



Bangko Sentral ng Pilipinas

OFFICE OF THE GOVERNOR

CIRCULAR NO. 389

Pursuant to the Monetary Board Resolution No. 811 dated June 12, 2003, the following rules and regulations are hereby issued to implement Sections 40 and 41 of Republic Act No. 8791, the General Banking Law of 2000.

The provisions of Section X319 of the Manual of Regulations for Banks and its Subsections are hereby amended, to read as follows:

SECTION X319. REQUIREMENT FOR GRANT OF LOANS AND OTHER CREDIT ACCOMMODATIONS.

The following regulations shall govern loans and other credit accommodations, except those granted to microfinance and small and medium enterprises.

SUBSEC. X319.1. GENERAL GUIDELINES.

Before granting a loan or other credit accommodation, a bank must ascertain that the borrowers, co-makers, endorsers, sureties and/or guarantors are financially capable of fulfilling their commitments to the bank. For this purpose, banks shall obtain adequate information on their credit standings and financial capacities.

SUBSEC. X319.2. PROOF OF FINANCIAL CAPACITY OF BORROWER.

In addition to the usual information sheet about the borrower, banks may require submission of a statement of the borrower's assets and liabilities. Banks shall however, require the following:

1. A copy of the latest Income Tax Return of the borrower and his co-maker, if applicable, duly stamped as received by the Bureau of Internal Revenue (BIR); and
2. Except as otherwise provided in other regulations, if the borrower is engaged in business, a copy of the borrower's latest Financial Statements as submitted for taxation purposes to the BIR.

Should the document(s) submitted prove to be spurious or incorrect in any material detail, the bank may terminate any loan or other credit accommodation granted on the basis of said document(s) and shall have the right to demand immediate

MAG-IMPOK SA BANGKO

repayment or liquidation of the obligation. Moreover, the bank may seek redress from the court for any harm done by the borrower's submission of spurious documents.

SUBSEC. X319.3. SIGNATORIES.

Banks shall require that loans and other credit accommodations be made under the signature of the principal borrower and in the case of unsecured loans and other credit accommodations to an individual borrower, at least one co-maker, except when the principal borrower has the financial capacity and a good track record of paying his obligations.

SUBSEC. X319.4. SANCTIONS.

Any violation of the provisions of this Section shall be subject to the sanctions provided under Sections 36 and 37 of R.A. No. 7653 (the New Central Bank Act).

This Circular shall take effect fifteen (15) days after publication in the Official Gazette or in a national newspaper of general circulation.

FOR THE MONETARY BOARD:


RAFAEL B. BUENAVENTURA
Governor

 June 2003