

**MINUTES OF THE 03-2019 BOARD MEETING
OF THE SOCIAL HOUSING FINANCE CORPORATION
16 APRIL 2019**

ATTENDANCE OF BOARD DIRECTORS:

EDUARDO D. DEL ROSARIO	-	HUDCC Chairperson <i>Chairperson</i>
ATTY. ARNOLFO RICARDO B. CABLING	-	President, SHFC <i>Vice-Chairperson</i>
DR. FELIXBERTO U. BUSTOS, JR.	-	President, NHMFC
ATTY. RYAN S. LITA	-	DBM Representative

Private Sector Representatives:

MR. LYNDON B. CATULONG, SR.
ATTY. EMILIANO C. REYES
MR. RONALD BARCENA

Other Officers/Attendees:

Atty. Juneffe Payot	-	SHFC EVP
Atty. Jose D. Melgarejo	-	SHFC Board Secretary
Other SHFC Vice-Presidents and Managers		

1. CALL TO ORDER

HUDCC Chairperson Eduardo D. Del Rosario called the 03-2019 Board Meeting to order at 11:25 o'clock in the morning.

2. DETERMINATION OF QUORUM

At the onset, the Board Secretary Atty. Melgarejo, announced that out of the eleven (11) Members with two vacancies, there are only five (5) who are present, thus there is no quorum to do business. However, the Board agreed to discuss first non-transcendental matters until a quorum has been constituted. After some time, a quorum has been attained upon the arrival of Dir. Ronald Barcena.

3. DELIBERATION / APPROVAL OF THE AGENDA OF THE 03-2019 BOARD MEETING

Atty. Cabling manifested for the following matters: a) Sandigan ng Maralitang Pilipino HOAI request for the release of subsidy for electricity and water connection, and b) Creation of in-house engineer position for Vertical CMP Projects, to be added to the Agenda of the 03-2019 Board Meeting.

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2 **Thereafter, the Members of the Board approved the amended Agenda for the 03-2019**
3 **Board Meeting.**

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5 **4. APPROVAL OF THE MINUTES OF THE 02-2019 BOARD MEETING**

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7 The Board Secretary made known that the Minutes of the 02-2019 meeting was sent to the
8 Directors one (1) week prior to the 03-2019 Board Meeting of today 16 April 2019.

9
10 The HUDCC Chairperson Eduardo Del Rosario had reminded the Members of the Board they
11 are given seven (7) days from the receipt of the Minutes to comment. If there are no
12 comments or correction, then the Minutes is deemed approved.

13
14 **Thereafter, the Members of the Board took upon the Chair's exhortation that *sans***
15 **timely comments or correction deems approval of the Minutes of the 02-2019 Board**
16 **Meeting.**

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18
19 **5. DISCUSSION OF MATTERS-ARISING FROM THE MINUTES OF THE**
20 **02-2019 BOARD MEETING AND CONTINUING MATTERS-ARISING**

21
22 EVP Atty. Junefe Payot presented the following Actions Taken by the Management on the
23 directives issued by the Board during the 02-2019 Board Meeting as well as the continuing
24 Matters-Arising, thus:

25
26 *Alyansa ng Mamamayan sa Valenzuela Housing Cooperative (AMVA)*

27 ✓ The Board approved the following recommendations:

28
29 LGU Valenzuela to temporarily take-over the AMVA project until such time that the Masterlist of
30 Beneficiaries has been finalized and a new leadership is in place:

31
32 SHFC to collaborate with LGU in setting up a Help Desk in the Barangay Hall to accommodate
33 complainants

34
35 A tri-partite MOA to be entered into by SHFC, CDA and LGU-Valenzuela to address the concerns

36
37 Action Taken:

38 Validation of occupancy has been done:

39 Total No. of MBs - 1,440

40 Occupancy validated as of 03 April 2019 = 1,133

- 41 • With DILG (502)
- 42 • Not in DILG (631)

43 For validation = 307

44 The proposed LPA signing on 10-12 April 2019 was postponed upon the request of LGU
45 because they are proposing additional provisions to the LPA.

46
47 The Help Desk has been set up in the Barangay Hall which operated on 11-22 March and
48 extended on 1-5 April 2019. It received a total of 689 (*included in masterlist – 469; not in*
49 *masterlist – 220*) complaints. Initial evaluation of these complaints is being done by HDH-
50 NCR and Community Relations and Complaints Division (CRCDD) before referral to the
51 Legal Department for appropriate action.

SHFC has received proposed MOA and MOU from LGU-Valenzuela and CDA on 05 April 2019 and 04 April 2019, respectively.

Malinta Waterways Alliance Housing Cooperative (MWAHC)

✓ The Board approved the following directives the SHFC will undertake:

- Procure third-party services for the conduct of air pollution test (i.e. methane gas emissions)
- Recommend the conduct of Environmental Impact Assessment / validation of ECC for building construction and acquisition of ECC for environment
- Check with ESCA to affirm whether the buildings already built and still to be built are in compliance with recommendations/results of Universal Testing Laboratories
- Hiring of security personnel to secure the premises
- Coordination with LGU-Valenzuela on the proper implementation of Solid Waste Management in the area (i.e. continuous garbage dumping).

Action Taken:

The TOR for the conduct of air pollution test has been prepared and will be submitted to the President for approval.

MWAHC has complied with the requirements of the Environmental Impact Assessment Process per letter of DENR dated 29 December 2014. Likewise, DENR amended the coverage of the previous ECC issued to the project from Land Development Project to Land Development and Construction of 18 3-storey Residential Buildings per their letter dated 23 March 2018.

SHFC is awaiting response from ESCA (letter dated 19 March 2019) regarding the submission of plans and certifications. SHFC made numerous follow ups with ESCA, however, ESCA failed to act on SHFC's request due to lack of available engineers who will evaluate and examine the said request.

The Personnel Requisition Forms (PRFs) for the eight (8) security guards were already submitted to HRDD. The said request has already been included in the bidding process. Posting of the bid through newspapers will be on 24 April 2019. If bidding is successful, hiring will commence before start of June 2019.

SHFC has sent a letter to LGU-Valenzuela dated 14 March 2019 requesting for assistance in prohibiting illegal dumping, removal of existing garbage and to stop the proliferation of illegal settlers inside the said property; HDH-NCR is coordinating with LGU-Valenzuela regarding the plan of action and schedule.

Tacloban Project (Letter from Fortun-Santos)

✓ The Board directed the Management to prioritize and submit to the Office of the HUDCC Chairperson, the response to the Fortun Santos law office's letter.

Action Taken:

The draft letter reply addressed to Atty. Raymond Fortun was sent to HUDCC on 13 March 2019.

Intramuros Resettlement Project

The Board was informed that the MOA signing is scheduled during the march 2019 KSA Heads Meeting.

Action Taken:

The MOA signing was held on 27 March 2019 during the KSA Heads Meeting at the HGC Office.

A meeting with the Intramuros Administration has been scheduled for 23 April 2019 to discuss the workplan and timelines, including the relocation plan for the identified member-beneficiaries.

SHFC MRI Provider

- ✓ The Management reported that it would seek for a more categorical or strongly worded recommendation from the OGCC about the termination of the services of the PMRI Pool.

Action Taken:

SHFC is awaiting the OGCC reply to the letter of Management before finalizing and serving the termination notice to PMRI. In the meantime, the concerned departments are doing their respective CSWs with regard to the other instructions of the Board:

- Bidding for the new insurer (TOR has been prepared and will be submitted to the President for approval)
- Setting up of the Trust Fund
- Crafting of process flow and provision of personnel

HDH-RSP

- ✓ The Board instructed Management to coordinate with the HOA and select from the two Contractors who will complete the project and to investigate the alleged irregularity by SHFC employees

Action Taken:

On 19 March 2019, the RSP HOA informed SHFC that they have chosen CDJ Group Construction Company (CDJ) as the contractor that will complete their socialized housing project. In view of the RSP HOA's decision to change their contractor, the RSP HOA has already written RDCC notifying the latter of their decision to terminate the Contract which is effective 31 March 2019. However, they have yet to submit their agreement with CDJ as their new contractor.

CDJ, on the other hand, will have to go through the accreditation process of the Partner Relations Division before they can take on the project.

The Fact Finding Committee held its 3rd meeting on 03 April 2019. Initial observations seem to show that Contractor billings were bloated. However, the Committee cannot yet make definitive findings because its work is (a) hampered by lack of available reference and basis like pictures, videos, per billing, (b) they would still have to get the side of the concerned HDH personnel. Thus, effort would be made to retrieve from COA original voucher billing payments with their original supporting documentary attachments without which findings would be short of being 100% reliable and conclusive. Afterwards, concerned HDH personnel would be given the chance to explain/refute the findings.

The Committee will then submit its final report to the Management and the Board.

BSP Properties

- ✓ The Management reported that per title verification of the 47 titles already in custody of SHFC, only 1 has a lien.

Action Taken:

As of 15 April 2019, ninety (90) titles have been released by LRA.

HDH-project People's Plan Ville HOAI

- ✓ The Board previously noted the update of Management as regards the project:

- Letter to GSIS requesting for extension to fully pay the purchase price
- Confirmation by the Executive Committee re sale of property as covered by Presidential Proclamation

Action Taken:

On 26 March 2019, SHFC received a letter from GSIS stating that purchase price in the amount of P258M should be paid on or before 20 April 2019; otherwise the Notice of Approval of Sale shall be deemed cancelled.

The SHFC has sent its letter-response informing GSIS that we cannot commit to pay the said amount because of the election ban which prevents us from releasing and disbursing funds during the election period.

The GSIS, in its letter dated 21 March 2019, stated that the powers and functions pertaining to proclaimed areas have been transferred to HUDCC by virtue of Memorandum Order No. 74 dated 13 September 2002. This Memo Order effectively amended EO No. 71 which created the Executive Committee with a mandate to formulate and adopt guidelines and implement post-proclamation activities in the areas proclaimed as socialized housing sites. This runs counter to the opinion of HUDCC Legal.

SHFC is awaiting the OGCC reply to its letter seeking for a clarificatory legal opinion as to which interpretation shall prevail, or as to who shall confirm the selling price of the GSIS property.

Better Land HOAIs

- ✓ The Management reported about the General Assembly that was held on 02 February 2019 where the HOAs expressed their agreement to the shift to accommodation mortgage.

Action Taken:

SHFC received a letter on 19 March 2019 from the landowners and presidents of the HOAs, noted by the Municipal Mayor, saying that they agree to the shift to accommodation mortgage. Attached to the letter is the Joint Board Resolution signed by the officers of the 2 HOAs.

The Credit Committee, on 15 April 2019, has instructed Management to present the project as off site and LGU-assisted *through accommodation mortgage* with the following conditions: (a) submission by the LGU of a letter of support and (b) Certification from the LGU that the member- beneficiaries are its ISFs.

Thereafter, the Board took due cognizance of the Matters-Arising reported by the Management. Specifically, the following item/s has been expounded upon, viz:

The Board further discussed these topics/agenda:

- **Alyansa ng Mamamayan ng Valenzuela Housing Cooperative**

Director Bustos recommended establishing a Management Council in order to address the issues and concerns in the HOAI such as the validation of members and action on the complaints received.

Atty. Valenciano answered that in HLURB, the interim measure for the creation of a Management Council is to settle dispute. In this case, if there is a formal and valid complaint filed before the CDA, then it may prompt the creation of such council.

Atty. Cabling further explained that the creation of such council was the exercise of the quasi-judicial function of the Securities and Exchange Commission (SEC) before. However, this was transferred to the Regular Courts. Hence, there must be a formal complaint filed to the Court.

The Management also presented the proposed duties and responsibilities provided in the draft MOA from LGU-Valenzuela and CDA, as shown in the table below:

Social Housing Finance Corporation	Cooperative Dev. Authority	Valenzuela Local Government
01. Set-up help desk to receive and evaluate complaints from various AMVA members;	01. Conduct a General Assembly and Election of new set of Officers & Board of Directors;	1. "Take-over" the estate management of AMVA, to maintain peace & order in the area
02. Conduct membership validation on the AMVA site;	02. Act as observers in the conduct of General Assembly;	02. Supervision, operation and/or management of buildings and its compound;
03. Assist in the application for utilities, such as water & electricity;	03. Set-up help desk to address the issues and concerns of the residents of AMVA;	03. Creation of AMVA Management Council* for the purpose of creating appropriate and/or necessary policies;

Meanwhile, SHFC has also come up with proposed duties and responsibilities for each agency. The following are the duties and responsibilities of SHFC:

1. The SHFC shall set-up a help-desk in the Barangay Hall or within the project site to receive and evaluate complaints from various AMVA members regarding collection and membership conditions within the cooperative and endorse such complaints to appropriate agencies;
2. In cooperation with and assistance of other agencies such as the DILG, LGU, and CDA, the SHFC shall determine the rightful beneficiary of the project immediately through occupancy verification and validation and thereafter finalize the Masterlist of Member-Beneficiaries;
3. The SHFC shall suspend the collection of the AMVA MC Officers from the members as well as group payment of the monthly loan amortization and instead allow direct payment of the individual loan amortization of the members to SHFC; and
4. While membership validation and determination as well as election of new officers are pending, the SHFC shall authorize and allow the LGU to temporarily assume the estate management of AMVA MC to ensure peace and order within one twenty (120) days from the signing of this MOU.

With regard to the Item No.3, Atty Melgarejo made known that there should be a good ground justifying the suspension of collection of the AMVA MC Officers from the members. In the policy of SHFC whenever there is a dispute or there is a case between an MB and the officers of the HOAI, then that is a valid ground for the suspension and in its place and stead SHFC received direct payment. There should be a formal complaint filed before SHFC.

1 Atty. Cabling affirmed that SHFC has already the complaints affidavit filed by the MBs.

2
3 For CDA, the following are the proposed duties and obligations:

4
5 1. The CDA, after SHFC has determined and verified the Masterlist of the rightful
6 beneficiaries of the project, shall advise the sitting BOD of the AMVA MC to convene
7 General Assembly and conduct Election of new set of Board of Directors and officers;

8
9 2. The CDA shall act as observers in the conduct of General Assembly of the AMVA
10 MC, to assist on whatever question of law that may arise; and

11 3. The CDA, together with SHFC and LGU, shall set up help desk to address the issues
12 and concerns of the residents of AMVA MC.

13
14 Lastly, the following are the proposed duties and obligations of the LGU-Valenzuela:

15 1. The LGU shall temporarily assume the estate management of AMVA MC Housing
16 Site including the buildings and its compound to ensure peace and order and effective
17 implementation of HDH project within a period of one hundred twenty (120) days from the
18 date of signing of this MOU;

19 2. Estate management shall mean that the LGU shall be responsible in the supervision,
20 operation and/or management of the buildings and its compound; and the implementation of
21 the policies including the necessary monitoring to ensure the peace and order; and

22 3. Propose the creation of AMVA MC Management Council after election of new
23 officers of AMVA MC and subsequent amendments of its by-laws; for the purpose of
24 creating appropriate and/or necessary policies for the operation and management of the
25 housing project.

26 The Board instructed the Management to come up with a clear master list validating those
27 legitimate MBs then proceed to the election allowing only those legitimate ones to vote.

28 The Board also instructed SHFC to cause the LGU to establish an Estate Management
29 Council immediately upon the signing of the MOA by the parties. Moreover, the Estate
30 Manager shall take over for at least one (1) year unless sooner terminated or later renewed.

31
32 **▪ HDH-RSP**

33 The Board instructed the Management to determine the operational capability and
34 financial capacity of CDJ, as well as provide timeline for the complete construction of the
35 said project. If all of the three is affirmative, CDJ shall start immediately the project as well
36 as the resumption of work.

37
38 **▪ HDH-Project People's Plan Ville HOAI**

39 Since the releasing and disbursing of funds are prohibited during the election period, the
40 Board instructed the Management to issue a Post-Dated Check in lieu of payment in cash to
41 assure GSIS that SHFC is committed to pay the full purchase price.

42
43 **FOR APPROVAL**

44
45 **2. CORPORATE WORK PLAN CY 2020**

The Management, through OIC-VP Planning Mr. Florencio Carandang, presented the 2020 Corporate Work Plan Targets, as shown in the table below:

SOCIAL IMPACT		Wt
SM1: Utilization of Housing Subsidies for the provision of Shelter Security and Improved Housing Quality		35%
<input type="checkbox"/> 35,000 assistance extended to ISFs		
<i>Subtotal</i>		35%
STAKEHOLDERS	Wt	FINANCE
SM2: Percentage of Satisfied Customers	10%	SM3: Improve Collection Efficiency
<input type="checkbox"/> 90% of respondents gave a Satisfactory rating		<input type="checkbox"/> Past Due Accounts' CER (>3 months to <60 months) = 64%
		SM4: Increase Net Operating Income (Before Tax and Subsidy)
		<input type="checkbox"/> Php 165 Million Net Operating Income
		SM5: Improve Budget Utilization Rate
		<input type="checkbox"/> Not Less Than 90% But Not More than 100% of the DBM-Approved Corporate Operating Budget
<i>Subtotal</i>	10%	<i>Subtotal</i>
<i>Subtotal</i>	10%	30%
INTERNAL PROCESS	Wt	ORGANIZATION
SM6: Turnaround Time (in relation to Ease of Doing Business)	10%	SM7: Attain Quality Management Certification
<input type="checkbox"/> 50% of Board-approved Projects taken out on the same year.		<input type="checkbox"/> Pass ISO Surveillance Audit for the Head Office
		<input type="checkbox"/> ISO Certification for one (1) Regional Branch
		SM8: Decrease Number of Employees with Competency Gaps
		<input type="checkbox"/> Decrease by 30%
<i>Subtotal</i>	10%	<i>Subtotal</i>
<i>Subtotal</i>	10%	15%

On the query with regard to what happens to delinquent accounts which did not attain 64% CER, the Management answered that although this is not stated in the table, it does not mean that SHFC will not handle it. The collection effort will still be continued.

Director Bustos then suggested being ready and being prepared with respect to the targets to be achieved for each account since the GCG will require SHFC to set such target thereof.

The Management duly noted the instruction as well as the said suggestion.

Director Bustos reminded the Management that the GCG will check the aforecited matter and they will return it for necessary amendment. Hence, the Targets are still a work in progress.

Further, the reporter presented the Strategies identified to achieve 2020 Corporate Work Plan Targets, as shown in the table below:

STRATEGIES

- ☐ LGU/ NGA-focused collaborations
 - Working with LGUs in implementing their Local Shelter Plans or LSPs (Marketing SHFC modalities as an option to achieve their LSPs)
 - Coordinating directly/ following up on CMP projects in LGUs
 - Working with NGAs who are involved in infrastructure and housing projects
 - Maximizing the utilization of resources by prioritizing big projects
- ☐ Enhancement of systems
- ☐ Continued utilization of grassroots approach
- ☐ Capacitate beneficiaries

After thorough deliberation, the Board then approved the 2020 Corporate Work Plan Targets.

Chairperson Del Rosario made known that there will be a scheduled meeting with the Officer-in-Charge(OIC) of the Department of Budget and Management with regard to the dwindling budget given by the DBM to Housing Sector in the past years. This drastically affects the accomplishments made by the Housing Sector. The reason of the dwindling budget is the low absorptive capacity of the said Sector. In this regard, the Housing Sector's proposed budget will be presented to the OIC to be subsequently studied by the DBM for its inclusion in the National Budget for 2020.

He then reminded the Management to prepare their proposed budget with appropriate justification in a 5-year setup in order for the DBM to see the progression of the budget vis-a-vis its accomplishments.

3. CORPORATE OPERATING BUDGET CY 2019

The Management also presented the SHFC CY 2020 Corporate Operating Budget (COB), starting with the Assumptions or Targets, as follows:

	Amount <i>(in Millions)</i>
1) Take-out	<u>12,862.510</u>
CMP	8,731.785
HDH	1,631.845
DOTr	2,398.880
AKPF	100.000
2) Collection Target	<u>1,600.302</u>
CMP	1,495.023
HDH	105.279
3) CER	<u>64%</u>
4) Net Income	<u>165</u>
5) Personnel Services' Budget is based on the old approved T.O with 255 plantilla positions and full implementation (<i>4th tranche</i>) of SSL IV.	
6) 3rd release of DOTr funds of P3.0Bn for the PNR South Commuter Project.	
7) DBM shall allocate funds to cover CMP and HDH projects for CY 2020.	

The Management also presented the Sources and Uses of Funds, as shown in the table below:

<u>Sources</u>	
1. Fund Balances Beg. (all funds)	700.668

2. CMP Subsidy	5,400.000
3. HDH Allocation + Unreleased NCA	1,813.161
4. DOTr Funds	3,000.000
5. Marawi Shelter Program (OCD)	250.610
5. Securitization	2,000.000
7. Collections (Amortization)	1,600.302
8. Other Income/Receipts	135.420
Total	14,900.161
Uses	
Loans Outlay, Capex, Operational Expenses, and Subsidies	
CMP	10,045.623
HDH	1,909.094
DOTr	2,607.128
MRRRP (<i>Marawi Recovery, Rehabilitation and Reconstruction Program</i>)	134.120
AKPF	129.571
Total	14,825.536
Cash Balance, End	74.625

The Management also presented the 2020 COB Summary as shown in the table below:

2020 COB SUMMARY (with comparative figures) (In Millions)					
PROGRAMS	2020	2019	2018	% INCREASE/(DECREASE)	
	PROPOSED BUDGET	BUDGET	ACTUAL	2019 BUDGET	2018 ACTUAL
CMP	10,045.623	7,855.606	2,456.687	28%	309%
HDH	1,909.094	5,061.411	32.956	-62%	5693%
DOTr	2,607.128	3,000.000	0.000	-13%	0%
MRRP	134.464	0.000	0.000	0%	0%
AKPF	129.571	145.862	12.839	-11%	909%
TOTAL	14,825.880	16,062.878	2,502.481	-8%	492%

The Management also presented the 2020 Budget for SHFC, as shown in the table below:

2020 BUDGET FOR SHFC (CMP & HDH) (In Millions)					
PARTICULARS	2020	2019	2018	% INCREASE/(DECREASE)	
	PROPOSED BUDGET	BUDGET	ACTUAL	2019 BUDGET	2018 ACTUAL
Personnel Services	351.708	307.659	261.235	14%	35%
MOOE	1,033.521	1,109.157	262.350	-7%	294%
Capital Outlay	205.858	144.940	57.060	42%	261%
Loans	10,363.630	11,355.261	1,916.467	-9%	441%
TOTAL	11,954.717	12,917.017	2,497.112	-7%	379%

Likewise, the Management presented the 2020 Personnel Services Budget, 2020 MOOE Budget and 2020 Capital Outlay Budget as shown in the tables below:

2020 PERSONNEL SERVICES BUDGET (CMP & HDH) (In Millions)	
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PARTICULARS	2020	2019	2018	% INCREASE/(DECREASE)	
	PROPOSED BUDGET	BUDGET	ACTUAL	2019 BUDGET	2018 ACTUAL
Salaries & Wages	<u>152.399</u> 43%	<u>149.721</u> 49%	<u>120.389</u> 47%	2%	27%
Other Compensation	<u>96.156</u> 27%	<u>83.452</u> 27%	<u>74.672</u> 29%	15%	29%
Personnel Benefit Contributions	<u>29.755</u> 8%	<u>27.384</u> 9%	<u>22.875</u> 9%	9%	30%
Other Personnel Benefits	<u>73.398</u> 21%	<u>46.381</u> 15%	<u>35.832</u> 14%	58%	105%
TOTAL	<u>351.708</u>	<u>306.939</u>	<u>253.768</u>	<u>15%</u>	<u>39%</u>

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2020 MOOE BUDGET (CMP & HDH)					
(In Millions)					
PARTICULARS	2020	2019	2018	% INCREASE/(DECREASE)	
	PROPOSED BUDGET	BUDGET	ACTUAL	2019 BUDGET	2018 ACTUAL
Other MOOE	<u>318.707</u> 31%	<u>610.056</u> 55%	<u>52.580</u> 20%	-48%	506%
Capacity Building	<u>20.000</u> 2%	<u>15.404</u> 1%	<u>1.979</u> 1%	30%	910%
Professional Services	<u>417.955</u> 40%	<u>324.292</u> 29%	<u>83.010</u> 32%	29%	404%
Rent Expenses	<u>28.250</u> 3%	<u>23.243</u> 2%	<u>8.611</u> 3%	22%	228%
Supplies and Materials	<u>29.844</u> 3%	<u>12.182</u> 1%	<u>9.606</u> 4%	145%	211%
Trainings	<u>17.700</u> 2%	<u>11.400</u> 1%	<u>7.637</u> 3%	55%	132%
Taxes & Insurance	<u>59.658</u> 6%	<u>41.837</u> 4%	<u>43.433</u> 17%	43%	37%
Others	<u>141.406</u> 14%	<u>70.741</u> 6%	<u>55.495</u> 21%	100%	155%
TOTAL	<u>1,033.521</u>	<u>1,109.157</u>	<u>262.351</u>	<u>-7%</u>	<u>294%</u>
	101%	101%	100%		

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2020 CAPITAL OUTLAY BUDGET (CMP & HDH)					
(In Millions)					
PARTICULARS	2020	2019	2018	% INCREASE/(DECREASE)	
	PROPOSED BUDGET	BUDGET	ACTUAL	2019 BUDGET	2018 ACTUAL
Office Equipment	<u>6.865</u> 3%	<u>15.203</u> 10%	<u>2.157</u> 4%	-55%	218%
IT Equipment & Software	<u>60.543</u> 29%	<u>43.314</u> 30%	<u>28.910</u> 51%	40%	109%

Transportation Equipment	<u>30.150</u> 15%	<u>22.669</u> 16%	<u>7.214</u> 13%	33%	318%
Office Improvement	<u>37.598</u> 18%	<u>37.151</u> 26%	<u>6.362</u> 11%	1%	491%
Others	<u>70.703</u> 34%	<u>26.605</u> 18%	<u>12.418</u> 22%	166%	469%
TOTAL	<u>205.858</u>	<u>144.940</u>	<u>57.060</u>	<u>42%</u>	<u>261%</u>
	100%	100%	100%		

After thorough deliberation, the Board then approved the CY 2020 Corporate Operating Budget (COB).

4. DECLARATION OF DIVIDEND AND APPROPRIATION OF RETAINED EARNINGS CY 2018

The Management then presented the Dividend Due to the Department of Finance (DOF) for CY 2018 in compliance with R. A No.7656, as shown in the table below:

Description	2018 (In thousands)
Income Subject to Income Tax, net of tax (Annual ITR - Part IV)	62,475
Income Subject to Final Tax, net of tax (Annual ITR - Schedule 12)	116,580
Income Exempt from Tax, net of tax (Annual ITR - Schedule 13)	-
Total Earnings	179,055
Add: Actual Disbursements of Program Subsidies Treated as Expenses**	12,867
Net Earnings	191,921
Multiplied by the Dividend Rate (50%)	50%
Dividend Due to the Bureau of Treasury	95,961

In continuation, the Management then presented the Appropriation of Retained Earnings for CY 2018, as shown in the table below:

Description	2018 (In thousands)
I. Retained Earnings	
Balance at beginning of year	5,504,450
Comprehensive Income (Including Subsidy Income)	768,175
Other adjustments	1,667
Retained Earnings, December 31, 2018	6,274,292
Less: Dividends declared and paid (CY2017)	113,453
Dividends due for 2018 – for Boards' Approval	95,961
Balance	6,064,878
Funds appropriated for HDHP Project	5,631,652
Balance of RE for transfer to NHMFC	428,010
II. Un-appropriated Retained Earnings	5,216

Thereafter, the Board approved the declaration and full remittance of the CY 2018 cash dividends amounting to Php95.961 Million to Bureau of Treasury. Likewise, the Board approved the appropriation of Retained Earnings amounting to P5.632 Billion for HDHP Project and the balance thereof for transfer to NHMFC amounting to P4.28 Million leaving P5.216 Million as Un-appropriated Retained Earnings.

5. ISSUANCE OF LETTERS OF GUARANTY AND REQUEST FOR PROJECT SUPPORT

CMP PROJECTS

The project approval/s had previously been subjected to compliance with the conditions set by the Executive Committee, and also with the conditions set by the Credit Committee.

Thereafter, the Board approved the issuance of the LOGs for four (4) CMP projects viz:

No.	Region	Name of Project	CMP-M	No. of MBs	Loan Amount
1	IV-B	Horaci Ylagan Residential Village (Hyresville) HOAI	FEEDER, Inc	308	P29,350,493.49 <i>Lot acquisition under Accommodation Mortgage</i>
2	VI	Petals HOAI	Roxas City Urban Poor Federation, Inc.	200	P19,946,380.03 <i>Lot acquisition under Accommodation Mortgage</i>
3	XI	San Juan HOAI	LGU – Davao City	130	P12,099,600.00 <i>Lot acquisition under Accommodation Mortgage</i> P1,028,466.00 <i>DST on Sale and REM</i>
4	XII	Mountain-AO HOAI	SOCEM Shelter Dev., Inc.	253	P18,208,948.62 <i>Lot acquisition under Accommodation Mortgage</i>

The hereunder project/s is subject to the following conditions:

Name of Project	Project Condition/s
Horacio Ylagan Residential Village (Hyresville) HOAI	Completion of Settlement Documents (i.e. ownership/transfer of title to the surviving spouse) and validation of the family name of the surviving spouse as one of the 5 co-owners, prior to the loan take-out.

Likewise, the requested technical subsidy for the following projects, were approved, thus:

Name of Project	Requested Technical Subsidy
San Juan HOAI	P195,000.00

6. HIGH-DENSITY HOUSING PROJECT

The Management presented the total project cost of Bistekville 4 Bldg. G and H HOAI under the HDH Refinancing Program of SHFC, as shown in the table below:

@52 Units:	(P)	(P)
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Land Acquisition Cost	6,240,000.00	
Building Construction Cost	17,160,000.00	
Total Loan Amount		23,400,000.00
Administrative Cost (P2,000/ISF)		104,000.00
Technical Assistance		
Taxes and related fees for transfer		702,000.00
Insurance Subsidy		140,296.00
MRI	115,128.00	
FAPI	23,868.00	
Documentary Stamp	1,300.00	
Capacity Building/Estate Management		494,000.00
TOTAL PROJECT COST		₱24,840,296.00

Thereafter, the Board approved the total project cost of Bistekville 4 Bldg. G and H amounting to P24,840,296.00 subject to the condition that the CER will increase to at least 80% within 4 months.

7. AUTHORIZED SIGNATORIES FOR MRI TRUST ACCOUNT

The Board approved and authorized the following signatories for the opening of an MRI Escrow and/or Trust Account:

Primary : Atty. Arnolfo Ricardo B. Cabling - President
 Alternate : Atty. Junefe G. Payot - EVP
 Counter Signatory : Ernesto R. Leynes - VP-Treasury Group
 Alternate 1 : Annicia D. Villafuerte - VP-MSD
 Alternate 2 : Atty. Maria Rosalie Richa A. Taguian- VP-PDED

8. SMP HOAI REQUEST FOR SUBSIDY FOR ELECTRIC AND WATER CONNECTION

The Management presented the request of SMP HOAI for subsidy to be spent for electric and water connection, as shown in the table below:

	REQUEST	SOURCE OF FUND
Meralco	1,498,101.31	2016 GAA SARO(2017)-BMB-C-17- 0025156 Capacity Building Fund: P4,736,000.00
SMP 1/3 share from the source of connection (Meralco) – reimbursement by HOA	718,621.75	
Water (pressure regulating valve)	300,000.00	
Total Subsidy Request	2,516,723.06	

Thereafter, the Board approved the release of subsidy to SMP HOAI for the electric connection amounting to P2,216,723.06 and its advance payment to Meralco. With respect to the water connection, it is still being discussed by the HOAI and their contractor. It was only presented for information to complete the computation for the presentation.

9. CREATION OF IN-HOUSE ENGINEER POSITION FOR VERTICAL CMP PROJECTS

Atty. Cabling made known that the Management is still not yet ready to present the aforecited topic to the Board. Hence, it will be presented in the next Board Meeting.

10. BETTER LAND HOAI - LUZON

The Board approved the Conversion of the Loan Scheme from LCMP to Off-Site LGU-Assisted Project through Accommodation Mortgage as well as the release of final 50% loan proceeds amounting to P11,772,750.00 subject to the following conditions:

- a) Submission of Commitment by LGU-Los Baños in assisting for the Site Development of the two (2) HOAs; and
- b) Annotation of Accommodation Mortgage on the TCTs in the name of the Landowners.

11. MEMORANDUM OF AGREEMENT (MOA) SIGNING – SHFC, HLURB, LGU-CDO AND DEVELOPERS

The Management presented the MOA entered into by and among SHFC, HLURB, CDO-LGU and Developers wherein it is stated thereby, the primary responsibility of SHFC in the Balubal Relocation Project Phase-2 which is to finance and grant housing loans to the beneficiaries determined by the LGU, subject to SHFC's prevailing housing loan policies and guidelines. The MOA also includes, but not limited to, the following:

- 1) Functions of HLURB and CDO-LGU;
- 2) Project Description;
- 3) Socialized Housing Compliance Component;
- 4) Participation of the Developer; and
- 5) Government Responsibilities.

Thereafter, the Board ratified the MOA entered into by and among SHFC, HLURB, LGU-CDO and Developers.

12. VICTORIA HOAI REQUEST FOR CHANGE OF MODE OF PAYMENT FROM USUFRUCT TO ACCOMMODATION MORTGAGE

Atty. Melgarejo rectified the jurisdiction of the EXECOM with regard to the approval of the request of Victoria HOAI for the conversion of mode of payment from Usufruct to Accommodation Mortgage wherein when the project was presented; the EXECOM overlooked the fine print written on the title itself saying that the landowner has already executed and annotated the REM. Therefore, the prayer should not be the approval of the conversion of mode of payment from Usufruct to Accommodation Mortgage. Instead, it should be "Ratification/Confirmation of Accommodation Mortgage".

Thereafter, the Board approved the rectification of the jurisdiction of the EXECOM from the approval of the conversion of mode of payment from Usufruct to Accommodation Mortgage to Ratification/Confirmation of Accommodation Mortgage.

13. EXTENSION OF SERVICE OF MR. ERNESTO LEYNES

With respect to the extension of service of Mr. Leynes, the Board had called for an Executive Session to deliberate upon the matter.

FOR INFORMATION

TIMELINE OF HDH PROJECTS

The Management presented the timeline for HDH-NCR Projects, as shown in the table below:

Project Name	Timeline	Updates
Bistekville 8 HOAI	N/A	Taken-out on February 11, 2019
Bistekville HOAI 4-G and H	April 2019	ExeCom has endorsed the project to the Board on April 1, 2019 for approval. Release of loan is subject to at least 80% CER.
Bistekville 6 HOAI	Cannot be determined until SC decision has been issued	<p>Referred to the Legal Dept for clearance. Subd. on Nov. 13, 2018. Plans were also provided Jan. 30, 2019.</p> <p>Legal Dept has new findings, that TCT has no OCT no., thus there is a possibility that property is covered by Tala Estate.</p> <p>Legal Dept. is coordinating with the Office of Solicitor General (OSG) if property is covered by Tala Estate Case (OCT 543).</p> <p>On March 25, 2019 meeting between Legal Dept. and OSG, OSG committed to replot the whole OCT 543 property</p>
Bistekville 9 HOAI	After election	<p>SHFC Technical Team has validated the complaints.</p> <p>SHFC has required the LGU to submit Action Plan to address the issues. LGU plans to convene a General Assembly to discuss the scope of repairs to be done.</p>
Bistekville 15 HOAI	Ongoing	Community Association (75 MBs) has been registered in HLURB and with DILG Certificate of Eligibility. There is an ongoing monitoring and coordination with LGU-QC for the registration of the other five (5) CAs
AMC HOAI	May 2019 July 2019	<p>Several contractors have been subsequently submitted for accreditation by the CA but failed to meet SHFC requirements (i.e NFCC requirement, PCAB accreditation, no sufficient experience in construction, etc.). The final building plans and permits shall be submitted.</p> <p>G&B Construction Corp. has been accredited and chosen by the CA. However, the approved loan is no longer sufficient to cover the cost, thus GB Construction, Inc. proposed changes in design. New building plans are being prepared. This will be presented to the Board for Confirmation.</p>

Kamaynila HOAI		<p>Requested with DILG to reconstitute the NTWG so that the SHFC substitution guidelines could be approved including the conduct by SHFC of Site suitability and pre-feasibility study</p> <p>LGU Manila is trying to establish ownership thru the following options:</p> <ol style="list-style-type: none"> 1. Consolidate ownership over the property by virtue of the Abstract of Sale with the Registry of Deeds of Manila and thereafter take possession of the property by filing the appropriate action against the previous owner or any person illegally occupying the same, or 2. The City, through the City Council, may sell and dispose the subject property in accordance with Section 264 of the Local Government Code. <p>Received Letter Confirmation from DBM dated March 27, 2019 on amount being requested by SHFC.</p>
Promiseland HOAI Phase I, II and III	<p>June 2019</p> <p>May 2019</p>	<p>LIAC was created by LGU Valenzuela for this purpose. Negotiations with the recalcitrant/ structure owners are ongoing.</p> <p>Regular coordination with City of Valenzuela thru LIAC on the revised action plan to clear structures of recalcitrants (which includes rental subsidy and compensation for the non-members and members). All other activities are however, deferred until after election. Close coordination with the landowner representative once the project is approved by the Board.</p> <p>Conduct meeting with the concerned Geodetic Engineer on the status of required technical description. Set meeting with contractor and CA on issues/reason for non-submission of Memorandum of Agreement. Set meeting with contractor and CA on results of the evaluation.</p>

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Likewise, the Management presented the HDH-Luzon Projects, as shown in the table below:

#	Projects	Projected Timeline	Status
1	Pepcotek HOAI	4 th Quarter	Awaiting DAR conversion from Agricultural to Residential
2	Parlas HOAI	3 rd Quarter	Submission of final Masterlist of Beneficiaries
3	Bagwis HOAI	4 th Quarter	Titles of the subject property is for technical evaluation by the TWG of BSP properties
4	Kaybiga HOAI		
		Common Issues: (Pepcotek, Parlas, Bagwis & Kaybiga HOAI) <ul style="list-style-type: none">• For issuance of Pre-Feasibility Study• For issuance of Certificate of Eligibility (COE) for<ol style="list-style-type: none">1. Members who were not included in the submitted COE2. Substitute for double availers3. Overage Member/Beneficiaries	

5	Pepcotek 2 HOAI	<ul style="list-style-type: none"> The ISFs are not interested to be relocated/transferred in Tanza, Cavite The two (2) projects 1. Pepcotek 2 HOAI and 2. Parlas 2 HOAI were substituted by 1. Bistekville 15 and 2. Balikatan Samahang Mapulang Lupa (BSML) HOAI
6	Parlas 2 HOAI	

Thereafter, the Board duly noted the abovementioned HDH-Projects updates, as an item For Information.

14. ADJOURNMENT

There being no additional other matters for discussion, SHFC's 03-2019 Board Meeting was adjourned at 3:15 o'clock in the afternoon.


ATTY. JOSE D. MELGAREJO
 Board Secretary