

**REPUBLIC ACT No. 3765**

**AN ACT TO REQUIRE THE DISCLOSURE OF FINANCE CHARGES IN CONNECTION WITH  
EXTENSIONS OF CREDIT.**

**Section 1.** This Act shall be known as the "Truth in Lending Act."

**Section 2.** Declaration of Policy. It is hereby declared to be the policy of the State to protect its citizens from a lack of awareness of the true cost of credit to the user by assuring a full disclosure of such cost with a view of preventing the uninformed use of credit to the detriment of the national economy.

**Section 3.** As used in this Act, the term

(1) "Board" means the Monetary Board of the Central Bank of the Philippines.

(2) "Credit" means any loan, mortgage, deed of trust, advance, or discount; any conditional sales contract; any contract to sell, or sale or contract of sale of property or services, either for present or future delivery, under which part or all of the price is payable subsequent to the making of such sale or contract; any rental-purchase contract; any contract or arrangement for the hire, bailment, or leasing of property; any option, demand, lien, pledge, or other claim against, or for the delivery of, property or money; any purchase, or other acquisition of, or any credit upon the security of, any obligation of claim arising out of any of the foregoing; and any transaction or series of transactions having a similar purpose or effect.

(3) "Finance charge" includes interest, fees, service charges, discounts, and such other charges incident to the extension of credit as the Board may by regulation prescribe.

(4) "Creditor" means any person engaged in the business of extending credit (including any person who as a regular business practice make loans or sells or rents property or services on a time, credit, or installment basis, either as principal or as agent) who requires as an incident to the extension of credit, the payment of a finance charge.

(5) "Person" means any individual, corporation, partnership, association, or other organized group of persons, or the legal successor or representative of the foregoing, and includes the Philippine Government or any agency thereof, or any other government, or of any of its political subdivisions, or any agency of the foregoing.

**Section 4.** Any creditor shall furnish to each person to whom credit is extended, prior to the consummation of the transaction, a clear statement in writing setting forth, to the extent applicable and in accordance with rules and regulations prescribed by the Board, the following information:

(1) the cash price or delivered price of the property or service to be acquired;

(2) the amounts, if any, to be credited as down payment and/or trade-in;

(3) the difference between the amounts set forth under clauses (1) and (2);

(4) the charges, individually itemized, which are paid or to be paid by such person in connection with the transaction but which are not incident to the extension of credit;

(5) the total amount to be financed;

(6) the finance charge expressed in terms of pesos and centavos; and

(7) the percentage that the finance bears to the total amount to be financed expressed as a simple annual rate on the outstanding unpaid balance of the obligation.

**Section 5.** The Board shall prescribe such rules and regulations as may be necessary or proper in carrying out the provisions of this Act. Any rule or regulation prescribed hereunder may contain such classifications and differentiations as in the judgment of the Board are necessary or proper to effectuate the purposes of this Act or to prevent circumvention or evasion, or to facilitate the enforcement of this Act, or any rule or regulation issued thereunder.

**Section 6.** (a) Any creditor who in connection with any credit transaction fails to disclose to any person any information in violation of this Act or any regulation issued thereunder shall be liable to such person in the amount of P100 or in an amount equal to twice the finance charged required by such creditor in connection with such transaction, whichever is the greater, except that such liability shall not exceed P2,000 on any credit transaction. Action to recover such penalty may be brought by such person within one year from the date of the occurrence of the violation, in any court of competent jurisdiction. In any action under this subsection in which any person is entitled to a recovery, the creditor shall be liable for reasonable attorney's fees and court costs as determined by the court.

(b) Except as specified in subsection (a) of this section, nothing contained in this Act or any regulation contained in this Act or any regulation thereunder shall affect the validity or enforceability of any contract or transactions.

(c) Any person who willfully violates any provision of this Act or any regulation issued thereunder shall be fined by not less than P1,00 or more than P5,000 or imprisonment for not less than 6 months, nor more than one year or both.

(d) No punishment or penalty provided by this Act shall apply to the Philippine Government or any agency or any political subdivision thereof.

(e) A final judgment hereafter rendered in any criminal proceeding under this Act to the effect that a defendant has willfully violated this Act shall be prima facie evidence against such defendant in an action or proceeding brought by any other party against such defendant under this Act as to all matters respecting which said judgment would be an estoppel as between the parties thereto.

**Section 7.** This Act shall become effective upon approval.

Approved: June 22, 1963



Republic of the Philippines  
Department of Finance  
Securities and Exchange Commission  
SEC Building, EDSA, Greenhills, Mandaluyong City  
**CORPORATION FINANCE DEPARTMENT**

SEC Memorandum Circular No. 7  
Series of 2011

To : All Lending and Financing Companies

Subject : Implementation of the Truth in Lending Act to  
Enhance Loan Transaction Transparency

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The Commission, in its commitment to protect the uninformed use of credit by borrowers or users and in compliance with the Truth in Lending Act (R.A. No.3765) requiring full disclosure of the true cost of credit, resolved in its *en banc* meeting on 18 August 2011 to adopt Circular No. 730 dated 20 July 2011 of the Bangko Sentral ng Pilipinas (BSP) on updated rules implementing the Truth in Lending Act to enhance loan transaction transparency.

Non-compliance with this Circular shall subject the creditor concerned to the following penalties:

- a. First Offense : Basic fine of PhP20,000.00 and PhP100.00 for each day of continuing violation
- b. Second Offense: Basic fine of PhP25,000.00 and PhP100.00 for each day of continuing violation
- c. Third Offense : Basic fine of PhP30,000.00 and PhP100.00 for each day of continuing violation
- d. Fourth Offense: Suspension/ revocation of the Certificate of Authority to Operate as a Lending or Financing Company

This Memorandum Circular shall be published in two (2) newspapers of general circulation in the Philippines and shall take effect on 01 July 2012.

Issued this \_\_\_ September 2011, Mandaluyong City.

  
**TERESITA J. HERBOSA**  
Chairperson



# BANGKO SENTRAL NG PILIPINAS

## OFFICE OF THE GOVERNOR

Circular No. 730  
Series of 2011

Subject : **Updated Rules Implementing the Truth in Lending Act to Enhance Loan Transaction Transparency**

Pursuant to Monetary Board Resolution No. 1018 dated 07 July 2011, Sections X305 and X307, and Appendix 19 of the Manual of Regulations for Banks (MORB) are hereby amended to read, as follows:

### **Section 1. Method of computing interest**

A new Subsection X305.5 is hereby added to Section X305, MORB to read, as follows:

**"§ X305.5. Method of computing interest.** Banks may only charge interest based on the outstanding balance of a loan at the beginning of an interest period.

For a loan where principal is payable in installments, interest per installment period shall be calculated based on the outstanding balance of the loan at the beginning of each installment period.

Towards this end, all loan-related documents shall show repayment schedules in a manner consistent with this provision. Marketing materials and presentations shall likewise be consistent with this provision."

### **Section 2. Definition of Terms**

Items g and h of Subsections X307.1, MORB are hereby amended to read as follows:

"x x x

g. *Finance charge* includes interest, fees, service charges, discounts, and such other charges incident to the extension of credit.

h. *Simple annual rate* is the uniform percentage which represents the ratio between the finance charge and the amount to be financed under the assumption that the loan is payable in one year with single payment upon maturity and there are no up-front deductions to principal.

For loans with terms different from the above assumptions, the effective annual interest (EIR) rate shall be calculated and

disclosed to the borrower as the relevant true cost of the loan comparable to the concept of simple annual rate.

For loans with contractual interest rates stated on monthly basis, the effective interest rate may be expressed as a monthly rate.

In accordance with the Philippine Accounting Standards (PAS) definition, *effective interest rate* is the rate that exactly discounts estimated future cash flows through the life of the loan to the net amount of loan proceeds. For consistency, methodology and standards for discounted cash flow models shall be prescribed to be used for the purpose."

### **Section 3. Information to be disclosed**

Subsection X307.2, MORB is hereby amended to read as follows:

**"§ X307.2 Information to be disclosed.** As a general rule, loan terms shall be disclosed to all types of borrower. For small business/retail/consumer credit, the following are the minimum information to be disclosed (*sample form in Appendix 19*):

- a. The total amount to be financed;
- b. The finance charges expressed in terms of pesos and centavos;
- c. The net proceeds of the loan; and
- d. The percentage that the finance charge bears to the total amount to be financed expressed as a simple annual rate or an effective annual interest rate (EIR) as described in item h of Subsection X307.1. EIR may also be quoted as a monthly rate in parallel with the quotation of the contractual rate.

Banks are required to furnish each borrower a copy of the disclosure statement, prior to the consummation of the transaction."

### **Section 4. Posters**

Subsection X307.4, MORB is hereby amended to read as follows:

**"§ X307.4 Posters.** Banks shall post in conspicuous places in their principal place of business and branches, the information as contained in the revised format of disclosure statement (Appendix 19), with further enhancement through the Memorandum to All Banks to be issued for the purpose. The posters shall include an explicit notification that the disclosure statement is a required attachment to the loan contract and the customer has a right to demand a copy of such disclosure."

**Section 5.** Appendix 19, MORB, Format of Disclosure Statement on Loan/Credit Transaction, is hereby revised to reflect the present industry practices, specifically targeted towards the small business, retail and consumer loans, but still consistent with R.A. No. 3765.

This Circular shall take effect on 1 July 2012.

**FOR THE MONETARY BOARD:**



**AMANDO M. TETANGCO, JR.**  
Governor

20 July 2011

**APPENDIX 19**  
**FORMAT OF DISCLOSURE STATEMENT ON**  
**SMALL BUSINESS/RETAIL/CONSUMER CREDIT**

\_\_\_\_\_  
 (Business Name of Creditor)

**DISCLOSURE STATEMENT ON LOAN/CREDIT TRANSACTION**

(As Required under R.A. 3765, Truth in Lending Act)

NAME OF BORROWER : \_\_\_\_\_  
 ADDRESS : \_\_\_\_\_

**1. LOAN AMOUNT** ₱ XXX

**2. OTHER BANK CHARGES/DEDUCTIONS COLLECTED <sup>1</sup>** ₱ XXX

- a. Documentary/Science Stamps ₱ \_\_\_\_\_  
 b. Mandatory Credit Insurance \_\_\_\_\_  
 c. Others (Specify) \_\_\_\_\_  
 \_\_\_\_\_

**3. NET PROCEEDS OF LOAN (Item 1 less Items 2 and 3)** ₱ XXX

**4. SCHEDULE OF PAYMENTS**

- a. Single payment due on (date) ₱ XXX  
 b. Installment Payments (Please see attached amortization schedule)

**5. EFFECTIVE INTEREST RATE (Interest and Other Charges)** XXX %

Explanation: The effective interest rate is higher than the contractual interest  
 rate of \_\_\_\_% because of item 2 deductions above.

**6. CONDITIONAL CHARGES THAT MAY BE IMPOSED (if applicable).** Please specify manner of  
 imposition:

- a. Late Charge \_\_\_\_\_  
 b. Prepayment (penalty/refund) \_\_\_\_\_  
 c. Others (Specify) \_\_\_\_\_  
 \_\_\_\_\_

CERTIFIED CORRECT:

\_\_\_\_\_  
 (Signature of Creditor/Authorized  
 Representative Over Printed Name) \_\_\_\_\_  
 Position

I ACKNOWLEDGE RECEIPT OF A COPY OF THIS STATEMENT PRIOR TO THE CONSUMMATION  
 OF THE CREDIT TRANSACTION.

\_\_\_\_\_  
 (Signature of Borrower over Printed Name) \_\_\_\_\_  
 Date

**Notes:**

- <sup>1</sup> Itemize all charges including advance deductions
- Small business/Retail/Consumer Loans includes microfinance, auto (motor), salary, personal, medical, educational and other loans of similar nature
  - This document contains the minimum information required to be disclosed to the borrower and maybe enhanced to improve client information

**ANNEX A-1****AMORTIZATION SCHEDULE**  
(Sample Only)

Installment (A)	Loan (B)	Principal (C)	Interest (D)	Total (E)	O/S Balance (F)
	xxx				xxx
1		xxx	xxx	xxx	xxx
2		xxx	xxx	xxx	xxx
3		xxx	xxx	xxx	xxx
4		xxx	xxx	xxx	xxx
5		xxx	xxx	xxx	xxx
6		xxx	xxx	xxx	xxx
7		xxx	xxx	xxx	xxx
8		xxx	xxx	xxx	xxx
9		xxx	xxx	xxx	xxx
10		xxx	xxx	xxx	xxx
11		xxx	xxx	xxx	xxx
12		xxx	xxx	xxx	xxx
	Total	xxx	xxx	xxx	

**Legends:**

- A - Number of installment periods based on loan term
- B - Gross amount of loan
- C - Installment payment on the principal
- D - Installment payment on the interest
- E - Total amortization payment for the installment period
- F - Outstanding principal balance of the loan



# BANGKO SENTRAL NG PILIPINAS

## OFFICE OF THE GOVERNOR

Circular No. 754

Series of 2012

**Subject : Updated Rules Implementing the Truth in Lending Act to Enhance Loan Transaction Transparency for Non-Bank Financial Institutions (NBFIs) under BSP Supervision, and Penal Provisions on Banks and NBFIs for Non-Compliance with the Applicable BSP Rules and Regulations**

Pursuant to Monetary Board Resolution No. 542 dated 29 March 2012, Sections X307 and X320 provisions of the Manual of Regulations for Banks (MORB), and Sections 4305Q, 4307Q, 4320Q and Appendix Q-11, of Quasi-Banks Regulations, Sections 4305S, 4307S and Appendix S-4 of Non-Stock Savings and Loan Associations Regulations, Sections 4102P, 4303P, 4323P and Appendix P-4 of Pawnshops Regulations, and Section 4301N of Other Non-Banks Regulations of the Manual of Regulations for Non-Bank Financial Institutions (MORNBFI) are hereby amended, as follows:

**Section 1.** The following Subsections in the MORB and MORNBFI are hereby renumbered to reflect the updated rules in the implementation of the Truth in Lending Act to enhance loan transaction transparency, as follows:

New Subsection	Old Subsection	Title
<b>MORB</b>		
X320.7	X320.6	Finance charges
X320.8	X320.7	Deferral charges
X320.9	X320.8	Late payment/penalty fees
X320.10	X320.9	Confidentiality of information
X320.11	X320.10	Suspension, termination of effectivity and reactivation
X320.12	X320.11	Inspection of records covering credit card transactions
X320.13	X320.12	Offsets
X320.14	X320.13	Handling of complaints
X320.15	X320.14	Unfair collection practices
X320.16	X320.15	Sanctions and penal provisions
<b>MORBNBFI – Q Regulations</b>		
4320Q.7	4320Q.6	Finance charges
4320Q.8	4320Q.7	Deferral charges
4320Q.9	4320Q.8	Late payment/penalty fees
4320Q.10	4320Q.9	Confidentiality of information
4320Q.11	4320Q.10	Suspension, termination of effectivity and reactivation
4320Q.12	4320Q.11	Inspection of records covering credit card transactions
4320Q.13	4320Q.12	Offsets
4320Q.14	4320Q.13	Handling of complaints
4320Q.15	4320Q.14	Unfair collection practices
4320Q.16	4320Q.15	Sanctions and penal provisions

New Subsection	Old Subsection	Title
<b>MORBNBFI – P Regulations</b>		
4303P.4	4303P.3	Posters
4303P.5	4303P.4	Sanctions and penal provisions
<b>MORBNBFI – N Regulations</b>		
4301N.7	4301N.6	Finance charges
4301N.8	4301N.7	Deferral charges
4301N.9	4301N.8	Late payment/penalty fees
4301N.10	4301N.9	Confidentiality of information
4301N.11	4301N.10	Suspension, termination of effectivity and reactivation
4301N.12	4301N.11	Inspection of records covering credit card transactions
4301N.13	4301N.12	Offsets
4301N.14	4301N.13	Handling of complaints
4301N.15	4301N.14	Unfair collection practices
4301N.16	4301N.15	Sanctions and penal provisions

## Section 2. Method of Computing Interest

A new Subsection X320.6 is hereby added to Section X320, MORB to read, as follows:

**“§ X320.6. Method of computing interest.** Banks and/or subsidiaries/affiliate credit card companies shall only charge interest based on the outstanding balance of a loan at the beginning of an interest period.

For a loan where the principal is payable in installments, interest per installment period shall be calculated based on the outstanding balance of the loan at the beginning of each installment period.

Towards this end, all loan-related documents shall show repayment schedules in a manner consistent with this provision. Marketing materials and presentations shall likewise be consistent with this provision.”

New Subsections 4305Q.8, 4320Q.6, 4305S.6, 4303P.3, and 4301N.6 are hereby added to Sections 4305Q, 4320Q, 4305S, 4303P, and 4301N, respectively, of the MORNBFI to read as follows:

**“§ 4305Q.8. Method of computing interest.** QBs shall only charge interest based on the outstanding balance of a loan at the beginning of an interest period.

For a loan where the principal is payable in installments, interest per installment period shall be calculated based on the outstanding balance of the loan at the beginning of each installment period.

Towards this end, all loan-related documents shall show repayment schedules in a manner consistent with this provision.

Marketing materials and presentations shall likewise be consistent with this provision."

**"§ 4320Q.6. Method of computing interest.** QBs and/or subsidiaries/affiliate credit card companies shall only charge interest based on the outstanding balance of a loan at the beginning of an interest period.

For a loan where the principal is payable in installments, interest per installment period shall be calculated based on the outstanding balance of the loan at the beginning of each installment period.

Towards this end, all loan-related documents shall show repayment schedules in a manner consistent with this provision. Marketing materials and presentations shall likewise be consistent with this provision."

**"§ 4305S.6. Method of computing interest.** NSSLAs shall only charge interest based on the outstanding balance of a loan at the beginning of an interest period.

For a loan where the principal is payable in installments, interest per installment period shall be calculated based on the outstanding balance of the loan at the beginning of each installment period.

Towards this end, all loan-related documents shall show repayment schedules in a manner consistent with this provision. Marketing materials and presentations shall likewise be consistent with this provision."

**"§ 4303P.3. Method of computing interest.** Pawnshops shall only charge interest based on the outstanding balance of a loan at the beginning of an interest period.

For a loan where the principal is payable in installments, interest per installment period shall be calculated based on the outstanding balance of the loan at the beginning of each installment period.

Towards this end, all loan-related documents shall show repayment schedules in a manner consistent with this provision. Marketing materials and presentations shall likewise be consistent with this provision."

**"§ 4301N.6. Method of computing interest.** Subsidiary/affiliate credit card companies of banks/QBs shall only charge interest based on the outstanding balance of a loan at the beginning of an interest period.

For a loan where the principal is payable in installments, interest per installment period shall be calculated based on the outstanding balance of the loan at the beginning of each installment period.

Towards this end, all loan-related documents shall show repayment schedules in a manner consistent with this provision.

Marketing materials and presentations shall likewise be consistent with this provision."

### Section 3. Definition of Terms

Item h of Subsection X320.1, MORB is hereby included to read as follows:

"x x x

h. *Simple annual rate* is the uniform percentage which represents the ratio between the finance charge and the amount to be financed under the assumption that the loan is payable in one year with single payment upon maturity and there are no up-front deductions to principal.

For loans with terms different from the above assumptions, the effective annual interest (EIR) rate shall be calculated and disclosed to the borrower as the relevant true cost of the loan comparable to the concept of simple annual rate.

For loans with contractual interest rates stated on monthly basis, the effective interest rate may be expressed as a monthly rate.

In accordance with the Philippine Accounting Standards (PAS) definition, *effective interest rate* is the rate that exactly discounts estimated future cash flows through the life of the loan to the net amount of loan proceeds. For consistency, methodology and standards for discounted cash flow models shall be prescribed to be used for the purpose."

The newly numbered Subsection X320.7, MORB is hereby amended to read as follows:

**"§ X320.7. Finance charges.** The amount of finance charges in connection with any credit card transaction charged to the cardholder includes interest, fees, service charges, discounts, and such other charges incident to the extension of credit."

Items g and h of Subsection 4307Q.1, MORNBF are hereby amended to read as follows:

"x x x

g. *Finance charge* includes interest, fees, service charges, discounts, and such other charges incident to the extension of credit.

h. *Simple annual rate* is the uniform percentage which represents the ratio between the finance charge and the amount to be financed under the assumption that the loan is payable in one year with single payment upon maturity and there are no up-front deductions to principal.

For loans with terms different from the above assumptions, the effective annual interest (EIR) rate shall be calculated and disclosed to

the borrower as the relevant true cost of the loan comparable to the concept of simple annual rate.

For loans with contractual interest rates stated on monthly basis, the effective interest rate may be expressed as a monthly rate.

In accordance with the Philippine Accounting Standards (PAS) definition, *effective interest rate* is the rate that exactly discounts estimated future cash flows through the life of the loan to the net amount of loan proceeds. For consistency, methodology and standards for discounted cash flow models shall be prescribed to be used for the purpose."

Item h of Subsection 4320Q.1, MORNBFi is hereby included to read as follows:

"x x x

h. *Simple annual rate* is the uniform percentage which represents the ratio between the finance charge and the amount to be financed under the assumption that the loan is payable in one year with single payment upon maturity and there are no up-front deductions to principal.

For loans with terms different from the above assumptions, the effective annual interest (EIR) rate shall be calculated and disclosed to the borrower as the relevant true cost of the loan comparable to the concept of simple annual rate.

For loans with contractual interest rates stated on monthly basis, the effective interest rate may be expressed as a monthly rate.

In accordance with the Philippine Accounting Standards (PAS) definition, *effective interest rate* is the rate that exactly discounts estimated future cash flows through the life of the loan to the net amount of loan proceeds. For consistency, methodology and standards for discounted cash flow models shall be prescribed to be used for the purpose."

The newly numbered Subsection 4320Q.7, MORNBFi is hereby amended to read as follows:

**"§ 4320Q.7. Finance charges.** The amount of finance charges in connection with any credit card transaction charged to the cardholder includes interest, fees, service charges, discounts, and such other charges incident to the extension of credit."

Items h and i of Subsection 4307S.1, MORNBFi are hereby amended to read as follows:

"x x x

h. *Finance charge* includes interest, fees, service charges, discounts, and such other charges incident to the extension of credit.

i. *Simple annual rate* is the uniform percentage which represents the ratio between the finance charge and the amount to be financed under the assumption that the loan is payable in one year with single payment upon maturity and there are no up-front deductions to principal.

For loans with terms different from the above assumptions, the effective annual interest (EIR) rate shall be calculated and disclosed to the borrower as the relevant true cost of the loan comparable to the concept of simple annual rate.

For loans with contractual interest rates stated on monthly basis, the effective interest rate may be expressed as a monthly rate.

In accordance with the Philippine Accounting Standards (PAS) definition, *effective interest rate* is the rate that exactly discounts estimated future cash flows through the life of the loan to the net amount of loan proceeds. For consistency, methodology and standards for discounted cash flow models shall be prescribed to be used for the purpose."

Item k of Section 4102P, MORNBFi is hereby included to read as follows:

"x x x

k. *Simple annual rate* is the uniform percentage which represents the ratio between the finance charge and the amount to be financed under the assumption that the loan is payable in one year with single payment upon maturity and there are no up-front deductions to principal.

For loans with terms different from the above assumptions, the effective annual interest (EIR) rate shall be calculated and disclosed to the borrower as the relevant true cost of the loan comparable to the concept of simple annual rate.

For loans with contractual interest rates stated on monthly basis, the effective interest rate may be expressed as a monthly rate.

In accordance with the Philippine Accounting Standards (PAS) definition, *effective interest rate* is the rate that exactly discounts estimated future cash flows through the life of the loan to the net amount of loan proceeds. For consistency, methodology and standards for discounted cash flow models shall be prescribed to be used for the purpose."

Item h of Subsection 4301N.1, MORNBFi is hereby included to read as follows:

"x x x

h. *Simple annual rate* is the uniform percentage which represents the ratio between the finance charge and the amount to be financed under the assumption that the loan is payable in one year with single payment upon maturity and there are no up-front deductions to principal.

For loans with terms different from the above assumptions, the effective annual interest (EIR) rate shall be calculated and disclosed to the borrower as the relevant true cost of the loan comparable to the concept of simple annual rate.

For loans with contractual interest rates stated on monthly basis, the effective interest rate may be expressed as a monthly rate.

In accordance with the Philippine Accounting Standards (PAS) definition, *effective interest rate* is the rate that exactly discounts estimated future cash flows through the life of the loan to the net amount of loan proceeds. For consistency, methodology and standards for discounted cash flow models shall be prescribed to be used for the purpose."

The newly numbered Subsection 4301N.7, MORNBF is hereby amended to read as follows:

**"§ 4301N.7. Finance charges.** The amount of finance charges in connection with any credit card transaction charged to the cardholder includes interest, fees, service charges, discounts, and such other charges incident to the extension of credit."

#### **Section 4. Information to be Disclosed**

Subsection X320.4 of the MORB is hereby amended to read as follows:

**"§ X320.4 Information to be disclosed.** Banks or their subsidiaries/affiliate credit card companies shall disclose to each person to whom the credit card privilege is extended in the agreement, contract or any equivalent document governing the issuance or use of the credit card or any amendment thereto or in such other statement furnished the cardholder from time to time, prior to the imposition of the charges and to the extent applicable, the following information:

- a. the finance charges, individually itemized, which are paid or to be paid by the cardholder;
- b. non-finance charges, individually itemized, which are paid or to be paid by the cardholder in connection with the transaction but which are not incident to the extension of credit;
- c. the percentage that the finance charge bears to the total amount to be financed expressed as a simple annual rate or an effective annual interest rate (EIR) as described in item i of Subsection X320.1.

EIR may also be quoted as a monthly rate in parallel with the quotation of the contractual rate;

d. for installment loans, the number of installments, amount and due dates or periods of payment schedules to repay the indebtedness;

e. the default, late payment/penalty fees or similar delinquency-related charges payable in the event of late payments;

f. the conditions under which interest may be imposed, including the time period, within which any credit extended may be repaid without interest;

g. the method of determining the balance upon which interest and/or delinquency charges may be imposed;

h. the method of determining the amount of interest and/or delinquency charges, including any minimum or fixed amount imposed as interest and/or delinquency charge;

i. where one (1) or more periodic rates may be used to compute interest, each such rate, the range of balances to which it is applicable, and the corresponding simple annual rate;

j. for transactions made in foreign currencies and/or outside the Philippines, for dual currency accounts (peso and dollar billings), as well as payments made by credit cardholders in any currency other than the billing currency: the application of payments; the manner of conversion from the transaction currency and payment currency to Philippine pesos or billing currency; definition or general description of verifiable blended exchange/conversion rates (e.g., MASTERCARD and/or VISA International rates on the day the item was processed/posted to the billing statement, plus mark-up, if any) including conversion commission; and/or other currency conversion charges and costs arising from the purchase by the card company of foreign currency to settle the customer's transactions shall also be disclosed.

x x x. "

Subsections 4307Q.2, 4320Q.4, 4307S.2 and 4301N.4 of the MORNBF are hereby amended to read as follows:

**"§ 4307Q.2 Information to be disclosed.** The following are the minimum information required to be disclosed to QB borrowers (sample form in Appendix Q-11):

- a. The total amount to be financed;
- b. The finance charges expressed in terms of pesos and centavos;
- c. The net proceeds of the loan; and
- d. The percentage that the finance charge bears to the total amount to be financed expressed as a simple annual rate or an effective annual interest rate (EIR) as described in item h of Subsection 4307Q.1. EIR may also be quoted as a monthly rate in parallel with the quotation of the contractual rate.

QBs are required to furnish each borrower a copy of the disclosure statement, prior to the consummation of the transaction."

**"§ 4320Q.4 Information to be disclosed.** QBs or their subsidiaries/affiliate credit card companies shall disclose to each person to whom the credit card privilege is extended in the agreement, contract or any equivalent document governing the issuance or use of the credit card or any amendment thereto or in such other statement furnished the cardholder from time to time, prior to the imposition of the charges and to the extent applicable, the following information:

a. the finance charges, individually itemized, which are paid or to be paid by the cardholder;

b. non-finance charges, individually itemized, which are paid or to be paid by the cardholder in connection with the transaction but which are not incident to the extension of credit;

c. the percentage that the finance charge bears to the total amount to be financed expressed as a simple annual rate or an effective annual interest rate (EIR) as described in item i of Subsection 4320Q.1. EIR may also be quoted as a monthly rate in parallel with the quotation of the contractual rate;

d. for installment loans, the number of installments, amount and due dates or periods of payment schedules to repay the indebtedness;

e. the default, late payment/penalty fees or similar delinquency-related charges payable in the event of late payments;

f. the conditions under which interest may be imposed, including the time period, within which any credit extended may be repaid without interest;

g. the method of determining the balance upon which interest and/or delinquency charges may be imposed;

h. the method of determining the amount of interest and/or delinquency charges, including any minimum or fixed amount imposed as interest and/or delinquency charge;

i. where one (1) or more periodic rates may be used to compute interest, each such rate, the range of balances to which it is applicable, and the corresponding simple annual rate;

j. for transactions made in foreign currencies and/or outside the Philippines, for dual currency accounts (peso and dollar billings), as well as payments made by credit cardholders in any currency other than the billing currency: the application of payments; the manner of conversion from the transaction currency and payment currency to Philippine pesos or billing currency; definition or general description of verifiable blended exchange/conversion rates (e.g., MASTERCARD and/or VISA International rates on the day the item was processed/posted to the billing statement, plus mark-up, if any) including conversion commission; and/or other currency conversion charges and costs arising

from the purchase by the card company of foreign currency to settle the customer's transactions shall also be disclosed.

x x x."

**"§ 4307S.2 Information to be disclosed.** The following are the minimum information required to be disclosed to NSSLAs borrowers (sample form in Appendix S-4):

- a. The total amount to be financed;
- b. The finance charges expressed in terms of pesos and centavos;
- c. The net proceeds of the loan; and
- d. The percentage that the finance charge bears to the total amount to be financed expressed as a simple annual rate or an effective annual interest rate (EIR) as described in item h of Subsection 4307S.1. EIR may also be quoted as a monthly rate in parallel with the quotation of the contractual rate.

NSSLAs are required to furnish each borrower a copy of the disclosure statement, prior to the consummation of the transaction."

**"§ 4301N.4 Information to be disclosed.** Subsidiary/affiliate credit card companies of banks/QBs shall disclose to each person to whom the credit card privilege is extended in the agreement, contract or any equivalent document governing the issuance or use of the credit card or any amendment thereto or in such other statement furnished the cardholder from time to time, prior to the imposition of the charges and to the extent applicable, the following information:

- a. the finance charges, individually itemized, which are paid or to be paid by the cardholder;
- b. non-finance charges, individually itemized, which are paid or to be paid by the cardholder in connection with the transaction but which are not incident to the extension of credit;
- c. the percentage that the finance charge bears to the total amount to be financed expressed as a simple annual rate or an effective annual interest rate (EIR) as described in item i of Subsection 4301N.1. EIR may also be quoted as a monthly rate in parallel with the quotation of the contractual rate;
- d. for installment loans, the number of installments, amount and due dates or periods of payment schedules to repay the indebtedness;
- e. the default, late payment/penalty fees or similar delinquency-related charges payable in the event of late payments;
- f. the conditions under which interest may be imposed, including the time period, within which any credit extended may be repaid without interest;
- g. the method of determining the balance upon which interest and/or delinquency charges may be imposed;

h. the method of determining the amount of interest and/or delinquency charges, including any minimum or fixed amount imposed as interest and/or delinquency charge;

i. where one (1) or more periodic rates may be used to compute interest, each such rate, the range of balances to which it is applicable, and the corresponding simple annual rate;

j. for transactions made in foreign currencies and/or outside the Philippines, for dual currency accounts (peso and dollar billings), as well as payments made by credit cardholders in any currency other than the billing currency: the application of payments; the manner of conversion from the transaction currency and payment currency to Philippine pesos or billing currency; definition or general description of verifiable blended exchange/conversion rates (e.g., MASTERCARD and/or VISA International rates on the day the item was processed/posted to the billing statement, plus mark-up, if any) including conversion commission; and/or other currency conversion charges and costs arising from the purchase by the card company of foreign currency to settle the customer's transactions shall also be disclosed.

x x x."

Provision in Section 4323P of the MORNBFI is also hereby amended to read as follows:

**"Section 4323P Pawn Ticket.** Pawnshops shall, at the time of the loan, deliver to each pawner a pawn ticket which shall contain the following:

a. The business/registered name, address, telephone number, tax identification number, business days and hours, of the pawnshop. The business name indicated in the pawn ticket shall be in accordance with the provision of Section 4181P.2;

b. Name of pawner;

c. Pawner's residential address;

d. Pawner's contact number;

e. Date the loan was granted;

f. Amount of the principal loan and net proceeds;

g. Effective Interest Rate in percent, indicating if monthly or annually;

h. Interest in absolute amount;

i. Service charge in amount;

j. Penalty interest in percent, if any;

k. Appraised value of pawn;

l. Period of maturity;

m. Description of the pawn;

n. Expiry date of the redemption period;

o. Signature of the pawnshop's authorized representative;

p. Signature or thumbmark of the pawner; and

q. ID presented.

No other document or instrument shall be used/issued by a pawnshop for any loan granted by it to a pawner/borrower."

#### **Section 5. Posters**

Subsections 4307Q.4 and 4307S.4 of the MORNBFi are hereby amended to read as follows:

**"§ 4307Q.4 Posters.** QBs shall post in conspicuous places in their principal place of business and branches, the information as contained in the revised format of disclosure statement (Appendix Q-11), with further enhancement through the Memorandum to Non-Bank Financial Institutions under BSP supervision to be issued for the purpose. The posters shall include an explicit notification that the disclosure statement is a required attachment to the loan contract and the customer has a right to demand a copy of such disclosure."

**"§ 4307S.4 Posters.** NSSLAs shall post in conspicuous places in their principal place of business and branches, the information as contained in the revised format of disclosure statement (Appendix S-4), with further enhancement through the Memorandum to Non-Bank Financial Institutions under BSP supervision to be issued for the purpose. The posters shall include an explicit notification that the disclosure statement is a required attachment to the loan contract and the customer has a right to demand a copy of such disclosure."

The newly numbered Subsection 4303P.4, MORNBFi is hereby amended to read as follows:

**"§ 4303P.4 Posters.** Pawnshops shall post in conspicuous places in their principal place of business and branches, the effective interest rate (EIR) in percent, specifying therein if such interest rate is yearly or monthly, as well as other charges, if any, to be paid by the pawner."

**Section 6. Appendices.** Appendices Q-11 and S-4, Format of Disclosure Statement on Loan/Credit Transaction, and P-4, Standard Pawn Ticket Format, in the MORNBFi are hereby revised to reflect the present industry practices but still consistent with R.A. No. 3765 and P.D. 114, respectively.

#### **Section 7. Sanctions and Penal Provisions.**

A new Subsection X307.5 shall be added to Section X307, MORB to read, as follows:

**"§ X307.5 Sanctions and penal provisions.** Non-compliance with any of the provisions of this Section shall be regarded at least as a less

serious offense, depending on the severity of non-disclosure, number of loans and amount involved in the violation. In addition to sanctions under Republic Act No. 3765, the following sanctions may be imposed:

- a. First offense. Reprimand on the erring officer/s;
- b. Second offense. Reprimand on the entire board of directors;
- c. Subsequent offense/s:
  - i. Suspension of the erring officer/s and/or entire board of directors; and
  - ii. Restriction on lending activities.

This is without prejudice to other penalties and sanctions provided under Sections 36 and 37 of R.A. No. 7653."

The newly numbered Subsection X320.16, MORB, is hereby amended to read, as follows:

**"§ X320.16 Sanctions and penal provisions.** Violations of the provisions of Subsecs. X320.1, X320.5, X320.7 to X320.14 shall be subject to any or all of the following sanctions depending upon their severity:

- a. Disqualification of the bank concerned from the credit facilities of the BSP except as may be allowed under Section 84 of R.A. No. 7653;
- b. Prohibition of the bank concerned from the extension of additional credit accommodation against personal security; and
- c. Penalties and sanctions provided under Sections 36 and 37 of R.A. No. 7653.

Non-compliance with the provisions of Subsecs. X320.2 to X320.4, X320.6 and X320.15 shall be regarded at least as a less serious offense, depending on the severity of non-disclosure, number of loans and amount involved in the violation. In addition to sanctions under Republic Act No. 3765, the following sanctions may be imposed:

- a. First offense. Reprimand on the erring officer/s;
- b. Second offense. Reprimand on the entire board of directors;
- c. Subsequent offense/s:
  - i. Suspension of the erring officer/s and/or entire board of directors; and
  - ii. Restriction on lending activities.

This is without prejudice to other penalties and sanctions provided under Sections 36 and 37 of R.A. No. 7653."

A new Subsection 4307Q.5 is hereby added to Section 4307Q, MORNBF to read, as follows:

**"§ 4307Q.5 Sanctions and penal provisions.** Non-compliance with any of the provisions of this Section shall be regarded at least as a less serious offense, depending on the severity of non-disclosure, number of

loans and amount involved in the violation. In addition to sanctions under Republic Act No. 3765, the following sanctions may be imposed:

- d. First offense. Reprimand on the erring officer/s;
- e. Second offense. Reprimand on the entire board of directors;
- f. Subsequent offense/s:
  - i. Suspension of the erring officer/s and/or entire board of directors; and
  - ii. Restriction on lending activities.

This is without prejudice to other penalties and sanctions provided under Sections 36 and 37 of R.A. No. 7653."

The newly numbered Subsections 4320Q.16, 4303P.5, and 4301N.16 of the MORNBFIs are hereby amended to read as follows:

**"§ 4320Q.16 Sanctions and penal provisions.** Violations of the provisions of Subsecs. 4320Q.1, 4320Q.5, 4320Q.7 to 4320Q.14 shall be subject to any or all of the following sanctions depending upon their severity:

- a. Disqualification of the QB concerned from the credit facilities of the BSP except as may be allowed under Section 84 of R.A. No. 7653;
- b. Prohibition of the QB concerned from the extension of additional credit accommodation against personal security; and
- c. Penalties and sanctions provided under Sections 36 and 37 of R.A. No. 7653.

Non-compliance with the provisions of Subsecs. 4320Q.2 to 4320Q.4, 4320Q.6 and 4320Q.15 shall be regarded at least as a less serious offense, depending on the severity of non-disclosure, number of loans and amount involved in the violation. In addition to sanctions under Republic Act No. 3765, the following sanctions may be imposed:

- a. First offense. Reprimand on the erring officer/s;
- b. Second offense. Reprimand on the entire board of directors;
- c. Subsequent offense/s:
  - i. Suspension of the erring officer/s and/or entire board of directors; and
  - ii. Restriction on lending activities.

This is without prejudice to other penalties and sanctions provided under Sections 36 and 37 of R.A. No. 7653."

**"§ 4303P.5 Sanctions and penal provisions.** Any pawnshop that violates the foregoing provisions as determined by BSP in the spot checking of pawnshops or whenever a complaint brought to the attention of BSP is found to be true, shall be imposed the following sanctions:

- a. Fine of P500.00 for each of the first three (3) offenses;
- b. Fine of P1,000.00 for the next three (3) offenses;

c. For subsequent violation, cancellation of BSP Acknowledgement of Registration (AOR) or Authority to Operate (AO) issued to the pawnshop head office or branch, as the case may be, and issuance of a letter to the concerned city or municipality advising them of the cancellation of the BSP AOR/AO and recommending the revocation of their business/mayor's permit(s). It is understood that if the AOR of the HO is cancelled, the AO of the branch/es is/are likewise cancelled; and

d. Such other sanctions as the Monetary Board may deem warranted.

Non-compliance with the provisions pursuant to Subsecs. 4303P.3 and 4303P.4 shall be regarded at least as a less serious offense, depending on the severity of non-disclosure, number of loans and amount involved in the violation. In addition to sanctions under Republic Act No. 3765, the following sanctions may be imposed:

- a. First offense. Reprimand on the erring officer/s;
- b. Second offense. Reprimand on the entire board of directors;
- c. Subsequent offense/s:
  - i. Suspension of the erring officer/s and/or entire board of directors; and
  - ii. Restriction on lending activities.

This is without prejudice to other penalties and sanctions provided under Sections 36 and 37 of R.A. No. 7653."

**"§ 4301N.16 Sanctions and penal provisions.** Violations of the provisions of Subsecs. 4301N.1, 4301N.5, 4301N.7 to 4301N.14 shall be subject to any or all of the following sanctions depending upon their severity:

- a. Disqualification of the NBFI concerned from the credit facilities of the BSP except as may be allowed under Section 84 of R.A. No. 7653;
- b. Prohibition of the NBFI concerned from the extension of additional credit accommodation against personal security; and
- c. Penalties and sanctions provided under Sections 36 and 37 of R.A. No. 7653.

Non-compliance with the provisions of Subsecs. 4301N.2 to 4301N.4, 4301N.6 and 4301N.15 shall be regarded at least as a less serious offense, depending on the severity of non-disclosure, number of loans and amount involved in the violation. In addition to sanctions under Republic Act No. 3765, the following sanctions may be imposed:

- a. First offense. Reprimand on the erring officer/s;
- b. Second offense. Reprimand on the entire board of directors;
- c. Subsequent offense/s:
  - i. Suspension of the erring officer/s and/or entire board of directors; and
  - ii. Restriction on lending activities.

This is without prejudice to other penalties and sanctions provided under Sections 36 and 37 of R.A. No. 7653."

Provision in Subsection 4307S.5 of the MORNBFi is also hereby amended to read as follows:

**"§ 4307S.5 Sanctions and penal provisions.** Non-compliance with any of the provisions of this Section shall be regarded at least as a less serious offense, depending on the severity of non-disclosure, number of loans and amount involved in the violation. In addition to sanctions under Republic Act No. 3765, the following sanctions may be imposed:

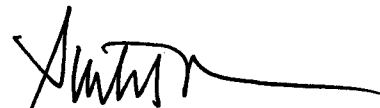
- a. First offense. Reprimand on the erring officer/s;
- b. Second offense. Reprimand on the entire board of directors;
- c. Subsequent offense/s:
  - i. Suspension of the erring officer/s and/or entire board of directors; and
  - ii. Restriction on lending activities.

This is without prejudice to other penalties and sanctions provided under Sections 36 and 37 of R.A. No. 7653."

**Section 8. Repealing Clause.** The provisions of the MORB, MORNBFi and other BSP rules and regulations which are inconsistent with the provisions of this Circular are hereby repealed or amended accordingly.

This Circular shall take effect on 1 July 2012.

FOR THE MONETARY BOARD:



AMANDO M. TETANGCO, JR.  
Governor

17 April 2012

**FORMAT OF DISCLOSURE STATEMENT ON  
SMALL BUSINESS/RETAIL/CONSUMER CREDIT**  
(Appendix to Subsections 4307Q.2 and 4307S.2, MORNBF1)

\_\_\_\_\_  
(Business Name of Creditor)

**DISCLOSURE STATEMENT ON LOAN/CREDIT TRANSACTION**  
(As Required under R.A. 3765, Truth in Lending Act)

NAME OF BORROWER : \_\_\_\_\_  
ADDRESS : \_\_\_\_\_

1. LOAN AMOUNT P XXX

2. OTHER CHARGES/DEDUCTIONS COLLECTED <sup>1</sup> P XXX

- a. Documentary/Science Stamps P \_\_\_\_\_  
b. Mandatory Credit Insurance \_\_\_\_\_  
c. Others (Specify) \_\_\_\_\_  
\_\_\_\_\_

3. NET PROCEEDS OF LOAN (Item 1 less Item 2) P XXX

4. SCHEDULE OF PAYMENTS

- a. Single payment due on (date) P XXX  
b. Installment Payments (Please see attached amortization schedule)

5. EFFECTIVE INTEREST RATE (Interest and Other Charges) XXX %

Explanation: The effective interest rate is higher than the contractual interest  
rate of \_\_\_\_% because of some deductions in item 2 above.

6. CONDITIONAL CHARGES THAT MAY BE IMPOSED (if applicable). Please specify manner of  
imposition:

- a. Late Charge \_\_\_\_\_  
b. Prepayment (penalty/refund) \_\_\_\_\_  
c. Others (Specify) \_\_\_\_\_  
\_\_\_\_\_

CERTIFIED CORRECT:

\_\_\_\_\_  
(Signature of Creditor/Authorized  
Representative Over Printed Name)

\_\_\_\_\_  
Position

I ACKNOWLEDGE RECEIPT OF A COPY OF THIS STATEMENT PRIOR TO THE CONSUMMATION  
OF THE CREDIT TRANSACTION.

\_\_\_\_\_  
(Signature of Borrower over Printed Name)

\_\_\_\_\_  
Date

**Notes:**

- <sup>1</sup> Itemize all charges including advance deductions
- Small business/Retail/Consumer Loans includes microfinance, auto (motor), salary, personal, medical, educational and other loans of similar nature
  - This document contains the minimum information required to be disclosed to the borrower and maybe enhanced to improve client information

## SAMPLE GUIDE ON INFORMATION TO BE DISCLOSED ON CREDIT CARDS:

1. FINANCE CHARGES<sup>1</sup> P XXX
- a. P xxx
- b. (Specify) xxx
- c. xxx
2. NON-FINANCE CHARGES<sup>2</sup> XXX
- a. P xxx
- b. (Specify) Xxx
- c. Xxx
3. EFFECTIVE INTEREST RATE (Interest and Other Charges) XXX
4. SCHEDULE OF PAYMENTS (on installment)
- a.
- b. (Specify)
- c.
- (Please see attached amortization schedule)
5. CONDITIONAL CHARGES (Please specify manner of imposition)
- a. Late charge xxx
- b. Prepayment/Penalty xxx
- c. Others (specify) xxx

## Sample Statement of Account

Name:  
Address:

Card Number:	xxx-xxx-xxx
Statement Date:	mm/dd/yy
Payment Due Date:	mm/dd/yy
Total Amount Due (P):	P xxx
Minimum Amount Due (P):	P xxx

COMBINED CREDIT LIMIT	AVAILABLE CREDIT LIMIT	COMBINED CASH ADVANCE LIMIT	MONTHLY INT. RATE	EFFECTIVE INT. RATE
P xxx	P xxx	P xxx	x.xx%	x.xx%

PREVIOUS BALANCE	PURCHASES & ADVANCES	CREDITS	PAYMENTS	FINANCE CHARGE	LATE CHARGE	TOTAL AMOUNT DUE
P xxx	P xxx	P xxx	P xxx	P xxx	P xxx	P xxx

SALE DATE	POST DATE	DESCRIPTION	AMOUNT
mm/dd/yy	mm/dd/yy		P xxx
mm/dd/yy	mm/dd/yy		xxx
mm/dd/yy	mm/dd/yy		xxx

## Notes:

<sup>1</sup> Individually itemize all charges (paid or to be paid by the cardholder in connection with the transaction incident to the extension of credit)

<sup>2</sup> Individually itemize all charges (paid or to be paid by the cardholder in connection with the transaction but which are not incident to the extension of credit)

- Indicate method of determining the balance upon which interest and/or delinquency charges may be imposed
- Indicate method of determining the amount of interest and/or delinquency charges, including any minimum or fixed amount imposed as interest and/or delinquency charge
- Remind cardholder in the monthly billing statement, or its equivalent, that payment of only the minimum amount due or any amount less than the total amount due for the billing cycle period, would mean the imposition of interest and/or other charges

**AMORTIZATION SCHEDULE**  
(Sample Only)

Installment (A)	Loan (B)	Principal (C)	Interest (D)	Total (E)	O/S Balance (F)
	xxx				xxx
1		xxx	xxx	xxx	xxx
2		xxx	xxx	xxx	xxx
3		xxx	xxx	xxx	xxx
4		xxx	xxx	xxx	xxx
5		xxx	xxx	xxx	xxx
6		xxx	xxx	xxx	xxx
7		xxx	xxx	xxx	xxx
8		xxx	xxx	xxx	xxx
9		xxx	xxx	xxx	xxx
10		xxx	xxx	xxx	xxx
11		xxx	xxx	xxx	xxx
12		xxx	xxx	xxx	xxx
	Total	xxx	xxx	xxx	

**Legends:**

- A - Number of installment periods based on loan term
- B - Gross amount of loan
- C - Installment payment on the principal
- D - Installment payment on the interest
- E - Total amortization payment for the installment period
- F - Outstanding principal balance of the loan

STANDARD PAWN TICKET FORMAT  
(Appendix to Subsec. 4323P.1)

BUSINESS/REGISTERED NAME  
Address  
Tax Payer Identification Number  
Business Days and Hours

Serial No.:001

Original

Principal	
Interest in absolute amount <sup>1</sup>	
Service Charge in amount	
Net Proceeds	

<sup>1</sup> Formula (Principal x Rate x Time)

Amount of Loan	
Date Loan Granted	
Maturity Date	
Expiry Date of Redemption	
Effective Interest Rate in Percent: _____	
Please Check:	
Per Annum <input type="checkbox"/> Per Month <input type="checkbox"/> (others) <input type="checkbox"/>	
Penalty interest in percent, if any	

Description of the Pawn	Appraised Value

Information of the Pawner			
Name		Sex	
Complete Residential Address		Date of Birth	
Telephone/Mobile Phone No.		Nationality	
E-mail address, if any:		Height	
Preferred Mode of Notification <input type="checkbox"/> Mail to above address <input type="checkbox"/> Text/SMS <input type="checkbox"/> E-mail		Weight	
		ID Presented	

TERMS AND CONDITIONS OF STANDARD PAWN TICKET

1. The pawner hereby accepts the pawnshop's appraisal as proper.
2. The pawnshop hereby agrees not to collect advance interest for a period of more than one (1) year.
3. The service charge is equivalent to one percent (1 %) of the principal loan, but shall not exceed five pesos (P5.00). No other charges shall be collected.
4. This loan is renewable for such amount and period as may be agreed upon between the pawnshop and the pawner subject to the same requirements for a new loan.
5. Upon maturity of this loan, as indicated above, the pawner still has ninety (90) days from maturity date within which to redeem the pawn by paying the principal loan plus the interest that shall have accrued thereon.

6. The amount of interest due and payable after the maturity date of the loan up to the redemption period shall be computed upon redemption at the rate of interest provided above based on the sum of the principal loan and interest earned as of the date of maturity. Any additional penalty and/or interest shall also be computed in the same manner.
7. The pawnshop shall notify the pawner of any change in its business address/location.
8. The pawner shall advise the pawnshop of any change of address/contract number/e-mail address.
9. The pawnshop shall send a reminder to the pawner in the preferred mode of notification given above, or at the new address/mobile phone number or e-mail address, if such was provided by the pawner before the expiration of the ninety (90) day grace period. The pawnshop shall have the right to sell or dispose of the pawn if the pawner fails to redeem it within the ninety (90) day grace period.
10. This ticket shall be surrendered at maturity date upon payment of the loan. In case of loss or destruction of this ticket, the pawner hereby undertakes to personally present an affidavit to the pawnshop before the redemption period expires. The pawnshop has two (2) days to decide whether to accept (1) the affidavit in place of the original pawn ticket; or (2) to issue a substitute pawn ticket, thereby canceling the original.
11. The pawner shall not assign, sell or in any other way alienate the pawn securing this loan without prior written consent of the pawnshop. If the pawnshop agrees, the terms and conditions of this contract remain enforceable.
12. In case of pre-payment of this loan by pawner, the interest collected in advance shall accrue in full to the pawnshop.
13. The pawner shall not be entitled to the excess of the public auction sale price over the amount of principal, interest and service fee; neither shall the pawnshop be entitled to recover the deficiency from the pawner.

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(Signature or Thumb mark)  
Pawner

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(Signature)  
Pawnshop's Authorized Representative