

[REPUBLIC ACT NO. 3147, June 17, 1961]

AN ACT TO FURTHER AMEND REPUBLIC ACT NUMBERED EIGHTY-FIVE, AS AMENDED BY REPUBLIC ACT NUMBERED TWO THOUSAND EIGHTY-ONE, CREATING THE DEVELOPMENT BANK OF THE PHILIPPINES.

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

SECTION 1. Section two of Republic Act Numbered Eighty-five, as amended by Republic Act Numbered Two thousand eighty-one, is further amended to read as follows:

"SEC. 2. *Corporate power.*—The Development Bank of the Philippines shall have the power:

"(a) To grant loans for home building or home financing projects and for the rehabilitation, the establishment or development of any agricultural and/or industrial enterprise, including" public utilities, mining, livestock industry and fishing", whether offshore or inland; "(b) To purchase preferred redeemable shares of stock, securities other than shares of stock, and obligations of, and to grant loans to, any agricultural and industrial enterprises mentioned in paragraph (a), to finance their fixed and operating capital requirements. All purchases of preferred redeemable shares, securities and obligations and all loans shall be of such sound value or so secured, as reasonably to assure retirement of such shares, securities, or obligations or repayment of the loan; and shall be granted only under such terms, conditions and restrictions as the bank shall determine;

"(c) To grant loans to provincial, city and municipal governments for the rehabilitations, construction or reconstruction of public markets, waterworks, toll bridges, slaughterhouses, for cadastral surveys and other self-liquidating or income-producing services, including the purchase and acquisition of municipal electric power plants and to agencies and corporations owned or controlled by the Government of the Republic of the Philippines for the production and distribution of electrical power, for the purchase and subdivision of rural and urban estates for housing projects, for irrigation and waterworks systems, and for other essential industrial and agricultural enterprises;

"(d) To grant loans to cooperative associations to facilitate production, the marketing of crops, and the acquisition of essential commodities;

"(e) To grant loans to individual employees in a government-owned or

controlled corporation or private corporation engaged in the development and/or expansion of agriculture or industry, for the purpose of buying shares of stock directly from such corporation for the purpose of enabling them to participate in the ownership and to share in the profits thereof: *Provided*, That the yearly amortization of such loans shall not exceed ten per cent of the total annual salary and wages of the borrower: *Provided, further*, That such loans shall be payable in full within a period of not exceeding ten years: *Provided, finally*, That if the borrower should sell any share of stock acquired by him from the proceeds of such loans, the corporation that issued said share of stock shall have preference to purchase the same;

"(f) To underwrite, purchase, own, sell, mortgage or otherwise dispose of stocks, bonds, debentures, securities and other evidences of indebtedness issued for or in connection with any project or enterprise referred to in the preceding paragraphs;

"(g) To issue bonds, debentures, securities, collaterals, and other obligations and/or the renewal or the refunding of the same upon recommendation of the Secretary of Finance and with the approval of the President, but in no case to exceed at any one time an aggregate amount equivalent to one hundred *per centum* of its subscribed capital and surplus. These bonds and other obligations shall be redeemable at the option of the Bank at or before maturity and in such manner as may be stipulated therein and shall bear such rate of interest as may be fixed by the Bank. Such obligations shall be secured by the assets of the Bank including the stocks, bonds, debentures and other securities underwritten, purchased or held by it under the provisions of this Act.

The Bank shall provide for appropriate reserves for the redemption or retirement of said obligation. Such obligations may be issued and offered for sale at such price or prices as the Bank may determine, and shall be exempt from taxation both as to principal and interest. The said obligations shall be and are hereby fully and unconditionally guaranteed both as to principal and interest by the Government of the Republic of the Philippines and such guaranty shall be expressed on the face thereof;

"In the event that the bank shall be unable to pay debentures, bonds, collaterals, notes or other such obligations issued by it, the Secretary of Finance shall pay the amount thereof, which is hereby appropriated out of any moneys in the National Treasury not otherwise appropriated, and thereupon, to the extent of the amounts so paid, the Government of the Republic of the Philippines shall succeed to all the rights of the holders of such bonds, notes, debentures, collaterals, or other obligations.

"Subject to the above provisions, the Bank is also authorized to issue "Rehabilitation and development bonds" in denominations of not less than fifty pesos nor more than one thousand pesos redeemable by the Bank on demand at the option of the holder of said bonds, which may be of the following types: (1) rehabilitation and development bonds at progressive staggered interest with cumulative face value; and (2) rehabilitation and development bonds bearing interests as may be determined by the Board of Governors with the advice and consent of the Secretary of Finance and upon approval by the Monetary Board, said interest to become due