

**[ REPUBLIC ACT NO. 4378, June 19, 1965 ]**

**AN ACT TO AMEND CERTAIN SECTIONS OF REPUBLIC ACT  
NUMBERED THREE THOUSAND SEVEN HUNDRED AND SEVENTY-  
NINE, OTHERWISE KNOWN AS THE SAVINGS AND LOAN  
ASSOCIATION ACT.**

*Be it enacted by the Senate and House of Representatives of the Philippines in  
Congress assembled:*

SECTION 1. Paragraph (b) of Section four of Republic Act Numbered Three thousand seven hundred and seventy-nine is hereby amended to read as follows:

"(b) The Monetary Board shall fix the minimum paid-up capital of a savings and loan association organized as a stock corporation in such amount as said Board may consider necessary for the safe and sound operation of such association: *Provided, however,* That in no case shall such paid-up capital be less than one hundred thousand pesos: *And provided, further,* That at least sixty per centum of the capital stock of a savings and loan association which may be established after the approval of this Act shall be owned by citizens of the Philippines. Such association is authorized to receive deposits from, and extend loans to, the general public.

SEC. 2. Sections four-a and four-b, which read as follows, are hereby added after Section four of said Act:

"SEC. 4-a. *Prohibition against inquiry into, or disclosure of deposits.*—All deposits of whatever nature with savings and loan associations in the Philippines are hereby considered as of an absolutely confidential nature and may not be examined, inquired or looked into by any person, government official, bureau or office, except when the examination is conducted by the Monetary Board or the official of the Central Bank in charge of savings and loan associations or his deputies pursuant to the provisions of this Act, or upon written permission of the depositor, or in cases of impeachment, or upon order of a competent court in cases of bribery or dereliction of duty of public officials, or in cases where the money deposited or invested is the subject matter of the litigation.

"It shall be unlawful for any official or employee of a savings and loan association to disclose to any person any information concerning said deposits, except in the cases mentioned in the preceding paragraph of this section."

"SEC. 4-b. *Deposit insurance.*—Deposits in savings and loan associations shall be eligible for insurance coverage under Republic Act Numbered

Three thousand five hundred and ninety-one, otherwise known as an act establishing the Philippine Deposit Insurance Corporation."

SEC. 3. Paragraphs (a) and (f) of Section five of the same Act are hereby amended to read as follows:

"(a) To grant loans of not exceeding the amount deposited by the borrower plus his four month's salary or regular income in the case of a permanent employee or wage earner, or seventy percent of the fair market value of any property acceptable as collateral on first mortgage that he may put up by way of security: *Provided*, That no loan shall have a maturity date of more than one year, except loans on the security of unencumbered real estate, for the purpose of building, acquiring, or repairing residential houses and/or the purchase of land on which to build such houses, which may be granted with maturity dates not exceeding ten years: *And provided, further*, That in the case of a borrower who is a permanent employee or wage earner, the treasurer, cashier or paymaster of the office employing him is authorized, the provisions of any existing law, rule and regulation to the contrary notwithstanding, to make deductions from his salary, wage or income pursuant to the terms of his loan, to remit deductions to the savings and loan association, and to collect such reasonable fee for his services as may be authorized by rules promulgated by the Monetary Board. For the purpose of this Act, deposits made by an association to a bank shall not constitute a loan;"

" (f) To borrow money or incur such obligations not exceeding twenty *per centum* of the total assets of the association, from any public lending institutions, such as the Development Bank of the Philippines, the Philippine National Bank, the Government Service Insurance System, the Social Security System, and from such private lending institutions other than another savings and loan association as may be approved by the Monetary Board; the Monetary Board may, in meritorious cases, raise the ceiling on the borrowing capacity of a savings and loan association to an amount not exceeding thirty *per centum* of its total assets.

"A savings and loan association may, subject to such rules as the Monetary Board may promulgate, also borrow from, or rediscount notes, bills of exchange and other commercial papers with the Central Bank. The rate of interest on such obligations or borrowings to be charged such associations shall not be more than that charged rural banks."

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

"SEC. 7. *Prerequisite approval of articles of incorporation and by-laws.*— The articles of incorporation and bylaws of a proposed savings and loan association shall not be filed in the Office of the Securities and Exchange Commissioner unless there is attached thereto a certificate of the Monetary Board approving such articles and by-laws: *Provided, however*, That this requirement shall not apply to savings and loan associations duly incorporated or registered prior to the approval of this Act and which are actually existing and operating as such: *Provided, further*, That such existing savings and loan associations shall file an information sheet within sixty days after the approval of this Act with the Central Bank in a

form prescribed by the Monetary Board.

"No person, association, partnership or corporation shall do business, or hold itself out as doing business, as a savings and loan association, or shall use the term 'savings and loan association' or any other title or name tending to give the public the impression that it is engaged in the operations and activities of a savings and loan association unless so authorized under this Act."

SEC. 5. The last paragraph of Section eight of said Act is hereby amended to read as follows:

"A filing fee of two hundred pesos shall be paid to the official of the Central Bank in charge of savings and loan associations with each application for approval of proposed article of incorporation and by-laws, but in the case of non-stock savings and loan associations, the filing fee shall be five pesos."

SEC. 6. Section nine of said Act is hereby amended to read as follows:

"SEC. 9. *Hearing on application.*—Upon receipt of an application to form a proposed stock savings and loan association, the Monetary Board shall give written notice to each existing stock association in the area or areas to be served by the proposed association, that an application has been made. In case the application is for the establishment of a nonstock association, such notice shall be given to each existing nonstock association in, or to employees of, the office, firm or entity in which the non-stock association is proposed to be established. The Notice shall state the name of the proposed association, and the time and place that a hearing will be held. The hearing shall be conducted not less than ten days after the mailing of the notice. Any person may appear at such hearing in person or by agent or attorney, and orally or in writing show cause why such application should not be approved. The official of the Central Bank in-charge of savings and loan associations or his duly authorized representative is hereby authorized to administer oaths to any applicant and witnesses in such hearing.

"If after public hearing, the Monetary Board believes that the requirements of this Act have been complied with and that no valid reasons exist for the disapproval of the application, it shall favorably endorse such application to the Securities and Exchange Commission who shall issue articles of incorporation to the association."

SEC. 7. Section eleven of said Act is hereby amended to read as follows:

"SEC. 11. *Prior Licensing.*—All associations, prior to transacting any business, shall procure a license to transact business from the Monetary Board. After due notice and hearing, the Monetary Board may revoke, or suspend for such period as it determines, the license of any association, the solvency of which is imperiled by losses or irregularities or of any association which willfully violates any provisions of this Act or any regulation issued thereunder."

SEC. 8. Section fourteen of said Act is hereby amended to read as follows: