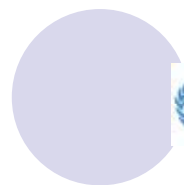


# DBP LENDING MODALITY for *Homeowners' Associations*

DEVELOPMENT OF POOR URBAN COMMUNITIES SECTOR PROJECT, October 1, 2007

## BACKGROUND



- Philippines is one of fastest urbanizing countries in the world
- Urban population is estimated at 53% of total population of 88 million in 2007
- MTPDP targets 1,145,668 HHs to be provided housing assistance
- Of this target, 68% is for socialized housing

# RESPONSE PROGRAMS



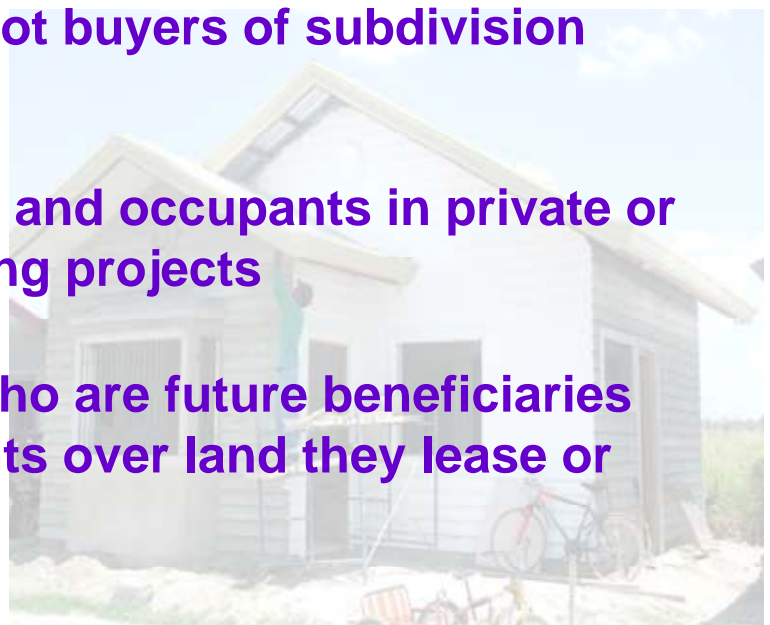
- **Community Mortgage Program (CMP)**
- **Strategic Private Sector Partnerships for Poverty Reduction (STEP-UP)**
- **Integrated Approaches to Poverty Reduction at the Neighborhood Level – a Cities without Slums Initiative (IMPACT)**
- **Development of Poor Urban Communities Sector Project (DPUCSP)**

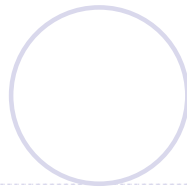
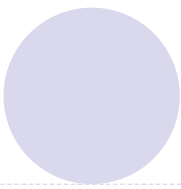
## WHY LEND TO HOAs?



**HOAs are organizations primarily composed of:**

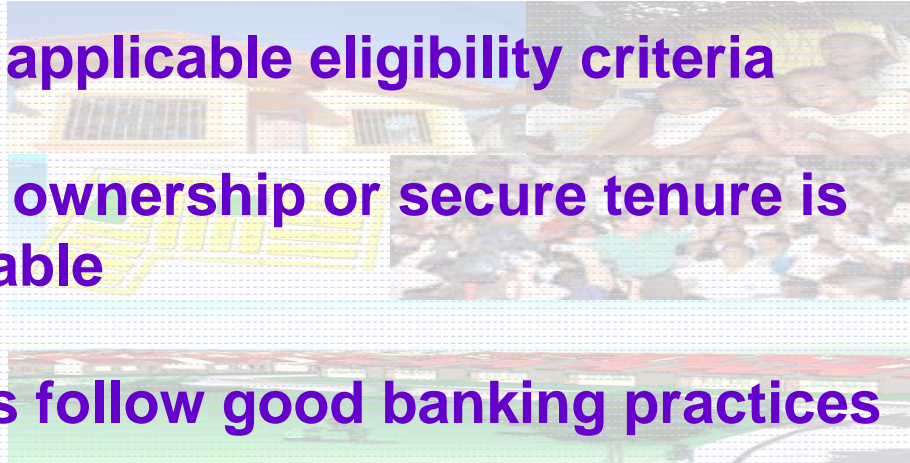
- Homeowners and lot buyers of subdivision projects
- Awardees, lessees and occupants in private or government housing projects
- Informal settlers who are future beneficiaries of ownerships rights over land they lease or occupy.





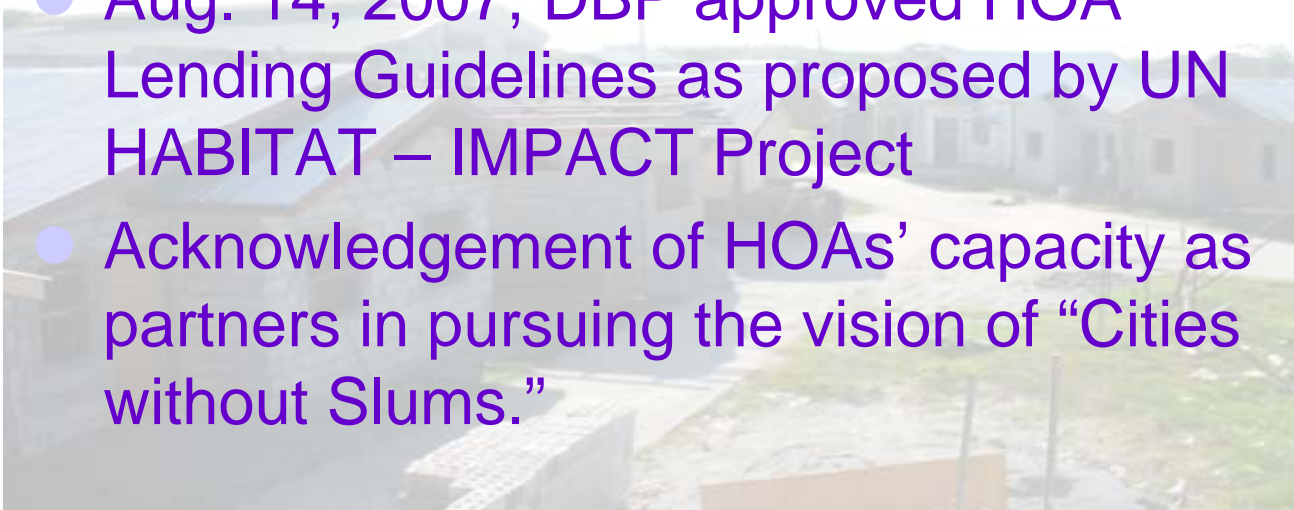
## HOAs are eligible to avail of DPUCSP financing, provided that:

- **Borrowing authorized under by-laws**
- **Meet applicable eligibility criteria**
- **Land ownership or secure tenure is available**
- **HOAs follow good banking practices**



## MILESTONES

- Dec. 20, 2006, ADB approved HOAs' eligibility for financing under DPUCSP
- Aug. 14, 2007, DBP approved HOA Lending Guidelines as proposed by UN HABITAT – IMPACT Project
- Acknowledgement of HOAs' capacity as partners in pursuing the vision of "Cities without Slums."



# DPUUCSP: OVERVIEW



**SITE DEVELOPMENT  
AND  
DISTRIBUTION OF  
SECURE TENURE**

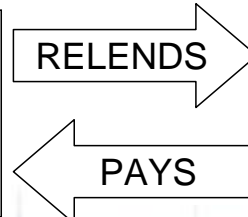
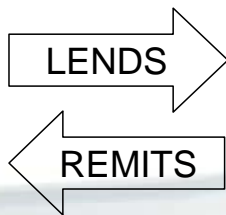


**SHELTER  
FINANCE  
PROVISION thru  
MFIs**



**CAPACITY BUILDING  
AND PROJECT  
IMPLEMENTATION  
SUPPORT**

# HOA LENDING DIAGRAM



**Extends Guarantee  
(IRA or other revenue)**



# Specifics...



**ELIGIBLE BORROWER**  
Homeowners' Associations

## ELIGIBLE PROJECTS

Site Development & Distribution of Secure Tenure

*Upgrading of existing slums*

*Development of new sites*

Shelter Finance:

*Housing loans*

*Home Improvement Loans*

## LOANABLE AMOUNT

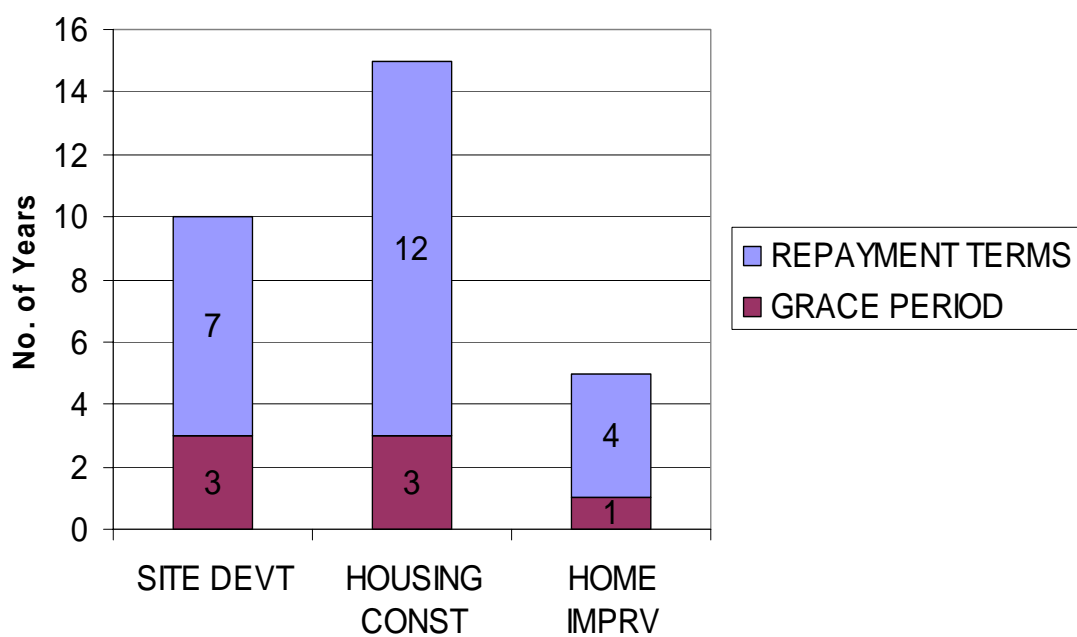
*Housing Construction:*

**P300,000**

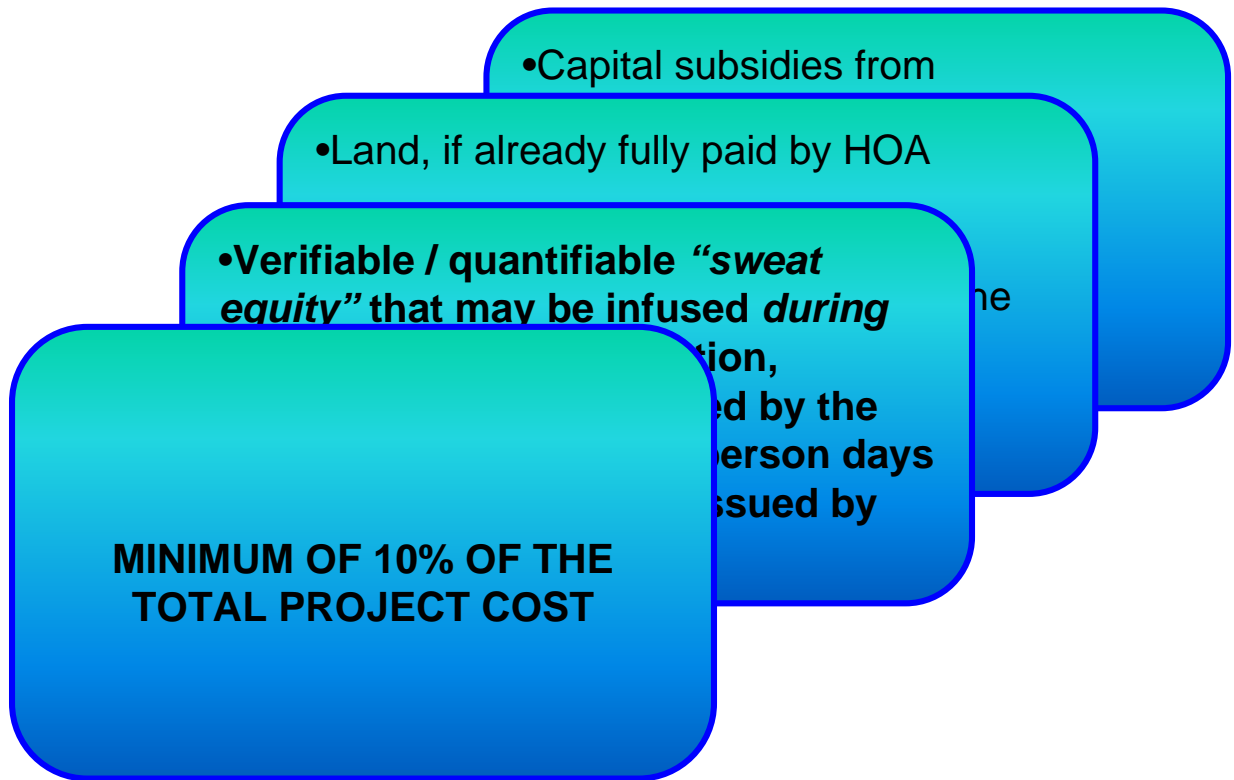
*Home Improvement:*

**P150,000**

# Repayment Period



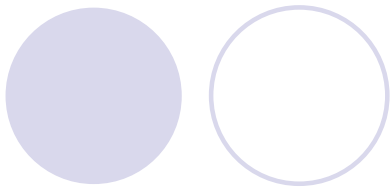
# HOA Equity



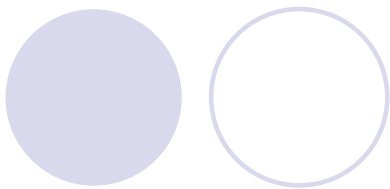
## Minimum Requirements for HoAs to Qualify under DBP- DPUCSP



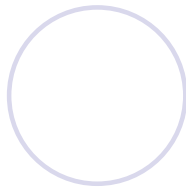
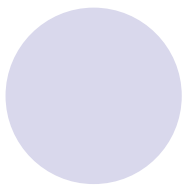
FOCUS	MINIMUM EXPECTATIONS
<b>ORGANIZATIONAL MANAGEMENT</b>	Registered with the HLURB
	Defined and written VMGO and Strategies
	Defined Organizational Structure and Functions
	Installed Administrative Policies and Procedures (secretariat and records management, simple operating systems)



FOCUS	MINIMUM EXPECTATIONS
<b>ORGANIZATIONAL MANAGEMENT</b>	No adverse credit background on HOA and Key officers
	Functioning Leadership and Active Membership (holds regular elections, with complete list of members, conducts officers/GA meetings regularly)
	Preferably with established linkages (with LGU, NGOs, and business sector) signified through MOAs/MOUs



FOCUS	MINIMUM EXPECTATIONS
<b>FINANCIAL MANAGEMENT</b>	Installed basic Financial Management Systems (record keeping, reporting)
	Defined Financial Audit and Control system
	Presence of CBU and Credit scheme (implemented at least 3-months)



FOCUS	MINIMUM EXPECTATIONS
<b>PROJECT MANAGEMENT</b>	With GA-approved Project Policies and Procedures
	Formed Committees with defined functions
<b>ESTATE MANAGEMENT</b>	With secure tenure (either owned by the LGU/NGO partner and being amortized by the HOA, or directly acquired by the HOA either thru CMP or other means)
	With awareness of laws (i.e. CMP, UDHA, BP 220) and other related ordinances
	With draft HOA rules/policies on property management and maintenance for GA approval

## PERCEIVED GAPS



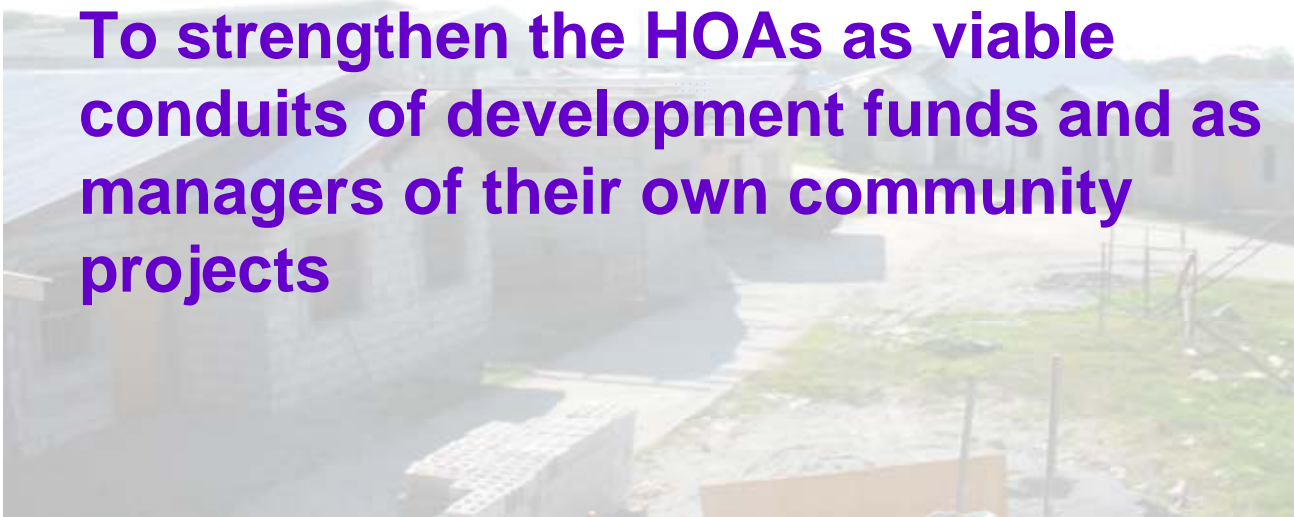
## CAPABILITIES FOR:

- Organizational Management
- Financial Management
- Project Management
- Estate Management

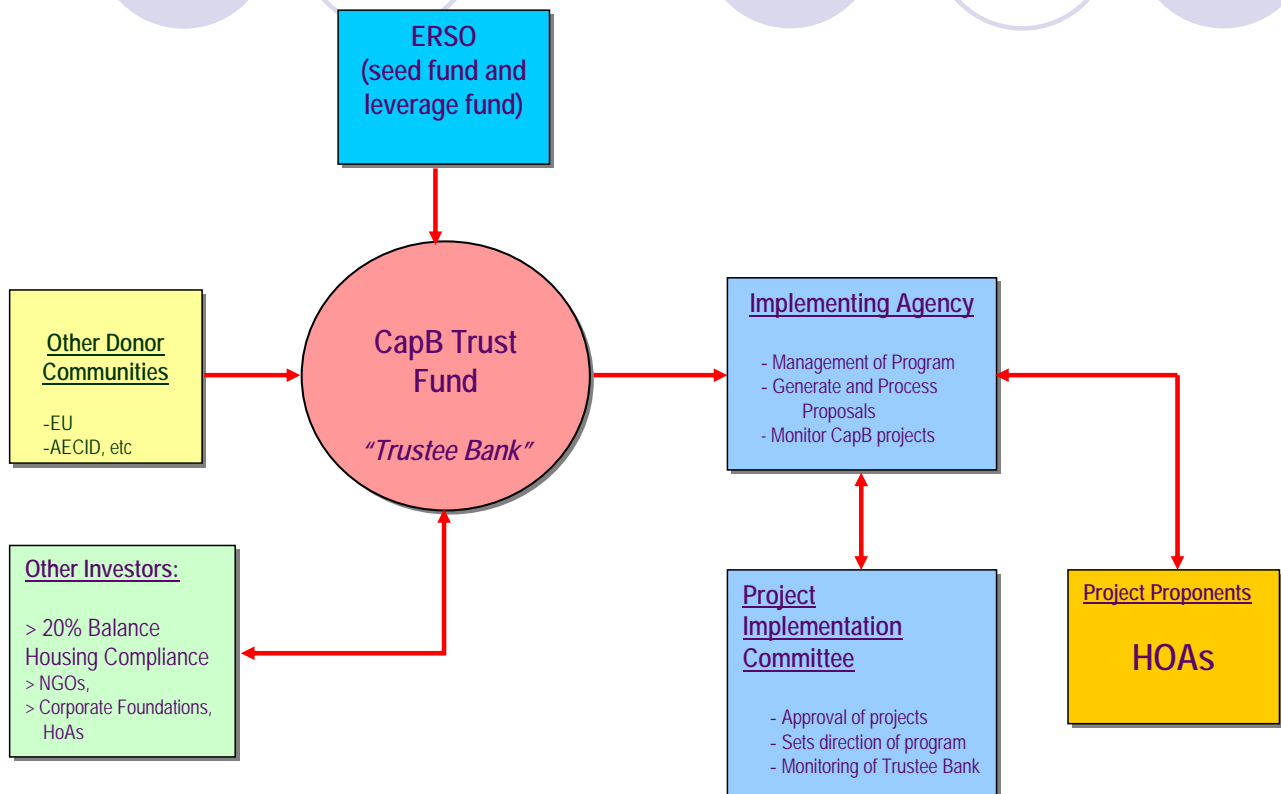




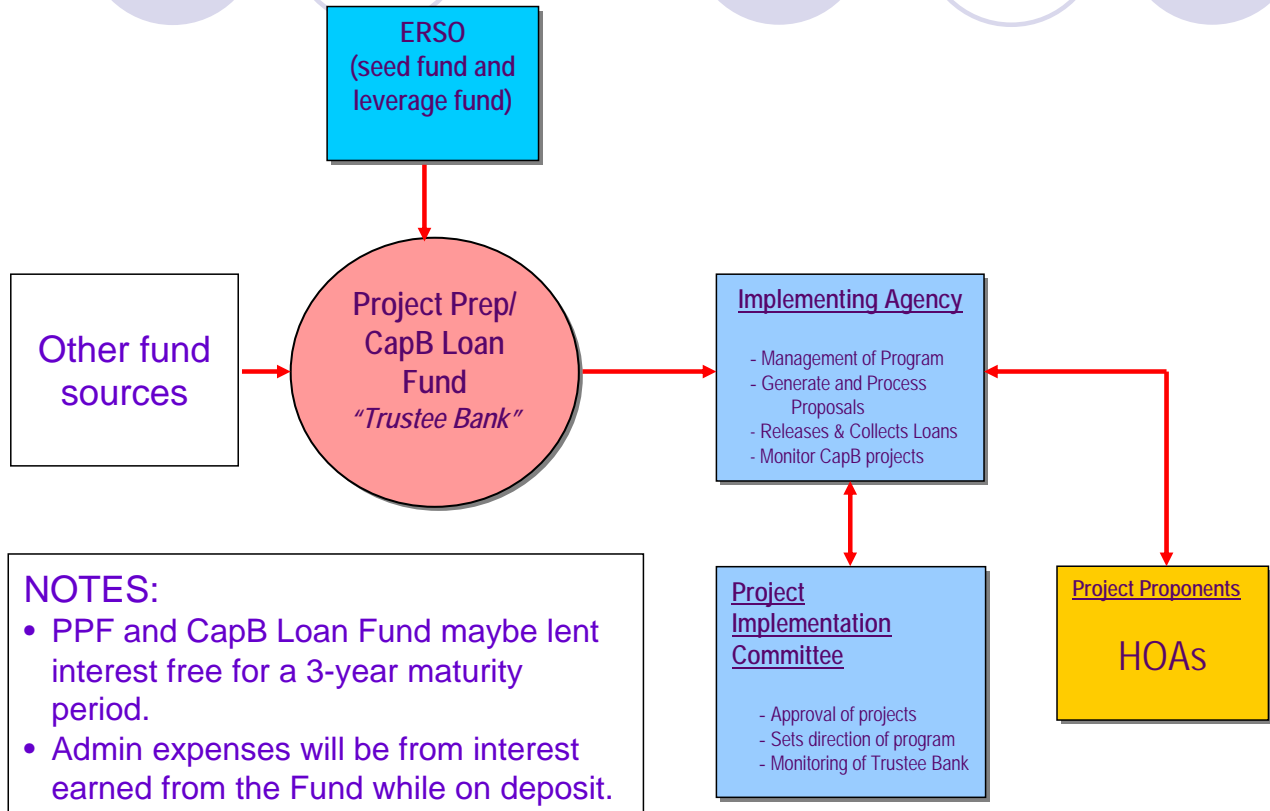
# OBJECTIVE OF CapB TRUST FUND



## SCHEME 1: CapB Trust Fund



# SCHEME 2: Project Prep & CapB Loan Fund



# HOA LENDING DIAGRAM WITH ERSO ASSISTANCE

