

[**BSP CIRCULAR LETTER, November 23, 1999**]

CEILING ON THE REAL ESTATE EXPOSURE OF BANKS

The Monetary Board, in its Resolution No. 1371 dated September 24, 1999 decided to amend the regulations imposing a ceiling on the real estate exposure of banks to include, among others, the exemption of loans extended to housing developers for socialized and/or low-cost housing projects under the Government's National Shelter Program from the requirements of Circular Letter dated 5 June 1997 on the reduction of loan values (from 70 percent to 60 percent of appraised value) of the real estate collateral and on the 20 percent aggregate limit on real estate loans. The provision that real estate loans (inclusive of loans not exceeding P3.5 million to finance the acquisition or improvement of residential units) shall not exceed 30 percent of a bank's total loan portfolio shall remain.

This Circular-Letter shall take effect immediately.

Adopted: 23 Nov. 1999

(SGD.) RAFAEL B. BUENAVENTURA
Governor



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