



NATIONAL HOME MORTGAGE FINANCE CORPORATION

TERMS OF REFERENCE ACCREDITATION OF COLLECTION PARTNERS

I. PROJECT NAME

This project shall be known as the **e-Payment Service for Juan and Juana.**

II. BACKGROUND

The National Home Mortgage Finance Corporation was created in 1977 by virtue of Presidential Decree (P.D.) 1267. Its mandate is to be the primary secondary mortgage institution (SMI) in the country. It aims to sustain the availability of funds for housing finance, as well as to collect and serve the needs of its borrowers/ clients. Consistent with this mandate, NHMFC bought mortgages from 1988 to 1996 from housing developers and banks.

NHMFC's clientele are members of the Social Security System (SSS), Government Service Insurance System (GSIS) and the Home Development Mutual Fund (HDMF). Currently, housing loan portfolio has been reduced to approximately 55,000 accounts due to full payment, Non-Performing Loans (NPL) sale and securitization issuances.

NHMFC's accredited collecting agents are the Development Bank of the Philippines (DBP), the Philippine National Bank (PNB), Banco De Oro (BDO), BPI - Family Savings Bank (BPI-FSB), United Coconut Planters Bank (UCPB), Shoemart Retail, Inc. (SM) and Bayad Center (BC). These collecting agents accept monthly housing loan amortizations from individual NHMFC borrowers. On the other hand, the Land Bank of the Philippines (LBP) accepts remittances of employers who had entered into an Employer's Salary Deduction Collection Agreement with NHMFC for their employees.

III. OBJECTIVES

The principal objective of this project is to delight the customer by providing a more convenient and efficient alternative for borrowers to pay their monthly amortizations by partnering with major mobile telecommunications providers. With the help of mobile technological innovations currently available, it is expected that having additional payment options will encourage the

Corporation’s borrowers/ buyers to regularly pay/remit their monthly amortization/installments to avoid incurring penalties.

It is expected that having additional payment options will eventually result to an increase in the Corporation’s collection, thereby increasing its collection efficiency and improving its cash position.

IV. ACCREDITATION CRITERIA

The Collection Partners (CPs) must meet the following weighted criteria:

A. TECHNICAL (75%)

Factors	Points
<p>A.1. No Average Daily Balance (ADB) requirement*</p> <p>Actual daily collections should be remitted/credited to NHMFC’s LBP Account #1 on the following banking day.</p>	15
<p>A.2. Compliant with “ <i>check digit validation</i> ” (Algorithm)*</p> <p>The Collection Partner’s IT system should support the “check digit validation” system of NHMFC.</p> <p>*Full rating will be given if the particular factor is met, and zero (0) rating if the particular factor is not met.</p>	20
<p>A.3. Collection Servicing Experience</p> <p style="padding-left: 20px;">A.3.1. Experience with Private Institution</p> <p style="padding-left: 20px;">A.3.2. Experience with Government Institution</p>	<p>15</p> <p>5</p>

<p>A.4. Quality of Service</p> <p>A.4.1. The collection partner shall submit a certification from clients/ customers stating the performance of the company for the past two(2) years, as follows:</p> <table border="1" style="margin-left: 40px;"> <tr> <td>Excellent</td> <td>45</td> </tr> <tr> <td>Very Satisfactory</td> <td>30</td> </tr> <tr> <td>Satisfactory</td> <td>5</td> </tr> </table>	Excellent	45	Very Satisfactory	30	Satisfactory	5	45
Excellent	45						
Very Satisfactory	30						
Satisfactory	5						

B. FINANCIAL (25%)

<p>B.1. Proof of Financial Strength</p> <p>The Collection Partners shall submit audited Financial Statement based on Income Tax Return-Net for the past two (2) years.</p> <table border="1" style="margin-left: 40px;"> <tr> <th colspan="2" style="text-align: center;">Net Income</th> </tr> <tr> <td>More than 5.0 Billion</td> <td style="text-align: center;">50</td> </tr> <tr> <td>1.0 Billion to 5.0 Billion</td> <td style="text-align: center;">30</td> </tr> <tr> <td>Below 1.0 Billion</td> <td style="text-align: center;">5</td> </tr> </table>	Net Income		More than 5.0 Billion	50	1.0 Billion to 5.0 Billion	30	Below 1.0 Billion	5	50		
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<p>B.2. Transaction Fee</p> <table border="1" style="margin-left: 40px;"> <tr> <td colspan="2">The “transaction fee” should be passed-on to NHMFC borrowers</td> </tr> <tr> <td>Php 5.00 and below</td> <td style="text-align: center;">50</td> </tr> <tr> <td>More than Php 5.00 to Php 8.00</td> <td style="text-align: center;">40</td> </tr> <tr> <td>More than Php 8.00 to Php 10.00</td> <td style="text-align: center;">30</td> </tr> <tr> <td>Over Php 10.00</td> <td style="text-align: center;">10</td> </tr> </table>	The “transaction fee” should be passed-on to NHMFC borrowers		Php 5.00 and below	50	More than Php 5.00 to Php 8.00	40	More than Php 8.00 to Php 10.00	30	Over Php 10.00	10	50
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The Passing Mark should not be less than seventy five percent (75%) and must not have zero(0) score on any of the criteria.

V. ELIGIBILITY AND DOCUMENTARY REQUIREMENTS

- Telecom companies must be a reputable corporation, registered, organized and existing under and by virtue of the laws of the Republic of the Philippines with principal place of business in the Philippines.
- It must have the technological capability to receive and transmit collections to NHMFC on agreed due dates through a Payment Collection Service Facility.
- It must be licensed/ accredited by the National Telecommunication Commission (NTC) to operate as such.
- It must be managed by experienced and reputable officers and staff.
- The Collection Partners (CPs) shall submit the following documentary requirements:
 - Certified True Copy of SEC Articles of Incorporation.
 - Certified True Copy of BIR Business Registration Certificate
 - Certified True Copy of license and/or accreditation by the National Telecommunication Commission
 - List of clients with e-payment facility arrangement
 - Authenticated copies of audited Financial Statements for the past 3 years

VI. DEFINITION OF TERMS

Agreement – refers to the Collection Service Agreement

Parties – refer to NHMFC and its collection partner/s

Collection Partner – refers to the mobile service provider

Mobile Service – refers to the facility consisting of technological innovation and software application that will enable the collection partner to accept payments.

Transaction/ payment Reference Number or Code – refers to the official proof of payment by the NHMFC borrowers issued by the collection partner as basis or supporting document for each payment transaction.

VII. LIMITED LIABILITY

- a) **Limitation of Liability** – The collection partner shall not be liable for failure to perform any of its obligations under this Agreement if such failure is the direct result of Force Majeure and/or fortuitous events, but only for so long as the circumstances constituting the Force Majeure and/or fortuitous event shall continue, and only with respect to obligations the performance of which could reasonably be affected thereby.
- b) **Burden of Proof** – The burden of proof of such circumstance and its effect shall be on the party relying thereon. The party affected must give prompt notice to the other party as soon as it becomes aware of such circumstances and shall provide to the other party all reasonable necessary information for verification purposes.

Force Majeure shall include but not limited to the following: natural calamities, epidemics, and other similar events which are beyond the reasonable contemplation and control of the parties and are totally independent of the will of human beings, the consequences of which could not be reasonably foreseen by either party at the time of the execution of the Collection Servicing Agreement.

Fortuitous Event – shall include war, enactment of laws by competent authorities, strikes, lockouts, labor disputes, riots, civil disturbances, and any other similar event which while independent of the will, expectation or control of the parties is not beyond the will or control of other human beings, the consequences of which could not be reasonable foreseen by either party at the time of the execution of the Agreement.

VIII. TERMS OF AGREEMENT

1. **Duration and Coverage of the Agreement** – the agreement shall be effective for one (1) year commencing on the date of the signing of the agreement by the parties and deemed renewed for another year under the same terms and conditions unless a written notice from either of the party to amend or terminate the terms thereof.
2. **Coverage of the Implementation** – the agreement shall be implemented nationwide.

3. Mode of informing the borrowers – the collecting partner shall include the name of NHMFC in its official website as product and service user, as well as the procedures on how to avail of such facility. Moreover, as part of its information drive campaign the accredited collection partner will provide brochures indicating the step by step procedures on how to avail the “*E-payment service for Juan and Juana*”.

IX. OBLIGATION OF COLLECTION PARTNER

The collection partner of NHMFC commits to perform the following services:

1. Ensure that the mobile payment facility is available 24/7.
2. Once payment is successfully completed, the collection partner shall issue an acknowledgement receipt thru text indicating the following details:
 - 2.1 Amount sent;
 - 2.2 Date of transaction;
 - 2.3 Payment Reference No. (PRN, electronic or systems generated);
and,
 - 2.4 New Cash Balance or Remaining Balance.
3. Capture, consolidates and electronically transmits collection report to NHMFC the day following the actual date of collection.
4. Remits and deposits the amount collected to the designated account of NHMFC with the Land Bank of the Philippines the next banking day following the actual date of collection.
5. The collection partner shall bear the responsibility of the mobile collection related losses, including those due to electronic fraud, theft, fire or non-remittance of collected transactions
6. Transmission of Remittance Report(s) through email using a report form approved by NHMFC.
7. The collection partner shall accept a minimum of Php 500.00 as payment of housing amortization from NHMFC borrower.
8. The collection partner shall respond to and resolve within twenty four (24) hours from receipt of any related complaint by the client of NHMFC with regard to payment made to the collection partner’s mobile payment system.

X. ACCEPTANCE OF PAYMENTS

1. Collection partner shall accept payments of monthly loan amortization and other amounts due from NHMFC borrowers/buyers.
2. Collection partner shall issue a Transaction/ payment Reference Number or Code as proof of payment by the NHMFC borrowers.

XI. REMITTANCE OF COLLECTION

1. The collection partner shall remit/ deposit the payment collections received to NHMFC not later than 11 am of the next banking day together with the reports.
2. The collection partner shall be liable to NHMFC for failing to deposit the daily collections from NHMFC borrowers should the same be done with willful misconduct or in gross negligence or fraud.
3. Failure by the collection partner to remit the amount/collections received and delayed transmission of Remittance Report(s) by the collection partner in accordance with this Agreement shall be subject to a penalty of 2% of unremitted collections per day of delay compounded daily, reckoned from the remittance due date.
4. The collection partner shall not be liable to pay any penalties in cases where the failure to remit payments or submit the Remittance Report(s) due is caused by force majeure or fortuitous events.

XII. TECHNICAL SUPPORT AGREEMENT

1. 24/7 online services.
2. Thirty (30) minutes response time for onsite support services for critical problems that occur in the transmission of collection and/or submission of remittance reports.

XIII. SERVICE FEE – collection service fee of the telecom partner shall be charged to the account of the borrower, buyer or payor which shall be collected once transaction is successfully completed.

XIV. TERMINATION – the Agreement may be terminated by either party due to the following:

1. Causes:

1.1 Voluntary Termination – either party may voluntarily terminate the Collection Agreement for any reason by providing thirty (30) days prior written notice to the other party.

1.2 Termination by Reason of Insolvency – if a party enters into liquidation, whether compulsory or voluntary, or if a winding-up petition is filed against a party, or if a party assigns its assets for the benefit of a creditor or creditors, the other party may immediately terminate the Collection Agreement by notice in writing but without prejudice to the rights which may have accrued to either party prior to the date of termination.

1.3 Termination due to Breach of Obligation – If either party is in breach of any obligations under the Collection Agreement and such breach is remediable continues to be unremedied for thirty (30) days after receipt of written notice from the other party specifying such breach, the offended party may declare the Collection Agreement terminated at the end of the thirty (30) days cure period without need of further notice without prejudice to its rights to recover damages in respect of the breach.

1.4 Termination due to Force Majeure – Either party may terminate the Collection Agreement if a condition of Force Majeure, as defined in the Agreement affects either party's performance of its obligations under the Agreement and extends for more than one (1) month. Termination shall be without prejudice to any right of any party, which may have accrued prior to the date of termination.

2. Action upon Termination

2.1 Upon termination of the Collection Service Agreement, both parties shall return any and all materials, documents and such equipment owned by the other party within fifteen (15) days from such termination.

2.2 The party with obligation to pay any money due from it to the other party shall pay the money due in full amount pursuant to the Agreement.

XV. INTELLECTUAL AND PROPRIETARY RIGHTS - The identified collection service system of the collection partner is the exclusive property of the collection partner.

XVI. CONFIDENTIALITY – Both parties shall expressly warrant and agree that they shall not, during the existence and after the termination of the Collection Service Agreement disclose nor reveal to any person or any other entity confidential information or records of the other party which may come to their knowledge and/ or possession, in the performance of, or in connection with the Agreement.

XVII. MATERIALS AND DOCUMENTS – Both parties agree that all equipment, materials and documents owned and delivered by one party to the other party and intended for exclusive use of the receiving party shall not be taken outside the business jurisdiction of the latter, nor discussed with third parties without prior written consent from the owner thereof. Each party agrees to return said materials and equipment to the respective owner thereof upon termination or expiration of the Collection Service Agreement.

XVIII. OTHER CONDITIONS

Relationship of the parties

Nothing herein shall be construed as creating between COLLECTION PARTNER and NHMFC a partner, agent, employer or representative of the other, it being understood that the relationship of the Parties among each other is as independent contractors to the other.

Nothing herein shall be construed as giving the COLLECTION PARTNER and NHMFC any right or authority to act for, or represent or otherwise assume any obligation on behalf of or in the name of the other Party, and each Party agrees to indemnify the other and hold it harmless from and against any claims, losses or damages whatsoever arising in respect of liabilities incurred as a result of its unauthorized act or representation or assumption on behalf of or in the name of the other Parties.

IX. ADDITIONAL REQUIREMENTS


The Collection Partner will be required to put up a performance bond of Php 100,000.00 to be deposited in an escrow account with the Land Bank of the Philippines and shall remain on hold for one (1) year or until the termination of agreement.

XX. VENUE – In case of dispute arising from this Agreement, the parties hereby agree that the venue for the settlement of the dispute shall fall exclusively in the proper courts within the jurisdiction of the City of Makati to the exclusion of other jurisdiction.

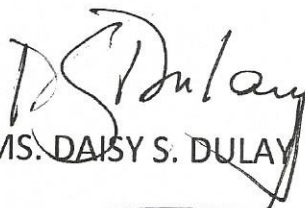
APPROVED:


MS. ROSABELLA C. JOSE
Member

MR. DANIEL L. OLAN
Member


ATTY. RODOLFO N. ERBON
Vice Chairperson

ATTY. SIEGFRID E.G. LAPASARAN
Member


MS. DAISY S. DULAY
Chairperson