

[Act No. 3033, March 09, 1922]

AN ACT TO AMEND SECTION TEN OF ACT NUMBERED TWENTY-SEVEN HUNDRED AND FORTY-SEVEN, WHICH AMENDS ACT NUMBERED TWENTY-SIX HUNDRED AND TWELVE, ENTITLED "AN ACT CREATING THE PHILIPPINE NATIONAL BANK," BY INCREASING THE LOANS FOR THE PURPOSE OF PROMOTING AGRICULTURE TO SEVENTY PER CENT

Be it enacted, by the Senate and House of Representatives of the Philippines in Legislature assembled and by the authority of the same:

SECTION 1. Section ten of Act Numbered Twenty-seven hundred and forty-seven is hereby amended to read as follows:

"SEC. 10. Said National Bank is hereby authorized to loan not to exceed seventy per cent of its capital and surplus and all amounts realized from the sale of real estate bonds, as provided in sections twelve and thirteen herein, on notes secured by real estate mortgages. Payment of such notes shall be secured by first mortgages on farm lands in the Philippine Islands, and in no case shall such loans exceed sixty per cent of the actual value of said land, including the value of the permanent improvements thereon, such as buildings and machinery if the same form an integral part of the agricultural development: *Provided, however,* That whenever the bank may deem it advisable, the mortgages shall contain a clause obliging the mortgagor to insure to their full value in the name of the National Bank such buildings and improvements. The due date of said mortgages shall not be less than one year from the date thereof, nor more than thirty years. The said mortgages may, by their terms, be made payable at one time or in installments: *Provided,* That when the due date of the mortgage is five years or more after the date of its execution, the principal and interest of the loan shall be made payable by its terms in equal installments of not more than one year each. Loans made by the National Bank on real estate security shall be made for the purpose of promoting agriculture. Applications for such loans shall be in writing and under oath, and shall contain, among other things:

- "(a) A detailed description of the real estate;
- "(b) An appraisal thereof at its reasonable market value;
- "(c) A full statement of the purposes for which the loan is desired.

"It shall be unlawful to use the proceeds of said loan, or any part thereof, for any purpose or purposes except the purpose or purposes set out in said application. Any violation of this clause shall be sufficient cause for the rescission of the contract and the foreclosure of the mortgage."

SEC. 2. This Act shall take effect on its approval.