

Proposed IRR on Housing Cooperatives

Presented by

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DEFINITION OF TERMS

Housing Cooperative - shall refer to one organized to assist or provide access to housing for the benefit of its regular members who actively participate in the savings program for housing. It is co-owned and controlled by its members.

a. Blanket loan / wholesale loan - shall refer to a housing loan contracted / obtained by a housing cooperative intended to identify member-beneficiaries for land acquisition, land improvement, house construction, home improvement, or renovation and other similar purposes.

b. Cooperative Housing Program - shall refer to an alternative housing approach, in partnership with government / non-government agencies involved in a housing program, undertaken by a financially and organizationally stable cooperative to address the housing problems of its members primarily the low-income earners through its own cooperative effort in planning and direct production of affordable, decent and adequate housing units.

- c. **DBP** - shall refer to the Development Bank of the Philippines.
- d. **DENR** - shall refer to the Department of Environment and Natural Resources.
- e. **HDMF** - shall refer to the Home Development Mutual Fund or PAGIBIG Fund.
- f. **HGC** – shall refer to the Home Guarantee Corporation.
- g. **HLURB** - shall refer to the Housing and Land Use Regulatory Board.
- h. **HUDCC** - shall refer to the Housing and Urban Development Coordinating Council.

- i. **Housing beneficiaries** - shall refer to regular members in good standing of the Housing Cooperative who actively participate in the savings programs for housing who are in need or entitled to own a unit as provided in the By-laws and duly approved internal policies of the cooperative.
- j. **LBP** - shall refer to the Land Bank of the Philippines
- k. **NHA** - shall refer to the National Housing Authority.
- l. **SSS** - shall refer to the Social Security System.

- m. Socialized housing** - shall refer to the housing program and project undertaken by the government and private sector for the underprivileged and homeless which may also be undertaken by a Housing Cooperative. This includes sites and services development, long-term financing and liberalized terms or interest payments.
- n. SHFC** - shall refer to the Social Housing Financing Corporation

- o. **Technical Plan** - shall refer to all technical documents required in planning a housing project namely, the bar chart and construction schedule, systematic development plan, the architectural and detailed engineering and housing design, contract documents, technical and material specification.

PART II

SPECIAL PROVISION

RULE I

HOUSING COOPERATIVES

Pursuant to the provision of Art. 62(13) (par.2) under Chapter V of Republic Act No. 9520, otherwise known as the Philippine Cooperative Code of 2008, the Cooperative Development Authority in consultation with NHA, HDMF, SSS, LBP, and concerned cooperatives sector hereby promulgates the following rules and regulations for the proper guidance and compliance of Housing Cooperatives

PROPOSED AMENDMENTS

RULE I

HOUSING COOPERATIVE

'Pursuant to the provision of Art. 62(13) (par.2) under Chapter V of Republic Act No. 9520, otherwise known as the Philippine Cooperative Code of 2008, the Cooperative Development Authority in consultation with NHA, HDMF, HLURB, HUDCC, SSS, LBP, SHFC, DBP, HGC, DILG, DENR and concerned cooperatives sector hereby promulgates the following rules and regulations for the proper guidance and compliance of Housing Cooperatives''

- **Section 1. Coverage.** This Rule shall cover all cooperatives duly registered with the authority under R.A. 9520 organized to assist or provide access to housing for the benefit of its regular members.

- **Section 2. Organization.** Fifteen (15) or more natural persons who are Filipino citizens, of legal age, having a common bond of interest and actually residing or working in the intended area of operation, may organize a housing cooperative.

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- ***Section 2. Organization.** Fifteen (15) or more natural persons who are Filipino citizens, of legal age, having a common bond of interest and actually residing or working in the intended area of operation, may organize a housing cooperative.*

Section 3. Purpose and Objectives. A Housing Cooperative shall be organized for any or all of the following purposes:

- (1) To facilitate access / or provide affordable housing units to its members;
- (2) To create a resource mobilization program to ensure financial stability for the cooperative;

Section 3. Purpose and Objectives. A Housing Cooperative shall be organized to facilitate access and provide affordable housing units to its members, and any of the following purposes:

- (1) To create a resource mobilization program to ensure financial stability for the cooperative;
- (2) To foster and strengthen the principles of cooperativism by promoting a comprehensive and integrated community development program which are planned and managed by the cooperative members thereby ensuring a sustained and self-reliant cooperative community.

(3) To foster and strengthen the principles of cooperativism by promoting a comprehensive and integrated community development program which are planned and managed by the cooperative members thereby ensuring a sustained and self reliant cooperative community.

(4) To develop collaborative efforts and partnership with other cooperatives, CDA, NHA, GSIS, HDMF, SSS, LBP, DBP, HLURB and other government agencies, financial institutions and entitites thereby assuring availability of resources and lower cost of housing development.

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(4) To expand the cooperative business operation by stabilizing the available resources for the continuing production of housing units for its members.

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(5) *To undertake such other economic or social activities as may be necessary or incidental in the pursuit of the foregoing purposes.*

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Section 4. Housing Programs and Activities.

Housing Cooperatives may engage in the following activities:

- a. Socialized Housing;
- b. Medium Rise Public and Private Housing;
- c. High Rise / Condominium Housing;
- d. Student /Faculty Dormitory Housing;
- e. Production and distribution of housing materials;
- f. Estate management; and
- c. Other similar activities

Section 4. Housing Projects.

Housing Cooperative may engage in the construction, development and / or management of housing projects.

Section 5. REGISTRATION JURISDICTION.

Housing Cooperative shall file their application for registration with the CDA Extension Office, which shall have jurisdiction over the said cooperative.

Section 6. Capitalization. For purposes of registration with the Authority, a housing cooperative shall have a minimum paid-up capitalization of fifteen thousand pesos (15,000.00).

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Section 7. Requirements For Registration. The following shall be complied with upon filling of application:

- A. New applicant
- (1) Name verification Slip;
 - (2) Articles of Cooperation and by-Laws;
 - (3) Sworn Statement of the treasurer elected by the subscribers showing that at least twenty-five per centum (25%) of the authorized share capital has been subscribed and at least twenty-five per centum (25%) of the total subscription has been paid: Provided, that in no case shall the paid-up share capital be less than Fifteen Thousand Pesos (15,000.00);

Section 6. Requirements For Registration. *The following shall be complied with upon filling of application:*

- A. New Applicant**
- (1) Cooperative Name Reservation Notice (CRNN)*
 - (2) Articles of Cooperation and By-Laws;*
 - (3) Sworn Statement of the treasurer elected by the subscribers showing that at least twenty-five per centum (25%) of the authorized share capital has been subscribed and at least twenty-five per centum (25%) of the total subscription has been paid: Provided, that in no case shall the paid-up share capital be less than Fifteen Thousand Pesos (15,000.00);*

- (4) Surety Bond of Accountable Officers handling funds, properties and securities;
- (5) Pre-Membership Education Seminar (PMES);
- (6) Economic Survey;
- (7) Pre-Feasibility Study of the housing projects undertaking as reviewed by NHA;
- (8) Undertaking to Change Name in the event that another cooperative has acquired prior right to the use of the proposed name; and
- (9) Registration fee.

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(9) Registration Fee.

B. Existing Cooperative

- (1) Amended Articles and Cooperation and By-Laws;
- (2) A Resolution Certified by the board secretary and by the majority of the board of directors stating that the said amendments have been duly approved by at least two-thirds (2/3) vote of the members with voting rights;
- (3) Audited Financial Statements showing profitable operations for the past two years;
- (4) Pre-Feasibility study of the housing projects undertaking as reviewed by NHA;
- (5) Proof of business track record of the cooperative; and
- (6) Amendment Fee.

B. Existing Cooperative

- (1) Amended Articles of Cooperation and By-laws with a provision that stipulates that the cooperative will undertake cooperative housing project;*
- (2) A Resolution certified by the Board Secretary and by the majority of the Board of Directors stating that the said amendments have been duly approved by at least two-thirds (2/3) vote of the members with voting rights;*
- (3) Audited Financial Statements showing profitable operations for the past two (2) years;*
- (4) Pre-feasibility study of the housing projects undertaking as reviewed by NHA;*
- (5) Proof of business track records of the cooperative; and*
- (6) Amendment fee.*

Section 8. Financing and Technical Assistance. The Authority, in coordination with appropriate government agencies and financial institutions, shall assist the Housing Cooperative in availing technical and financial assistance for its housing projects.

For this purpose, a special window for the financing of the housing projects shall be created by the appropriate housing agencies and government financial institutions. The financing shall be in the form of blanket loans or wholesale loans to qualified housing cooperatives, with interest rates and terms equal to, or better than those given for socialized housing projects without need for individual processing.

Section 7. Financing and Technical Assistance. The Authority, in coordination with appropriate government agencies and financial institutions, shall assist the Housing Cooperative in availing technical and financial assistance for its housing projects.

A blanket loan or long term wholesale loans for the financing of the housing projects undertaken by cooperatives shall be created by the appropriate housing agencies and government financial institutions with interest rates and terms equal to, or better than those given for socialized housing project.

CDA and GFIs shall exercise prudence in providing special loan windows of housing projects of cooperatives and shall craft the joint implementing rules and regulations on establishing special loan windows for housing projects of Cooperatives which includes the system of identifying, measuring, monitoring, controlling risk arising from said activity.

Provided further, that the created special loan window complies and observes the provisions of the manual of regulations for Banks (MORB), specifically Section X 395 as follows:

- a. It is within the provision of their respective charters;*
- b. Duly coordinate with the general credit policies and corresponding Schedule of Credit Priorities as embodied in appendix 23.*
- c. Limit their credit to the economic activities falling Priority II of said schedule to fifty percent (50%) of their outstanding loans at anytime.*

The financing shall be in the form of blanket loans to qualified cooperatives without need for individual processing.

Section 9. Documentary Requirements In Availing for Technical and/or Financial Assistance. The cooperative in availing technical and/or financial assistance shall file its application with the appropriate government financial institutions.

For this purpose, the applicant cooperative shall comply with the documentary requirements as maybe required by such appropriate government financial institution.

Section 8. Documentary Requirements In Availing for Technical and/or Financial Assistance. *The cooperative in availing technical and/or financial assistance shall file its application with the appropriate government financial institutions. GFIs shall provide special accommodation/assistance and leniency to cooperatives relative to evaluation and assessment for the avilment of loan application under the special loan window for housing projects of cooperatives.*

Section 10. Conditions for the Proposed Housing Project. The proposed housing project of the cooperative shall have the following features as certified by the NHA:

- 1. Availability of Land Suitable for Housing.** The land proposed for housing is classified as a safe and buildable area and not affected by any government infrastructure project, agricultural or industrial reserve.
- 2. Land Ownership.** The land is owned by the cooperative or there is an on-going negotiation between the landowner and cooperative through a Contract to Sell or Reservation Agreement between the landowner and the cooperative and that the land is free from any liens and encumbrances.
- 3. Target beneficiaries.** The proposed housing project should have at least 30 initial target member-beneficiaries.

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- 3. Target Beneficiaries.*** *The proposed housing project should have at least Fifty (50) initial target member-beneficiaries.*

Section 11. Membership.

Membership in housing cooperatives shall be open to all natural persons who meet the qualifications for membership prescribed in the cooperative By-laws.

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Section 12. Regulatory Power.

The Authority Shall have the power to regulate the internal affairs of housing cooperative such as:

- a. Exercise of rights and privileges of members;
- b. Formulation of rules and procedures and the conduct of meetings of General Assembly, Board of Directors and Committees.
- c. Manner of election and qualifications of Officers, Directors and Committee Members;

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- c. Manner of election and qualifications of Officers, Directors and Committee Members;*

- d. Allocation and distribution of surplus; and
- e. Other matters relating to the internal affairs of Housing Cooperatives.

All matters relating to the technical aspects of the housing program and such other similar matters affecting the Housing Cooperative shall be regulated by the NHA or HLURB as the case maybe.

- d. Allocation and distribution of surplus; and*
- e. Other matters relating to the internal affairs of Housing Cooperatives.*

All matters relating to the technical aspects of the housing program and such other similar matters affecting the Housing Cooperative shall be in accordance with the standards promulgated by existing laws.

Section 13. Joint Monitoring and Evaluation Committee. The Joint Monitoring and Evaluation Committee shall be composed of CDA, as the lead agency, NHA, HLURB, HDMF, SSS, GSIS, LBP, DBP, concerned cooperative sector and other appropriate government agencies and financial institution.

The Committee shall have the following functions:

1. To formulate joint standards for the proper implementation, monitoring, organization, management, and development of cooperative housing project, all matters relating to the organization, management, and development of the cooperative housing projects.
2. To recommend changes to this IRR from time to time if the need arises.
3. To assist in settling inter/intra cooperative disputes
4. To submit annual accomplishment report to the Authority.

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- 4.To submit annual accomplishment report to the Authority.*

Section 14. Settlement of Disputes.

Intra/inter cooperative disputes shall, as far as impracticable, be settled amicably through the conciliation and mediation mechanism embodied in the By-laws of the cooperative, which shall be in accordance with the CDA guidelines for the implementation of conciliation-mediation for cooperative disputes, and in applicable laws.

Should such conciliation-mediation proceedings fail, the matter may be settled through voluntary arbitration or in court of competent jurisdiction,

However, in cases where the dispute/s fall within the jurisdiction of the NHA or HLURB, the same shall be referred to the said agency and it shall be resolved in accordance with the NHA or HLURB regulations.

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Intra/inter cooperative disputes shall be settled as far as practicable through conciliation-mediation mechanism embodied under Art. 137, cooperative by-laws, and pertinent issuances.

Should such conciliation-mediation proceedings fail, the matter may be settled through voluntary arbitration.

However, in cases where the dispute/s fall within the jurisdiction of the HLURB, the same shall be referred to the said agency and it shall be resolved in accordance with the HLURB regulations.

THANK YOU!