

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SIXTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. **3785**

Introduced by Representatives Agapito H. Guanlao, Teddy Brawner Baguilat Jr.,
Magnolia Rosa C. Nadres, Fernando V. Gonzales, Fernando L. Hicap, Noel L.
Villanueva, Sharon S. Garin, Lilia M. Nuño, Carlos M. Padilla, Anthony M. Bravo,
Jonathan A. dela Cruz, Victor J. Yu and Edcel "GrexB. Lagman

**AN ACT STRENGTHENING AND INSTITUTIONALIZING DIRECT CREDIT
SUPPORT OF THE LAND BANK OF THE PHILIPPINES TO AGRARIAN
REFORM BENEFICIARIES, SMALL FARMERS AND FISHERFOLK,
FURTHER AMENDING REPUBLIC ACT NO. 3844, OTHERWISE KNOWN AS
THE AGRICULTURAL LAND REFORM CODE, as amended**

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

1 SECTION 1. Section 74 of Republic Act No. 3844, as amended by Republic Act
2 No. 10374, otherwise known as the Agricultural Land Reform Code is hereby further
3 amended to read as follows:
4 "SEC. 74. Creation. - To finance the acquisition by the Government of landed
5 estates for division and resale to small landholders, as well as the purchase of the
6 landholding by the agricultural lessee from the landowner, there is hereby established a
7 body corporate to be known as the "Land Bank of the Philippines," hereinafter called the
8 "Bank," which shall have its principal place of business in Manila. The legal existence of
9 the Bank is extended for a period of fifty (50) years from the expiration of its original
10 term on 08 August 2013, renewable for another fifty (50) years. The Bank shall be

1 subject to such rules and regulations as the Central Bank may from time to time
2 promulgate.

3 THE BANK SHALL ALLOCATE 5% OF ITS REGULAR LOAN PORTFOLIO
4 (NET OF LOANS TO THE BANGKO SENTRAL NG PILIPINAS, INTERBANK
5 LOANS AND AVAILMENTS FROM DOMESTIC BILLS PURCHASE LINE),
6 WHICH IS MAINTAINED IN A SEPARATE SPECIAL WINDOW FOR
7 SOCIALIZED CREDIT TO QUALIFIED SMALL FARMERS, FISHERFOLK AND
8 AGRARIAN REFORM BENEFICIARIES (ARBs). THIS FACILITY SHALL SOLELY
9 FINANCE AGRICULTURAL PROJECTS PURSUANT TO THE PROVISIONS OF
10 SECTION 4 OF REPUBLIC ACT 10000, OTHERWISE KNOWN AS THE AGRI-
11 AGRA LAW. THIS SPECIAL SOCIALIZED CREDIT WINDOW SHALL BE
12 EXEMPT FROM THE STANDARD RULES ON LENDING OF THE BANGKO
13 SENTRAL NG PILIPINAS AND OF THE COMMISSION ON AUDIT.

14 ALL LOANS EXTENDED THROUGH THIS SPECIAL CREDIT WINDOW
15 SHALL QUALIFY AS PART OF THE BANK'S COMPLIANCE WITH THE AGRI-
16 AGRA LAW.

17 CREDIT UNDER THIS SPECIAL SOCIALIZED WINDOW SHALL BE
18 EXTENDED THROUGH THE FOLLOWING CONDUITS:

- 19 a) FARMERS' AND FISHERFOLK'S COOPERATIVES
- 20 b) FARMERS' AND FISHERFOLK'S ORGANIZATIONS OR
21 ASSOCIATIONS
- 22 c) NON-AGRICULTURAL COOPERATIVES (CREDIT & MULTI-
23 PURPOSE)

1 d) COOPERATIVE BANKS
2 e) RURAL BANKS
3 f) THRIFT BANKS
4 g) AGRI-BUSINESS FIRMS OR ANCHOR FIRMS PROVIDING CREDIT
5 SUPPORT TO AGRARIAN REFORM BENEFICIARIES, AND SMALL FARMERS
6 AND FISHERFOLK
7 h) NON-GOVERNMENT ORGANIZATIONS
8 i) FOUNDATIONS WITH LENDING AUTHORITIES, AND
9 j) ALL OTHER CONDUITS THAT WILL BE DEEMED QUALIFIED BY
10 THE BANK.

11 LOANS UNDER THIS CREDIT WINDOW SHALL HAVE AN INTEREST
12 RATE EQUIVALENT TO NOT MORE THAN 75% OF THE BANK'S PREVAILING
13 RATES FOR LOANS TO COOPERATIVES; PROVIDED THAT THESE CONDUITS
14 SHALL HAVE AN INTEREST SPREAD OF NOT MORE THAN FIVE (5)
15 PERCENTAGE POINTS. THE INTEREST SPREAD SHALL EXCLUDE CROP
16 INSURANCE PREMIUMS AND GUARANTEE FEES.

17 CRITERIA FOR ELIGIBILITY UNDER THIS SPECIAL CREDIT WINDOW
18 SHALL BE DETERMINED BY THE BANK AND SHALL BE REFLECTED IN THE
19 IMPLEMENTING RULES AND REGULATIONS."

20 SEC. 2. Section 75 of Republic Act No. 3844, as amended, is hereby further
21 amended by adding a new subsection (15) to read as follows:

22 "(15) TO OFFER AND ISSUE COMMON AND PREFERRED SHARES OF
23 STOCKS TO AGRARIAN REFORM BENEFICIARIES, SMALL FARMERS AND

1 FISHERFOLK THROUGH THEIR ORGANIZATIONS, COOPERATIVES,
2 FEDERATIONS AND COOPERATIVE BANKS; DEVELOPMENT PARTNERS
3 AND STRATEGIC INVESTORS SUCH AS MULTILATERAL AND BILATERAL
4 INSTITUTIONS; RURAL BANKS AND THEIR ASSOCIATIONS, IN QUANTITIES
5 TO BE DETERMINED BY THE BOARD OF DIRECTORS AND IN ACCORDANCE
6 WITH APPLICABLE LAWS, RULES AND REGULATIONS: *PROVIDED,*
7 *HOWEVER,* THAT THE NATIONAL GOVERNMENT SHALL MAINTAIN AT ALL
8 TIMES AT LEAST TWO-THIRDS OWNERSHIP OF THE TOTAL OUTSTANDING
9 COMMON SHARES OF THE BANK.

10 PREFERRED SHARES OF STOCKS SHALL BE NON-VOTING. OTHER
11 FEATURES OF PREFERRED SHARES SHALL BE DETERMINED BY THE
12 BOARD OF DIRECTORS.

13 LOANS TO COOPERATIVES, FEDERATIONS, COOPERATIVE BANKS,
14 RURAL BANKS AND THEIR ASSOCIATIONS WHICH OWN COMMON SHARES
15 OF STOCK IN THE BANK SHALL NOT BE COVERED BY RULES ON LOANS TO
16 DIRECTORS, OFFICERS, STOCKHOLDERS AND RELATED INTERESTS
17 (DOSRI)."

18 SEC. 3. *Repealing Clause.* - All laws, executive orders, rules and regulations or
19 parts thereof inconsistent with any provision hereof are hereby repealed or modified
20 accordingly.

21 SEC. 4. *Separability Clause.* - If any provision or part hereof is held invalid, the
22 other provisions not affected thereby shall remain and continue in full force and effect.

23 SEC. 5. *Effectivity.* - This Act shall take effect fifteen (15) days upon its

1 publication in the Official Gazette or in any newspaper of general circulation.

2 Approved,

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