

NEGOTIATED SALE RULES AND PROCEDURES
(Attachment to Negotiated Offer to Purchase Form)

Revised April 2011

I. GENERAL PROVISIONS

- a. The property shall be sold on “As-Is, Where-Is” basis. It is thus, incumbent upon the offeror to make the necessary investigation, inspection, and verification of the property for sale to ascertain its actual condition and the status of the title to the property before making an offer.

The conditions covered under this provision include, but are not limited to the following:

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1. Presence of informal settlers;
 2. Property is still inhabited by previous owner;
 3. Property is landlocked;
 4. Property is under dispute or with pending case which does not involve questions of ownership;
 5. Property is located in an area with risk of flooding, within earthquake fault zone and even seismic hazard zone; and
 6. Existing easements.
- b. The buyer shall be responsible at his own expense for the ejection of squatters and/or occupants, if any, on the property subject of sale.
- c. Any and all claims and liens currently annotated on the title, assessments, liabilities and/or damages whatsoever arising from any suit or litigation involving the property shall solely be assumed and borne by the buyer, accruing from the date of his receipt of the Notice of Approval (NOA).
- d. The BSP does not warrant (implied, express or otherwise), that the property conforms precisely to the description indicated in the published list of Properties for Sale.
- e. Offers to purchase BSP properties are subject to the approval of the Committee on Disposal of Real Properties (CDRP) or the Monetary Board.

Negotiated sale of acquired assets amounting to at least ₱50 M, except those disposed to previous owners in their exercise of their right to redemption shall be subject to pre-audit by the Commission on Audit (COA).

II. PUBLISHED SELLING PRICE

- a. The selling price of the properties available for sale shall be published at the BSP website.
- b. The published Selling Price of the BSP properties is subject to change without prior notice to conform to the current fair value of the property and the Committee on Disposal of Real Properties (CDRP) has the discretion to accept or reject an offer, already received based on an earlier published Selling Price.

III. TERMS OF SALE

- a. The basic terms and conditions of the sale are as follows:

	Cash	Installment
Down Payment	10% of the offer price	At least 10% of the offer price with at least 5% upon submission of offer to purchase, and the additional 5% to be remitted within 15 calendar days from receipt of NOA.
Payment Period	Full payment shall be made within 30 calendar days from date of receipt of the NOA	The balance may be payable monthly, quarterly, semestraly, or annually for a maximum period of 15 years subject to fixed interest. The first amortization shall be made 30 calendar days from receipt of the NOA. However, properties classified as residential or agricultural may be made payable over a maximum period of 25 years, provided the total negotiated price is not more than the price ceiling for Low Cost Level 1-A socialized housing as defined by the Housing and Urban Development Coordinating Council (HUDCC).
Interest Rate	None	10% p.a.* Full payment of principal balance within 90 days from receipt of NOA shall not be subject

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		to interest. For property classified under Socialized Housing – 6% pa**
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* Prevailing rate

** Rate as defined by HUDCC

- b. The sale of properties classified under socialized housing to government employees holding permanent appointments is subject to the following terms:

Down Payment	Fixed amount of ₱5,000.00
Payment Period	25 years or up to the retirement age of the government employee, whichever comes earlier.

- c. The acceptance of the down payment shall not bind the BSP to the offer until after receipt by the offeror of the BSP NOA.
- d. The down payment may be in the form of cash or manager’s/cashier’s check payable to the Bangko Sentral ng Pilipinas.
- e. The BSP may also accept payments through:

- (1) Availment of a Pag-IBIG Fund housing loan or bank loan, provided that the Deed of Absolute Sale shall be executed and the title released only upon receipt by the BSP of the document evidencing payment guarantee issued by the Pag-IBIG Fund or the lender bank; and,
- (2) Availment of the Community Mortgage Program of the Social Housing Finance Corporation (SHFC), provided that the Community Association shall have a time-bound period of five years from receipt of the BSP NOA within which to secure the SHFC Letter of Guaranty and payment to the BSP; otherwise, the Community Association shall pay interest of 6% p.a. on the balance of the purchase price to be reckoned from the start of the sixth year up to the date of payment.

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IV. SUBMISSION OF OFFER

- a. The offeror shall submit in duplicate the following forms:
1. Information Sheet;
 2. Negotiated Offer to Purchase Form; and
 3. Negotiated Sale Rules and Procedures, signed on all pages, together with the documents listed in the information sheet.

- b. For sale of properties classified under socialized housing to government employees holding permanent appointments, the offeror shall submit the following additional documentary requirements to be issued by the employer-government agency:
 - 1. Proof of employment;
 - 2. Certification of good moral character; and
 - 3. Certification of no-pending case.
- c. The original copy of the forms shall be submitted to the office of the Asset Management Department (AMD), BSP Complex, Manila. The duplicate copy properly stamped "RECEIVED" by the AMD is the copy of the offeror.
- d. If the offeror is a representative of an individual, corporation, partnership or any form of entity, the representative must submit together with the required forms, a written authority to represent the individual or Secretary's Certificate for juridical entities.

V. 15-DAY WAITING PERIOD IN ACCEPTING OTHER OFFERS

Offers to purchase the same property will be received up to 15 calendar days, reckoned from the date of receipt of the first Negotiated Offer to Purchase Form and required down payment. This waiting period, however, is waived for negotiations accepted/approved by the CDRP immediately after failure of auction.

VI. OFFERS COURSED THROUGH BROKERS

- a. Offers coursed through a broker shall be accepted, provided the broker named and so designated in the submitted Negotiated Offer to Purchase Form, has a valid Authority to Sell issued by the BSP. No broker will be recognized, even if with a valid Authority to Sell issued by the BSP, if the initial negotiation for the purchase of the property was made by the offeror with any AMD staff without the assistance of a broker.
- b. A buyer who was assisted by a broker in the purchase of a property from the BSP will not be allowed to be assisted by the same or any other broker in the purchase of another unit or property located in the same condominium building complex, row house or subdivision, regardless of phase, unless a written communication was made that other properties within the subdivision or unit/s within the building complex or condominium is likewise being considered by the

buyer.

- c. Previous owners/tenants of BSP acquired properties will not be allowed to be assisted by an accredited broker.
- d. Real estate brokers are not authorized to collect or receive any payment in behalf of either the BSP or the offeror. Any payment made to a broker shall be under the sole and exclusive responsibility and risk of the offeror.

VII. EVALUATION OF OFFERS

- a. The AMD shall administer and conduct an evaluation of the acceptability of offers received.
- b. Acceptance of negotiation offers shall always be for the best interest of the BSP.
- c. Where there are two or more offers for the same property, the best offer shall be determined in accordance with the following order of priorities:
 - 1. First priority shall be given to offers payable in cash within 30 calendar days from receipt of the NOA.
 - 2. Second priority shall be given to offers payable in one year or less; and
 - 3. Third priority shall be given to offers payable on installment over one year.

The primary consideration, within the same priority, shall always be the highest offer price. Where the difference in amount of the offers in the same priority is 5% or less, the offerors will be asked to resubmit on a designated date and time improved offers in sealed envelopes to the designated officials of the AMD.

In case the same offer price is received, the next consideration shall be the highest down payment. Finally, in case the offers received have the same offer price and the same down payment, the shortest payment period will be accepted.

For offerors who are asked to resubmit improved offers, the offers shall be contained in sealed envelopes and will be opened at the appointed time. The offers shall be read in their presence. The initial offers of those who will not resubmit on the appointed time will be evaluated together with the improved offers submitted. The best offer (in accordance with Guidelines) shall be announced right after the opening of the envelopes. Each offeror shall be

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required to complete the minimum down payment requirement based on the new offer price either in cash or manager's/cashier's check drawn payable to the BSP, which shall serve as down payment in case he submits the best offer. The BSP Cash Department shall receive the down payment of the best offeror.

However, when there are two or more offers received and one is a government agency or instrumentality, with the same offer prices, terms, and proposed down payment, preference shall be given to the government agency or instrumentality, provided further, that where there are two or more government agencies or instrumentalities interested in the same property with the same offer prices, terms and proposed down payment, bidding shall be conducted by the CDRP to be participated only by such government agencies or instrumentalities.

- d. The BSP reserves the right to reject any or all offers, as well as to waive any defect or infirmity in the submitted Negotiated Offer to Purchase, and to accept such offers as may be considered most advantageous to the BSP. Failure to **comply with any of the terms and conditions mentioned above may cause the rejection of the offer.**
- e. The CDRP may immediately dispose the property through negotiation after a failure of bidding.

VIII. REPORT AND NOTICES

- a. A Notice of Approval shall be issued to the buyer after approval of his offer.
- b. The down payment shall form part of the purchase price and the balance shall be paid in accordance with the terms and conditions indicated in the NOA.
- c. For disapproved offers, the down payment will be returned without interest within two weeks from release of the Notice of Disapproval.

IX. OTHER CONDITIONS

- a. **Withdrawal of Accepted Offer -**

Any request for withdrawal of an offer already approved by the CDRP or the MB shall mean forfeiture of the down payment in favor of the BSP as follows:

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Reference Point	Amount to be Forfeited
a. Before receipt by buyer of the NOA	None
b. After buyer receives NOA i. Within 30 days from receipt ii. After 30 days from receipt	50% of down payment but not to exceed 10% of selling price 100% of down payment but not to exceed 10% of selling price
c. After CTS has been executed	Terms and conditions of the Contract to Sell (CTS) shall apply

b. Grace Period -

The buyer shall be given a grace period without penalty as follows:

1. Where less than two years installments have been paid, not less than 60 days from the date when the installment became due; and
2. For those who paid at least 24 months installments, one month for every year of installment paid.

c. Penalty -

In case no payment of the amount due is made within the grace period, the contract shall be deemed cancelled and rescinded after 30 calendar days from receipt of the buyer of the Notice of Cancellation or demand for rescission of the contract by notarial act. A portion of the payments made will be returned in accordance with the provisions of RA 6552, known as the Realty Installment Buyer Protection Act.

After the grace period, there shall be a penalty of 12% per annum and additional interest based on the original interest rate per CTS on the total unpaid amortizations and other monetary obligations advanced by the BSP.

d. Possession and Improvements –

The buyer shall be allowed to enter into and take physical possession of the property upon completion of the 10% down payment, receipt of the NOA and execution of the CTS. The buyer shall not be allowed to make or introduce any improvement on the property without the written consent of the BSP, and any improvements made contrary to this provision or upon rescission of the contract shall be forfeited in favor of the BSP.

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e. Transfer of Rights –

The CDRP may allow the buyer to sell, assign, encumber, or in any way dispose the rights and obligations under the CTS. A fee equivalent to one month amortization but not to exceed ₱20,000.00 will be charged for every approved assignment of rights and obligations.

X. DOCUMENTATION AND RELEASE OF TITLE

- a. A Deed of Absolute Sale shall be executed for full payment of the purchase price. A CTS shall cover purchases on installment.
- b. The duly signed CTS shall be returned by the buyer to AMD not later than three months or 90 calendar days from receipt of the NOA; otherwise, the NOA shall be automatically cancelled and the down payment shall be forfeited in favor of the BSP.
- c. After receipt of the NOA, the real estate taxes, condominium or association dues and insurance premiums paid by the BSP shall be assumed by the buyer on a pro rate basis; thus, entitling the BSP to reimbursement of the real estate taxes, condominium/association dues and insurance premium paid for the remaining days of the year.
- d. The owner's duplicate copy of the Transfer/Condominium Certificate of Title together with the BIR Form stamped "RECEIVED" by the appropriate Revenue District Office and the credit advice evidencing the payment of the Capital Gains Tax (CGT) to the BIR shall thereafter be released to the buyer upon receipt of payment from the buyer of the CGT advanced by the BSP.

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XI. PAYMENT OF TAXES AND FEES

- a. The payment of CGT shall be subject to agreement by the parties. In case the BSP shoulders the CGT, it shall only be up to the extent of 6% of the purchase price. The buyer shall, in addition to the purchase price, assume payment of CGT due on the difference between the zonal value/market value per Tax Declaration (TD) and the selling price, in case the zonal value/market value per TD is higher than the selling price.
- b. The amount of CGT which the buyer will pay or assume will have to be delivered to the BSP through the AMD which shall in turn pay the BIR through a direct credit of the account of the Treasurer of the Philippines. Should the AMD opt to

request the buyer to file the CGT Form, the buyer will be furnished a copy of the credit advice evidencing the payment of the CGT to the BIR and the pertinent BIR Form, which the buyer will present to the appropriate **Revenue District Office (RDO)** to be returned to the AMD after the BIR Form shall have been stamped "RECEIVED" by the RDO concerned.

- c. All other taxes and fees incidental and necessary to the sale and transfer of title to the **buyer** will be assumed by the **buyer**.

CONFORME:

Name of Offeror
(Signature over Printed Name)

Date: _____

() Individual () Partnership* () Corporation*

*Authorization on the designation of representative attached.

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