

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SEVENTEENTH CONGRESS
Second Regular Session

HOUSE BILL NO. **6598**



Introduced by Representative Michael L. Romero

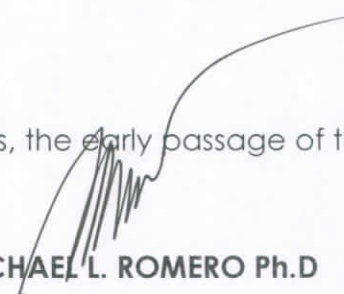
EXPLANATORY NOTE

It is hereby a policy of the state to **regulate** and **supervise** the activities of **non-stock savings** and loan associations in order to place their operations on a sound, stable, and efficient basis to the end that they may be able to better provide for the establishment of additional savings and credit facilities in a fair manner to their members and to curtail or prevent acts or practices of these Associations which are prejudicial to their members' interest.

The state shall also lay down the minimum requirements and the standards under which non-stock savings and loan Associations may organize and operate

This House Bill seeks to foster and maximize the protection of members of non-stock savings and loan associations against misfeasance and malfeasance of the trustees and officers thereof.

Thus, the early passage of this bill is earnestly requested.



MICHAEL L. ROMERO Ph.D

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HOUSE BILL NO. ____

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AN ACT

AMENDING REPUBLIC ACT NO.8367, OTHERWISE KNOWN AS "**THE REVISED NON-STOCK SAVINGS AND LOAN ASSOCIATION ACT OF 1997**", TO FOSTER THE INDUSTRIES FRUGALITY AND THE ACCUMULATION OF SAVINGS, TO PROMOTE JUDICIOUS UTILIZATION OF CREDIT AMONG THE MEMBERS OF NON-STOCK SAVINGS AND LOAN ASSOCIATIONS, PROVIDING STIFFER PENALTIES AND SANCTIONS, AND FOR OTHER PURPOSES

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

SECTION 1.

Section 15 of Republic Act No. 8367 is hereby amended to read as follows:

Sec. 15. Limitations on lending authority –

a) An Association shall not commit itself to make any loans for amounts in excess of the total of the following amounts:

- 1) amount of cash available for loan purposes;

2) amount of cash which can be readily realized upon the sale or redemption of permissible investments made by the Association; and

3) amount of credit available for loan purposes from government or private financing institutions.

b) No Association shall directly or indirectly make any loans to any trustee or officer of such Association, either for himself or as agent or as partner of another, except with the written approval of the majority of the trustees of the Association, excluding the trustee concerned:

Provided, That the total loans, direct or indirect, granted at any one time to such trustees and officers shall not exceed twenty percent (20%) of the total capital contributions of the Association;

in all cases of the credit accommodations granted to trustees and officers under this subSec., the written approval of the majority of the trustees of the Association, excluding the trustee concerned, shall be entered upon the records of the Association and a copy of such entry shall be transmitted forthwith to the Bangko Sentral.

The transactions of all trustee-officers with the Association shall not be under terms more favorable than those transacted with other members. The office of any trustee or trustee-officer of an Association who violates the provisions of this subSec. shall immediately become **vacant** and the trustees or officers shall be punished by imprisonment of not less than two **(2)** years nor more than ten (10) years and by a fine of not less than Fifty thousand pesos **(P50,000.00)**.

SECTION 2.

Section 23 of Republic Act No. 8367 is hereby amended to read as follows:

Sec. 23. Penalties –

a) The provisions of Sec. 34 of Republic Act No. 7653 shall apply to any agent, manager, or other officer-in-charge of any Association who willfully refuses any lawful examination into the affairs of such Association.

b) The willful making of a false statement or misleading statement on a material fact to the Monetary Board or to the director of the department of the Bangko Sentral charged with the regulation of Associations or to his examiners shall be punished in accordance with Sec. 35 of Republic Act No. 7653.

c) Whenever any Association, person or entity willfully violates this Act or any order, instruction, rule or regulation issued by the Monetary Board applicable to Associations, the persons responsible for such violation shall be punished in accordance with Sec. 36 of Republic Act No. 7653.

d) Whenever any officer, employee, or agent of an Association accepts gifts, fees or commissions or any other form of remuneration in connection with the approval of a loan from said Association; or overvalues or aids in overvaluing any security for the purpose of influencing in any way the action of the Association on any loan, such officer, employee or agent shall be punished by a fine of not less than Fifty thousand pesos (**₱50,000.00**) or three times the loan amount involved, whichever is higher, or imprisonment for not less than one (**1**) year, at the discretion of the court.

e) Whenever any applicant for a loan, or borrower of an Association fraudulently overvalues property offered as security for loan from the said Association; or furnishes false, or makes willful misrepresentation of

material facts for the purpose of obtaining, renewing, or increasing a loan or extending the period thereof; or attempts to defraud the said Association in the event of a court action to recover a loan; or offers any officer, of a court action to recover a loan; or offers any officer, employee or agent of an Association any gift, fee, commission, or other form of compensation in order to influence such Association personnel into approving a loan application; such applicant or borrower shall be punished by a fine of not less than Fifty thousand pesos (**P50,000.00**) or three times the loan amount involved, whichever is higher, or imprisonment for not less than one **(1)** year, at the discretion of the court.

f) Whenever any examiner, officer or employee of the Bangko Sentral, who is assigned to examine, assist or render technical service to an Association, overvalues or aids in overvaluing any security for the purpose of influencing in any way the action of the Association on any loan or connives or aids in the commission of the same, he shall be punished by a fine of not less than Fifty thousand pesos (**P50,000.00**) or three times the loan amount involved, whichever is higher, or imprisonment for not less than one **(1)** year, at the discretion of the court.

SECTION 3. TRANSITORY PROVISION – Existing industries, businesses and offices affected by the implementation of this Act shall be given six **(6)** months transitory period from the effectivity of the IRR or such other period as may be determined, to comply with the requirements of this Act.

SECTION 4. IMPLEMENTING RULES AND REGULATIONS – The departments and agencies charged with carrying out the provisions of this Act shall,

within sixty **(60)** days after the effectivity of this Act, formulate the necessary rules and regulations for its effective implementation.

SECTION 5. REPEALING CLAUSE – All laws, decrees, executive orders, rules and regulations, or parts thereof inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SECTION 6. SEPARABILITY CLAUSE – If, for any reason, any section or provision of this Act is held unconstitutional or invalid, the other sections or provisions hereof shall not be affected thereby.

SECTION 7. EFFECTIVITY CLAUSE – This Act shall take effect after fifteen (15) days from its publication in the Official Gazette or in at least two (2) national newspapers of general circulation whichever comes earlier.

Approved,