

**[ BSP CIRCULAR NO. 817, November 06, 2013 ]**

**AMENDING SUBSECTIONS X361.5 AND X361.7, MANUAL OF REGULATIONS FOR BANKS, ON THE GRANTING OF HOUSING MICROFINANCE AND MICRO-AGRI LOANS**

Pursuant to Monetary Board Resolution No. 1202 dated 18 July 2013, the provisions of the Manual of Regulations for Banks (MORB) on the housing microfinance and micro-agri loans are hereby amended as follows:

**Section 1.** Subsection X361.5, MORB is hereby amended to read, as follows:

**"Subsection X361.5 Housing microfinance loan.** The Bangko Sentral ng Pilipinas (BSP) adopts a holistic approach in addressing social and economic objectives through microfinance. x x x

"x x x

"The following rules and regulations shall govern the GRANTING OF housing microfinance products:

*"(1) Minimum criteria to determine bank's capacity to GRANT housing microfinance - BANKS PLANNING TO GRANT HOUSING MICROFINANCE LOANS SHALL ENSURE THAT THE FOLLOWING REQUIREMENTS ARE COMPLIED:*

"(a) The bank must have a track record of at least two (2) years x x x

"(b) The bank must have an appropriate housing microfinance product xxx

"(c) Appropriate verification of the following PRUDENTIAL REQUIREMENTS:

"x x x"

**Section 2.** Items "(4)" and "c.(1)" of Subsection X361.5 are hereby deleted while items "c.", "c.(2)", "c.(3)", "c.(e)" are renamed as items "(4.)", "(4.)(a)", "(4.)(b)" and "(4.)(c)", respectively. The renamed item (4.) shall read as follows:

"x x x

**"(4) REGULATORY TREATMENT. THE HOUSING MICROFINANCE PRODUCT WILL BE CONSIDERED AS A MICROFINANCE LOAN AND WILL HAVE THE FOLLOWING INCENTIVES IN ADDITION TO EXISTING INCENTIVES AVAILABLE FOR MICROFINANCE LOANS:**

"(A) The loans shall have an assigned risk-weight of fifty percent (50%) risk when not guaranteed x x x

"(B) For housing microfinance loans secured by REM x x x

"(C) Secure tenure instruments such as freehold xxx

"x x x

**Section 3.** To insert an additional item under Subsec. X361.5, MORB, requiring the submission of a Certificate of Compliance, attesting compliance with prescribed regulations, to wit:

"x x x

"(5) NOTARIZED CERTIFICATE OF COMPLIANCE. THE BANK PRESIDENT OR OFFICER OF EQUIVALENT RANK AND THE COMPLIANCE OFFICER SHALL SUBMIT A NOTARIZED CERTIFICATE OF COMPLIANCE, ATTESTING THAT THE BANK MEETS THE MINIMUM PRUDENTIAL REQUIREMENTS AND THAT THE HOUSING MICROFINANCE LOAN COMPLIES WITH THE PRESCRIBED PRODUCT CHARACTERISTICS/FEATURES. (ANNEX A)

"THE NOTARIZED CERTIFICATE SHALL BE SUBMITTED WITHIN FIFTEEN (15) BANKING DAYS FROM THE DATE OF MEETING OF THE BOARD OF DIRECTORS APPROVING THE HOUSING MICROFINANCE LOAN PRODUCT."

**Section 4.** To insert an additional item under Subsec. X361.5, MORB, enumerating the applicable sanctions in case of non-compliance, to read as follows:

"x x x

"(6) SANCTIONS.

"(A.) IN CASE THE SUBMITTED CERTIFICATE OF COMPLIANCE IS FOUND LATER, DURING ON-SITE EXAMINATION, TO BE ERRONEOUS AND/OR UNTRUE, THE BANK MAY BE SANCTIONED UNDER SEC. 37 OF R.A. NO. 7653 FOR WILLFUL MAKING OF A FALSE OR MISLEADING STATEMENT.

"(B.) IN ADDITION TO THE ABOVE-MENTIONED PENALTY, SUBJECT BANK IS NOT ALLOWED TO GRANT ANY NEW HOUSING MICROFINANCE LOAN AND ITS TRANSACTION SHALL BE LIMITED ONLY TO THE COLLECTION OF OUTSTANDING MICROFINANCE HOUSING LOAN RECEIVABLES. THIS PROHIBITION SHALL REMAIN UNTIL BANK'S COMPLIANCE WITH THE PRESCRIBED REGULATIONS ARE VERIFIED TO BE IN ORDER BY THE APPROPRIATE EXAMINING DEPARTMENT/GROUP.

"(C.) BANKS, WITH CERTIFICATES OF COMPLIANCE, FOUND TO BE IN ORDER SHALL CONTINUE TO COMPLY WITH THE PRESCRIBED PRUDENTIAL REQUIREMENTS. IF