

**[ REPUBLIC ACT NO. 2670, June 18, 1960 ]**

**AN ACT TO AMEND SECTIONS FIVE, TEN AND ELEVEN OF  
REPUBLIC ACT NUMBERED SEVEN HUNDRED TWENTY,  
OTHERWISE KNOWN AS THE RURAL BANKS ACT AND OTHER  
PERTINENT LAWS.**

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

SECTION 1. Section Five of Republic Act Numbered Seven hundred twenty, otherwise known as the Rural Banks' Act, is hereby amended to read as follows:

"SEC. 5. Loans or advances extended by Rural Banks, organized and operated under this Act, shall be primarily for the purpose of meeting the normal credit needs of any small farmer or farm family owning or cultivating, in the aggregate, not more than fifty hectares of land dedicated to agricultural production, as well as the normal credit needs of cooperatives and small merchants. For the purposes of this Act, a small merchant shall be one whose capital investment does not exceed twenty-five thousand pesos. In the granting of loans, the Rural Bank shall give preference to the application of farmers whose cash requirements are small.

Loans may be granted by rural banks on the security of lands without torrens titles where the owner of private property can show five years or more of peaceful, continuous and uninterrupted possession in the concept of an owner or of homesteads or free patent lands pending the issuance of titles but already approved, the provisions of any law or regulations to the contrary notwithstanding: *Provided*, That when the corresponding titles are issued the same shall be delivered to the register of deeds, of the province where such lands are situated for the annotation of the encumbrance: *Provided, further*, That in the case of lands pending homestead or free patent titles, copies of notices for the presentation of the final proof shall also be furnished the creditor rural bank and, if the borrower applicants fail to present the final proof within thirty (30) days from date of notice, the creditor rural bank may do so for them at their expense: *And provided, finally*, That the applicant for homestead or free patent has already made improvements on the land and the loan applied for is to be used for further development of the same or for other productive economic activities.

The foreclosure of mortgages covering loans granted by rural banks shall be exempt from the publication in newspapers now required by law where the total amount of the loan, including interests due and unpaid,