



SOCIAL HOUSING FINANCE CORPORATION

# *Padayon* **CMP!**

**2 0 1 0**

Continuing the mission to provide shelter security to the homeless poor



**ANNUAL REPORT**



### ABOUT THE COVER

"Padayon" is a Visayan word, which means "continue the flow". With the changes and adjustments adopted by SHFC in 2010, the word is an apt battlecry for SHFC as it continues to pursue its goal of providing opportunity for the homeless poor to acquire the land they are living in.



### ABOUT SHFC

Social Housing Finance Corporation (SHFC) is the lead government agency mandated to undertake financing of social housing programs that will cater to the formal and informal sectors in the low-income bracket taking charge of developing and administering social housing program schemes, particularly the Community Mortgage Program (CMP) and the Localized CMP (LCMP).



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## OUR VISION

We are the lead financial institution providing shelter to the underprivileged sector of society.



## OUR MISSION

We, guided by the highest levels of professionalism, excellence and work ethics, are committed to:

Uplift the living conditions of the underprivileged Filipinos by providing access to affordable shelter financing; and,

Work in partnership with multi-sectoral stakeholders for the development and implementation of innovative and sustainable housing programs

**MESSAGE FROM THE  
VICE PRESIDENT and HUDCC CHAIR**



***“I challenge each and every one of us not to be complacent and be satisfied with what we have accomplished so far. Much work and responsibilities are waiting ahead of us. We need to join hands in performing our tasks and in coping up with the various social and ecological changes the world is experiencing now.”***

Housing the poor has been one of my priorities even when I was still the Mayor of Makati City 25 years ago. I can recall that one of the social development strategies that I focused on during my local political career was in housing. I strived to provide affordable and quality housing not only to those who can afford to secure loans from financial institutions but more importantly, to the informal settlers, who proliferate even in the central business district in our country.

This is why I welcomed the opportunity to continue this kind of service for the poor, through the assistance of the Social Housing Finance Corporation (SHFC), one of the housing agencies under the Housing and Urban Development Coordinating Council that implements socialized housing programs such as the Community Mortgage Program (CMP).

I salute the men and women of SHFC whose hearts are for the poor. I recognize and profoundly take pride of what the CMP had accomplished in the 23 years that this program was made operational, originally at the National Home Mortgage Finance Corporation and in 2004 at the SHFC as mandated under E.O. No. 272.

The Localized Community Mortgage Program that SHFC developed will be one of our tools in addressing the housing backlog in the regions. The Local Government Units, the non-government organizations, the academe and other government agencies are important sectors that can help us boost shelter provision to the different cities and municipalities in the countryside. Focus should not only be in the Metro Manila so that we will not push people from the provinces to crowd the city and that will not happen if they have houses they can call their homes and livelihood programs that can finance their daily existence.

I challenge each and every one of us not to be complacent and be satisfied with what we have accomplished so far. Much work and responsibilities are waiting ahead of us. We need to join hands in performing our tasks and in coping up with the various social and ecological changes the world is experiencing now. Let us encourage other sectors in our society to share in our mission, that of uplifting the living conditions of the underprivileged Filipinos by providing access to affordable shelter financing and of working in partnership with multisectoral stakeholders for the development and implementation of innovative and sustainable housing programs. Let us continue to aim for a “squatter-free” Philippines!

“Padayon CMP, padayon Social Housing Finance Corporation. May your vision as the lead financial institution to provide shelter to the underprivileged sector of society come to its fruition!

  
HON. JEJOMAR C. BINAY

## MESSAGE FROM THE NHMFC PRESIDENT

I would like to express my warmest greetings to the men and women of the Social Housing Finance Corporation (SHFC) on the occasion of the release of its 2010 Annual Report.

In coming up with this important publication, SHFC has again showcased its dedication to work, and its accomplishments since its inception as a subsidiary of the National Home Mortgage Finance Corporation (NHMFC) speak for itself.

The standards set in coming up with this Annual Report, and the culture it builds, will ultimately lead to better management decisions and help avoid future difficulties. The release of this annual report is a testament to what is possible when we all come together to form a spirit of partnership to embrace our shared responsibility and confront a shared challenge.

With this year's theme, entitled "PADAYON CMP!", it appropriately captures SHFC's mission to further and strengthen the Community Mortgage Program (CMP) of government. With the able leadership of SHFC officials, along with the guidance of the Vice President and Housing and Urban Development Coordinating Council (HUDCC) Chairman, the CMP will now focus on partnering with Local Government Units (LGUs) to address the housing backlog in their localities. Despite the numerous changes in policy and challenges that have come its way, SHFC still provided numerous housing shelters to deserving community associations since its inception in 2004.

On this note, let me congratulate SHFC President Mr. Fermin T. Arzaga and the rest of the SHFC family for a job well done and PADAYON CMP!

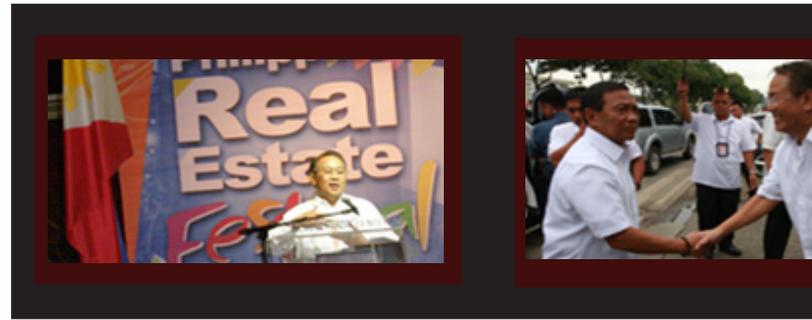


JOSEPH PETER S. SISON



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## THE PRESIDENT'S REPORT



The year 2010 has been a year of change.

We were witnesses as the mantle of presidency passed from former President Gloria Macapagal-Arroyo to President Benigno S. Aquino III with the first-ever automated elections held last May. With the change in leadership came the change in the way things were implemented in the system of government. Newspapers headline exposed corrupt practices, and, mandates have been issued to various government offices to change processes and improve the delivery of public service.

In keeping with the thrust of the new government, SHFC also implemented changes in its policies, processes, and practices to improve its service to the stakeholders it serves.

When the SHFC senior officers conducted its Strategic Planning Workshop last July, we gave emphasis on the following strategies: (a) the adoption of the CMP Reform Agenda; (b) the implementation of a more pro-active role in community organizing; (c) application of due diligence in our operations; (d) the conduct of an aggressive promotion of the SHFC programs; and, (e) a review and improvement of our current organizational structure. We believed that implementing these changes would bring to an end the abuse and misuse of the CMP program, which enterprising groups have been conducting long before SHFC was mandated to manage the program in 2004.

Since 2009, SHFC had been reviewing its CMP policies and guidelines to identify specific areas that will allow the beneficiaries to have easier access to the program and reduce the number of documentary requirements to speed up approval of loan applications. In 2010, we presented the said revisions to our stakeholders and took note of their concerns. Case studies and orientations were conducted to properly cascade the changes that we want to implement in our programs.

Aside from reducing the documentary requirements, SHFC also made itself more available to stakeholders that need its services. The Community Support Unit (CSU) was created to render direct assistance to community associations who are still in the process of setting up their association. We expect that this will allow the CA to be guided with the proper values in community organizing and the correct policies



Padayon, SHFC! While we may not have control on the ebb and tide of events surrounding us, we will continue in fulfilling our mandate. The leaders that take the reins of our Agency may change, but the heart of service that inspires us to continue against the odds and overcome the challenges will remain.



in keeping with the CMP. By this, we hope to eliminate incidences of fraud and abuse that are often met by uninformed associations and unsuspecting beneficiaries who fall for the schemes and promises of unscrupulous originators and abusive association officers.

While the CSU was created with the goal of ensuring quality CMP applications, we also implemented measures to ensure that due diligence is being undertaken with the assessment and evaluation of loan applications being submitted for CMP. By applying a stricter evaluation process, SHFC is assured that it is serving the people for which its program was created for – the homeless underprivileged.

To ensure sustainability, we also created the Task Force on Remedial Management of Accounts (TFRMA) to devise measures to rehabilitate non-paying accounts. This will allow the Agency to identify potential problems and address concerns that inhibit CAs from paying their dues. By tackling these issues, SHFC will be able to recover funds for its programs, as well as encourage delinquent associations to pursue their dream of land acquisition and home ownership.

We also realized that while CMP has been in place for more than 20 years, there was a need to conduct a more comprehensive communication strategy that will touch base with potential partners and beneficiaries to inform them of the advantage of engaging in CMP. Thus, the Public Affairs Department conceptualized and reinforced its Business Communications Plan, which aims to reach a wider audience by utilizing various media. The plans are slowly being rolled out to reach informal settler families (ISF) located not just in the cities, but more so in the provinces where resources to provide assistance for shelter for the poor and underprivileged are limited.

Yet, while all these changes are being undertaken by the Agency, there are things that will remain unchanged, and that is our unwavering commitment to continue our mission of providing shelter security to the homeless poor. As our theme for this year says, Padayon, SHFC!

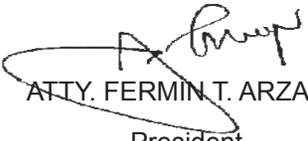
For 2010, the Agency was able to release P396.92 million in CMP loans covering 71 projects that benefited more than 7,000 ISFs. We were also able to increase our collections from P384.98 million last year to P429.08 million this year.

The Localized Community Mortgage Program (LCMP), on the other hand, continues to expand its network with various local government units (LGUs) in the country. As of December 2009, we were able to engage 35 LGUs and provided these with orientations about the program. We are able to add 21 more LGUs to that number this year, totalling to 56 LGUs that have been provided information on how to access the funds, which they can use for their respective shelter programs. Of these, ten (10) has already been accredited as LCMP-partners. These LCMP-partners have already identified 31 projects as potential LCMP sites, six (6) of which are already being processed to avail of the P50 million loan allocation or Omnibus Commitment Line (OCL) for LGUs. Naga City blazed the trail after being awarded letters of guarantys amounting to almost P 5 million pesos for two (2) of its projects.

Standing firmly on the right foundations established during its inception five (5) years earlier, and drawing strength through its adherence to sound financial fundamentals and proper business philosophy, the agency shall continue long into the future to be the primary and significant self-sustaining player in upholding the shelter needs of the homeless and underprivileged. SHFC's developed culture of professionalism, dedicated service and fellowship, even with the predicaments of its marginalized clientele, help foster an effective understanding and cooperation between the civil servants and their clients in pushing for and attaining the goals of the Agency's programs. These have in fact, been the cornerstone in a lot of SHFC's operational successes, including that of collection which since continue to register significant improvements despite obvious lack of affordability among its borrowers.

Padayon, SHFC! While we may not have control on the ebb and tide of events surrounding us, we will continue in fulfilling our mandate. The leaders that take the reins of our Agency may change, but the heart of service that inspires us to continue against the odds and overcome the challenges will remain.

Padayon!

  
 ATTY. FERMIN T. ARZAGA  
 President

**CHANGE.** The one word that can sum up the leadership brought about by the presidential directions. Policy adjustments made in 2009 and 2010. Program evaluation required modifications in turn required restructuring of the organization, communications and an improved operations process.

## Developed new strategies to strengthen CMP

*Adoption of CMP Reforms*

*Initiate steps to conduct a proactive role in community organizing*

## Reconfigured the Organization Structure

*Creation of new operations unit to support CMP operations*

*Setting up of ledgers and data build-up for easier account access and data management*



## OUR ACCOMPLISHMENTS

**71** projects  
TAKEN OUT

**P396.92**  
million  
LOANS RELEASED

**7,109**  
ISFs  
SERVED

# HIGHLIGHTS

past year for SHFC. Changes in the government elections also meant changes in the corporate still had their impact on the stakeholders in on as well as the need to reinforce corporate process. Here is what SHFC focused on in 2010:



**Increased partnership with the LGUs**

*Accreditation of new LCMP partners*

*Increased engagements with LGU officials*

**Reinforced efforts of communication to the stakeholders**

*Crafting of the Business Communications Plan*

**P429.08 million**  
AMORTIZATIONS COLLECTED

**11% increase**  
in **ASSETS**

**25% increase**  
in **INCOME**

## SUCCESS STORY



### DAKILANG PANGARAP HOA

Location : Marikina Heights, Marikina City

Originator : Foundation for the  
Development of the Urban Poor  
(FDUP)

CA President : Mr. Sandy Preconillo

No. of Member-Beneficiaries : 156

Take-Out Date : August 16, 1999

Loan Amount : PhP 4,815,120.00

Collection Efficiency Rate : 112.68%\*

\*(data as of December 2010)

Communities have always been described as a group of people joined together by shared beliefs and common values. What will it take then for a diverse group of people coming from various places, bearing different values and personality to form a community?

That was the challenge that a group of 156 families forming a small community in Marikina faced in 1993. The settlers, who hailed from different places, arrived at the area after buying the “rights” of the illegal occupants who first settled there.

#### Daring to dream

Nemia Carmen, one of the pioneer settlers in the place, realized that they are in danger of being evicted anytime. She claimed that while they desire to improve the place and build sturdy houses for their families, everything would be put to waste should the legal owners come and decide to demolish their dwellings and evict them from the area. So, she started to convince her fellow settlers to find ways to realize the dream of legally owning the property where they current live. They started looking for the landowners with the hope that they could buy the property from them. When they finally found the landowners who agreed to sell the property, they were posed with a challenge, “*Paano nyo kami babayaran?*” (How will you pay us?)

Fortunately, they heard of a nearby community, who was facing the same problem but was preparing to engage in the Community Mortgage Program (CMP) of the government. Carmen, who by then was elected as the community’s president, strived to know more about the government’s program and was introduced to Father Manny Sarez of the Federation for the Development of the Urban Poor (FDUP).

FDUP, an accredited originator of the CMP, briefed Carmen and her group on the terms and processes of CMP. Having learned of the manner of acquiring a loan that will be affordable to them, the group organized themselves into a community association (CA), and “Dakilang Pangarap Homeowners Association” was established. The officers then convinced the landowner to take part in the program. Fortunately, the landowner understood their plight and was considerate in reducing the selling price from P1,200 to P800/sq. m. The landowners also became their ally in gathering/ preparing the documents required for loan approval. Thus, armed with program know-how, approval from the landowners and support from their chosen originator, the officers led their members in availing loan from CMP.

#### To see is to believe

Convincing the members of their association to take part in the program proved to be a harder task than soliciting the landowners’ support. The members, composed mostly of tricycle and taxi drivers, security guards and vendors, wanted concrete evidence that the officers can do something to improve their plight. Some insisted that the so-called landowners were fake. Others claimed that the officers only

# Dakilang Pangarap HOA

## Reaching their dreams against the odds

wanted a part of their hard-earned money. Driven by their desire to achieve their dream and challenged by the accusations hurled at them, the officers decided to raise funds and solicit support from the local government to provide electricity in their area and concretize the muddy streets within their community. They launched information campaigns to educate the people about CMP and even hired vehicles to transport the members so they can meet the landowners and see for themselves who the people they are dealing with were. Slowly, they earned the members' trust and support and were able to take-out the project on August 16, 1999.

### Conflict in management

Not everyone were fully convinced, though. A handful of people still made fuss about the strict method that Carmen was using to run the association. They accused her of anomalous transactions and questionable financial transactions. To settle the issue, Sandy Preconcillo, who was then the association's secretary agreed to run against Carmen in an election, which he won. Hurt and dismayed, Carmen turned her back against the association and refused to share her knowledge and experience about running the group and managing the CMP application, which by then was undergoing the Individualization process. The conflict between the two leaders became so great that it even led to a gun-pointing incident between the two.

### Resolving the conflict

Realizing that continuing with the fight will lead them nowhere, Preconcillo humbled himself and recognized Carmen's capability as a leader. He talked to her and asked for her support stating *"wala namang pupuntahan ito. Usap tayo dahil sa 'yo pa din ako magtatanong dahil wala naman akong idea e. Hinihingi lang ng pagkakataon na magpalit ng pamunuan. Ginawa ko yun para hindi na magkagulo ang mga miyembro"* (This will be futile. Let's talk because I will still need your advice since I don't have any idea about this. Chance required a change in management. I only responded to pacify the clamor of the members). Carmen, on the other hand, recognized that she would continue to live with these same set of people if she wants to stay in the community and in the property she fought so hard to acquire. She also saw Preconcillo's struggle in leading the people and his efforts to continue the programs and campaigns she began. Finally, she resolved to let go of her pride and extended her support to Preconcillo and his group. Today, Preconcillo continues to serve as the CA President, while Carmen serves as the Chairman of the Board of Directors. What used to be two opposing parties are now united in an effort to pursue their dream. Together, they were able to stabilize the leadership, encourage reforms among their members and introduce improvement in their community. Some of the CA members who continue to create problems in the community were charged and asked to leave the community, as stated in the association's by-laws. Others, who realized that the new management meant business, started supporting them and

was rewarded with the assurance of tenure security. To date, the group has completed the individualization process, with 23 of their members able to pay the CMP loan in full and have already transferred the land titles under their names.

Top to bottom- (1) The CA was just starting to get organized in 1994. (2) The landowner cut the ribbon during the blessing rites of the CMP site. (3) On October 2006, the CA finalized the individualization process and awarded the respective titles to members who were able to pay in full.





### Learning the lessons, sharing the experiences

Looking back, Preconcillo, Carmen and the other officers realized that humility, transparency, honesty and putting up a united front has helped them sustain order in their community and keep their members' trust.

Both Preconcillo and Carmen admitted that if they kept their pride, they wouldn't be able to achieve anything. Preconcillo claimed that the philosophy "ako ang presidente, ako ang masusunod" (I am the president, just follow me) will just instigate conflict among the group. He advises other CA presidents to learn listening to the opinion of their members. Carmen added that the leaders should also know how to strike a balance between discipline and understanding. As Chair of the Board of Directors, she resolves to implement the guidelines they have created but recognizes the need to obtain the members' consent and understanding before such guidelines are imposed. "Bago gumawa ng resolusyon... inilalatag muna namin sa kanila... ang susundin, majority talaga." (Before we make a resolution, we present it to the members and then we follow the decision of the majority).

Preconcillo also underscored the importance of networking with other leaders. He joined cooperatives and leaders' organizations in Marikina to learn from them. This way, he can share with his members the best practices that the other communities are doing. The leaders' group, which Preconcillo joined, also share resources and assist the weak communities who have not yet established themselves. Preconcillo has led his association in participating in medical missions, bloodletting activities and livelihood trainings.

They also claimed the importance of remaining united in front of the members. It has been the practice of the community leaders to conduct an Officers' Meeting before the General Membership Meeting. This enabled them to talk among themselves the possible conflicts, arguments and discussions that might be raised by the members. This way, they would have a solid stand on the issues in hand.

The officers value their members' opinion. The members are given a fair chance to raise their issues. They are encouraged to challenge the leadership and are given equal chance in running for office during elections. The members seem satisfied with their performance as it has been two years that the same set of officers has been re-elected in their positions.



They once considered each other enemies, but Sandy Preconcillo and Nemia Carmen set aside their differences to work hand-in-hand in leading their CA to reach their dream of home ownership.

Managing the association's money is no longer a problem. The officers are transparent in their financial records. Reports are made during meetings and records are made available for the members to assess. On the other hand, collecting amortization payments and association funds were made easy with constant reminders from the CA treasurer. The members were also encouraged when they saw that those who strived to pay their account in full have already received their respective titles, assuring them of land ownership.

### We are not squatters

Even before they started the CMP process, Carmen has already established among her members the value of paying for their property. "Hindi tayo squatter. Ang hindi squatter, nagbabayad. Hindi ito libre kaya paghihirapan natin ito" (We are not squatters. Those who are not squatters pay for their property. This is not a dole-out so we will strive to pay for it).

Even in their lifestyle and the way they take care of the area, Carmen insisted on discipline and order. "Hindi tayo squatter. Maging malinis. Pati sa pag-uugali, maging maayos. Bawal ang nag-iinuman sa daan" (We are not squatters. Clean your surroundings. Maintain decency in your behaviour. Drinking along the streets is not allowed). She emphasized that the children should be led to believe that they are living in a decent community. One officer quipped, "Hindi kami squatters. Hindi din kami informal settlers. Homeowners kami!" (We are not squatters, neither are we informal settlers. We are homeowners).

# Localized Community Mortgage Program

## *Dealing with the problem at the local level*

The local government unit (LGU) is considered as the most basic political unit of government. Being locally situated, the LGUs are the perfect agents, which the national government can use to cascade ordinances, execute laws, and implement programs for its constituents. Mandated by the Local Government Code of 1991, LGUs are expected to develop “self reliant communities and make them more effective partners in the attainment of national goals” by providing basic services and facilities. This includes livelihood support services, health and social welfare services, facilities for infrastructure, education, transportation and communication, tourism development programs and projects for low-cost housing and other mass dwellings. While stipulations in the Local Government Code provide the LGUs with resources to fund these services, only a few were successful in implementing their own programs that would address the need for basic services, particularly in urban shelter and housing.

However, rapid urbanization resulting to population increase, high rental fees and expensive cost of home and land acquisition, limited the choice and chance of middle and low-income workers to provide a decent shelter for their families. Some would opt to squat in any available land, which caused an even greater problem for the LGUs. Over-populated communities result to additional problems in sanitation, disease control and protection from fire and other hazards. Adequacy of basic services and provisions such as potable water, electricity, waste management and sewerage, also becomes an issue in highly urbanized areas. Hence, while urbanization provides opportunities for increased productivity and taxation for the LGUs, it also posed increased demand for services to support the increasing population.

### **Not enough resources**

The law provides a share of proceeds of the national taxes to the local government and compels the automatic release of such fund, yet LGUs are still challenged to raise funds to support their programs and projects. The Internal Revenue Allocation (IRA) has been identified in the Local Government Code as a good source of funding for the LGUs but budget cuts, policy changes and inconsistency of fund release limited the LGUs capacity to plan and appropriate

funds for programs on their locality. The LGUs had been creative and resourceful in tapping fund sources for their projects but they have yet to find a steady source of fund allocation or financing that is geared towards proving shelter or housing program for their constituents. Government financing institutions (GFIs), commercial banks and institutions and key shelter agencies (KSAs) have available programs and financing schemes, which the LGUs can tap for



*Recognizing the need to empower the LGUs and contribute in the fulfillment of their mandate of implementing a comprehensive and continuing urban development program for the underprivileged and homeless in their respective localities (as stated in Republic Act 7279 and Republic Act 7160), SHFC introduced the Localized Community Mortgage Program (LCMP).*

their housing projects. However, policy limitations, documentary and membership requirements with the said programs limit the control and prerogative of the LGUs to carry out their priority housing plans. Some would even entail an LGU counterpart, which may not be feasible or affordable to lower-class municipalities

The Community Mortgage Program (CMP) of SHFC, in particular, has been working with LGUs for the past 20 years by involving them as Originators. Originators are duly registered corporations or organizations (may be an LGU, NGO or government entity), that have the capability of organizing a community and preparing them for their eventual application for CMP loan. Originators should lend assistance in the preparation of loan documentation and delivery of requirements. As of December 2010, 52 LGUs have already been accredited as Originators of CMP. However, LGUs had been limited in their capacity to plan and choose their beneficiaries, as they are dependent on the demand and project application and the willingness of the community association (CA) members to take part in the program.

Recognizing the need to empower the LGUs and contribute in the fulfillment of their mandate of implementing a comprehensive and continuing urban development program for the underprivileged and homeless in their respective localities (as stated in Republic Act 7279 and Republic Act 7160), SHFC introduced the Localized Community Mortgage Program (LCMP).



### What is the LCMP?

The Localized Community Mortgage Program (LCMP) is an innovative scheme whereby each qualified partner-LGUs may apply for an Omnibus Commitment Line (OCL), not exceeding Php 50 Million, to accommodate multiple priority social housing projects identified by the partner-LGUs. This will enable the LGUs to maximize the utilization of their limited housing budget. With SHFC providing additional funding equivalent to 75% of the project cost, it will enable the LGUs to increase their budget utilization to four (4) times the original amount.

The projects that may be enrolled under the partner-LGU's OCL shall primarily be for purposes of acquiring the land occupied by their constituents (on-site) or the land where they will be relocated through the concept of community ownership (off-site), with the land initially mortgaged to SHFC.

As partners in this undertaking, the SHFC will have a 75% share in the total project cost while the LGU will shoulder the remaining 25% for every project/s enrolled by the partner-LGU in the OCL. The 25% contribution of the LGU in the project cost may come in the form of (a) land owned by the partner-LGU to serve as site of the project; (b) cash financing to pay-off at least 25% of the lot price (privately owned land); or (c) site development.

The partner-LGU shall perform all pre take-out functions and assist in the post take-out functions in accordance with SHFC policies and guidelines. These includes qualification and accreditation of partner NGOs and People's Organization (PO), project accreditation, examination and verification of loan documents, and examination and verification of mortgage documents.



*LCMP staff James Mabulay discusses the technical requirements of the program with city officials of LGU-Naga City.*

## What are the LGU benefits from the LCMP?

LGUs who decide to partner with LCMP will have the full capacity to implement their housing programs. They would be able to prioritize and develop areas for housing, identify qualified beneficiaries among their constituents and immediately respond to the needs of the community for a secure tenure especially in cases of displacement due to calamities, disaster or court-issued eviction from private lands. The LGU concerned can achieve all these without shelling out a lot of money and with the assurance of an early turn-around of projects.



*SHFC Officers paid a courtesy visit to IGACOS Mayor Aniano Antalan to discuss the merits of engaging in the LCMP. IGACOS is one of the ten LGUs that has been accredited by SHFC as LCMP Partner in 2010.*

In addition, LGUs shall be entitled to 1/6 of actual amount of interest collected from the CA monthly loan amortization as incentive for collection services rendered if the Collection Efficiency Rating (CER) of the project reaches 90-100% rating. A sample of the computation for the interest can be found below:

1/6 of interest collected from the CAs  
monthly amortization

(accumulated during the term of the loan)

Php 50million = Php 7.4million

## What has LCMP done so far?

Since its implementation on July 27, 2007, SHFC has met and provided LCMP orientation with 56 LGUs nationwide. As of December 31, 2010, SHFC has accredited ten (10) LGUs as LCMP partners. These include the Island Garden City of Samal (IGACOS), Naga City, Talisay City, Talavera, Nueva Ecija, Lucena City, Malolos City, Davao City, Pagbilao, Quezon, Tarlac City and Puerto Princesa City. These LGUs have already identified thirty-one (31) projects for enrollment in the LCMP. Six (6) of which are already enrolled against their respective P50 Million OCL. Letters of Guaranty (LOGs) have already been issued to two (2) projects of Naga City amounting to P4,943,462.23.

## What 2011 holds for LCMP?

For 2011, the SHFC will continue to aggressively market the LCMP to qualified LGUs. Fifty-five (55) LGUs have already been selected based on the guidelines. The Municipality of La Paz, Tarlac is in the process of completing its application for accreditation in the program. The LGUs of Kidapawan City and Mati City have shown interest in enrolling for LCMP accreditation. The Island Garden City of Samal and Talisay City, Cebu, on the other hand, is on the final phase of its loan application and is projected to receive their LOGs amounting to more than Php 3.77 Million.

Learning from previous experiences and considering the concerns raised during consultations with various LGUs across the country, LCMP is also



set to review its Implementing Rules and Regulations (IRR) next year to ensure that the program will be easier to implement, attain a faster delivery and approval of projects and be made available to more LGUs nationwide.

For more information on the program, Mr. Ruben Laset, LCMP Department Manager, may be reached through (+632) 7506337 loc. 120. Further details are also available at the SHFC Website ([http://shfcph.com/Programs&Services\\_LCMP\\_Fastfacts.html](http://shfcph.com/Programs&Services_LCMP_Fastfacts.html)).

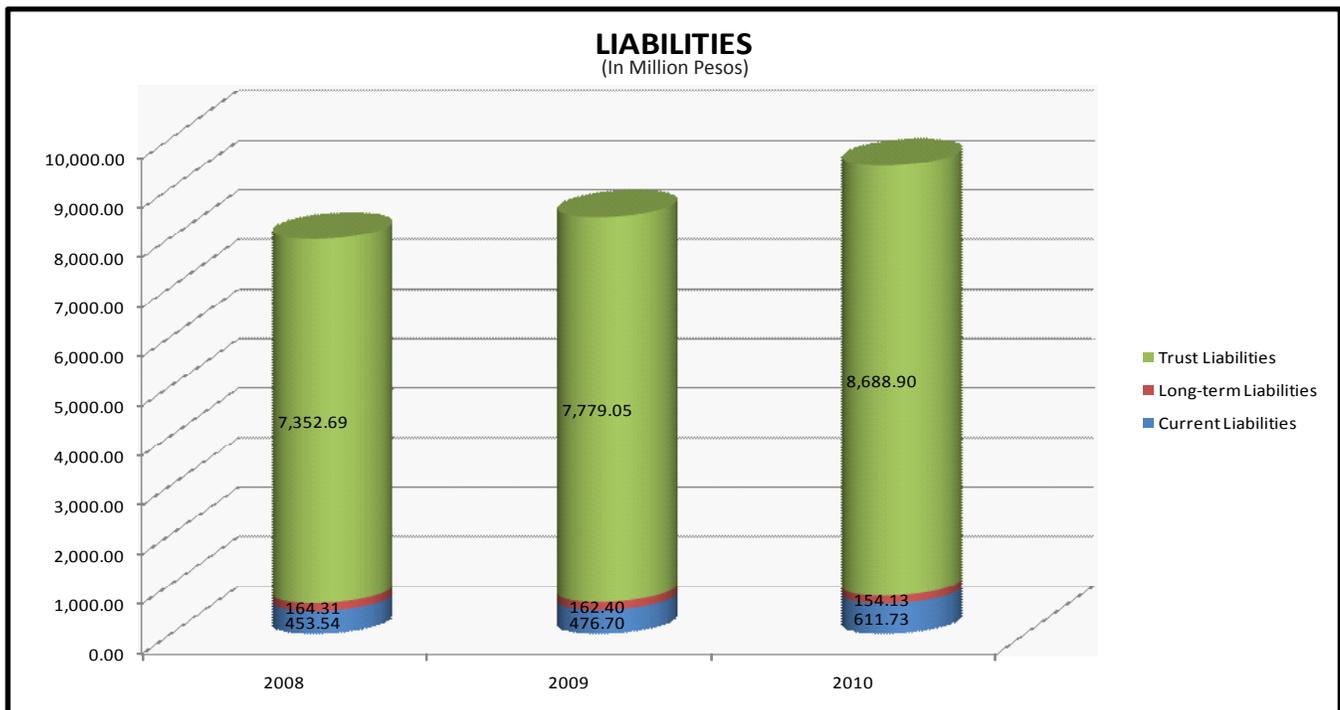
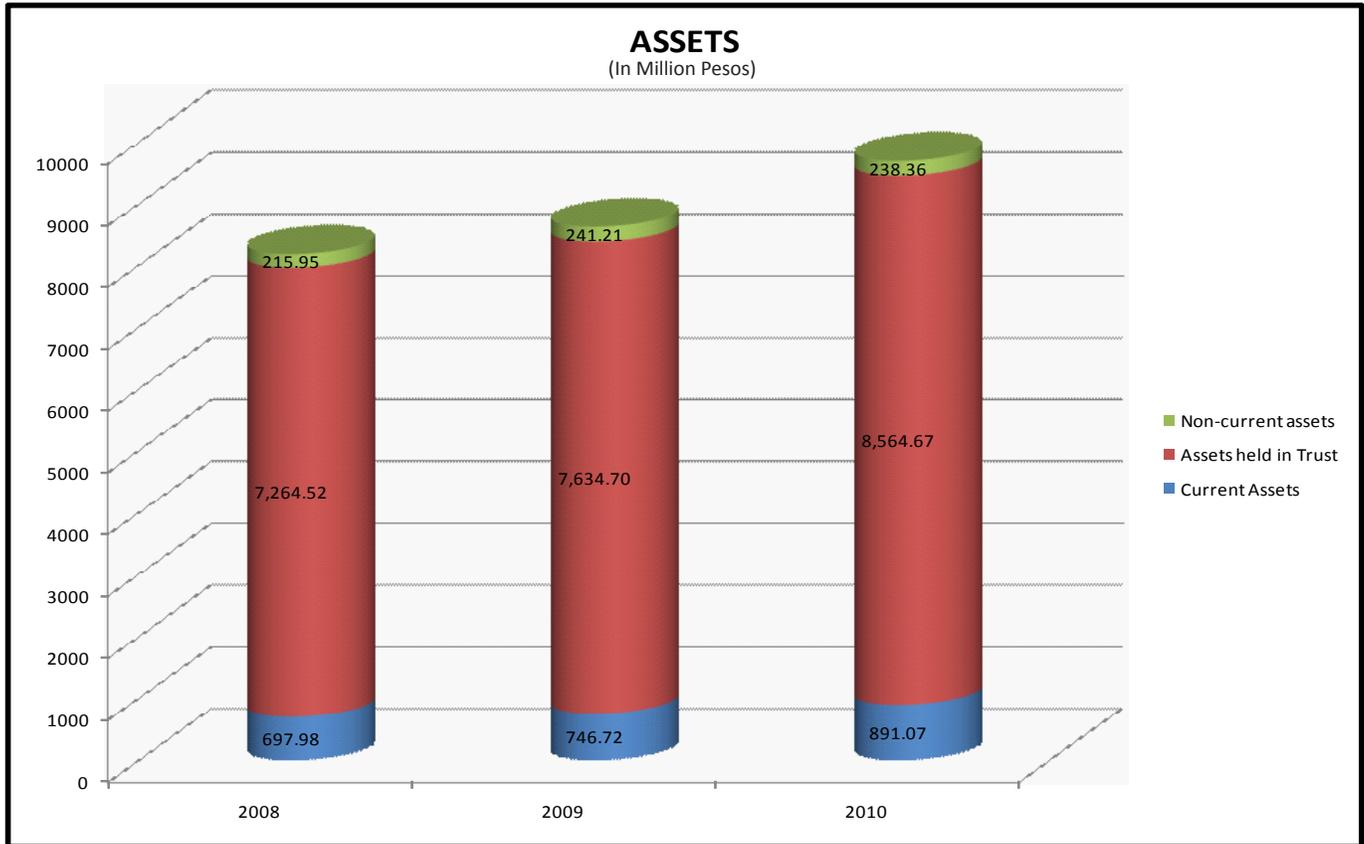
<sup>1</sup> Local Government Code, Section 17 lists the basic services that are to be provided by each LGU divisions. There are services common to all the divisions but provision of low-cost housing and mass dwellings have been specified under the provincial and city LGUs.

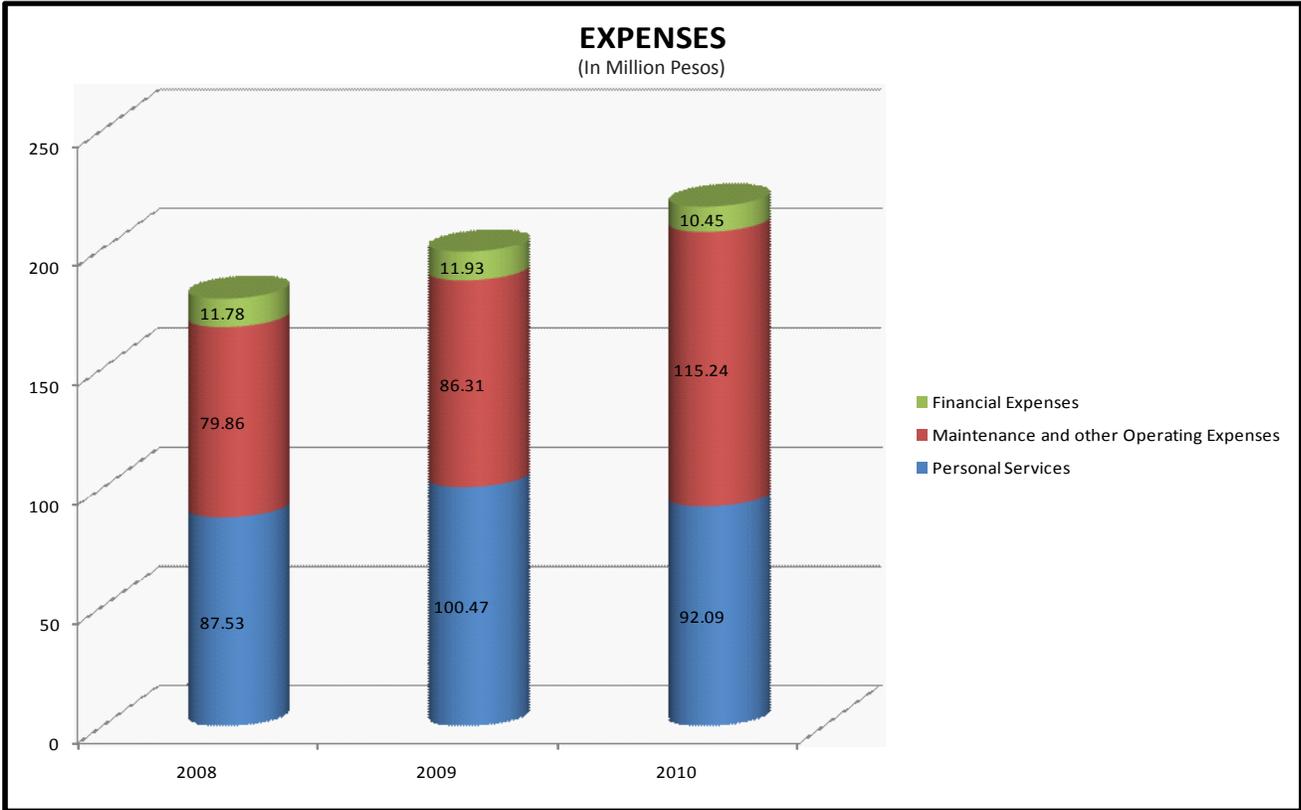
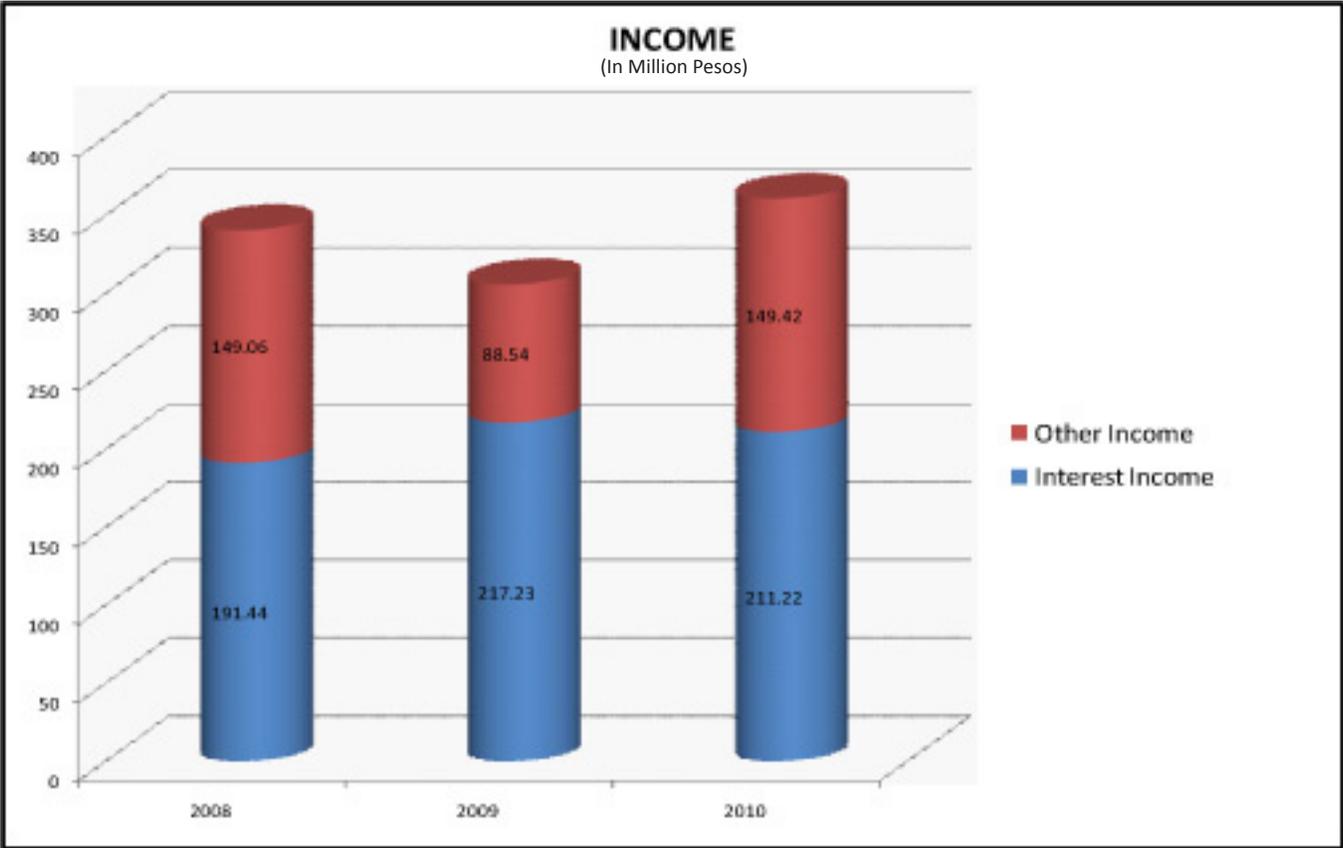
<sup>2</sup> The Local Government Code gave the LGUs the authority to create revenue sources and levy taxes and fees and have a share in the national wealth to finance the provision of the basic services.

<sup>3</sup> Aside from the IRA, LGUs may also tap revenues under the local revenue code, lumpsum funds from the GAA, bond flotations from government financing institutions or commercial banks, and grants and loans from donors (local and international).

<sup>4</sup> From 1998 to 2004, the CMP was being administered by National Home Mortgage Finance Corporation (NHMFC). Its operation and administration was transferred to SHFC in 2004 by virtue of Executive Order 272.

# FINANCIAL HIGHLIGHTS





# COMPARATIVE BALANCE SHEETS

For the Years Ended DECEMBER 31, 2008 to DECEMBER 31, 2010  
(In Philippine Peso)

	2010 Unaudited	2009 Audited	2008 As Restated
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash on hand and in banks	821,023,828	680,573,738	629,970,556
Receivables	64,897,074	63,699,722	66,150,032
Other current assets	5,148,985	2,451,328	1,863,828
	891,069,887	746,724,788	697,984,416
<b>ASSETS HELD IN TRUST</b>			
National Home Mortgage Finance Corporation	8,007,716,459	7,087,577,232	6,723,786,106
Abot-Kaya Pabahay Fund	556,950,661	547,118,414	540,737,141
	8,564,667,121	7,634,695,646	7,264,523,247
<b>NON-CURRENT ASSETS</b>			
<b>LONG-TERM LOANS RECEIVABLES</b>			
Loans Receivable	31,126,864	26,992,017	-
Property and equipment - net	201,698,948	214,216,292	215,951,128
Other assets-net	5,529,886	-	-
	238,355,698	241,208,309	215,951,128
<b>TOTAL ASSETS</b>	<b>9,694,092,705</b>	<b>8,622,628,743</b>	<b>8,178,458,791</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Payables	362,975,055	342,712,459	322,327,556
Inter-agency payables	29,357,102	23,541,476	37,841,054
Other current liabilities	219,396,659	110,437,246	93,374,940
	611,728,816	476,691,181	453,543,550
<b>LONG-TERM LIABILITIES</b>			
Other long-term liabilities	154,132,024	162,396,513	164,306,495
<b>TRUST LIABILITIES</b>			
National Home Mortgage Finance Corporation	8,131,940,540	7,231,928,998	6,811,952,102
Abot-Kaya Pabahay Fund	556,950,661	547,118,414	540,737,141
	8,688,891,201	7,779,047,412	7,352,689,243
<b>TOTAL LIABILITIES</b>	<b>9,454,752,041</b>	<b>8,418,135,106</b>	<b>7,970,539,288</b>
<b>STOCKHOLDER'S EQUITY</b>	<b>239,340,664</b>	<b>204,493,637</b>	<b>207,919,503</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>9,694,092,706</b>	<b>8,622,628,743</b>	<b>8,178,458,791</b>

# COMPARATIVE STATEMENTS OF INCOME AND EXPENSES

For the Years Ended DECEMBER 31, 2008 to DECEMBER 31, 2010

(In Philippine Peso)

	2010 Unaudited	2009 Audited	2008 As Restated
<b>INCOME</b>			
Interest income - regular	211,223,024	217,228,771	191,437,599
Interest on savings deposits	31,391,743	35,843,511	33,131,884
Interest on notes	12,000,000	-	-
Service fees	7,003,230	7,612,529	6,914,150
Miscellaneous income - others	6,604,609	45,084,237	108,979,630
Miscellaneous income - penalty	92,241,681	-	-
	360,644,287	305,769,048	340,463,263
<b>EXPENSES PERSONAL SERVICES</b>			
Salaries and wages	43,772,010	35,609,205	31,473,926
Other compensation	35,857,049	23,889,654	23,040,828
Personnel benefit contributions	9,165,475	2,362,728	2,274,862
Other personal benefits	3,298,661	38,604,496	30,739,336
	92,093,196	100,466,083	87,528,952
<b>MAINTENANCE and OTHER OPERATING EXPENSES</b>			
Professional services	24,246,536	25,692,865	15,538,076
Taxes, insurance premiums and other fees	15,240,182	17,663,660	15,020,357
Depreciation	13,034,352	12,178,566	10,466,888
Confidential, extraordinary and miscellaneous	1,979,531	7,437,396	5,821,592
Utility	5,642,528	4,863,267	5,021,851
Supplies and materials	3,778,384	3,188,847	3,178,662
Communication	2,428,778	2,846,493	2,311,380
Building association dues and contribution	24,980,216	2,315,693	2,069,933
Travelling	1,920,193	2,441,526	1,819,554
Training	63,961	-	-
Rent	7,752,310	2,371,676	1,707,534
Advertising	1,163,687	702,100	1,293,911
Printing and binding	750,460	643,481	468,105
Subscription	106,493	-	-
Repairs and maintenance	5,267,713	807,334	373,939
Subsidies and donations	76,260	367,368	228,860
Litigation	-	38,506	32,123
Representation	4,214,128	-	-
Miscellaneous - others	2,597,005	2,752,078	14,503,027
	115,242,717	86,310,856	79,855,792
<b>FINANCIAL EXPENSES</b>			
Interest expense	9,408,369	9,605,117	8,923,908
Bank charges	77,131	67,202	77,058
Other financial charges	962,515	2,256,091	2,778,419
	10,448,014	11,928,410	11,779,385
<b>INCOME BEFORE INCOME TAX</b>	142,860,359	107,063,699	161,299,134
Provision for income tax	35,324,076	23,516,681	56,553,812
<b>NET INCOME AFTER INCOME TAX</b>	107,536,284	83,547,018	104,745,322

# BOARD OF DIRECTORS



**ATTY. FERMIN T. ARZAGA**

**VICE PRESIDENT JEJOMAR C. BINAY**

**Hon. Jejomar C. Binay**  
*Chairman of the Board*  
*Vice President, Republic of the Philippines*  
*Chairman, Housing and Urban Development Coordinating Council*

**Atty. Fermin T. Arzaga**  
*Ex-Officio Chairman*  
*President, Social Housing Finance Corporation*

**Atty. Rene N. Carreon**  
*Designated Representative,*  
*Assistant Governor, Bangko Sentral ng Pilipinas*

**Hon. Austere A. Panadero**  
*Designated Representative,*  
*Undersecretary, Department of Interior and*  
*Local Government*

**Hon. Damaso C. Vertido**  
*Private Sector Representative*

**Hon. Apolonia A. Tolentino**  
*Private Sector Representative*

**Hon. Joseph Peter S. Sison**  
*President, National Home Mortgage*  
*Finance Corporation*

**Hon. Roberto B. Tan**  
*Designated Representative,*  
*Undersecretary, Department of Finance*

**Hon. Rolando G. Andaya, Jr.**  
*Secretary, Department of Budget and*  
*Management*

**Dr. Anna Marie A. Karaos**  
*Private Sector Representative*

**Atty. Rodolfo Ma. A. Ponferrada**  
*Private Sector Representative*



**ATTY. RENE N. CARREON**

**HON. JOSEPH PETER S. SISON**

**HON. ROBERTO B. TAN**



**HON. AUSTERE A. PANADERO**

**HON. ROLANDO G. ANDAYA, JR.**



**HON. APOLONIA A. TOLENTINO**

**ATTY. RODOLFO MA. A. PONFERRADA**

**DR. ANNA MARIE A. KARAS**

**HON. DAMASO C. VERTIDO**

# SENIOR OFFICERS



ATTY. FERMIN T. ARZAGA  
President



EDUARDO T. MANICIO  
Executive Vice President



ATTY. JOSE D. MELGAREJO  
Corporate Board Secretary/  
Compliance Officer

*\*from left to right*

DONATO P. EXCONDE  
Informations Systems

RUBEN C. LASET  
Special Projects

ENGR. FELMAN R. GILBANG  
Project Individualization

DANTE M. ANABE  
Finance and Controllership

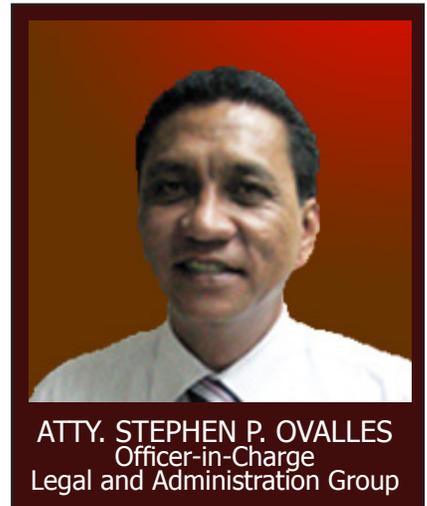
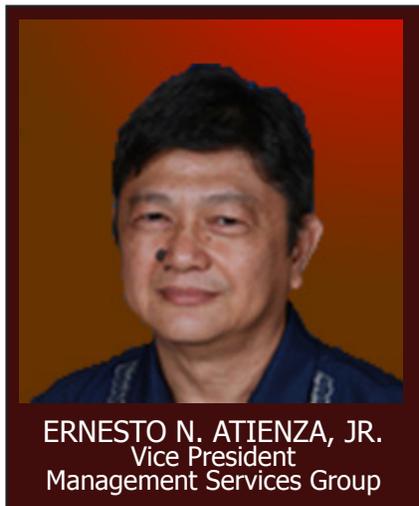
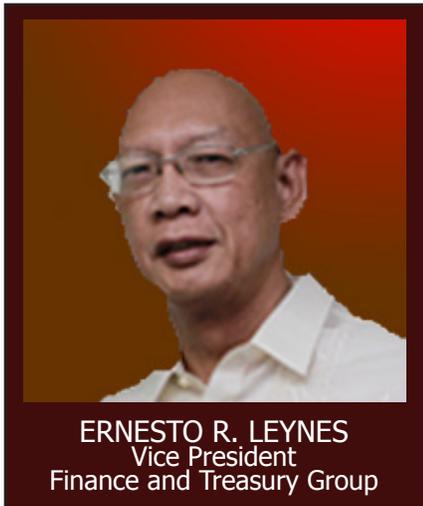
EDGAR M. ANINIPOT  
Task Force on Remedial  
Management

JASON C. YAP  
Cash Management /  
Documentation Control and  
Custodianship

JULITA R. PARRENO  
Trust Administration

JOSEFINA B. BANGLAGAN  
Accounts Management





# MANAGERS



- EMILIA E. LANUZA  
Public Affairs
- JOEEN B. BUENSALIDO  
Administration
- FLORENCIO R. CARANDANG, JR.  
Planning
- ENGR. ELSA DE VILLA-CALIMLIM  
Technical Services
- JESSICA B. CARASO  
Project Accreditation Evaluation and  
Monitoring
- ATTY. JANICE V. PALISOC  
Mortgage Examination /  
Loan Examination
- LOURDES P. PANALIGAN  
Internal Audit
- JAIME C. BISNAR  
(OIC) Regional Operations

# REGIONAL OFFICES



## HEAD OFFICE

Jaime Bisnar  
(Acting Manager)

Rochelle Jimeno	Arnold Palcon
Danilo Bajar	Paulo Sherwin Duman
Rhea Solangon	Rogelio Camacho
Dante Cea	



DAET / BICOL



ISABELA

PALAWAN

## LUZON

Dulce Abusman  
(Acting Chief of Division)

### ISABELA

Jones Tomas  
Remus Angubong  
Florante Pataueg

### DAET / BICOL

Frederick De Real  
Richard Samonte  
Ma. Isabel Sangco  
Rolando Llobit

### PALAWAN

Jesus Eden Cidro  
Rusela Dawn Pelayo  
Raquel Braganza

## BACOLOD



CEBU CITY

ILOILO CITY

## VISAYAS

Randolph Librando  
(Chief of Division)

### CEBU CITY

Joel Ejes  
Ava Marie Uy  
Edgar Catubig

### BACOLOD

Elmerando Viernes, Jr.  
Glenn Grande  
Lianette Crespo

### ILOILO CITY

Elsie Suarez  
Katherine Salinas  
Florentino Esteban



ZAMBOANGA CITY

DAVAO CITY



GENERAL SANTOS CITY

CAGAYAN DE ORO CITY

## MINDANAO

Atty. Ronald Saco  
(Chief of Division)

### CAGAYAN DE ORO

Janet Lumayag  
Norman Narimin  
Ian Hidalgo  
Isidro Udtohan, Jr.

### DAVAO CITY

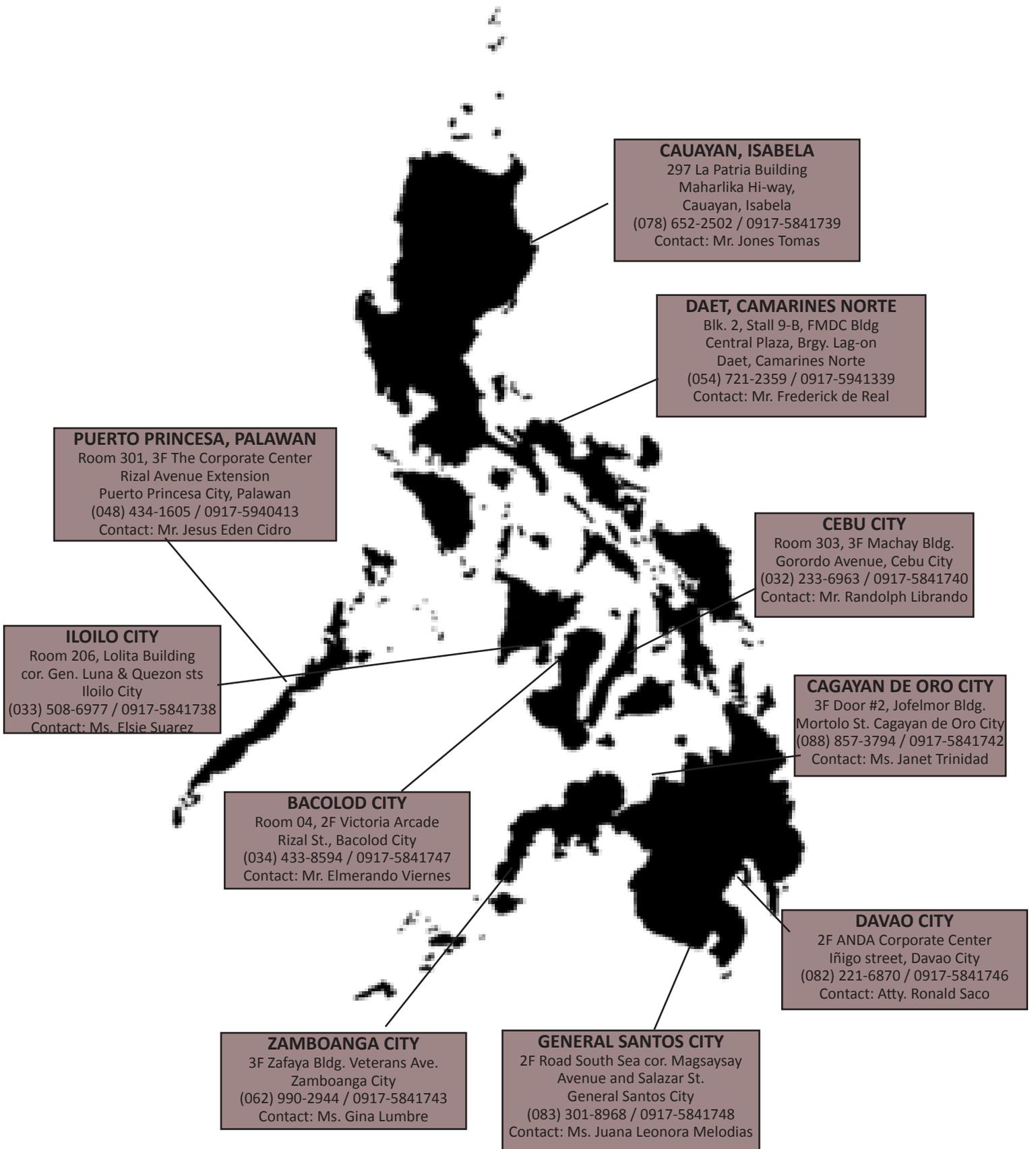
Neil Josol  
Leilani Repalda  
Nortigo Versonda  
Maritess Majadas  
Roger Orillo

### GENERAL SANTOS CITY

Juana Leonor Melodias  
James Naquita  
Jeffrey Husayan  
Dominador Gacillos

### ZAMBOANGA

Gina Lumbré  
Lennart Reyes  
Rosalino Lagdamen  
Antonio Espiral, Jr.  
Florencio de Real, Jr.





## **SOCIAL HOUSING FINANCE CORPORATION**

BDO Plaza 8737 Paseo de Roxas Ave., Salcedo Village, Makati City

[www.shfcph.com](http://www.shfcph.com)

Trunkline: 750-6337; 750-6346

