

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City



SIXTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 4601

Introduced by Representative Giorgidi B. Aggabao

EXPLANATORY NOTE

We have often hailed our teachers as our unsung heroes yet to this day, this recognition remains but an empty accolade.

Our teachers are easy prey to shark loans and in this age of electronic banking, the so-called "payday" or "ATM" loans is now the common practice where the borrowers/debtors pledge and surrender their ATMs to their creditors to secure payment of their loans every pay period until the loan is fully paid. With a family to support and with such meager salaries, teachers have time and again fallen victims to high interest rates and exorbitant fees, to make both ends meet.

This bill seeks to put a cap on the interest rates being charged by lending institutions as a modest attempt to alleviate the economic plight of our public school teachers.

It is high time that we put our teachers first and this bill aims to inch towards that direction.

Hence, approval of this bill is earnest sought.


GIORGIDI B. AGGABAO

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**AN ACT REGULATING THE RATE OF INTEREST ON LOANS EXTENDED TO
TEACHERS AND FOR OTHER PURPOSES**

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

Section 1. Coverage.- This Act shall apply to all actively employed public school teachers, whether full time or part-time, in all levels of education.

Sec. 2. Annual Percentage Rate .- The rate of interest in consumer loans extended to covered teachers under this Act shall not exceed six per cent per annum (6%) , including all fees and charges, insurance and other ancillary products sold in connection with the consumer loan.

Sec. 3. Consumer Loans.-As used in this Act, consumer loans shall refer to any type of credit or loan extended by any government or private banking and financing institutions, except that such loan does not include the following :

- a. A residential mortgage, or
- b. A loan obtained in the course of purchasing a car or other personal property when the loan is offered for the express purpose of financing the purchase and is secured by the car or personal property bought.

Sec. 4. Incentives.-All lending institutions extending loans to covered teachers under this Act shall be granted additional incentives under the development assistance incentive of the Bangko Sentral ng Pilipinas under RA 8791.

Sec. 5. Implementing Rules and Regulations.-The Department of Education, the Commission on Higher Education and the Bangko Sentral ng Pilipinas shall promulgate the rules and regulations for the effective implementation of this Act.

Sec. 6. **Separability Clause.**-If any of the provisions of this Act is declared invalid or unconstitutional, the provisions not affected thereby shall continue to be in full force and effect.

Sec. 7. **Repealing Clause.**-All laws, decrees or rules inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

Sec. 8. **Effectivity.**- This Act shall take effect fifteen (15) days after its complete publication in the Official Gazette or at least two (2) newspapers of general circulation.

Approved,