

SENATE

10 JUL -1 AM '23

S.B. No. 56

RECEIVED

Introduced by Senator EDGARDO J. ANGARA

EXPLANATORY NOTE

This bill seeks to amend certain provisions of Republic Act No. 8367, otherwise known as the “Revised Non-Stock Savings and Loan Association Act of 1997.”

The Non-Stock Saving and Loans Association (NSSLA) industry, concededly a constructive component of the Philippine financial system, has contributed and is contributing – to the workings of the economy. Its total assets reached P80.4 billion at the end of December 2008, and this growth, per the 2008 Report of the Bangko Sentral ng Pilipinas (BSP), was achieved and sustained “in spite of the slowdown in the economy” and even while the industry “consistently relied on member's equity contribution for funding source.”

At present, in terms of resources and capability, the NSSLAs is operating with a network of 144 offices in the entire Philippines. As non-bank financial institutions, the NSSLA industry, already regulated under Republic Act No. 8367, however, there is a need to amend RA 8367 to provide optimum service for the accumulation of savings and extension of credit facilities in a fair manner to association members.

Towards this end, the attached bill seeks to amend RA 8367 to further strengthen the structure and operations of NSSLAs to be efficient intermediaries between savers and borrowers, encouraging Filipinos to save, empowering the members of the household through their credit facilities and services, particularly providing short-term financing for their consumption expenditures and other personal finance requirements.

To put the objectives in perspective, the amendatory bill declares it a policy of the State to encourage industry, frugality, and the accumulation of savings and judicious utilization of credit among the members of the NSSLAs, to regulate and put NSSLA operations on a sound, stable and efficient basis, to prevent practices which are prejudicial to the interest of association members, and to maximize the protection of member of NSSLAs against misfeasance and malfeasance of the trustees and officers of NSSLAs.

More importantly, the attached bill seeks to expand NSSLAs membership to a broader “well-defined group” while maintaining the limitation not to transact with the general public, improve its deposit-taking power by including dollar-savings deposits from members with spouses in foreign countries working abroad as Overseas Filipino Workers; enhance the borrowing, lending and investing function of the Associations, including the rediscounting of papers with the BSP or other banks and their branches and agencies subject to BSP guidelines; and tasking the Monetary Board to set up specific regulatory framework for NSSLAs through the BSP to take into account the unique business nature and characteristics of NSSLAs.

Indeed, a strengthened NSSLA can be a most effective instrument in providing opportunities to a broad sector of our communities for the improvement of the people's standard of living and quality of life.

In this light, approval of the proposed measure is earnestly requested.


EDGARDO J. ANGARA

10 JUL -1 AM 123

SENATE

S.B. No. 56

RECEIVED BY: 

Introduced by Senator Edgardo J. Angara

AN ACT FURTHER STRENGTHENING NON-STOCK SAVINGS AND LOAN ASSOCIATIONS, AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 8367, OTHERWISE KNOWN AS THE "REVISED NON-STOCK SAVINGS AND LOAN ASSOCIATION ACT OF 1997"

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

Section 1. Section 4 of Republic Act No. 8367 is hereby amended to read as follows:

"Sec. 4. *Organization of an Association.* – At least five (5) but not more than fifteen (15) members of a well-defined group as provided herein may form an association under this Act. An association, prior to transacting any business, shall secure a license from the Monetary Board and register with the Securities and Exchange Commission (SEC). The application for a license, signed by a majority of the incorporators and verified by one of the trustees, shall include:

"(a) the proposed Articles of Incorporation and By-Laws together with names and addresses of the incorporators, trustees and officers, with a statement of their character, experience and general fitness to engage in the non-stock savings and loan business;

"(B) A NOTARIZED AGREEMENT BETWEEN THE EMPLOYER AND INCORPORATORS OF THE ASSOCIATION COVERING THE COLLECTION MECHANISM FOR THE ASSOCIATION;

"(C) [(b)] an itemized statement of the estimated receipts and expenditures of the proposed association for the first year;

"(D)[c)] a filing fee in such amount as may be determined by the Monetary Board; and

“E)[d)] such other information as the Monetary Board may require.

“ The SEC shall not register the Articles of Incorporation and By-Laws of a proposed association unless the application is accompanied by a certificate of the Monetary Board approving the same. The Monetary Board may deny the application to organize an association under this Act if it finds that the association is being organized for any purpose other than to engage in business of a legitimate non-stock savings and loan association or that the association’s financial program is unsound, or that the proposed members are adequately served by one or more existing associations.

“PRIOR TO ITS OPERATION, AN ASSOCIATION IS REQUIRED TO SECURE A FAVORABLE ENDORSEMENT FROM THE NATIONAL ORGANIZATION OF NON-STOCK SAVINGS AND LOAN ASSOCIATIONS DULY RECOGNIZED AND ACCREDITED BY THE BANGKO SENTRAL FOR PURPOSES OF ENSURING COMPLIANCE, SETTING AND MAINTENANCE OF STANDARDS, FORMULATION OF PROGRAMS NECESSARY FOR THE DEVELOPMENT OF A STRONG AND DYNAMIC NON-STOCK SAVINGS AND LOAN ASSOCIATION IN THE PHILIPPINES.

“The association shall confine its membership to a well-defined group of persons and shall not transact business with the general public. A “well-defined group” shall be defined by the Monetary Board, and shall consist of, but shall not be limited to, any of the following:

“1) employees, officers, and directors of [one company] **PRIVATE COMPANIES**, including member-retirees **BELONGING TO THE SAME TRADE AND INDUSTRY**;

“2) government employees belonging to the same department[/], [branch]**BUREAU**[/], office, **AGENCY OR INSTRUMENTALITY OF THE GOVERNMENT IN ACCORDANCE WITH THE REVISED ADMINISTRATIVE CODE OF 1987**, including member-retirees; and

“3) **SPOUSES AND** immediate members of the families [(up to [second] **THIRD** degree of consanguinity or affinity)] of those falling under paragraphs 1 and 2 above, **INCLUDING THEIR LEGALLY ADOPTED CHILDREN.**

“Associations whose Articles of Incorporations and By-Laws were approved and registered prior to the effectivity of this Act and which allow membership coverage broader than the foregoing definition, shall be allowed to continue as such, [unless otherwise required by the Monetary Board] **SUBJECT TO COMPLIANCE WITH SUCH OTHER REQUIREMENTS AS MAY BE DEEMED PROPER AND NECESSARY BY THE MONETARY BOARD.**

“[The Monetary Board may, as circumstances warrant, require associations mentioned in the immediately preceding paragraph to amend their bylaws to comply with the concept of a “well-defined group.”]

“THE ASSOCIATION MAY LEVY ENTRANCE FEES: *PROVIDED,* THAT [I]In no case shall the total amount of entrance fees exceed [one] TWO percent [(1%)] (2%) of the MINIMUM amount OF CAPITAL CONTRIBUTION [to be contributed or otherwise paid in by the particular member: *Provided,* That for new members, the said fee shall be based on the amount of contribution computed in accordance with the revaluation of the assets of the association].

“No person, association, partnership or corporation shall do business, or hold itself out as doing business, as an association, or shall use the term “Savings and Loan Association” or any other title or name tending to give the public the impression that it is engaged in the operations and activities of an association, unless so authorized under this Act.

SEC. 2. Section 7 of Republic Act No. 8367 is hereby amended to read as follows:

“SEC. 7. *Powers of Associations.* – The association [shall] **MAY:**

“A) accept deposits from [and grant loans] only [to] its members, INCLUDING DOLLAR SAVINGS DEPOSITS: *PROVIDED,* THAT, IN THE CASE OF DOLLAR DEPOSITS, THE SAME SHALL BE SUBJECT TO THE PRIOR APPROVAL OF THE BANGKO SENTRAL, subject to such rules and regulations as the Monetary Board may promulgate to ensure sound, stable and efficient operation: *Provided,* That no deposits shall be sourced or deducted from the loans granted to a member without his or her written consent[.];

“B) EXTEND LOANS TO ITS MEMBERS. IN CASE OF AN UNCOLLATERALIZED LOAN, THE MAXIMUM LOAN AMOUNT OF A MEMBER WILL BE BASED ON HIS PAYING CAPACITY: *PROVIDED,* THAT HIS NET TAKE HOME PAY SHALL BE NO LOWER THAN WHAT IS PROVIDED BY THE GENERAL APPROPRIATIONS ACT FOR

GOVERNMENT EMPLOYEES OR THAT SET BY COMPANY INTERNAL POLICIES, IN CASE OF PRIVATE EMPLOYEES.

IN CASE OF COLLATERALIZED LOANS, [T]The loan[s] AMOUNT shall not exceed the members' deposits and contributions in the association, plus twelve (12) months of his **OR HER** regular salary as the association may allow **AND/or** seventy percent (70%) of the [fair market] **APPRAISED** value of any property acceptable as collateral on first mortgage that [he] **THE MEMBER** may offer as security: **PROVIDED, FURTHER, THAT THE CONDITION ON NET TAKE HOME PAY UNDER UNCOLLATERALIZED LOAN IS COMPLIED WITH. THE ASSOCIATION MAY PRESCRIBE THE INTEREST RATE, FEES, CHARGES, REPAYMENT PERIOD AND OTHER TERMS AND CONDITIONS OF THE LOAN BASED ON SOUND RISK MANAGEMENT**

[*Provided*, That no loan shall have the maturity date of more than five (5) years, except loans on the security of unencumbered real estate for the purpose of home building and home development, which may be granted with maturities not exceeding twenty-five (25) years, and medium and long-term loans to finance agricultural projects, subject to regulations prescribed by the Monetary Board]: *Provided*, [*further*] **FINALLY**, That [the treasurer, cashier, or paymaster of the office] **NOTWITHSTANDING THE PROVISION OF ANY EXISTING LAW, RULE AND REGULATION TO THE CONTRARY, THE COMPANY, DEPARTMENT, BUREAU, OFFICE OR AGENCY** employing a member is required [, notwithstanding the provision of any existing law, rule and regulation to the contrary,] to make deductions from **A MEMBER'S** [his] salary, wage, income, **OTHER COMPENSATION**, [or] retirement pension, **OTHER RETIREMENT AND SEPARATION BENEFITS AND OTHER RECEIVABLES** pursuant to the terms of [his] **THE MEMBER'S** loan [, and all other deductions authorized by the member,] **OR HIS OR HER AUTHORIZATION AND** to remit such deductions to the association [concerned, and to collect such reasonable fee for his services as may be authorized by rules promulgated by the Monetary Board].

“[In addition to the powers granted it by this Act and existing laws, any association may:]

“[a) charge reasonable interest and collect such necessary fees and charges incidental to the grant of loans];

“C)[b)] invest its funds in any **TRADABLE INVESTMENT-GRADE** [sound non-speculative enterprise as well as in] bonds, security, and other obligations issued by the government of the Philippines, or any of its political subdivisions, instrumentalities, or corporations [including government-owned or –controlled corporations,] **AND OTHER INVESTMENT OUTLETS** subject to [the rules and regulations of the Monetary Board] **PRIOR BANGKO SENTRAL APPROVAL;**

“D)[c)] allow members to participate in the profits of the association **ON THE BASIS OF THEIR RESPECTIVE CAPITAL CONTRIBUTIONS AND STATUS OF THEIR LOANS ON THE DATE DISTRIBUTION OF NET INCOME IS APPROVED BY ITS BOARD OF TRUSTEES/DIRECTORS;**

“E)[d)] borrow money or incur such obligations not exceeding twenty percent (20%) of the total assets of the association, from any lending institution. The Monetary Board, may, in meritorious cases, raise the ceiling on the borrowing capacity of an association to an amount not exceeding thirty percent (30%) of its total assets: *Provided*, That any such association organized by employees of an entity or corporation may borrow funds from said entity or corporation but not vice-versa: *Provided, further*, That the number of the association’s creditors shall not exceed nineteen (19) at any one time;

“F)[e)] maintain deposits with banks: *Provided*, That the amount of such deposits shall be subject to the loan limit to a single borrower as prescribed herein or by other special laws or regulations;

“G)[f)] [require the employer-entity or corporation to provide it with adequate office space within which it can conduct its business;] **LEND OR INVEST IN ANOTHER ASSOCIATION WITH THE MAIN OBJECTIVE OF EXTENDING FINANCIAL ASSISTANCE TO AN ASSOCIATION EXPERIENCING LIQUIDITY PROBLEM; [and]**

“H)[g)] engage in death benefit program meant exclusively for the mutual benefit of its members[.];

“I) **REDISCOUNT PAPERS WITH THE BANGKO SENTRAL OR OTHER BANKS AND THEIR BRANCHES AND AGENCIES. THE BANGKO SENTRAL SHALL SPECIFY THE NATURE OF THE PAPER DEEMED ACCEPTABLE FOR REDISCOUNT RATE TO BE CHARGED BY ANY OF THESE INSTITUTIONS; AND**

“J) **PERFORM SUCH ACTS AND FUNCTIONS AS MAY BE**

AUTHORIZED AND/OR DELEGATED BY THE BANGKO SENTRAL.”

SEC. 3. Section 9 of Republic Act No. 8367 is hereby amended to read as follows:

“SEC. 9. *Service Units* – An association [shall] **IS HEREBY AUTHORIZED TO** open, maintain and operate service units as may be necessary in order to **EFFICIENTLY AND EFFECTIVELY** deliver services to its members subject to **RULES AND REGULATIONS PRESCRIBED BY** [approval of] the Monetary Board[.]: **PROVIDED, HOWEVER, THAT SERVICE UNITS CANNOT ACCEPT/RECEIVE DEPOSITS OR CONTRIBUTIONS.**”

SEC. 4. A new section, Section 9-A, is hereby added to Republic Act No. 8367 as to read as follows:

“SEC. 9-A. **PROVISION OF OFFICE SPACE. – THE EMPLOYER-ENTITY OR CORPORATION SHALL PROVIDE NON-STOCK SAVINGS AND LOAN ASSOCIATIONS WITH ADEQUATE OFFICE SPACE IN ITS PREMISES WITHIN WHICH THEY CAN CONDUCT BUSINESS.**”

SEC. 5. Section 10 of Republic Act No. 8367 is hereby amended to read as follows:

“SEC. 10. *Agents and Salesmen.* – No person **OR ENTITY** shall act as a[n] **SALES** agent or [sales] representative of an association [or operate an agency] without [obtaining a license from] **REGISTERING WITH** the [Monetary Board] **BANGKO SENTRAL**. No license **OR REGISTRATION** is required for a collector of an association [but no person shall hold himself out or act as collector unless he is authorized as a collector in writing by such association].”

SEC. 6. Section 11 of Republic Act No. 8367 is hereby amended to read as follows:

“SEC. 11. *Merger or Consolidation of Associations.* – To achieve simplicity, economy and efficiency, **MERGER OR CONSOLIDATION OF SEVERAL OR** different associations of one company or department or office [may merge or consolidate] **SHALL BE ALLOWED** [upon] **SUBJECT TO THE** approval of the Monetary Board.”

SEC. 7. Section 12 of Republic Act No. 8367 is hereby amended to read as follows:

“SEC. 12. *Trustees AND OFFICERS.* – Only members are eligible as trustees of an association: *Provided, That* in the case of a merger or consolidation of associations duly approved by the Monetary Board, the limitation on the maximum number of trustees in a corporation, as provided for in the Corporation Code, shall not be applied for a maximum period of three (3) years so that membership in the new board may include up to the total number of trustees provided for in the respective Articles of Incorporation of the merging or consolidating associations.

“AFTER DUE NOTICE TO THE BOARD OF TRUSTEES OF THE ASSOCIATION, THE MONETARY BOARD MAY DISQUALIFY, SUSPEND OR REMOVE ANY TRUSTEE OR OFFICE WHO COMMITS OR OMITTS AN ACT WHICH RENDER HIM OR HER UNFIT FOR THE POSITION.

IN DETERMINING WHETHER AN INDIVIDUAL IS FIT AND PROPER TO HOLD THE POSITION OF A TRUSTEE OR OFFICER OF AN ASSOCIATION, REGARD SHALL BE GIVEN TO HIS OR HER INTEGRITY, EXPERIENCE, EDUCATION, TRAINING, AND COMPETENCE.”

SEC. 8. Section 14 of Republic Act No. 8367 is hereby amended to read as follows:

“SEC. 14. *Compensation of Trustees, Officers and Employees.* – No trustee, officer, or employee of an association shall receive from such association, and no association shall pay to any trustee, officer, or employee of such association, any commission, emolument, gratuity or reward based on the volume or number of loans made, or based on the interest or fees collected thereon. Nothing in this section **SHALL BE CONSTRUED AS TO** prohibit[s] or **OTHERWISE** [limits] **RESTRICT** any of the following:

“a) receipt or payment of salaries of trustees, officers and employees;

“B) RECEIPT OR PROVISION OF FRINGE BENEFITS TO OFFICERS AND EMPLOYEES;

“C)[b)] receipt of payment of commissions to agents whether or not based on the volume or number of loans or on the interest or fees collected thereon; [and] **OR;**

“D)[c)] receipt or payment of bonuses to trustees, officers or employees if such bonuses are based on the performance and not on the volume or number of loans made or on the interest or fees collected thereon.

“[All increase in the compensation, in any form, of all trustees and trustee-officers in excess of ten percent (10%) thereof *per annum* shall require the approval of the Bangko Sentral.]

“IN ORDER TO PROTECT THE FUNDS OF MEMBERS AND CREDITORS, THE TERMS AND CONDITIONS OF THE COMPENSATION OF TRUSTEES, OFFICERS AND EMPLOYEES MAY BE SUBJECT TO RULES AND REGULATIONS OF THE BANGKO SENTRAL.”

SEC. 9. Section 16 of Republic Act No. 8367 is hereby amended to read as follows:

“SEC. 16. *Execution of Loan Agreement.* – For each loan made by an association, [a written note or other obligation expressing a rate of interest must be executed by the borrower] **PAYMENT OF A SPECIFIC RATE OF INTEREST BY THE BORROWER SHALL BE EXPRESSLY STIPULATED IN THE LOAN AGREEMENT OR ANY DOCUMENT DEEMED AN INTEGRAL PART THEREOF.**”

SEC. 10. Section 18 of Republic Act No. 8367 is hereby amended to read as follows:

“SEC. 18. *Limitations on Investment.* – a) No association at any one time shall invest in bonds and securities in a total amount in excess of [ten percent (10%)] **TWENTY-FIVE PERCENT (25%)** of the total assets of such association without prior written approval of the Bangko Sentral.

“b) No association at any one time shall invest in real property in a total amount in excess of five percent (5%) of the total assets of such association.

“c) No association at any one time shall invest in furniture, fixture, furnishings and equipment and leasehold improvements for its offices, in an amount more than ten percent (10%) of its total capital contribution.”

SEC. 11. Section 19 of Republic Act No. 8367 is hereby amended to read as follows:

“SEC. 19. *Reserves.* – Every association shall create a withdrawable share reserve which shall consist of [two percent (2%)] **ONE PERCENT (1%)** of the total capital contributions of the members [which the Monetary Board may increase to a maximum of three percent (3%), as the situation warrants]. **THE BANGKO SENTRAL SHALL, IN MERITORIOUS CASES AND WHEN THE**

INTERESTS OF THE ASSOCIATION AND ITS MEMBERS SO DICTATE, ALLOW THE STAGGERED BOOKING OF ITS RESERVES REQUIREMENT TO INCLUDE ITS WITHDRAWABLE SHARE RESERVE, SURPLUS RESERVE FOR LEDGER DISCREPANCIES AS WELL AS ITS RESERVES FOR OFFICE PREMISES, FURNITURE, FIXTURES AND EQUIPMENT.”

[No association shall distribute to its members any portion of its net income if its withdrawable share reserve is less than the minimum requirement, or if by such payment or distribution, such reserve will be reduced to an amount below the minimum requirement provided herein.]

SEC 12. Section 20 of Republic Act No. 8367 is hereby repealed.

SEC 13. Section 21 of Republic Act. No. 8367 is hereby amended to read as follows:

“SEC. 21. *Annual Reports by the Association.* – Every association shall, within one hundred twenty (120) calendar days after the close of its fiscal year furnish the Monetary Board and post in any of the association's bulletin board or in any other conspicuous place a copy of its financial statement, **AS REVIEWED BY A BANGKO SENTRAL-ACCEPTABLE INDEPENDENT AUDITOR**, showing, in such form and detail as the Monetary Board shall require, the amount and character of the assets and liabilities of the association at the end of the preceding fiscal year. The Monetary Board may, in addition to the foregoing, require the disclosure of such other information as it shall deem necessary for the protection of the members of the association.”

SEC. 14. Section 22 of Republic Act No. 8367 is hereby amended to read as follows:

“SEC. 22. *Regulatory Powers Over Associations.* – Notwithstanding the provisions of Section 130 of Republic Act No. 7653, the power to regulate the operations of any association by the Monetary Board shall continue: **PROVIDED, THAT THE MONETARY BOARD SHALL TAKE INTO ACCOUNT THE UNIQUE BUSINESS NATURE AND THE INTRINSIC MANDATE AND MISSIONS OF ASSOCIATIONS IN THE ADOPTION OF A REGULATORY FRAMEWORK. SUCH PERTINENT FEATURES OF THE REGULATORY FRAMEWORK PRESENTLY APPLIED TO REGULAR BANKS AND QUASI-BANKS MAY BE ADOPTED. SUCH POWERS SHALL [and] consist**

of the following:

“a) [in seeing] **ENSURE** to it that the capital, financing, direction and administration, as well as the integrity, responsibility, and ability of organizers, administrators, trustees, and officers of all associations organized and operated under this Act, shall reasonably assure the safety of the interests which its members entrust to them;

“b) [in regulating] **REGULATE** the operation and activities of associations, which include, among others: 1) in placing limits to the maximum credit allowed any individual borrower; 2) in determining the loan repayment period and loan procedures; 3) in imposing a uniform accounting system **IN COMPLIANCE WITH THE PHILIPPINE FINANCIAL REPORTING STANDARDS** and manner of keeping the accounts and records of associations; 4) in instituting periodic surveys of loan and lending procedures, audits, test check of each and other transactions of associations; and 5) whenever necessary, in conducting training courses for personnel of associations;

“c) [in requiring all accountable officers and employees of every association to post bonds for the faithful performance of their duties in reasonable sums and with such sureties as the Monetary Board may require] **PRESCRIBE ADDITIONAL LIQUIDITY REQUIREMENTS;**

“d) [in fixing, by rules or by orders, in specific cases, after notice and hearing, the limits of loanable funds, amounts for investment and reserves for withdrawals and other contingencies] **ENFORCE PROMPT CORRECTIVE ACTION ON ASSOCIATIONS SHOWING CONDITIONS INDICATING HIGHER THAN NORMAL RISK OF FAILURE;**

“e) [in issuing rules and regulations for the proper implementation of this Act, effective administration of the associations, and to] render advisory assistance to all interested parties in order to carry out the intents and purposes of this Act; [and]

“f) [in conducting] **CONDUCT** such investigations, take [ing] such remedial measures and [exercising] **EXERCISE** all powers under Republic Act No. 7653, insofar as they are applicable in the enforcement of this Act.

“G) IMPOSE UPON ANY ASSOCIATION, ITS TRUSTEES, OFFICERS, OR EMPLOYEES, AFTER DUE NOTICE AND HEARING, THE FOLLOWING ADMINISTRATIVE SANCTIONS, WHENEVER APPLICABLE:

“1) FINES IN AMOUNTS AS MAY BE DETERMINED TO BE APPROPRIATE BASED ON THE NATURE AND GRAVITY OF THE OFFENSE;

“2) RESTRICTION OR SUSPENSION OF LICENSE; AND

“3) OTHER ADMINISTRATIVE SANCTIONS AVAILABLE TO THE BANGKO SENTRAL UNDER ITS CHARTER;

“H) PROVIDE A CREDIT FACILITY TO SYSTEMICALLY CRITICAL NON-STOCK SAVINGS AND LOAN ASSOCIATIONS EXPERIENCING LIQUIDITY PROBLEMS; AND

“I) PLACE UNDER RECEIVERSHIP, AFTER DUE NOTICE AND HEARING, AN ERRING/DISTRESSED ASSOCIATION TO PROTECT THE INTERESTS OF ITS MEMBERS PURSUANT TO THE EXISTING RULES AND REGULATIONS PROMULGATED BY THE MONETARY BOARD.

“THE RECEIVER SHALL FORTHWITH GATHER AND TAKE CHARGE OF ALL ITS ASSETS AND LIABILITIES AND ADMINISTER THE SAME FOR THE BENEFIT OF ITS MEMBERS AS PROVIDED UNDER THE REVISED RULES OF COURT. THE PROVISIONS OF SECTION 30 OF REPUBLIC ACT NO. 7653 ON THE POWERS, FUNCTIONS, DUTIES AND OTHER TERMS OF REFERENCE ON RECEIVERS SHALL APPLY.

“The Bangko Sentral shall have the power to enforce the laws, orders, instructions, rules and regulations promulgated by the Monetary Board applicable to associations; to require associations, their trustees, officers and agents to conduct and manage the affairs of the association in a lawful and orderly manner. After due notice and hearing, the Monetary Board may revoke or suspend the license of any association, for such period as it determines necessary, particularly when the solvency of an association is imperiled by losses or irregularities, and/or when an association willfully violates any provisions of this Act or any rule or regulations promulgated hereunder.

“The director and examiners of the department of the Bangko Sentral charged with the regulation of associations are hereby authorized to administer oaths to any trustee, officer or employee of any association or to any voluntary witness and to compel the presentation of all books, documents, papers or records necessary in his judgment to ascertain the facts relative to the true condition of any association or to

any loan.”

SEC. 15. Section 24 of Republic Act No. 8367 is hereby amended to read as follows:

“SEC. 24. *Annual SUPERVISION Fees.* – Consistent with the provisions of Section 28 of Republic Act No. 7653, any association organized under this Act may, pursuant to regulations promulgated for the purpose by the Monetary Board, be required to contribute to the Bangko Sentral an annual **SUPERVISION** fee to be determined by the Monetary Board.”

Sec. 16. *Separability Clause.* – If any provision of this Act is held invalid, the other provisions of this Act shall not be affected thereby and shall continue in operation.

Sec. 17. *Repealing Clause.* - Any law or parts of law inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

Sec. 18. *Effectivity.* – This Act shall take effect fifteen (15) days following the completion of its publication in the *Official Gazette* or in two (2) national newspapers of general circulation.

Approved,