



HOUSE OF REPRESENTATIVES

H. No. 3785

BY REPRESENTATIVES GUANLAO, BAGUILAT, ANTONINO-NADRES, GONZALEZ,
HICAP, VILLANUEVA, GARIN (S.), MACROHON-NUÑO, PADILLA,
BRAVO (A.), DELA CRUZ, YU, LAGMAN, PAEZ, CO AND BATOCABE,
PER COMMITTEE REPORT NO. 43

AN ACT STRENGTHENING AND INSTITUTIONALIZING DIRECT
CREDIT SUPPORT OF THE LAND BANK OF THE PHILIPPINES
TO AGRARIAN REFORM BENEFICIARIES, SMALL FARMERS
AND FISHERFOLK, FURTHER AMENDING REPUBLIC ACT
NO. 3844, OTHERWISE KNOWN AS THE "AGRICULTURAL
LAND REFORM CODE", AS AMENDED

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

1 SECTION 1. Section 74 of Republic Act No. 3844, as amended by
2 Republic Act No. 10374, otherwise known as the "Agricultural Land Reform
3 Code", is hereby further amended to read as follows:

4 "SEC. 74. *Creation.* – To finance the acquisition by the
5 Government of landed estates for division and resale to small
6 landholders, as well as the purchase of the landholding by the
7 agricultural lessee from the landowner, there is hereby established
8 a body corporate to be known as the 'Land Bank of the
9 Philippines', hereinafter called the 'Bank', which shall have its
10 principal place of business in Manila. The legal existence of the
11 Bank is extended for a period of fifty (50) years from the

1 expiration of its original term on 08 August 2013, renewable for
2 another fifty (50) years. The Bank shall be subject to such rules
3 and regulations as the [Central Bank] BANGKO SENTRAL NG
4 PILIPINAS may from time to time promulgate.

5 "THE BANK SHALL ALLOCATE FIVE PERCENT (5%) OF ITS
6 REGULAR LOAN PORTFOLIO (NET OF LOANS TO THE BANGKO
7 SENTRAL NG PILIPINAS, INTERBANK LOANS AND AVAILMENTS
8 FROM DOMESTIC BILLS PURCHASE LINE), WHICH IS MAINTAINED
9 IN A SEPARATE SPECIAL WINDOW FOR SOCIALIZED CREDIT TO
10 QUALIFIED SMALL FARMERS, FISHERFOLK AND AGRARIAN
11 REFORM BENEFICIARIES (ARBS). THIS FACILITY SHALL SOLELY
12 FINANCE AGRICULTURAL PROJECTS PURSUANT TO THE
13 PROVISIONS OF SECTION 4 OF REPUBLIC ACT NO. 10000,
14 OTHERWISE KNOWN AS 'THE AGRI-AGRA REFORM CREDIT ACT
15 OF 2009'. THIS SPECIAL SOCIALIZED CREDIT WINDOW SHALL BE
16 EXEMPT FROM THE STANDARD RULES ON LENDING OF THE
17 BANGKO SENTRAL NG PILIPINAS AND OF THE COMMISSION ON
18 AUDIT.

19 "ALL LOANS EXTENDED THROUGH THIS SPECIAL
20 SOCIALIZED CREDIT WINDOW SHALL QUALIFY AS PART OF THE
21 BANK'S COMPLIANCE WITH THE AGRI-AGRA LAW.

22 "CREDIT UNDER THIS SPECIAL SOCIALIZED CREDIT WINDOW
23 SHALL BE EXTENDED THROUGH THE FOLLOWING CONDUITS:

24 "(A) FARMERS' AND FISHERFOLK'S COOPERATIVES;

25 "(B) FARMERS' AND FISHERFOLK'S ORGANIZATIONS OR
26 ASSOCIATIONS;

27 "(C) NONAGRICULTURAL COOPERATIVES (CREDIT AND
28 MULTIPURPOSE);

29 "(D) COOPERATIVE BANKS;

1 “(E) RURAL BANKS;

2 “(F) THRIFT BANKS;

3 “(G) AGRI-BUSINESS FIRMS OR ANCHOR FIRMS
4 PROVIDING CREDIT SUPPORT TO ARBS, AND SMALL FARMERS
5 AND FISHERFOLK;

6 “(H) NONGOVERNMENT ORGANIZATIONS;

7 “(I) FOUNDATIONS WITH LENDING AUTHORITIES; AND

8 “(J) ALL OTHER CONDUITS THAT WILL BE DEEMED
9 QUALIFIED BY THE BANK.

10 “LOANS UNDER THIS SPECIAL SOCIALIZED CREDIT WINDOW
11 SHALL HAVE AN INTEREST RATE EQUIVALENT TO NOT MORE
12 THAN SEVENTY-FIVE PERCENT (75%) OF THE BANK’S
13 PREVAILING RATES FOR LOANS TO COOPERATIVES: *PROVIDED*,
14 THAT THESE CONDUITS SHALL HAVE AN INTEREST SPREAD OF
15 NOT MORE THAN FIVE (5) PERCENTAGE POINTS. THE INTEREST
16 SPREAD SHALL EXCLUDE CROP INSURANCE PREMIUMS AND
17 GUARANTEE FEES.

18 “CRITERIA FOR ELIGIBILITY UNDER THIS SPECIAL
19 SOCIALIZED CREDIT WINDOW SHALL BE DETERMINED BY THE
20 BANK AND SHALL BE REFLECTED IN THE IMPLEMENTING RULES
21 AND REGULATIONS.”

22 SEC. 2. Section 75 of Republic Act No. 3844, as amended, is hereby
23 further amended by adding a new subsection (15) to read as follows:

24 “(15) TO OFFER AND ISSUE COMMON AND
25 PREFERRED SHARES OF STOCKS TO ARBS, SMALL FARMERS AND
26 FISHERFOLK THROUGH THEIR ORGANIZATIONS, COOPERATIVES,
27 FEDERATIONS AND COOPERATIVE BANKS; DEVELOPMENT
28 PARTNERS AND STRATEGIC INVESTORS SUCH AS MULTILATERAL
29 AND BILATERAL INSTITUTIONS; RURAL BANKS AND THEIR

1 ASSOCIATIONS, IN QUANTITIES TO BE DETERMINED BY THE
2 BOARD OF DIRECTORS AND IN ACCORDANCE WITH APPLICABLE
3 LAWS, RULES AND REGULATIONS: *PROVIDED, HOWEVER, THAT*
4 *THE NATIONAL GOVERNMENT SHALL MAINTAIN, AT ALL*
5 *TIMES, AT LEAST TWO-THIRDS (2/3) OWNERSHIP OF THE TOTAL*
6 *OUTSTANDING COMMON SHARES OF THE BANK.*

7 "PREFERRED SHARES OF STOCK SHALL BE NON-VOTING.
8 OTHER FEATURES OF PREFERRED SHARES SHALL BE
9 DETERMINED BY THE BOARD OF DIRECTORS.

10 "LOANS TO COOPERATIVES, FEDERATIONS, COOPERATIVE
11 BANKS, RURAL BANKS AND THEIR ASSOCIATIONS WHICH OWN
12 COMMON SHARES OF STOCK IN THE BANK SHALL NOT BE
13 COVERED BY RULES ON LOANS TO DIRECTORS, OFFICERS,
14 STOCKHOLDERS AND RELATED INTERESTS (DOSRI)."

15 SEC. 3. *Repealing Clause.* – All laws, executive orders, rules and
16 regulations or parts thereof inconsistent with any provision hereof are hereby
17 repealed or modified accordingly.

18 SEC. 4. *Separability Clause.* – If any provision or part hereof is held
19 invalid, the other provisions not affected thereby shall remain and continue to
20 be in full force and effect.

21 SEC. 5. *Effectivity.* – This Act shall take effect fifteen (15) days after
22 its publication in the *Official Gazette* or in any newspaper of general
23 circulation.

Approved,