

AN ACT AMENDING SECTIONS SEVEN, TEN, THIRTEEN, FOURTEEN AND FIFTEEN OF ACT NUMBERED TWENTY-FIVE HUNDRED AND EIGHT, KNOWN AS THE RURAL CREDIT LAW, AND FOR OTHER PURPOSES.

Act No. 3746, November 24, 1930

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Be it enacted by the Senate and House of Representatives of the Philippines in Legislature assembled and by the authority of the same:

SECTION 1. Section seven of Act Numbered Twenty-five hundred and eight is hereby amended to read as follows:

"SEC. 7. Personal security shall consist in a bond signed by two or more persons of recognized solvency in the municipality concerned: Provided, That the responsibility of the bondsmen shall extend from the date the loan falls due until the entire amount of the loan is fully liquidated, and that the board of directors can attach the property of any of the bondsmen for the repaying of the entire loan without the necessity of exhausting the property of the principal obligee."

SEC. 2. Section ten of the said Act is hereby likewise amended to read as follows:

"SEC. 10. A member applying for a loan shall prove to the satisfaction of the board of directors that at the time of contracting the loan, he has paid up the par value of at least one share of stock and that he is not indebted to the association or to his bondsmen or sureties for said loan.

"Any person who under any false pretense obtains a loan for another person, or in any other manner succeeds in indirectly obtaining a loan from the association by using someone else's name shall be punished by a fine equivalent to the amount of the loan thus obtained, or imprisonment not to exceed two months; or by both such fine and imprisonment, in the discretion of the court."

SEC. 3. Section thirteen of the said Act is also hereby-amended to read as follows:

"SEC. 13. In case a borrower is three months in arrears in the payment of the dues or of the interest on any loan, or when it shall be found that the money borrowed has been invested for any purpose other than that which was specified in the loan application approved by the board of directors, the entire loan shall be declared by the board of directors due and payable."

SEC. 4. Section fourteen of said Act is also hereby amended to read as follows:

"SEC. 14. The association may purchase at any public or private sale any property on which it has a mortgage, judgment, lien, or any other incumbrance, or in which it has any property interest; and may sell, convey, lease, or mortgage such property: Provided, That in case the property purchased is real estate, it shall be sold or definitely disposed of within three years after the adjudication of the title thereto to the association: Provided, further, That no deeds of sale, conveyance, lease or mortgage to be made in accordance with this section shall be valid unless it is countersigned and approved by the Director of Plant Industry."

SEC. 5. Section fifteen of said Act is likewise hereby amended to read as follows:

"SEC. 15. The period of duration of the loans shall not exceed one year, which period may be extended for a time not to exceed five years by annual extensions, but such period of duration shall not be considered extended unless the borrower has so requested in writing and the board of directors shall approve the same."

SEC. 6. All acts or parts of acts inconsistent with this Act are hereby repealed.

SEC. 7. This Act shall take effect on its approval.

Approved, November 24, 1930.

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