



HOME GUARANTY CORPORATION

2011 Targets, Plans and Accomplishments

(from the 2012 Strategic Planning)

The 2011 Action Plans

The Action Plans for 2011 revolved around the following Key Results Areas (KRA) identified by the Housing and Urban Development Coordinating Council (HUDCC) for HGC for 2011 to 2016:

- Guarantee 50,000 housing units annually;
- Provide support to housing GFIs through securitization, collection efforts, disposition services;
- Get exemption from capital gains tax;
- Increase targets through new products; and
- Securitize HDMF coverage to generate P600M

From these KRAs, the different groups and operating units of HGC identified the strategies and developed their respective action plans for 2011.

The Guaranty Group

For 2011, the Guaranty Group targeted guaranteeing 50,500 housing units. The group planned the increase targets through the development of new products and securitization of HDMF mortgages to generate P600 million.

Strategies for meeting the 2011 targets were identified during the November 2010 Year End Performance Assessment and Planning Workshop. A brief report on the implementation of the strategies is presented in the table below:

Summary Report on the Implementation of 2011 Strategies, Guaranty Group

Strategies	Report on the Implementation
<p>1. Creation of Strong Public Relation Arm</p> <ul style="list-style-type: none"> • Intensify public relations (PR) and Communication efforts by engaging a PR consultant • Establish media lounge at the HGC office 	<ul style="list-style-type: none"> • Successfully implemented • This strategy was not implemented due to unavailability of suitable space for the media lounge. To be implemented after renovation of the 5th floor.
<p>2. Campaign on HGC image build-up and public awareness</p> <ul style="list-style-type: none"> • Publication of the following topics in leading newspapers: 	
<ul style="list-style-type: none"> - New guaranty lines, contract signing events 	Successfully implemented
<ul style="list-style-type: none"> - Quarterly accomplishments, milestones, success stories 	Successfully implemented
<ul style="list-style-type: none"> - Partnerships with developer groups, LGUs, and government agencies 	HGC continuously coordinates with developer groups, government agencies, and LGUs.
<ul style="list-style-type: none"> - Testimonial from clients 	Did not pursue this activity
<ul style="list-style-type: none"> - Pro-poor activities and projects addressing concerns of socialized housing borrowers 	The initial steps were done but it was not fully implemented in 2011
<ul style="list-style-type: none"> • Kapihan session with the press <ul style="list-style-type: none"> - HGC to host breakfast forum with the press - President MRS to talk about HGC updates 	<p>The President's session with the press were made through various press conferences and appearances in radio and television interviews.</p> <p>The President also gave updates on HGC's program and guaranty operations through his speaking engagements in various fora and conferences of real estate organizations and other stakeholders in housing finance.</p>

Strategies	Report on the Implementation
2. Partnership with government and private financial institution <ul style="list-style-type: none"> • Government Financial Institutions; • Private financial institutions; and • Developers 	Successfully implemented
3. Development and launching of new guaranty products	
<ul style="list-style-type: none"> • Guaranty on columbaria and Memorial Parks 	The Guaranty Group has already undertaken research and development of the product. It also conducted market sounding as to its acceptability. However, the HUDCC Chair noted that these products were not in accord with the mandates of the Corporation. Hence, the Board deferred action on the same until such time that the OGCC issues a favorable opinion on the legality of these products.
<ul style="list-style-type: none"> • Mortgage Redemption Insurance 	
<ul style="list-style-type: none"> • Fire Insurance 	
<ul style="list-style-type: none"> • Performance/Surety bond for development permit 	
<ul style="list-style-type: none"> • Real Estate Investment Trust 	The feasibility and legality of extending the guaranty is still being studied considering that REIT formation is intended to raise capital funds for non-residential related venture, i.e. infrastructure and commercial establishments. Also, the DOF and the BIR are still resolving the issue on ownership structure and tax treatment on REITs.
<ul style="list-style-type: none"> • Guaranty on Leasehold Rights 	Successfully implemented and still existing
<ul style="list-style-type: none"> • Guaranty on Timeshare 	The research on time share operations and disposition, as well as HGC's legal mandate to guaranty the same is ongoing.
<ul style="list-style-type: none"> • Direct guaranty for individual housing borrowers 	On-hold
<ul style="list-style-type: none"> • Micro guaranty through cooperatives 	Still ongoing
4. Aggressive marketing of traditional and new product <ul style="list-style-type: none"> • Dissemination of marketing letters • Presentation/briefing to prospective clients • Regional/provincial marketing 	Successfully implemented and still ongoing

The Corporate Services Group

For 2011, the Corporate Services Group committed to accomplish the following:

- a) Secure the approved National Government equity of P500M;
- b) Secure approval of the issuance of P5.5B 7-year Coupon Bearing and Amortizing Bonds
- c) Collect P267.82M from receivables
 - Current : P 134.49M
 - Delinquent : P 20.31M
 - Lease / Rental : P 113.08M
- d) Earn P210.82M from investments
 - Corporate Account : P 113.04M
 - Abot-Kaya Account: P 97.77M

The table below summarizes the implementation of strategies identified by CSG for meeting its 2011 commitments.

Summary Report on the Implementation of 2011 Strategies, CSG

Commitments	Strategies	Report on the Implementation
A. Secure the approved National Government (NG) equity of P500M	1. Coordinate with the appropriate government agency for the release of the approved government equity of P500M	Implemented. The Department of Budget and Management (DBM) released the P500M approved equity for CY2011 including the P400M representing the balance of CY 2009 equity, or a total release of P900M for CY2011.
B. Secure approval of the issuance of 5.5B 7-year Coupon Bearing and amortization Bonds	1. Obtain approval for the floatation of 5.5B 7-year coupon bearing and amortizing bonds	Not pursued. Change of plan from bond floatation to financial assistance from the National Government to settle maturing obligations (Zeroes by 2013, SSS and Debenture Bonds) with uploading of assets as payment.
C. Collect 267.8M from receivables <ul style="list-style-type: none"> • Current 134.59M • Delinquent 20.31M • Lease/rental 113.08M 	1. Enhance the collection of receivables. <ul style="list-style-type: none"> • Automate management and monitoring of accounts <ul style="list-style-type: none"> ✓ Purchase of Accounts Receivable software • Outsourcing of collection of installment receivables 	<ul style="list-style-type: none"> ✓ This was not implemented due to the accelerated implementation of Enterprise Resource System (ERS) of the ISSP. ✓ Implemented. The award of additional Collection agent was approved in December 2011. Endorsement of delinquent accounts started in January 2012.

Commitments	Strategies	Report on the Implementation
	<p>2. Adopt pro-poor customer-friendly measures in the Treasury's collection efforts</p> <ul style="list-style-type: none"> • Develop restructuring programs policies applicable for buyers of CMP, CHP, and the relocation sites • Offer properties for sale to interested developers or LGUs at a discount 	<ul style="list-style-type: none"> ✓ Implemented. Continued approval and implementation of restructuring programs for delinquent accounts (i.e. Special Repayment Program, and the like). ✓ Not implemented. Negotiations with LGU have been deferred.
	<p>3. Adopt measures that would enhance good governance</p> <ul style="list-style-type: none"> • Establish an effective information dissemination medium on collection procedures, restructuring programs, incentive packages for updated accounts. • Make payment easy for buyers. • Encourage buyers to use the take-out loan facility of HDMF or other financial institution • Distribution of give-aways to updated clients 	<ul style="list-style-type: none"> ✓ Implemented. Informed buyers through letters, HGC website, phone calls and visits (to the Regions) on HGC's continuing implementation of the restructuring program and the moratorium program being offered by HGC for accounts affected by calamities. ✓ Implemented. Allowed buyers to pay their monthly amortization through deposit to HGC account at any Land Bank (LBP) branch. ✓ On-going negotiation with LBP under its ON-COLL Payment system. ✓ On-site collection was not implemented due to manpower constraint both in the Billing and Collection and Cash Divisions. ✓ Informed buyers to use the take-out loan facility of the HDMF or other financial institution which offered lower interest rate. ✓ Implemented. Corporate give-aways shall be distributed to current accounts by December 2012 (as motivation).
<p>D. Earn 210.82M from investments ✓ Corporate</p>	<p>1. Ensure maximum yields on investments</p>	<ul style="list-style-type: none"> ✓ Implemented. Projected investment income was based on higher investible funds (proceeds of bond issue).

Commitments	Strategies	Report on the Implementation
account 113.04M ✓ Abot-kaya account ✓ 97.77M	2. Scout for new investment alternatives/facilities.	✓ Low interest rates of investment in the market.

The Asset Management and Disposition Group

For 2011, the Asset Management and Disposition Group (AMDG) committed to sell P710.10M worth of HGC's acquired assets consisting of 2,004 housing units to recover corporate exposures from operating a mortgage guaranty system.

AMDG also committed to pursue other sources of revenue for the Corporation by offering appraisal services to other government agencies and financial institutions and selling scrap metal and construction materials warehoused at the Paco Mall.

The table below summarizes the implementation of strategies identified by AMDG for meeting its 2011 commitments.

Summary Report on the Implementation of 2011 Strategies, AMDG

Strategies	Report on the Implementation
A. Selling of Acquired Assets	
1. Hire an Auction Manager	Approved by the Board in 2011 but implemented only in 2012
2. Hire Estate Managers for CMP/BLISS/Trusteeship/Relocation Projects	<p>The Terms of Reference (TOR) was finalized. However, this was not pursued due to the directive to 'test' the Community Mortgage Program (CMP) of the Social Housing Finance Corporation</p> <p>For BLISS, Trusteeships and Relocation Projects, the transfer of management to LGUs was considered</p>
3. Adopt promo schemes for the sale of assets	This was not implemented due to budgetary constraints.
4. Implement bundling of acquired assets	This is not implemented yet as this requires engaging the services of a Disposition Manager to undertake the strategy.
5. Undertake limited rehabilitation for certain assets to improve marketability	It was decided to sell the acquired assets on a retail basis on an "as-is-where-is" basis.
6. Simplify bidding process	Implemented
7. Post list of assets for sale in public places	Implemented
8. Offer properties to LGUs	Implemented
9. Tie-up marketing/collection efforts with LGUs	Implemented
10. Provide alternative financing to prospective buyers	Implemented

Strategies	Report on the Implementation
11. Sell properties to existing occupants	Implemented
B. Pursuing Other Sources of Revenue	
1. Offer appraisal services to other gov't. agencies	Not implemented. This was presented to the ExeCom but was not pursued since: - HDMF is already providing appraisal services to other KSAs; - HGC lacks the manpower for this; and - This is not in the Charter
2. Sell scrap metals and construction materials stored at the Paco Mall Project	Some materials were used for the fencing of other acquired assets and property signages. The remaining materials are for appraisal.

AMDG upgraded the target set during the Planning Workshop, as reflected in their 2011 Accomplishment Report. The initial Unit target of 2,004 was raised to 2,367; the target Sales Value of P710.10M increased to P856.16M.

The Legal Group

The Legal Group committed to accomplish the following Key Result Areas:

1. Exemption from capital gains tax;
2. To strengthen and reinforce HGC's "conditionalities" (terms and conditions) in granting guaranty lines;
3. To complete the foreclosure and consolidation in HGC's name of all acquired assets;
4. Complete the lifting and removal of liens and encumbrances on TCTs and tax declaration; and
5. To complete activities for the annotation of HGC's interest on TCTs and tax declarations.

The table below summarizes the Legal Group's activities corresponding to the aforementioned key result areas:

Summary Report on Legal Group's Activities per 2011 Key Result Areas

Strategies	Report on the Implementation
1. Exemption from capital gains tax;	This was not pursued as this requires legislative action
2. To strengthen and reinforce HGC's "conditionalities" (terms and conditions) in granting guaranty lines;	Implemented in coordination with Guaranty Group
3. To complete the foreclosure and consolidation in HGC's name of all acquired assets;	This is among the Legal Group's core functions
4. Complete the lifting and removal of liens and encumbrances on TCTs and tax declaration; and	This is among the Legal Group's core functions
5. To complete activities for the annotation of HGC's interest on TCTs and tax declarations.	This is among the Legal Group's core functions

HGC Accomplishment for 2011

THRUSTS/PROGRAMS/PROJECTS (Performance Indicators)	2011 ACCOMPLISHMENT	REMARKS (Problems/Issues Encountered)
<p>A. Create alternative funds and put every conceivable idea of mobilizing resources into effective use to spur housing production</p> <p>A.1 Involvement of Rural Banks and other micro finance institutions to implement a housing microfinance program catering housing loans to the marginalized sector and rural homebuyers</p> <p><u>1.1 Guaranty Operations</u></p> <p>1.1.1 Marketing efforts to tap rural banks and micro finance institutions</p>	<ul style="list-style-type: none"> • Guaranty orientations and briefings to forty seven (47) rural banks, two (2) rural bank federations and one (1) micro finance institution (CARD MRI). • Approved Retail Guaranty Line to Rural Bank of Cauayan, Isabela for ₱ 50.0M. • Conceptualized a guaranty program for micro finance institutions. 	
	<ul style="list-style-type: none"> • Approved Retail Guaranty Lines of ₱ 47.74B, Developmental Guaranty Lines of ₱ 8.7B and Guaranty Lines for Corporate Borrowings of ₱ 1.9B for twenty one (21) financial institutions. 	

THRUSTS/PROGRAMS/PROJECTS (Performance Indicators)	2011 ACCOMPLISHMENT	REMARKS (Problems/Issues Encountered)																																
<p>1.1.2 New Guaranty Enrollments</p> <p>a. <u>Funds Mobilized for Housing</u> (in million pesos)</p> <p style="padding-left: 40px;">Retail Developmental TOTAL</p> <p>a.1 <u>Funds Mobilized for Housing against</u> <u>Targets</u> (in million pesos)</p> <p>2011 Targets:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Retail</td> <td style="width: 10%;">:</td> <td style="width: 15%; text-align: right;">42,499.10</td> <td style="width: 15%;"></td> </tr> <tr> <td>Developmental</td> <td>:</td> <td style="text-align: right;">425.90</td> <td></td> </tr> <tr> <td>TOTAL</td> <td></td> <td style="border-top: 1px solid black; text-align: right;">42,925.00</td> <td style="text-align: right; vertical-align: bottom;">88.29%</td> </tr> </table>	Retail	:	42,499.10		Developmental	:	425.90		TOTAL		42,925.00	88.29%	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;"></td> <td style="width: 10%;"></td> <td style="width: 15%; text-align: right;">37,831.29</td> <td style="width: 15%;"></td> </tr> <tr> <td></td> <td></td> <td style="text-align: right;">68.50</td> <td></td> </tr> <tr> <td></td> <td></td> <td style="border-top: 1px solid black; text-align: right;">37,899.79</td> <td style="text-align: right; vertical-align: bottom;">79.39%</td> </tr> </table> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;"></td> <td style="width: 10%;"></td> <td style="width: 15%;"></td> <td style="width: 15%; text-align: right;">976.77%</td> </tr> <tr> <td></td> <td></td> <td></td> <td style="text-align: right;">88.29%</td> </tr> </table>			37,831.29				68.50				37,899.79	79.39%				976.77%				88.29%	
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<p>1.1.2 New Guaranty Enrollments (cont'd.)</p> <p>b. <u>Enrollment of New Housing Units</u></p> <p>Retail : Developmental : TOTAL</p> <p>Distribution of Retail / Developmental Units per Region</p>	<p>24,465 units 541 units <hr/> 25,006 units</p> <table border="1"> <thead> <tr> <th>Region</th> <th>Retail</th> <th>Develop mental</th> </tr> </thead> <tbody> <tr><td>NCR</td><td>11,276</td><td>3,979</td></tr> <tr><td>CAR</td><td>51</td><td></td></tr> <tr><td>Region 1</td><td>370</td><td></td></tr> <tr><td>Region 2</td><td>71</td><td></td></tr> <tr><td>Region 3</td><td>992</td><td></td></tr> <tr><td>Region 4-A</td><td>5,133</td><td>389</td></tr> <tr><td>Region 4-B</td><td>37</td><td></td></tr> <tr><td>Region 5</td><td>171</td><td></td></tr> <tr><td>Region 6</td><td>461</td><td></td></tr> <tr><td>Region 7</td><td>564</td><td>212</td></tr> <tr><td>Region 8</td><td>117</td><td></td></tr> <tr><td>Region 9</td><td>293</td><td></td></tr> <tr><td>Region 10</td><td>122</td><td></td></tr> <tr><td>Region 11</td><td>527</td><td>152</td></tr> <tr><td>Region 12</td><td>61</td><td></td></tr> <tr><td>CARAGA</td><td>25</td><td></td></tr> <tr><td>ARMM</td><td>3</td><td></td></tr> <tr><td>Total Units</td><td>24,465</td><td>541</td></tr> </tbody> </table>	Region	Retail	Develop mental	NCR	11,276	3,979	CAR	51		Region 1	370		Region 2	71		Region 3	992		Region 4-A	5,133	389	Region 4-B	37		Region 5	171		Region 6	461		Region 7	564	212	Region 8	117		Region 9	293		Region 10	122		Region 11	527	152	Region 12	61		CARAGA	25		ARMM	3		Total Units	24,465	541	
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THRUSTS/PROGRAMS/PROJECTS (Performance Indicators)	2011 ACCOMPLISHMENT			REMARKS (Problems/Issues Encountered)
<p>1.1.3 Outstanding Guaranty (cont'd.)</p> <p>b. <u>Outstanding Guaranty in terms of Housing Units</u></p> <p>Retail : 85,489</p> <p>Developmental : 558</p> <p>TOTAL <u>86,047</u></p> <p>Distribution of Retail / Developmental Units per Region</p>	<p>Region</p> <p>NCR</p> <p>CAR</p> <p>Region 1</p> <p>Region 2</p> <p>Region 3</p> <p>Region 4-A</p> <p>Region 4-B</p> <p>Region 5</p> <p>Region 6</p> <p>Region 7</p> <p>Region 8</p> <p>Region 9</p> <p>Region 10</p> <p>Region 11</p> <p>Region 12</p> <p>CARAGA</p> <p>ARMM</p> <p>Total Units</p>	<p>Retail</p> <p>29,416</p> <p>112</p> <p>630</p> <p>224</p> <p>3,152</p> <p>43,887</p> <p>36</p> <p>298</p> <p>1,284</p> <p>1,426</p> <p>146</p> <p>362</p> <p>809</p> <p>1,609</p> <p>200</p> <p>54</p> <p>7</p> <p>85,489</p>	<p>Developmental</p> <p>1,366</p> <p></p> <p></p> <p>17</p> <p>389</p> <p></p> <p>471</p> <p></p> <p></p> <p></p> <p>152</p> <p></p> <p></p> <p>558</p>	

THRUSTS/PROGRAMS/PROJECTS (Performance Indicators)	2011 ACCOMPLISHMENT		REMARKS (Problems/Issues Encountered)																								
<p>1.1.4 Premium Income</p> <p>a. <u>Guaranty Premiums Received</u> (in million pesos)</p> <table data-bbox="472 500 1249 613"> <tr> <td>Retail</td> <td>:</td> <td></td> <td>632.31</td> </tr> <tr> <td>Developmental</td> <td>:</td> <td></td> <td>0.68</td> </tr> <tr> <td>TOTAL</td> <td></td> <td></td> <td>632.99</td> </tr> </table> <p>a.1 <u>Guaranty Premiums Received against Target</u> (in million pesos)</p> <p>2011 Targets:</p> <table data-bbox="378 865 1239 987"> <tr> <td>Retail</td> <td>:</td> <td>600.90</td> <td>102.65%</td> </tr> <tr> <td>Developmental</td> <td>:</td> <td>18.59</td> <td>86.98%</td> </tr> <tr> <td>TOTAL</td> <td></td> <td>619.49</td> <td>102.18%</td> </tr> </table>	Retail	:		632.31	Developmental	:		0.68	TOTAL			632.99	Retail	:	600.90	102.65%	Developmental	:	18.59	86.98%	TOTAL		619.49	102.18%			
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<p>1.1.5 Guaranty Calls</p> <table data-bbox="399 1128 871 1307"> <tr> <td>a. Calls received/filed</td> <td></td> </tr> <tr> <td>b. Calls approved</td> <td></td> </tr> <tr> <td>c. Calls under evaluation</td> <td></td> </tr> <tr> <td>d. Calls withdrawn due to full updating</td> <td></td> </tr> <tr> <td>e. Calls denied</td> <td></td> </tr> </table>	a. Calls received/filed		b. Calls approved		c. Calls under evaluation		d. Calls withdrawn due to full updating		e. Calls denied		<table data-bbox="1008 1096 1375 1307"> <thead> <tr> <th>No. of Loans</th> <th>Value</th> </tr> </thead> <tbody> <tr> <td>28</td> <td>19.5M</td> </tr> <tr> <td>4</td> <td>1.5M</td> </tr> <tr> <td>2</td> <td></td> </tr> <tr> <td>9</td> <td></td> </tr> <tr> <td>13</td> <td></td> </tr> </tbody> </table>	No. of Loans	Value	28	19.5M	4	1.5M	2		9		13		<p><input type="checkbox"/> Reasons for denial:</p> <ul style="list-style-type: none"> ✓ Non-submission of required documents. ✓ No guaranty (lapsed) coverage. ✓ Error in the bearings of the title offered as collateral. ✓ LCR exceeded the maximum HGC requirement. ✓ The account is already fully paid. 			
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<p>A.2 Convert non-performing acquired assets into realized values that can mobilize resources for housing</p> <p>2.1 Asset Disposition</p> <p>2.1.1 Funds Generation from Sale of Acquired Assets</p> <p>ALL ASSETS (TOTAL)</p> <p>a. <u>Funds Generated from Sales of Assets</u></p> <table data-bbox="388 722 1260 901"> <tr><td>No. of Units Sold</td><td>:</td><td>379</td></tr> <tr><td>Book Value</td><td>:</td><td>158.27M</td></tr> <tr><td>Appraised Value</td><td>:</td><td>144.63M</td></tr> <tr><td>Sales Value of Assets Sold</td><td>:</td><td>133.83M</td></tr> <tr><td>Cash Inflow from Sales</td><td>:</td><td>158.27M</td></tr> </table>	No. of Units Sold	:	379	Book Value	:	158.27M	Appraised Value	:	144.63M	Sales Value of Assets Sold	:	133.83M	Cash Inflow from Sales	:	158.27M							
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<p>a.1 <u>Funds Generated from Sales of Assets against Targets</u></p> <p>2011 Targets:</p> <table data-bbox="336 1169 1228 1356"> <tr><td>No. of Units for Disposition</td><td>:</td><td>2,637</td><td>14.37%</td></tr> <tr><td>Book Value</td><td>:</td><td>2,046.87M</td><td>7.73%</td></tr> <tr><td>Appraised Value</td><td>:</td><td>1,165.02M</td><td>12.41%</td></tr> <tr><td>Sales Value of Assets Sold</td><td>:</td><td>856.16M</td><td>16.63%</td></tr> <tr><td>Cash Inflow from Sales</td><td>:</td><td>347.07M</td><td>45.60%</td></tr> </table>	No. of Units for Disposition	:	2,637	14.37%	Book Value	:	2,046.87M	7.73%	Appraised Value	:	1,165.02M	12.41%	Sales Value of Assets Sold	:	856.16M	16.63%	Cash Inflow from Sales	:	347.07M	45.60%		
No. of Units for Disposition	:	2,637	14.37%																			
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Cash Inflow from Sales	:	347.07M	45.60%																			

THRUSTS/PROGRAMS/PROJECTS (Performance Indicators)	2011 ACCOMPLISHMENT	REMARKS (Problems/Issues Encountered)
<p>PER ACCOUNT TYPE (BREAKDOWN)</p> <p>a. <u>Funds Generated from Sales of Retail Accounts</u></p> <p>No. of Units Sold : 120 Book Value : 49.21M Appraised Value : 60.82M Sales Value of Assets Sold : 69.50M Cash Inflow from Sales : 15.60M</p>		<ul style="list-style-type: none"> <input type="checkbox"/> The auction of the retail accounts was suspended pending the management audit report of Reyes, Tacandong & Company (RTC). However, RTC agreed and allowed HGC to dispose of some units. <input type="checkbox"/> Excess in the number of units sold vis-à-vis the target can be attributed to the completion of clean-up activities resulting in the marketability of the assets. <input type="checkbox"/> Surge in the sales value and cash inflow was mainly due to the increase in the number of cash purchase proposals received.
<p>a.1 <u>Funds Generated from Sales of Retail Accounts against Targets</u></p> <p>2011 Targets:</p> <p>No. of Units for Disposition : 108 Book Value : 38.46M Appraised Value : 47.46M Sales Value of Assets Sold : 49.55M Cash Inflow from Sales : 7.49M</p>	<p>111.11% 127.96% 128.14% 140.26% 208.36%</p>	

THRUSTS/PROGRAMS/PROJECTS (Performance Indicators)	2011 ACCOMPLISHMENT	REMARKS (Problems/Issues Encountered)
b. <u>Funds Generated from Sales of Developmental Accounts</u> No. of Units Sold : Book Value : Appraised Value : Sales Value of Assets Sold : Cash Inflow from Sales :	69 36.72M 31.99M 35.92M 6.13M	<input type="checkbox"/> Disposition activities on developmental and APC accounts were likewise suspended pending the completion of the management audit of Reyes, Tacandong, & Co.
b.1 <u>Funds Generated from Sales of Developmental Accounts against Targets</u> 2011 Targets: No. of Units for Disposition 1,387 Book Value 61.12M Appraised Value 141.65M Sales Value of Assets Sold 150.03M Cash Inflow from Sales 26.37M c. <u>Funds Generated from Sales of APC Accounts</u> No. of Units Sold : Book Value : Appraised Value : Sales Value of Assets Sold : Cash Inflow from Sales :	4.97% 60.08% 22.58% 23.94% 23.25% 61 5.63M 7.86M 8.40M 97.82M	<input type="checkbox"/> Failure in public bidding of assets advertized for disposition in view of unacceptable offers or unresolved issues: <ul style="list-style-type: none"> • Paco Mall (land), in Paco Manila • Finasia Homes, in Parañaque City <input type="checkbox"/> While the management audit of accounts is still on-going, a continuing negotiation with interested proponents and stakeholders have been undertaken for the following projects: <ul style="list-style-type: none"> • Paco Mall (land) • Subic Properties • Old Bilibid Compound • Finasia Homes

THRUSTS/PROGRAMS/PROJECTS (Performance Indicators)	2011 ACCOMPLISHMENT	REMARKS (Problems/Issues Encountered)																														
<p>c.1 <u>Funds Generated from Sales of APC Accounts against Targets</u></p> <p>2011 Targets:</p> <table data-bbox="247 516 829 695"> <tr> <td>No. of Units for Disposition</td> <td>441</td> </tr> <tr> <td>Book Value</td> <td>1,718.66M</td> </tr> <tr> <td>Appraised Value</td> <td>766.45M</td> </tr> <tr> <td>Sales Value of Assets Sold</td> <td>618.27M</td> </tr> <tr> <td>Cash Inflow from Sales</td> <td>110.59M</td> </tr> </table> <p>d. <u>Funds Generated from Sales of Other Accounts (BLISS, CHP, CMP, Relocation)</u></p> <table data-bbox="268 868 1260 1047"> <tr> <td>No. of Units Sold</td> <td>:</td> <td>129</td> </tr> <tr> <td>Book Value</td> <td>:</td> <td>21.53M</td> </tr> <tr> <td>Appraised Value</td> <td>:</td> <td>13.11M</td> </tr> <tr> <td>Sales Value of Assets Sold</td> <td>:</td> <td>20.01M</td> </tr> <tr> <td>Cash Inflow from Sales</td> <td>:</td> <td>5.48M</td> </tr> </table>	No. of Units for Disposition	441	Book Value	1,718.66M	Appraised Value	766.45M	Sales Value of Assets Sold	618.27M	Cash Inflow from Sales	110.59M	No. of Units Sold	:	129	Book Value	:	21.53M	Appraised Value	:	13.11M	Sales Value of Assets Sold	:	20.01M	Cash Inflow from Sales	:	5.48M	<table data-bbox="1134 535 1228 714"> <tr> <td>13.83%</td> </tr> <tr> <td>0.33%</td> </tr> <tr> <td>1.03%</td> </tr> <tr> <td>1.36%</td> </tr> <tr> <td>88.45%</td> </tr> </table>	13.83%	0.33%	1.03%	1.36%	88.45%	<p><input type="checkbox"/> Difficulty in collecting from beneficiaries of relocation and CMP projects due to the dole-out mentality and transferring/selling of rights by the beneficiaries.</p>
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THRUSTS/PROGRAMS/PROJECTS (Performance Indicators)	2011 ACCOMPLISHMENT	REMARKS (Problems/Issues Encountered)
<p>2011 Targets:</p> <p>Total Share from JVA : Equivalent Book Value of : 43.98M Cash Inflow from JVA Equivalent Appraised Value : 85.31M of Cash Inflow from JVA Cash Inflow of Share from : 93.84M JVA</p> <p>f. <u>Funds Generated from Joint Venture Agreement of Imperial Homes Corporation (Imperial Homes)</u></p> <p>Total Share from JVA : Equivalent Book Value of Cash : Inflow from JVA Equivalent Appraised Value of : Cash Inflow from JVA Cash Inflow of Share from JVA :</p>	<p>35.06%</p> <p>9.32%</p> <p>18.07%</p> <p>700.00M</p> <p>29.76M</p> <p>22.89M</p> <p>22.89M</p>	
<p>f.1 <u>Funds Generated from Joint Venture Agreement of Imperial Homes Corporation (Imperial Homes) against Targets</u></p> <p>2011 Targets:</p> <p>Total Share from JVA : Equivalent Book Value of Cash : 133.44M Inflow from JVA</p>	<p>22.30%</p>	

THRUSTS/PROGRAMS/PROJECTS (Performance Indicators)	2011 ACCOMPLISHMENT	REMARKS (Problems/Issues Encountered)
Equivalent Appraised Value of : 101.63M Cash Inflow from JVA Cash Inflow of Share from JVA : 101.63M	22.52% 22.52%	
2.1.2 Reforms/Innovations a. Accreditation of Property Auction Managers b. Disposition of Big Ticket Accounts c. BLISS Housing Projects	<ul style="list-style-type: none"> • Two (2) property auctioneers have been accredited, namely: Property Forum and CB Richard Ellis. These companies will assist the Corporation in the disposition of at least 600 retail accounts located all over the country. • The legal impediments including the problem on illegal occupancy of acquired properties are being addressed. • HGC finalized its recommendation for the transfer of some Urban and Rural Bliss Projects to the NHA because the latter has the legal mandate, expertise and budget to undertake the redevelopment of the Bliss Projects. It is also recommended that the said transfer to NHA will be done through the issuance of an Executive Order by the President of the Republic of the Philippines. 	<ul style="list-style-type: none"> ☐ Marketing Agreement with the Property Forum Phils. Inc. was presented and approved by the HGC Board during the January 2012 Board meeting.

THRUSTS/PROGRAMS/PROJECTS (Performance Indicators)	2011 ACCOMPLISHMENT			REMARKS (Problems/Issues Encountered)										
<p>A.3 Convert non-performing loans to realized values and ensure maximum returns on resources to generate funds for housing</p> <p>3.1 <u>Financial Management</u></p> <p>3.1.1 Collection from Receivables (in million pesos)</p> <p>a. Current Accounts and Lease Receivables</p> <ul style="list-style-type: none"> ➤ Lease of Acquired Asset ➤ Guaranty Call Accounts ➤ BLISS Accounts ➤ Coop/CMP ➤ Abot-Kaya/Resettlement Projects <p style="text-align: center;">TOTAL</p> <p>b. Delinquent Accounts</p> <ul style="list-style-type: none"> ➤ 1 year up to 2 years ➤ 2 years up to 3 years ➤ 3 years up to 4 years ➤ 4 years up to 5 years ➤ 5 years <p style="text-align: center;">TOTAL GRAND TOTAL</p>	No. of Accts	Outstanding Principal Balance	Actual Collection	<p>Target for 2011 : 328.50</p> <ul style="list-style-type: none"> <input type="checkbox"/> Delinquent accounts availed of restructuring and condonation program where arrearages were capitalized and were not collected. <input type="checkbox"/> Lowering of interest rates from 21% to 12% resulted to a much lower monthly amortizations. <input type="checkbox"/> Extension of repayment term to a maximum of 30 years also resulted to lower monthly amortization. <input type="checkbox"/> Continued non-payment resulted to foreclosure or cancellation of the account. <p>Delinquent accounts include:</p> <table border="0" style="width: 100%;"> <thead> <tr> <th style="text-align: left;"><u>Classification</u></th> <th style="text-align: right;"><u>No. of Accounts</u></th> </tr> </thead> <tbody> <tr> <td>➤ Guaranty call accounts</td> <td style="text-align: right;">1,336</td> </tr> <tr> <td>➤ BLISS accounts</td> <td style="text-align: right;">710</td> </tr> <tr> <td>➤ Coop/CMP</td> <td style="text-align: right;">950</td> </tr> <tr> <td>➤ Abot-kaya and Resettlement</td> <td style="text-align: right;">410</td> </tr> </tbody> </table>	<u>Classification</u>	<u>No. of Accounts</u>	➤ Guaranty call accounts	1,336	➤ BLISS accounts	710	➤ Coop/CMP	950	➤ Abot-kaya and Resettlement	410
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	28	N/A	107.15											
	1,118	396.78	79.92											
	643	226.35	29.99											
	235	17.07	2.85											
	76	5.95	.61											
	2,100	646.14	220.52											
	424	138.81	22.05											
	379	64.64	0.74											
	134	42.61	0.91											
	174	57.85	0.78											
	2,295	442.33	10.08											
	3,406	746.24	34.56											
	5,506	1,392.38	255.08											

THRUSTS/PROGRAMS/PROJECTS (Performance Indicators)	2011 ACCOMPLISHMENT	REMARKS (Problems/Issues Encountered)
		Projects TOTAL 3,406
<p>3.1.2 Increase in Investment Income (in million pesos)</p> <p>a. HGC-Corporate (Actual Average Investment Portfolio – ₱ 2,092.15 Million)</p> <p>a.1 Cash and Other Bank Products</p> <p>a.2 Government Securities</p> <p>a.3 Corporate Bonds</p> <p style="text-align: center;">TOTAL</p> <p>b. HGC-AKPF (Actual Average Investment Portfolio – ₱ 2,064.98 Million)</p> <p>b.1 Cash</p> <p>b.2 Government Securities</p> <p>b.3 Corporate Bonds</p> <p style="text-align: center;">TOTAL</p>	<p style="text-align: right;">33.55</p> <p style="text-align: right;">4.89</p> <p style="text-align: right;">24.77</p> <p style="text-align: right;">63.21</p> <p style="text-align: right;">26.60</p> <p style="text-align: right;">40.41</p> <p style="text-align: right;">15.62</p> <p style="text-align: right;">82.63</p>	<p>Target : 78.02</p> <p><input type="checkbox"/> Projections were based on an Investment Portfolio of ₱ 2,291.04 Million.</p> <p>Target : 86.84</p>

THRUSTS/PROGRAMS/PROJECTS (Performance Indicators)	2011 ACCOMPLISHMENT	REMARKS (Problems/Issues Encountered)
<p>3.1.3 Reforms/Innovations</p> <p>a. Accounts Receivable Management</p>	<ul style="list-style-type: none"> • In order to improve collection efficiency, the Corporation undertook the following: <ul style="list-style-type: none"> ➤ Accreditation of additional collection agents ➤ Expansion of collecting agents' function to include all delinquent accounts ➤ Full implementation of modern business collection process to assist existing manpower in monitoring and documentation of accounts ➤ Restructuring of the Credit and Collection Unit to aid in the collection efforts. • As a result of the foregoing, collection aggregate increased to ₱255.11 million from ₱246.04 million in 2010 or 4% increase. 	

THRUSTS/PROGRAMS/PROJECTS (Performance Indicators)	2011 ACCOMPLISHMENT	REMARKS (Problems/Issues Encountered)
<p>B. Building of a strong partnership with local government units (LGUs) to accelerate housing production and reduce cost and make houses more affordable.</p> <p>B.1 Participation in the Housing Caravan conducted in the Key cities/regions of the country</p> <p>C. Ensure Transparency and Good Governance</p> <p>C.1 New Conditionalities for the Guaranty</p>	<ul style="list-style-type: none"> • HGC used this opportunity to offer its acquired assets for sale to LGUs for their own housing program. We are evaluating several offers received from the LGUs who have shown interest in our assets. • Formulated new conditionalities, requirements and procedures for guaranty line application, processing of guaranty call and prior to payment of guaranty calls. • Established grounds for denial of claims and cancellation of guaranty. 	<ul style="list-style-type: none"> <input type="checkbox"/> The review of the terms and conditions of the guaranty was conducted ensure that the risk to the corporation is mitigated and the mistakes of the past will not happen again. The amended conditions have been incorporated in the contracts of guaranty and are presently being implemented.
<p>C.2 Rating System</p>	<ul style="list-style-type: none"> • A rating system has been established for housing developers to pre-qualify for guaranty. 	<ul style="list-style-type: none"> <input type="checkbox"/> The system involves the evaluation of the financial position of developers against industry standards and a scoring method to determine credit-worthiness of the developers. For those applying for a retail line for their

THRUSTS/PROGRAMS/PROJECTS (Performance Indicators)	2011 ACCOMPLISHMENT	REMARKS (Problems/Issues Encountered)
<p>C.3 Strictly adheres to the provision in the Government Procurement Reform Act.</p> <p>C.4 Strengthening Public Relations</p>	<ul style="list-style-type: none"> • Strictly complied with the provisions of Government Procurement Reform Act, more specifically on the following: <ul style="list-style-type: none"> ➤ Bidding process ➤ Posting of invitations in the PhilGeps and HGC Website ➤ Publication of the Invitation to Bid in newspaper of general circulation where required. • HGC has embarked on an aggressive public relations program to promote the guaranty business, boost customer confidence, ensure client retention and to dispel adverse publicity regarding the Corporation. 	<p>buyers, the developers shall be additionally evaluated against standards for track record, management and administrative capability, collection efficiency and credit policies.</p>
<p>C.5 Implementation of the Information System Strategic Plan (ISSP)</p>	<ul style="list-style-type: none"> • HGC has started the implementation of the ISSP last July 2011 with the conduct of a series of Business Needs Analysis sessions with the different operating units. 	<p><input type="checkbox"/> Program implementation began last November 2011 with the installation of an Active Directory system which will serve as a single sign-in mechanism for the various ISSP modules. By December 2011, the Enterprise Resource Program, the</p>

THRUSTS/PROGRAMS/PROJECTS (Performance Indicators)	2011 ACCOMPLISHMENT	REMARKS (Problems/Issues Encountered)
		<p>first of five modules of the Information Strategic Plan (ISSP), will be initially deployed to the Administrative and Accounting Departments.</p> <ul style="list-style-type: none"> <li data-bbox="1472 467 1969 643"> <input type="checkbox"/> The ISSP implementation is intended to improve and hasten work processes, provide accurate information and reports and store information for faster access.