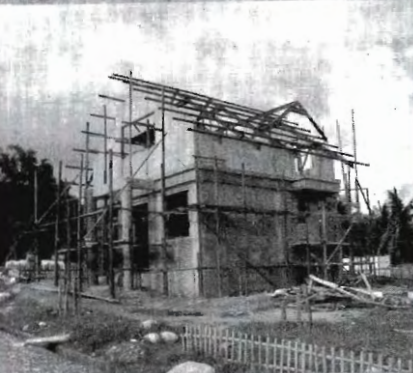




# FINANCING CO-OP HOUSING



# 3

*a guide on how to avail  
of fund assistance  
for cooperative housing  
from land bank of the philippines*





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# **FINANCING CO-OP HOUSING**

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*A Guide on How to Avail of Fund Assistance  
for Cooperative Housing  
from Land Bank of the Philippines*



This CHF publication is produced with funds from the United States Agency for International Development (USAID).

*Volumes Included in the Manual on Cooperative Housing*

1

*Analyzing Co-op Housing*

2

*Managing Co-op Housing*

3

*Financing Co-op Housing*

4

*Accounting Co-op Housing*

5

*Regulating Co-op Housing*

6

*Constructing Co-op Housing*

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*A Guide on How to Avail of Fund Assistance  
from Land Bank of the Philippines*

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# Foreword

Adequate shelter is a right that should be enjoyed by everyone. International statutes such as the United Nations Declaration on Human Rights guarantee this right. However in the Philippines, providing shelter to the homeless remains one of the primary concerns of government and cause-oriented groups.

Various approaches have already been adopted to solve the housing problem. One such approach is cooperative housing. It is an alternative self-help approach which applies the principles and methodologies adopted by cooperatives to shelter delivery.

While historically, cooperative housing has been put into practice in the late 19th century in various countries, its growth and development in the Philippines has only begun recently. As a response to promoting this innovative approach, CHF implemented the Cooperative Development Program in 1997, with the National Housing Authority (NHA) as its local partner and with funding from USAID.

The program sought to increase the availability of affordable housing services to underserved populations through cooperative housing. In particular, technical assistance was extended to build up the institutional capacity of NHA and several cooperatives to establish cooperative housing as a sustainable system. Part of such efforts is the development of a training manual on cooperative housing.

This Manual on Cooperative Housing was thus conceived to guide cooperatives engaged in mass housing projects for their homeless

members. In the process, it is hoped that this will encourage the creation of a favorable environment for the emergence of more housing cooperatives in the future.

CHF produced this manual in order to provide cooperatives with a better understanding of the operational and technical requirements, as well as, the processes involved in the cooperative housing project.

This Manual is designed to explain various concepts in terms that will be best understood by its intended end-users, which are the cooperatives. CHF attempted to provide a simplified presentation of some of the most important elements and steps of cooperative housing since there are so many details and variables involved in this process that varies according to each situation.

While we have wanted to base this Manual on the actual experiences of the pilot cooperatives of the Cooperative Development Program, it was not possible since these cooperatives have not gone through the entire cooperative housing process at this stage. The Manual was developed and drew largely from presentations made during the National Conference on Cooperative Housing held in Cavite on December 2001.

**Volume One on Analyzing Co-op Housing: Historical Analysis of Cooperative Housing** discusses the emergence and growth of cooperative housing in different countries, what were the issues and problems they faced, and how were these resolved. It also examines the experience of the SLU-SVP Housing Cooperative, one of the country's pioneers in cooperative housing.

**Volume Two on Managing Co-op Housing: A Guide on How to Manage the Organization, Implementation, and Maintenance of the Cooperative Housing Project** explains how the project affects the organizational structure and processes of the cooperative. It defines project management and lays down the specific management requirements necessary for the implementation and maintenance of the project.

**Volume Three on Financing Co-op Housing: A Guide on How to Avail of Fund Assistance for Cooperative Housing from Land Bank of the Philippines** presents the details of the bank's Cooperative Pabahay Program and how this may be utilized by the cooperative to finance its housing project.

**Volume Four on Accounting Co-op Housing: A Guide on Accounting Systems for Cooperative Housing** presents the different financial transactions of the project and how these should be documented and accounted for by the implementing cooperative.

**Volume Five on Regulating Co-op Housing: A Guide on Securing Titles, Licenses and Permits, and How to Avail of Tax Exemptions for Cooperative Housing** lists down the different legal and documentary requirements that regulate the project and how these can be secured by the cooperative. A section on taxation explains how a cooperative involved in socialized housing may avail of tax exemptions.

Finally, **Volume Six on Constructing Co-op Housing: A Guide on Construction Management of the Cooperative Housing Project** provides a layman discussion on the resource requirements, procedures, and tools needed during the construction phase of the project.

CHF hopes that these six volumes comprising the Manual on Cooperative Housing would serve as a valuable contribution towards the development of the cooperative housing movement in the Philippines.

**Randall Sach**  
Country Director  
CHF Philippines

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To the resource persons who imparted their expertise and know-how during the National Conference on Cooperative Housing held in Cavite on December 2001, namely: Danilo Consuegra of the National Conferation of Cooperatives (NATCCO), Ruben Corpuz of the SLU-SVP Housing Cooperative, Marlyn Estrella of the Cooperative Development Authority (CDA), Anne Henderson of UHAB from New York, Rose Nartates of NHA, Gary Ramirez of Land Bank of the Philippines (LBP), Sarah Redoblado of Alterplan, Ricardo San Andres of the Department of Agrarian Reform (DAR), Robert Sheen of the Department of Environment and Natural Resources (DENR), and Rolando Teves of NHA.

To Prof. Elenita Mantalaba, Director of the PUP Institute of Cooperatives, for her manual on Accounting Co-op Housing and her contributions on financing housing cooperatives.

To the officers of the Customer Service and Product Development Department of LBP, especially Gary Ramirez and Pocholo Nuñez, for their patience in explaining the details of the LBP-NHA Cooperative Pabahay Program.

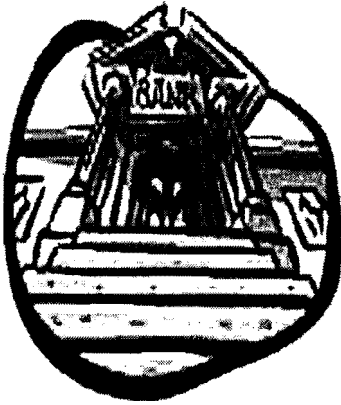
To the officers and staff of the Mines and Geosciences Bureau (MGB) and the Environmental Management Bureau (EMB) of DENR, for clarifying the department's environmental regulations.

To the pilots and other cooperatives of the Cooperative Development Program for inspiring us to produce this manual.

This manual also benefited greatly from the technical training on cooperative housing of the SEDCOP Program of NATCCO, Alterplan, and VICTO.

Lastly, this manual would not have been possible if not for the generous funding provided by the United States Agency for International Development (USAID).





## I N T R O D U C T I O N

# Do we need to borrow money from the bank?

Acquiring land and building houses are costly. They require massive funding.

When the cooperative decides to go into housing, it must immediately determine where it will source funds to finance the project's huge costs.

Aside from land acquisition and development, and the construction of housing units, funds are also needed for education and training of the members on the project, documentation and other pre-construction requirements, and occupancy administration.

The availability of funds determines the fate of the cooperative's housing project. The operational or working

capital, especially of multi-purpose cooperatives, cannot be spent entirely on the project. It will affect the cooperative's liquidity. Funds for the cooperative's operations will also be diminished.

It is the task of the cooperative to creatively determine ways on how to finance the housing project. Funds may be generated internally or externally through sources outside the cooperative.

Internal financing refers to generating funds from within the cooperative. Members are be mobilized to build up equity or setup a planned savings program. Other internal sources of funds are statutory reserve accounts from operations, donated capital, and sweat equity.

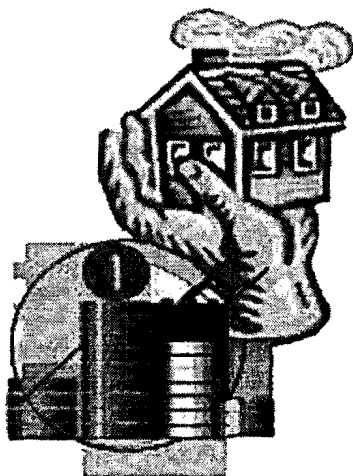
But funds from internal sources are usually accumulated over a period of time. In some cases, internally generated funds are still not sufficient to cover the housing project's cost. A right mix of internal and external sources of funds becomes necessary to meet the project's finance requirements.



External financing refers to borrowing funds from private or government financial institutions. There are banks, for example, which provide mortgages or developmental loans for housing. One of them is Land Bank of the Philippines.

It is the purpose of this manual to explain the requirements, loan terms, and procedures on how cooperatives may avail of funds from Land Bank to finance their housing projects.

However, it is strongly suggested that the cooperative does not limit itself to funds that may be sourced from Land Bank. The cooperative is strongly encouraged to find other external sources of funds and appropriately combine these with internal sources.





**Land Bank of the Philippines (LBP)** is one of the country's ten largest commercial banks.

It is a state-run bank engaged primarily in providing assistance to rural or countryside development, such as, land reform, construction of farm-to-market roads, micro-credits, rural electrification, construction of processing plants, and irrigation of farmlands.

It provides development financing and technical assistance to farmers' and fishermen's cooperatives, and to small and medium enterprises to boost agricultural production.



## How did the lending program for housing began?

By the turn of the millennium, LBP expanded operations by providing development assistance to mass housing.



With the magnitude of the shelter problem, the Philippine government considered mass housing as a centerpiece program. Given such economies of scale, mass housing was expected to pump-prime the national economy.

As a government bank, LBP gave assistance to state efforts to house the homeless. Since it began its mass housing financing program in the year 2000, it has given financial assistance to housing projects of local government units, private developers, government employees, and qualified cooperatives.

The **LBP Cooperative Pabahay Program** is one such project. Forged in coordination with the National Housing Authority (NHA), it was designed specifically to provide credit for housing to qualified cooperatives.

## What are its objectives?



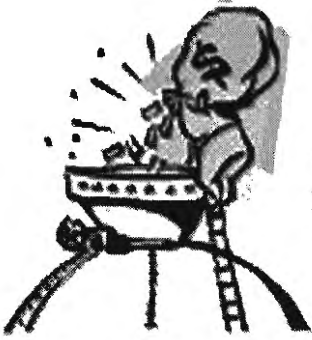
The Cooperative Pabahay Program is an expression of LBP's commitment to participate in the implementation of government's mass housing thrust. It is a program designed to address the housing needs of agricultural cooperatives, as well as non-agricultural cooperatives that are either community-based or institution-based.

According to LBP, the objectives of the program are:

1. to provide qualified cooperatives with a credit fund for the housing requirements of their members; and
2. to address the housing requirements of the non-formal or marginalized sectors, such as small farmers, fishermen, ambulant workers, tricycle drivers, vendors, and the like.



Funding from the program may be used to finance the construction of new housing units or the improvement or repair of dilapidated or unstable houses.



## How much is allocated for the program?

When LBP signed a Memorandum of Agreement with NHA on April 2001, it initially allocated P500 million for the program. The fund is part of the bank's P6 billion commitment to government's multi-window lending system for mass housing.

With the number of cooperatives applying for loan assistance, the bank, together with NHA, is set to review this funding commitment after the initial release of P250 million.

## What types of project are funded through the program?

Funds availed through LBP-NHA Cooperative Pabahay Program may be used by the cooperative to finance the following:

- land development and housing construction
- purchase of lot, provided the construction of housing units shall start six (6) months from the date of the first release of loan
- construction of a new house or dwelling unit on owned lot
- purchase of house and lot, condominium or a townhouse unit with a purchase price up to P500,000 per unit
- purchase with assumption of mortgage of an existing house and lot unit previously financed under the Unified Home Lending Program (UHLP)



- purchase and repair of existing residential properties foreclosed by a lending agency or bought back by the developer/originator or the Home Guaranty Corporation (HGC) under the UHLP
- purchase of a lot under the NHA site and services program, provided the construction of housing units shall start six (6) months from the first release of the loan

## **What are the requirements to become eligible borrowers?**

All borrowing cooperatives have to meet the following requirements or accreditation criteria before they become eligible for loan assistance from LBP:

- a Bank Assisted Cooperative (BAC) or a Newly Accessing Cooperative (NAC) with satisfactory credit dealings with LBP for the last three (3) years
- at least Class B categorized cooperative based on the bank's Cooperative Accreditation Criteria (CAC) at the time of the housing loan application, with good track record and healthy financial standing, and with at least one (1) year of satisfactory relationship with LBP
- duly registered with the Cooperative Development Authority (CDA) and its loan application duly endorsed to LBP by NHA
- with an existing memorandum of agreement (MOA) with NHA formalizing the technical assistance to be provided
- must have no negative credit findings on cooperative's key officers and directors and no major disputes within the cooperative.

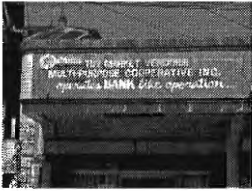


## So far, who has benefited from the program?

LBP has approved the housing projects of three (3) multi-purpose cooperatives. These cooperatives include the Philippine Urban Development Housing Co-op in Quezon City, Tuy Market Vendors and Community Multipurpose Co-op in Batangas, and Del Monte Agrarian Reform Beneficiaries Co-op in Bukidnon.

The loan for the three cooperatives is pegged at P58.8 million. It is expected to provide housing to 945 beneficiaries.

There are several more cooperatives whose loan applications have already been pipelined or under evaluation.



## How much could the cooperative borrow from the bank?



Under the program, the cooperative is given a Home Lending Line (HLL) or a credit line which is subject to annual review or renewal.

For socialized housing, where the selling price ranges from ₱80,000 to ₱180,000, the maximum loan amount or HLL is set at 100% of the housing package equivalent to ₱180,000.

For low-cost housing, where the selling price ranges from above ₱180,000 to a maximum of ₱500,000, the HLL is set at 90% of the Total Project Cost. This Cost refers to all relevant cost for physical improvements including buildings, utilities, land, architect's fees, taxes, and interests accruing during construction, but excluding developer's profit, other charges, and the estimated depreciation cost of existing utilities.

However, the loanable amount for low cost housing shall not be more than the absorptive capacity or the capacity to pay of the cooperative as defined in the bank's accreditation criteria.

## Does it require equity from the cooperative?



The bank requires a 10% equity contribution from the borrowing cooperative, based on the total cost of the housing project. However, this applies only to low cost housing projects. Acceptable equity considered by LBP may be in the form of cash, land, or any quantifiable material.

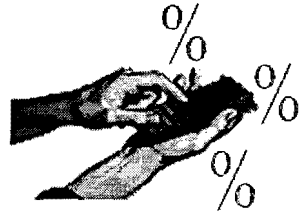


The Easy Home Loan is a commercial lending program of Land Bank for individuals who wish to purchase their own house and/or lot.

## How much are the interest rates?

The interest rate for socialized housing is set at a fixed rate of 9% per annum for the entire duration or term of the loan.

The interest rate for low-cost housing is set at 13% per annum and is subject to annual re-pricing based on the Easy Home Loan posted rates.

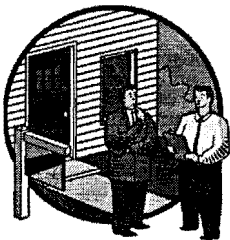


## What are the terms of repayment?

Repayment is set at equal monthly amortizations over the term of the loan with the principal to be paid three (3) months after the date of the final release of the loan. No grace period is given for payment of interests.

LBP has set a maximum of 15 years for the loan term. LBP will give the cooperative the option to choose the repayment term provided it does not exceed 15 years.

However, the 15-year maximum term can be shortened through a take-out scheme with the Home Development Mutual Fund (HDMF) or Pag-ibig at the option of the cooperative and the member-borrower.



## How does the Pag-ibig take-out scheme work?

Member-beneficiaries of the cooperative housing project who are either or not members of pension funds such as SSS, GSIS, or HDMF/Pag-ibig, may



have the option to be taken-out by Pag-ibig subject to the following terms and conditions:

- must be willing to have his/her housing loan taken out by HDMF and for this purpose, he/she should be an active contributing member of HDMF for two consecutive years
- must be willing to pay HDMF membership contributions and comply with the terms and conditions of HDMF.



### **What happens if the cooperative-borrower fails to pay its obligations?**

A borrower is considered to be in default after failure to pay three (3) regular monthly amortizations. There is a 3% penalty rate per annum which will be charged starting on the 61st day after the due date of the loan amortization up to the date of settlement.

If applicable, a call will be made with the HGC upon default, which is defined as the minimum of six (6) months installment in arrears.

### **What are the collaterals required by the bank?**

LBP requires the following securities or collaterals, covered under the usual LBP documentation:

- First Real Estate Mortgage on real estate property subject of development free from all liens and encumbrances
- Joint and Several Signatures (JSS) of the key officers and Board Members of the cooperative
- Deed of Assignment of Insurance Policies
- HGC Guaranty, if applicable

## **Do we have to open an account with LBP?**



The cooperative shall maintain a Special Deposit Account (SDA) with any LBP servicing branch. The account to be opened and maintained by the borrower-cooperative will be used solely for all LBP Cooperative Pabahay Program-related transactions, such as, crediting of loan proceeds, disbursement for loan releases, and charging of monthly amortization.

An average daily balance equivalent to at least one (1) month loan amortization shall be deposited and maintained in this account. The savings contributions of the cooperative's members shall also be deposited in this account, with the cooperative providing LBP with a monthly report on the member's savings and sub-loan amortizations.

The cooperative shall authorize the bank to debit the special deposit account for the payment of loan amortizations, penalties, fire insurance premium, and other fees on due dates.

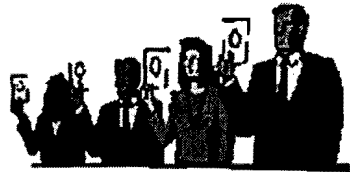
The remaining balance will serve as the cooperative's savings for future expenses. The cooperative can only withdraw from the account with the prior approval of the bank, while the loan remains outstanding.

## **What types of insurance cover the program?**

As insurance or guaranty, the cooperative shall be covered by the following:

- **Contractors All Risk Insurance** – the cooperative as developer shall first secure this until the project's construction is completed

- **Fire Insurance** – the cooperative shall insure the property, including improvements erected thereon, for its full-appraised value through an insurance company accredited by the Land Bank Insurance Brokerage, Inc. (LIBI)
- **HGC Guaranty** – if applicable, the cooperative shall enroll with this guaranty in accordance with the HGC Retail/Developmental Guarantee standard terms and conditions, with the cooperative shouldering the cost of its accreditation and premium payments
- **Premium Payments** – premium fees on fire insurance shall be pre-paid annually, with the first year's premium deducted from loan release and payments for succeeding years tacked in with amortization payments



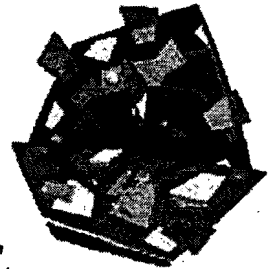
## How do we file our loan application?



Cooperatives seeking financial assistance for housing may go to Land Bank's nearest Lending Center in their respective provinces. The cooperative submits a loan application as well as the various documentary requirements. All documents must be accompanied by an endorsement from NHA.

The Lending Center then accredits the cooperative based on LBP's Co-op Accreditation Criteria (CAC). If the cooperative qualifies, the Lending Center then evaluates the loan application. Priority is given to cooperatives classified as Class A and B Bank Accredited Cooperatives (BACs).

## What happens after the loan has been filed?



The bank conducts an investigation into the credit-worthiness of the borrowing cooperative, ascertains the viability of the housing project, and conducts an interview with members of the cooperative's management or Board of Directors.

With the help of NHA, LBP will hold orientation seminars on the program to acquaint cooperatives on loan policies and procedures. It may even help the cooperative conduct a market survey to determine who among the members are eligible beneficiaries.



The Lending Center prepares a Credit Facilities Proposal (CFP) which is then submitted to the bank's qualified and certified approving and signing authority for approval. The CFP is evaluated primarily by the bank's Loan Executive Committee (LEC) or by the bank's Board of Directors depending on the amount of loan requested.

## **How do we know if our loan has been approved or not?**

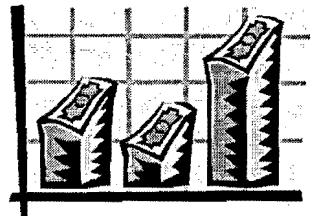
LBP notifies the cooperative if the loan application was approved. The bank then discusses the terms and conditions of the loan. In the same manner, if the loan application is disapproved or deferred, the bank still notifies the cooperative.

If approved, the cooperative is then asked to comply with the bank's pre-release requirements. When all requirements have been submitted, the Lending Center releases the loan.



## **Do we get our loan in tranches?**

For land development and housing construction, loan releases are staggered based on project completion and the progress report which is duly certified by NHA and validated by LBP. The first release equivalent to 50% of the loan amount is made upon submission of all documentary requirements. The second release equivalent to 40% of the loan amount is made upon 50% completion



of the project. The third and final release of the remaining 10% of the loan amount is made upon 90% completion of the project.

Monthly progress reports shall be made by the cooperative in coordination with the NHA since it supervises project implementation based on approved plans. LBP on the other hand will conduct site appraisal or assessment of project accomplishment. Subsequent loan releases will only be made upon verification of the progress report.

However, for purchase of house and lot, condominium, or a townhouse unit, a one-time loan release is made in favor of the seller, owner of the property, or the cooperative-developer, upon submission of the applicable pre-release requirements.

For purchase and repair of existing residential properties, which are foreclosed, loan releases are also done in tranches with the first release for the purchase of the property and the second upon completion of repairs and the submission of applicable pre-release requirements.



# Appendix

## DOCUMENTARY REQUIREMENTS FOR LBP COOPERATIVE PABAHAY PROGRAM

### I. Pre-processing Requirements

#### A. *General Requirements*

1. Cooperative Board Resolution
  - Authorizing the cooperative to borrow and mortgage properties to secure the loan (stating the amount and purpose of loan), and secure HGC Guaranty, if applicable
  - Authorizing at least two (2) officers to negotiate and sign loan agreement and all necessary documents with LBP including the HGC Guaranty, if applicable
  - Ratifying and approving the MOA with NHA, the cooperative's housing policy and implementing rules and regulations, the project feasibility study, and the cooperative's savings mobilization, cost recovery and collection scheme, which were duly approved by NHA
2. Certified true copy of the certificate of CDA registration and Articles of Cooperation and By-Laws
3. Cooperative Profile
4. List of Incumbent Officers and Management Staff certified and sworn to by the Cooperative Secretary
5. Information Sheet/Bio-data (with pictures) of Co-op's BOD/ Key Officers

6. Audited Financial Statements (3 years)
7. Certified master list of registered members with name of spouse, address, amount of subscribed and paid-up capital and specimen signature prepared by the Cooperative Secretary and attested by the Chairman
8. Certified List of Intended sub-borrowers/buyers who are bonafide cooperative members
9. Co-op's Income Tax Returns (3 years)
10. Co-op's annual report for the past three (3) years
11. Business License
12. MOA between the Cooperative and the NHA on the technical assistance to be provided by NHA
13. Certified true copy of the Project Feasibility Study (covering Project viability as to Market, Financial and Technical Aspects and sub-borrowers' eligibility) duly reviewed, approved and endorsed by NHA
14. Cooperative housing policy and implementing rules and regulations, reviewed by NHA & LBP
15. Guidelines on cooperative's savings mobilization, cost recovery and collection scheme, duly approved by NHA
16. Mother Title/Transfer Certificate of Title/s (TCTs)
17. Tax Declaration
18. Latest Real Estate Tax Receipt and certification of previous year's payment
19. HDMF/Pag-ibig certificate of membership for member-beneficiaries who will opt for loan take-out

#### *B. Land Development and Housing Construction*

1. If sub-contracted, contractor's profile, MOA/Contract with contractor and capability as certified by NHA
2. Lot Plan, Location Map
3. Bill of Materials, Building Plan and Specifications



### *C. Purchase of Lot and Housing Construction*

1. Duly notarized conditional Deed of Sale
2. If sub-contracted, contractor's profile, MOA/Contract with contractor and capability as certified by NHA
3. Lot Plan, Location Map
4. Bill of Materials, Building Plan and Specifications

### *D. Purchase of House and Lot, Condominium or a Townhouse Unit*

1. Duly notarized conditional Deed of Sale
2. Lot Plan, location map, vicinity map, building plans

### *E. Purchase and Repair of an Existing Residential Property Foreclosed by a Lending Agency/Bought Back by the Developer/Originator/Home Guaranty Corporation (HGC) under the UHLP*

1. Bill of Materials for repairs, cost estimate and scope of work
2. Duly notarized conditional deed of sale
3. Lot plan, location map, vicinity map, building plans

### *F. Construction of a New House or a Dwelling on Owned Lot*

1. If sub-contracted, contractor's profile, MOA/Contract with contractor and capability as certified by NHA
2. Lot Plan, Location Map
3. Bill of Materials, Building Plan and Specifications

## II. Pre-Release Requirements

### A. General Requirements

1. Duly executed loan and collateral agreements;
2. Cooperative Board Resolution
  - Ratifying and approving terms and conditions of the loan agreement, promissory note and other loan documents and HGC Guaranty, if applicable
  - Authorizing the opening of the deposit account
  - Authorizing the Land Bank of the Philippines to debit, withdraw from the special deposit account and apply to payments of loan, interest, and other fees
3. General Assembly resolution confirming all acts of the Co-op's Board
4. Registration of Real Estate Mortgage (REM) with the concerned Register of Deeds
5. Annotation of the REM on the subject Title
6. Deposit account with its servicing LBP Branch exclusively for LBP-NHA COOPERATIVE PABAHAY PROGRAM transactions (i.e., crediting of loan proceeds, disbursement of loan releases, charging of monthly amortization, etc.)
7. HGC Guaranty, if applicable
8. Insurance coverage requirements

### B. Land Development and Housing Construction

1. DAR Conversion or Exemption
2. Permit to Mortgage
3. Environmental Clearance Certification from DENR
4. Development Permit by HLURB or LGU
5. HLURB Permit to Mortgage
6. HLURB Approval on the 20% Socialized Housing Component;
7. HLURB License to Sell
8. Project completion/progress/appraisal report duly reviewed and approved by NHA and validated by LBP

*C. Purchase of Lot and Housing Construction*

1. Duly notarized Deed of Absolute Sale
2. Project completion/progress/appraisal report duly reviewed and approved by NHA and validated by LBP
3. DAR Conversion or exemption
4. Permit to Mortgage
5. Environmental Clearance Certification from DENR
6. HLURB Approval on the 20% Socialized Housing Component
7. Developmental Permit by HLURB or LGU
8. HLURB License to Sell

*D. Purchase of House and Lot, Condominium or a Townhouse Unit*

1. Duly notarized Deed of Absolute Sale
2. Certificate of Acceptance and occupancy declaring that the buyer unconditionally accepts the housing unit

*E. Purchase and Repair of Existing Residential Properties Foreclosed by a Lending Agency/Bought Back by the Developer/Originator/Home Guaranty Corporation (HGC) under the UHLP*

1. Duly notarized Deed of Absolute Sale
2. Completion/progress/appraisal report on the repairs duly reviewed and approved by NHA and validated by LBP
3. Certificate of Acceptance and occupancy declaring that the buyer unconditionally accepts the housing unit

*F. Construction of a New House or a Dwelling on Owned Lot*

1. Project completion/progress/appraisal report duly reviewed and approved by NHA and validated by LBP
2. DAR conversion or exemption

3. Permit to Mortgage
4. Environmental Clearance Certification from DENR
5. HLURB approval on the 20% Socialized Housing Component
6. Developmental permit by HLURB or LGU
7. HLURB License to Sell

### **III. Post-Release Requirements**

1. End-user Verification report by LBP
2. Cooperative Resolution accepting the completed projects

**LAND BANK OF THE PHILIPPINES  
COOPERATIVE ACCREDITATION CRITERIA**

**A. Pre-Qualification Requirements for Newly-Accessing Cooperatives (NAC)**

| BASIC REQUIREMENTS  | RATIONALE  |
|---|--|
| <p>1. CDA Requirements</p> <ul style="list-style-type: none"> <li>▪ Articles of Cooperation and By-Laws</li> <li>▪ Duly-organized Set of BOD and Committees (i.e. Audit, Credit, Election, and, Education &amp; Training</li> <li>▪ Certificate of Good Standing</li> </ul> | <p><i>As a matter of policy, LBP may transact business only with an organization having juridical personality.</i></p>   |
| <p>2. Membership of at least 60</p>   | <p><i>For registration purposes, R.A. No. 6938 requires 15 members and P2,000 paid-up share capital for a cooperative to acquire juridical personality, engage in the initial business of firming up the organization, and mobilizing savings among its members.</i></p> |

| BASIC REQUIREMENTS   | RATIONALE   |
|--|---|
| <p>3. Minimum paid-up share capital of P30,000</p>   | <p><i>These registration requirements, however, cannot be taken to mean as an indication of the ability to access loans from financing institutions. LBP's study (Co-op Model) shows a threshold level of more than 50 members and a paid-up capital of P30,000 to initially give a new cooperative some leverage to carry-out bank assisted projects, e.g. crop/livestock production. For purposes of initial loan availment with LBP, a minimum of 60 members may be considered acceptable.</i></p> |
| <p>4. All members have undergone PMES</p>  | <p><i>To make members aware of their duties and responsibilities, as well as the benefits that can be derived from the cooperative.</i></p>   |
| <p>5. Updated and audited financial statements</p>   | <p><i>To instill proper accountability and provide information on the financial condition of accessing cooperatives and help determine loan absorptive capacity.</i></p>  |
| <p>6. Core Management Team – qualified, duly-designated part/full-time Manager, bonded part/full-time Cashier/Treasurer and full-time Bookkeeper</p> | <p><i>To equip cooperatives with the necessary competence to conduct business.</i></p>  |

## B. Requirements for Newly-Accessing Cooperatives and Existing Bank-Assisted Cooperatives (BAC)

| INDICATORS   | MINIMUM REQUIREMENTS    |                         | STANDARD REQUIREMENTS    |
|--|-------------------------|-------------------------|--------------------------|
|  | NACs                    | EXISTING BACS           |                          |
| <b>1. MEMBERSHIP</b>   |                         |                         |                          |
| a. Size  | 60 members              | 100 members             | 500 or more members      |
| b. Patronage of Business                                       | 90% of total membership | 90% of total membership | 100% of total membership |
| <b>2. CAPITAL BUILD-UP (CBU) AND SAVINGS MOBILIZATION (SM)</b> |                         |                         |                          |
| a. Average CBU per member/year                                 | P500                    | P500                    | P1,500 or more           |
| b. Average Savings per member/year                             | P500                    | P500                    | P1,500 or more           |
| <b>3. LEADERSHIP AND MANAGEMENT</b>                            |                         |                         |                          |
| a. Board of Directors (BOD)                                    |                         |                         |                          |
| ▪ Monthly BOD Meetings   | 6 meetings              | 6 meetings              | 12 meetings              |

| INDICATORS  | MINIMUM REQUIREMENTS   |  | STANDARD REQUIREMENTS  |
|---|--|--|--|
|   | NACS   | EXISTING BACS  |  |
| <ul style="list-style-type: none"> <li>▪ Patronage of Business</li> </ul> | 90% of BOD members   | 90% of BOD members   | 100% of BOD members  |
| b. Core Management Team (COMAT)   | complete COMAT   | complete COMAT   | with full-time COMAT; with back-up to the Manager and the Bookkeeper   |
| c. Co-op Policies, Systems, and Procedures (PSP)                          | basic/ installed policies on records-keeping, savings and credit | basic/ installed policies on records-keeping, savings and credit | minimum requirements plus installed/ operational policies on membership, CBU, accounting, budgeting, CASA, individual business operations, auditing, personnel, and general/admin matters and funds management |



| INDICATORS                     | MINIMUM REQUIREMENTS   |   | STANDARD REQUIREMENTS   |
|--------------------------------|--|---|---|
|                                | NACs   | EXISTING BACs   |   |
| d. Plans and Programs          | basic/<br>written<br>plans and<br>programs,<br>including<br>business<br>plans for<br>projects<br>being<br>financed | basic/<br>written<br>plans and<br>programs<br>including<br>business<br>plans for<br>projects<br>being<br>financed | written/<br>operational<br>and<br>continuously<br>refined long-<br>term plan<br>(more than 3<br>years); with<br>business plans,<br>action plan,<br>and annual<br>budget |
| e. Internal Performance Review | at least<br>monthly<br>review by<br>BOD  | at least<br>monthly<br>review by<br>BOD   | comprehensive<br>monthly review<br>by BOD and<br>regular reviews<br>by management<br>and committees<br>of other<br>operations   |

| INDICATORS                | MINIMUM REQUIREMENTS   |  | STANDARD REQUIREMENTS   |
|---------------------------|--|--|---|
|                           | NACs   | EXISTING BACs  |   |
| 4. BOOK OF ACCOUNTS       | with installed general ledger and journals; depending on co-op business, shall include general, cash receipt and disbursement, and sales and purchase journals | with installed general ledger and journals; depending on co-op business, shall include general, cash receipt and disbursement, and sales and purchase journals | computerized books of accounts  |
| 5. BUSINESS OPERATIONS    |  |  |   |
| a. Livelihood/ Enterprise | production   | mostly re-lending for crop production  | highly diversified/ specialized mix of production, processing and marketing |

| INDICATORS  | MINIMUM REQUIREMENTS          |   | STANDARD REQUIREMENTS   |
|---|-------------------------------|---|---|
|   | NACs                          | EXISTING BACs   |   |
| b. Providential Services  | at least 1 service to members | with initiative to start-up   | institutionalized providential services; built-in community service |
| <b>6. FINANCIAL PERFORMANCE</b>                                     |                               |   |   |
| a. Repayment of LBP Obligations                                     |                               | 90%   | 100%  |
| b. Profitability (ROE)  | at least break-even           | at least break-even   | 10% and better  |
| c. Debt-Equity Ratio  | 6:1                           | 6:1   | 2:1 and better  |
| d. Liquidity Ratio  | 1:1                           | 1:1   | 2:5:1 and better  |
| <b>7. AFFILIATION IN FEDERATION/ CLUSTER/ CHAMBER/ ORGANIZATION</b> |                               | with demonstrable efforts/ willingness to be member of co-op organization | active member of regional/ national-based organization              |

## DIRECTORY OF LBP LENDING CENTERS

### National Capital Region (NCR)

| LENDING CENTER  | CONTACT NUMBERS  |
|---|--|
| <p>1. NCR-A LC<br/>Head Office, 3/F Reliable Building,<br/>Gil Puyat Avenue, Makati City</p>  | <p>Tel. 818-9411 loc 2372</p>  |
| <p>2. NCR-B LC<br/>Intramuros Branch, G/F Palacio del<br/>Gobernador, Andres Soriano Jr. cor<br/>Gen. Luna Sts., Intramuros, Manila</p> | <p>Tel. 527-3120, 527-5860,<br/>527-3190<br/>Fax. 527-5855</p>       |
| <p>3. NCR-C LC<br/>United Nations Ave. Branch,<br/>110 UN Ave. cor Perez St., Paco, Manila</p>  | <p>Tel. 523-4248, 526-4993,<br/>526-7606<br/>Fax. 523-4264</p>       |
| <p>4. NCR-D LC<br/>West Triangle Branch, Orcel II Bldg.,<br/>1611 Quezon Ave., Quezon City</p>  | <p>Tel. 926-7498, 925-1694,<br/>925-1702, 926-5518</p>               |
| <p>5. NCR-E LC<br/>Greenhills Branch, CLMC Bldg.,<br/>259-269 EDSA Greenhills,<br/>Mandaluyong City</p>                                 | <p>Tel. 724-4074 to 77,<br/>726-2357, 723-4858<br/>Fax. 726-0243</p> |
| <p>6. NCR Co-op LU<br/>Head Office, 6/F Bldg. II, Gil Puyat<br/>Ave., Makati City</p>   | <p>Tel. 818-9411 loc 2386,<br/>843-3686</p>                          |

## Northern/Central Luzon

| LENDING CENTER  | CONTACT NUMBERS  |
|---|--|
| <p>7. Bataan LC<br/>Dinalupihan Branch, San Ramon Highway, Dinalupihan, Bataan</p>                              | <p>Tel. (047) 481-1178,<br/>481-2817 to 18</p>                   |
| <p>8. Benguet LC<br/>Baguio Branch, 85 Harrison Road, Baguio City</p>   | <p>Tel. (074) 442-2710</p>                                       |
| <p>9. Bulacan LC<br/>Malolos Branch, 3/F LBP Bldg., Sumpang Matanda, Mc Arthur Highway, Malolos, Bulacan</p>    | <p>Tel. (044) 662-4164,<br/>416-4166</p>                         |
| <p>10. Cagayan LC<br/>Tuguegarao Branch, San Gabriel St., Tuguegarao, Cagayan</p>                               | <p>Tel. (078) 846-9981,<br/>846-2910</p>                         |
| <p>11. Ilocos Norte LC<br/>Laoag Branch, F.R. Castro cor Don Ruis Sts., Laoag City</p>                          | <p>Tel. (077) 772-0511<br/>Fax. (077) 771-0484</p>               |
| <p>12. Isabela LC<br/>Santiago Branch, Heritage Bldg., Malvar St, Santiago City, Isabela</p>                    | <p>Tel. (078) 682-5933,<br/>682-8877</p>                         |
| <p>13. La Union LC<br/>San Fernando LU Branch, Doña Marietta Bldg., Ortega St., San Fernando City, La Union</p> | <p>Tel. (072) 888-2069,<br/>700-4097<br/>Fax. (072) 242-5657</p> |

| LENDING CENTER  | CONTACT NUMBERS  |
|---|--|
| <p>14. Nueva Ecija LC<br/>Cabanatuan Branch, Gen. Tinio cor<br/>Gabaldon Sts., Cabanatuan City</p>  | <p>Tel. (044) 463-8355 to 56<br/>Fax. (044) 463-1801</p>         |
| <p>15. Nueva Vizcaya LC<br/>Solano Branch, National Highway cor<br/>Mabini St., Solano, Nueva Vizcaya</p>   | <p>Tel. (078) 321-3194,<br/>326-5672<br/>Fax. (078) 326-5675</p> |
| <p>16. Pampanga LC<br/>San Fernando (Pampanga) Branch,<br/>3/F Fre-Luz/Nissan Bldg.,<br/>Olongapo/Gapan Road, Dolores,<br/>San Fernando, Pampanga</p> | <p>Tel. (045) 963-6667 to 68</p>                                 |
| <p>17. Pangasinan LC<br/>Urdaneta Branch, Poblacion,<br/>Urdaneta, Pangasinan</p>   | <p>Tel. (075) 568-3177,<br/>568-7388, 563-2676</p>               |
| <p>18. Tarlac LC<br/>Tarlac Branch, Philamlife Bldg.,<br/>F. Tañedo St., Tarlac City, Tarlac</p>  | <p>Tel. (045) 982-2759,<br/>982-2744, 982-2784,<br/>982-1266</p> |

## Southern Luzon

| LENDING CENTER  | CONTACT NUMBERS  |
|---|--|
| <p>19. Albay LC<br/>Legaspi Branch, Gimenez Bldg.,<br/>J. Rizal St., Legaspi City</p>   | <p>Tel. (052) 214-3027,<br/>214-3029, 214-2737<br/>Fax. (052) 214-3168</p> |
| <p>20. Batangas LC<br/>Lipa Branch, Dimo Realty Bldg.,<br/>B. Morada Ave., Lipa City, Batangas</p>                                | <p>Tel. (043) 756-2619,<br/>981-2857 to 58<br/>Fax. (043) 756-1135</p>     |
| <p>21. Camarines Sur LC<br/>Naga Branch, LBRDC Bldg.,<br/>Gen. Luna St., Naga City</p>  | <p>Tel. (054) 473-3264<br/>Fax. (054) 473-7924</p>                         |
| <p>22. Cavite LC<br/>Silang Branch, 2/F Toledo Bldg.,<br/>P. Montoya cor Yakal Sts.,<br/>Poblacion, Silang, Cavite</p>            | <p>Tel. (046) 414-2986 to 87,<br/>865-0481<br/>Tel. (046) 414-2461</p>     |
| <p>23. Laguna LC<br/>Calamba Branch, Distur-Lugo Bldg.,<br/>Barangay Real, National Road,<br/>Calamba, Laguna</p>                 | <p>Tel. (049) 545-6370 to 71<br/>Fax. (049) 545-7392</p>                   |
| <p>24. Occidental Mindoro LC<br/>San Jose (Mindoro) Branch,<br/>Ronquillo Bldg., Liboro St.,<br/>San Jose, Occidental Mindoro</p> | <p>Tel. (043) 491-1525<br/>Fax. (043) 491-4306</p>                         |
| <p>25. Oriental Mindoro LC<br/>Calapan Branch, Plaza Center Bldg.,<br/>Sto. Niño St., Calapan, Oriental<br/>Mindoro</p>           | <p>Tel. (043) 288-4014,<br/>288-3145</p>                                   |

| LENDING CENTER   | CONTACT NUMBERS  |
|--|--|
| <p>26. Palawan LC<br/>           Puerto Princesa Branch, Rafols Bldg.,<br/>           Rizal Ave., Puerto Princesa City,<br/>           Palawan</p>         | <p>Tel. (048) 433-2820,<br/>           433-2573<br/>           Fax. (048) 433-9306</p>           |
| <p>27. Quezon LC<br/>           Candelaria Branch, Sioland Bldg.,<br/>           Nadres cor Salazar Sts.,<br/>           Candelaria, Quezon</p>            | <p>Tel. (042) 741-1428,<br/>           742-1386, 741-1072<br/>           Fax. (042) 585-3615</p> |
| <p>28. Rizal LC<br/>           Cainta Branch, Rical Bldg.,<br/>           Ortigas Ave. Ext., Brookside Hills<br/>           Subdivision, Cainta, Rizal</p> | <p>Tel. 656-9534 to 35,<br/>           240-1425, 240-1430</p>                                    |



**Visayas**

| LENDING CENTER   | CONTACT NUMBERS  |
|--|--|
| <p>29. Bohol LC<br/>                     Tagbilaran Branch, Bohol Provincial Capitol Complex, J.S. Torralba cor C. Marapao Sts., Tagbilaran City</p> | <p>Tel. (034) 411-3831,<br/>                     411-5235, 411-3315<br/>                     Fax. (034) 411-3508</p> |
| <p>30. Cebu LC<br/>                     Cebu Branch, Osmeña Blvd. cor P. del Rosario St., Cebu City</p>  | <p>Tel. (032) 253-8327,<br/>                     254-1314, 255-0471<br/>                     Fax. (032) 254-3842</p> |
| <p>31. Iloilo LC<br/>                     Iloilo Branch, Iznart cor Solis Sts., Iloilo City</p>  | <p>Tel. (033) 336-9870,<br/>                     337-4500, 338-1682<br/>                     Fax. (033) 336-9870</p> |
| <p>32. Leyte LC<br/>                     Tacloban Branch, Oceanic Bldg., Justice Romualdez cor Sen. Enage Sts., Tacloban City</p>                    | <p>Tel. (053) 325-9544,<br/>                     321-7458 to 59</p>  |
| <p>33. Negros Occidental LC<br/>                     Bacolod Branch, LBP Bldg., Gatuslao cor Cottage Road, Bacolod City</p>                          | <p>Tel. (034) 435-0147 to 49,<br/>                     707-6896<br/>                     Fax. (034) 435-1107</p>     |
| <p>34. Negros Oriental LC<br/>                     Dumaguete Branch, NORECO Bldg., Real cor San Juan Sts., Dumaguete City</p>                        | <p>Tel. (035) 225-1062,<br/>                     225-2406, 225-0969<br/>                     Fax. (035) 225-4688</p> |

## Mindanao

| LENDING CENTER   | CONTACT NUMBERS  |
|--|--|
| <p>35. Bukidnon LC<br/>           Malaybalay Branch, G/F Beldero Sarmiento Bldg., Fortich St., Sayre Highway, Malaybalay, Bukidnon</p> | <p>Tel. (088) 221-3108,<br/>           221-2121 to 22, 813-4500,<br/>           813-4519</p>     |
| <p>36. Butuan LC<br/>           Butuan Branch, Ong Hoc Bldg., Montilla cor P. Burgos Sts., Butuan City</p>                             | <p>Tel. (085) 342-3475,<br/>           341-8365, 341-5427<br/>           Fax. (085) 815-6153</p> |
| <p>37. Cagayan de Oro LC<br/>           Velez Branch, G/F Green Towers Bldg., Luna-Velez Sts., Cagayan de Oro City</p>                 | <p>Tel. (08822) 772-915,<br/>           (088) 856-5417</p>                                       |
| <p>38. Cotabato LC<br/>           Cotabato Branch, 1/F Cotabato Yu Ekey Bldg., Don Rufino Alonzo St., Cotabato City</p>                | <p>Tel. (064) 421-8338<br/>           Fax. (064) 421-1983</p>                                    |
| <p>39. Davao LC<br/>           7 Palm Drive, Bajada, 8000 Bajada, Davao City</p>   | <p>Tel. (082) 221-7080,<br/>           227-9446<br/>           Fax. (082) 221-5350</p>           |
| <p>40. Dipolog LC<br/>           Dipolog Branch, VIP Bldg., Gen. Malvar St., Dipolog City</p>  | <p>Tel. (065) 212-8233,<br/>           212-8068<br/>           Fax. (065) 212-8067</p>           |
| <p>41. General Santos LC<br/>           General Santos Branch, P. Acharon cor Pioneer Ave., General Santos City</p>                    | <p>Tel. (083) 552-4751,<br/>           554-6237</p>  |

| LENDING CENTER   | CONTACT NUMBERS   |
|--|---|
| <p>42. Iligan LC<br/> Iligan Branch, LBP Bldg.,<br/> Lasalle Road, Iligan City</p>                               | <p>Tel. (063) 221-3444,<br/> 492-1009<br/> Fax. (063) 421-1983</p>    |
| <p>43. Kidapawan LC<br/> Kidapawan Branch, 2/F MKTC Bldg.,<br/> Quezon Blvd., Kidapawan,<br/> North Cotabato</p> | <p>Tel. (064) 288-5155</p>  |
| <p>44. Zamboanga LC<br/> Wee Bldg., Veterans Ave.,<br/> Zamboanga City</p>                                       | <p>Tel. (062) 993-1661,<br/> 991-3745,<br/> 991-0095 to 96 loc 11</p> |

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Land Bank of the Philippines (LBP), and National Housing Authority (NHA). 2001. *Memorandum of Agreement on LBP-NHA Co-op Housing Program*. April 5.







**CHF International** serves as a catalyst for long-lasting positive change in low and moderate income communities around the world, helping to improve their housing, economic circumstances, and environments. It works with a wide range of organizations to develop systems, policies, and practices that increase access to affordable housing, community services and finance. It believes that safe and affordable housing is the foundation upon which families can build a livelihood, a healthy community, and a peaceful, democratic society.

In the Philippines, CHF is working with the National Housing Authority to promote cooperative housing. It also provides technical assistance to 3 pilot cooperatives whose housing projects are already under construction.

