

[BSP CIRCULAR NO. 737, September 19, 2011]

**AMENDMENTS TO THE REGULATIONS REQUIRING THE
SUBMISSION OF THE REPORT ON THE SWORN STATEMENT ON
REAL ESTATE/CHATTEL TRANSACTIONS**

Adopted: 19 September 2011

Date Filed: 08 February 2012

The Monetary Board in its Resolution No. 1338 dated 1 September 2011, approved the following amendments to the regulations requiring the submission of the Report on the Sworn Statement on Real Estate/Chattel Transactions.

Section 1. Section X148, and its subsections, are hereby added to the Manual of Regulations for Banks (MORB) to read as follows:

"Section X148. Real Estate and Chattel Transactions with DOSRI and Employees. The following regulations shall govern all real estate/chattel transactions (such as, but not limited to, rentals or leases, purchases and sales; of the bank's owned property, including foreclosed assets) entered between the bank and its director(s), officer(s), stockholder(s) or related interest(s), as defined under items "a", "b", "c" and "e", respectively, of Subsec. X326.1 or between the bank and its employee(s).

"Real estate/chattel transactions with DOSRI and employee(s) shall require the prior written approval of the majority members of the board of directors, with the exclusion of the director(s) concerned in cases where the transaction involves the director(s) or his related interest(s): Provided, however, That real estate/chattel transactions with a bank's officer(s)/employee(s) that are availed in strict conformity with the terms and conditions of a BSP-approved fringe benefit program shall require the prior written approval of the bank's duly authorized committee/officer(s).

"Real estate/chattel transactions with DOSRI and/or employee(s) shall, at all times, be entered into in the best interest of the bank. Records and supporting documents on such real estate/chattel transactions shall be adequately maintained and made available for inspection and/or submitted upon request of the BSP.

"Subsection X148.1 Certification on real estate/chattel transactions with DOSRI and employee(s).

"Banks shall, within ten (10) banking days from approval by a majority of its board of directors, submit to the appropriate department of the SES, the *Certification on Real Estate/Chattel Transactions with DOSRI and Employee(s)* (prescribed format attached as Annex A), covering real estate/chattel transactions between the bank and its director(s), officer(s), stockholder(s), related interest(s) and employee(s), except those that are availed in strict conformity with the terms and conditions of a

fringe benefit program approved by the bank's board of directors and by the BSP.

"The *Certification on Real Estate/Chattel Transactions with DOSRI and Employee(s)* shall be accompanied by a certified true copy of the resolution of the board of directors authorizing said transaction(s) and shall be signed by at least the majority members of the bank's board of directors (excluding the director(s) concerned in the case of transactions involving the director(s) or his related interest(s)) who shall be required to certify therein, that:

"(a) The transactions were approved by a majority of the bank's board of directors, excluding the director concerned (in the case of transactions involving the director or his related interest(s)), in a meeting held for such purpose;

"(b) A certified true copy of said approval as manifested in a resolution passed by the board of directors is attached as an annex to the certification;

"(c) The reported transactions have been thoroughly reviewed and verified as having been entered into in the best interest of the bank; and

"(d) The records and underlying documents (e.g. contracts/agreements, etc.) supporting such transactions are adequately maintained and shall be made available for inspection by BSP examiners and submitted upon request of the appropriate department of the SES.

"Said *Certification on Real Estate/Chattel Transactions with DOSRI and Employee(s)* shall, at a minimum, disclose the following information:

"(a) Board Resolution No. and date,

"(b) Name of DOSRI/employee,

"(c) Transaction date,

"(d) Type of transaction (i.e., sale, lease, etc.),

"(e) Description of real estate or chattel property (e.g., TCT No. or CCT No., location and *area in square meters in case of real property, and certificate of registration number, make, model number, serial number, motor number and/or chassis number, as may be applicable, for chattels*),

"(f) Appraised or market value or prevailing rental rate,

"(g) Reference or source of the amount reported under item "(f)" above,

"(h) Net carrying value of the property, and

"(i)"(i) Transaction price (i.e., selling price, rental, etc.).

"Subsections X148.2 – X148.8 (Reserved)

"Subsection X148.9 Sanctions

"The following sanctions shall be imposed on the bank and/or its concerned directors/officers for violations noted:

"1. On the bank

"a. Monetary fines