

AN ACT CREATING A GOVERNMENT AGRICULTURAL BANK OF THE PHILIPPINE ISLANDS AND APPROPRIATING FOR FUNDS THEREOF THE SUM OF ONE MILLION PESOS.

Acts No. 1865, June 18, 1908

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

SECTION 1. An agricultural banking corporation, to be known as the "Agricultural Bank of the Philippine Government," is hereby created and established, with its principal office and place of business in the city of Manila.

SEC. 2. The sum of one million pesos is hereby appropriated out of any of the general funds of the Insular Treasury not otherwise appropriated, as and for the capital of said bank.

SEC. 3. The Agricultural Bank of the Philippine Government is hereby authorized to receive deposits of funds of provinces, municipalities, the Postal Savings Bank, societies, corporations, and private persons, and the Postal Savings Bank and provincial and municipal governments are herein' authorized to make such deposits. Interest to be paid by said bank on deposits so made shall not exceed four per centum per annum.

SEC. 4. The affairs and business of said bank shall be administered by a board of directors, composed of the Secretary of Finance and Justice and in his absence or in the case of his disability the Acting Secretary of Finance and Justice, the Insular Treasurer and in his absence or in the case of his disability the Acting Insular Treasurer, and three citizens of the Philippine Islands or of the United States, resident within the Philippine Islands, who shall be appointed by the Governor-General by and with the advice and "consent" of the Philippine Commission. The Secretary of Finance and Justice and in his absence or in case of his disability the Acting Secretary of Finance and Justice shall be ex officio president of the board of directors. Three members of the board of directors shall constitute a quorum at any meeting thereof.

SEC. 5. The insular Treasurer and in his absence or in case of his disability the Acting Insular Treasurer shall be the manager of said bank, and shall perform the duties of his office in accordance with this Act and the by-laws of said bank duly adopted as hereinafter provided.

The official bond of the Insular Treasurer and in his absence or in case of his disability that of the Acting Insular Treasurer shall be liable for the faithful performance of the duties of such Insular Treasurer or Acting Insular Treasurer when acting as manager of said bank.

SEC. 6. With the approval of the Governor-General, the Insular Treasurer is authorized to constitute provincial and municipal treasurers agents of said bank, and they shall render such services in the operation of said bank as may be required of them by the insular Treasurer. When constituted agents of said bank, provincial and municipal treasurers are charged with official responsibility, and their bonds shall be liable for the faithful performance of their duties as such agents and for the safekeeping and accounting for any money or property of said bank confided to their custody.

The Governor-General may on request of the board of directors at paid bank or of the manager thereof, require any officer or employee of the Government to perform any service or render any assistance to said bank which he, the said Governor-General, may deem proper Subject to the Civil Service Act and rules and the by-laws of same bank, the manager of the bank is authorized to appoint such other personnel as may be necessarily required for the proper operation of said bank. The personnel so appointed by the manager of said bank shall perform the duties and receive the salaries Prescribed in the by-laws.

SEC. 7. The Attorney-General shall be the legal adviser of said and shall render such services to said bank as may be required of him by the manager of said bank or by the board of directors thereof. In the performance of his duties the Attorney-General is authorized to require such services from the provincial fiscals as to him may seem best in the interest of said bank.

SEC. 8. The board of directors is empowered to adopt such by-laws, not in conflict with this Act, as may be proper for the prudent and successful operation of said bank, and to amend or repeal the same: Provided, That such by laws, or any amendment or repeal, thereof, shall not take effect until the same shall have received the approval of the Governor-General.

SEC. 9. The members of the board of directors appointed as such by the Governor-General, shall each receive for each day of meeting of the board actually attended the sum of ten pesos.

SEC. 10. The bank may make loans only for the payment or satisfaction of incumbrances on agricultural lands for the construction of drainage and irrigation works, and for the purchase of fertilizers, agricultural seeds, machinery, implements, and animals, to be used exclusively by the borrower for agricultural purposes, and no loan shall be made by said bank to any person or corporation not engaged in agricultural pursuits.

SEC. 11. No loan shall be made except upon resolution of the board of directors. No person or corporation shall be permitted to borrow less than fifty pesos nor more than twenty-five thousand pesos: Provided, however, That fifty per centum of the capital of said bank shall be set apart for loans of not more than five thousand pesos to any one person or corporation.

SEC. 12. No loan shall be made except—

(a) Upon the security of a first mortgage on unincumbered, improved urban property or upon incumbered agricultural land, not to exceed forty per centum of the value thereof. No loan shall be made unless the Attorney-General shall have certified and the board of directors shall be satisfied that, the real estate offered as security for the loan is free from all incumbrances and that the title thereto is in the mortgagor. All mortgages shall contain a covenant requiring the mortgagor to insure for the benefit of the mortgagee all buildings of strong materials on the property to the amount of their value as fixed by the board of directors.

(b) Upon the security of a chattel mortgage to the bank on crops already harvested, gathered, and stored : Provided, however, That no loan on the security of such crops so harvested, gathered, and stored as aforesaid shall exceed forty per centum of the market value thereof on the date of the loan. The property mortgaged shall be insured by the mortgagor for the benefit of the mortgagee to the full amount of the loan.

SEC. 13. All mortgages on real property and chattel mortgages on harvested, gathered, and stored crops shall be registered with the register of deeds in the jurisdiction where situated, and it shall be the duty of the register of deeds to indorse on such real or chattel mortgage, and on his record thereof, the date and hour of its reception, and such registration with the register of deeds of such real or chattel mortgage shall be notice to all the world of the lien created by such mortgage and of the terms and conditions thereof. The expenses of registration shall be paid by the borrower.

SEC. 14. The bank shall not exact more than ten per centum per annum on any loan made by it.

SEC. 15. Loans shall not be made for a period exceeding ten years, and may be made payable in installments as the board of directors may determine in each case.

SEC. 16. No fee or charge of any kind whatsoever by way of commission shall be exacted or paid for granting or obtaining loans, and any official of the bank exacting, demanding, or receiving any fee for service in obtaining a loan or for the use of his influence to obtain a loan shall be punished by imprisonment for not less than one year nor more than five years, in the discretion of the court.

SEC. 17. Within one year after foreclosure sale of property has been accomplished the mortgagor of the property shall have the right to redeem said property from the bank upon payment of the amount found due by the court in the decree of foreclosure with interest thereon at the rate specified in the mortgage, together with all costs incurred by the bank by reason of the foreclosure and sale and the care of the property.

SEC. 18. The agricultural banking corporation provided for in this Act shall have the general powers mentioned in section thirteen of "The Corporation Law," which are not in conflict or inconsistent with the provisions of this Act.

SEC. 19. All Acts or parts of Acts inconsistent with the provisions of this Act are hereby repealed.

SEC. 20. This Act shall take effect on July first, nineteen hundred and eight.

Enacted, June 18, 1908.

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