

317 OTHER LOANS AND REDISCOUNTING TO THRIFT/RURAL/COOPERATIVE BANKS

Loans under Section 12 of R.A. No. 7353, Section 10 of R.A. No. 7906 and Article 102, R.A. No. 6038, as amended by RA. No. 9520. Banks may rediscount papers of TBs/RBs/Coop Banks. Banks shall specify the nature of papers acceptable for rediscounting as well as the rediscount rate.

Loans under Section 14 of R.A. No. 7353. The following are the guidelines in the grant by the LBP, DBP or any government-owned or controlled bank or FI of a loan to an RB under Section 14 of R.A. No. 7353.

a. *Issuance of certification.* Subject to the qualifications of the RBs prescribed in Item “b” hereof, the Monetary Board shall issue the certification required under Section 14 of R.A. No. 7353, which shall be final, after the Monetary Board has determined that:

- (1) The resources of the RB are inadequate to meet the legitimate credit needs of the locality wherein the RB is established;
- (2) There is dearth of private capital in said locality; and
- (3) It is not possible for the stockholders of the RB to increase the paid-up capital thereof.

The appropriate supervising department of the Bangko Sentral may prescribe and require the submission by the RB of papers and documents necessary for such determination.

b. *Qualifications for loan.* In order to qualify for the financial assistance under said provision of law, the RB shall first meet the following requirements:

- (1) Its capital-to-risk assets ratio during the last six (6) months immediately preceding the loan application should be at least ten percent (10%);
- (2) Its past due loans are not more than twenty-five percent (25%);
- (3) It has no deficiency in allowance for probable losses on loans and other risk assets;
- (4) It must not have incurred deficiency in its reserves against deposit liabilities for the last six (6) months preceding the filing of the application;
- (5) It must have been operating profitably for the last three (3) years;
- (6) Its arrearages with the Bangko Sentral or other government FIs, if any, are being liquidated through an approved plan of payment, the conditions of which are being complied with; and
- (7) It is operating substantially in accordance with applicable laws and Bangko Sentral rules and regulations.

c. *Extension of loan.* The LBP, the DBP or any government-owned or controlled bank or FI shall, within sixty (60) days from issuance by the Monetary Board of the certification, and subject to

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their loan and investment policies, extend to an RB a loan or loans from time to time, repayable in ten (10) years, with concessional rates of interest, against security/ies which the stockholder or stockholders of the RB may offer.