

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

THIRTEENTH CONGRESS

First Regular Session

HOUSE BILL NO. 2156



INTRODUCED BY REPRESENTATIVE JURDIN JESUS M. ROMUALDO

EXPLANATORY NOTE

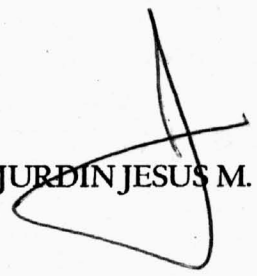
In her State of the Nation Address, the President stated her vision of a thriving agri-business sector which could lessen the migration from the rural areas to the urban areas, particularly Metro Manila. This vision could be achieved through the empowerment of the agricultural sector. Among the main impediments of the agricultural sector is the lack of financial capability of our farmers to maximize the use of their lands.

Furthermore, the Congressional Commission on Agricultural Modernization has noted that credit is one of the most important elements to enhance the growth of the agricultural sector. Thus, the Commission has recommended the amendment of Section 79 of Republic Act 337, As Amended, otherwise known as the General Banking Act.

It is on this premise that this proposed measure seeks to relax the limitation on the payment of credit from three (3) years to five (5) years, particularly on crops with a longer period of return of investment, such as orchards and tree farms. Moreover, banks are mandated to allow payment of agricultural loans for a longer duration so as to allow farmers enough time to harvest and sell their produce.

In effect, this would allow farmers ample opportunity to settle their obligations with the financial institutions, and thus maintain good credit records. At the same time, such an arrangement would assure banks a lower percentage of delinquent loans.

With the foregoing, the immediate passage of this measure is earnestly requested.


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AN ACT
AMENDING SECTION 79 OF REPUBLIC ACT NO. 337, AS AMENDED, OTHERWISE
KNOWN AS "THE GENERAL BANKING ACT, AS AMENDED" AND FOR OTHER
PURPOSES

Be it enacted by the Senate and the House of Representatives in Congress assembled:

SECTION 1. Section 79 of Republic Act No. 337, as amended, is hereby amended to read as follows:

Section 79. The amortization schedule of bank loans shall be adapted to the nature of the operations to be financed.

In the case of loans with maturities of more than three (3) years, provisions must be made for periodic amortization payments, but such payments must be made at least annually: Provided, however, That when the borrowed funds are to be used for purposes which do not initially produce revenues adequate for regular amortization payments therefrom, the bank **SHALL ALLOW** the initial amortization payments to be deferred until such time as said revenues are sufficient for such purpose, but in no case shall the initial amortization date be later than FIVE years from the date on which the loan is granted.

SEC. 2. All laws, decrees, executive orders, letters of instruction, or any part thereof which may be inconsistent with this Act are hereby repealed or modified accordingly.

SEC. 3. This Act shall take effect upon its approval and publication in at least two (2) newspapers of general circulation.

Approved,