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REDISCOUNTING OF HOUSING LOAN PAPERS OF QUALIFIED BANKS FOR LO-COST HOUSING

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Pursuant to Monetary Board Resolution No. 932, dated 9 July 1999, approving the opening of a rediscounting window for low-cost housing as defined by the Housing and Urban Development Coordinating Council (HUDCC), hereunder are the guidelines to govern the rediscounting of housing loan papers of qualified banks.

SECTION 1. Statement of Policy - The Bangko Sentral, consistent with its primary objective of maintaining price stability under its charter (R.A. No. 7653), shall comply with its mandate under Section 11 (c) of R.A. No. 7835 (Comprehensive and Integrated Shelter Financing Act) by providing short-term rediscounting facility to qualified banking institutions providing financing for socialized and low-cost housing.

SECTION 2. Criteria for Eligibility

2.1. Eligible Banks

Commercial banks, thrift banks and rural banks which are qualified to rediscount with the Department of Loans and Credit, under existing rules and regulations, and with unused rediscounting ceiling at the time of application for rediscounting can avail themselves of this rediscounting facility.

2.2 Eligible Housing Loan Paper - Housing loan papers for rediscounting under this facility should satisfy the following requirements:

2.2.1. Loan Purpose and Amount - The loan shall be used for the construction of a house/acquisition of a house and lot. The amount of the loan shall not exceed P180,000.00 for socialized housing and P375,000.00 for economic housing, as prescribed under existing guidelines of the Housing and Urban Development Coordinating Council (HUDCC) for the implementation of various government housing programs, or in such other amounts which HUDCC may prescribe in the future for said housing loans.

2.2.2. Loan Limit - The amount of the loan should not exceed the amount of amortization covering principal payments due within one (1) year from date of rediscount, subject to the terms and conditions discussed in Section 3.

2.2.3. Security - The subject property should be covered by a duly registered Real Estate Mortgage (REM) in favor of the rediscounting bank.

SECTION 3. Terms and Conditions of Rediscounting Availments

3.1 Maximum Loan Value

Banks can obtain additional availments annually representing amortizations for the current year against the mortgaged property. However, total cumulative availments for a mortgaged property should not exceed 80 percent of the collateral value.

3.2 Interest Rate

The loan availment shall be assessed an interest rate equivalent to the prevailing rediscount rate at the date of rediscount: Provided that the banks' spread shall not exceed 3 percent per annum.

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3.3 Maturity

Rediscounting availments shall be due on demand but not beyond three hundred sixty (360) days from date of rediscount.

SECTION 4. Sanctions - Non-remittance or delayed remittance within the allowable period of the corresponding loan value of collections on rediscounted notes shall be considered as sufficient ground for suspension of banks' rediscounting privilege as follows:

First offense one month suspension
Second offense two months suspension
Third offense three months suspension
Fourth offense permanent suspension

SECTION 5. Repealing Clause - This Circular supersedes/amends/modifies provisions of existing circular, memoranda and/or regulations that are inconsistent herewith.

SECTION 6. Effectivity - This Circular shall take effect fifteen (15) days after its publication in a newspaper of general circulation.

Adopted: 29 Sept. 1999

(SGD.) AMANDO M. TETANGCO, JR.
Officer-in-Charge

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