

[BSP CIRCULAR NO. 1245, June 29, 1990]

UNSECURED LOANS

To enhance prudent banking practice, the Monetary Board, in its Resolution No. 500 dated May 25, 1990, approved the amendments to the regulations on unsecured loans under Sections 1319 (Book I), 2319 (Book II) and 4319Q (Book IV), of the Manual of Regulations for Banks and Other Financial Intermediaries, as follows:

BOOK I - Commercial Banks

SECTION 1. Subsections 1319.2 and 1319.3 shall read as follows:

"1319.2 Proof of financial capacity of borrower. As minimum requirements, in addition to the usual personal information sheet about the borrower, banks shall require that an application for a credit accommodation against personal security be accompanied by:

"a. a xeroxed copy of the latest income tax returns of the borrower and his co-maker duly stamped as received by the Bureau of Internal Revenue; and

"b. In addition, if the credit accommodation exceeds P500,000, a copy of the borrower's balance sheet duly certified by an independent Certified Public Accountant (CPA), and in case he is engaged in business, also a copy of the profit and loss statement duly certified by a CPA.

"The above documents shall be required to be submitted annually for as long as the credit accommodation is outstanding.

"1319.3 Amounts and terms of credit accommodations: renewals. Banks shall grant credit accommodations against personal security only in the amounts and for the periods of time essential for the completion of the operations to be financed. The amount and period of the loan shall be justified by the financial statements submitted or by specific feasibility/project studies for a particular operation to be financed by the loan applied for. Any extension or renewal of such credit accommodations shall be subject to the provisions of Subsec. 1304.4 on renewals .

BOOK II - Thrift Banks

SECTION 2. Subsections 2319.2 and 2319.3 shall read as follows:

"2319.2 Proof of financial capacity of borrower. As minimum requirements, in addition to the usual personal information sheet about the borrower, banks shall