

## Section VI. Terms of Reference

### Procurement of Real Estate Appraisal Services



NATIONAL HOME MORTGAGE FINANCE CORPORATION

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## TERMS OF REFERENCE

FOR THE PROCUREMENT OF REAL ESTATE APPRAISAL SERVICES

### BACKGROUND

The National Home Mortgage Finance Corporation (NHMFC), which was created in 1977 by virtue of Presidential Decree No. 1267, is a government institution responsible for increasing the availability of affordable housing loans that would finance or support the acquisition of housing units of Filipinos through the development and operation of a secondary market for home mortgages.

The Asset Valuation Division (AVD) of the NHMFC is responsible for the technical requirements of the Corporation's programs relative to the conduct of ocular inspection and property appraisal. It is tasked to give an opinion of value for the real estate properties underlying the non-performing accounts and updated or regular accounts, including the collaterals being offered by real estate developers and other originating institutions under the Housing Loan Receivables Purchase Program (HLRPP), and other fixed assets of the Corporation.

With the current thrust of the Corporation to boost its performance in order to provide better service, the AVD is looking to engage with two (2) reputable appraisal companies in order to sufficiently serve the appraisal requirements of the Corporation's programs.

### I. OBJECTIVES

To procure the appraisal services of reputable appraisal companies in order to:

- A. Provide quality and timely appraisal/valuation to the following two hundred thirty-six (236) NHMFC properties located in:

LOCATION OF PROPERTY	NUMBER OF ACCOUNTS
<b>National Capital Region</b>	
NCR	27
<b>LUZON</b>	
ISABELA	1
BATAAN	8
BULACAN	6
ZAMBALES	6

PAMPANGA	15
TARLAC	3
CAVITE	23
LAGUNA	43
RIZAL	38
BATANGAS	2
QUEZON	2
PANGASINAN	3
CAMARINES NORTE	1
ORIENTAL MINDORO	1
PUERTO PRINCESA	3
<b>VISAYAS</b>	
BACOLOD CITY/NEGROS OCC.	8
ILOILO CITY	1
ROXAS	2
<b>MINDANAO</b>	
CAGAYAN DE ORO	13
DAVAO CITY	17
GEN. SANTOS CITY	13
<b>TOTAL</b>	236

- B. To provide quality and timely appraisal services for all the programs of the Corporation on an ***on-call basis***, such as but not limited to, the Buyer-Initiated Disposal of Assets - Non-Performing Loans (BIDA-NPL), disposal of acquired assets of the Corporation, Special Project accounts, and for accounts applied under the Housing Loan Receivables Purchase Programs (HLRPP1, SHeLTeR, and Reverse Mortgage Program) and other properties located in various areas nationwide.

## II. SCOPE OF WORK / DELIVERABLES

- A. Conduct of ocular inspection of the property and ascertain its physical state insofar as the same affects its value;
- B. Conduct of appropriate and diligent research on the value of the property through inquiries with banks, real estate property brokers, listings of recent properties for sale, sold, or published thru classified ads and thru the internet;
- C. Verification and disclosure on the following:
- Presence of road or legal right-of-way;
  - Exact location of the property through physical inspection or investigation with appropriate government agencies dealing with real property such as the Assessor's Office, Tax Mapping Office, Land Registration Authority (LRA), Department of Environment and Natural

Resources (DENR) or any other agency that ascertains the legal, physical existence, and exact location of real properties;

- Encroachment on or of the property subject of appraisal, if obvious, including improvements thereon;
- Existence and availability of basic service utilities such as water, electricity, transportation, road networks, etc.;
- History of severity of flooding caused by rainfall and other causes either natural or man-made;
- Presence of informal settlers either within the property itself or its immediate vicinity;
- Topography and elevation of the property with respect to road level;
- Land erosions particularly for properties bounded by bodies of water;
- Presence of waterways, canal or other similar structures that run through or bounds the property; and
- If located within the fault line's five (5)-meter buffer zone.

- D. Generation of Appraisal Report in Short Form. A template shall be provided as basis for purposes of uniformity in the presentation of data (see Appendix "A"). However, the winning bidder may opt to use their own template for ease of computation of values as long as the data fields indicated in the attached NHMFC template are all represented and filled out, which may differ only in format with that of their suggested template and other enhancements, if any.

For HLRPP accounts under Section I.B:

Aside from the appraisal report in short form, an appraisal report in narrative form is also required per subdivision/project, together with a summary of appraisal values of each property inspected per subdivision/project, and an outline of specifications for site development and house models as basis of appraisal values.

Moreover, soft copies of both the short and narrative forms of appraisal report are also required for submission.

For accounts under Section I.A:

- E. Generation of a Vicinity/Location Map of the subject property indicating the landmarks near the subject property, if any.
- F. Photographs of the subject property showing the façade and interior of the housing unit, side and rear views of the unit, and view of the street where the property is abutted/situated should be provided.
- G. For purposes of place marking the account in the NHMFC Geographical Mapping System, GPS coordinate readings (latitude and longitude) on at least one (1) corner of the property that is directly abutting the servicing road is also required.

For accounts under Section I.B:

- E. Generation of a Vicinity/Location Map of the subject property indicating the landmarks near the subject property, if any, for BIDA-NPL and AAD accounts. However, such is no longer needed for properties under the HLRPP, since it is already one of the requirements for application to the program and is being provided by the project proponent.
- F. Photographs of the subject property showing the façade and interior of the housing unit, side and rear views of the unit, and view of the street where the property is abutted/situated should be provided. Under the HLRPP, photographs of land development including amenities of the subdivision should also be provided.
- G. For purposes of place-marking the account in the NHMFC Geographical Mapping System, GPS coordinate readings (latitude and longitude) on at least one (1) corner of the property that is directly abutting the servicing road is also required.

### **III. QUALIFICATION REQUIREMENTS**

The NHMFC is looking for reputable appraisal companies with qualifications as follows:

- A. Must have platinum membership from PhilGeps;
- B. Must have at least five (5) years of experience in real estate appraisal;
- C. Must have undertaken similar projects/contracts with private or government agencies;
- D. Must have a roster of licensed real estate appraisers in the organization, which is sufficient for nationwide coverage. Preference is given to companies with region-based appraisers in order to provide cost-effective and timely appraisal services for properties located in most parts of the country.

Bidders must submit curriculum vitae for each appraiser/member of the team who will undertake the project and a photocopy of the respective PRC ID for licensed appraisers.

Further, the Bidder must indicate in the Team Composition the regional appraiser/member who will be assigned to undertake the appraisal of properties located in different regions, if any,

- E. All appraisers that are included in the roster of the organization must be in good standing or has been affirmed and sworn to by the Bidder that said appraisers have no derogatory record or said appraisers are in good standing.

#### IV. APPROVED BUDGET FOR THE CONTRACT

##### A. For accounts under Section I. A

The Approved Budget for the Contract (ABC) is **NINE HUNDRED FORTY-FIVE THOUSAND PESOS (Php 945,000.00)**, inclusive of all applicable taxes and will be sourced from corporate funds.

##### B. For accounts under Section I. B

The Approved Budget for the Contract (ABC) for each account shall not exceed the rates indicated in the table below, inclusive of all applicable taxes and will be sourced from corporate funds. Also, the maximum amount that the two (2) winning bidders may be paid cumulatively for the services rendered shall not exceed **TWELVE MILLION PESOS (Php 12,000,000.00)**. The payment of which shall be based on the proposed rates of the lowest bidder for each account, and the same rates shall also be used as basis for the payment of services of the second to the lowest bidder, but should not exceed the following rates enumerated below:

TYPE OF ACCT. AREA		NCR	OUTSKIRTS OF NCR	LUZON	VISAYAS	MINDANAO
<b>BIDA-NPL/ AAD Accounts</b>						
<b>Lot with Improvement</b>						
First lot	Base Fee	4,500.00	4,500.00	4,500.00	4,500.00	4,500.00
Per succeeding lot within same subdivision	Base Fee	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00
<b>Lot Only</b>						
First Lot	Base Fee	2,800.00	2,800.00	2,800.00	2,800.00	2,800.00
Per succeeding lot within same subdivision		1,000.00	1,000.00	1,000.00	1,000.00	1,000.00
<b>TOPE*</b>						
For assignment with minimum of 5 up to 10 accts per province		-	1,120.00	1,120.00	1,120.00	1,120.00
<b>HLRPP Accounts</b>						
Preliminary Appraisal per project/condominium project (up to 2 models only)	Base Fee	5,100.00	5,100.00	5,100.00	5,100.00	5,100.00
Per succeeding model w/in the same project/condominium		2,300.00	2,300.00	2,300.00	2,300.00	2,300.00
Per account (with borrower) after pre-appraisal		1,120.00	1,120.00	1,120.00	1,120.00	1,120.00
TOPE*	For assignment with minimum of	-	1,120.00	1,120.00	1,120.00	1,120.00

	3 projects per province					
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\*Outskirts of NCR include Bulacan, Cavite, Laguna, and Rizal  
\*TOPE : Transportation and Out-of-Pocket Expenses

*TOPE shall be given only for assignments with a minimum of 5 accounts up to 10 accounts, and for increments of 5 accounts thereafter per province (for BIDA-NPL & AAD Accounts). Also, TOPE shall be given only for assignments with a minimum of 3 projects per province (for HLRPP accounts).*

**V. DURATION OF CONTRACT**

- A. Appraisal works for accounts under Section I.A shall be completed within FORTY-FIVE (45) working days, to commence one (1) day from the date of issuance of the Notice to Proceed.
- B. However, the contract duration for the appraisal of accounts on on-call basis under Section I.B shall be for a period of one (1) year, subject to renewal of contract.

**VI. AWARDING OF CONTRACT**

The contract for this project shall cover both the appraisal in lump sum, which consists of the 239 accounts (Section I.A), and the accounts under on-call appraisal (Section I.B).

- A. The lowest bidder shall be awarded the accounts under Section I.A and shall be considered to render appraisal service to properties underlying accounts under Section I.B simultaneously.
- B. However, in order to meet the objective of this activity considering that numerous properties are involved under Section I.B, which may be assigned to the lowest Bidder from time to time depending on the number of accounts submitted by the requesting unit, another bidder may be considered to render appraisal service for this section.

The second to the lowest bidder may be considered to render appraisal service provided that the proposed rates of the lowest bidder for each account shall be used as basis for the payment of services of the second to the lowest bidder. In the event that the second to the lowest bidder is not amenable to such rates as payment for their service, the next-in-rank bidder may be considered for the slot.

**VII. PAYMENT TERMS**

NHMFC shall pay the amount covering the fees/expenses per account based on the offer of the lowest and responsive bidder within twenty (20) working days after each delivery and written acceptance of appraisal reports assigned to the winning bidder. Each billing shall consist of the fees and expenses for the total number of appraisal reports delivered. Payment for every delivery

billing shall be processed and released within twenty (20) working days after written acceptance of reports delivered.

## **VIII. REPORTING**

### **A. For Accounts under Section I.A:**

Submission of appraisal reports shall be done weekly, which shall commence within seven (7) working days from the date of issuance of the Notice to Proceed (NTP), not exceeding the total duration specified under Section V.A. The number of appraisal reports to be submitted shall follow the proposed delivery schedule of the winning bidder per week. Each submission of appraisal reports shall be covered by a transmittal letter indicating the summary of appraisal reports being delivered with remarks on the properties reported, the corresponding statement of account per delivery and soft copies of the reports delivered.

### **B. For Accounts under Section I.B:**

Delivery of appraisal reports shall be done within six (6) working days for BIDA-NPL accounts and HLRPP projects requiring preliminary appraisal, and four (4) working days for account appraisal (with borrower) of HLRPP from the date of Notice of Assignment issued by the NHMFC-Asset Valuation Division, regardless of the number of accounts assigned per issue. Issuance of Notice of Assignment shall commence within five (5) working days from the date of issuance of the Notice to Proceed (NTP)/Notice of Award, via electronic mail or NHMFC courier, which the winning bidders shall acknowledge receipt of. Each delivery of the appraisal report shall be covered by a transmittal letter bearing the control number indicated in the Notice of Assignment, the summary of appraisal reports with remarks on the properties reported per delivery, the corresponding statement of account per assignment and soft copies of the reports delivered.

## **IX. MONITORING AND ASSESSMENT**

The AVD shall monitor the reporting progress of the winning bidder, taking into account the number of appraisal reports and its conformity with the contents of the Notice of Assignment issued, with a specific control number per issue. The amount for progress/delivery billing shall then be assessed by the AVD upon written acceptance of the report after evaluation.

Each report shall be evaluated by the AVD with respect to consistency in the account information and based on the scope of works stipulated in the contract within seven (7) working days after delivery of each batch of appraisal reports. Any submitted appraisal report which contains inconsistencies shall be returned to the winning bidders for rectification and payment shall only be processed upon acceptance of the rectified report by



the AVD. The assessed billing shall then be forwarded to the Accounting Department for payment processing.

**X. INCONSISTENCY IN SPECIFICATION**

In cases where there is a discrepancy between the location of NHMFC properties as generated from the NHMFC-Information Systems and Technical Support Division (ISTSD) and the location indicated in the TCT covering the said property, the locational information indicated in the TCT shall prevail. Consequently, the correct location of the property should be indicated in the remarks section of the report, including house number, if any.

However, if any inconsistency is found in any of the items under this Terms of Reference, the interpretation of the NHMFC on the said inconsistency shall prevail.

**XI. LIQUIDATED DAMAGES**

NHMFC shall impose a penalty per day of delay in the submission of appraisal reports equivalent to one-tenth (1/10) of 1% of the total amount to be billed per delivery batch.

The NHMFC reserves the right to accept or reject any Bid, to annul the bidding process and/or to reject all Bids at any time prior to contract award, without thereby incurring any liability to the affected Bidder or Bidders.

**Recommended by:**

**THE TECHNICAL WORKING GROUP:**

**Noe R. Valencia**  
Head

**Rovic J. Mande**  
Member

**Rubirosa M. Alvarado**  
Member

**Edmundo P. Garais**  
Member

**Approved by:**

**THE BIDS AND AWARDS COMMITTEE**

**Carolina C. Cortez**  
Member

**Atty. Dante M. Patapat**  
Member

**Ma. Victoria L. Alpajaro**  
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**Romeo S. Roldan**  
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