

AN ACT TO PROHIBIT BUILDING AND LOAN ASSOCIATIONS TO TAKE OR RECEIVE DIRECTLY OR INDIRECTLY IN MONEY OR OTHER PROPERTY, REAL OR PERSONAL, OR CHOSE IN ACTION, A HIGHER RATE OT I...

Commonwealth Act No. 399, September 12, 1938

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Be it enacted by the National Assembly of the Philippines:

Section 1. Section two of Act Numbered Twenty-six Hundred and fifty-five, commonly known as the Usury Law, as amended by Act Numbered Forty hundred and seventy, is further amended to read as follows:

"SEC. 2. No person or corporation shall directly or inmortgage loans; directly take or receive in money or other property, real or personal, or choses in action, a higher rate of interest or greater sum or value, including commissions, premiums, fines and penalties, for the loan or renewal thereof or for bearance of money, goods, or credits, where such loan or renewal or forbearance is secured in whole or in part by a mortgage upon real estate the title to which is duly registered, or by any document conveying such real estate or an interest therein, than twelve per centum per annum."

Sec. 2. Section three of Act Numbered Twenty-six hundred and fifty-five, as amended by Act Numbered Thirty-nine hundred and ninety-eight, is further amended to read as follows:

"Sec. 3. No person or corporation shall directly or in directly demand, take, receive or agree to charge in money or other property, real or personal, a higher rate or greater sum or value for the loan or forbearance of money, goods, or credits, where such loan or forbearance is not secured as provided in section two hereof, than fourteen per centum , per annum: Provided, however, That in the case of building and loan associations organized in accordance with section one hundred and seventy-one of Act Numbered Fourteen hundred and fifty-nine, as amended, such rate or sum or value, including premiums, fines, and penalties for such loan or forbearance of money, goods, or credits, or for dues on shares of stock, shall not be higher than twelve per centum per annum."

Sec. 3. Section one hundred and eighty-one of Act Num Bunding and loan bered Fourteen hundred and fifty-nine as amended by Act Numbered Thirty-six hundred and ten, is further amended so as to read as follows:

"Sec. 181. By the affirmative vote of a majority of all -loans. the directors the association may borrow money for such temporary uses and purposes of the association as the exigencies of the business may demand provided such borrowing is consistent with the objects of the association. The aggregate amount of the outstanding indebtedness of any such association shall not at any time exceed fifty per centum of the capital stock of all classes of such association actually paid in.

"After the date when this Act, as amended, shall take directors, effect, no director or officer of any building and loan association shall either directly or indirectly, for himself or as the representative or agent of others, borrow any of the funds of such association except upon the pledge of shares of such association with a withdrawal value in excess of the amount borrowed, nor shall he become a guarantor, indorser, or surety upon loans granted by such association to others or in any manner be an obligor for moneys borrowed from the

association or loaned by it unless such borrowings are secured by the pledge of stock of such association with a withdrawal value in excess of the sums borrowed. Any director or officer of a building and loan association who violates the provisions of this paragraph shall be punished by imprisonment not exceeding five years or by a fine of not less than one thousand pesos nor more than five thousand pesos or by both such fine and imprisonment in the discretion of the court."

Sec. 4. Section one hundred and seventy-eight of Apt- Numbered Fourteen hundred and fifty-nine, as amended repealed.

Sec. 5. This Act shall not apply to contracts or trans- actions existing and in force at the time of the approval of this Act.

Sec. 6. This Act shall take effect upon its approval.

Approved, September 12, 1938.

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