

# [ Act No. 2124, February 01, 1912 ]

## **AN ACT AUTHORIZING MAURO PRIETO AND ASSOCIATES TO ESTABLISH A MORTGAGE BANK UNDER CERTAIN CONDITIONS.**

*By authority of the United States, be it enacted by the Philippine Legislature, that:*

SECTION 1. There is hereby granted to Mauro Prieto of the city of Manilaj Philippine Islands, and his associates, the right and power to found, establish, and maintain, subject to the provisions of this Act, a mortgage bank, to be known as the Mortgage Bank of the Philippine Islands, hereinafter referred to as the bank: *Provided*, That within the period of six months from the date of the approval of this Act, which period may be extended to one year by the Governor-General if in his opinion there are reasonable grounds therefor, said Mauro Prieto and his associates shall organize a corporation in accordance with the laws of the Philippine Islands.

SEC. 2. The bank shall have the general powers which all corporations in the Philippine Islands have under existing laws, and also the special powers set out in this Act. Its corporate existence shall be for not to exceed fifty years from the date of its incorporation.

SEC. 3. The head office of the bank shall be in the city of Manila. Branches of the bank may be established or discontinued in the capitals of provinces or in other parts of the Philippine Islands, subject to the approval of the Governor-General, and agencies of the bank may be established in the United States or in foreign countries, subject to the approval of the Governor-General and in accordance with the laws of the United States or of such foreign countries.

SEC. 4. In addition to the business in which under existing law savings and mortgage banks may engage, the bank is authorized by of bank to engage in the following classes of transactions:

- (a) Discounting bills of exchange and commercial promissory notes.
- (b) Making collections of drafts and other negotiable paper, and advancing money thereon.
- (c) Negotiating or drawing bills of exchange, whether domestic or foreign.
- (d) Making loans or opening current accounts, upon the security of deposits with the bank as collateral of articles of commerce, products of the country, negotiable securities and industrial and commercial bills which are easily and safely realized upon at any time. Such collateral securities shall be accepted only at a rate not exceeding three-fourths of their market or appraised value.
- (e) Making loans on bills of lading when invoices and insurance policies sent to the bank are attached thereto: *Provided*, That the amount of such loans shall not exceed three-fourths of the current market value of the articles covered by such bills of lading.
- (f) Receiving money on time deposit and investing such money in bonds or in loans secured by bonds, bullion, or real estate mortgages as hereinafter provided.
- (g) Making loans or opening current accounts by the pledge to the bank

of gold and silver bullion: *Provided*, That such amount shall not exceed ninety per centum of the value of the pledge by which the loan is secured.

(h) Buying and selling or otherwise negotiating bonds of the United States, bonds of the Government of the Philippine Islands, bonds of the city of Manila, or any other municipal stocks or bonds of railways or mortgage banks upon which interest or principal has been guaranteed by the Government of the Philippine Islands, and borrowing money on such bonds.

(i) Making loans or opening current accounts upon the security of the bonds mentioned in the last preceding paragraph: *Provided, however*, That such loans shall not exceed the face value of such bonds or the market value thereof, whichever may be the smaller.

(j) Making loans or opening current accounts on mortgages or deeds of trust to the bank on unencumbered real estate in cities and centers of population of municipalities in the Philippine Islands, or on agricultural lands in the Philippine Islands, at interest not exceeding ten per centum per annum, to an amount not exceeding sixty per centum of the actual cash market value of the real estate which is security for the loan, or the assessed value thereof, whichever may be the smaller.

(k) Making loans or opening current accounts on first mortgages transferred to the bank as collateral security on otherwise unencumbered real estate in cities and centers of population of municipalities, or on otherwise unencumbered agricultural lands in the Philippine Islands: *Provided, however*, That the mortgages transferred to the bank as collateral security with interest accrued and due shall not exceed sixty per centum of the actual cash market value of the real estate which secures such mortgages, or of the assessed value thereof, whichever may be the smaller.

(I) Acquiring credits secured by mortgages already existing which comply with the conditions expressed in the last two preceding paragraphs.

(m) Loaning to the Insular Government, provinces, municipalities, or other official corporations legally authorized to contract loans such amounts as they are authorized to borrow, with or without mortgage security, provided the payment of the principal and interest is guaranteed by the permanent revenues of such corporate bodies.

(n) Acquiring or discounting credits of the Insular Government, provinces and municipalities, or other official corporations, provided such credits are secured in the form prescribed in the last preceding paragraph.

(o) Issuing mortgage bonds to the amount of its loans guaranteed by mortgage on real estate: *Provided, however*, That current accounts guaranteed by such mortgages shall not be included in such loans. The bonds shall be signed by the manager and the cashier of the bank, and each shall bear a serial number and a corresponding number within each series, and each bond shall be for not less than one hundred pesos .Philippine currency. The redemption of these bonds shall be made in such amounts and manner that the remaining unredeemed bonds shall not exceed the amount of the loans secured by real estate mortgages which are owing to the bank.