

[Commonwealth Act No. 322, June 09, 1938]

AN ACT AMENDING SECTIONS TWO THOUSAND AND TWENTY-NINE AND TWO THOUSAND AND THIRTY-ONE OF THE REVISED ADMINISTRATIVE CODE.

Be it enacted by the National Assembly of the Philippines:

SECTION 1. The first paragraph of subsection (m) of section two thousand and twenty-nine of the Revised Administrative Code is amended so as to read as follows:

"(m) In loans to provincial and municipal governments and chartered cities for the construction of permanent public improvements. These loans shall be repaid in not more than ten annual installments with interest at not to exceed six per centum per annum, payable quarterly. In case the province, municipality or chartered city which has contracted the loan fails to pay the principal or interest of any installment, the National Loan and Investment Board shall so notify the Collector of Internal Revenue, in the case of province, the provincial treasurer, in the case of a municipality, or the city treasurer, in the case of a chartered city, and such Collector of Internal Revenue, provincial treasurer, or city treasurer, as the case may be, is authorized and directed to retain from any revenues coming into his possession, belonging to the province, municipality or chartered city that contracted the loan, an amount sufficient to satisfy the sum due, and shall remit such sum to the National Loan and Investment Board."

SEC. 2. Section two thousand and thirty-one of the Revised Administrative Code is amended so as to read as follows:

"SEC. 2031. Restriction upon investment or loans upon real property.—No investment or loan shall be made upon a mortgage or deed on any property, including buildings thereon or upon the buildings or land alone, as hereinbefore provided, in an amount in excess of ten per centum of the total amount of the funds of the bank or for a longer time than ten years, but loans granted for a longer term than three years shall be repaid on monthly, quarterly, semi-annual or annual basis; and every loan shall be made upon the condition that it may be recalled by the Board in the event of any material depreciation of the value of the security, unless additional guaranty is given if required by the Board, or if any of the conditions of the loan are not complied with; and total investment upon such mortgages and deed shall in no event exceed in the aggregate seventy-five per centum of the total funds of the bank.

"In the consideration of applications for loans of Government institutions, the provinces, municipalities, and chartered cities will be given preference, in so far as the amounts applied for by them are within their borrowing capacity and duly recommended by the Department Head.

"Any real estate mortgage loan which may become overdue or payable may, in the discretion of the Board and on written application of the debtor made within six months before or thirty days after from the date