

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SIXTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 588



Introduced by: **HON. JOSE CHRISTOPHER Y. BELMONTE**

EXPLANATORY NOTE

The bill entitled, *"An Act Further Strengthening Non-Stock Savings and Loan Associations, Amending For the Purpose Republic Act No. 8367, Otherwise Known As The "Revised Non-Stock Savings and Loan Association Act of 2013"*, was previously presented and discussed during the 14th and 15th Congresses.

At the 14th Congress, it was filed by Deputy Speaker Raul V. Del Mar and was referred to the Committee on Banks and Financial Intermediaries, which approved the Substitute Bill submitted by the Technical Working Group that it created. The Substitute Bill was approved on third reading and transmitted to the Senate. Unfortunately, the 2010 elections took place before the bill could be approved into law.

At the 15th Congress, Hon. Rachel Margeruite Del Mar filed House Bill No. 1686. The bill was co-authored by Hon. Sergio A. Figueroa Apostol, Hon. Ma. Amelita A. Calimbas-Villarosa and Hon. Pedro Palarca Romualdo and was referred to the Committee on Banks and Financial Intermediaries. The bill was approved on second reading. However, due to lack of material time because of the 2013 elections, the bill did not become law.

When this bill was previously presented, the contribution of the non-stock savings and loan associations to the Philippine economy and to the ideal of encouraging Filipinos to save and judiciously use credit were well recognized. This industry has

experienced growth even in view of the framework of Republic Act No. 8367, otherwise known as the "*Revised Non-Stock Savings and Loan Association Act of 1997*."

Non-stock savings and loan associations ("NSSLAs") bring a multitude of benefits to its members, especially those that do not have access to traditional financial institutions. Unlike NSSLAs, traditional financial institutions simply will not extend credit facilities to those with little or no assets, nor are they present in remote areas of the country where there is an acute need for financial products. Neither will they provide credit facilities in the scale typically provided by NSSLAs. In short, only NSSLAs provide financial services to people who are otherwise considered as "high risk" by traditional financial institutions.

The credit facilities provided by non-stock savings and loan associations, no matter how small, help marginalized sectors of our society deal with situations that perpetuate the cycle of poverty, such as stopping education due to economic reasons, or, even simply, sparing them from the pangs of hunger.

As sensibly foreseen by previous sponsors of this bill, it is time that the operations of these non-stock savings and loan associations be brought to the next level. More specifically, the bill seeks to expand the non-stock savings and loan associations' membership to a broader "well-defined group" to strengthen their stability; enable them to accept foreign currency deposits; enhance their borrowing, lending and investing abilities; and to task the Monetary Board of the *Bangko Sentral ng Pilipinas* to set-up a regulatory framework that is best suited for non-stock savings and loan associations.

A stronger non-stock savings and loan association can better serve its members. Better served members means uplifting and providing better lives for more Filipinos.

For these reasons, the approval of the proposed bill is sincerely requested.



JOSE CHRISTOPHER Y. BELMONTE

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15
16 AN ACT FURTHER STRENGTHENING NON-STOCK SAVINGS AND LOAN
17 ASSOCIATIONS, AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 8367,
18 OTHERWISE KNOWN AS THE "REVISED NON-STOCK SAVINGS AND LOAN
19 ASSOCIATION ACT OF 1997"
20

21 *Be it enacted by the Senate and House of Representatives of the Philippines in congress*
22 *assembled:*
23

24 **SECTION 1.** Section 4 of Republic Act No. 8367 is hereby amended to read as
25 follows:
26

27 **"SEC. 4. Organization of an Association.** – At least five (5) but not
28 more than fifteen (15) members of a well-defined group as provided
29 herein may form an association under this Act. An association, prior to
30 transacting any business, shall secure a license from the Monetary Board
31 and register with the Securities and Exchange Commission (SEC). The
32 application for a license, signed by a majority of the incorporation and
33 verified by one of the trustees, shall include:

34 "a) the proposed articles of incorporation and bylaws together
35 with the names and addresses of the incorporators, trustees and officers,

1 with a statement of their character, experience and general fitness to
2 engage in the non-stock savings and loan business;

3 "B) A NOTARIZED AGREEMENT BETWEEN THE EMPLOYER
4 AND INCORPORATOR OF THE ASSOCIATION COVERING THE
5 COLLECTION MECHANISM FOR THE ASSOCIATION;

6 "C) [(b)]an itemized statement of the estimated receipts and
7 expenditures of the proposed association for the first year;

8 "D) [(d)]a filing fee in such amount as may be determined by the
9 Monetary Board; and

10 "E)[(d)]such other information as the Monetary Board may
11 require.

12 "The SEC shall not register the articles of incorporation and
13 bylaws of a proposed association unless the application is accompanied
14 by a certificate of the Monetary Board approving the same. The Monetary
15 Board may deny the application to organize an association under this Act
16 if it finds that the association is being organized for any purpose other
17 than to engage in the business of a legitimate non-stock savings and loan
18 association or that the association's financial program is unsound, or that
19 the proposed members are adequately served by one or more existing
20 associations.

21 "PRIOR TO ITS OPERATION, THE ASSOCIATION IS REQUIRED
22 TO SECURE A FAVORABLE ENDORSEMENT FROM THE NATIONAL
23 ORGANIZATION OF NON-STOCK SAVINGS AND LOAN
24 ASSOCIATIONS DULY RECOGNIZED AND ACCREDITED BY THE
25 BANGKO SENTRAL NG PILIPINAS FOR PURPOSES OF ENSURING
26 COMPLIANCE, SETTING AND MAINTENANCE OF STANDARDS,
27 FORMULATION OF PROGRAMS NECESSARY FOR THE

1 DEVELOPMENT OF STRONG AND DYNAMIC NON-STOCK
2 SAVINGS AND LOAN ASSOCIATIONS IN THE PHILIPPINES.

3 "The association shall confine its membership to a well-defined
4 group of persons and shall not transact business with the general public.
5 A 'well-defined group' shall be defined by the Monetary Board, and shall
6 consist of, but shall not be limited to, any of the following:

7 "1) employees, officers, and directors of [one company] PRIVATE
8 CORPORATIONS, including member-retirees BELONGING IN THE
9 SAME TRADE AND INDUSTRY;

10 "2) government employees belonging to the same department[/],
11 [branch], BUREAU[/], office, AGENCY OR INSTRUMENTALITY OF
12 THE GOVERNMENT IN ACCORDANCE WITH THE REVISED
13 ADMINISTRATIVE CODE OF 1987, including member-retirees; and

14 "3) SPOUSES AND immediate members of the families [(] up to
15 [second] the THIRD degree of consanguinity or affinity [])] of those falling
16 under paragraphs 1 and 2 above, INCLUDING THEIR LEGALLY
17 ADOPTED CHILDREN.

18 "Associations whose articles of incorporation and bylaws were
19 approved and registered prior to the effectivity of this Act and which
20 allow membership coverage broader than the foregoing definition, shall
21 be allowed to continue as such, [unless otherwise required by the
22 Monetary Board] SUBJECT TO COMPLIANCE WITH SUCH OTHER
23 REQUIREMENTS AS MAY BE DEEMED PROPER AND NECESSARY
24 BY THE MONETARY BOARD.

25 "[The Monetary Board may, as circumstances warrant, require
26 associations mentioned in the immediately preceding paragraph to

1 amend their bylaws to comply with the concept of a “well-defined
2 group.”]

3 “THE ASSOCIATION MAY LEVY ENTRANCE FEES;
4 *PROVIDED*, THAT [I] In no case shall the total amount of entrance fees
5 exceed [one] TWO percent [(1%)] (2%) of the MINIMUM amount OF
6 CAPITAL CONTRIBUTION [to be contributed or otherwise paid in by
7 the particular member; *Provided*, That for new members, the said fee shall
8 be based on the amount of contribution computed in accordance with the
9 revaluation of the assets of the association].

10 “No person, association, partnership or corporation shall do
11 business, or hold itself out as doing business, as an association, or shall
12 use the term ‘Savings and Loan Association’ or any other title or name
13 tending to give the public the impression that it is engaged in the
14 operations and activities of an association, unless so authorized under
15 this Act.”

16
17 SEC. 2. Section 7 of Republic Act No. 8367 is hereby amended to read as follows:

18
19 “SEC. 7. *Power of Associations.* – The associations [shall] MAY:

20 “A) accept deposits ONLY from [and grant loans] [to] its members,
21 INCLUDING DOLLAR SAVINGS DEPOSITS: *PROVIDED*, THAT IN THE
22 CASE OF DOLLAR DEPOSITS, THE SAME SHALL BE SUBJECT TO THE
23 PRIOR APPROVAL OF THE BANGKO SENTRAL NG PILIPINAS,
24 subject to such rules and regulations as the Monetary Board may
25 promulgate to ensure sound, stable and efficient operation; *Provided*,
26 *FURTHER*, That no deposits shall be sourced or deducted from the loans
27 granted to a member without his or her written consent[.];

1
2 "B) EXTEND LOANS TO ITS MEMBERS. IN CASE OF AN
3 UNCOLLATERALIZED LOAN, THE MAXIMUM LOAN AMOUNT OF
4 A MEMBER WILL BE BASED ON HIS OR HER PAYING
5 CAPACITY;PROVIDED, THAT HIS OR HER NET TAKEHOME PAY
6 SHALL BE NO LOWER THAN WHAT IS PROVIDED FOR IN THE
7 GENERAL APPROPRIATIONS ACT FOR GOVERNMENT EMPLOYEES
8 OR THAT SET BY COMPANY INTERNAL POLICIES, IN CASE OF
9 PRIVATE EMPLOYEES. IN CASE OF COLLATERALIZED LOANS,
10 [T]he loan[s] AMOUNT shall not exceed the members' deposits and
11 contributions in the association, plus twelve (12) months of his OR HER
12 regular salary as the association may allow AND/OR seventy percent
13 (70%) of the [fair market] APPRAISED value of any property acceptable as
14 collateral on first mortgage that [he] THE MEMBER may offer as
15 security;PROVIDED, FURTHER, THAT THE CONDITION ON NET
16 TAKEHOME PAY UNDER AN UNCOLLATERALIZED LOAN IS
17 COMPLIED WITH. THE ASSOCIATION SHALL PRESCRIBE THE
18 INTEREST RATE, FEES, CHARGES, REPAYMENT PERIOD AND
19 OTHER TERMS AND CONDITIONS OF THE LOAN BASED ON
20 SOUND RISK MANAGEMENT. [Provided, That no loan shall have the
21 maturity date of more than five (5) years, except loans on the security of
22 unencumbered real estate for the purpose of home building and home
23 development, which may be granted with maturities not exceeding
24 twenty-five (25) years, and medium and long-term loans to finance
25 agricultural projects, subject to regulations prescribed by the Monetary
26 Board]: *Provided,[further]* FINALLY, That [the treasurer, cashier, or
27 paymaster of the office] NOTWITHSTANDING THE PROVISION OF

1 ANY EXISTING LAW, RULE AND REGULATION TO THE CONTRARY,
2 THE COMPANY, DEPARTMENT, BUREAU, OFFICE OR AGENCY
3 employing a member is AUTHORIZED [required, notwithstanding the
4 provision of any existing law, rule and regulation to the contrary,] to
5 [make]DEDUCT [deductions] from A MEMBER'S [his] salary, wage,
6 income, OTHER COMPENSATION, [or] retirement pension, OTHER
7 RETIREMENT AND SEPARATION BENEFITS, AND OTHER
8 RECEIVABLES pursuant to the terms of his/HER loan AGREEMENT, and
9 all SUCH other deductions authorized by HIM/HER[the member], AND
10 to remit such deductions to the association; [concerned, and to collect such
11 reasonable fee for his services as may be authorized by rules promulgated
12 by the Monetary Board.]

13 [In addition to the powers granted it by this Act and existing laws,
14 any association may:]

15 [a) charge reasonable interest and collect such necessary fees and
16 charges incidental to the grant of loans;]

17 "C)[b)] invest its funds in any TRADABLE INVESTMENT-GRADE
18 [sound non-speculative enterprises as well as in] bonds, security, and
19 other obligations issued by the government of the Philippines, or any of
20 its political subdivisions, instrumentalities, or corporations [including
21 government-owned or -controlled corporations,] AND OTHER
22 INVESTMENT OUTLETS subject to [the rules and regulations of the
23 Monetary Board] PRIOR APPROVAL OF THE BANGKO NG PILIPINAS
24 SENTRAL;

25 "D)[c)] allow members to participate in the profits of the
26 association ON THE BASIS OF THEIR RESPECTIVE CAPITAL
27 CONTRIBUTIONS AND STATUS OF THEIR LOANS ON THE

1 DISTRIBUTION DATE OF NET INCOME, AS APPROVED BY ITS
2 BOARD OF TRUSTEES/DIRECTORS;
3

4 “E)[d)] borrow money or incur such obligations not exceeding
5 twenty percent (20%) of the total assets of the association[s], from any
6 lending institutions. The Monetary Board, may, in meritorious cases, raise
7 the ceiling on the borrowing capacity of an association to an amount not
8 exceeding thirty percent (30%) of its total assets;*Provided*, That any such
9 association organized by employees of an entity or corporation may
10 borrow funds from said entity or corporations but not vice-versa;*Provided*,
11 *further*, That the number of the association’s creditors shall not exceed
12 nineteen (19) at any GIVEN[one] time;

13 “F)[e)]maintain deposits with banks;*Provided*, That the amount of
14 such deposits shall be subject to the loan limit to a single borrower as
15 prescribed herein or by other special laws or regulations;

16 “G)[f)]require the employer-entity or corporation to provide it
17 with adequate office space within which it can conduct its business]
18 LEND OR INVEST IN ANOTHER ASSOCIATION WITH THE MAIN
19 OBJECTIVE OF EXTENDING FINANCIAL ASSISTANCE TO AN
20 ASSOCIATION EXPERIENCING LIQUIDITY PROBLEM; [and]

21 “H)[g)] engage in death benefit program meant exclusively for the
22 mutual benefit of its members[.];

23 “I) REDISCOUNT PAPERS WITH THE BANGKO SENTRAL NG
24 PILIPINAS OR OTHER BANKS AND THEIR BRANCHES AND
25 AGENCIES. THE BANGKO SENTRAL NG PILIPINAS SHALL SPECIFY
26 THE NATURE OF THE PAPER DEEMED ACCEPTABLE FOR THE

1 REDISCOUNT RATE TO BE CHARGED BY ANY OF THESE
2 INSTITUTIONS; AND

3 "J) PERFORM SUCH ACTS AND FUNCTIONS AS MAY BE
4 AUTHORIZED AND/OR DELEGATED BY THE BANGKO SENTRAL NG
5 PILIPINAS."

6
7 SEC. 3. Section 9 of Republic Act No. 8367 is hereby amended to read as follows:

8
9 "SEC. 9. *Service Units.* – An association [shall] IS HEREBY
10 AUTHORIZED TO open, maintain and operate service units as may be
11 necessary, in order to EFFICIENTLY AND EFFECTIVELY deliver services
12 to its members subject to RULES AND REGULATIONS PRESCRIBED BY
13 [approval of] the Monetary Board[.]; *PROVIDED, HOWEVER, THAT*
14 *SERVICE UNITS CANNOT ACCEPT/RECEIVE DEPOSITS OR*
15 *CONTRIBUTIONS.*"

16
17 SEC. 4. A new section, Section 9-A, is hereby added to Republic Act No.
18 8367 to read as follows:

19
20 "SEC. 9-A. *PROVISION OF OFFICE SPACE.* – THE EMPLOYER-
21 ENTITY OR CORPORATION SHALL PROVIDE ITS NON-STOCK
22 SAVINGS AND LOAN ASSOCIATION WITH ADEQUATE OFFICE
23 SPACE IN ITS PREMISES TO CONDUCT ITS BUSINESS."

24
25 SEC. 5. Section 10 of Republic Act. No. 8367 is hereby amended to read as
26 follows:

1 **"SEC. 10. *Agents and Salesmen.*** – No person OR ENTITY shall act
 2 as a[n] SALES agent or [sales] representative of an associate [or operate an
 3 agency] without [obtaining a license from] REGISTERING WITH the
 4 [Monetary Board] BANGKO SENTRAL NG PILIPINAS. No license OR
 5 REGISTRATION is required for a collector of an association [but no
 6 person shall hold himself out or act as collector unless he is authorized as
 7 a collector in writing by such association]."

8
 9 SEC. 6. Section 11 of Republic Act No. 8367 is hereby amended to read as follows:

10
 11 **"SEC. 11. *Merger or Consolidation of Associations.*** – To
 12 achievesimplicity, economy and efficiency, MERGER OR
 13 CONSOLIDATION OF SEVERAL OR different associations of one
 14 company or department or office [may merge or consolidate] SHALL BE
 15 ALLOWED [upon] SUBJECT TO THE approval of the Monetary Board."

16
 17 SEC. 7. Section 12 of Republic Act No. 8367 is hereby amended to read as
 18 follows:

19
 20 **"SEC. 12. *Trustees AND OFFICERS.***– Only members are eligible as
 21 trustees of an association. *Provided,* That in the case of a merger or
 22 consolidation of associations duly approved by the Monetary Board, the
 23 limitation on the maximum number of trustees in a corporation, as
 24 provided for in the Corporate Code, shall not be applied for a maximum
 25 period of three (3) years so that membership in the new board may
 26 include up to the total number of trustees provided for in the respective
 27 articles of incorporation of the merging or consolidating associations.

1 "AFTER DUE NOTICE TO THE BOARD OF TRUSTEES OF THE
2 ASSOCIATION, THE MONETARY BOARD MAY DISQUALIFY,
3 SUSPEND OR REMOVE ANY TRSUTEEE OR OFFICER WHO COMITS
4 OR OMITS AN ACT WHICH RENDERS HIM OR HER UNFIT FOR THE
5 POSITION.

6 "IN DETERMINING WHETHER AN INDIVIDUAL IS FIT AND
7 PROPER TO HOLD THE POSITION OF A TRUSTEE OR OFFICER OF
8 AN ASSOCIATION, REGARD SHALL BE GIVEN TO HIS OR HER
9 INTEGRITY, EXPERIENCE, EDUCATION, TRAINING AND
10 COMPETENCE."

11
12 SEC. 8. Section 14 of Republic Act No. 8367 is hereby amended to read as follows:
13

14 "**SEC. 14. *Compensation of Trustees, Officers and Employees.***– No
15 trustee, officer, or employee of an association shall receive from such
16 association, and no association shall pay to any trustee, officer, or
17 employee of such association, any commission, emolument, gratuity or
18 reward based on the volume or number of loans made, or based on the
19 interest or fees collected thereon. Nothing in this section SHALL BE
20 CONSTRUED TO prohibit[s] or OTHERWISE [limits] RESTRICT any of
21 the following:

22 "a) receipt of or payment of salaries of trustees, officers and
23 employees;

24 "B) RECEIPT OR PROVISION OF FRINGE BENEFITS TO
25 OFFICERS AND EMPLOYEES;

1 “C)[b)]receipt of payment of commissions to agents whether or not
2 based on the volume or number of loans or on the interest or fees
3 collected thereon; [and] OR

4 “D)[c)] receipt or payment of bonuses to trustees, officers or
5 employees, if such bonuses are based on the performance and not on the
6 volume or number of loans made or on the interest or fees collected
7 thereon.

8 “[All increase in the compensation, in any form, of all trustees and
9 trustee-officers in excess of ten percent (10%) thereof *per annum* shall
10 require the approval of the BangkoSentral.]

11 “IN ORDER TO PROTECT THE FUNDS OF MEMBERS AND
12 CREDITORS, THE TERMS AND CONDITIONS OF THE
13 COMPENSATION OF TRUSTEES, OFFICERS AND EMPLOYEES MAY
14 BE SUBJECT TO RULES AND REGULATIONS OF THE BANGKO
15 SENTRAL NG PILIPINAS.

16
17 SEC. 9. Section 16 of Republic Act No. 8367 is hereby amended to read as follows:

18
19 “SEC. 16.*Execution of Loan Agreement.*– For each loan made by an
20 association, [a written note or other obligation expressing a rate of
21 interest must be executed by the borrower] PAYMENT OF A SPECIFIC
22 RATE OF INTEREST BY THE BORROWER SHALL EXPRESSLY BE
23 STIPULATED IN THE LOAN AGREEMENT OR ANY DOCUMENT
24 DEEMED AN INTEGRAL PART THEREOF.”

25
26 SEC. 10. Section 18 of Republic Act No. 8367 is hereby amended to read
27 as follows:

1
2 **"SEC. 18.Limitation on Investment.** – a) No association at any one
3 time shall invest in bonds and securities in a total amount in excess of [ten
4 percent (10%)] TWENTY-FIVE PERCENT (25%) of the total assets of such
5 association without THE prior written approval of the BangkoSentral NG
6 PILIPINAS[.];

7 "b) No association at any one time shall invest in real property in a
8 total amount in excess of five percent (5%) of the total assets of such
9 association[.];

10 "c) No association at any one time shall invest in furniture, fixture,
11 furnishings and equipment and leasehold improvements for its offices, in
12 an amount more than ten percent (10%) of its total capital
13 contribution[.];"

14
15 SEC. 11 Section 19 of Republic Act No. 8367 is hereby amended to read as
16 follows:

17 **"SEC. 19.Reserves.** – Every association shall create a withdrawable
18 share reserve which shall consist of [two percent (2%)] ONE PERCENT
19 (1%) of total capital contributions of the members [which the Monetary
20 Board may increase to a maximum of three percent (3%), as the situation
21 warrants]. THE BANGKO SENTRAL NG PILIPINAS SHALL, IN
22 MERITORIOUS CASES AND WHEN THE INTERESTS OF THE
23 ASSOCIATION AND ITS MEMBERS SO DICTATE, ALLOW THE
24 STRAGGERED BOOKING OF ITS RESERVE REQUIREMENT TO
25 INCLUDE ITS WITHDRAWABLE SHARE RESERVE, SURPLUS
26 RESERVE FOR LEDGER DISCREPANCIES AS WELL AS ITS RESERVES
27 FOR OFFICE PREMISES, FURNITURE, FIXTURES AND EQUIPMENT.

1 “[No association shall distribute to its members any portion of its
 2 net income of its withdrawable share reserve it less than the minimum
 3 requirement, or if by such payment or distribution, such reserve will be
 4 reduced to an amount below the minimum requirement provided herein.]

5
 6 SEC. 12. Section 20 of Republic Act No. 8367 is hereby repealed.

7 SEC. 13. Section 21 of Republic Act. No. 8367 is hereby amended to read as
 8 follows:

9 “SEC. 21. *Annual Reports by the Association.* – Every association
 10 shall, within one hundred twenty (120) calendar days after the close of its
 11 fiscal year furnish the Monetary Board and post in any of the association’s
 12 bulletin board or in any other conspicuous place a copy of its financial
 13 statements AS REVIEWED BY A BANGKO SENTRAL NG PILIPINAS-
 14 ACCREDITED INDEPENDENT AUDITOR, showing, in such form and
 15 detail as the Monetary Board shall require, the amount and character of
 16 the assets and liabilities of the association at the end of the preceding fiscal
 17 year. The Monetary Board may, in addition to the foregoing, require the
 18 disclosure of such other information as it shall deem necessary for the
 19 protection of the members of the association.”

20 SEC. 14. Section 22 of Republic Act. No. 8367 is hereby amended to read as
 21 follows:

22 “SEC. 22. *Regulatory Powers Over Associations.* –
 23 Notwithstanding the provisions of Section 130 of Republic Act No. 7653,
 24 the power to regulate the operations of any association by the Monetary
 25 Board shall continue; PROVIDED, THAT THE MONETARY BOARD
 26 SHALL TAKE INTO ACCOUNT THE UNIQUE BUSINESS NATURE
 27 AND INTRINSIC MANDATE AND MISSION OF ASSOCIATIONS IN

1 THE ADOPTION OF A REGULATORY FRAMEWORK. SUCH
2 PERTINENT FEATURES OF THE REGULATORY FRAMEWORK
3 PRESENTLY APPLIED TO REGULAR BANKS AND QUASI-BANKS
4 MAY BE ADOPTED, UNTIL A REGULATORY FRAMEWORK FOR
5 ASSOCIATIONS IS ADOPTED. SUCH POWER SHALL [and] consist of
6 the following:

7 “a) [in seeing] ENSURE [to it] that the capital, financing, direction
8 and administration, as well as the integrity, responsibility, and ability of
9 organizers, administrators, trustees, and officers of all associations
10 organized and OPERATING[operated] under this Act[,shall] reasonably
11 ASSURES[assure] the safety of the interests which its members
12 ENTRUSTED[entrust] to them;

13 “b) [in regulating] REGULATE the operation and activities of
14 associations, which include, among others: 1) in placing limits to the
15 maximum credit allowed TO any individual borrower; 2) in determining
16 the loan repayment period and loan procedures; 3) in imposing a
17 uniform accounting system IN COMPLIANCE WITH PHILIPPINE
18 FINANCIAL REPORTING STANDARDS and manner of keeping the
19 accounts and records of associations; 4) in instituting periodic surveys of
20 loan and lending procedures, audits, test CHECKS [check] of each and
21 ANY other transactions of associations[.]; and 5) whenever necessary, in
22 conducting training courses for personnel of associations.

23 “c) [in requiring all accountable officers and employees of every
24 association to post bonds for the faithful performance of their duties in
25 reasonable sums and with such sureties as the Monetary Board may
26 require] PRESCRIBE ADDITIONAL LIQUIDITY REQUIREMENTS;

1 “d) [in fixing, by rules or by orders, in specific cases, after notice
2 and hearing, the limits of loanable funds, amounts for investment and
3 reserves for withdrawals and other contingencies] ENFORCE PROMPT
4 CORRECTIVE ACTION ON ASSOCIATIONS CLEARLY SHOWING
5 CONDITIONS INDICATING HIGHER THAN NORMAL RISK OF
6 FAILURE;

7 “e) [in issuing rules and regulations for the proper implementation
8 of this Act, effective administration of the associations, and to] render
9 advisory assistance to all interested parties in order to carry out the
10 intents and purposes of this Act; [and]

11 “f) [in conducting] CONDUCT such investigations, tak[ing]E such
12 remedial measures and [existing] EXERCISE all powers under Republic
13 Act No. 7653, insofar as they are applicable in the enforcement of this
14 Act[.];

15 “G) IMPOSE UPON ANY ASSOCIATION, ITS TRUSTEES,
16 OFFICERS, OR EMPLOYEES, AFTER DUE NOTICE AND PROPER
17 HEARING, THE FOLLOWING ADMINISTRATIVE SANCTIONS,
18 WHENEVER APPLICABLE:

19 “1) FINES IN AMOUNTS AS MAY BE DETERMINED AS
20 APPROPRIATE BASED ON THE NATURE AND GRAVITY OF THE
21 OFFENSE;

22 “2) RESTRICTION OR SUSPENSION OF LICENSE; AND

23 “3) OTHER ADMINISTRATIVE SANCTIONS AVAILABLE TO
24 THE BANGKO SENTRAL NG PILIPINAS UNDER ITS CHARTER.

25 “H) PROVIDE A CREDIT FACILITY TO SYSTEMICALLY
26 CRITICAL NON-STOCK SAVINGS AND LOAN ASSOCIATIONS
27 EXPERIENCING LIQUIDITY PROBLEMS; AND

1 “1) PLACE UNDER RECEIVERSHIP, AFTER DUE NOTICE AND
2 HEARING, AN ERRING/DISTRESSED ASSOCIATION TO PROTECT
3 THE INTERESTS OF ITS MEMBERS PURSUANT TO THE EXISTING
4 RULES AND REGULATIONS PROMULGATED BY THE MONETARY
5 BOARD.

6 “THE RECEIVER SHALL FORTHWITH GATHER AND TAKE
7 CHARGE OF ALL THE ASSOCIATION'S ASSETS AND LIABILITIES
8 AND ADMINISTER THESE FOR THE BENEFIT OF ITS MEMBERS AS
9 PROVIDED FOR UNDER THE REVISED RULES OF COURT. THE
10 PROVISIONS OF SECTION 30 OF REPUBLIC ACT NO. 7653 ON THE
11 POWERS, FUNCTIONS, DUTIES AND OTHER TERMS OF REFERENCE
12 ON RECEIVERS SHALL APPLY.

13 “The Bangko Sentral NG PILIPINAS shall have the power to
14 enforce the laws, orders, instructions, rules and regulations promulgated
15 by the Monetary Board applicable to associations; to require associations,
16 their trustees, officers and agents to conduct and manage the affairs of
17 the association in a lawful and orderly manner. After due notice and
18 hearing, the Monetary Board may revoke or suspend the license of any
19 association, for such period as it determines necessary, particularly when
20 the solvency of an association is imperiled by losses or irregularities,
21 and/or when an association willfully violates any provisions of this Act
22 or any rule or regulations promulgated hereunder.

23 “The director and examiners of the department of the
24 BangkoSentral NG PILIPINas charged with the regulation of associations
25 are hereby authorized to administer oaths to any trustee, officer or
26 employee of any association or to any voluntary witness and to compel
27 the presentation of all books, documents, papers or records necessary in

1 his judgment to ascertain in the facts relative to the true condition of any
2 association or to any loan.”

3
4 SEC. 15. Section 24 of Republic Act No. 8367 is hereby amended to read as
5 follows:

6 “SEC. 24. *Annual SUPERVISION Fees.* – Consistent with the
7 provisions of Section 28 of Republic Act No. 7653, any association
8 organized under this Act may, pursuant to regulations promulgated for
9 the purpose by the Monetary Board, be required to contribute to the
10 Bangko Sentral NG PILIPINAS an annual **SUPERVISION** fee to be
11 determined by the Monetary Board.”

12 SEC. 16. *Separability Clause.* – If any provision of this Act is held invalid, all
13 other provisions of this Act not so affected thereby shall continue to be in full force and
14 effect.

15 SEC. 17. *Repealing Clause.* – Any law or provision of law inconsistent with the
16 provisions of this Act are hereby repealed or modified accordingly.

17 SEC. 18. *Effectivity.* – This Act shall take effect fifteen (15) days following the
18 completion of its publication in the Official Gazette or in two (2) national newspapers of
19 general circulation.

20
21 Approved.