

# HOME GUARANTY CORPORATION

## January to June 2018 Accomplishment Report

### I. Guaranty Operations

The Home Guaranty Corporation (HGC) recorded excellent Guaranty accomplishments for the first half of the year. All Guaranty indicators have been surpassed with New Enrollment even attaining 212% rate of accomplishment, or more than double of what has been targeted.

During the last quarter of 2017, BDO Unibank secured a P25 billion guaranty line and posted high volume of enrollments in the first quarter of 2018. This contributed to the remarkable accomplishment in New Enrollment.

The BDO Unibank enrollments also resulted to Premium exceeding its target by 29%.

Meanwhile, the value of the Outstanding Guaranty as of end of June 2018 is already at P178.98 billion. This already exceeds the P172.00 billion overall target for the year.

**Table 1. Summary of Guaranty Accomplishments**

Indicators	Target		Actual		% to Target	
	No. of Units	Value (Php Mn)	No. of Units	Value (Php Mn)	No. of Units	Value
New Enrollment	9,000	18.00 Bn	26,036	38.20 Bn	289%	212%
Renewal	43,769	64.87 Bn	44,746	66.61 Bn	102%	103%
Outstanding Guaranty	98,752	150,20 Bn	113,026	178.98 Bn	114%	119%
Premium		704.37 Mn		905.14 Mn		129%

The allocation of New Enrollments for Socialized and Low-cost housing packages is at 77.12% in terms of the number of units and 59.49% in terms of value.

**Table 2. Distribution of Outstanding Guaranty per Housing Package**

Indicators	No. of Units	% to Total	Value (Php Mn)	% to Total
<b>Socialized</b> (P450,000 and below)	1,603	1.42%	270,815,896	0.15%
<b>Low-cost</b> (above P450,000 to P3M)	85,562	75.70%	106,213,611,123	59.34%
<b>Medium-cost</b> (above P3M to P4M)	13,960	12.35%	29,931,968,248	16.72%
<b>Open housing</b> (above P4M)	11,901	10.53%	42,567,932,339	23.78%
<b>Total</b>	<b>113,026</b>	<b>100.00%</b>	<b>178,984,327,605</b>	<b>100.00%</b>

HGC committed to allot at least 70% of the value of its Outstanding Guaranty to Socialized and Low-cost housing packages this year.

To attain this, HGC continues to monitor closely the distribution of the value of its Outstanding Guaranty across housing packages.

## **II. Management and Disposition of Acquired Assets**

From the targeted 64 units, HGC was only able to sell 35 units of acquired assets for the first half of 2018.

The accomplishment of P154.88 million Sales Value, on the other hand, exceeded the P149.88 million target for the same period.

**Table 3. Summary of Asset Disposition Accomplishments**

Asset Classification	Units	Sales Value (Php Mn)
Developmental Projects	23	27.24
APC Projects	2	56.79
Retail Accounts	6	5.57
Others (CMP, CHP, BLISS, Relocation)	4	1.10
<b>TOTAL</b>	<b>35</b>	<b>90.70</b>

<b>Asset Classification</b>	<b>Units</b>	<b>Sales Value (Php Mn)</b>
<b>Other Assets (Share on JVA)</b>	<b>-</b>	<b>64.19</b>
<b>TOTAL</b>	<b>35</b>	<b>154.55</b>
<b>Q2 2018 Target</b>	<b>64</b>	<b>149.88</b>
<b>% of Accomplishment to Target</b>	<b>54.69%</b>	<b>103.34%</b>

As of end of June 2018, the remaining acquired assets in the inventory is at 8,882 units with sales value of P18,352.17 million.

HGC also has remaining 1,464,500 shares from the Harbour Centre Port Terminal, Inc. (HCPTI) with par value of P1,464.50 million.

**Table 4. Remaining Inventory of Acquired Assets**

<b>Asset Classification</b>	<b>Units</b>	<b>Sales Value (Php Mn)</b>
Developmental Projects	1,169	967.09
APC Projects	2,883	16,596.45
Retail Accounts	362	146.70
Others (CMP, CHP, BLISS, Reloc.)	4,468	641.93
<b>TOTAL</b>	<b>8,882</b>	<b>18,352.17</b>

  

HCPTI shares	1,464,500	1,464.50
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HGC continuously cleans up assets with legal infirmities to make them saleable in the market.

### III. Collection of Receivables from Acquired Assets

HGC's collection efficiency for Current Accounts and New Sales is at 97.57%, exceeding the targeted collection efficiency of 95% for the first half of the year.

**Table 5. Amortization Collection**

Particulars	No. of Accounts	Outstanding Loan Balance (Php Mn)	Collection Target (Php Mn)	Actual Collection (Php Mn)	Collection Efficiency
<b>Current Accounts and Lease Receivables (0-3 months payment arrears)</b>					
Lease of Acquired Asset	51	N/A	127.94	124.93	97.64%
Guaranty Called Accounts	420	143.80	20.94	20.41	97.47%
BLISS Accounts	311	89.26	9.33	9.52	102.04%
Coop/ CMP	146	12.02	1.73	1.47	84.97%
Abot-Kaya/ Resettlement Projects	37	9.00	2.78	2.54	91.37%
<b>SUB-TOTAL</b>	<b>965</b>	<b>254.08</b>	<b>162.72</b>	<b>158.87</b>	<b>97.63%</b>
<b>New Sales</b>	-	-	-	-	-
Lease of Acquired Asset	3	N/A	0.98	0.98	100.00%
Guaranty Called Accounts	9	3.14	0.58	0.58	100.00%
BLISS Accounts	15	10.41	3.59	3.34	93.04%
Coop/ CMP	19	3.83	0.71	0.68	95.77%
Abot-Kaya/ Resettlement Projects	3	0.55	0.15	0.18	120.00%
<b>SUB-TOTAL</b>	<b>49</b>	<b>17.93</b>	<b>6.01</b>	<b>5.76</b>	<b>95.84%</b>
<b>GRAND TOTAL</b>	<b>1,014</b>	<b>272.01</b>	<b>168.73</b>	<b>164.63</b>	<b>97.57%</b>

To improve collection and ensure that Current Accounts (with 0-3 months payment arrears) remain current, HGC is implementing the following strategies:

1. Close monitoring of accounts. Proven as an effective strategy last year, current accounts are being closely monitored to prevent any delinquency or default in amortization payment. Statements of Account (SOA) of clients are

sent to their registered addresses on a regular basis. Clients are also encouraged to avail themselves of the on-line collection facility of Land Bank of the Philippines (LBP) for ease in payment.

2. Monthly reminders to buyers/lessees. Clients are given calls before the due dates of their payments.
3. Continued implementation of the 15-Year Restructuring Program. This is intended for beneficiaries of the following projects:

Bernabe Subdivision
Sariling Pabahay sa Riles (SAPARI)
Cogeo FM BLISS
Tondo Dagat-Dagatan FM BLISS
Malaban
MASHAI
Pila
Sambayanihan
Employees Journalist Association of the Philippines (EJAP)
Suburban Housing Project
Villa España
Family Village Resources
Friendship Village
North Hills Village
Montalban Heights

Under the said program, delinquent buyers are given the option to restructure their total obligation under the following terms:

- Total obligation payable over a period of one year without interest on amortization payments.
- Total outstanding obligation payable over a maximum term of fifteen (15) years or the remaining term of the loan with a minimum downpayment equivalent to ten percent (10%) of the total obligation, payable in six (6) months without interest, simultaneous with the monthly amortization. Balance payable with interest of 6%, 9% or 12% depending on the total outstanding obligation.

4. Implementation of 5-Year Restructuring Program. This is extended to homebuyers of other projects under the following terms:

- Accounts with unexpired term

A minimum downpayment of ten percent (10%) of the total arrearages payable over a period of six (6) months simultaneous with the monthly amortization of the original and the restructured obligation.

The balance of the total arrearages shall be payable over a period of five (5) years or the remaining term of the original loan, whichever is shorter, with interest rate of the original loan.

- Accounts with expired term

A minimum downpayment of ten percent (10%) of the total arrearages payable over a period of six (6) months simultaneous with the monthly amortization of the restructured obligation.

The balance shall be payable over a maximum term of five (5) years, with interest rate of the original loan.

5. Implementation of the 1% prompt-payor-reduction on interest rate. This is given to borrowers, whose monthly amortizations are paid on or before the due date.
6. Endorsement of delinquent accounts to Legal Group for appropriate legal action.
7. Evaluation and acceptance of offers for full settlement using the net present value (NPV) computation. Under this full payment scheme, the resultant yield/discount should be higher than the Weighted Average Cost of Capital (WACC) and the 364-day T-Bill rate at the time of execution of the Contract to Sell.