

[PRESIDENTIAL DECREE NO. 1403, June 06, 1978]

AMENDING FURTHER REPUBLIC ACT NUMBERED SEVEN HUNDRED TWENTY, OTHERWISE KNOWN AS THE RURAL BANKS' ACT

WHEREAS, the expansion of the rural economy must be promoted by providing the means of facilitating and improving the productive capacities of the people of the rural communities; and

WHEREAS, the law should adapt to changing conditions in order to attain its objectives and to better serve the credit requirements of small farmers, small merchants, small business enterprises, essential rural enterprises or industries and cooperatives.

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby order and decree the amendment of Republic Act No. 720, as amended, as follows:

SECTION 1. Section 5 of Republic Act No. 720, as amended, is hereby amended to read as follows:

"SEC. 5. Loans or advances extended by Rural Banks organized and operated under this Act, shall be primarily for the purpose of meeting the normal credit needs of any small farmer or farm family owning or cultivating, in the aggregate, not more than fifty hectares of land dedicated to agricultural production as well as the normal credit needs of cooperatives and small merchants. For the purposes of this Act, a small merchant shall be one whose capital investment does not exceed one hundred thousand pesos or such amount as the monetary board may prescribe as may be warranted by prevailing economic conditions. In the granting of loans, the Rural Bank shall give preference to the application of farmers and merchants whose cash requirements are small.

Loans may be granted by Rural Banks on the security of lands without Torrens titles where the owner of private property can show five years or more of peaceful, continuous and uninterrupted possession in concept of owner; or of portions of friar land estates or other lands administered by the Bureau of Lands that are covered by sales contracts and the purchasers have paid at least five years installment thereon, without the necessity of prior approval and consent by the Director of Lands; or of portions of other estates under the administration of the (Land Authority) Department of Agrarian Reform or other governmental agency which are likewise covered by sales contracts and the purchasers have paid at least five (5) years installment thereon, without the necessity of prior approval and consent of the Department of Agrarian Reform or corresponding governmental agency; or of homesteads or free patent lands pending the issuance of titles but already approved, the provisions of any law or regulations to the contrary notwithstanding: *Provided*, That when the corresponding titles are issued the same shall be delivered to the register of deeds of the province where such lands are situated for the annotation