



Social Housing Finance Corporation

a subsidiary of National Home Mortgage Finance Corporation

CORPORATE CIRCULAR NO. 15 - 033

Series of 2015

SUBJECT : Implementing Rules and Regulations (Corporate Circular CMP No. 12-021 and Corporate Circular HDH No. 14-004): Jurisdiction and Procedures for Imposition of Sanctions for Offenses Committed by CMP-Mobilizers (CMP-Ms) and Civil Society Organization (CSO) Partners

SHFC recognizes its strong partnership with CMP Ms and CSO Partners which will assist informal settler families in organizing themselves into Community Associations (HOAs or Cooperatives) and make sure that they are ready and able to assume the responsibilities of availing a loan from the Community Mortgage Program (CMP) or High Density Housing (HDH) Program.

In assisting CAs/Cooperatives, SHFC, under Corporate Circular No. 12-021 (Guidelines for the Accreditation of CMP-Ms) and Corporate Circular No. 14-004 (Implementing Rules and Regulations for the Accreditation of CSO Partners for HDH Program), expects integrity to govern the activities of CMP Ms and CSO Partners at all times; thus it has enumerated under Section VII and Section VI, respectively of the Circulars the sanctions to be imposed.

In order that these provisions are fully understood and effectively implemented, hereunder are the offenses and the responsible units which will validate and decide on the complaint and commission of the offenses by CMP Mobilizers/CSO Partners and review of sanctions by Senior Management. The procedures or steps are also outlined below. In acting on a complaint and in meting out sanctions, SHFC shall be guided by the principles of due process.

I. OFFENSES PERTAINING TO:

1. Charging of processing fees for actual out-of-pocket expenses amounting to more than the amount prescribed in the CMP guidelines.
2. Charging of processing fees for HDHP projects.
3. Bad track record in assisting CAs (this includes but shall not be limited to failing Collection Efficiency Rating [CER], substantial number of projects in litigation or foreclosure)

A. Jurisdiction

Complaints for these cases shall be evaluated by the Accreditation Unit which will recommend to Senior Management the sanction to be imposed.

B. Procedure

	Step/ Activity	Responsible Department/ Unit
1	Receive Complaint.	Accreditation Unit
2	Conduct data gathering and validation of complaint.	Accreditation Unit
3	Notify the CMP-M/CSO Partner of the complaint of the CA/other stakeholders, the offense and the possible sanction.	Accreditation Unit
4	Assess and decide on the complaint based on the data/ information supporting the complaint and the CMP-M and CSO Partner's response and supporting documents.	Accreditation Unit
5	In the absence of a complaint from the CA/other stakeholders, the Accreditation Unit shall validate, assess and decide on the offenses.	Accreditation Unit
6	Review the findings and resolution of the Accreditation Unit. The decision of Senior Management is final.	EVP, VPs of Loan Processing Groups
7	Inform the CMP-M/CSO Partner and the Complainant of the decision.	Accreditation Unit

C. Sanction

The sanction to be imposed for the above offenses shall be Suspension. The maximum period of Suspension is six (6) months which shall be imposed depending on the gravity of the offense as determined by the Accreditation Unit and the Senior Management.

Suspension due to a failing CER shall automatically be lifted once the CER has reached the minimum CER of 80%.

The Accreditation Unit shall monitor the period or duration of the CMP-M and CSO Partner's suspension. It shall immediately advise the CMP-M/CSO Partner once sanction is lifted.

II. OFFENSES PERTAINING TO:

1. Directly negotiating with the landowner re purchase price of the property
2. Cases of abandonment¹ of the CA with no formal termination of contract with CA.
3. Commission of fraudulent act and submission of spurious documents/statements
4. Misrepresentation and withholding of information that affects the approval of the project
5. Using HDH Program/CMP to pursue his/her own business interests in buying and selling lands/Collecting money from the CA other than the processing fee in violation of Article IX of Corporate Circular No. 12-021

A. Jurisdiction

Complaints concerning the above violation/offenses shall be investigated and decided by the Oversight Committee (OVCOM).

B. Procedure

	Step/ Activity	Responsible Department/ Unit
	<i>From the CA/ Other Stakeholders</i>	
1	Receipt of affidavit complaint; conduct of investigation; recommendation on the sanctions to be imposed; and notification of the parties shall be done in accordance with OVCOM procedures	Oversight Committee
	<i>From SHFC</i>	
2	In the absence of a complaint from the CA/other stakeholders, SHFC ² , upon findings and validation of violation/offenses by the CMP-M/CSO Partner, shall file a complaint with the OvCom. Conduct of investigation; recommendation on the sanctions to be imposed; and notification of the parties shall be done in accordance with OVCOM procedures.	Concerned SHFC Group/Department; Oversight Committee

¹ The offense of "Abandonment of the CA with no formal termination of contract" is defined as a form of neglect of duty when the CMP-M or CSO Partner absconds on his responsibilities enumerated under Article IV of Corporate Circular 12-021 and Section 4 of Corporate Circular HDH No. 14-004 without formal notice to the CA, with clear and deliberate intent to escape its role as a CMP M and CSO Partner and without any intention of re-assuming the same.

² Findings of violation/offenses may emanate from any of the SHFC Groups/Departments: Treasury Group, Loan Processing Groups, Accreditation Unit, etc.

C. Sanction

The sanction to be imposed for Offense 1- *directly negotiating with the landowner regarding purchase price of the property* shall be **Suspension**. For Offenses 2-5, the sanction shall be **Disqualification**.

III. SERVICE FEE

The CMP-Ms/CSO Partners who are subject of suspension due to failing CER shall be entitled to service fee provided:

- A. If the project reaches the level of the Pre-Credit Committee and subsequently endorsed to the Credit Committee, the CMP-M/CSO Partner shall be paid 25% of the service fee.

The CMP-M/CSO Partner shall be replaced due to its failing CER.


- B. If the project at the time of suspension of the CMP-M/CSO Partner has reached the level of the Executive Committee and subsequently endorsed for Board approval, the CMP-M/CSO Partner shall be paid 50% of the service fee on the condition that the Board approves the project.


Processing of new projects/applications and other pipeline projects of the CMP-M/CSO Partner shall be suspended until it reaches 80% CER.

IV. TIMEFRAME

The Accreditation Unit and the OVCOM shall complete the investigation and determination of the violation/offense filed against the CMP-M/CSO Partner, including the recommendation of sanctions to be imposed within six (6) months from the time of the filing of said complaint.

All policies and procedures, or parts thereof, which are inconsistent with this Circular, are hereby repealed or amended accordingly. For immediate implementation.


MA. ANA R. OLIVEROS
President


July 24, 2015