



BANGKO SENTRAL NG PILIPINAS

OFFICE OF THE GOVERNOR

CIRCULAR NO. 737

Series of 2011

Subject: Amendments to the Regulations Requiring the Submission of the Report on the Sworn Statement on Real Estate/Chattel Transactions

The Monetary Board in its Resolution No. 1338 dated 1 September 2011, approved the following amendments to the regulations requiring the submission of the Report on the Sworn Statement on Real Estate/Chattel Transactions.

Section 1. Section X148, and its subsections, are hereby added to the Manual of Regulations for Banks (MORB) to read as follows:

"Section X148. Real Estate and Chattel Transactions with DOSRI and Employees. The following regulations shall govern all real estate/chattel transactions (such as, but not limited to, rentals or leases, purchases and sales, of the bank's owned property, including foreclosed assets) entered between the bank and its director(s), officer(s), stockholder(s) or related interest(s), as defined under Items "a", "b", "c" and "e", respectively, of Subsec. X326.1 or between the bank and its employee(s).

"Real estate/chattel transactions with DOSRI and employee(s) shall require the prior written approval of the majority members of the board of directors, with the exclusion of the director(s) concerned in cases where the transaction involves the director(s) or his related interest(s): *Provided, however,* That real estate/chattel transactions with a bank's officer(s)/employee(s) that are availed in strict conformity with the terms and conditions of a BSP-approved fringe benefit program shall require the prior written approval of the bank's duly authorized committee/officer(s).

"Real estate/chattel transactions with DOSRI and/or employee(s) shall, at all times, be entered into in the best interest of the bank. Records and supporting documents on such real estate/chattel transactions shall be adequately maintained and made available for inspection and/or submitted upon request of the BSP.

"Subsection X148.1 Certification on real estate/chattel transactions with DOSRI and employee(s).

"Banks shall, within ten (10) banking days from approval by a majority of its board of directors, submit to the appropriate department of the SES, the *Certification on Real Estate/Chattel Transactions with DOSRI and Employee(s)* (prescribed format attached as Annex A), covering real estate/chattel transactions

between the bank and its director(s), officer(s), stockholder(s), related interest(s) and employee(s), except those that are availed in strict conformity with the terms and conditions of a fringe benefit program approved by the bank's board of directors and by the BSP.

"The *Certification on Real Estate/Chattel Transactions with DOSRI and Employee(s)* shall be accompanied by a certified true copy of the resolution of the board of directors authorizing said transaction(s) and shall be signed by at least the majority members of the bank's board of directors (excluding the director(s) concerned in the case of transactions involving the director(s) or his related interest(s)) who shall be required to certify therein, that:

- "(a) The transactions were approved by a majority of the bank's board of directors, excluding the director concerned (in the case of transactions involving the director or his related interest(s)), in a meeting held for such purpose;
- "(b) A certified true copy of said approval as manifested in a resolution passed by the board of directors is attached as an annex to the certification;
- "(c) The reported transactions have been thoroughly reviewed and verified as having been entered into in the best interest of the bank; and
- "(d) The records and underlying documents (e.g. contracts/agreements, etc.) supporting such transactions are adequately maintained and shall be made available for inspection by BSP examiners and submitted upon request of the appropriate department of the SES.

"Said *Certification on Real Estate/Chattel Transactions with DOSRI and Employee(s)* shall, at a minimum, disclose the following information:

- "(a) Board Resolution No. and date,
- "(b) Name of DOSRI/employee,
- "(c) Transaction date,
- "(d) Type of transaction (i.e., sale, lease, etc.),
- "(e) Description of real estate or chattel property (e.g., TCT No. or CCT No., location and area in square meters in case of real property, and certificate of registration number, make, model number, serial number, motor number and/or chassis number, as may be applicable, for chattels),
- "(f) Appraised or market value or prevailing rental rate,
- "(g) Reference or source of the amount reported under item "(f)" above,
- "(h) Net carrying value of the property, and

"(i) Transaction price (i.e., selling price, rental, etc.).

"Subsections X148.2 – X148.8 (Reserved)"

"Subsection X148.9 Sanctions"

"The following sanctions shall be imposed on the bank and/or its concerned directors/officers for violations noted:

"1. On the bank"

"a. Monetary fines"

A bank which fails to comply with the provisions of this Section shall be subject to monetary penalties under Appendix 67.

"1) *For non-submission of the Certification on Real Estate/Chattel Transactions with DOSRI and Employee(s) and/or the certified true copy of the resolution of the bank's board of directors*

A bank which fails to submit the *Certification on Real Estate/Chattel Transactions with DOSRI and Employee(s) and/or the certified true copy of the resolution of the board of directors* authorizing such transaction within the prescribed deadline shall be subject to the monetary penalties applicable to less serious offenses under Appendix 67 which shall be reckoned on a daily basis from the day following the due date of submission until the required *Certification on Real Estate/Chattel Transactions with DOSRI and Employee(s) and/or the certified true copy of the resolution of the board of directors* is filed with the BSP.

"2) *For the willful making of a false/misleading statement in the Certification on Real Estate/Chattel Transactions with DOSRI and Employee(s) and/or the certified true copy of the resolution of the bank's board of directors*

A bank which has been found to have willfully made a false or misleading statement in the *Certification on Real Estate/Chattel Transactions with DOSRI and Employee(s) and/or the certified true copy of the resolution of the bank's board of directors* shall be subject to the monetary penalties applicable to less serious offenses under Appendix 67 for the willful making of a false or misleading statement which shall be reckoned on a daily basis from the day following the due date of the said certification until such time that an amended or corrected *Certification on Real Estate/Chattel Transactions with DOSRI and Employee(s) and/or certified true copy*

of the resolution of the board of directors has been submitted to the BSP.

"2. *On the concerned director/officer*

"a. *For willful non-compliance*

Directors/officers of the bank who willfully fail/refuse to comply with the provisions of this Section shall be subject to the monetary penalties applicable to less serious offenses under Appendix 67.

"b. *For false/misleading statements*

Directors/officers which have been found to have willfully falsely certified or willfully submitted misleading statements in the *Certification on Real Estate/Chattel Transactions with DOSRI and Employee(s)* and/or the certified true copy of the resolution of the board of directors shall be subject to the monetary penalties applicable to less serious offenses under Appendix 67, which shall be reckoned on a daily basis from the day following the due date of the said certification until such time that an amended or corrected certification or certified true copy of the resolution of the board of directors has been submitted to the BSP.

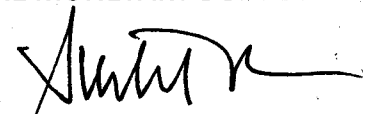
The imposition of the above sanctions is without prejudice to the filing of appropriate criminal charges against culpable persons as provided under Section 35 of R.A. No. 7653 for the willful making of a false/misleading statement."

Section 2. Subsections X192.5 and X192.15 of the MORB are hereby deleted.

Section 3. Appendix 6 of the MORB on reports required of banks is hereby amended by deleting the "*Sworn Statement on Real Estate/Chattel Transaction to DOS*" (attached as Annex B) as a regular report which is required to be submitted by banks.

Section 4. Effectivity. This Circular shall take effect fifteen (15) calendar days following its publication either in the Official Gazette or in a newspaper of general circulation.

FOR THE MONETARY BOARD:



AMANDO M. TETANGCO, JR.
Governor

19 September 2011

Deadline : Within ten (10) banking days from approval of the board of directors'

Submission: Appropriate Department of SES

CERTIFICATION ON REAL ESTATE/CHATTEL TRANSACTIONS
With Director(s), Officer(s), Stockholder(s), Related Interest(s) (DOSRI) and Employee(s)

 (Name of Bank)

We hereby certify that the real estate/chattel transaction(s) entered into by the (name of bank) with its DOSRI and employees as described in Schedule 1 was made in accordance with the provisions of Section X148 of the MORB and its corresponding Subsections. In particular, we certify that:

1. The transactions were approved by a majority of the (name of bank)'s board of directors, excluding the director(s) concerned (in case of transactions involving the director(s) or his related interest(s)), in a (specify whether regular/special) meeting held on (specify date of board meeting) for such purpose as stated therein;
2. A certified true copy of said approval as manifested in a resolution passed by the board of directors is attached as Annex A;
3. The reported transactions have been thoroughly reviewed and verified as having been entered into in the best interest of the bank; and
4. The records and underlying documents supporting such transactions are adequately maintained and shall be (a) made available for inspection by BSP examiners, and (b) submitted upon request of the appropriate department of the SES.

 Signature above Printed Name
 Director

 Signature above Printed Name
 Director

 Signature above Printed Name
 Director

 Signature above Printed Name
 Director

 Signature above Printed Name
 Director

(include additional signatories, if necessary)

Date _____

SUBSCRIBED and SWORN to before me, this ____ day of _____, with
 affiant(s) exhibiting his/her valid identification as indicated below:

Government ID/
Passport No.

Names

Date/Place of Issue

Doc. No. _____
 Page No. _____
 Book No. _____
 Series of _____

Notary Public

Details of Real Estate and/or Chattel Transactions with Director(s), Officer(s), Stockholder(s), Related Interest(s) (DOSRI) and Employee(s)

[illegible]

(please use additional sheets, if necessary)

1/ Specify the nature of reported value (i.e., whether appraised value, market value or rental rate, etc.)

List of Reports for Deletion under Appendix 6 of the MORB

Category	Form No.	MOR Ref.	Report Title	Frequency	Submission Deadline	Submission Procedure
"A. UBs/KBs						
A-3	DCBI/II Form SE (BSP-7-16-31)	X192.5 X192.15	Sworn Statement on Real Estate/Chattel Transaction to DOS	As transaction is approved	10th banking day after approval of the transaction	Original and duplicate - Appropriate department of the SES
"B. TBs						
B	SES II Form 12 (NP06-TB)	X192.5 X192.15	Sworn Statements on Real Estate/Chattel Transaction to Directors, Officers and Stockholders	As transaction is approved	Within 10 banking days from approval of transaction	Appropriate department of the SES
"C. RBs/Coop Banks						
B	RB/COB Form 20	X192.5	Sworn Statements of Real Estate/Chattel Transaction to DOS	As transaction is approved	10th banking day from approval of the transaction	Original - Appropriate department of the SES