

AN ACT ESTABLISHING AND DEFINING- THE LEGAL RATE OF INTEREST, AND DECLARING THE EFFECT OF USURY UPON CONTRACTS, AND FOR OTHER PURPOSES, IN THE MORO PROVINCE, THE MOUNTAIN PROVIN...

Act No. 2073, August 19, 1911

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By authority of the United State, be it enacted by the Philippine Commission, that:

SECTION 1. Interest for any legal indebtedness shall be at the rate of six per centum per annum, unless a different rate not inconsistent with the provisions of this Act is contracted for in writing as provided by article eleven hundred and eight of the Civil Code; and no person,, company, or corporation shall directly or indirectly take or receive any money, goods, or things in action, or in any other way, any greater sum or any greater value for the loan or forbearance of money, goods, or tilings in action, than fifteen per centum per annum; and in the computation of interest upon any bond, note, or other instrument or agreement, interest shall not be compounded. But any contract to pay interest not usurious upon interest overdue shall not be construed in be usury.

SEC. 2. Any person who, for any such loan or forbearance, shall have paid or delivered any greater sum or value than is allowed to be received, may by himself or his personal representative recover in an action against the person who shall have taken or received the same, or his personal representative, the full amount of interest or premium so paid, with costs, if such action shall be brought within two years after such payment or delivery.

SEC. 3. All bonds, hills, notes, assurances, conveyances, chattel mortgages, and all oilier contracts and securities whatsoever, and all deposits of goods, or anything whatever, whereupon or whereby there shall be reserved, secured, or taken any greater sum or value for the loan or forbearance of any money, goods, or tilings in action, than is above prescribed, shall be void, except as to bona fide purchasers of negotiable paper, as hereinafter provided, in good faith, for a valuable consideration, before maturity: Provided, That no merely clerical error in the computation of interest, made with no intent to avoid the provisions of this Act, shall render the contract usurious: And provided further, That the payment of interest in advance for one year at a rate not to exceed fifteen per centum per annum shall not be construed to constitute usury: And provided further, That nothing herein shall be construed to prevent the purchase of negotiable mercantile paper, usurious or otherwise, for a valuable consideration, by an innocent purchaser, free from all equities, at any price, before the maturity of the same, when there has been no intent to evade the provisions of this Act, or where said purchase has not been a part of the original usurious transaction. In any case, however, where the original holder of a usurious note sells the same to an innocent purchaser, the maker of said note or his representative shall have the right to recover back from the said original holder the amount of principal and interest paid by him on said note.

SEC. 4. Every person, company, or corporation offending against Answers under the provisions of this Act, shall be compelled to answer on oath any complaint that may be exhibited or filed against him in a court of competent jurisdiction for the discovery of any sum of money, goods, or tilings in action so taken, accepted, or received in violation of the foregoing provisions.

SEC. 5. Nothing in this Act shall be construed as in any way affecting any contract heretofore or hereafter made, whereby one of the parties thereto has advanced, or may advance, money to be used in business or other ventures, mutually determined upon, and whereby the other party thereto, the one receiving such money, has refunded, or agrees to refund the same, with interest thereon as stipulated (provided such interest does not exceed a lawful its' rate) and in addition thereto has shared, or agrees to share equally or otherwise, with the party so advancing the money, the profits, if any there were or may be, of the business or other ventures carried on, or undertaken in whole or in part with such money.

SEC. 6. Whenever it satisfactorily appears to a court that any bond, bill, note, assurance, pledge, conveyance, contract, security, or evidence of debt has been taken or received in violation of the provisions of this Act, the court shall declare the same to be void, and enjoin any proceeding thereon, and shall order the same to be canceled and given up.

SEC. 7. None of the provisions of this Act shall apply to the as business of building and loan associations or to the business of duly licensed pawnbrokers.

SEC. 8. This Act shall apply to the Moro Province, the Mountain Application of the Province and the Provinces of Agusan and Nueva Vizeaya.

Enacted, August 19, 1911.

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