

**MINUTES OF THE 04-2020 BOARD MEETING
OF THE SOCIAL HOUSING FINANCE CORPORATION
28 APRIL 2020
Videoconference¹**

ATTENDANCE OF BOARD DIRECTORS:

SEC. EDUARDO D. DEL ROSARIO	-	DHSUD Secretary <i>Chairperson</i>
ATTY. ARNOLFO RICARDO B. CABLING	-	President, SHFC <i>Vice-Chairperson</i>
DR. FELIXBERTO BUSTOS JR.	-	NHMFC
ATTY. RYAN LITA	-	DBM Representative
USEC. EPIMACO V. DENSING III	-	DILG Representative

Private Sector Representatives:

MR. LYNDON B. CATULONG, SR.
ATTY. EMILIANO C. REYES
MR. RONALD BARCENA
MR. GEORGE JT D. ALIÑO II.

Other Officers/Attendees:

Ms. Lynnette Redublo	-	DILG Representative
Atty. Maria Luisa Pangan	-	DHSUD Representative
Atty. Junefer Payot	-	SHFC EVP
Atty. Leo Deocampo	-	SHFC OIC-SVP for Operations
Atty. Melanie B. Valenciano	-	SHFC Acting Board Secretary
Other SHFC Vice-Presidents and Managers		

1. CALL TO ORDER

The Department of Human Settlements and Urban Development (DHSUD) Secretary Eduardo Del Rosario called the 04-2020 Board Meeting to order at 10:11 a.m.

2. DETERMINATION OF QUORUM

At the onset, the Acting Board Secretary Atty. Valenciano, announced that out of the eleven (11) Members with one (1) vacancy, there are seven (7) who are present, thus there is a quorum

¹ Zoom videoconference platform

to do business. During the videoconference², the following are the initial attendees joining from their respective locations:³

1. Secretary Eduardo Del Rosario joining from the DHSUD Building in Quezon City
2. Atty. Arnolfo Ricardo Cabling from Davao City;
3. Dr. Felixberto Bustos Jr. from Lubao, Pampanga;
4. Director Ronald Barcena from Antipolo;
5. Mr. Lyndon Catulong Sr. from Davao City;
6. Atty. Emiliano Reyes from Mariveles, Bataan and
7. Mr. George JT Aliño II from Las Piñas;

During the meeting, Atty. Ryan Lita joined the meeting at 10:16 a.m while Undersecretary Epimaco V. Densing III joined in at 11:08 a.m. Thus, there were nine (9) Directors who attended the meeting.

3. DELIBERATION / APPROVAL OF THE AGENDA OF THE 04-2020 BOARD MEETING

Considering that there were no manifestations for additional matters to be discussed, the Members of the Board approved the Agenda for the 04-2020 Board Meeting.

4. APPROVAL OF THE MINUTES OF THE 02-2020 AND 03-2020 BOARD MEETINGS

Atty. Valenciano informed the Board that the Minutes of the 02-2020 and 03-2020 Board Meetings were sent to the Directors on 24 April 2020.

Secretary Del Rosario reminded the Members of the Board that they are given seven (7) days from the receipt of the Minutes to comment. If there are no comments or correction, then the Minutes is deemed approved.

Thereafter, the Members of the Board took upon the Chair's exhortation that sans timely comments or correction deems approval of the Minutes of the 02-2020 and 03-2020 Board Meetings.

5. DISCUSSION OF MATTERS-ARISING FROM THE MINUTES OF THE 02-2020 AND 03-2020 BOARD MEETINGS AND CONTINUING MATTERS-ARISING

Executive Vice President Atty. Junefe G. Payot presented the following Actions Taken by the Management on the directives issued by the Board during the 02-2020 and 03-2020 Board Meetings as well as the continuing Matters-Arising, thus:

A. Laon Homeowners Association (HOA) Federation Inc.

- ✓ The Board instructed Management to coordinate/negotiate with the Contractor to adopt the cost per MB of SHFC for the thirty-five (35) sqm units (PhP503,223.23 of SHFC

² Zoom Videoconference platform

³ SEC Memorandum Circular No.6, Series of 2020

against (PHP513,219.97 of the Contractor) in order to further reduce the total construction cost.

Action Taken:

In a letter dated 06 March 2020, the LDV Construction requested reconsideration that their unit cost be adopted instead of the unit cost resulting from the SHFC evaluation. The justifications are: (a) the proposed total cost [PhP894,093,104.64] was already a reduced amount from its original cost of P974,496,064.42 as a result of the negotiation with the Community Association (CA) and the Local Government Unit (LGU) owing to affordability issue; (b) the technical specifications of the thirty-five (35) sqm units are almost the same with the forty-two (42) sqm unit buildings; thus the difference in costs should only be minimal. Only the structural components and finishing areas of the thirty-five (35) sqm units were altered and all other components were installed in both the unit buildings.

Original cost negotiated with the LGU	PhP974,496,064.42
Cost submitted to SHFC	PhP894,093,104.64
SHFC Evaluated Cost	PhP916,524,688.70
SHFC Board recommended cost	PhP889,294,671.74

B. Gumamela Homeowners Association Inc. (HOAI)

- ✓ The Board deferred action on the matter and decided to refer the same to the Executive Committee for further discussion. Management was likewise tasked to:
 - Give copy of the Department of Engineering (DOE) report/study to the Contractor – ARCC
 - Require ARCC to submit its position paper in response to the issues

Secretary Del Rosario also strongly suggested that Management sever ties with ESCA, Inc. given the erroneous assessment of the accomplishment of the project, resulting in overpayment.

Action Taken:

The DOE sent a letter to ARCC on 11 March 2020 which contained the results of the DOE's evaluation and noted the discrepancies, including the overpayment made to ARCC. The ARCC responded in its letter dated 17 March 2020 where it requested for consideration/extension to submit the position paper until the current situation returns to normal. No update from ARCC since their last letter.

The DOE also wrote a letter to Dr. Ernesto S. De Castro, President of ESCA Incorporated about the findings/results of the DOE and requesting them to explain the discrepancies, including the overpayment.

1 In a letter dated 24 March 2020, they asked for extension to submit their position paper
2 until 03 April 2020. In our follow up email/message with ESCA Inc. on 27 April 2020,
3 they committed to submit their formal response within the week.
4

5 ***C. Request for donation of road lots to LGU-Malabon (Green Meadow HOAI and Catmon***
6 ***Ville HOAI)***

- 7 ✓ The Board approved the following (a) SHFC's conformity to the donation of road lots
8 and alleys by the Community Associations (Cas) and; (b) authority of President
9 Cabling or Senior Vice President Deocampo as authorized representatives to sign the
10 conformity letter. The Board gave the following conditions:

- 11
12 ▪ Require LGU-Malabon City to submit confirmation/acceptance letter and
13 document stating authority of the Mayor to accept the donation as approved by the
14 Sanggunian.
15 ▪ Secure a Board Resolution from the CAs acknowledging their outstanding loan
16 obligation with SHFC.
17

18 The Board also requested the Legal Department to come up with a legal review on
19 whether we can continue to grant site development loans to the CAs despite the
20 donation.
21

22 Action Taken:

23
24 The LGU acceptance is pending with the Sanggunian because of the Enhanced
25 Community Quarantine (ECQ).
26

27 The Green Meadow HOAI has already submitted the requested Board Resolution.
28

29 The Legal Department recommended through its Legal Opinion dated 23 March 2020
30 the release of the remaining balance of the approved site development loans of the CAs
31 despite the donation.
32

33 The release shall be conditioned on the following:

- 34 (1) Submission by the CAs of an Undertaking or a Memorandum of Agreement with
35 SHFC reiterating its promise to pay the total site development loan despite the donation
36 and;
37 (2) The Operations Branch must ensure that the remaining collateral is sufficient to
38 cover the total loan package of the CA; and
39 (3) In the Deed of Donation to be executed, there should be a clause reserving the right
40 of the donors, CAs, to improve the road lots and open spaces to be donated to the LGU.
41

42 ***D. Marawi Shelter Project***

- 43 ✓ The Board noted the findings on the construction and directed Management to:

- 44
45 ▪ Coordinate with the LGU City Engineering Office regarding the issuance of a
46 Cease and Desist Order.
47 ▪ Write a letter to UN Habitat asking them to comply with the
48 requirements/standards. The Cease and Desist Order will be attached to the letter.
49

50 Action Taken:

1
2 The City Engineering Office of Marawi through Engr. Sirad Daldiig sent its Notice of
3 Temporary Suspension of Work to Mr. Warren Ubongen, Project Manager/Project
4 Steering Committee Secretariat on 06 February 2020. The suspension of work was due
5 to the substandard implementation of some units which are not compliant with the
6 standards.

7
8 SHFC has also written Mr. Christopher Rollo, Program Manager on 06 March 2020
9 informing him of the issues on structural designs and also about the issuance of
10 temporary suspension order on the additional units to be constructed until the issues are
11 resolved.

12
13 SHFC met with UN Habitat on 11 and 12 March 2020. It was agreed that to ensure
14 structural stability of the housing units, columns and beams should be included in the
15 design. The new design which already includes the construction of columns and beams
16 has been finalized by UN Habitat and will be submitted to the LGU once the ECQ is
17 lifted.

18
19 ***E. Promotion of Atty. Ronaldo Saco to the Vice President Position***

- 20 ✓ The Board approved the promotion of Atty. Saco subject to a favorable opinion of the
21 Office of the Government Corporate Counsel (OGCC) that Civil Service Commission
22 (CSC) rules, specifically those on publication of vacancy for external applicants, do not
23 apply to SHFC. The Management was instructed to request for OGCC Opinion.

24
25 Action Taken:

26
27 In the OGCC reply dated 14 April 2020, the OGCC stated that SHFC is a non-chartered
28 GOCC by virtue of its incorporation under the Corporation Code. As a non - chartered
29 GOCC, it is not covered by Civil Service laws, rules, and regulations, including the
30 requirement of publication and posting of vacant positions.

31
32 ***F. Letter from the Governance Commission for Government-Owned or Controlled***
33 ***Corporation (GCG) against President Cabling***

- 34 ✓ The Management was tasked to cause the following:
35 ▪ Convene the Governance, Policy and Nomination Committee for formal
36 discussion and resolution. The explanation of President Cabling and other
37 pertinent documents (or Certifications) from the Human Resource (HR) should
38 be presented to the Committee. The Human Resource Department (HRD) and
39 Internal Audit should be invited to the meeting.
40 ▪ Submit a report/reply to the GCG (copy furnished the Board) based on the
41 resolution of the Governance, Policy and Nomination Committee.

42
43 Action Taken:

44
45 The Governance, Policy and Nomination Committee was convened on 03 April 2020
46 and the Investigation Report was submitted to the GCG on 17 April 2020. All the
47 members of the Board were furnished a copy.

48
49 **Thereafter, the Board took due cognizance of the Matters-Arising reported by the**
50 **Management. Specifically, the following item/s has been expounded upon, viz:**

1 • **Gumamela HOAI**

2
3 The Management informed the Board that the next step will be to convene the Executive
4 Committee to discuss and deliberate upon the matter as well the issues arising from the said
5 mater once the ARCC replied on the letter.
6

7 • **Letter from Governance Commission for Government-Owned or Controlled**
8 **(GCG) regarding the appointment of the SHFC Board Members**

9
10 Secretary Del Rosario informed the Board that the Governance Commission for Government-
11 Owned or Controlled Corporations (GCG) wrote him a letter regarding the appointment of the
12 Board Members of SHFC. He then asked about the procedure on the said appointment.
13

14 Atty. Valenciano answered that for Private Sectors Representatives, it should be appointed by
15 the President of the Philippines while for the Government Representatives, specifically for the
16 Department of Interior and Local Government (DILG), Department of Finance (DOF) and
17 Department of Budget and Management (DBM), the Ex-Officio Members are usually the
18 Secretaries of the concerned agencies but they can designate their alternates who will attend
19 the Board Meeting in their place.
20

21 Secretary Del Rosario rhetorically asked about the purpose of the GCG for asking the list of
22 recommended appointees if the appointees are being appointed by the President himself. He
23 then expounded his question further asking if the Management informed the GCG on the
24 appointment of the Private Sector Representatives.
25

26 Atty. Valenciano answered affirmatively considering that SHFC has been communicating with
27 them regarding the said appointment.
28

29 Atty. Cabling then added that the Malacañang is informing the GCG on the appointment of the
30 Private Sector Representative. In fact, the Private Sector Representatives are asked to report to
31 GCG for briefing on the rules and functions as a Board Member of the Government Corporation
32 prior to joining the Board Meeting. They are also advised to attend a seminar on Corporate
33 Governance. Meanwhile, with respect to the nomination of the appointees, Atty. Cabling
34 informed the Board that the Management is not privy to it considering that the nomination is
35 being conducted in Malacañang. SHFC only receives the copy of appointment of new
36 Directors.
37

38 Secretary Del Rosario then manifested that he will check the said process of appointment with
39 his office.
40

41 **FOR APPROVAL**

42
43 **1. COMPLIANCE WITH GCG MEMORANDUM NO. 2020-04**

44
45 The Management, through OIC-VP for Systems Control and External Affairs Department Atty.
46 Ronald Cajucom, presented the GCG Memorandum Order 2020-04 or the Contribution of the
47 Government-Owned or Controlled Corporations (GOCC) Sector to the Bayanihan to Heal as
48 One Act (RA 11469).
49

He then presented the said Memorandum which states that, “There is an urgent need to ensure that there is sufficient, adequate and readily available funding to undertake efforts to mitigate/contain the transmission of COVID-19, immediately mobilize assistance in the provision of basic necessities, prevent the overburdening of the healthcare system and provide a social amelioration program and provision of safety nets to affected sectors, among others;”

Hence, he presented the following directives to the GOCCs:

1. That all GOCC’s with appropriations to programs, projects or activities (P/A/P) under the 2019 and 2020 General Appropriations Act (GAA), whether released or unreleased, are hereby directed to:

- (a) Reassess their operations for the year, and determine P/A/P that have been adversely affected by the COVID-19 crisis; and

- (b) Submit to the Department of Budget and Management (DBM), copy furnished the GCG, P/A/P with unobligated allotments which the Governing Board of the GOCC recommends to be discontinued, including the amount of savings to be generated therefrom.

2. That all GOCC’s with Board-approved fund allocations for P/A/P from its internally generated funds / corporate funds are hereby directed to:

- (a) Reassess their operations for the year, and determine P/A/P that have been adversely affected by the COVID-19 crisis; and

- (b) Submit to the Department of Finance (DOF), copy furnished the GCG, P/A/P financed through internally-generated funds that the Governing Board exercising its business judgment approves to discontinue, if any, and the amount to be generated therefrom.

It should be noted that the GCG gave the Management five (5) days from the receipt of the Memorandum to comply with the requirements.

He then continued presenting the following proposed programs and activities to be discontinued in compliance with the said Memorandum Order:

Programs / Activities / Project			
	P/A/P	Target Date	Budget
	Customer Relations and Complaints Division		
1	UDHA Month Celebration	March 2020	₱200,000.00
2	CMP Month Celebration	August 2020	₱700,000.00
3	Urban Poor Solidarity Week	December 2020	₱200,000.00
	Subtotal		₱1,100,000.00
	HRDD		
1	Independence Day Celebration	June 2020	₱350,000.00
2	Sports Fest	July 2020	₱2,500,000.00
3	CMP Month Celebration	August 2020	₱1,500,000.00
4	Christmas Party	December 2020	₱3,200,000.00
5	Corporate Giveaways / Merchandise		₱1,000,000.00
6	KSA Activity Shared Budget		₱400,000.00
7	Participation to Job Fairs		₱200,000.00
8	SHFC Chorale Group		₱100,000.00
	Subtotal		₱9,250,000.00

	Insurance and Community Enhancement Division		
1	Financial Literacy Inner Tagpos HOAI	July 21-24, 2020	₱350,855.00
2	Estate Management Training for Vertical Projects in Cavite	October 5-8, 2020	₱360,000.00
3	Estate Management Training in General Santos	June 23-26, 2020	₱540,000.00
4	Estate Management in Tagum		₱360,000.00
5	Estate Management in Naga City		₱462,250.00
6	Gender and Environment Training of Trainers	April 1, 2020	₱300,000.00
7	Training on Child protection and welfare	November 1, 2020	₱400,000.00
8	Entrepreneurship livelihood training for the marginalized	August 1, 2020	₱300,000.00
9	Community-based hazard mapping	October 1, 2020	₱280,200.00
10	Stress proofing your Leadership training	March 1, 2020	₱170,000.00
11	Series of Training of Trainers on GAD related laws	July 1, 2020	₱989,970.00
12	MOVE Agenda and Training	November 1, 2020	₱280,000.00
13	GAD Agenda Writeshop II	August 1, 2020	₱600,000.00
14	Series of GST for Community Association	April October 2020	₱440,000.00
15	MCW and GAD related law for GFPS	April 1, 2020	₱748,750.00
16	Training on Breaking gender norms	May- June 2020	₱259,880.00
17	Rain water harvesting system	May 1, 2020	₱750,000.00
18	Training on SOGIE for CA and Employees	June 1, 2020	₱350,000.00
19	GAD Assessment	December 1, 2020	₱100,000.00
	Subtotal		₱8,041,905.00
	Partner Relations Division		
1	Capacity Building on Community Organizing Work of Visayas-based CMP-Ms (Iloilo City)	July 27-31, 2020	₱747,000.00
2	Capacity Building for Builders on Financial Management and Values Formation	August 24-28, 2020	₱272,750.00
3	Capacity Building on Values Formation of Southern Luzon-Based CMP-M	Septemebr 10-11, 2020	₱120,500.00
4	Capacity Building of LGUs Based in Mindanao on Community Organizing and Participatory Approach (Davao City)	September 21-25, 2020	₱730,000.00
5	Training of Trainers on Conflict Management of Luzon-Based CMP-Ms (Makati)	October 21-23, 2020	₱207,000.00
	Subtotal		₱2,077,250.00
	Strategic Communications Division		
1	BALAI Month	November 2020	₱100,000.00
2	MOU Signing with NGA's	Year-long	₱50,000.00
3	Housing Summit and other housing events in partnership with KSA's	Year-long	₱100,000.00
4	Spokespersons Training for Senior Officers	May	₱400,000.00
	Subtotal		₱650,000.00
	Total		₱21,119,155.00

Secretary Del Rosario asked the percentage on the total budget of SHFC of the total amount of the abovementioned projects considering that there seemed to be a provision in the Memorandum that states the allotment of 10% of the total MOOE budget.

Atty. Cajucom answered that he believed that the Secretary is discussing about the National Budget Circular instead of the GCG Memorandum No. 2020-04. He then added that the DBM

1 clarified already that the National Budget Circular only applies to the General Appropriations
2 Act (GAA) allocation and SHFC's Corporate Operating budget will not be affected by the said
3 Circular. However, the GAA allocation for SHFC will be affected considering that the
4 Corporation is receiving allotment for Community Mortgage Program (CMP) and High-
5 Density Housing (HDH) projects.

6
7 Atty. Lita clarified that the concern of the Secretary is that the discontinuance of some of the
8 projects somehow complies with the National Budget Circular No. 580. He then asked if there
9 are projects with GAA appropriation which are in compliance with the said National Budget
10 Circular considering that at least 35% of the MOOE and Capital Outlay will be identified based
11 on the total appropriation in the GAA.

12
13 Atty. Cajucom answered that the said activities as well as their funding allotments are covered
14 in the Corporate Operating Budget which is an internally generated fund. There are two items
15 in the GAA – one for the CMP and one for the HDH.

16
17 Director Barcena then asked if the appropriated funds from the discontinuance of the programs
18 will form part of the savings of the Corporation. Atty. Cajucom answered that the funds will
19 serve as savings and will be made available for remittance in case the DOF requires SHFC to
20 remit it to them.

21
22 Director Barcena raised again an inquiry on the realignment of the fund for other programs,
23 projects or activities that are useful in this time of crisis. Atty. Cajucom answered that there
24 was a discussion in the Management regarding the realignment of the said funds. However,
25 there is a need to consider that as a Government-Owned or Controlled Corporation (GOCC), it
26 is proper to remit the funds to DOF instead of realigning these activities considering that the
27 GCG as well as the other National Government Agencies are requiring contribution from the
28 GOCCs. The National Government is coming up with a single track and most of the
29 Government Agencies must adhere to that.

30
31 Director Barcena then asked if this matter will require a Board approval or will just adhere to
32 the Department Policy. Atty. Cajucom then answered that it will require Board approval
33 because the Corporate Operating Budget where there activities were embraced from was also
34 previously approved by the Board.

35
36 **After thorough deliberation, the Board approved the discontinuance of the**
37 **abovementioned identified Programs/Activities/Projects amounting to**
38 **PhpP21,119,155.00 (Php21.1Million) previously approved in the 2020 Corporate**
39 **Operating Budget (COB). The identified discontinued projects and programs are in the**
40 **following department/groups:**

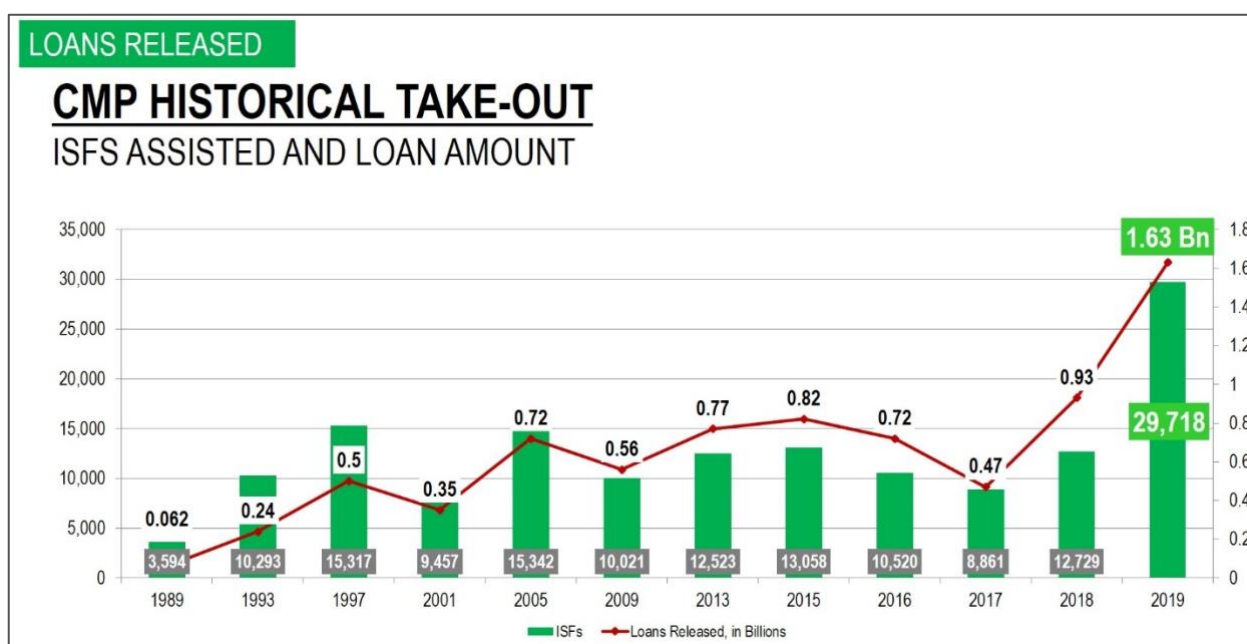
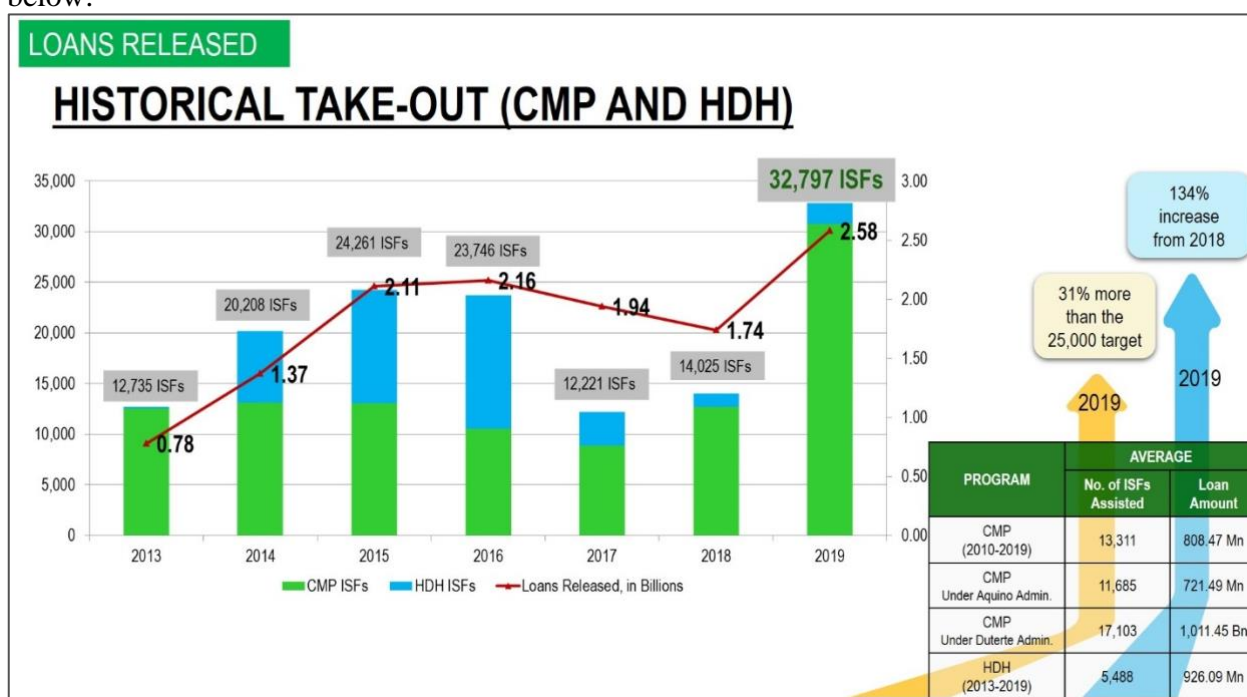
- 41 a. **Customer Relations and Complaints Division**
- 42 b. **Human Resource Development Division**
- 43 c. **Insurance and Community Enhancement Division**
- 44 d. **Partners Relations Division**
- 45 e. **Strategic Communications Division**

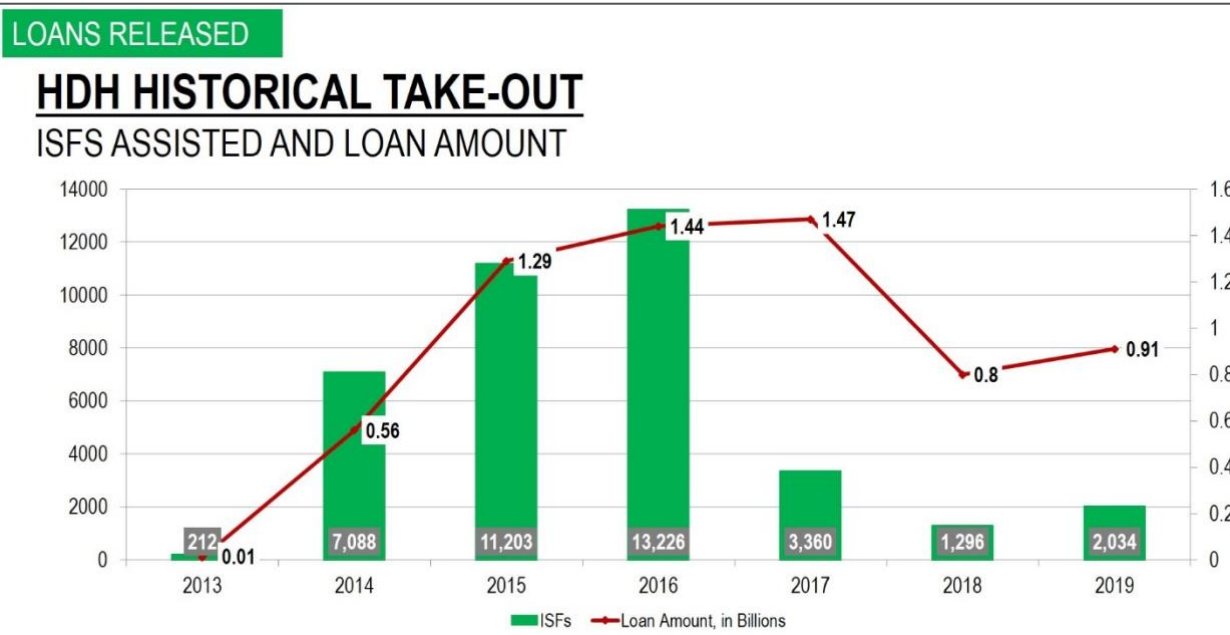
46
47 **Meanwhile, the office of the DHSUD Secretary will review the GCG Letter on the re-**
48 **appointment of Private Sector Representatives. Coordination shall be further made with**
49 **the Office of SHFC Board Secretary.**

2. CORPORATE WORK PLAN AND STRATEGIES FOR CALENDAR YEAR (CY) 2021

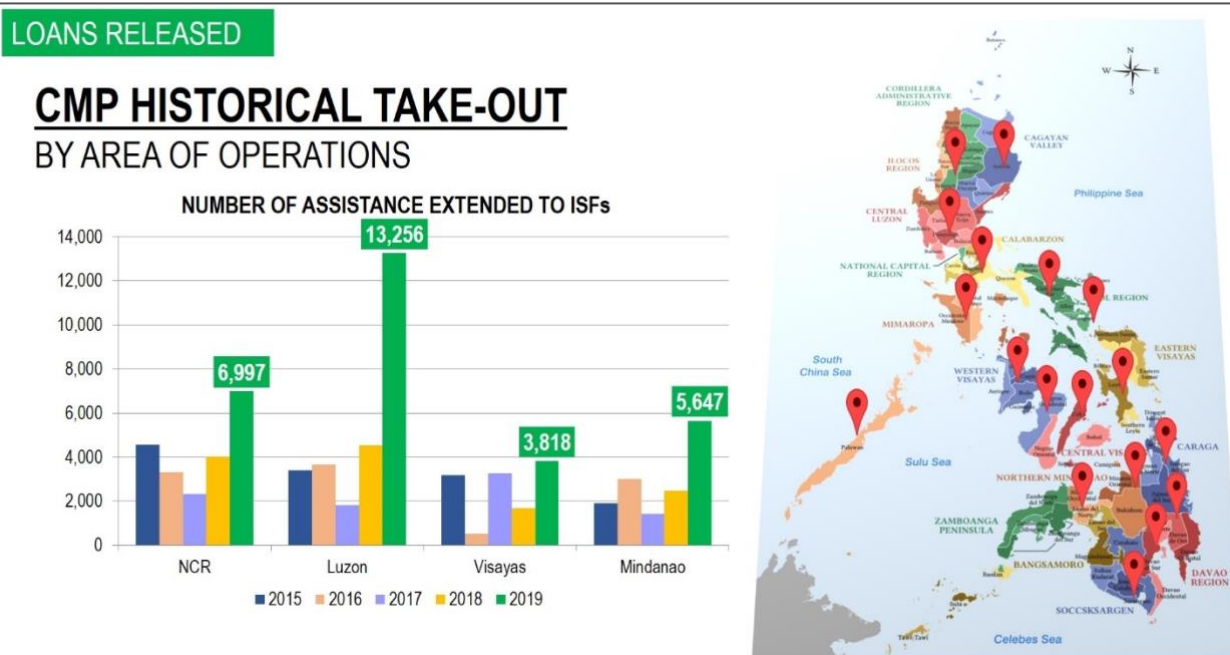
The Management, through OIC-VP for Planning Mr. Florencio Carandang Jr., reported first on the SHFC Fund Utilization considering that the presentation on the said matter was requested by Usec. Agabin in the past Committee meeting and the data on the Fund Utilization was used to come up with the 2021 Corporate Operating Budget (COB). It should also be noted that the Department of Budget and Management (DBM) issued a directive to submit the proposed 2021 COB on 25 May 2020.

He then presented the historical performance of SHFC in the past years, as shown in the tables below:





It should be noted that the reason that the take-out for the HDH program is decreasing since 2016 is that it is a project of the previous administration. Hence, it is near completion. The loan Releases in 2018 and 2019 are the projects in its second phases which would be the Site Development and House Construction.



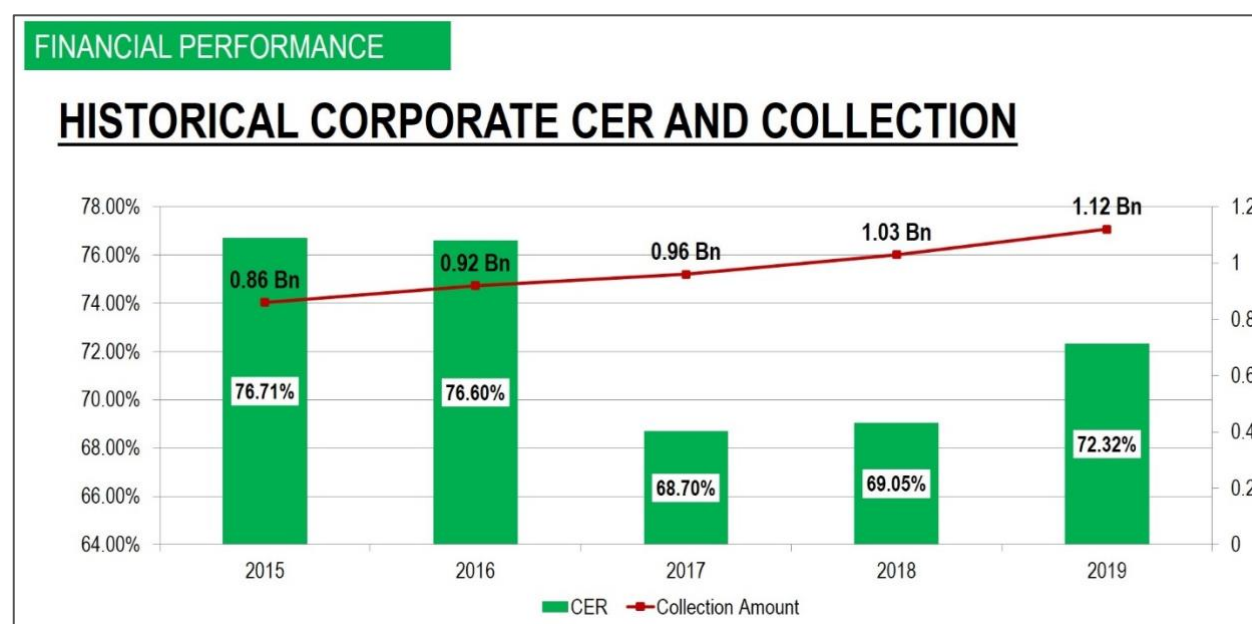
It should be noted that the CMP is gaining traction in Mindanao and around 100% growth from the performance in 2019.

Secretary Del Rosario then asked where the growth in 2018 can be attributed from. Mr. Carandang answered that it is because SHFC has found the right mix of effort, particularly in 2017 when there was a new leadership under President Cabling. The business model of the CMP was changed to engage more with the Local Government Units (LGUs). There was a realization that housing and shelter programs can be more successful and more responsive if

the LGUs become major partners. The Corporation has taken a look in the shelter plans of the LGUs and offer them assistance in the implementation of their shelter plans. And lately, SHFC has offered the LGUs new list of modalities to help them more in their implementation of the shelter plans. Although, the Corporation will continue this kind of business model, it will not forsake the previous model wherein it engaged with the civil society. Another one is that there is an improved level of income of the beneficiaries as well as the institutional support of the Department of Human Settlements and Urban Development (DHSUD).

Secretary Del Rosario then asked if SHFC can duplicate the growth in 2020. Mr. Carandang admitted frankly that the Corporation may take a hit. There will be a major “hiccup” because of the Covid 19 Pandemic. However, it should be noted that the projects for 2020 have already been nurtured. SHFC is re-engineering its processes to adopt to the “new normal”. He also added that he is confident that SHFC will be able to hit the target for 2020 as well as for 2021.

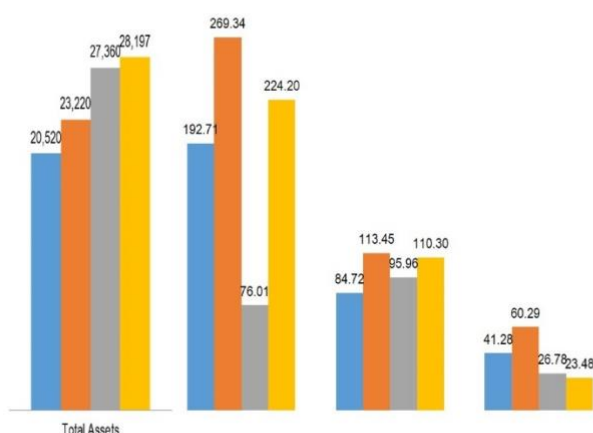
Mr. Carandang explained that SHFC will make a plan on how to do things which is also in line with the track of the government. He then expounded that the Duterte administration is adopting a four (4)- pillar approach in facing the pandemic wherein in the fourth pillar the economic recovery plan is to create job and sustain growth. In this recovery plan, it was identified that continued investment in social infrastructure programs such as housing programs will help revive and sustain economic growth. He then emphasized the need for the housing programs considering that if housing programs will be neglected then it will exaggerate the problem the country is facing right now.



To continue his discussion, he presented the following financial performance of SHFC, as shown below:

FINANCIAL PERFORMANCE

FINANCIAL POSITION (2016-2019)



FINANCIAL ASPECT	AMOUNT IN MILLION PESOS			
	2016	2017	2018	2019
Total Assets	20,520	23,220	27,360	28,197
Net Operating Income	192.71	269.34	76.01*	224.20
Dividends Remitted to the National Gov't	84.72	113.45	95.96	110.30**
Corporate Income Taxes Paid	41.28	60.29	26.78	23.48

It should be noted that the data for the net operating income should be clarified with the GCG because the data the Management submitted is around Php200 Million. However, the data that was reflected was only around Php76.01 Million.

FINANCIAL PERFORMANCE

CASH DIVIDENDS AND INCOME TAXES PAID 2005-2019

YEAR	INCOME TAXES PAID	DIVIDENDS PAID	TOTAL
2005	447	1,130	1,577
2006	16,460	23,294	39,754
2007	37,635	47,466	85,101
2008	56,554	65,422	121,976
2009	23,517	41,774	65,290
2010	35,324	53,768	89,092
2011	51,156	74,175	125,331
2012	19,223	49,616	68,839
2013	6,446	19,591	26,037
2014	38,266	59,718	97,984
2015	37,025	68,662	105,687
2016	39,918	84,713	124,631
2017	60,291	113,453	173,744
2018	26,775	95,960	122,735
2019	23,482	110,297*	133,779
TOTAL	472,519	909,039	1,381,557

Under the Duterte Administration (2017-2019), dividends paid are the highest ever.

₱ 1.38 Bn
Total Contribution to National Government

Likewise, he presented the Budget Utilization Performance of SHFC, as follows:

BUDGET UTILIZATION**CMP Utilization Rate**

BUDGET YEAR	GAA ('000)	Utilization ('000)	Utilization Rate
1995 to 2009	7,042,591	7,261,966	103%
2010	500,000	404,994	81%
2011	500,000	1,000,908	200%
2012	500,000	560,032	112%
2013	1,000,000	791,135	79%
2014	1,000,000	831,609	83%
2015	1,000,000	830,474	83%
2016	1,000,000	741,360	74%
2017	237,409	474,190	200%
2018	0	1,041,886	-
2019	0	1,575,630	-
TOTAL	12,780,000	15,514,184	

It should be noted that the all the funds from the Comprehensive and Integrated Shelter Financing Act (CISFA) or RA No. 7835, has been allotted already to SHFC in 2017. Hence, in 2018 and 2019, the funding amounted to zero (0) pesos and SHFC is utilizing its Corporate Funds. It should also be noted that the CISFA funds have already been utilized as manifested in larger take-outs in CMP.

It should also be noted that for HDH project, the Corporation has no full control on the list of the Member-Beneficiaries (MBs) considering that the DILG Technical Working Group already identified the MBs for the National Capital Regions informal settlers families who are residing in the danger areas and along waterways. There are problem sometimes arising from the Community organization. There is a need for reorganization of the Community. Hence, the utilization of the budget was delayed or postponed.

He also presented the summary of the abovementioned discussion, as shown below:

Summary:

- Loan Take outs has manifested an impressive trajectory in the last two years (J Growth pattern is realised – activities being undertaken seems to be the right mix of efforts to deliver SHFC's mandate of providing FAIR shelter solutions)
- Financial Bottom line is stable (Loan amortisation collections and Net operating income is consistently increasing; Collection efficiency of loans is increasing)
- Utilisation of program funds are mixed – for CMP, it has improved tremendously; for HDH, major efforts are needed to use the funds

He then presented the Take-Out Targets from 2019-2023:

Take-out Targets from 2019-2023

2019	2020	2021	2022	2023	TOTAL 2019-2023
25,000	35,000	60,000	60,000	70,000	250,000

Five-year target will address 29% of the Estimated Housing Need of the ISFs (849,218) in 2023.

Mr. Carandang informed the Board that SHFC is sticking with the target for 2020 as well as for 2021 considering that the Corporation has found out that the ideal situation is to do more.

Thereafter, he presented the reason why SHFC will be sticking with its target of 60,000 for the year 2021:



Although, there might be recession and increased poverty, SHFC wanted to be the optimist. SHFC wanted to continue doing its mandate of providing shelter to the ISFs.

Meanwhile, with respect to the projections on the delinquent accounts, Director Reyes recommended to adjust the figures in 2021 and increase it considering that the Covid-19

Pandemic will result in negative scenario. Moreover, in the funding for the meetings with the ISFs, he then suggested to give it back to the National Government considering that the meetings will decrease.

Mr. Carandang agreed with the comments of Director Reyes. He then explained that the Management is monitoring the accounts monthly especially after the three (3) month moratorium. He then informed the Board that there is a need to take a look at the occupational levels/categories of the MBs. With respect to the recommendation of Director Reyes to reduce the 10% deduction, he said that the Management will take that into consideration.

With respect to the concern of Director Reyes on the approach to meet the ISFs, Mr. Carandang explained that the Management is creating small groups to reach out to the Community Associations (CAs). There were several alternatives identified in the meeting with the CAs such as through text and Facebook Chat. He then assured the Board that SHFC is doing measures to address such situation to contact them without physically meeting them.

Thereafter, the Board acknowledged the presentation of Mr. Carandang.

Corporate Workplan and Strategies for CY-2021

As a continuation of his discussion, Mr. Carandang then presented the 2021 Corporate Workplan, as shown in the table below:

2021 CORPORATE WORKPLAN			
SOCIAL IMPACT			Wt
SM1: Provision of Shelter Security and Improved Housing Quality			
• 60,000 Informal Settler Families provided with housing loans and grants			35%
Subtotal			35%
STAKEHOLDERS	Wt	FINANCE	Wt
SM2: Percentage of Satisfied Customers		SM3: Improve Collection Efficiency Rating of SHFC Program Loans	
• 90% of respondents of the Client Satisfaction Survey (based on GCG methodology) gave a Satisfactory rating for SHFC's Pre-takeout services		10%	10%
		SM4: Improve status of problematic accounts	
		• 10% Reduction of Problematic Accounts	5%
		SM5: Improve the Financial Bottomline	
		• 10% Reduction of the Projected Net Loss per the SHFC Board approved Corporate Operating Budget for 2021	5%
		SM6: Improve Budget Utilization Rate	
		• Not Less Than 90% of the GAA Allocation for CMP	10%
Subtotal	10%	Subtotal	30%
INTERNAL PROCESS		ORGANIZATION	Wt
SM7: Enhance Support Systems for Effective and Efficient Processes		SM8: Attain Quality Management Certification	
• Updated ISSP approved by the Board, and submitted to DICT		10%	5%
		• ISO Certification for two (2) Regional Branches	
		SM9: Improve Competency Baseline of the Organization	
		• Increase corporate competency level	5%
Subtotal	10%	Subtotal	15%

- **SM 1** – There is already an inventory of identified projects in the pipeline consisting of more than 60,000 projects ready for take-out in 2020 in order for SHFC to achieve its target amidst the Covid-19 Pandemic.
- **SM 3** – The target for the Collection Efficiency Rating (CER) is supposed to be 92%. However, due to the Covid-19 Pandemic, the Management did some adjustments on the target.

- 1 • **SM 4** – The problematic accounts include the highly delinquent accounts which have
2 not been paid for 60 months and up. Some of the said accounts need intervention such
3 as foreclosure and remedial actions.
- 4 • **SM 5** – One of the efforts the Management has come up to reduce the net projected loss
5 of SHFC due to the Covid-19 Pandemic is to open several branches nationwide.
- 6 • **SM 6** – Considering that SHFC has no control over HDH list of member-beneficiaries,
7 only the GAA allocation for CMP is being factored in the Budget Utilization Rate to be
8 improved.
- 9 • **SM 7** – The Information Systems Strategic Plan (ISSP) will be updated considering
10 that the present ISSP will expire this year.
- 11 • **SM 8** – Aside from the recertification of the Quality Management Certification, the
12 Management is pushing for the certification of SHFC's branch offices.
- 13 • **SM 9** – The Management will explore other facets of training such as mentorship and
14 on-the-job (OJT) training.

15
16 Atty. Lita then asked how much is the budget for CMP and HDH for 2020. Mr. Carandang
17 answered that for 2020 the GAA allocation for CMP is PhP500 Million while for the HDH it
18 is about PhP800 Million. The HDH is a continuing funding while the PhP500 Million for CMP
19 is newly allocated budget considering that in 2018 and 2019, there was no fund allocation for
20 CMP.

21
22 Atty. Lita clarified as to why the measures for budget utilization is being focused on CMP
23 instead of HDH projects considering that a large portion of budget allocation is for HDH
24 projects. He then explained that it would really affect the budget utilization even though in the
25 performance framework the utilization for CMP has been achieved.

26
27 Mr. Carandang explained that the nature of the projects has a factor in the budget utilization
28 considering that a big percentage of the HDH project was given to SHFC with problems and
29 issues. Hence, SHFC needs to reorganize the Community which takes a lot of time. Unlike in
30 CMP, the Corporation was able to guide the project from its completion considering that SHFC
31 has more control over on the projects for CMP. He then further expounded that although only
32 CMP projects are the focused of the budget utilization, it does not mean that SHFC will not do
33 measures for the budget utilization of the HDH projects.

34
35 Atty. Lita then pointed out that the actual utilization is not reflective in the target. It would
36 mislead anyone from reading corporate accounts considering that financial matter is being
37 discussed.

38
39 Atty. Cabling answered that SHFC will utilize its budget in 2020. However, for 2021, the target
40 has been modified to exclude the HDH projects in budget utilization because the projects that
41 are left for HDH are those which are very problematic and will take time to fix. For 2020,
42 SHFC committed to 90% budget utilization for both CMP and HDH projects while for 2021,
43 only the CMP will be committed.

44
45 Mr. Carandang then presented the 2021 Corporate Enabling Strategies that the Management
46 will undertake to achieve its targets, as shown in the graph below:
47

2021 CORPORATE ENABLING STRATEGIES



Mr. Carandang then presented the following Strategic Initiatives/ Activities for CY 2021:

STRATEGIC INITIATIVES/ACTIVITIES FOR CY 2021



Thereafter, the Board duly noted the presentation on the 2021 Corporate Work Plan and Strategies.

3. CORPORATE OPERATING BUDGET (COB) CY 2021

The Management, through OIC-VP for Finance and Comptrollership Department, Mr. Dante Anabe, presented the Corporate Operating Budget (COB) for CY 2021.

He then presented the Assumptions and Targets, as shown in the table below:

Take-Out Target	Amount (in Millions)	Collection Target	Amount (in Millions)
1) Total	13,827.143	2) Total	900.423
CMP	9,836.706	CMP	773.170
HDH	1,090.308	HDH	127.253
DOTr	2,800.129	3) Cumulative CER	90%
AKPF	100.000	4) Net Loss	-472
5) Personnel Services' Budget is based on the old approved T.O with 255 plantilla positions			
6) DBM shall allocate funds for the implementation of CMP and HDH projects for CY 2021			

3 The Sources and Uses is also shown below:

<u>Sources</u>	
1. Fund Balances Beg. (all funds)	548.794
2. CMP Subsidy	8,036.706
3. HDH Subsidy	1,090.308
4. DOTr Funds	3,000.000
5. Marawi Shelter Program (OCD)	12.157
6. AKPF	134.878
5. Proceeds from Securitization	2,000.000
7. Collections (Amortization)	900.000
8. Other Income/Receipts	121.065
Total	15,843.908
<u>Uses</u>	
Loans Outlay, Capex, Operational Expenses, and Subsidies	
CMP	11,399.807
HDH	1,252.430
DOTr	3,000.000
MRRRP (Marawi Recovery, Rehabilitation and Reconstruction Program)	12.157
AKPF	134.878
Total	15,799.272
Cash Balance, End	44.636

4
5
6
7
8

The COB Summary, Budget for SHFC, Personnel Services Budget, MOOE Budget and Capital Outlay were also presented, as shown in the tables below:

2021 COB SUMMARY (with comparative figures) (In Millions)
--

PROGRAMS	2021	2020	2019	% INCREASE/(DECREASE)	
	PROPOSED BUDGET	BUDGET	ACTUAL	2020 BUDGET	2019 ACTUAL
CMP	11,076.591	9,291.443	3,261.025	19%	240%
HDH	1,252.430	5,881.443	1,112.340	-79%	13%
DOTr	3,000.000	2,607.128	50.029	15%	5896%
MRRP	12.157	134.464	16.054	0%	-24%
AKPF	134.878	129.571	13.247	4%	918%
TOTAL	15,476.056	18,044.049	4,452.695	-14%	248%

2021 BUDGET FOR SHFC (CMP & HDH) (In Millions)					
PARTICULARS	2021	2020	2019	% INCREASE/(DECREASE)	
	PROPOSED BUDGET	BUDGET	ACTUAL	2020 BUDGET	2019 ACTUAL
Personnel Services	360.853	351.708	284.920	3%	27%
MOOE	868.082	1,686.252	362.994	-49%	139%
Capital Outlay	173.072	205.858	52.809	-16%	228%
Loans	10,927.014	12,929.068	2,560.302	-15%	327%
TOTAL	12,329.021	15,172.886	3,261.025	-19%	278%

It should be noted that for the budget for the Personnel Services, the 27% increase from the proposed 2019 actual budgets is basically utilized budget for unfilled position while the 3% increase is attributed to the provision for retirement and terminal leave benefits of the employees in compliance with the Commission on Audit (COA) observation to provide budget for the retiring employees.

2021 PERSONNEL SERVICES BUDGET (CMP & HDH) (In Millions)					
PARTICULARS	2021	2020	2019	% INCREASE/(DECREASE)	
	PROPOSED BUDGET	BUDGET	ACTUAL	2020 BUDGET	2019 ACTUAL
Salaries & Wages	149.755 42%	152.399 43%	136.823 48%	-2%	9%
Other Compensation	97.599 27%	96.156 27%	83.677 29%	2%	17%
Personnel Benefit Contributions	36.597 10%	29.755 8%	26.428 9%	23%	38%
Other Personnel Benefits	76.901 21%	73.398 21%	37.993 13%	5%	102%
TOTAL	360.853	351.708	284.920	3%	27%

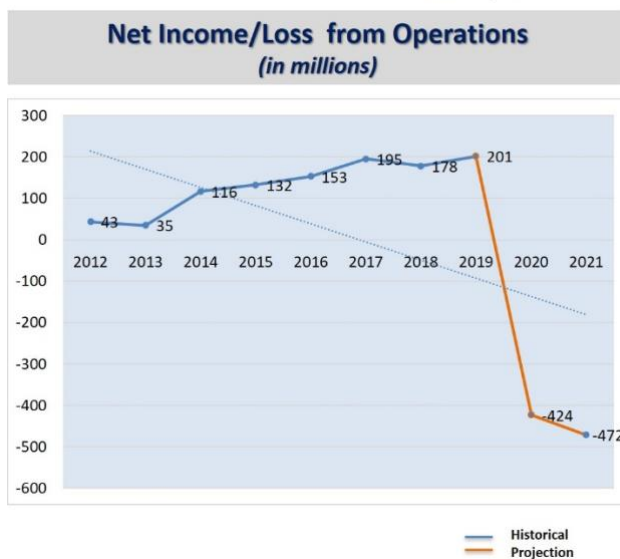
2021 MOOE BUDGET (CMP & HDH) (In Millions)					
PARTICULARS	2021	2020	2019	% INCREASE/(DECREASE)	
	PROPOSED BUDGET	BUDGET	ACTUAL	VS 2020 BUDGET	VS 2019 ACTUAL
Professional Services	472.050 54%	417.955 25%	130.098 36%	13%	263%
Rent Expenses	37.336	28.250	10.135	32%	268%

	4%	2%	3%		
Supplies and Materials	34.367	29.844	11.146	15%	208%
	4%	2%	3%		
Others MOOE	148.095	971.439	67.190	-85%	120%
	17%	58%	19%		
Capacity Building	19.203	20.000	6.004	-4%	220%
	2%	1%	2%		
Communication Expenses	14.895	8.983	5.146	66%	189%
	2%	1%	1%		
Repairs & Maintenance	12.664	12.046	3.877	5%	227%
	1%	1%	1%		
Advertising	13.060	15.318	3.630	-15%	260%
	2%	1%	1%		
Others	116.413	182.418	125.768	-36%	-7%
	13%	11%	35%		
TOTAL	868.082	1,686.252	362.994	-49%	139%
	100%	100%	100%		

It should also be noted that the increase for the Rent Expenses is due to the expansion of satellite offices as well as the procurement of additional vehicles.

2021 CAPITAL OUTLAY BUDGET (CMP & HDH) (In Millions)					
PARTICULARS	2021	2020	2019	% INCREASE/(DECREASE)	
	PROPOSED BUDGET	BUDGET	ACTUAL	VS 2020 BUDGET	VS 2019 ACTUAL
Office Equipment	1.812	6.865	1.433	-74%	26%
	1%	3%	3%		
IT Equipment & Software	80.993	60.543	3.343	34%	2323%
	47%	29%	6%		
Transportation Equipment	21.000	30.150	12.969	-30%	62%
	12%	15%	25%		
Office Building/ Improvement	49.125	37.598	17.837	31%	175%
	28%	18%	34%		
Others	20.142	70.703	17.227	-72%	17%
	12%	34%	33%		
TOTAL	173.072	205.858	52.809	-16%	228%
	100%	100%	100%		

The Management then presented the Cash Position, Net Income/Loss from Operations, Projected Net Income/Loss until 2023 and Projected Cash Position until 2023, as shown in the graphs below:



It should be noted that the original projected Net Income for 2020 is around PhP165,000,000. However, due to the current situation because of the Covid-19 Pandemic, the Management was forced to revise the projected Net Income for 2020 considering that there was a three (3)-month moratorium of monthly amortization granted to the Member-Beneficiaries (MBs). Aside from that, the current situation was taken into consideration in the planning of the projected Net Income and it is assumed that it will adversely impact the projected Net Income until next year.

Secretary Del Rosario then asked if the net income loss is irreversible. Atty. Cabling answered that for the projected collection in 2020, the Management took into consideration the three (3) month moratorium on the monthly amortization and one (1) month allowance for the MBs to adjust considering that SHFC will be losing around PhP100 Million per month for four (4) months. Atty. Cabling then believed that it will be reversible and something could be done and that is the reason the Management keeps on meeting to discuss, plan and adjust its approaches amidst the Covid-19 Pandemic.

Mr. Carandang explained that when the assumptions were made, the Covid-19 Pandemic was already taken into consideration. He then agreed with the comments of Atty. Cabling that there have been constant meetings with the Management in order for SHFC to increase its collection amidst the Pandemic.

1 Secretary Del Rosario then asked if this will be the first time for a long period that SHFC will
2 be incurring a net loss. He then instructed the Management to do measures to reverse the net
3 income loss by increasing the Collection Efficiency Rate (CER).

4
5 Atty. Cabling answered affirmatively however, SHFC will try to look for strategies and
6 approach to recover the net income loss for the period of moratorium as well as the one (1)
7 month adjustment allowance for the MBs.

8
9 Secretary Del Rosario also asked if the Management contemplated to reduce its expenditure to
10 offset the projected net loss. He also added that the decrease in expenditures should be the
11 focus of the Corporation.

12
13 Atty. Cabling answered affirmatively. He explained that there are activities that were
14 discontinued to help SHFC to recover or reduce the impact of the net income loss. He then
15 added that the said net income loss is just a projection which means that it might not happen.
16 He then assured the Board that the Management is already discussing austerity measures and
17 other way to offset the net income loss.

18
19 Secretary Del Rosario then asked about the PhP100 Million that was “taken” from SHFC by
20 the Department of Finance (DOF). Atty. Cabling answered that there was no problem about it
21 because it was actually SHFC’s dividend to be remitted to the National Government. The DOF
22 only asked for it in advance.

23
24 Atty. Payot then added that the Management has been reorganizing and establishing more
25 branches and satellite offices. And there is already an agreement that after the Enhanced
26 Community Quarantine (ECQ), all those employees who have been assigned to regional offices
27 should already report to their respective new offices so that they can help in the collection and
28 project development. Although there are new offices, it will not incur a lot of cost because
29 many of which has been provided by the LGUs due to SHFC’s strong partnership with them.
30 He also added that the Management already designated a point person who will come up with
31 austerity measures. Moreover, the Planning Department is also working to come up with a
32 recovery plan.

33
34 Atty. Lita then raised an inquiry on how SHFC considered the discontinuance of the projects
35 in the proposed Corporate Operating Budget in 2021 in light of the National Budget Circular
36 No. 580 wherein all agencies including GOCCs receiving appropriations from the GAA are
37 required to offer 35% of their proposed appropriation which are not yet obligated.

38
39 Mr. Carandang reiterated that the Management is meeting almost every day. He then answered
40 that they did not see any spillover effect that will happen in 2021 considering that SHFC has
41 enough funds to push through with the target number of ISFs this year.

42
43 Atty. Lita also clarified if the three (3) – month moratorium means condonation of the payment
44 or only a postponement of their payment. Atty. Cabling answered that there will be no
45 condonation of monthly amortization. It is just actually postponing the payment of the MBs.

46
47 Atty. Lita then asked rhetorically if the MBs will pay their monthly amortization, what will
48 happen to the net loss. Atty. Cabling then answered that the projected net loss might not
49 continue or there will be no net income loss that will happen. The projection is just based on
50 the facts that the Corporation will not be collecting PhP100 million per month for four (4)

1 months due to the three (3) month Moratorium as well as the one (1) month adjustment
2 allowance. And with respect to the 35% remittance from the GAA to the DBM, Atty. Cabling
3 explained that SHFC has its own Corporate Funds in 2021 where the budget will come from to
4 add to the 35% budget that will be given to DBM.

5
6 Atty. Lita then asked if is it realistic that every MBs will not pay its monthly amortization.
7 Atty. Cabling answered that the Management is just being conservative with its estimate
8 considering that the MBs are belonging to the lowest income bracket.

9
10 Atty. Lita then instructed the Management to reflect in their presentation their assumption that
11 100% of the MBs will not be able to pay their monthly amortization.

12
13 Mr. Ruben Laset then added that the actual collection prior to lockdown which is January to
14 March 15, 2020, it was already PhP258 Million. He then explained that instead of PhP900
15 Million net income for the year 2020, they reduced it to PhP700 Million to reflect the impact
16 of the Covid-19 Pandemic.

17
18 Atty. Lita then asked for the clarification as to why SHFC is still asking for budget allocation
19 for CMP even if the CMP is completed already.

20
21 Atty. Cabling answered that on 2018 and 2019, the Management met with the DBM Secretary
22 and they relayed to the said Secretary the said predicament that there was no budget allocated
23 to the CMP projects. The DBM Secretary then instructed the Management to either find another
24 law to support the proposed funding for the CMP or rename the CMP considering that the said
25 program is only funded by CISFA. However, the Management argued that there were laws
26 created supporting the funding of the CMP such as the Department of Human Settlements and
27 Urban Development (DHSUD) Act which paved way to the creation of the DHSUD and the
28 Magna Carta for the Urban Poor or RA No. 11291 which provides that housing is a very crucial
29 component for poverty alleviation and that the programs of SHFC will be prioritized for
30 funding particularly the CMP.

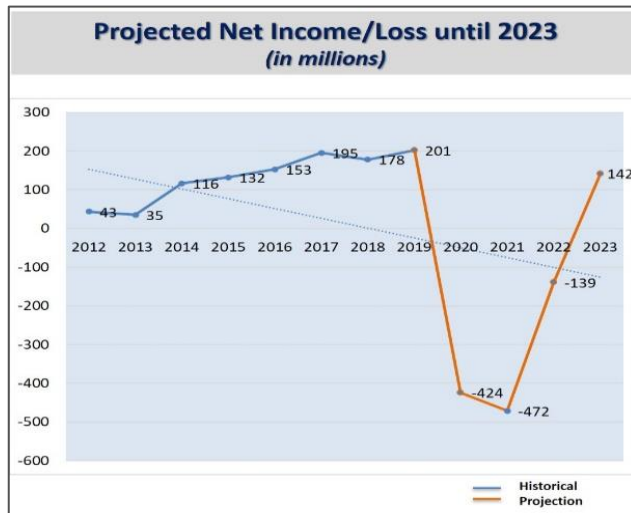
31 He added that the DBM then instructed the Management to utilize first all the funds and the
32 former will subsequently allocate additional funds in compliance with the aforementioned two
33 laws. He then assured the Board that SHFC will utilize all the funds this 2020. Hence, it is high
34 time for the DBM to allocate budget for SHFC. All the projects are ready for implementation.
35 He added that he is hoping that the DBM will grant the request. He then clarified that only the
36 budget for CMP and HDH projects are being requested from the DBM. He then reiterated that
37 the projects are ready for implementation and in fact the 15 mobilization funds of some projects
38 are already released.

39
40 Secretary Del Rosario then instructed the Management to complete all the required documents
41 to comply with the requirements of DBM in order for the latter to fund the requested budget
42 allocation.

43
44 Atty. Lita then commented that he is also hopeful that DBM will grant the request for budget
45 allocation. However, it should be noted that DBM will still evaluate the request based on the
46 budget utilization of the previous years. Hence, it should be justified on the documents
47 submitted by SHFC to the DBM.

Secretary Del Rosario then asked why the Department of Transportation (DOTr) funds are included in the Corporate Operating Budget of 2021, Atty. Cabling answered that the DOTr already given the budget. However, because it is not SHFC's program hence, the Corporation has no control over it. It has a set of standards that are needed to be complied with. The budget is only released to SHFC for the implementation of the program. There is a need to confirm to the DOTr if the PhP1Billion can be given back to the DOTr for the meantime.

Secretary Del Rosario then asked if the budgetary requirement of the DOTr projects is included in the crafting of the COB of SHFC. Atty. Cabling answered that it will be included in the DOTr budget and not in SHFC considering that it is the DOTr that releases the fund to SHFC.



UNDERLYING ASSUMPTIONS IN 2022 & 2023
Amounts in Millions

	2021	2022	2023
1. Take-Out no. of ISFs	13,827 60k	13,482 60k	12,121 70k
Growth rate		-2%	-10%
2. Collection	900	1,740	2,373

<i>Growth rate</i>		<i>93%</i>	<i>36%</i>
3. Cumulative CER (FF, Current & Past Due)	90%	91%	92%
<i>Growth rate</i>		<i>1%</i>	<i>1%</i>
4. Net Income/Loss	-472	-139	142
<i>Growth rate</i>		<i>70%</i>	<i>202%</i>
5. Cash Position	45	299	1,059
<i>Growth rate</i>		<i>85%</i>	<i>254%</i>
6) Provision of 10% increase in PS and MOOE budget in years 2022 and 2023 to cover inflation and increase in targets.			
7) DBM shall allocate funds for the implementation of CMP and HDH projects for years 2022 and 2023			

After thorough deliberation and discussion, the Board approved the following:

1. The Proposed Corporate Workplan and Strategies for CY2021; and
2. The CY2021 Corporate Operating Budget in the amount of Php15.476 Billion pesos with the following breakdown:

CMP	P 11.077 B
HDH	1.252
DOTr	3.000
MRRRP	.012
AKPF	____.135
TOTAL	15.476 B

4. DELEGATION OF AUTHORITY

The Management, through EVP Atty. Junefe Payot, presented the request for the following additional amendments to the Delegation of Authority, as shown in the tables below:

Application for One Year Updating Scheme and Restructuring



Board Approved/Existing	Proposed Amendments	
The Vice President approves the application.	Amount	Approval
	Below P100,000.00	Manager
	P100,000 and above	Vice President

(1) Based on available data, the minimum amount applied for per MB is P2,123.32; median is P61,848.56 and maximum is P296,597.19. (2) Included in the computation of restructuring are: theoretical balance, unpaid interest and unpaid MRI; (3) For one year updating, included are: arrearages on principal, including interest and MRI. (4) Penalties are condoned for both restructured and one-year updating accounts.

Restructured Accounts as of December 2019

Number/Amount	Below P100,000	P100,000 and above
21,418 (1,343,697,064)	19,978 (93%)	1,440 (7%)

It should be noted that Usec. Agabin previously asked in the Committee Meeting the involvement of the Board in the Procurement Process. It was then suggested that for the Procurement of PhP25 million and above, it will be approved by the Board.

Procurement

Signatories of Purchase Request (PR) and Purchase Order (PO) Forms

Board Approved/Existing	Proposed Amendments			
Procurement amounting to P100,000.00 and below is approved by the Executive Vice President; Above P100,000.00 is approved by the President	Amount	Requesting Staff/Officer	Recommending	Approval
	P100K and below	Chief of Division	Manager	Vice President
	Above P100K to P500K	Manager	Vice President	Senior VP
	Above P500K to P1M	Vice President	Senior Vice President	EVP
	Above P1M to P25M*	Senior Vice President	EVP	President
<p>*For projects that go through competitive bidding, the approving authority for the Terms and Reference (TOR)/Technical Specifications is the President, subject to the recommendation of the Technical Working Group (TWG)</p> <p>**For projects above P25M, the approving authority for the TOR/Technical Specifications is the Board, subject to the recommendation TWG.</p>				

Procurement

Signatories of Purchase Request (PR) and Purchase Order (PO) Forms

Amount	Sample Items/Goods/Supplies
P100K and below	Regular office supplies, such as bond papers, file folders, ink, etc; Emergency purchase of IT equipment such as printer, laptop, and scanner among others; medical supplies; Vehicle maintenance expense; Publications; Furniture and fixtures
Above P100K to P500K	Training fees (with accommodation); Minor office improvements; Corporate giveaways; Other Professional Services; such external appraisers, site suitability assessment (soil boring)
Above P500K to P1M	Corporate Planning activities; Capacity building activities involving external clients/partners; IT-related licenses
Above P1M to P25M	Corporate activities; such as Christmas Party, Teambuilding and Sportsfest; Donation; Motor Vehicle; IT Equipment and Supplies; Network Infrastructure
Above P25M	General Services; Security Services

Request Authority for Business Development Expense

Board Approved/Existing	Proposed Amendments	
The President approves the request for business development expense (prior authority to entertain)	Requesting Staff/Officer	Approval
	Manager and below	Vice President
	Vice President and Senior Vice President	Executive Vice President
	Executive Vice President	President
	<i>If requesting is a Committee/TWG</i>	
	Secretariat or any of the Members	Committee Head
	<i>*The designated OIC may sign on behalf of the approving authority in case the latter is on official business/travel or with approved leave of absence.</i>	

Request Authority for Business Development Expense

Board Approved/Existing	Proposed Amendments
The President approves the request for business development expense (prior authority to entertain)	<p>Additional policy amendments:</p> <ul style="list-style-type: none"> A cap of P150/pax for snacks only; P200/pax for full meals (lunch or breakfast); and P300/pax for snacks and full meals shall be imposed. Said ceilings shall not be applicable for Board Committee and Board meetings; The meetings shall be among the different divisions/departments, with or without the participation of external clients/partners. The meeting may be held outside or inside the SHFC offices.

**In the existing policy, the prior authority to entertain is being required prior to the conduct of official meetings. The maximum amount chargeable against the petty cash fund (PCF) is P10,000 to be used solely for meals and/or refreshments during official meetings. If upon liquidation, the total expenses went beyond P10,000.00 or the expenses for snacks or lunch exceeded the prescribed cap, the excess amounts shall be chargeable against the RATA or EME of the requesting officer.*

***Any prior request beyond the P10,000 limit will be coursed through the vouchering system through the Finance and Comptrollership Department.*

Overtime and CTO

Board Approved/Existing				Proposed Amendments		
A. Overtime						
	Requesting Staff/Officer	Recommending	Approval	Requesting Staff/Officer	Recommending	Approval
Monthly/Daily Basis	SG 20 and below	COD (SG 22)	Manager	Below SG 22	COD (SG 22)	Manager*
Excess OT	SG 20 and below	Concerned Vice President	President	Below SG 22	Concerned Vice President	Vice President, HR

In the existing guidelines, only positions below SG 22 are entitled to overtime pay.

**For those designated as OICs (non-plantilla), the concerned VP or SVP will approve the request*

Overtime and CTO

Board Approved/Existing		Proposed Amendments	
B. Compensatory Time Off (CTO)			
Requesting Staff/Officer	Approval	Requesting Staff/Officer	Approval
SG 20 and below	Manager	SG 22 and below	Manager*
SG 22 to SG 26	President	Above SG 22	Said officers will no longer be entitled to avail of CTO

Under the existing guidelines, SG 20 and below may also avail of CTO. The equivalent number of hours will be deducted from their allowable number of OT hours per month.

**For those designated as OICs (non-plantilla), the concerned VP or SVP will approve the request*

Director Reyes then asked the hours considered as overtime and excess overtime. Atty. Payot answered that for Salary Grade eighteen (18) to twenty (20), it should be twenty (20) hours every month and for Salary Grade ten (10) and below the highest should be fifty (50) hours per month.

After thorough deliberation, the Board approved the additional amendments to the delegation of authority which consists of the following, to wit:

- Application for Restructuring and One-Year updating
- Procurement
- Authority for Business Development Expense
- Overtime and Compensatory Time-Off

5. UPDATES ON THE BANGKO SENTRAL NG PILIPINAS (BSP) PROPERTIES

The Management, through OIC-VP Systems Coordination Department, Mr. Kevin Tan, presented the updates on status of the BSP Properties located at Carissa Homes in Tanza, Cavite.

As a background, the following significant dates were presented:

- May 18, 2018 - Bangko Sentral ng Pilipinas (BSP) informed SHFC that by virtue of Resolution No. 718 dated 30 April 2018, the grant of a maximum discount of 30% based on the total selling price of BSP acquired properties was approved by their Monetary Board.
- September 19, 2018 – The SHFC Board approved in principle the purchase of three (3) BSP properties allotted for the Department of Transportation (DOTr) project and future CMP/HDH projects by virtue of Board Resolution No. 680-A.
- December 19, 2019 – The SHFC Board approved the new policy on Advanced Land Acquisition.
- March 10, 2020- The SHFC Management requested the BSP that the Deed of Absolute Sale (DOAS) be executed in favor of the Homeowners Association (HOA), Bagwis HOA and Kaybiga HOA for its members had already been ascertained.
- March 16, 2020 - BSP clarified that they found no basis to the request of SHFC to transfer the Deed of Sale (DOAS) in favor of the CAs:
 - The Letters of Guarantee issued by SHFC expressly provided that the DOAS shall be executed in favor of SHFC.
 - Per Secretary's Certificate dated August 16, 2019 the authorized signatory to the DOAS as approved by the Board is the President of SHFC.

The Management then presented the list of the purchased properties, as shown in the table below:

	Date	No. of Lots	Community Association	No. of MBs	Lot Area (sq.m.)	Purchase price (30% discount) Php 1,960/sq.m.	Reservation fee not less than 20% of purchase price (Php)	
1	October 27, 2019	1,068	Bagwis HOA, Inc.	1,068	41,832.50	81,991,700.00	16,398,340.00	
2	October 27, 2019	166	Kaybiga HOA, Inc.	166	7,369.00	14,443,240.00	2,888,648.00	
3	October 27, 2019	2,430	DOTR	2,430	86,347.00	169,240,120.00	33,848,024.00	
4	December 27, 2019	894	Kamaynila HOA, Inc.	894	36,715.00	71,961,400.00	14,392,280.00	
5	December 27, 2019	440	Gulayan Pilapil HOA, Inc.	440	22,482.50	44,065,700.00	13,119,860.00	
	Total	4,998		4,998	194,746.00	381,702,160.00	80,647,152.00	

He then presented the following rationale for the request to execute the Deed of Sale

- New policy provides for a circumstance where “Certificate of Registration of the Community Association, with at least the minimum required membership”...;
- In this case, CAs have complete list of members with Certificate of Eligibility from DILG subject only to the revalidation of SHFC;
- To simplify the process of conveying directly to the HOAs would be more practical; and
- It would save time, money and effort as it would constitute only one conveyance instead of two.

ORIGINAL PROCESS



PROPOSAL



After thorough deliberation, the Board approved the following:

1. Authorize the Management to change the Letter of Guaranty (LOG) issued to BSP from SHFC as BUYER to the CA; and

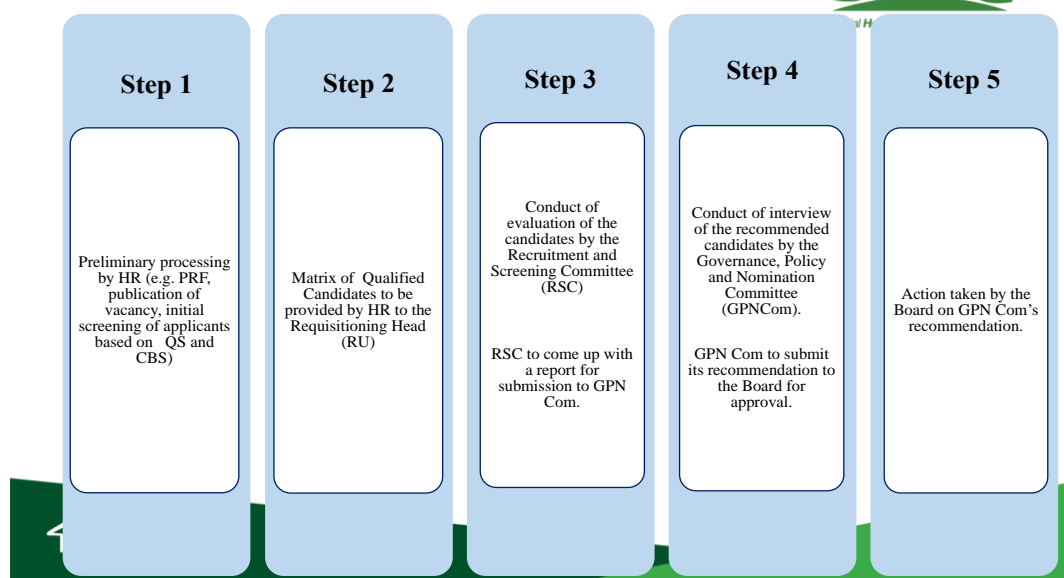
2. Authorizing conveyance directly to CAs under Accommodation Mortgage.

6. APPOINTMENT OF VICE PRESIDENT FOR CORPORATE GOVERNANCE GROUP

The Management, OIC-VP for Human Resource Department (HRD), Ms. Jessica Caraso, presented the unanimous endorsement of the Governance, Policy and Nomination Committee to appoint Mr. Ruben C. Laset as Vice President for Corporate Governance.

She then presented the Selection Process for Salary Grade 27 and above:

Selection Process for SG 27 and above (Shortened/Current Process)



As a background, the timeline for the appointment of the said position is as follows:

Timeline		
Personnel Requisition Form (PRF)		PRF Created – December 4, 2019 PRF Approved – December 11, 2019
Publication		Publication dated December 11, 2019
Submission of application		Applicants (all internal): Mr. Jason C. Yap Ms. Josefina B. Banglagan Mr. Ruben C. Laset
Panel Interview		Conducted April 23, 2020 during the Governance Committee Meeting

Likewise, the following are the functions and duties for the said position:

General Description:

Oversees the management and administration of company-wide processes that cover manpower and organizational development, effective finance and accounting programs, appropriate and timely provision of administrative services, and strict implementation of policies and related guidelines for the efficient management of funds and assets of the Corporation.

1. Leads overall direction and provides the thrusts to the Group's overall operations and program of activities;
2. Acts on all Group matters and concerns, and evaluates, reviews and endorses proposals from the various Departments for the consideration approval of the Executive Vice-President and the President;
3. Evaluates and monitors the performance of Departments of the Group to ensure continuous improvements in SHFC and productivity;
4. Assist the Executive Vice-President in the formulation of the Group's new policies, plans and programs and the administration of the Corporation's policies and measures adopted by the President/BOD; and

5. Monitors and evaluates effects of corporate policies and programs among intended/ target beneficiaries/clients including current trends and issues affecting them.
6. Facilitates and oversees the design and implementation of policies and procedures on the effective and efficient utilization, maintenance, and monitoring of the Corporation's acquired/foreclosed assets for the banking disposition and investment of the AKPF's trust Fund.
7. Leads in the management, evaluation, improvement, and maintenance of an effective accounting system responsive to established corporate policies, and ensures its conformity with generally accepted accounting principles, auditing, and financial reporting standards in line with the needs of the corporation.

For the said position, the following are the Qualification Standard:

Qualification Standard		
Education	Work Experience	Training
Master's Degree OR Certificate in Leadership and Management from the CSC or CES/CSE eligible	5 years of Supervision/Management experience	120 hours of Supervisory/ management learning and development intervention undertaken within the last 5 years

Ms. Caraso then presented the following qualifications of Mr. Laset:

RUBEN C. LASET		
Education	Work Experience	Training
Qualified CESO IV: Career Executive Service Eligible	Qualified 41 years 3 months total work experience	Qualified 272 hours
Certificate in Leadership and Management from the CSC or its accredited providers (over 120 hours)	32 years 6 months supervisory/managerial experience	
BS Business Management Ateneo De Manila University		

Director Bustos presented the unanimous decision of the Committee to endorse Mr. Ruben C. Laset for the position of the Vice President for Corporate Governance. He also presented the recommendation to make Ms. Josefina Banglagan to be the understudy of Mr. Laset.

Usec. Densing commented that it is good that there is a succession plan in the process.

After thorough deliberation, the Board approved the appointment of Mr. Ruben C. Laset for the position of the Vice President for Corporate Governance and make Ms. Josefina Banglagan, the understudy of Mr. Laset once he retires after ten (10) months.

7. ISSUANCE OF LETTERS OF GUARANTY (LOGS)

COMMUNITY MORTGAGE PROGRAM (CMP) PROJECT

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

No.	Region	Name of Project	CMP-M	No. of MBs	Loan Amount
1	XI	GREEN HILLS HOMEOWNERS ASSOCIATION INC.	LGU- Davao City	209	PhP19,977,456.00 <i>Lot acquisition through accommodation mortgage</i> (Payment through Socialized Loan Terms, under Graduated Monthly Amortization)
2	IV-A	GMA EAGLEVILLE HOAI	Center for Housing Innovations and Component Services, Inc. (CHOICES)	381	PhP16,971,683.55 <i>Site Development</i> PhP131,574,745.74 <i>House Construction</i>
TOTAL					PhP168,523,885.29

The hereunder project/s subject to the following conditions:

Name of Project	Project Advice/ Condition
a. Green Hills HOAI	The new socialized loan rates shall be applied to this project under the graduated amortization payment scheme.
b. GMA Eagle Ville HOAI	a. Prior to the release of the loan proceeds/ mobilization in favor of the contractor: <ul style="list-style-type: none"> The required savings of three (3) months advanced deposit for site development in the amount of ₱1,099,375.88 shall be payable; Copy of addendum to GMA Water District certification shall be submitted; and Copy of AITECH certificate of renewal of RBM technology shall be submitted. b. The required savings intended for the three (3) months advanced deposit for House Construction in the amount of ₱2,738,612.57 shall be paid within twelve (12) months as per joint warranty undertaking duly executed by the CA and CMP Mobilizer.

1
2 ▪ **Greenhills HOAI**
3

4 Director Catulong informed the Board that during the Executive Committee (ExeCom) meeting
5 Director Bustos asked why the request for the payment scheme is Straight Monthly
6 Amortization even though the MBs are all qualified to avail the Graduated Monthly
7 Amortization Payment Scheme. OIC-VP for Mindanao Operations Mr. Laurence Bañiso
8 answered that when they presented this to the CA, there was no fixed guidelines as to whether
9 the Socialized Loan Terms will be Straight or Graduated Amortization Scheme. Hence, when
10 they were given the computation, the CA manifested that they can pay their amortization
11 through Straight Monthly Amortization based on their affordability level. That was the time
12 that there was no policy yet on the Socialized Loan Terms.
13

14 Director Catulong then clarified which of the two (2) payment scheme will be proposed. Mr.
15 Bañiso answered that the MBs chose the Straight Monthly Amortization. However, if he will
16 be the one to choose, he will not contradict the policy which provided for the Graduated
17 Monthly Amortization.
18

19 Secretary Del Rosario then asked the policy on the said matter. Atty. Valenciano answered that
20 the approved Socialized Loan Rates should be paid through Graduated Monthly Amortization.
21

22 Secretary Del Rosario firmly instructed the Management to follow the said policy and should
23 be observed in all projects. He also instructed the Management not to inform the CAs with
24 respect to the Straight Monthly Amortization. Instead, the Management should inform them
25 the Graduated Amortization payment scheme that should be applied to the Socialized Loan
26 Terms.
27

28 ▪ **Request of San Juan HOAI for application of Socialized Loan Rates**
29

30 The Management, through OIC-VP Mindanao Mr. Laurence Bañiso, presented the request of
31 San Juan HOAI to pay their monthly amortization using the New Socialized Loan Terms
32 through Straight Amortization considering they technically have not paid any amortization yet
33 due to the Enhanced Community Quarantine (ECQ).
34

35 Secretary Del Rosario again reiterated its instruction to the Management to follow the policy
36 on the Socialized Loan Terms wherein it will be paid through the Graduated Amortization
37 Scheme instead of the Straight Monthly Amortization for all the projects.
38

39 **After thorough discussion, the Board approved the request of San Juan HOAI to pay**
40 **their monthly amortization using the Socialized Loan Terms through Graduated**
41 **Amortization Payment scheme.**
42

43 **8. ACCREDITATION PROCESS FOR BUILDERS**
44

45 The Management, through VP for Program Enhancements Department, Atty. Maria Richa
46 Salie Taguian, presented the following Accreditation Process for Builders, to wit:
47

- 48 ▪ Step 1 - PRD conducts review & evaluation on submitted documents (*permits and*
49 *licenses*) and verifies them through the concerned agencies.

- 1 ▪ Step 2 - Upon completion of documentary requirements, PRD shall conduct due
2 diligence through the following:
 - 3 ○ Office Validation (*office visit, staff interview and orientation*)
 - 4 ○ Project Site Visit (*random visit on on-going and completed project*)
 - 5 ○ Feedback survey from Project Owners of On-going and Completed projects of
6 the applicant builder.
- 7 ▪ Step 3 - After applicant contractor satisfies requirements and passes due diligence
8 process, PRD endorses application to ACCRECOM for Committee approval based on
9 Contractor's Philippine Contractors Accreditation Board (PCAB) Allowable Range of
10 Contract Cost (ARCC).
- 11 ▪ Step 4 - Approval of an accredited contractor of a specific project will be based on the
12 approved PCAB-ARCC and Net Financial Contracting Capacity (NFCC) to be
13 determined and computed by the concerned branch
14

15 Director Aliño raised an inquiry on how to determine if the contractor is qualified and it has an
16 actual experience in completing a particular project. He then informed the Board that he noticed
17 every time the Management is presenting a project for approval, they only based the
18 qualification of the contractor on the NFCC and PCAB category. He explained that it is just
19 the financial component of it and that a contractor can get a "AA" or "AAA" rating as long as
20 its equity passes the required standard for it. He further explained that the ARCC has aa size
21 range and that shows if the contractor has an actual project which is 50% of the particular
22 project at hand. He then asked if the experience of the contractor is being considered when it
23 is being accredited.
24

25 Director Aliño then discussed that the PCAB category is based on equity while the NFCC is
26 based on the financial situation and if the contractor will be able to actually finish the project.
27 Meanwhile the size range is the "Small A" and the "Small B" that can be see in the PCAB
28 License wherein it refers to the actual project finished. He then instructed the Management that
29 when they present a particular project present also the technical component of it. Even if the
30 contractor is qualified in the NFCC as well as the equity and the category, it does not mean that
31 he/she can finish the project. He then gave a disclaimer that he is not opposing the project. He
32 just wanted to know the experience of the contractor as well as the process in which the
33 experience is being assessed.
34

35 Atty. Taguian explained that in the accreditation process of the contractors the Management
36 tries to cover the experience during the site visit and then there will be a full disclosure of
37 feedback on the site visit to the Accreditation Committee. There is a grading system that is
38 being done in the accreditation process. If there will be issues, it will be discussed further with
39 the Committee.
40

41 Secretary Del Rosario then asked if the Management has completed the site visit for this
42 particular contractor and if he/she has passed the requirements. Atty. Taguian answered that
43 the Management has visited five (5) to six (6) projects that were completed by the contractor
44 as well as its motorpool to assess if it is really existing. She then added that for this particular
45 contractor, he/she passed the qualifications and that the PCAB license was renewed and the
46 contractor just submitted the said license last Friday.
47

48 Atty. Taguian further explained that after the accreditation process there is another layer of
49 evaluation being done by the office vis-a-vis the project cost to show the finance of the projects
50 being undertaken.

Director Aliño commented that what Atty. Taguian is discussing is the accreditation process. He is talking about the size range indicated in the PCAB for the purposed of deliberation during the Board Meeting. The size range will already prove that the contractor has already finished a particular project which is 50% of the project he will be undertaking. He reiterated that he just wanted to check the track record and it can be simply checked in the PCAB license.

Atty. Cabling mentioned that the Management has created a Partners Relation Department (PRD) which deals with the mobilizers, the contractors and other Non-Government Organizations (NGOs). He explained that the Corporation has a bad experience with respect to the presentation of license and PCAB. There are some contractors that present the PCAB license but only receives royalty for it. That is why the Management wants to avoid situations similar to the said issues. The accreditation process was made independent. Hence, the PRD is the one doing this.

Director Aliño then agreed with the explanation of Atty. Cabling. However, he reiterated that he wanted to see the experience of the contractor considering that the Board does not have the luxury of time to discuss everything.

Atty. Cabling noted the recommendation of Director Aliño.

On the question of the views of Director Aliño on the qualification and credential of this particular contractor for the project, Director Aliño clarified that he will definitely recommend for its approval. He explained that he just wanted to see the presentation on the experience of the contractor because it is very important.

Director Barcena then recommended to adopt the observation of Director Aliño on the accreditation and the approval of the contractor considering that it is very crucial in the selection of prospective contractor.

Director Aliño then presented the following for further explanation of his views:

THEREFORE, in view of the foregoing, the Board RESOLVES as it is hereby RESOLVED to adopt the hereunder adjustment for Minimum Networth/Equity Requirements for License Categorization; Allowable Ranges of Contract Costs and Single Largest Projects Completed Requirements for Registration of Contractors for Government Projects:

- License Categorization**

Category	Minimum Networth/Equity	
	CFY 2004 -2005 to CFY 2017- 2018	CFY 2018-2019 and onwards
AAA	P 90,000,000	P 180,000,000
AA	45,000,000	90,000,000
A	9,000,000	30,000,000
B	4,500,000	10,000,000
C	3,000,000	6,000,000
D	900,000	2,000,000
E	45,000	100,000
- Single Largest Project Completed and Allowable Range of Contract Costs**

Size Range	License Category	CFYs 2006-2007 & 2007-2008 to Present Second (2 nd) Stage		CFY 2018-2019 and onwards	
		SLP	ARCC	SLP	ARCC
Large B	AAA	Above P150 M	< or above P300 M	Above P225 M	< or above P450 M
Large A	AA	Above P100 M up to P150 M	Up to P300 M	Above P150 M up to P225 M	Up to P450 M
Medium B	A	Above P50 M up to P100 M	Up to P200 M	Above P75 M up to P150 M	Up to P300 M
Medium A	B	Above P10 M up to P50 M	Up to P100 M	Above P15 M up to P75 M	Up to P150 M
Small B	C & D	≤ P10 M	Up to P15 M	≤ P15 M	Up to P30 M
Small A	E	Up to P 500 T	≤ P500 T	Up to P 1 M	Up to P1 M

1
2 After thorough deliberation, the Board noted the presentation on the said matter. The
3 Board then instructed the Management to reflect the recommendation of Director George
4 JT Aliño to include the following:

5
6 1. The review and validation of the actual projects finished or the technical expertise/
7 experience component of the contractor in the Accreditation Process.

8
9 2. The Board also instructed the Management to review the Philippine Contractors
10 Accreditation Board (PCAB) Certificate during the accreditation process and submitted
11 to EXECOM during project evaluation to determine the license categorization, single
12 largest project completed and the Allowable Range of Contract Cost (ARCC) of the
13 Contractor in addition to the computation of the Net Financial Contracting Capacity
14 (NFCC).

15
16 **OTHER MATTERS**

17
18
19 **9. ADJOURNMENT**

20
21 There being no additional other matters for discussion, SHFC's 04-2020 Board Meeting was
22 adjourned at 3:34 p.m.

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ATTY. MELANIE B. VALENCIANO
Acting Board Secretary