

AN ACT AMENDING FURTHER REPUBLIC ACT NUMBERED THREE THOUSAND SEVEN HUNDRED SEVENTY-NINE, AS AMENDED, OTHERWISE KNOWN AS THE "SAVINGS AND LOAN ASSOCIATION ACT";

BATAS PAMBANSA BLG. 62, April 01, 1980

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Be it enacted by the Batasang Pambansa in session assembled:

SECTION 1. Section five of Republic Act No. 3779, as amended, is hereby amended to read as follows:

"SEC. 5. Powers of savings and loan association.—A savings and loan association shall be incorporated under the Corporation Code of the Philippines.

"A stock savings and loan association, in addition to the powers granted under the Corporation Code of the Philippines, shall exercise all the powers and assume all the obligations of a savings and mortgage bank as provided in the General Banking Act: Provided, That nothing in this section shall be construed as precluding such association from performing, with prior approval of the Monetary Board, all the services authorized for commercial banks under Republic Act No. 337, as amended, or from operating under an expanded banking authority as provided in Section 21-B of the same Act.

"A non-stock savings and loan association, in addition to the powers granted in the Corporation Code of the Philippines, shall exercise the following:

"(a) To grant loans not exceeding the member-borrower's savings and time deposits in the association, plus his four months' salary or regular income whether from employment or from his own business, or seventy percent (70%) of the fair market value of any property acceptable as collateral on first mortgage that he may offer as security: Provided, That no loan shall have a maturity of more than five years, except loans on the security of unencumbered real estate for the purpose of home building and home development which may be granted with maturities not exceeding thirty years and medium- or long-term loans to finance agricultural projects, subject to regulations prescribed by the Monetary Board: Provided, further, That in the case of a borrower who is a permanent employee or wage earner, the treasurer, cashier or paymaster of the office employing him is authorized, notwithstanding the provisions of any existing law, rule and regulation to the contrary, to make deductions from his salary, wage, or income pursuant to the terms of his loan, to remit deductions to the savings and loan association concerned, and collect such reasonable fee for his services as may be authorized by rules promulgated by the Monetary Board;

"(b) To charge interest within the limits allowed by law, and collect such necessary fees incidental to the grant of loans as may, by regulation, be authorized by the Monetary Board;

"(c) Subject to such rules as the Monetary Board may approve, to discount with recourse commercial papers and accounts receivables;

"(d) To invest its funds in any sound non-speculative enterprise, as well as in bonds, securities, and other obligations issued by the Government of the Philippines, or any of its political subdivisions, instrumentalities or corporations including government-owned or controlled corporations subject to the rules and regulations of

the Monetary Board;

"(e) To allow member-depositors to participate in the profits of the savings and loan association on the basis of their deposits on the date dividends are declared;

"(f) To borrow money or incur, such obligations not exceeding twenty per centum of the total assets of the association, from any public lending institution, such as the Development Bank of the Philippines, the Philippine National Bank, the Government Service Insurance System, the Social Security System, and from such private lending institutions as may be approved by the Monetary Board. The Monetary Board may, in meritorious cases, raise the ceiling on the borrowing capacity of the association to an amount not exceeding thirty per centum of its total assets: Provided, That any such association organized by employees of an entity or a corporation may borrow funds from said entity or corporation but not vice versa;

"(f-1) To maintain deposits with banks and other stock savings and loan associations: Provided, That the amount of such deposits shall be subject to the loan limit to a single borrower as prescribed herein or by other special laws or regulations."

SEC. 2. Section fourteen of the same Act is hereby further amended to read as follows:

"SEC. 14. Directors and Officers.—At least two-thirds of the members of the board of directors of any stock savings and loan association which may be established after the approval of this Act shall be citizens of the Philippines: Provided, however, That no appointive or elective public official, whether full-time or part-time, shall at the same time serve as officer of. any stock savings and loan association, except in cases where such service is incident to financial assistance, provided by the government or a government-owned or controlled corporation to such association: Provided, further, That in the case of a merger or consolidation of stock savings and loan associations duly approved by the Monetary Board, the limitation on the maximum number of directors in a corporation as provided for in Section 14 of the Corporation Code of the Philippines, shall not be applied so that membership in the new board may include up to the total number of directors provided for in the respective articles of incorporation of the merging or consolidating savings and loan associations."

SEC. 3. Section twenty-one of the same Act is hereby-further amended to read as follows:

"SEC. 21. Limitation on investment.—

"(a) No non-stock savings and loan association at anyone time shall have invested in bonds and securities an aggregate amount in excess of ten per centum of the total assets of such association;

"(b) No non-stock savings and loan association at anyone time shall have invested in real property an aggregate amount in excess of five per centum of the total assets of such association;

" (c) No non-stock savings and loan association at any one time shall invest in furniture, fixture, furnishings and equipment and leasehold improvements for its offices, more than ten percent of its aggregate paid-up capital;

"(d) No stock savings and loan association at any one time shall have an investment in real estate and improvements thereon, including equipment, in an aggregate amount in excess of fifty percent of its net worth: Provided, That real estate used for the stock savings and loan association's purposes owned by another corporation in which that association owns equity shall be considered as part of the association's total investment in real estate."

SEC. 4. Section twenty-two of the same Act is further amended to read as follows:

"SEC. 22. Reserves.—Every non-stock savings and loan association shall create a withdrawable share reserve which shall consist of three per centum of the aggregate capital contributions of the members."

SEC. 5. This Act shall take effect upon its approval.

Approved, April 1, 1980.

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