

HOME DEVELOPMENT MUTUAL FUND

Corporate Headquarters
Petron MegaPlaza
358 Sen. Gil Puyat Ave.,
Makati City

HDMF Circular No. 304

TO : ALL CONCERNED

SUBJECT : AMENDED GUIDELINES ON FORECLOSURE OF REAL ESTATE MORTGAGE (REM)

I. GENERAL PROVISIONS

A. OBJECTIVE

These guidelines aim to institute a system of procedures for the recovery of the Fund's investment from delinquent housing loan account secured by real estate mortgage (REM) through foreclosure.

B. COVERAGE AND EXCLUSION

1. These guidelines shall apply to all delinquent housing loan accounts secured by REM, such as but not limited to the following:
 - a. Mortgages under the name of the principal borrowers
 - b. Mortgages assigned or transferred to HDMF
 - c. Under accommodation arrangement
 - d. Under pari-passu arrangements
2. Eligible accounts for foreclosure are those which are, (a) in default, i.e., failed to pay at least three (3) consecutive monthly amortizations/membership contributions, and b) under any or all of the following circumstances:
 - a. No single payment has been made from loan take-out, which shall also include accounts whose only payment resulted from its deduction from the borrower's takeout proceeds
 - b. No response on demand notices
 - c. No plan of payment submitted
 - d. Submitted a plan of payment that is not acceptable to the Fund
 - e. The housing unit has been abandoned, including those illegally occupied
 - f. The mortgaged property is leased to other party
3. In the event the borrower-mortgagor fails to settle the outstanding loan obligation within the 15-day period provided in the Final Demand Letter issued to him/her, such account, together with the attached Collection Effort Report, Final Demand Letter and other pertinent mortgage documents, shall be endorsed to the Foreclosure Department/Loans and Contribution Management and Recovery Division (LCMRD) for preparation of the Petition for Extra-Judicial Foreclosure.

4. All REM accounts covered by buyback and back-up guaranty that became delinquent (*as per Item I.B. Section 2*) within the 2-year seasoning period are excluded. Instead, the buyback obligation of the developer shall be enforced.

C. DEFINITION OF TERMS

1. **Bid Price** – It shall be the total claim of HDMF against the mortgagor as of the date of the actual foreclosure sale, which shall consist of the outstanding loan obligation, payment for taxes, foreclosure expenses, and other monetary obligation, if any, of the borrower under the contract, computed at the time of the foreclosure sale; except, when the appraised value of the property is lower than the computed claim. In such case, HDMF shall bid up to the amount equal to the appraised value of the mortgaged property. Any deficiency shall be recovered in a separate action
2. **Outstanding Loan Obligation** – Refers to the outstanding principal balance, plus interest, penalties, insurance advances up to the point of auction sale, Mortgage Origination Fee (MOF)/Mortgage Administration Fee (MAF), Housing Contributory Fund (HCF), Housing Fund Contribution (HFC), and other charges, if any.
3. **Book Value** – This refers to the carrying amount or the outstanding principal balance, net of its allowance for probable loss, plus three months accrued interest, plus insurances advanced by HDMF as of a given date.

It is the net amount at which an asset or asset group appears on the books of account, as distinguished from its market value or intrinsic value.

4. **Consolidation of Title** – Change in the name reflected in the Transfer/Condominium Certificate of Title (TCT/CCT) from that of the borrower-mortgagor to that of the Fund.
5. **Deficiency Judgment** – It is a judgment enjoining the borrower-mortgagor to pay the balance of the obligation if the proceeds of the foreclosure is not sufficient to cover the mortgage obligation, wherein the appraised value of the foreclosed property is less than the outstanding loan obligation.
6. **Extra-judicial Foreclosure** – A foreclosure proceeding by which the sale is effected through a sheriff or notary public without judicial proceedings, subject only to the required publication and posting of foreclosure notices. It can be availed of if the mortgage contract expressly authorizes the mortgagee to foreclose extra-judicially.
7. **Foreclosure** – It is a legal process by which the lender or the seller forces a sale of a mortgaged property because the borrower has not met the terms of the mortgage. It also refers to a legal procedure in which the property securing the debt is sold by the lender to pay the defaulting borrower's debt.
8. **Foreclosure Expenses** – Refers to all expenses concerning litigation such as notarization, filing fee, publication fee, sheriff posting fee and legal research fee. This also covers all expenses incurred in the processing of Certificate of Sale (COS), annotation, registration of COS and TCT/CCT.

9. **Judgment Creditor** – Any creditor having a judgment on which execution may issue at the time he seeks to redeem.
10. **Judicial Foreclosure** – It is a foreclosure proceeding that is filed before the Court in accordance with Rule 68 of the Rules of Civil Procedures.
11. **Juridical Person** – refers to local government units, corporations, institutions, partnerships, and associations for private interest or purpose which the law grants a juridical personality, separate and distinct from that of each shareholder, partner, or member.
12. **Real Estate Mortgage (REM)** – It is a contract where specific property is hypothecated to secure the fulfillment of principal obligation without necessity of change of possession.
13. **Redemption** – It is a transaction through which the borrower-mortgagor, his successors-in-interest, judgment creditor of said debtor, or any person having a lien on the property subsequent to the mortgage, by means of his payment or the performance of a condition re-acquires or buys back the title which may have passed under the mortgage or divests the mortgaged premises of the lien which the mortgage may have created.
14. **Redemption Period** – In case of natural persons as mortgagors, it is one-year reckoned from the date of registration of the Sheriff's Certificate of Sale with the Office of the Register of Deeds, within which the borrower-mortgagor may redeem the foreclosed property from the winning bidder at the auction sale.

For juridical persons as mortgagors in an extrajudicial foreclosure, the right of redemption shall be until, but not after, the registration of the certificate of foreclosure sale with the applicable Register of Deeds, which in no case shall be more than three (3) months after foreclosure, whichever is earlier. (Section 47 of R.A. 8791 or the General Banking Law of 2000). The right of redemption shall be reckoned from the date the executive judge approved the issuance of the Certificate of Sale. ("Commissioner of Internal Revenue vs. United Coconut Planters Bank, G.R. No. 179063, 23 October 2009")

15. **Redemption Price** – It is the amount to be paid by the mortgagor of the Fund, whose property has been extra-judicially sold at public auction, which consists of the winning bid plus one percent (1%) legal interest per month, together with the amount of any assessments or taxes which HDMF may have paid thereon after the auction sale.
16. **Sheriff's Certificate of Sale** – A statutory instrument, signed and issued by the Sheriff who conducted the public auction, attesting to the proceedings of the public auction, conveying the equitable interest in the property to the purchaser, subject, however to the redemption right of the judgment debtor. It constitutes evidence of the purchaser's right to the subject property.
17. **Successors-in-Interest** – Refers to individuals to whom the borrower-mortgagor has transferred or conveyed his statutory right of redemption as supported by legal documents, including his legal heirs as the case may be.
18. **Theoretical Value (Intrinsic Value)** – Refers to the outstanding loan obligation and all foreclosure expenses incurred up to the point of auction sale.

II. SPECIFIC PROVISIONS

A. APPLICATION OF TOTAL ACCUMULATED VALUE (TAV) OF INDIVIDUAL BORROWERS

1. Regardless of the appraised value of the mortgaged property, the delinquent member's TAV shall be applied to his outstanding housing loan obligation prior to the filing of the Petition for Extra-Judicial Foreclosure. The Foreclosure Department/LCMRD shall make such request to the branch maintaining the member's record.
2. The entire TAV shall be applied to the borrower's total housing loan obligation, except if the borrower has an existing MPL/Calamity Loan.
3. If the borrower has an existing MPL/Calamity Loan, the TAV to be applied to the housing loan obligation shall be net of the outstanding MPL/Calamity loan obligation plus six months worth of estimated penalties and interest. This shall apply regardless of the status of the MPL/Calamity Loan.

B. FILING OF PETITION FOR EXTRA-JUDICIAL FORECLOSURE (EJF)

1. A Petition for Extra-Judicial Foreclosure of Mortgage of a particular housing loan account shall be filed with the Executive Judge, through the Office of the Clerk of Court-Regional Trial Court (OCC-RTC), which has jurisdiction over the property. A copy of each of the following loan documents shall be attached to the petition:
 - a. Promissory Note
 - b. Loan & Mortgage Agreement
 - c. Transfer/Condominium Certificate of Title (*photocopy*)
 - d. Statement of Account
 - e. Final Demand Letter (*receipt acknowledged by the borrower, or with attached Postal Registry Receipt or Affidavit of Service*)
 - f. Deed of Assignment (*For accounts classified under Folio 1, Overhang, 303 M, Unified Homelending Program*)
 - g. Purchase of Loan Mortgage with Borrower Information Sheet (*For accounts classified under Folio 1, Overhang, 303 M, Expanded Housing Loan Program with Bank as Originator*)
 - h. Purchase of Loan Agreement and Batch Information Sheet (*For Unified Homelending Program*)

For institutional accounts, the following shall be required:

- a. Promissory Note
 - b. Transfer/Condominium Certificate of Title (*photocopy*)
 - c. Statement of Account
 - d. Loan Agreement
 - e. Real Estate Mortgage
2. The pendency of any legal action involving the mortgaged property shall not bar the Fund from filing foreclosure proceeding against borrower-mortgagor whose account is already eligible to be foreclosed, except restraint by Court upon issuance of Temporary Restraining Order (TRO).

3. If the appraised value of the mortgaged property subject for foreclosure is more than two (2) years old, the Foreclosure Department/LCMRD shall request for the reappraisal thereof to determine its updated appraised value in preparation for the bid price computation. However, an earlier reappraisal shall be done in case there is a substantial development in the area where the subject property is situated, or there is an adjustment in its zonal value.

C. PUBLICATION OF THE AUCTION SALE SCHEDULE

The Sheriff in charge of the Petition for Extra-Judicial Foreclosure shall send/issue a Sheriff's Notice of Foreclosure or Auction Sale to the borrower-mortgagor and the HDMF stating among others the time and place of the auction sale of the property to be foreclosed.

D. WITHDRAWAL OF PETITION FOR EJF

1. A Notice of Withdrawal of Foreclosure Petition shall be filed with the concerned Office of the Clerk of Court (OCC) – RTC on or before the scheduled auction sale, under any of the following cases:
 - a. Full updating of arrearages
 - b. Full payment of the outstanding loan, or
 - c. Approval of the borrower's application for loan restructuring.

Provided the borrower-mortgagor will pay the litigation expenses upfront, consisting of the following:

- a. Filing Fee
 - b. Sheriff's Fee
 - c. Notarial Fee
 - d. Publication Expenses
 - e. Other incidental expenses incurred prior to the actual auction sale
2. Any Item Under Litigation (IUL) account may be restructured, provided that the corresponding COS is not yet registered.

E. AUCTION SALE

HDMF shall file its bid at the auction sale based on the bid price computed in accordance to Item I.C.1 of this guideline. After the auction sale, foreclosure of the account is completed such that the mortgage indebtedness is extinguished, subject to deficiency judgment, if any. Accordingly, the account shall be treated as "foreclosed".

1. HDMF as the Winning Bidder

1.1 In case the HDMF shall emerge as the winning bidder, it shall:

- 1.1.1 Pay the Sheriff's Percentage Fees in the amount equivalent to five and a half percent (5.5%) of the first P4,000.00 of the bid price plus three percent (3%) of the amount in excess of P4,000.00. [Rule 141 Sec 10(I) of the Rules of Court, subject to adjustment by the Court].
- 1.1.2 Secure the Certificate of Sale from the Sheriff/court attesting its winning at the auction sale.

1.1.3 Register the COS with the concerned RD within sixty (60) days from receipt of the said COS.

1.2 Deficiency Judgment

1.2.1 In case deficiency arises, wherein the outstanding loan obligation is higher than the bid price, said amount shall be written off the books if the expenses that may be incurred in instituting legal action against the borrower exceed the amount to be recovered in a deficiency judgment.

1.2.2 Legal action may be filed for the recovery of such deficiency as stipulated in the default provision of the Loan and Mortgage Agreement (LMA), if it can be established through appropriate means such as extensive skip tracing which shall involve credit and property checking, that:

- a. the borrower-mortgagor has sufficient properties to pay for the deficiencies;
- b. the probability of collection is strong; and
- c. the amount to be recovered is relatively higher than the litigation cost

1.2.3 In such a case, a notice of collection or demand letter shall be sent to the borrower with resulting deficiencies not later than ninety (90) days after the auction sale.

1.2.4 The Fund shall issue notice to withhold any savings of member-borrowers in possession of the Fund (*i.e. Total Accumulated Value or TAV*) pursuant to a Deficiency Judgment issued by the Court, in case no offsetting was done prior to endorsement of the account to the Foreclosure Department/Section.

1.2.5 Claims arising from deficiency judgment in connection with the foreclosure of mortgaged properties shall be lodged under the real account "Deficiency Judgment Receivable", while probable claims against the borrower arising from foreclosure of mortgaged properties shall be lodged under contingent account "Deficiency Claims Receivable" as per Bangko Sentral ng Pilipinas (BSP) Circular No. 520, Section 4.

2. Settlement of Obligation before COS Registration

In case the borrower-mortgagor signifies intention to settle the outstanding obligation on the foreclosed property before the COS is registered with the RD, he shall pay the total outstanding obligation, *i.e.*, principal, interest, insurance advances and penalties computed up to the date of his payment, plus the foreclosure/litigation expenses incurred and applicable attorney's fee. Provided, that the interest is computed based on the total outstanding principal balance.

Upon full payment of the total obligation, the Fund shall issue a Release of Real Estate Mortgage (ROREM) to the borrower-mortgagor.

3. Other Party as the Winning Bidder

- 3.1 The winning bidder shall pay the total purchase price only to the fund after the auction sale.

Consequently, the Fund shall release the owner's duplicate copy of the TCT/CCT to the winning bidder.

- 3.2 The Fund shall return to the borrower-mortgagor any excess from the proceeds of the sale after the theoretical/intrinsic value and attorney's fee have been deducted.

4. Mortgage Redemption insurance (MRI) Coverage

- 4.1 The Fund shall no longer renew the MRI coverage of the borrower-mortgagor once the subject property has been auctioned off.

- 4.2 In case of death of the borrower-mortgagor while the MRI is still in effect, the proceeds of the MRI claim shall be applied to the outstanding loan obligation and its increment, and the excess, if any, shall be paid to the borrower-mortgagor's designated beneficiary.

F. REDEMPTION OF THE FORECLOSED PROPERTY

1. In all cases in which an Extra-Judicial Foreclosure sale has been made under a special power of attorney, the borrower-mortgagor, his successors-in-interest or any judicial creditor or judgment creditor of said borrower-mortgagor, or any person having a lien on the property subsequent to the mortgage under which the property has been sold, may redeem the foreclosed property within a period of one (1) year from the date of registration of the COS with the office of the Register of Deeds by paying the redemption price in accordance with the provision of Section I.C.15 of this Circular.

A juridical person shall have the right to redeem the property before the registration of the COS with the RD but not more than three (3) months after foreclosure, whichever is earlier. **The right of redemption shall be reckoned from the date of approval by the executive judge of the issuance of the Certificate of Sale.**

2. The fund shall issue a Notice of Redemption to the mortgagor stating among others that the mortgaged property has been extra-judicially foreclosed and said mortgagor may redeem the property within the period provided in Section II.F.1 of this Circular.
3. The mortgagor shall be charged a one percent (1%) legal interest per month based on the bid price which shall commence from the date of registration of the COS up to the time of actual redemption of the foreclosed property on or before the expiration of the redemption period. For a juridical person, the 1% interest charge per month shall commence after the foreclosure sale.
4. During the redemption period the borrower-mortgagor is entitled to remain in possession of the property. However, if desired, the Fund may take possession of the property with the proper authority from the court which may be granted upon posting a bond in an amount equivalent to the use of the property, to indemnify the debtor in case the sale is set aside or in case

the property is redeemed after the purchaser has been given possession (Sections 7 & 9, Act 3135, as amended by Act 4118).

5. Upon payment of the redemption price, the Fund shall issue a notarized Certificate of Redemption (COR) together with the title to the redemptioner.
6. In case no redemption occurred, the one percent (1%) legal interest per month shall be computed only up to the expiration of the redemption period, for purposes of determining the book value.
7. If the right of redemption is not exercised by the borrower-mortgagor who is occupying the foreclosed property, he shall vacate the same upon expiration of the redemption period. Otherwise, the Fund shall immediately file a Petition for Writ of Possession of the said property with the concerned court to recover the possession thereof. The Fund can also file ejectment case if circumstances warrant.
8. Redemption of Property by the Successors-in-Interest/Assignee

8.1 Redemption by the successors-in-interest/assignees of the borrower-mortgagor of a foreclosed property shall be allowed according to the following order of preference or as prescribed by law:

8.1.1. One to whom the former owner has transferred his statutory right of redemption, as evidenced by Deed of Assignment of Rights of Redemption;

8.1.2. One to whom the former owner has conveyed his interest in the property for the purpose of redemption, as evidenced by Deed of Sale of the Property subject of redemption;

8.1.3. Any person having lien on the property subsequent to the mortgage, as in the case of second mortgages; and

8.1.4. One who acquire the interest of the former owner by way of succession or inheritance.

8.2. The following are the legal documents that shall be presented by the successors-in-interest/assignee, depending on the circumstances of the case:

8.2.1 For Legal Heirs:

- a. Death Certificate of the borrower-mortgagor
- b. Birth Certificate of the legal heir
- c. Last Will and Testament (*if any*)
- d. Extra-judicial Settlement of Estate/Partition (*if any*)

8.2.2 For a Judgment Creditor

- a. Order from the Court
- b. Real Estate Mortgage (*For Second Mortgagee*)

8.2.3 Buyer/Assignee – Deed of Absolute Sale/Deed of Assignment

9. Redemption of the property through installment basis shall be allowed subject to the following conditions:

9.1. Full payment shall be made within the redemption period.

- 9.2. The borrower-mortgagor shall be required to pay an amount not lower than ten percent (10%) of the redemption price as deposit.
- 9.3. Partial payments shall be recorded in the books as "Deferred Credit".
- 9.4. In case the borrower-mortgagor fails to pay the full redemption price within the redemption period, the deposit and subsequent payments shall be refunded to him without interest.

Accordingly, "Deferred Credit" shall be reversed and set up "Vouchers Payable".

- 9.5. The redemption period may be extended by the Fund for a period not to exceed one (1) year, provided that installment payments already paid by the borrower would cover the capital gains tax, documentary stamp tax and the corresponding surcharges that the Fund will incur in case the borrower fails to redeem the property and the Fund consolidates the title in its name. In the event of such failure in redemption, the installment payments made by the borrower for such purpose shall be refunded to him, net of the said taxes and surcharges.

10. Foreclosed Properties Available for Lease

- 10.1.1. All unoccupied foreclosed housing units may be leased to third parties under Ordinary Lease Scheme during the redemption period, with prior notice through registered mail to the original owner. All rental payments therefrom shall accrue to the benefit of the borrower-mortgagor by way of deducting the same from the redemption price.
- 10.1.2. The Fund shall set the monthly rental on the unit to be leased on the basis of the prevailing rental rate in the area, which shall not be lower than one thousand pesos (P1,000.00).
- 10.1.3. The prospective lessee shall be informed of the status of the property subject of lease and that he shall vacate the leased premises in the event the mortgagor or his successors-in-interest shall exercise his right to redeem the same. Upon signing of the Contract of Ordinary Lease, the lessee shall be required to pay one month's rent in advance, and one-month rental deposit. The said contract shall include a warranty that the lessee will not tear down or destroy the leased property, including improvements introduced to the property upon being notified to vacate the same.

If the borrower-mortgagor decides to redeem the property, the HDMF shall notify the lessee occupying the said property to vacate the same within one (1) month from receipt of the notice.

- 10.1.4. In case the borrower-mortgagor signified intention to redeem his property but he is with deficiency, such rental earnings shall then be offset against the balance of his deficiency. If the borrower-mortgagor has no deficiency, it can be deducted from the redemption price.
- 10.1.5. In the event that the borrower-mortgagor failed to redeem the foreclosed property, rentals collected during the redemption period shall be applied against the deficiency. If there is no deficiency, the

rentals earned shall be given to him, net of all expenses incurred by the Fund up to the time of consolidation of title.

If the redemption is no longer possible, i.e. the borrower-mortgagor could no longer be located, rentals shall then be booked as "Miscellaneous Income".

- 10.1.6. Upon consolidation of the title in the name of HDMF, the latter shall give priority to the lessee with existing Contract of Ordinary Lease on the property to convert the said contract to RTO scheme or purchase the subject property through any mode of payment acceptable to the Fund.

G. CALL ON GUARANTY FROM HOME GUARANTY CORPORATION (HGC)

1. HDMF shall file a Notice of Call on the Guarantee, together with the required documents, with the HGC within eighteen (18) months from date of default of the account covered by the HGC Cash Flow Guarantee System.
2. The required original documents relative to the payment of the guaranty call shall be submitted to the HGC within sixty calendar (60) days from receipt of the Notice of Approval of Call.
3. During the one-year redemption period, the member-borrower may redeem the property from HGC, subject to the payment of the redemption price.

H. CONSOLIDATION OF TITLE

1. HDMF shall comply with /secure the following requirements:

1.1 Filing of Returns and payment of Capital Gains Tax (CGT) or Creditable Withholding Tax (CWT) as the case may be.

1.1.1 File CGT Return and pay the Capital Gains Tax in the amount equivalent to six (6%) percent of the winning bid within the period as indicated:

1.1.1.1 When the mortgagor in an extra-judicial foreclosure sale is a private individual or a natural person, within thirty (30) days after the expiration of the one (1) year redemption period reckoned from the date of the registration of the Certificate of Sale (COS) with the Office of Register of Deeds.

1.1.1.2 When the mortgagor in an extra-judicial foreclosure sale is a juridical person, within thirty (30) days after the expiration of the redemption period of three (3) months reckoned from the date the executive judge approved the issuance of the certificate of sale.

1.1.2 File the CWT Return and pay Creditable Withholding Tax (CWT) within ten (10) days following the end of the month when the applicable redemption period expired. The tax base is the winning bid. The tax rates are as follows:

When the mortgagor is habitually engaged in the real estate business

P500,000 or less	1.5%
More than P500,000 but not exceeding P2 Million	3.0%
More than P2 Million	5.0%

- 1.2 **File the DST Return and pay Documentary Stamp Tax (DST), for both type of mortgagors and whether habitually engaged in business or not, in the amount equivalent to one and half (1.5%) percent of the winning bid within five (5) days after the end of the month following the lapse of the applicable redemption period.**
 - 1.3 Certificate Authorizing Registration (CAR) from the Bureau of Internal Revenue (BIR)
 - 1.4 Separate certified true copies of the Tax Declaration on Land and Building from the City or Municipal's Assessor's Office
 - 1.5 Tax Clearance by paying the Real Estate Tax (RET) and Transfer Fee at the City/Municipal Treasurer's Office
2. The following documents shall be presented to the Registry of Deeds, for consolidation of title in the name of HDMF:
- 2.1 Official Receipt (OR) on Transfer Fee (*original copy*)
 - 2.2 Tax Clearance
 - 2.3 Affidavit of Consolidation of Title
 - 2.4 Title (*owner's duplicate copy*)
 - 2.5 Certificate Authorizing Registration (CAR)

Upon consolidation of the title, the Tax Declarations covering the lot and the improvements, respectively, shall also be accordingly consolidated in the name of the HDMF.

III. FORECLOSURE OF ACCOUNT COVERED BY PARI-PASSU ARRANGEMENT

When foreclosure for account covered by pari-passu arrangement becomes necessary or advisable, proceedings may be initiated either by the HDMF or the originating institution.

Foreclosure proceeds shall be divided according to the ratio of loan exposure of HDMF and the originating institution after deducting all the legal and incidental expenses. Thus, the Fund's share shall be computed based on following formula:

$$FP (HDMF) = \frac{HDMF \text{ Exposure}}{TLE} (TFP-TLIE)$$

where:

- FP (HDMF) – Foreclosure Proceeds due to HDMF

- TLE – Total Loan Exposure
- TFP – Total Foreclosure Proceeds
- TLIE – Total Litigation and Incidental Expenses

IV. OTHER PROVISIONS

A. NOTARIAL FORECLOSURE

Aside from filing a Petition for Extra-Judicial Foreclosure with the concerned Regional Trial Court (RTC), the same petition may be filed with a Notary Public who shall be authorized to conduct the foreclosure proceedings of a particular mortgaged property.

B. ABSENCE OF SPECIAL POWER OF ATTORNEY (SPA)

In the absence of a SPA to sell and dispose of the mortgaged property attached to or inserted in the mortgage contract, the HDMF shall proceed with the judicial foreclosure on the said mortgage with the end view of facilitating the immediate foreclosure of the mortgage, and at the same time recover possession from possible squatters occupying thereat by filing a Motion for Writ of Possession in the same proceedings.

C. FULL PAYMENT/REDEMPTION OF ACCOUNTS

In case of full payment or redemption, the member-borrower shall pay the following amount:

Payment Transaction	Amount
1. After filing of the petition but prior to auction sale	a. Total Outstanding Loan Obligation <ul style="list-style-type: none"> ➤ outstanding principal balance ➤ 3 months accrued interest ➤ unbooked regular interest ➤ insurance advances up to the date of settlement ➤ penalties and charges due from the member-borrower ➤ other advances (such as Real Estate Tax) b. Foreclosure Expenses <ul style="list-style-type: none"> ➤ Filing Fees ➤ Sheriff's Fee ➤ Notarial Fee ➤ Publication Expense c. Attorney's fee (if applicable) d. Other incidental expenses incurred prior to the actual auction sale (<i>as per item II.D.1</i>)

Payment Transaction	Amount
2. After auction sale but prior to registration of the Sheriff's COS	a. Total Outstanding Loan Obligation b. Foreclosure Expenses c. Expenses Incurred After Auction Sale d. Attorney's fee
3. Within the redemption period	Redemption Price (<i>refer to I.C.15 of this Circular</i>)
4. Beyond the redemption period up to the date of actual settlement prior to the consolidation of title	a. Redemption Price (<i>refer to I.C.15 of this Circular</i>) b. Non-refundable Capital Gains Tax and Documentary Stamp Tax

D. MEMBERSHIP TERMINATION

Any delinquent member-borrower who is concurrently eligible for provident claims shall execute a Deed of Voluntary Surrender with Waiver of Redemption Rights, if the redemption period has not yet expired, or simply a Deed of Voluntary Surrender of Possession, if the redemption period has expired or title is already consolidated in the name of the Fund, accompanied by the actual surrender of their housing units. The HDMF shall then issue a Certificate of Foreclosure in his favor as a requirement for the release of his savings.

E. WRIT OF POSSESSION

If after the expiration of the redemption period the former owner or other illegal occupant refuses to vacate the property, the Fund shall file ex-parte motion for Writ of Possession in the Regional Trial Court (RTC) where the foreclosed property is located.

V. REPEALING CLAUSE

HDMF Circular No. 294 as well as all memoranda, rules, regulations, and other issuances inconsistent herewith are hereby repealed, amended or modified accordingly.

VI. APPLICABLE HOUSING/FORECLOSURE POLICY

All future amendments on housing/foreclosure policy that may have an effect on these guidelines shall automatically amend all the pertinent provisions herein.

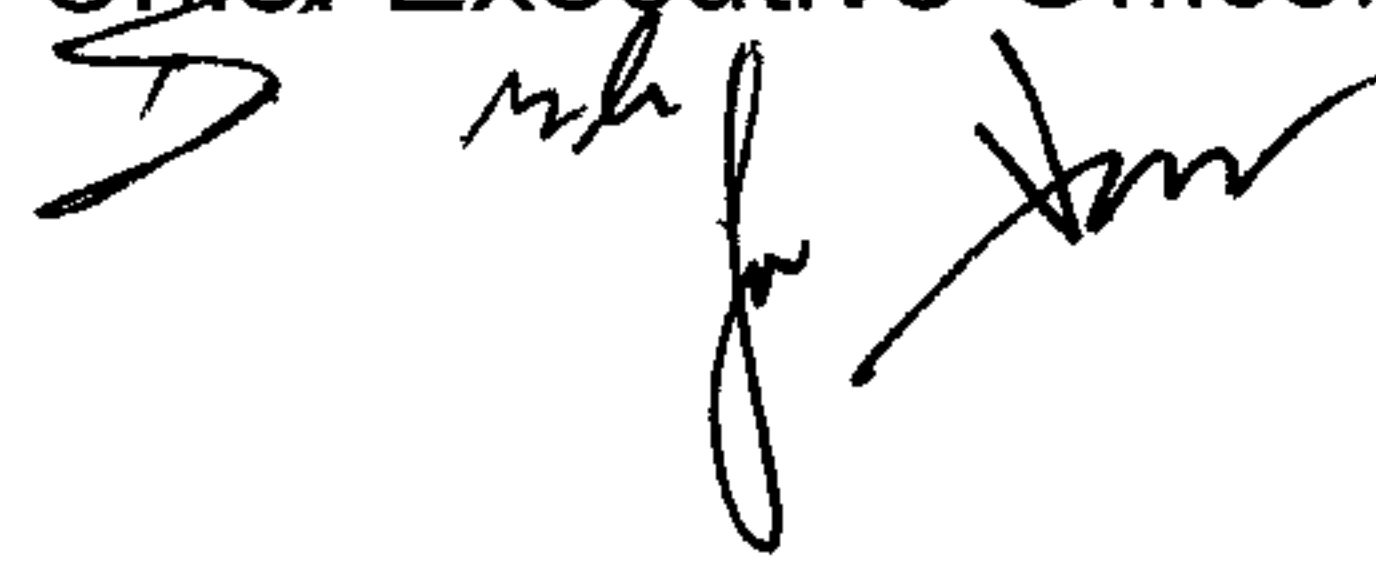
VII. AMENDMENTS

The Senior Management Committee may amend, modify or revise certain provisions of these guidelines provided that the amendments, modifications, revisions thereof are in furtherance of the objectives of this program and are consistent with the mandate of the Fund under its charter and existing laws.

VIII. EFFECTIVITY

This Circular takes effect immediately.

Darlene Berberabe
ATTY. DARLENE MARIE B. BERBERABE
Chief Executive Officer



Makati City
March 23, 2012