

[EXECUTIVE ORDER NO. 691, May 15, 1981]

AMENDING THE LAST PARAGRAPH OF LETTER OF IMPLEMENTATION NO. 53 DATED DECEMBER 27, 1976

WHEREAS, production loans obtained by farmer-members of Samahang Nayons are subject to a compulsory 3 percent deduction as contribution to the Barrio Savings Fund;

WHEREAS, the principal source of equity capital of cooperative rural banks is the Barrio Savings Fund;

WHEREAS, there is a need to increase the equity capital of existing cooperative rural banks and to accelerate the establishment of new ones throughout the Philippine countryside;

WHEREAS, under present regulations, withdrawals from the Barrio Savings Fund are not allowed if such withdrawals will endanger the liquidity position of the rural banks concerned;

NOW, THEREFORE, pursuant to the provisions of Sec. 11 of PD 175, the proviso of the last paragraph of LOI No. 53 dated December 27, 1976 is hereby amended to read as follows:

"Provided, That the withdrawal of the Barrio Savings Fund as herein specified shall be unrestricted: Provided further, That in the case of a Samahang Nayon member who has an outstanding loan with the depository rural bank, withdrawal shall be allowed only up to the extent of 50% of the Samahang Nayon deposit with the rural bank for the account of such member: Provided, further, That in cases where liquidity position of the depository rural bank is endangered, the banking institutions concerned shall borrow from and the Central Bank of the Philippines shall lend under its emergency Credit Operation such amounts of the Barrio Savings Fund as are herein defined, and such emergency Loan shall be granted after the Monetary Board has ascertained that the bank is not insolvent and has clearly realizable assets to secure the emergency advances; Provided finally, That the proceeds of the withdrawal of the Barrio Savings Fund deposit shall be directly remitted or deposited with the existing cooperation rural bank or deposited in the name of Samahang Nayon concerned with the nearest branch of the Philippine National Bank in Provinces where no cooperative rural bank has not yet been established."

Done in the City of Manila, this 15th day of May in the Year of Our Lord, 1981.

(SGD.) **FERDINAND E. MARCOS**
President of the Philippines

By the President: