

[BSP MEMORANDUM NO. M-2008-020, May 14, 2008]

R. A. NO. 3765 (TRUTH IN LENDING ACT)

Pursuant to Monetary Board Resolution No. 356 dated 27 March 2008, all banks and financial institutions under BSP supervision are hereby enjoined to strictly comply with the provisions of R.A. No. 3765, otherwise known as the "Truth in Lending Act" as provided in Sec. X307 of the Manual of Regulations for Banks (MORB) and Sees. 4309Q, 4101N and 4307S of the Manual of Regulations for Non-Bank Financial Institutions (MORNBFI) which require, among other things, that:

Any creditor shall furnish to each person to whom credit is extended, prior to the consummation of the transaction, a clear statement in writing setting forth, to the extent applicable and in accordance with rules and regulations prescribed by the Monetary Board, the following information:

- 1) the cash price or delivered price of the property or service to be acquired;
- 2) the amounts, if any, to be credited as down payment and/or trade-in;
- 3) the difference between the amounts set forth under items (1) and (2);
- 4) the charges, individually itemized, which are paid or to be paid by such person in connection with the transaction but which are not incident to the extension of credit;
- 5) the total amount to be financed;
- 6) the finance charge expressed in terms of pesos and centavos; and
- 7) the percentage that the finance charge bears to the total amount to be financed expressed as a simple annual rate on the outstanding unpaid balance of the obligation.

The contract covering the transaction or any other document to be acknowledged and signed by the debtor, shall indicate the above seven (7) items of information. In addition, the contract or document shall specify additional charges, if any, which will be collected in case certain stipulations in the contract are not met by the debtor.

The entities concerned shall post in conspicuous places in their principal place of business and branches, the following:

- a. an abstract of the provisions of R.A. No. 3765 in the form prescribed by the Monetary Board which shall be reproduced in a format sixty (60) cm, wide and