



PERFORMANCE AGREEMENT

This Performance Agreement has been executed pursuant to the **PERFORMANCE EVALUATION SYSTEM FOR THE GOCC SECTOR (GCG MC No. 2013-02 [Re-Issued])** between the –

GOVERNANCE COMMISSION FOR GOCCs (GCG)

- and -

HOME GUARANTY CORPORATION (HGC)

WHEREAS, the Parties above entered into a Performance Agreement covering CY 2016.

WITNESSETH: THAT –

The Parties agree to the following terms:

1. **Mission and Vision.** – HGC's Mission and Vision are as follows:

Mission : To mobilize resources for housing through a system of credit guarantees and incentives

Vision : Improved private sector participation in addressing the Nation's housing needs through a viable system of credit guarantees

The agreed Strategy Map for achieving the vision is attached hereto as **Annex A**.

2. **Measurement of Performance.** – Performance for 2016 shall be measured based on the Performance Scorecard attached hereto as **Annex B**. It is understood that the GOCC must achieve a weighted-average of at least 90% based on the agreed targets for 2016 to be eligible to grant any Performance-Based Bonus.

3. **Strategic Initiatives.** – HGC hereby commits to undertaking the following key programs and/or projects identified as having a significant impact on its Performance Scorecard (PES Form 2) attached hereto as **Annex C**, to wit:

- (a) Strategic Initiative 1 – Social Inclusiveness through the Guaranty on Small Loans;
- (b) Strategic Initiative 2 – Expanding Client Base and Strengthening Regional Presence;
- (c) Strategic Initiative 3 – Strengthening Risk Management System;
- (d) Strategic Initiative 4 – Mass Housing Development through Developmental Guaranty;
- (e) Strategic Initiative 5 – Contracting an External Party to Conduct Survey on Customer Satisfaction on HGC's Frontline Services; and
- (f) Strategic Initiative 6 – Bringing Delinquent Accounts to Current Status.

The Commitment herein includes obtaining all necessary approvals, if applicable, such as those for Major Development Projects under GCG MC No. 2013-03. HGC

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shall include updates on the foregoing Strategic Initiatives in its submission of quarterly monitoring reports to the GCG.

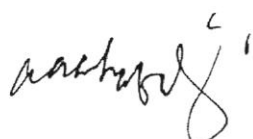
4. **Quarterly Submission of Performance Monitoring.** – HGC shall submit a quarterly monitoring report to the GCG within thirty (30) calendar days from the close of each quarter.
5. **Good Governance Conditions.** – In addition to the covered portions of the Performance Scorecard, the GOCC must fully comply with the Good Governance Conditions enumerated under GCG MC No. 2013-02 (Re-Issued), GCG MC No. 2014-02, and GCG MC No. 2014-03 namely:

5.1. *Conditions Common to National Government Agencies and GOCCs:*

- (a) Transparency Seal;
- (b) PhilGEPS Posting;
- (c) Cash Advance Liquidation;
- (d) Citizen's Charter or its equivalent; and
- (e) Compliance with the submission and review requirements covering Statement of Assets, Liabilities and Net worth (SALN).

5.2. *Conditions Specific to GOCCs Covered by R.A. No. 10149:*

- (a) Satisfaction of all statutory liabilities, including the payment of all taxes due to the Government, and declaration and payment of all dividends to the State as cleared by the Department of Finance, whenever applicable.
- (b) Submission and execution of concrete and time bound action plans for addressing Notices of Disallowances and Audit Observation Memoranda from the Commission on Audit (COA), if any.
- (c) Adoption of a "Manual of Corporate Governance" pursuant to Section 42 of the **CODE OF CORPORATE GOVERNANCE FOR GOCCs (GCG MC No. 2012-07)** that is approved by GCG and uploaded on the GOCC's website.
- (d) Compliance with posting on the GOCC's website the information enumerated under Section 43 of GCG MC No. 2012-07.
- (e) Adoption of a **No GIFT POLICY** approved by the GCG and uploaded on the GOCC's website pursuant to Section 29 of GCG MC No. 2012-07.
- (f) Compliance with the deadlines and submission of reports through the Integrated Corporate Reporting System (ICRS) pursuant to GCG MC No. 2014-02.
- (g) Compliance by all members of the Governing Board with the submission of all required forms for the Director Performance Review (DPR) pursuant to GCG MC. No. 2014-03 and implementing issuances pursuant thereto.
- (h) Submission of Corporate Operating Budgets (COBs):
 - i. For GOCCs receiving national government budgetary support, COBs shall be submitted to the Department of Budget and Management (DBM) for review and approval on or before the deadline indicated in DBM National Budget Memorandum No. 123 on "Budget Call for FY 2016;"



- ii. For GOCCs without national government budgetary support, COBs shall be submitted to the Governance Commission using the same deadline as provided in DBM National Budget Memorandum No. 123.
6. HGC shall timely inform GCG of all audit observations and notices of disallowances within seven (7) working days from the time it receives the same from the Commission on Audit (COA) prior to the regular publication of the final annual audit report. Accordingly, HGC shall copy furnish the Governance Commission copies of all written communications between HGC and COA on such matters, inform GCG of the schedule of its exit interview with COA seven (7) working days before the schedule or as soon as practicable, and other efficient means of inter-agency coordination.

Failure to timely disclose such matters to the Governance Commission prior to the same becoming public information or the submission of the application for the Performance-Based Bonus (PBB) or Performance-Based Incentive (PBI) may be considered as non-compliance with the Good Governance Condition of submitting Concrete and Time Bound Action Plans on findings of COA, rendering the Governing Board **INELIGIBLE** to apply for the PBI, without prejudice to a further determination on the impact of the same on the GOCCs PBB application.

7. Nothing herein shall be construed as limiting the authority of GCG to initiate renegotiations and/or revoke Performance Agreements in accordance with existing laws, rules and regulations.

DONE, this 27th day of June 2016, in the City of Makati, Philippines.

**GOVERNANCE COMMISSION
FOR GOCCs**

BY AUTHORITY OF THE COMMISSION:


MA. ANGELA E. IGNACIO
Officer-in-Charge and
Commissioner


RAINIER B. BUTALID
Commissioner

HOME GUARANTY CORPORATION

CESAR V. PURISIMA
DOF Secretary,
Chairman

CHITO M. CRUZ
HUDCC Chairman,
Board Member


CORAZON G. CORPUZ
Officer-in-Charge


Bi. sackul

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EMMANUEL F. ESGUERRA
NEDA Director General,
Board Member



MAGLEO V. ADRIANO
Board Member



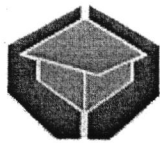
ANTONIO ATANACIO A. HABULAN JR.
Board Member



DANILLO V. FAUSTO
Board Member

HOME GUARANTY CORPORATION

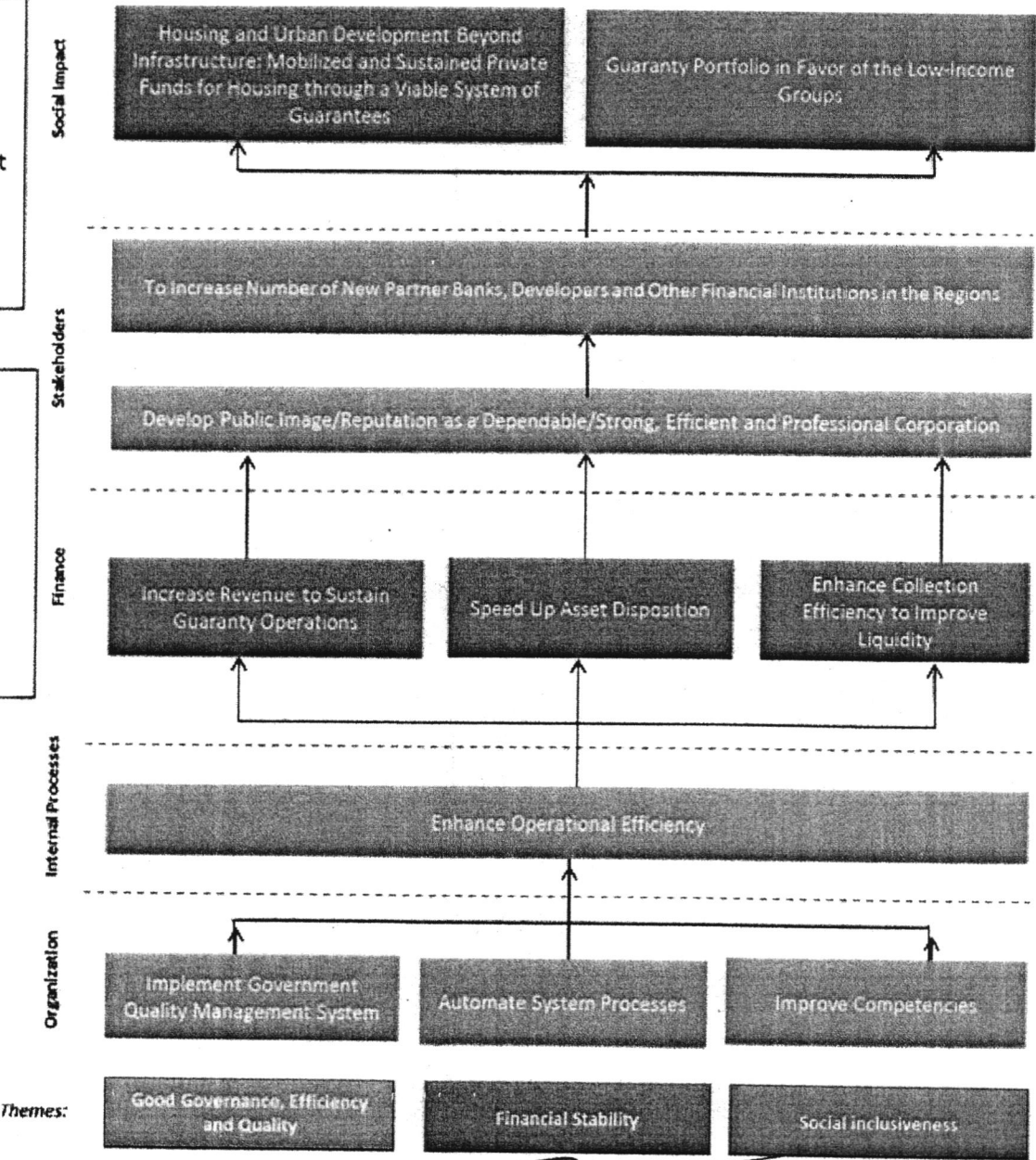
Charter Statement and Strategy Map



VISION: Improved private sector participation in addressing the Nation's housing needs through a viable system of credit guarantees

MISSION:
To mobilize resources for housing through a system of credit guarantees and incentives

- CORE VALUES:**
- Integrity
 - Accountability
 - Commitment
 - Innovation
 - Excellence
 - Synergy



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HOME GUARANTY CORPORATION

Component										
Objectives/Measures	Formula	Weight	Rating Scale	Baseline				Target 2016		
				2012	2013	2014	2015			
SOCIAL IMPACT	SO 1	Housing and Urban Development Beyond Infrastructure: Mobilized and Sustained Private Funds for Housing through a Viable System of Guarantees								
	SM 1	Total value of loans guaranteed	Value of outstanding guaranty for the year	21%	(Actual/Target) * Weight	₱82.40 Billion	₱63.51 Billion	₱97.25 Billion	₱119.996 Billion	5% growth on end-2015 outstanding guaranty
	SO 2	Guaranty Portfolio in Favor of the Low-Income Groups								
	SM 2	Percentage of housing units covered by outstanding guaranty allocated for socialized and low-cost housing (excluding HDMF accounts)	Number of housing units covered by outstanding guaranty allocated for socialized and low cost housing (excluding HDMF accounts) divided by Total number of housing units covered by outstanding guaranty	6%	All or nothing	90.07% (excluding HDMF accounts)	91.21% (excluding HDMF accounts)	at least 70%	82.73%	at least 70%
		Sub-total		27%						

Component										
Objectives/Measures		Formula	Weight	Rating Scale	Baseline				Target	
					2012	2013	2014	2015	2016	
STAKEHOLDERS	SO 3	To Increase Number of New Partner Banks, Developers and Other Financial Institutions in the Regions								
	SM 3	Number of active partner banks, developers and other FIs in the regions	Actual number of active partner banks, developers and other FIs in the regions	5%	(Actual/Target) * Weight	30	27 (out of 55)	27	47	40
	SM 4	Percent of top 100 rural banks engaged in housing doing business with HGC	Number of Top 100 rural banks engaged in housing doing business with HGC divided by Top 100 Rural banks engaged in housing	5%	(Actual/Target) * Weight	N/A	11%	17%	21%	30%
	SO 4	Develop Public Image/Reputation as a Dependable/Strong, Efficient and Professional Corporation								
	SM 5	Satisfaction rating based on a survey conducted by a third party	Rating	5%	All or nothing	N/A	N/A	N/A	Achieved rating of 4/5 or "Very Satisfactory"	Achieved rating of 3/5 or "Satisfactory"
		Sub-total		15%						
FINANCE	SO 5	Increase Revenue to Sustain Guaranty Operations								
	SM 6	Net Operating Income	Operating Revenues less Operating Expenses	16%	(Actual/Target) * Weight	₱450.407 Million	₱471.037 Million	₱543.783 Million	₱441 Million	₱911.70 Million

Component										
Objectives/Measures	Formula	Weight	Rating Scale	Baseline				Target		
				2012	2013	2014	2015	2016		
FINANCE	SO 6	Speed Up Asset Disposition								
	SM 7	Sales value of assets sold	Sales value of acquired assets sold for the year (Acquired assets to be accounted are assets with values ranging from ₱47-₱52 Million)	6%	(Actual/Target) * Weight	-	-	₱129.74 Million	₱67.79 M	₱960.27 Million
	SO 7	Enhance Collection Efficiency to Improve Liquidity								
	SM 8	Collection Efficiency	Value of actual collections during the year divided by Total Collectibles for the year	7%	(Actual/Target) * Weight	92%	88%	88.5%	91.61%	90%
		Sub-total		29%						
INTERNAL PROCESS	SO 8	Enhance Operational Efficiency								
	SM 9	Percentage of guaranty enrollment applications completed within 15 working days upon receipt of complete required documentation	Number of guaranty enrollment applications completed within 15 working days upon receipt of complete documentation over Total number of guaranty enrollment applications filed with complete documentation	6%	(Actual/Target) * Weight	100%	100%	100%	100%	100%

Component										
Objectives/Measures			Formula	Weight	Rating Scale	Baseline				Target
						2012	2013	2014	2015	2016
INTERNAL PROCESS	SM 10	Percentage of approved guaranty calls paid within 20 calendar days upon receipt of complete required documentation	Number of approved guaranty calls paid within 20 calendar days upon receipt of complete documentation over Total number of approved guaranty calls	6%	(Actual/Target) * Weight	-	-	-	100%	90%
	SM 11	Percentage of sales document executed within 30 days from receipt of reservation payment/downpayment	Number of sales document executed within 30 days from receipt of payment divided by Total number of sales document with reservation payment/downpayment	6%	(Actual/Target) * Weight	100%	87%	88%	95.33%	100%
		Sub-total		18%						
ORGANIZATION	SO 9	Implement Government Quality Management System (GQMS)								
	SM 12	ISO Certification of business processes	Certification	6%	All or nothing	none	3 core business processes certified	3 core business processes certified	3 core business processes certified	ISO 9001:2015 Certification of additional business processes

Component										
Objectives/Measures	Formula	Weight	Rating Scale	Baseline				Target 2016		
				2012	2013	2014	2015			
ORGANIZATION	SO 10	Automate System Processes								
	SM 13	Automation of system processes	% completion	2.5%	All or nothing	NA	95% of system processes automated	HGC 2015-2017 ISSP Formulated	Awaiting GPPB legal Opinion on AX Enhancement TOR and Contract Award. Request submitted last 15 May 2015	Completion of Information System Enhancement Project
	SO 11	Improve Competencies								
	SM 14	Competency Framework	Baseline	2.5%	All or nothing	NA	NA	NA	Developed Competency Framework	Establish baseline competency levels
		Sub-total		11%						
	TOTAL		100%							

HOME GUARANTY CORPORATION
STRATEGIC INITIATIVES PROFILE

I. STRATEGIC INITIATIVE I

- A. **Name of Project:** Social Inclusiveness through the Guaranty on Small Loans
- B. **Contact Person/Project Team Head:** VP Melinda M. Adriano
Teresito Cayo A. Butardo
Frank Lloyd C. Gonzaga
- C. **Project Description:** This initiative aims to promote the provision of small loans for housing and strengthen access to formal finance by the low-income sector.

D. **Project Milestones:**

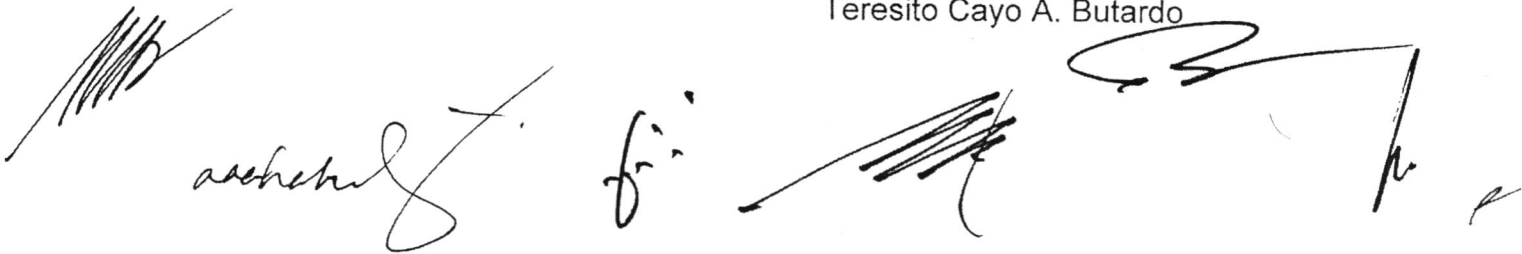
Activities	Timeline		Budget	Funding Source	Status
	Start	End			
a. Propose amendments to Guaranty on Small Housing Loans	January 2016	March 2016	P2.0 million	Corporate Operating Budget (COB)	On-going
b. Promote self-aided approach to housing	April 2016	Dec. 2016			On-going
c. Give recognition to Champions of Small Housing Loans	Oct. 2016				

E. **Measures Affected:**

1. Total value of loans guaranteed
2. Percentage of housing units covered by outstanding guaranty allocated for socialized and low cost housing
3. Number of active partner banks, developers and other financial institutions in the regions
4. Percentage of top 100 rural banks engaged in housing doing business with HGC

II. STRATEGIC INITIATIVE II

- A. **Name of Project:** Expanding Client Base and Strengthening Regional Presence
- B. **Contact Person/Project Team Head:** VP Melinda M. Adriano
Frank Lloyd C. Gonzaga
Araceli G. Tungpalan
Teresito Cayo A. Butardo



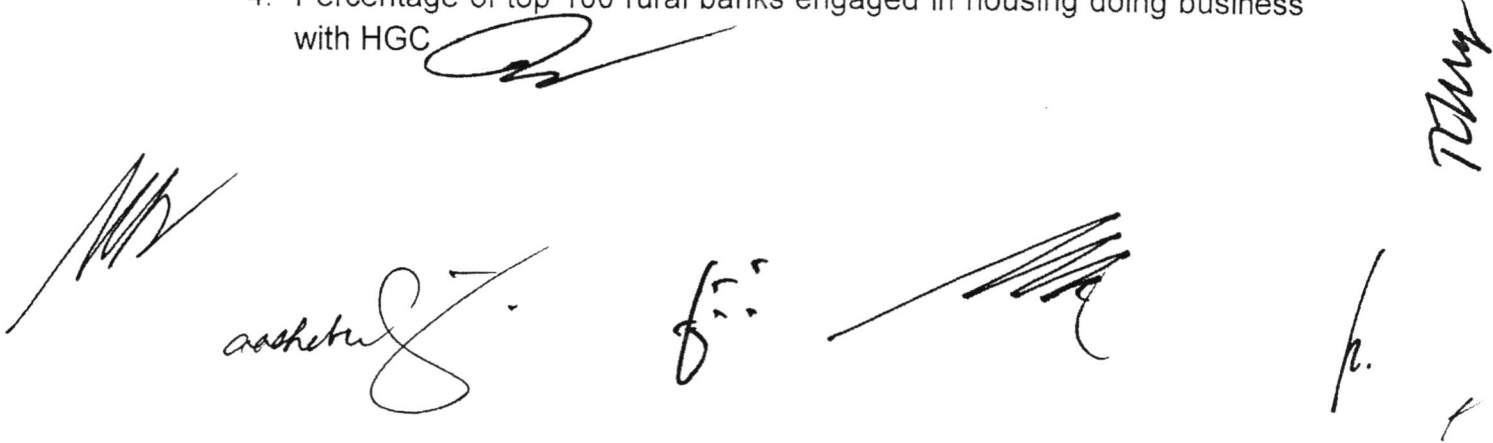
C. **Project Description:** This initiative aims to increase the number of new clients nationwide preferably those lending in the regions. Banks, non-bank financial institutions and developers will be encouraged to lend for housing with the HGC guaranty.

D. **Project Milestones:**

Activities	Timeline		Budget	Funding Source	Status
	Start	End			
a. Tap non-bank financial institutions and developers to avail of guaranty programs like securitization (bond issuances, commercial papers, etc.)	January 2016	Dec. 2016	P5.3 million	Corporate Operating Budget (COB)	On-going
b. Encourage Banks/Employers to institutionalize affordable housing loan program for their employees and to employees of their other businesses	January 2016	Dec. 2016			On-going
c. Encourage funders with no housing loan portfolio to start homelending with HGC Guaranty	January 2016	Dec. 2016			On-going
d. Develop new products *Guaranty on Loans backed-up by other Assets	January 2016	June 2016			
e. Continuous Marketing of Guaranty Programs	January 2016	Dec. 2016			On-going
f. Client Relationship Management	January 2016	Dec. 2016			On-going

E. **Measures Affected:**

1. Total value of loans guaranteed
2. Percentage of housing units covered by outstanding guaranty allocated for socialized and low cost housing
3. Number of active partner banks, developers and other financial institutions in the regions
4. Percentage of top 100 rural banks engaged in housing doing business with HGC



III. STRATEGIC INITIATIVE III

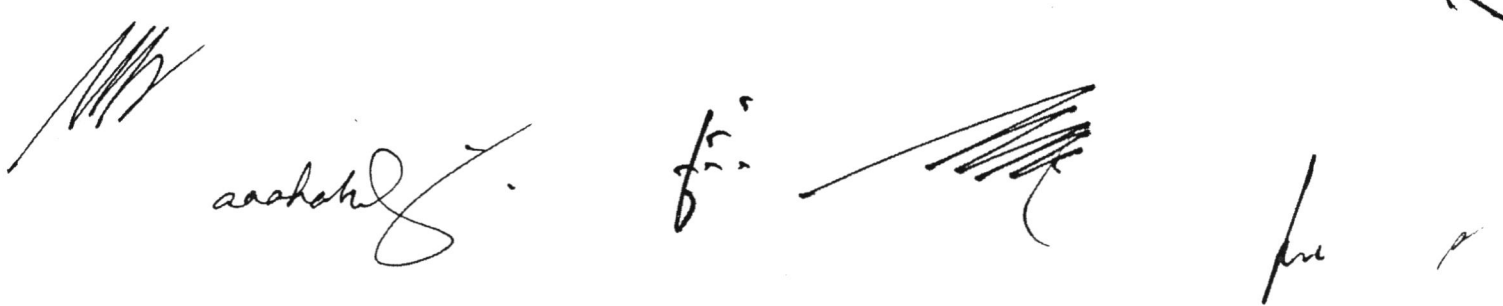
- A. **Name of Project:** Strengthening Risk Management System
- B. **Contact Person/Project Team Head:** VP Melinda M. Adriano
- C. **Project Description:** This initiative aims to ensure that credit risk on guaranteed accounts is mitigated.
- D. **Project Milestones:**

Activities	Timeline		Budget	Funding Source	Status
	Start	End			
a. Ensure strict compliance to credit ratio equity and seasoning requirements	January 2016	Dec. 2016	P3.0 million	Corporate Operating Budget (COB)	On-going
b. Ensure that clients are following the appraisal standards of HGC	January 2016	Dec. 2016			On-going
c. Conduct an annual review of client's performance, especially on loan evaluation, accounts management and collection	January 2016	Dec. 2016			On-going
d. Conduct post-audit to ensure compliance to warranties	January 2016	Dec. 2016			On-going

- E. **Measures Affected:**
1. Net Operating Income

IV. STRATEGIC INITIATIVE IV

- A. **Name of Project:** Mass Housing Development through Developmental Guaranty
- B. **Contact Person/Project Team Head:** VP Melinda M. Adriano
Frank Lloyd C. Gonzaga
Teresito Cayo A. Butardo
Araceli Tungpalan
- C. **Project Description:** This is intended to encourage funders to lend to housing developers of mass housing projects.



D. Project Milestones:

Activities	Timeline		Budget	Funding Source	Status
	Start	End			
a. Approval of revised developmental guidelines	January 2016	March 2016	₱2.83 million	Corporate Operating Budget (COB)	On-going
b. Marketing of the program and enrollment of developmental loans	May 2016	Dec. 2016			On-going

E. Measures Affected:

1. Total value of loans guaranteed
2. Percentage of housing units covered by outstanding guaranty allocated for socialized and low cost housing
3. Number of active partner banks, developers and other financial institutions in the regions
4. Percentage of top 100 rural banks engaged in housing doing business with HGC

V. STRATEGIC INITIATIVE V 

A. **Name of Project:** Contracting an External Party to Conduct Survey on Customer Satisfaction on HGC's Frontline Services

B. **Contact Person/Project Team Head:** Acting EVP Corazon G. Corpuz
Mr. Roger F. Saltiga

C. **Project Description:** This initiative aims to hire a credible research service provider for the conduct of a cost-effective survey on HGC's customer satisfaction.

D. Project Milestones:

Activities	Timeline		Budget	Funding Source	Status
	Start	End			
1. Prepare Terms of Reference (TOR)	April 2016	April 2016	₱200,000.00 million	Corporate Operating Budget (COB)	
2. Secure approval of the TOR	April	May			
3. PhilGEPS Posting	May	May			
4. Evaluation of Proposal	June	June			
5. Notice of Award	June	June			
6. Award of Contract	July	July			



Activities	Timeline		Budget	Funding Source	Status
	Start	End			
7. Discussion with the research service provider regarding methodology and survey questionnaire	August	August			
8. Implement survey	August	Sept			
9. Present survey results to Management	Sept	Sept			
10. Billing of payment	Sept	Sept			
11. Process payment for the research service	Sept	Sept			
12. Pay the research service provider	Sept	Sept			

VI. STRATEGIC INITIATIVE VI

A. **Name of Project:** Bringing Delinquent Accounts to Current Status

B. **Contact Person/Project Team Head:**









Acting EVP and VP CSG Corazon G. Corpuz
Rebecca I. Hornilla

C. **Project Description:** The project aims to reduce the number of delinquent accounts and improve collection efficiency.

D. **Project Milestones:**

Activities	Timeline		Budget	Funding Source	Status
	Start	End			
Clean up of accounts with documentary/project deficiencies	Jan. 2016	Dec. 2016	P37.81Mn	CO	
Continue endorsement of delinquent accounts to Legal/Collection Agents	Jan. 2016	Dec. 2016	P25.27Mn	MOOE	
Continue enforcement of cancellation and foreclosure/ejectment of accounts that remain delinquent/continuously default on payments despite offers of various restructuring/payment scheme	Jan. 2016	Dec. 2016	P71.21Mn	CO	

Legend: CO - Capital Outlay
MOOE - Miscellaneous and Other Operating Expenses

E. Measures affected

- 1. Collection Efficiency
- 2. Net income



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