

DISCLOSURE STATEMENT ON LOAN/CREDIT TRANSACTION

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In order to regulate the activities of financing and leasing companies and to place their operations on a sound, competitive and stable basis as well as to curtail or prevent acts or practices prejudicial to the public interest by a full disclosure of the true cost of credit to the borrower or user, the Commission, by virtue of the powers vested upon it by existing laws, hereby promulgates the following:

A. A "Disclosure Statement on Loan/Credit Transaction (sample form attached) is hereby prescribed for use by Financing Companies (FCs).

B. Such Disclosure Statement, in duplicate, shall be duly signed by the borrower and by the duly authorized signatory/ies of the Financing Companies prior to the release of his loan. A copy shall be kept in the company's premises which shall be open to inspection by the SEC or its duly authorized representative/s at any time during office hours and the other copy shall be given to such borrower.

Non-compliance with this Circular shall subject the creditor concerned to the following penalties:

- a. First Offense - Basic fine of P20,000.00 and P100.00 for each day of continuing violation
- b. Second Offense - Basic fine of P25,000.00 and P100.00 for each day of continuing violation.
- c. Third Offense - Basic fine of P30,000.00 and P100.00 for each day of continuing violation.
- d. Fourth Offense - Suspension/revocation of the certificate of authority to operate as a financing company.

This Circular shall take effect fifteen (15) days after publication in a newspaper of general circulation.

Adopted: 30 March 2001

(SGD.) LILIA R. BAUTISTA
Chairman

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