grace periods, starting on the day after the payment for any particular account is due, within which to fully settle the account, including the penalty for late payment, before the SELLER sends the Notice of Cancellation, with the corresponding treatment and disposition of all payments made by the BUYER under this Contract should it be cancelled eventually.

14.1 If the BUYER has, at the time of default, made the equivalent of less than _____ (___) months of installments, the BUYER shall have a grace period of _____ (___) calendar days from the date the unpaid installment become due and payable. In the event this Contract is cancelled under this condition, all payments made by the BUYER including the reservation fee, shall be forfeited automatically, these being considered as and shall become mere rentals on the PROPERTY.

14.2 If the BUYER has, at the time of default, paid the equivalent of at least _____ (___) monthly installments, the BUYER shall have a grace period of _____ (___) calendar days for the first two (2) years of the equivalent installments, plus an additional grace period of _____ (___) calendar days for every _____ (___) months of equivalent installments thereafter. In the event this Contract is cancelled under this condition, the SELLER shall refund to the BUYER the cash surrender value of all payments, excluding the reservation fee, made by the BUYER which is equivalent to _____ (___) PERCENT of the payments, minus all interest, penalties, surcharges and all taxes and other assessments advanced by and all other financial obligations due to the SELLER. The transmittal through registered _____ of the Notice of Availability of the cash surrender value to the BUYER shall be _____ sufficient compliance of the SELLER with this provision, regardless of whether or not the BUYER actually receives the said Notice, or claims the check for the cash surrender value.

14.2.1 The PARTIES hereby agree that the amount to be refunded shall be collected by the BUYER at the office of the SELLER in lump sum or in monthly installments.

15. FORFEITURE AND DISPOSITION OF THE PROPERTY AND ITS IMPROVEMENTS: Regardless of the condition and the reason under which this Contract is cancelled, any and all improvements introduced by the BUYER to the PROPERTY shall be forfeited by the SELLER as payment for liquidated damages, without right to reimbursement or removal on the part of the BUYER. In the event this Contract is cancelled, the SELLER is entitled to immediately take full physical possession of the PROPERTY, together with all improvements thereon, without the need for any judicial action or court order. For this purpose, the BUYER hereby

appoints the SELLER as its attorney-in-fact to take possession of the PROPERTY at the time, the BUYER shall be considered as mere intruder and/or an unlawful detainer of the PROPERTY who lost any right, interest or claim over it and its improvement. The SELLER shall have complete liberty to dispose of and sell the PROPERTY or any of the improvements thereon to any party or entity as if this Contract was never executed or entered into. In any of the above cases, the SELLER or its authorized representative shall have the full rights to enter the PROPERTY and take possession of it, and to take whatever action is due and warranted to protect its interests thereon, and nothing that may be done or cause to be done by the BUYER shall in any way, revoke or diminish these rights or deny the exercise by the SELLER of these rights.

16. OTHER GROUNDS FOR THE CANCELLATION OF THIS CONTRACT:

It is agreed and expressly understood that should the BUYER, for any reason whatsoever, fail or refuse to comply with any of the terms and conditions of this Contract including the terms and conditions in the attached Deed of Restrictions, the SELLER reserves the exclusive right to unilaterally cancel this Contract without need of judicial action or court order, through the service of a Notice of Cancellation to the BUYER. In such case of cancellation, all payments made by the BUYER and all improvements on the PROPERTY, shall be treated and disposed of in accordance with the provisions of Clause Nos. 14, 14.1, 14.2, 14.2.1 and 15 hereof.

17. RESTRICTIONS OF THE PROPERTY: The Property shall be covered by and subject to the Deed of Restrictions for the PROJECT, a copy of which is attached here as _____ together with the following documents, pertaining to the PROJECT, are also made integral parts here:

- 17.1 Rules and Regulations Governing the Homeowners'/Village Association
- 17.2 Rules and Regulations Governing the Election of Directors and Officers of the Homeowners'/Village Association,
- 17.3 Rules and Regulations Governing the Use of Community Facilities and Public Areas,
- 17.4 Rules and Regulations Governing the Construction of Various Structures.
- 17.5 The Sketch Plan of the Lot showing the area boundaries and dimensions and other landmarks.

The BUYER shall make it his/her/its obligation and duty, in the event the SELLER fails, for whatever reason to furnish the BUYER with copies of any of the attachments in this Contract, to ask for copies of the attachments from the SELLER.

17.6 The Deed of Restrictions shall be annotated on the title to the PROPERTY and shall be valid and effective for fifty years from inscription. The BUYER shall, at all times, faithfully comply with the conditions set forth in the Deed of Restrictions and the above-cited ancillary documents, including all amendments thereon, as well as other rules and regulations which the Homeowners'/Village Association for the PROJECT may effect or promulgate from time to time. Any

violation of the BUYER of any of the provisions of the Deed of Restrictions and its ancillary documents, its amendments, and other rule or regulation of the PROJECT, shall be sufficient ground for the cancellation of this Contract, as provided for in Clause No. 16 unless, such violation is covered by specific sanctions or penalties, as stipulated in the Deed of Restrictions or ancillary documents, in which case, the said sanction or penalty shall be enforced.

18. PROHIBITION ON USE OF PROPERTY AS ACCESS OR RIGHT OF WAY: It is agreed and expressly understood that the PROPERTY shall not in any way or under any circumstance be used by the BUYER or allow any third party as access or right-of-way to any other property/ies beyond or adjoining the PROJECTM whether said property/ies is owned by the BUYER or not. In case of violation of this section, the SELLER reserves the right to unilaterally cancel this Contract under Clause No. 16 hereof.

19. TRANSFER OF RIGHTS: The BUYER shall not in any way and under any circumstances sell, assign, transfer, convey, cede or otherwise encumber his/her/its rights and interests and obligations over the PROPERTY under this Contract, without the written consent and approval of the SELLER. Any sale, assignment, transfer, conveyance, cession or encumbrance of the rights, interests, and or obligations by the BUYER may be allowed by the SELLER only if the former fully updates his/her/its accounts by payment of all due and outstanding amounts and if there is no violation of the terms, conditions of this Contract. Any sale, assignment, transfer, conveyance, cession or encumbrance made by the BUYER in violation of this provision shall be ipso facto null and void and shall have no binding effect on the SELLER.

20. DELIVERY OF THE LOT AND UNIT, DESIGN AND SPECIFICATION OF THE UNIT, CONSTRUCTION OF THE UNIT AND UNAUTHORIZED IMPROVEMENTS ON THE PROPERTY:

20.a The construction of the Unit shall be in accordance with the presented plans and specifications and the **autocad print in A4 size paper of the approved building plan**, which the BUYER hereby represents to have been read, examined, evaluated and understood by him/her/it before the signing of this Contract. In case of controversy in the interpretation of the design, plans and specifications or in the measurement of the unit, the interpretation of the plans, design, specification and measurement made by the SELLER shall prevail. Any furniture, fixture, accessory or equipment illustrated in any sales brochure or prospectus and which may actually be found in the model Units are not included in the sale of the Property or in this Contract, **unless otherwise specifically requested for by the BUYER and agreed to by the SELLER in writing, to be included in the Property. Model Units/Houses serve as visual marketing aids of the SELLER and its interior design may be upgraded from time to time which design may or may not be found on the PROPERTY.**

All fixtures found in the bathroom, toilets, kitchen and all finishing materials _____ tiles, parquet flooring etc., of the model house/unit are not included in the unit subject matter of this Contract unless, specifically agreed upon by the PARTIES and provided that such fixtures and finishing materials are still available commercially. Any increase in the price of such fixture or finishing material shall be borne and shall be for the account of the BUYER. In the event the agreed upon finishing material or fixture is no longer available or cannot be found without great difficulty, the BUYER agrees that the SELLER may on its discretion and even without any notice to the BUYER, install a suitable substitute or replacement of the same quality standard and class of finishing and fixtures, which substitute or replacement may however, vary in size, color or specification from that agreed upon by the PARTIES.

20.b The AutoCAD print in A4 size paper of the approved building plan is hereto attached as _____ and made an integral part here which shall be the basis for the exterior and interior design of the PROPERTY, among other things. The signature, initial, seal or thumb mark of the BUYER on the attached Autocad print shall be deemed approval by the BUYER of the design, etc., of the PROPERTY. The lack or absence of the BUYER'S signature, initial, seal or thumb mark on the autocad print does not invalidate the attached autocad print nor shall it be a reason for the BUYER to change, deviate or alter the design etc., agreed upon by the PARTIES.

20.c The PARTIES agree that the materials. Finishing and specifications and the blueprint/autocad print, as approved by the proper government agency such as the City Engineering's Office, shall be the exact materials, finishing, specifications to be used on the PROPERTY, except when any of the events as stated in par. 21 on amendments on the project plans, par. 22 on improvements required by the government and par. 30, on force majeure happens, then the PURCHASER may be allowed to deviate from the materials, finishing, specifications and the approved blueprint/autocad as may be allowed by law, without incurring any liability to the BUYER.

20.d The schedule/list/table of specifications as to the materials and finishing to be used on the PROPERTY is hereto attached as _____ and made an integral part here which shall be the basis for the materials and finishing to be used on the PROPERTY barring any of the events happening as stated in pars. 21, 22 and 30. The signature, initial, seal or thumb mark of the BUYER on it shall be deemed approval of the materials and finishing. However, the lack or absence of the BUYER'S signature, initial, seal or thumb mark on the attached

schedule/list/table of specifications does not invalidate the attached schedule/list/table nor shall it be a reason for the BUYER to change, deviate or alter the materials and finishing agreed upon by the PARTIES. Any extraordinary increase in the price of the class, type, grade of the materials and the finishing shall be borne and shall be for the account of the BUYER, in accordance with par. 27 on "Increase in the cost of construction, materials labor and extraordinary inflation."

- 20.e Prior to the full payment of the contract price, the BUYER shall not introduce any improvements on the Property or make any structural changes on the unit minor or major, without the written consent of the SELLER. In the event of the cancellation of this Agreement, any improvements introduced by the BUYER approved or not by the SELLER, shall be belong to the SELLER, without any right of reimbursement to the BUYER.

21. AMENDMENTS ON THE PROJECT PLANS: In the event _____ government agency or instrumentality authorized by law requires or approved any amendment to the designs and plans for the PROJECT, the SELLER shall undertake and fully implement all works called for under the revised designs and plans. In any such case, this Contract shall remain valid and effective, regardless of whether the PROPERTY will be adversely affected by the said revisions or not, except only when the area of the PROPERTY is changed, as a result of such revisions, in which case this Contract shall be amended but only to the extent of reflecting the change in the area of the PROPERTY. Any change in the contract price resulting from the change in the area of the PROPERTY shall be based on the unit price stipulated herein except when extraordinary inflation has supervened then the corresponding increase in the value of the property shall be the basis of the change in the contract price.

22. IMPROVEMENTS REQUIRED BY THE GOVERNMENT: In the event any government agency or other competent authorities require any specific improvements to be introduced on the PROPERTY, the BUYER shall undertake the same as his/her/its own expense. In case the BUYER fails or refuses for whatever reason to undertake the improvement, the SELLER shall undertake it and charge the BUYER the cost of such improvement. Should the BUYER fail or refuse to fully reimburse the SELLER for the cost of the improvement, the cost or amount shall be incorporated into the principal balance payable here.

23. EXPROPRIATION: In the event that at any time before the full payment by the BUYER of the total contract price and all other obligations arising from this Contract, the government or any of its agencies or instrumentalities, as well as any public utility, expropriate the PROPERTY or any portion thereof, any and all obligations of the BUYER under this Contract, particularly those pertaining to the payment of any installment, shall not in any way be adversely affected thereby. This notwithstanding, the reservation by the SELLER of its right to deal and negotiate with the government or public entity concerned, and to receive the

proceeds from the expropriation received by the SELLER shall first be applied as payment to all outstanding obligations of the BUYER under this Contract and any excess shall be remitted to the BUYER. In case the proceeds are not sufficient to fully cover the outstanding obligation of the BUYER, then the latter agrees to pay the difference, to the SELLER.

24. MEMBERSHIP IN THE HOMEOWNERS'/VILLAGE ASSOCIATION: If at the time of the execution of this Contract, the Homeowners'/Village Association for the PROJECT has been established and existing, the BUYER shall become an automatic member of the said association upon the BUYER'S execution or signing of this Contract and is required to pay the prescribed membership fee. If the Association is not yet established at the time of the signing of this Contract, the BUYER agrees to be a member thereof. The BUYER hereby agrees to faithfully comply with the abide by the present as well as future, lawful rules and regulations for the PROJECT of the Association. In case the SELLER is authorized by the Association to collect the fees, dues and other assessments from members on its behalf, the BUYER shall pay the association dues and charges together with the installments under this Contract. In the event the BUYER fails or refuses for whatever reason, to pay the association dues and charges, the SELLER reserves the right to consider unpaid dues and charges part of the BUYER'S obligation under this Contract and deduct the same from the BUYER'S installment payments.

25. INVESTIGATION, INSPECTION OF THE PROPERTY BY THE PURCHASER AND UNDERTAKING OF THE SELLER: The BUYER hereby acknowledges the fact that he/she/it has completely investigated and inspected the PROPERTY and has found no squatter, tenant or any unlawful occupant therein, and that he/she/it is fully satisfied with its condition, fitness and value and has found the same suitable for his/her/it intended purpose.

After the BUYER or his/her/its representative has made the necessary investigation and inspection of the property as provided here, the BUYER agrees not to make unscheduled visits to the housing unit, nor interfere in any manner whatsoever with the construction of the housing unit either by monitoring, supervising, etc., or communicating with any of the SELLER/Developer's staffer, during the construction without the written consent of the SELLER/DEVELOPER, stating the reason for such interfere, inspection, or visit on the unit.

The BUYER further agrees that the SELLER/DEVELOPER shall not be liable for any accident that may occur while the BUYER, his/he/its representative are within the premises of the construction site or unit under construction. The BUYER hereby agrees to abide by any rule or regulation the SELLER/DEVELOPER may issue and adopt from time to time in relation to the visit or inspection by the BUYER of the housing unit while it is under construction. A temporary pass shall be issued by the SELLER/DEVELOPER to the BUYER or his/her/its representative for allowed visits or inspection which temporary pass shall be surrendered to the SELLER'S office and issuing staffer during business hours. Allowed visits or inspection may be done only during reasonable business hours. No visit or inspection may be allowed after business or office hours and holidays.

- 25.1 The SELLER shall notify the BUYER in writing, of the readiness of the Property for inspection for the purpose of securing the BUYER'S formal acceptance of the PROPERTY. The BUYER shall signify his/her/its formal acceptance of the Property. The failure of the BUYER to signify acceptance of the property, within _____ (____) days from receipt of the notification will be conclusively construed as acceptance of the Property. This acceptance whether expressed or implied, transfers the risk of loss or damage to the Property to the BUYER and all obligations, assessments, taxes etc., provided for here and in the Deed of Restrictions, shall be for the account of the BUYER notwithstanding the fact that title to the Property is retained by the SELLER pending the full and complete payment of the purchase price and other monetary obligation of the BUYER to the SELLER.
- 25.2 The SELLER warrants good and valid title to the Property and undertakes to make any repairs on any defect of the housing unit due to its construction, within the period of _____ (____) months from acceptance by the BUYER, except repairs for loss or damage resulting from the acts of the BUYER, his/her/its members of the family, relatives, guests, privies and representatives, loss or damage resulting from ordinary wear and tear and loss or damage due to any force majeure, acts of God etc., as enumerated in the provision under the heading Force Majeure.
- 25.3 The SELLER undertakes to register at the BUYER'S expense, the DEED OF ABSOLUTE SALE with the proper Register of Deeds in accordance with BP220.

26. TITLE TO BODIES OF WATER ADJACENT TO THE PROPERTY: The SELLER hereby retains all rights, claims, interest, title to and ownership over any river, creek, waterway, whether flowing or dry, or any similar area adjacent to the property, if any.

27. INCREASE IN THE COST OF CONSTRUCTION, MATERIALS, LABOR AND EXTRAORDINARY INFLATION: In case the cost of the construction _____ materials and labor, etc., of the housing unit escalates or increases to _____ percent (____ %) of the value of the currency at the time of the establishment of this obligation, the BUYER agrees to pay the increase in the cost of the construction, materials and labor.

In the event of extraordinary inflation occurring during the term of this Contract, any unpaid amount or obligation of the BUYER shall be adjusted and increased in proportion to the degree of such extraordinary inflation.

28. ASSIGNMENT OF RECEIVABLES: It is hereby agreed and expressly understood that the SELLER may, at any time, unilaterally assign its receivables or any portion thereof to any third party without need of any notice to the BUYER.

The BUYER undertakes to honor the assignment to a third party, and further undertakes to fulfill his obligations under this Contract to Sell to the third party assignee.

29. DOCUMENTATION OF RECEIVABLE: In the following eventualities, the BUYER shall pay the SELLER the corresponding fees/charges:

29.1 In case of loss by the BUYER of this Contract, the amount of _____ (Php _____) shall be charged against the BUYER for a certified copy of it;

29.2 In case of loss by the BUYER of the copy of the Deed of Restrictions for the PROJECT or any of the ancillary documents hereof, the amount of _____ (Php _____) shall be charged for a replacement copy;

29.3 In case of amendments to this Contract, if the amendment is introduced by the BUYER, the amount of _____ (Php _____) shall be charged against the BUYER for the documentation of such amendment;

29.4 In case of transfer of rights, the amount of _____ (Php _____) shall be charged against the BUYER, per lot and per housing unit.

30. FORCE MAJEURE: In the event for fire, earthquake, calamities, acts of God, acts or terrorism, civil disturbance, imposition of government and economic controls/sanctions or any other cause beyond the control of the SELLER, making it very difficult if not impossible for the SELLER to comply with any of its obligation here, the PARTIES agree that the SELLER shall be released from its obligation without any liability to the BUYER in accordance with the Civil Code provisions on Force Majeure. However, if the conditions are such that the obligation of the SELLER may still be made and be fulfilled except that delay may be incurred, the BUYER agrees that he/she/it shall extend and grant the extension of time requested for by the SELLER without any liability on the part of the SELLER.

31. NOTICE AND ADDRESS OF THE BUYER: Where demand or notice is required to be given under this Contract, notice sent to the parties at the addresses specified and indicated in this Contract by registered mail or by personal delivery shall be considered sufficient compliance with the requirement of notice or demand. The address of the BUYER, indicated here shall be considered as the BUYER'S official postal address and all correspondence sent by the SELLER to the BUYER shall through the said address bind the BUYER. It is the BUYER'S obligation to inform the SELLER in writing immediately, of any change in his/her/its postal address including the change of BUYER'S address in the event of his/her/its transfer to the PROPERTY. Otherwise, the SELLER shall not be liable for the failure or inability of the BUYER to receive or be served any correspondence/notice/mail matter to him/her/it.

32. LOST CONTRACT: In the event the BUYER loses this Contract, the BUYER shall immediately notify the SELLER in writing of such loss. The SELLER shall not be held liable for any damage or adverse consequence arising out of the use by any third party of the lost copy of this Contract.

33. NO WAIVER OR RENUNCIATION OF RIGHTS: It is hereby agreed and expressly understood that whatever forbearance or consideration the SELLER might grant to the BUYER shall not be construed as waiver or renunciation or abandonment of any rights of the SELLER. Neither may the BUYER use whatever forbearance or consideration that the SELLER may grant or extend to the BUYER as an excuse for defaulting on his/her/its obligations or violating any of the terms and conditions of this Contract and of the attached annexes.

34. WARRANTIES OF THE BUYER: The BUYER warrants and makes manifests that this Contract and all attachments here state his/her/its entire agreement with the SELLER with respect to the purchase and sale of the PROPERTY and this Contract was not procured through any misrepresentation, statement, warranty or commitment not contained here. The BUYER further warrants that he/she/it has thoroughly read and fully understands this entire Contract or was read and, or translated to him/her/it by a person enjoying his/her/its confidence in a language or dialect known and understood by him/her/it.

35. ENTIRETY AND AMENDMENT OF THIS CONTRACT: This Contract including the Annexes attached here embodies the entire agreement of the PARTIES. There are not terms, conditions, and obligations, other than those contained here. This Contract supersedes all previous communications, representations or agreements, either oral or written between the PARTIES. No further amendments, alterations, or deletions to this Contract shall be valid unless the same are reduced in writing and contained in separate document signed by the PARTIES hereto or their duly authorized representatives.

36. EFFECTIVITY OF CONTRACT: This Contract shall be deemed valid and effective commencing on _____ and shall remain to be in full force and effect until all obligations of both parties here stipulated have been fully complied with, or until otherwise cancelled by the SELLER as provided here.

37. JOINT AND SOLIDARY OBLIGATION: If the BUYER consists of two or more persons, or entities, any and all of their obligations contracted here and all warranties, statements, representations and commitments made in connection with this Contract, whether such warranties, statements, representations and commitments were made collectively or by anyone of the said persons or entities, shall be deemed to have been made by said persons or entities in their joint and solitary capacities.

38. VENUE AND COSTS OF LITIGATION AND INDEMNITY FOR DAMAGES: It is hereby agreed that, in case litigation arising from this Contract, the venue for

such litigation shall be in the proper courts of _____ or in the Housing and Land Use Regulatory Board (HLURB) whichever has jurisdiction. Should the SELLER resort to litigation in order to enforce any of the terms and conditions of this Contract to protect its rights and interests, the BUYER shall be liable to the SELLER for the cost of suit, actual damages and attorney's fees, which in no case shall be less than _____ (_____).

39. AMICABLE SETTLEMENT : The PARTIES hereto agree that in the event of disagreement and before recourse to the Court is made, they shall amicably settle their differences by conducting dialogues and if possible and economically viable, they shall appoint _____ (____) disinterested persons of known probity and integrity in the community, one to be chosen by the SELLER, the other, by the BUYER, and the third to be mutually chosen by the PARTIES, to mediate between them to the end that an amicable settlement may be reached. Nothing in this section will prohibit either PARTY from recourse to the Court or the HLURB, if the outOf-court settlement proceeding has become overly burdensome, biased or prejudiced, amounting to a deprivation of due process. Nothing in this section will also prohibit either party from recourse to the Barangay conciliation proceeding, if applicable.

40. SEPARATIBILY CLAUSE: The parties hereby agree that should any clause, section or provision in this Contract be judicially declared void, invalid or ineffective, for any reason whatsoever, the validity of the remaining provisions shall not be affected and shall continue to be binding upon the PARTIES, their successors-in-interests, heirs and assigns.

IN WITNESS WHEREOF, the PARTIES hereunto signed this Contract to Sell on _____ at _____,

BUYER

SELLER

By:

PRESIDENT

IRREVOCABLE SPECIAL POWER OF ATTORNEY

KNOW ALL MEN BY THESE PPRESENTS

I, _____, of legal age, single/married, and with postal address at _____, in my capacity as the representative of _____ do hereby NAME, CONSTITUTE and APPOINT **NATIONAL HOME MORTGAGE FINANCE CORPORATION or any of its duly authorized employees and representatives**, with postal address at Filomena Building III, Amorsolo Street, Legaspi Village, Makati City, to be my true and lawful **ATTORNEY-IN-FACT**, for me and in my name, place, and stead, to do and perform the following acts and things, namely:

- (1) To collect from the buyer, _____, the receivables covered by the Contract to Sell;
- (2) To execute the Notice of Cancellation of Contract to Sell in the event the buyer fails to comply with his/ their obligations under the said contract to sell and to cancel and annul, the Contract To Sell, in the event any or all, of the abovementioned buyer/s fails to perform any of his/ their obligation in the Contract To Sell or commit a breach of the conditions thereof, warranting the cancellation and annulment of the Contract To Sell.
- (3) To file the necessary legal action against the buyer in the Contract To Sell in the event the latter refuses to surrender the subject property after cancellation of the Contract To Sell;
- (4) To sell the property covered by the Contract To Sell as cancelled, whether in cash or installment;
- (5) To collect the proceeds of the sale of the subject property and apply the said proceeds as it may deem proper;
- (6) To collect the proceeds of any insurance claim, whether under SRI or FAPI, and apply the said proceeds as it may deem proper;
- (7) To sign, execute and deliver the Deed of Absolute Sale to the buyer in case of full payment; and
- (8) To sign, execute and deliver all documents, papers and other instruments that may be necessary and required to implement the above authorities.

HEREBY GIVING AND GRANTING unto said attorney-in-fact powers of authority to do and perform any and every act requisite and necessary to carry into effect the foregoing authority, as fully to all intents and purposes as I might or

could lawfully do if personally present, with full power of substitution and revocation; all said attorney-in-fact or her substitute shall lawfully do or cause to be done under and by virtue of these presents. This authority is valid and existing until revoked.

IN WITNESS WHEREOF, I have hereunto set my hands this _____ day of _____, _____ at _____.

President/CEO
Principal

SIGNED IN THE PRESENCE OF

ACKNOWLEDGEMENT

REPUBLIC OF THE PHILIPPINES]
City of]

At the above stated locality, this _____ day of _____, _____, before me a Notary Public for the city of _____, personally appeared:

TIN Number

Known to me and to known to be the same person who executed the foregoing instrument consisting of two (2) pages including the page upon which this acknowledgement is written. They acknowledged that the execution of the same instrument is their free and voluntary act and deed.

IN WITNESS WHEREOF, I hereunto set my hands and affix my notarial seal at the place and date abovementioned.

Doc. No. _____
Page No. _____
Book No. _____
Series of _____

REPUBLIC OF THE PHILIPPINES)
) S.S.

**AFFIDAVIT OF WARRANTIES
(REAL ESTATE MORTGAGE)**

I, _____, Filipino, of legal age, single/ married,
and _____ with _____ business address _____ at
_____, after having been sworn
in accordance with law, hereby depose and say that:

1. I am the authorized representative of
_____ a corporation duly organized
and existing under and by virtue of the laws of the Republic of the Philippines, with
principal place of business at _____.

2. _____ is engaged in the business of
developing subdivisions;

3. _____, has sold on instalment the house
and lot covered by the subdivision project located at
_____ with an area of
_____ (_____) square meters, with unit design "_____" to
_____. As security, the said property is mortgaged in favor of
_____.

4. On behalf of _____, I hereby
warrant that the buyer - mortgagor has the financial capacity to pay his monthly
amortizations as they will fall due. As such we have exercised due diligence in
determining the financial capacity of the buyer. In fact, the buyer had paid
substantial monthly amortizations as evidenced by his account ledger.

5. I further warrant that the title of the property covering the mortgaged
property is free from any liens and encumbrances and that the Loan and Mortgage
Agreement is valid and the consent of the parties there have not been vitiated or
secured by fraud.

6. I also warrant that the housing unit covered by the Loan and Mortgage
Agreement has no structural defects and the materials used in the construction of
the housing unit have passed the standards set by appropriate agencies.

7. In the event of breach of any of our warranties as above stated, I, on
behalf of _____, hereby agree and undertake to hold
NHMFC free and harmless from any and all liabilities arising from the Loan and
Mortgage Agreement. In this regard, in case of actions resulting from a breach of
the warranties herein indicated, I, on behalf of
_____ hereby agree and undertake to
reimburse NHMFC any and all expenses it had incurred by reason of a breach of this
warranty, and in relation to any action pertaining to the Loan and Mortgage
Agreement.

8. This Affidavit is executed to attest to the truth of the foregoing and for
whatever legal purpose and intent it may serve.

IN WITNESS WHEREOF, I hereby sign this Affidavit of Warranties, this ___ day of ___ at _____, Philippines.

Affiant

SUBSCRIBED AND SWORN to before me, this ___ day of _____, _____ at _____ City, affiant exhibiting to me his identification card, to wit: _____, issued on _____ at _____ with expiry date on _____.

WITNESS MY HAND AND SEAL, on the date and at the place first above written.

NOTARY PUBLIC

Doc. No. _____
Page No. _____
Book No. _____
Series of _____

LOAN AND MORTGAGE AGREEMENT

This Agreement made and entered into by and between:

_____, a corporation duly organized and existing under the laws of the Philippines with principal place of business at _____, represented by, Chairman of the Board, _____, Philippines, hereinafter referred to as the ORIGINATING INSTITUTION.

-and-

_____ of legal age, Filipino Citizen, single with residence and postal address at _____ hereinafter referred to as the BORROWER.

WITNESSETH, THAT:

WHEREAS, the National Home Mortgage Finance Corporation (“NHMFC”) has launched a Housing Loan Receivables Purchase Program.

WHEREAS, the ORIGINATING INSTITUTION finds the application in order and agrees to extend the loan to the BORROWER, with the intention of subsequently assigning /transferring all of ORIGINATING INSTITUTION's rights, title and interests in the loan and its collaterals to NHMFC in accordance with its Housing Loan Receivables Purchase Program;

NOW, THEREFORE, for and in consideration of the foregoing premises the parties agree to the granting of a Housing Loan and the constitution of a Real Estate Mortgage to secure the same, under the following terms and conditions:

ARTICLE I. THE LOAN

Section 1.01 Amount. The ORIGINATING INSTITUTION hereby extends to the BORROWER a Housing Loan in the Principal amount of _____ (Php _____) Philippine Currency.

Section 1.02 Purpose of Loan. The Proceeds of loan shall be used by the BORROWER solely for this purpose:

Section 1.03 Loan Release. Upon compliance by the BORROWER with all the herein conditions, as well as with the rules and guidelines of the

NHMFC, the proceeds of the loan shall be released in the manner indicated hereunder:

Section 1.04 Note. The loan shall be further evidenced by Promissory Note executed by BORROWER(S), co-signed by _____ and made an integral part hereof.

Section 1.05 Interest. The BORROWER shall pay interest on the unpaid principal amount of the loan outstanding at the rate of _____ (___%) per annum.

Provided, however, that the ORIGINATING INSTITUTION or NHMFC may adjust the rate of interest chargeable on the loan within the limits allowed by law, in the event NHMFC's policy, as the case may be, require such adjustment.

Section 1.06 Repayment of the Loan. The BORROWER shall repay the loan in ___ consecutive monthly installments, payment commencing on the same date of the month following the release of the loan proceeds and succeeding repayment shall be made on the same date of the succeeding months, thereafter until the loan shall have been fully paid.

Section 1.07 Prepayment. The BORROWER may prepay this loan, in whole or in part; provided, however, that in case of partial prepayment of at least twelve (12) monthly amortizations, the ORIGINATING INSTITUTION or its assignee/transferee shall either shorten the term of the loan or lower the monthly amortizations in which case a new schedule or payments shall be made.

Section 1.08 Penalty for late Payment. Late payment of any monthly amortization and any amount due hereunder including insurance premiums, taxes, charges, and assessments under Section 3.04 and 3.05 as it falls due shall be subject to a penalty charge equivalent to one fifteenth of one percent (1/15 of 1%) of said unpaid amount per day of delay computed from day payment become due.

Section 1.09 No Defense/No Set-off

a. Any action or remedy which BORROWER may have against the Developer for defect in planning, construction development of the subdivision or site shall not constitute a defense of the BORROWER from non-payment or cause for suspension of payment of the amortizations due.

B. Upon assignment of this Loan and Mortgage Agreement to the NHMFC, the rights of compensation or set-off which may exist as

between the BORROWER and the ORIGINATING INSTITUTION shall not be invoked and hereby waived and may not be raised by the BORROWER and/or the ORIGINATING INSTITUTION against the NHMFC, its transferees or successor-in-interest.

ARTICLE II. THE REAL ESTATE MORTGAGES

Section 2.01 Mortgage. The BORROWER hereby secures the loan and other obligations stipulated herein, by a first mortgage on real property (ies) and improvements now existing or which may thereafter exist thereon absolutely owned by the BORROWER, free from all liens and encumbrances of whatever nature, and which property is more particularly described herein and/or in a supplementary page list appended hereto, (hereinafter referred to as the "Mortgaged Property" irrespective of number) BORROWER is making this first mortgage in favor of ORIGINATING INSTITUTION and subsequently the NHMFC or its assignee/ transferee further agrees and warrants:

- a. that the loan proceeds were utilized to acquire/construct the same property herein mortgaged.
- b. to maintain the integrity, quality and sufficiency of the Mortgaged Property at level acceptable to or directed by the ORIGINATING INSTITUTION or its assignee/transferee;
- c. to allow the ORIGINATING INSTITUTION or its assignee/transferee to inspect the Mortgaged Property during reasonable hours to ascertain its condition or actual market value;
- d. to substitute the Mortgaged Property with new and/or provide additional collateral (s) if the ORIGINATING INSTITUTION or its assignee/transferee finds that the Mortgaged Property is lost, impaired or depreciated due to any cause whatsoever;
- e. to duly pay or discharge all taxes, assessments, and charges on the Mortgaged Property and submit to the ORIGINATING INSTITUTION or its assignee/transferee proof of such payment;
- f. not to subdivide, lease, sell, dispose, mortgage or encumber the Mortgaged Property without the prior written consent of the ORIGINATING INSTITUTION or its assignee/transferee, nor commit any act which may impair directly or indirectly, the value of the said mortgaged property.

In case of extrajudicial foreclosure under Act No.3135, as amended, the auction sale shall take place in the city or capital of the province where any of the mortgaged property is located. Effective upon the breach of any condition of the loan, the ORIGINATING INSTITUTION or the NHMFC or its assignee/transferee is hereby appointed BORROWER's attorney-in-fact with full power of substitution and authority to perform such acts as may be necessary to dispose of the Mortgaged Property in accordance with the provisions of Act No.3135 as amended, and pending such disposition, to perform all other acts of administration and management in the manner most

advantageous to and for the best interest if the ORIGINATING INSTITUTION or the NHMFC or its assignee/transferee. The latter hereby reserves its right to bid at the appropriate public auction.

Section 2.02 Coverage. This mortgage shall likewise stand as security for the payment of any Promissory Note (s) which the BORROWER has executed pursuant to this Agreement or any renewal, extension or amendment thereof. If the BORROWER shall pay to the ORIGINATING INSTITUTION or its assignee/transferee all the obligations secured by this mortgage when due, and shall comply with all the covenants of this Agreement, then this mortgage shall be void, otherwise it shall remain in full force and effect.

ARTICLE III. INSURANCE, TAXES, AND OTHER OBLIGATION

Section 3.01 Insurance Coverage. The BORROWER hereby authorizes the ORIGINATING INSTITUTION or the NHMFC or its assignee/transferee to obtain from duly accredited insurance companies for the BORROWER's account and for the benefit of NHMFC the following insurance policies under such terms/conditions and duration as the ORIGINATING INSTITUTION or the NHMFC or its assignee/transferee may deem proper, to ensure payment in whole or in part, of the loan, interest and such other amounts which may be due from the BORROWER, to wit:

- a. Mortgage Redemption Insurance;
- b. Fire Insurance;

and such other insurances as may hereinafter be required by NHMFC in accordance with its home lending guidelines.

All insurance premiums shall be for BORROWER's account;

Section 3.02 Premium Payments. The premiums on the aforesaid coverage shall be prepaid annually by the BORROWER. In the event of assignment /transfer of the loan and mortgage to the NHMFC, the annual premiums due from the date of such assignment/transfer shall be deducted by the NHMFC from the take-out proceeds. Thereafter, the prepayment for the following and succeeding years after such assignment /transfer shall be distributed and collected monthly together with the loan amortization for the current year.

Section 3.03 Assignment of Insurance Policy. Every insurance policy obtained in connection with this Agreement is hereby assigned to the originating institution or NHMFC or its assignee/transferee notwithstanding BORROWER's failure to endorse or deliver said policy, Accordingly, in case the risk insured against occurs, the ORIGINATING INSTITUTION or NHMFC or its assignee/transferee is hereby authorized to settle or liquidate all claims on said property and to apply the proceeds to settle in whole or in part BORROWER's herein obligations.

Section 3.04 Taxes, Assessments, Association Dues and Other Charges on the Mortgaged Property. The BORROWER shall duly pay and discharge all taxes, assessments, association dues, other legal liens and charges of whatever nature and by whomsoever levied against the mortgage property on or before their respective due dates, unless and to the extent only that the same may be contested in good faith in appropriate proceedings by the BORROWER. In case of tax foreclosure, the BORROWER agrees to pay the ORIGINATING INSTITUTION or NHMFC the total obligation within thirty (30) days from the tax foreclosure sale.

ARTICLE IV. DEFAULT

Section 4.01 Events of Default. The occurrence of any of the following shall constitute an event of default:

- a. Failure of the BORROWER to pay the equivalent of at least three (3) monthly amortization of the loan;
- b. Misrepresentation or fraud, committed by the BORROWER in securing the loan;
- c. Any representation, statement, warranty made by the BORROWER in this Agreement, the Application Form, the mortgage document or in any document executed by the BORROWER in connection with the loan shall prove to be untrue or incorrect in any material respect.
- d. The mortgaged cannot be registered with the Register of Deeds or said security has become subordinated to the claim of any person or entity, whether public or private;
- e. The BORROWER violates the policies, rules regulations and guidelines of NHMFC pertaining to its home-borrowers financing program;
- f. The mortgage shall for any cause cease to be in full force and effect ; or is/otherwise impaired the required collateral value has been reduced;
- g. The BORROWER shall become insolvent or unable to pay his debts as they mature, or take advantage of insolvency, moratorium or other laws for the relief of debtors, whether filed voluntarily or involuntarily or any judgment or order is entered by a court of competent jurisdiction for the appointment of a receiver, trust, or the like to take charge of all substantially of all the assets of the BORROWER;
- h. There shall have occurred a material change in the financial conditions of the BORROWER which, in the reasonable opinion of the ORIGINATING INSTITUTION, NHMFC, or their assignee the BORROWER will be unable to perform his obligation under this Agreement;
- i. The BORROWER subdivides, leases, sells, transfers, assigns or otherwise dispose of the mortgaged property without the prior written consent of the ORIGINATING INSTITUTION or its assignee/transferee,

or commit any act which may impair directly or indirectly the value of the mortgaged property.

Section 4.02 Effects of Default. Upon the occurrence of an event of default, the ORIGINATING INSTITUTION, NHMFC, or its assignee/transferee may:

- a. Declare the outstanding Loan together with accrued interest and other herein obligations immediately due and payable;
- b. Foreclose the mortgage in accordance with Section 2.01;
- c. Apply any of BORROWER's funds in the possession of ORIGINATING INSTITUTION or its assignee/transferee in full or partial payment of BORROWER's herein obligations and in the Promissory Note(s) and/or;
- d. Avail of any other remedies provided for by law and this Agreement, including but not limited to recourse to the insurance policies.

For purposes of Section 4.02 (c) above, the BORROWER further authorizes the ORIGINATING INSTITUTION or NHMFC or its assignee/transferee to secure and apply without prior notice to the BORROWER any fund belonging to him in the possession or control of the ORIGINATING INSTITUTION or its assignee/transferee.

It is understood that the above remedies are cumulative and in the event that ORIGINATING INSTITUTION or its assignee/transferee has to initiate any action or proceeding, the latter shall be entitled to collect the costs and expenses of such action or proceeding, including but not limited to Attorney's fees equivalent to at least 25% of the total amount due.

ARTICLE V. MISCELLANEOUS

Section 5.01 Enforcement. The failure of the ORIGINATING INSTITUTION or its assignee/transferee to strictly enforce any provisions of this Agreement shall not diminish the herein obligations of the BORROWER nor constitute a waiver, loss or diminution of any right or remedy of the ORIGINATING INSTITUTION or its assignee/transferee.

Section 5.02 Assignment. Without need of further notice, the BORROWER hereby agrees to the eventual assignment/transfer by ORIGINATING INSTITUTION of this Agreement and its corresponding Promissory Note (s) to the NHMFC, its assignee and successors-in-interest. To this end, the BORROWER agrees to perform such acts and execute such documents as may be deemed necessary to implement any such assignment/transfer.

As a consequence of such assignment, NHMFC is empowered, and for said purpose is hereby appointed by the BORROWER as his attorney-in-face, to perform such acts as may be deemed necessary under the circumstances, including the power to issue cancellation and/or release of mortgages, as well as deal with the Register of Deeds concerned in all aspects of the transaction.

Section 5.03 Documentation/Registration Expenses. The BORROWER shall pay the notarial fees, documentary stamps and all expenses in connection with this Agreement and its corresponding Promissory Note (s) and necessary agreements which may hereafter be executed in connection herewith, and the fees for the registration of this and other documents related thereto.

Section 5.04 Separability Clause. The declaration of any of the provisions of this Agreement by a Court of Competent jurisdiction invalid or unenforceable shall not affect the validity of the enforceability of all the other provisions not otherwise so declared and the same shall remain in full force and effect, and shall be enforceable in such manner as may be provided by law.

Section 5.05 Discrepancies. In case there is a discrepancy between the provision of this Agreement and the Promissory Notes, this Agreement shall prevail.

Section 5.06 Notices. All correspondence of whatever kind pursuant to or relative to this Agreement, shall be sent to the BORROWER at the address given above. The mere act of the ORIGINATING INSTITUTION or its assignee/transferee of mailing such correspondences postage prepaid to said address shall be valid and effective notice to the BORROWER for all legal purposes. In case of BORROWER's change of address, the NHMFC shall be immediately notified.

Section 5.07 Incorporation by Reference. The implementing guidelines of the NHMFC Home Lending Program dated _____ including any and all amendatory and supplementary circulars which may hereafter be promulgated are deemed incorporated herein by reference and made integral parts hereof.

Section 5.08 Incorporation of Documents. All documents, Promissory Note(s), Application Form, Appraisal Report, Certification of Lot/House Acceptance, Certificates of Completion and other papers filed in connection with the loan and mortgage are made integral parts of this Contract and any violation thereof or misrepresentation therein shall constitute an event of default.

Section 5.09 Salary Deduction. The BORROWER hereby agrees that monthly amortization payments on the loan may be deducted from his salary and agrees to execute such documents authorizing the same if and when required by the ORIGINATING INSTITUTION or its assignee/transferee.

Section 5.10 Other Provisions.

ORIGINATING INSTITUTION:

Represented by:

known to me to be the same person who executed the foregoing instrument and acknowledged the same to be their free and voluntary act and deed as well as that of the Corporation herein presented.

This instrument refers to a Loan and Mortgage Agreement consisting of _____ pages signed on each page by the parties and their witnesses and sealed with my notarial seal.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal at the place and on the date abovementioned.

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PROMISSORY NOTE

FOR VALUE RECEIVED, I/WE hereby unconditionally promise to pay jointly and severally, without need of demand

1. THE NATIONAL HOME MORTGAGE FINANCE CORPORATION (ORIGINATING INSTITUTION) the interest charges on the loan portions commencing upon their release and in accordance with the terms and conditions prescribed by the ORIGINATING INSTITUTION at the latter's prevailing rate until the transfer/assignment of this Promissory Note to the NHMFC; thereupon:

2. The National Home Mortgage Finance Corporation (NHMFC) the principal _____ sum _____ of _____ (P _____) Philippine Currency, with interest thereon at the rate of _____ percent (_____) per annum payable in _____ equal consecutive monthly amortizations, as follows:

YEAR	PERIOD	PRINCIPAL AND INTEREST
------	--------	------------------------

to commence on _____ (the same date of the month following the release of the loan proceeds) and every _____ of the month thereafter (the same date of the succeeding months) until the loan shall have been fully paid.

The amortization mentioned above does not include payment of insurance premium and other charges due, which shall be billed/charged separately against the borrower, or to be included together with the regular monthly amortization.

The ORIGINATING INSTITUTION or its assignee/transferee reserves the right to increase, within the limits allowed by law, with notice to the borrower, the rate of the interest on the loan as well as fees and charges on loan and advances at any time depending on whatever policy it may adopt in the future during the period of the loan; Provided that the rate of interest on the loan shall be correspondingly reduced in the event that the applicable maximum rate of interest is reduced by law or by the Monetary Board. In either case, the adjustment in the interest rate agreed upon shall take effect on or after the effectivity of the increase or decrease in the maximum rate of interest.

In case of default as provided for in the Loan and Mortgage Agreement, the Noteholder can declare the entire principal amount outstanding on the Note and the accrued interest, including charges fees,

penalties and other obligations of whatever kind and nature under the said Loan and Mortgage Agreement immediately due and demandable. In addition, I/WE shall pay a penalty of one fifteen (1/15) of one percent of the total amount due per day of delay until full payment thereof. If any action is brought to collect this note the Noteholder shall further be entitled to collect cost and expenses of the proceedings, including but not limited to, Attorney's fees equivalent to at least 25% of the total amount due.

In the event that the ORIGINATING INSTITUTIONS does not effect the aforesaid transfer/assignment or NHMFC rejects the same, or after acceptance thereof exercises its right or recourse against the ORIGINATING INSTITUTION for a cause other than the BORROWER's fault or negligence, I /WE shall pay this loan as well as all other obligations stipulated in the Loan and Mortgage Agreement , in this Note and corresponding accessory contracts, to the ORIGINATING INSTITUTION under the same terms and conditions, including the NHMFC rate of interest as provided in the said documents, as if the transfer/assignment has been made or the right of recourse has not been made or exercised , except those provisions which relate exclusively to NHMFC. Should the aforementioned failure to transfer/assign, rejection of transfer/assignment or exercise of the right of recourse be occasioned by the BORROWER's fault or negligence, I/WE shall, upon demand by the ORIGINATING INSTITUTION , pay the entire loan outstanding together with the accrued interest, charges, fees, penalties and other obligations of the BORROWER/s under the Loan and Mortgage Agreement, this Note and the corresponding accessory contracts, except those which may relate exclusively to NHMFC.

Whether or not the insurance premium shall be billed separately or collected together with the regular monthly amortization, I/WE agree that the final application of payment shall be based on the following NHMFC policy in priority of payment:

1. Taxes and other charges
2. Penalties
3. Insurance
4. Accrued Interest
5. Principal

I/WE further agree that any suit arising from this Note shall be filed exclusively in the proper court of the City of Makati. In the event of foreclosure of the mortgage securing the Note, I/WE further bind myself/ourselves jointly and severally, to pay the deficiency, if any.

Principal

With Marital Consent:

SIGNED IN THE PRESENCE OF:

NATIONAL HOME MORTGAGE FINANCE CORPORATION

**PURCHASE OF LOAN AGREEMENT
(REAL ESTATE MORTGAGE)**

KNOW ALL MEN BY THESE PRESENTS:

For value receive, we hereby sell, transfer and deliver to National Home Mortgage Finance Corporation (NHMFC), its transferees and or successors-in-interest, the Loan covered by the Loan and Mortgage Agreement, the Promissory Note and other supporting documents, with the aggregate principal balance outstanding of _____ (P_____).

These delivery and value are subject to the following actions by the NHMFC.

- a. Standard documentation review and return of loan document/s found incomplete/defective substantially.
- b. Valuation review and restatement hereunder of the accepted price of this Purchase binding upon the herein Originating Institution by the acceptance of payment by the NHMFC.
- c. In cases where the loan-to-value ratio exceeds the prescribed levels of the appraised value of the collaterals, the Originating Institution shall be required to repurchase the loan in case the borrower defaults in the payment equivalent to three (3) monthly amortizations within the first twenty four (24) months of the loan by paying NHMFC within fifteen (15) days from the demand of the Outstanding loan plus accrued interests, penalties and other charges, and in the case of delayed payment, a penalty at the rate of three percent (3%) per month of the amount due, until paid.

We hereby reiterate our warranties, undertaking and obligations assumed with our origination of subject Loan in accordance with the Guidelines on the Housing Loan Receivables Purchase Program, as amended, as well as the amendatory/supplementary circulars thereto, including our compliance with its policies, procedures and documentation.

In case of breach of warranties, undertakings and obligations stipulated with respect to the genuiness of title/ownership by the borrower(s), mortgagor(s) of the property, construction of the residential units, and the validity of the mortgage purchased, the NHMFC shall, without prejudice to other legal remedies, have the right to sell back and Originating Institution is obligated to repurchase the account and reimburse the NHMFC within 15 days from the date of demand, the outstanding principal of such loans including accrued interests, penalties and other charges together with 3% per month surcharges of the amount due. Failure to pay said amount within fifteen (15) days from demand shall subject the Originating

Institution to a penalty of one tenth of one percent (1/10 of 1%) per day until the amount is paid, in addition to the regular interests, penalties and other charges on the loan.

Place and Date

Originating Institution

BY: _____

ACCEPTANCE:

We hereby accept the Loan pertaining to borrower – mortgagor
_____, the total loan values and price of which is:
_____(P_____)
(Words)

NATIONAL HOME MORTGAGE FINANCE CORPORATION

BY: _____

ACKNOWLEDGEMENT

REPUBLIC OF THE PHILIPPINES) S.S.
PROVINCE/CITY _____)

At the above-stated locality on this _____ day of _____, 20_____, before me personally appeared:

NAME	TIN	RES. CERT.	DATE & PLACE OF ISSUE
NATIONAL HOME MORTGAGE FINANCE CORPORATION			
Represented by: _____	_____	_____	_____
_____	_____	_____	_____
ORIGINATING DEVELOPER			
Represented by: _____	_____	_____	_____
_____	_____	_____	_____

known to me to be same persons who executed the foregoing PURCHASE OF LOAN AND MORTGAGE, signed by the parties and witnesses, and who acknowledged the same to be their voluntary act and deed as well as those of the corporation herein represented.

IN WITNESS WHEREOF, I have hereunto set my hand and seal on the date and place above mentioned.

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