



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

TWENTIETH CONGRESS
First Regular Session

House Bill No. 2592



Introduced by Representative FELIMON M. ESPARES

AN ACT
PROVIDING FOR THE REGISTRATION, REGULATION,
AND OPERATION OF COOPERATIVE BANKS

EXPLANATORY NOTE

Based on data from the *Bangko Sentral ng Pilipinas*, there are 21 registered cooperative banks as of July 2025. This figure underscores the urgent need to provide cooperative banks with the necessary legislative support to strengthen and expand their presence across the country.

The role of cooperative banks in community building cannot be overemphasized.

Unlike commercial banks, cooperative banks are owned and financed by primary cooperatives and *Samahang Nayan*, which are funded through small shareholdings from farmers, fisherfolk, micro-entrepreneurs, and small traders. This structure exemplifies the strength of community ownership, offering a people-centered alternative to the typically impersonal and profit-driven commercial banking sector.

Notably, primary cooperatives rely on cooperative banks to access capital, which is then used to finance their own loan programs for members. At the end of each fiscal year, the net savings generated by cooperative banks is returned to their member-owners, reflecting a mutually beneficial relationship and the co-existence of both arms of the cooperative sector.

Indeed, cooperative banks have been active partners in government poverty alleviation efforts, especially in rural and underserved areas, as they extend financial services even to the “unbankable” sectors and helping jumpstart small businesses and other economic opportunities.

Thus, this proposed legislation aims to make cooperative banks more responsive to these evolving challenges by enhancing their legal and institutional framework, thereby empowering them to play a more meaningful and sustainable role in the cooperative sector and the broader national economy.

In view of the foregoing, the immediate passage of this bill is earnestly sought.

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HON. FELIMON M. ESPARES



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

CHAPTER I

DECLARATION OF POLICY AND DEFINITIONS

1 **SECTION 1. *Title.*** - This Act shall be known as the "*Cooperative Banking Act*".
2

3 **SEC. 2. *Declaration of Policy.*** - It is the declared policy of the State to foster
4 the creation and growth of cooperatives to promote self-reliance, communal unity and
5 the attainment of economic development and social justice. The State shall encourage
6 the private sector to undertake the actual formation and organization of cooperatives
7 and shall create an atmosphere that is conducive to the growth and development of
8 these cooperatives.
9

10 Further, it is hereby declared the policy of the State to:
11

- 12 a. Recognize Cooperative Banks (CBs) as practical vehicles for the promotion of
13 self-reliance and economic development and the attainment of social justice;
14 b. Encourage thrift and savings mobilization for the achievement of sustainable
15 economic development primarily among cooperatives and their members; and
16 c. Regulate and supervise the activities of CBs in order to achieve sound, stable,
17 sustainable, and efficient operations for the protection of the public interest.

18 Towards these ends, the Government shall encourage and assist in the
19 establishment of CBs in order to make credit facilities available and readily accessible
20 to the public on reasonable terms.
21

22 **SEC. 3. *Definition of Terms.*** – As used in this Act:

- 23 a. *Cooperative Bank* refers to a bank organized under this Act and under the
24 provisions of Republic Act No. 9520, otherwise known as “The Philippine
25 Cooperative Code of 2008”, and prior laws, for the primary purpose of
26 providing a wide range of financial services to cooperatives and their members

1 and the public, and which was issued by the *Bangko Sentral ng Pilipinas*
2 (BSP) a license to operate as such, the majority shares of which are owned and
3 controlled by the cooperative organizations;
4

- 5 b. *Cooperative organization* refers to any cooperative whether primary,
6 secondary, tertiary, or a special type of cooperative registered under the
7 provisions of the Cooperative Code and Republic Act No. 10744, otherwise
8 known as the “Credit Surety Fund Cooperative Act of 2015”;
9
- 10 c. *Samahang Nayon and Municipal Katipunan ng mga Samahang Nayon* refer
11 to pre-cooperative organizations established under Presidential Decree No.
12 175 on “Strengthening the Cooperative Movement”.

13 CHAPTER II

14 ORGANIZATION

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16
17
18 **SEC. 4. *Organization and Membership.*** - The organization and membership
19 of a CB shall be governed by the following:
20

- 21 a. **Organization** — At least fifteen (15) cooperative organizations duly
22 established and registered under the Cooperative Code may register a CB
23 with the Cooperative Development Authority (CDA), upon compliance with
24 the requirements of and required authorization from the BSP;
- 25 b. **Membership** — Membership in a CB shall be open to:
26
- 27 (1) cooperatives of all types and categories;
 - 28
 - 29 (2) foreign cooperatives;
 - 30
 - 31 (3) pre-cooperative organizations established under Presidential Decree No.
32 175; and
 - 33
 - 34 (4) individuals.

35
36 Membership in a CB is either regular or associate. Regular membership shall be
37 limited to cooperative organizations and individuals who are members of a domestic
38 cooperative or foreign cooperative. Associate members shall be pre-cooperative
39 organizations established under Presidential Decree No. 175 and individuals who are
40 subscribing and holding preferred shares only.
41

42 The common shareholdings of local cooperative organizations shall at all times
43 be at least sixty percent (60%) of the total outstanding voting shares of the CB. Common
44 shares held by individuals who are members of a cooperative and foreign cooperatives
45 shall not be more than forty percent (40%) of the total outstanding voting shares:
46 *Provided*, That the common shareholdings of each individual who is a member of a
47 cooperative shall not be more than five percent (5%) of the total outstanding voting
48 shares.

1 Directors as independent directors. Other board-level committees may be
2 created as may be directed by the BSP.

3
4 Other committees may be created by the board of directors with powers,
5 functions, and responsibilities which shall be defined in the by-laws.

- 6
7 b. Key Management Officers. - The key management officers shall be appointed
8 by the Board and shall include the President, Treasurer, Internal Auditor, and
9 Compliance Officer, or their equivalent ranks. The BSP shall prescribe the
10 qualifications and disqualifications of the key management officers.

11
12 **SEC. 8. *Vacancy in the Board and Committees.*** - Any vacancy in the Board
13 of Directors, other than by removal or by expiration of term, may be filled by the vote of
14 at least a majority of the remaining directors, if still constituting a quorum; otherwise,
15 said vacancy must be filled by the general assembly in a regular or special meeting
16 called for that purpose. A director so elected to fill a vacancy shall serve only the
17 unexpired term of the predecessor in office.

18
19 In case of vacancy in the committees, the Board, unless otherwise provided in the
20 by-laws, shall appoint a person to fill the same, subject to the provision that the person
21 appointed shall serve only for the unexpired portion of the term.

22
23 **SEC. 9. *Compensation.*** - In the absence of any provision in the by-laws fixing
24 their compensation, the directors shall not receive any compensation except for
25 reasonable per diems: *Provided, however,* That the directors and officers shall not be
26 entitled to any per diem when, in the preceding calendar year, the CB reported a net
27 loss or had a dividend rate less than the official inflation rate for the same year. Any
28 compensation other than per diems may be granted to directors by a majority vote of
29 the members with voting rights at a regular or special general assembly meeting
30 specifically called for the purpose: *Provided,* That no additional compensation other
31 than per diems shall be paid during the first year of existence of the CB.

32
33 In no case shall the total yearly compensation of directors exceed ten percent
34 (10%) of the net income of the CB during the preceding year.

35
36 **SEC. 10. *Liability of Directors, Officers and Committee Members.*** -
37 Directors, officers, and committee members, who willfully and knowingly vote for or
38 assent to patently unlawful acts or who are guilty of gross negligence or bad faith in
39 directing the affairs of the CB or acquire any personal or pecuniary interest in conflict
40 with their duties as such directors, officers or committee members shall be liable jointly
41 and severally to the CB for the full amount of damages or personal gain resulting
42 therefrom.

43
44 When directors, officers, or committee members attempt to or have acquired, in
45 violation of their duties, any interest or equity adverse to the cooperative in respect to
46 any matter which has been reposed in them in confidence, they shall, as a trustee for
47 the cooperative, be liable for damages and shall be accountable for double the profits
48 which otherwise would have accrued to the cooperative.

49

1 **SEC. 11. *Disloyalty of Directors and Officers.*** - A director or officer who, by
2 virtue of the office, acquires a financial opportunity which should belong to the CB shall
3 be liable for damages and must account for double the profits that otherwise would have
4 accrued to the CB by refunding the same, unless the act was ratified by a two-thirds
5 (2/3) vote of all the members with voting rights.
6

7 This provision shall be applicable notwithstanding the fact that the director or
8 officer used personal funds for the venture.
9

10 **SEC. 12. *Dealings of Directors, Officers, Stockholders and Related***
11 ***Interests (DOSRI).*** - Dealings with directors, officers, stockholders and related
12 interests of the CB shall comply with SEC. 36 of Republic Act No. 8791, otherwise
13 known as “The General Banking Law of 2000”. However, the limits on loans to dealings
14 of directors, officers, stockholders, and related interests shall not apply to loans, other
15 credit accommodations, or guarantees extended by a CB to its member primary
16 cooperatives.
17

18 **SEC. 13. *Illegal Use of Confidential Information.*** - A director or officer, or
19 an associate of a director or officer, who, for one’s benefit or advantage or that of an
20 associate, makes use of confidential information that, if generally known, might
21 reasonably be expected to adversely affect the operations and viability of the CB, shall
22 be held:

- 23 a. Liable to compensate the CB for the direct losses suffered by the CB as a result
24 of the illegal use of information; and
25
26 b. Accountable to the CB for any direct benefit or advantage received or yet to be
27 received by the associate, as a result of the transaction.

28 The CB shall take the necessary steps to enforce the liabilities and
29 accountabilities described herein.
30

31 **SEC. 14. *Bond for Faithful Performance of Duties and Obligations.*** –
32 Every officer or employee handling funds, securities, or property on behalf of a CB shall,
33 before performing such duties, execute and deliver adequate and appropriate bond for
34 the faithful performance of one’s duties and obligations.
35

36 **SEC. 15. *Quorum and Voting Rights.*** –
37

38 (a) In the case of primary cooperatives, regular meetings of the Board of Directors
39 shall be held at least once a month. Special meetings may be held at any time:
40

- 41 i. at the call of the Chairperson, upon prior written notice given at least
42 three (3) days prior to the date of said meeting;
43
44 ii. or at the call of a majority of the members of the Board, upon prior written
45 notice given at least one (1) day before said meeting: *Provided*, That only
46 two (2) special meetings may be held in one (1) month. Notices may be sent
47 through electronic means, to the official contact number or email account
48 of the officers.

1 (b) A majority of the members of the Board shall constitute a quorum for the
2 conduct of business.

3
4 (c) Each member of the Board shall only have one (1) vote, whether it be a primary
5 or secondary cooperative, irrespective of the share capital holdings of the member-
6 cooperative.

7
8 (d) Directors cannot attend by proxy at Board meetings.

9
10 (e) Cooperatives may opt to allow meetings of the Board of Directors and members
11 of the different committees of the cooperative to be conducted either through physical
12 attendance or videoconferencing, or both, subject to the rules on sending notices,
13 quorum, and voting requirements as provided for in the By-laws. In the conduct of
14 meetings through videoconferencing, cooperatives shall adopt their own policies and
15 procedures which shall be included in their By-laws.

16 17 CHAPTER IV

18 19 GENERAL ASSEMBLY

20
21 **SEC. 16. *Composition of the General Assembly.*** - The general assembly shall
22 be composed of regular members who are entitled to vote under the articles of
23 cooperation and by-laws of the CB.

24
25 **SEC. 17. *Powers of the General Assembly.*** - The general assembly shall be the
26 highest policy-making body of the CB and shall exercise such powers as are stated in
27 the Cooperative Code, in the articles of cooperation, and in the by-laws of the CB. The
28 general assembly shall have the following exclusive powers which cannot be delegated:

- 29
- 30 a. To determine and approve amendments to the articles of cooperation and by-
31 laws;
 - 32
 - 33 b. To elect or appoint the members of the board of directors, and to remove
34 them for cause;
 - 35
 - 36 c. To approve developmental plans of the CB;
 - 37
 - 38 d. To approve or disapprove proposals from the Board of Directors pertaining to
39 external borrowings, investments, grants, donations, and other forms of
40 financial assistance, when the amounts involved are material or if they exceed
41 one hundred percent (100%) of the CB's equity; and,
 - 42
 - 43 e. To serve as the final arbiter in resolving all issues and dispute pertaining to
44 membership within the CB.

45
46 Subject to such other provisions of the Cooperative Code and only for purposes of
47 prompt and intelligent decision-making, the general assembly may, by a three-fourths
48 (3/4) vote of all its members with voting rights present and constituting a quorum,

1 delegate some of its powers to a smaller body of the CB. These powers shall be
2 enumerated under the by-laws of the CB.

3
4 **SEC. 18. *Meetings*** - A regular meeting shall be held annually by the general
5 assembly on a date fixed in the by-laws, or if not so fixed, on any date within one
6 hundred eighty (180) days after the close of each fiscal year: *Provided*, That notice of
7 regular meetings may be sent through personal delivery, registered mail, electronic
8 means, or such other manner as the BSP may allow under its existing regulations, to
9 all members of record, and posted in conspicuous places within the CB premises.

10
11 Whenever necessary, a special meeting of the general assembly may be called at
12 any time by a majority vote of the Board of Directors or as provided for in the by-laws:
13 *Provided*, That a notice shall be sent one (1) week prior to the meeting to all members
14 who are entitled to vote: *Provided, however*, That a special meeting shall be called by
15 the Board of Directors after compliance with the required notice or by at least ten
16 percent (10%) of the total members who are entitled to vote to transact specific business
17 covered by the call.

18
19 If the Board fails to call a regular or a special meeting within the given period,
20 the CDA shall, upon petition of ten percent (10%) of all the members of the CB who are
21 entitled to vote, and for good cause shown, shall issue an order to the petitioners
22 directing them to call a meeting of the general assembly by giving proper notice as
23 required in the Cooperative Code or in the by-laws.

24
25 In the case of a newly approved CB, a special general assembly shall be called, as
26 far as practicable, within ninety (90) days from such approval.

27
28 The CDA may call a special meeting of the CB for the purpose of reporting to the
29 members the result of any examination or investigation it has conducted on the affairs
30 of the CB.

31
32 Notice of any meeting may be waived, expressly or impliedly, by any member.

33
34 **SEC. 19. *Quorum and Voting System***. - The quorum requirement for general
35 assembly meetings, whether special or regular, shall be one-half plus one of the number
36 of voting shares of all the members in good standing.

37
38 To amend its articles of cooperation and by-laws, at least three-fourths (3/4) vote
39 of all the members with voting rights, present and constituting a quorum shall be
40 required. All other voting requirements shall be prescribed by the BSP. In the
41 alternative, the cooperative bank may opt to amend its Articles of Cooperation and By-
42 laws through a referendum, subject to the guidelines to be issued by the Authority.
43 However, the vote requirement shall be two-thirds (2/3) vote of all the members in good
44 standing.

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46 The voting rights of the members shall be proportionate to the number of their
47 paid-up shares.

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CHAPTER V

POWERS, FUNCTIONS, AND ALLIED UNDERTAKINGS

SEC. 20. Powers and Functions of Cooperative Banks. – The CBs shall primarily provide a wide range of financial services to cooperative organizations, their members, and the public. A CB may perform any or all of the following banking services:

- a. Extend loans and advances primarily for the purpose of meeting the normal credit needs of farmers, fishermen, or farm families as well as cooperatives, merchants, and private and public employees: *Provided*, That loans and advances granted to cooperative organizations shall not be subject to individual ceilings on loans to DOSRI;
- b. Accept savings and time deposits;
- c. Act as correspondent of other financial institutions;
- d. Discount and rediscount paper with the Land Bank of the Philippines, Development Bank of the Philippines or any other bank, including its branches and agencies. Said banks shall specify the nature of paper deemed acceptable for rediscounting, as well as the rediscount rate to be charged by any of these banks;
- e. Act as collection agent;
- f. Act as official depository of local government units and other government agencies or instrumentalities;
- g. Acquire readily marketable bonds and other debt securities;
- h. Buy and sell foreign exchange;
- i. Acquire shares of publicly listed companies;
- j. Act as conduit bank for the disbursement of government funds intended for lending to agriculture, micro, small-medium enterprises (MSMEs) and projects for local economic development;
- k. To be eligible to participate in government program allocations for agricultural lending, social housing, loans to rural micro enterprises and other initiatives towards inclusive growth;
- l. Offer financial technology services, such as digital lending and payment, and digital wealth management, among others, subject to prior approval of the BSP;

- 1
2 m. Participate in treasury and money market operations such as:
3 i. Repurchase Agreements with the BSP;
4 ii. Reverse Repurchase Agreements with the BSP;
5 iii. Overnight Lending Facility of the BSP;
6 iv. Overnight Deposits with the BSP;
7 v. Term Deposit Facility with the BSP; and,
8 vi. Sales and Marketing of Financial Products;
9
10 n. Offer credit card services;
11
12 o. Act as lending banks for credit surety fund cooperatives, as provided under
13 Republic Act No. 10744, otherwise known as the “*Credit Surety Fund*
14 *Cooperative Act of 2015*”;
15
16 p. Act as depository bank of cooperatives with regard to their reserve funds, if
17 such banks exist in their area of operations; and,
18
19 q. Offer other banking services as provided for in Section 53 of Republic Act No.
20 8791.

21 In addition to the powers granted to CBs by this Act and other existing laws, any
22 CB may perform any or all of the banking services offered by other types of banks subject
23 to the prior approval of the BSP.
24

25 **SEC. 21. *Investment in Allied Undertakings.*** - Subject to the requirements
26 and restrictions as may be imposed by the Monetary Board under its existing rules and
27 regulations, CBs may invest in equities of allied undertakings which may include the
28 following:
29

- 30 a. Banks, financial institutions and non-bank financial intermediaries,
31 including but not limited to insurance cooperatives and trust banks;
32
33 b. Warehousing and other post-harvest facilities;
34
35 c. Fertilizer and agricultural chemical and pesticides distribution;
36
37 d. Farm equipment distribution;
38
39 e. Trucking and transportation of agricultural products;
40
41 f. Marketing of agricultural products;
42
43 g. Leasing;
44
45 h. Automated teller machine (ATM) networks;
46
47 i. Public transportation;
48

1 j. Financial technology; and

2
3 k. Other undertakings as may be determined by the Monetary Board.

4
5 **SEC. 22. *Limitations on Lending Authority.*** - Except as the Monetary Board
6 may otherwise prescribe, the direct indebtedness to CBs of any person, company,
7 corporation, or firm, including the indebtedness of members of a partnership and
8 association, for money borrowed, shall in no time exceed twenty five percent (25%) of
9 unimpaired capital and surplus of the CB. However, the direct indebtedness mentioned
10 shall exclude loans secured by obligations of the BSP; loans fully guaranteed by the
11 Government as to the payment of principal and interest; loans to the extent covered by
12 the hold-out on, or assignment of, deposits maintained in the lending CB and held in
13 the Philippines; and other loans or credits as the Monetary Board may, from time to
14 time, specify as non-risk assets.

15 16 CHAPTER VI

17 18 CAPITALIZATION AND CAPITAL STRUCTURE

19
20 **SEC. 23. *Capital Requirement for Cooperative Banks.*** - A CB shall have a
21 minimum paid-up capital in such amount as may be required by the BSP. The BSP may
22 prescribe rules and regulations on the types of shares a CB may issue, including the
23 terms thereof and rights appurtenant thereto to determine compliance with laws and
24 regulations governing capital and equity structure of banks: *Provided*, That CBs shall
25 issue par value shares only.

26
27 **SEC. 24. *Barrio Savings Fund (BSF), Barrio Guarantee Fund (BGF),***
28 ***Cooperative Development Loan Fund (CDLF), Cooperative Marketing Program***
29 ***(CMP), and other funds administered by CDA.*** - In order to augment the
30 capitalization of CBs, the aforementioned funds collected or deducted by various CBs
31 throughout the country from the loan proceeds of farmer borrowers in compliance with
32 Presidential Decree No.175, which are still floating and outstanding either as active or
33 dormant accounts in the books of those banks, shall be converted as capital of the CB
34 located in the province where the depository banks of the BSF and BGF are located.

35
36 **SEC. 25. *Samahang Nayon and Municipal Katipunan ng mga Samahang***
37 ***Nayon.*** - The *Samahang Nayon (SN)* and *Municipal Katipunan ng mga Samahang*
38 *Nayon (MKSAN)* which held common shares of CBs prior to the effectivity of Republic Act
39 No. 9520 shall apply for conversion to cooperatives in order to maintain their status as
40 regular members of CBs: *Provided*, That the CBs shall exert efforts to inform and assist
41 the SN and MKSAN to convert within a period of five (5) years from the effectivity of this
42 Act. Upon failure of the SN and MKSAN to finally convert to a cooperative within said
43 period, the funds held in the name of such SN and MKSAN shall be considered as
44 preferred shares and shall remain as capital of the CB. Within six (6) months from the
45 conversion of preferred shares, the Cooperative Bank (CB) may, at its option, reclassify
46 such shares as treasury shares at the same value at which they were liquidated.

47
48 **SEC. 26. *Additional Source of Capital of the CBs.*** - The funds or common
49 shares in CBs held in the name of cooperatives whose certificates of registration have

1 already been cancelled by the CDA shall remain as capital in said CBs and shall be
2 treated as preferred shares.

3 4 CHAPTER VII

5 6 SUPERVISION

7
8 **SEC. 27. *Supervision of Cooperative Banks.*** - All CBs shall be under the
9 supervision of the BSP: *Provided, however,* That the CDA shall monitor the CBs'
10 compliance with cooperative laws, rules, and regulations. With respect to the
11 governance of the CBs, the provisions of the banking laws, rules, and regulations shall
12 prevail, notwithstanding Section 71 of Republic Act No. 8791.

13
14 **SEC. 28. *Promulgation of Guidelines.*** – The BSP and CDA may formulate
15 guidelines to implement or clarify the provisions of the Act: *Provided,* That the BSP, as
16 the regulator of banks, shall be the primary regulator of cooperative banks consistent
17 with the provisions of Republic Act No. 8791: *Provided, further,* That in order to
18 minimize the burden of dually-regulated entities, the BSP shall, in consultation with
19 the CDA, in its promulgation of rules and regulations, to the extent allowed in banking
20 and other relevant laws, and insofar as consistent with the BSP’s exercise of supervisory
21 and regulatory powers over banks, consider the requirements of this Act and the CDA
22 for cooperatives in general.

23
24 **SEC. 29. *Oversight Committee.*** – There is hereby created a Joint
25 Congressional Oversight Committee (JCOC) to oversee, monitor, and evaluate the
26 implementation of this Act. The JCOC shall be composed of five (5) members each from
27 the House of Representatives and the Senate. The JCOC shall be co-chaired by the
28 Chairpersons of the House Committee on Banks and Financial Intermediaries and the
29 Senate Committee on Banks, Financial Institutions and Currencies.

30
31 The Speaker and the Senate President shall designate the other four members
32 of the JCOC of the House and the Senate from among the members of the House
33 Committee on Banks and Financial Intermediaries and the Senate Committee on
34 Banks, Financial Institutions and Currencies, at least one (1) member of which shall be
35 from the minority.

36 37 CHAPTER VIII

38 39 PRIVILEGES AND INCENTIVES

40
41 **SEC. 30. *Privileges of Cooperative Banks.*** - CBs registered under this Act and
42 the Cooperative Code shall have the following privileges and incentives:

- 43
44 1. Those privileges and incentives accorded to cooperatives under the
45 Cooperative Code and other prior laws including exemption from all national,
46 city, provincial, municipal or barangay taxes, fees and charges of whatever
47 nature and description: *Provided, however,* That when a CB has reached an
48 undivided net savings of more than One hundred million pesos (P
49 100,000,000.00), transactions to non-member shall be taxable;

50

- 1 2. The foreclosure of mortgages covering loans granted by CBs and executions of
2 judgment thereon involving real properties levied upon by a sheriff shall be
3 exempt from the publication in newspapers where the total amount of loan,
4 excluding interests due and unpaid, does not exceed One million pesos
5 (P1,000,000.00) or such amount as the Monetary Board may prescribe as may
6 be warranted by prevailing economic conditions. It shall be deemed sufficient
7 publication in such cases where the notices of foreclosure and execution of
8 judgment are posted in the most conspicuous areas such as the municipal
9 building, the municipal public market, the CB, and the barangay hall where
10 the land mortgaged is situated during the period of sixty (60) days
11 immediately preceding the public auction or execution of judgment. Proof of
12 publication as required herein shall be accomplished via an affidavit of the
13 sheriff or officer conducting the foreclosure sale or execution of judgment and
14 shall be attached to the records of the case;
15
- 16 3. A CB shall be allowed to foreclose lands mortgaged to it subject to the
17 provisions of Republic Act No. 6657, otherwise known as the Comprehensive
18 Agrarian Reform Law of 1988. For agrarian lands foreclosed by a CB, the
19 disposal of the same to another qualified beneficiary under Republic Act No.
20 6557 shall be made through the same CB. Further, the amortization of the
21 beneficiary in favor of the Department of Agrarian Reform (DAR) shall be
22 coursed through the servicing CB: *Provided, however,* That CBs shall be
23 exempt from the landholding limits as prescribed by the DAR or any other law
24 requiring the same;
25
- 26 4. For CBs granted by the BSP with accreditation as Rural Financial Institution
27 (RFI) under Republic Act No. 10000, the following privileges shall be awarded:
28
 - 29 a. Unrestricted branching rights to set-up agriculture-oriented branches
30 in unbanked municipalities and predominantly agricultural
31 communities, subject to existing regulations on minimum
32 capitalization for banks and the size of branch network;
33
 - 34 b. Automatic eligibility with Philippine Guarantee Corporation, with
35 respect to agricultural credit guarantee, Philippine Crop Insurance
36 Corporation, and governmental agencies providing services towards
37 risk-mitigation in the agriculture sector;
38
 - 39 c. Priority status as credit delivery partner or conduit of government
40 directed programs for agricultural projects through the Department of
41 Agriculture and other government agencies; and
42
 - 43 d. Entitlement to participate free of charge in capability-building
44 activities in agriculture lending such as the exchange of best-practice
45 experiences, study tour, technology transfer among ASEAN Member
46 States and other fora of international cooperation.
47
- 48 5. Notwithstanding the provisions herein, privileges and incentives granted to
49 rural banks pursuant to Republic Act No. 7353, or the “Rural Act of 1992”,
50 shall also be granted to cooperative banks duly registered under this Act.

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SEC. 31. *Separability Clause.* - If any provision or section of this Act or the application thereof to any person or circumstance is held invalid, the other provisions or sections of this Act shall remain valid, and the application of such remaining provisions or sections to the other persons or circumstances shall not be affected thereby.

SEC. 32. *Repealing Clause.* - All laws, issuances, rules, and regulations inconsistent with this Act are hereby modified or amended accordingly.

SEC. 33. *Effectivity.* - This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,