

AN ACT AUTHORIZING MAURO PRIETO AND ASSOCIATES TO ESTABLISH A MORTGAGE BANK UNDER CERTAIN CONDITIONS.

Act No. 2215, February 03, 1913

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/7a913b681503/>

By authority of the United States, be it enacted by the Philippine Legislature, that:

SECTION 1. There is hereby granted to Mauro Prieto of the city of Manila, Philippine Islands, and his associates, the right and power to found, establish, and maintain, subject to the provisions of this Act, a mortgage bank, to be known as the Mortgage Bank of the Philippine Islands, hereinafter referred to as the bank: Provided, That not later than August first, nineteen hundred and thirteen, Mauro Prieto and associates shall furnish bond in the sum of twenty-five thousand pesos in favor of the Insular Government to guarantee the establishment of said mortgage bank, and not later than February first, nineteen hundred and fourteen, said Mauro Prieto and his associates shall organize a corporation in accordance with the laws of the Philippine Islands and establish said bank.

SEC. 2. The bank shall have the general powers which all corporations in the Philippine Islands have under existing laws, and also the special powers set out in this Act. Its corporate existence shall be for not to exceed fifty years from the date of its incorporation.

SEC. 3. The head office of the bank shall be in the city of Manila. Branches of the bank may be established or discontinued in the capitals of provinces or in other parts of the Philippine Islands, subject to the approval of the Governor-General, and agencies of the bank may be established in the United States or in foreign countries, subject to the approval of the Governor-General and in accordance with the laws of the United States or of such foreign countries.

SEC. 4. In addition to the business in which under existing law savings and mortgage banks may engage, the bank is authorized to engage in the following classes of transactions:

- (a) Discounting bills of exchange and commercial promissory notes.
- (b) Making collections of drafts and other negotiable paper, and advancing money thereon.
- (c) Negotiating or drawing bills of exchange, whether domestic or foreign.
- (d) Making loans or opening current accounts, upon the security of deposits with the bank as collateral of articles of commerce, products of the country, negotiable securities and industrial and commercial bills which are easily and safely realized upon at any time. Such collateral securities shall be accepted only at a rate not exceeding three-fourths of their market or appraised value.
- (e) Making loans on bills of lading when invoices and insurance policies sent to the bank are attached thereto: Provided, That the amount of such loans shall not exceed three-fourths of the current market value of the articles covered by such bills of lading.
- (f) Receiving money on time deposit and investing such money in bonds or in loans secured by bonds, bullion, or real estate mortgages as hereinafter provided.
- (g) Making loans or opening current accounts by the pledge to the bank of gold and silver bullion: Provided, That such amount shall not exceed ninety per centum of the value of the pledge by which the loan is secured.
- (h) Buying and selling or otherwise negotiating bonds of the United States, bonds of the Government of the Philippine Islands, bonds of the city of Manila, or any other municipal stocks or bonds of railways or mortgage

banks upon which interest or principal has been guaranteed by the Government of the Philippine Islands, and borrowing money on such bonds.

(i) Making loans or opening current accounts upon the security of the bonds mentioned in the last preceding paragraph: Provided, however, That such loans shall not exceed the face value of such bonds or the market value thereof, whichever may be the smaller.

(j) Making loans or opening current accounts on mortgages or deeds of trust to the bank on unencumbered real estate in cities and centers of population of municipalities in the Philippine Islands, or on agricultural lands in the Philippine Islands, at interest not exceeding ten per centum per annum, to an amount not exceeding sixty per centum of the actual cash market value of the real estate which is security for the loan, or the assessed value thereof, whichever may be the smaller.

(k) Making loans or opening current accounts on first mortgages transferred to the bank as collateral security on otherwise unencumbered real estate in cities and centers of population of municipalities, or on otherwise unencumbered agricultural lands in the Philippine Islands: Provided, however, That the mortgages transferred to the bank as collateral security with interest accrued and due shall not exceed sixty per centum of the actual cash market value of the real estate which secures such mortgages, or of the assessed value thereof, whichever may be the smaller.

(l) Acquiring credits secured by mortgages already existing which comply with the conditions expressed in the last two preceding paragraphs.

(m) Loaning to the Insular Government, provinces, municipalities, or other official corporations legally authorized to contract loans such amounts as they are authorized to borrow, with or without mortgage security, provided the payment of the principal and interest is guaranteed by the permanent revenues of such corporate bodies.

(n) Acquiring or discounting credits of the Insular Government, provinces and municipalities, or other official corporations, provided such credits are secured in the form prescribed in the last preceding paragraph.

(o) Issuing mortgage bonds to be secured by loans guaranteed by mortgage on real estate to the amount of such loans: Provided, however, That current accounts guaranteed by such mortgages shall not be included in such loans, and that the amount of such mortgage bonds shall in no case exceed a sum equal to ten times the sum of the capital of the bank actually paid up. The bonds shall be signed by the manager or the cashier of the bank, and by the official comptroller provided for in section seven of this Act, and each shall bear a serial number and a corresponding number within each series, and each bond shall be for not less than one hundred pesos Philippine currency. The redemption of these bonds shall be made in such amounts and manner that the remaining unredeemed bonds shall not exceed the amount of the loans secured by real estate mortgages which are owing to the bank. No mortgage bond of any other bank shall bear the signature of any official comptroller during ten years from the establishment of this bank.

SEC. 5. No loan of the bank shall be for a longer period security for loans, than ten years; and no loan secured by real estate mortgage shall be made unless the title to such real estate, free from all incumbrances, shall be in the mortgagor, and unless the mortgage shall be a first lien on the property therein described. Property liable to destruction by fire which is accepted as security shall be insured against fire for the benefit of the bank.

SEC. 6. The capital of the bank shall be four million pesos capital. Philippine currency, represented by forty thousand shares of one hundred pesos each: Provided, however, That the bank may increase its capital to ten million pesos. The bank shall not commence operations until there shall be subscribed and fully paid twenty thousand shares of the capital stock. The remaining shares may be issued in one or more series when at a stockholders' meeting regularly called for the purpose it shall be so resolved by the vote of the stockholders representing at least two-thirds of the entire corporate capital stock subscribed: Provided, however, That if all of said remaining shares are not subscribed and fully paid within two years from the date of the establishment of the bank the privilege of issuing the only bonds which shall bear the signature of an official comptroller shall be withdrawn.

All issues of shares made after the bank has commenced Issue of shares, operations shall be at par, adding eventually to the value of the share a premium in promotion to the reserve on hand, and the subscribers of the first series of shares issued, that is, the founders of the bank, shall have a preferential right to subscribe to said subsequent issues, which preferential right shall expire on December thirty-first, nineteen hundred and sixteen.

SEC. 7. The management of the bank shall be vested in a board of directors composed of not less than nine nor more than eleven members, who shall be elected and hold office during three years, one-third of its members being subsequently replaced or reflected annually in the manner and form provided in the by-laws of the bank. Each of the members of the board of directors shall be the owner of at least fifty shares of one hundred pesos each of the capital stock. The board of directors shall choose from its members a president and vice-president: Provided, That with the advice and consent of the Philippine Commission, the Governor-General shall appoint an official comptroller, at a salary to be fixed by him and paid by the bank, not exceeding ten thousand pesos a year, whose duties shall be to examine and audit the accounts of the bank and see that its transactions be within the law' and the by-laws of the corporation. The comptroller may attend the meetings of the board of directors and shall be entitled to veto any resolution of such board which he may consider contrary to law or the by-laws of the corporation: And provided further, That nothing in this Act shall be construed as exempting this bank from examination by the Insular Treasurer as provided by Act Numbered Fifty-two and its amendments.

SEC. 8. In so far as applicable, and when not contrary to the provisions of this Act, the bank shall be governed by the laws relating to corporations.

SEC. 9. Before beginning operations the bank shall adopt for its government by-laws not inconsistent with this Act or with the Corporation Law which shall make provisions covering the following points:

- (a) The method of election, qualifications, remuneration, powers, duties, and liabilities of the members of the board of directors.
- (b) The duties, salaries, and bonded security required of officers of the bank.
- (c) The number, method of appointment, term of office, remuneration, and duties of auditors.
- (d) Rules as to stockholders' meetings.
- (e) Rules of declaration and payment of dividends.
- (f) Rules for the valuation of real property offered as security.
- (g) The maximum amount that may be granted to a single borrower.
- (h) The manner of issuance and redemption of mortgage bonds.
- (i) The amount of and the manner of forming the reserve fund.
- (j) The conditions which will lead to liquidation and the method thereof.
- (k) Rules for such other matters as may be considered necessary or desirable.

The by-laws adopted shall be subject to the approval of the Governor-General.

SEC. 10. This Act shall take effect on its passage.

Enacted, February 3, 1913.

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.