

owned or controlled corporations and other self-governing boards, commissions or agencies of the Government referred to in Section five hundred eighty-four of the Revised Administrative Code, as amended by Republic Act Numbered Two thousand two hundred sixty-six, is hereby authorized to receive additional compensation of nine thousand pesos, additional commutable transportation allowance of three thousand pesos and additional commutable representation allowance of six thousand pesos *per annum*: *Provided, however*, That only the additional compensation of nine thousand pesos herein authorized shall form part of his regular compensation for purposes of his retirement and/or pension as provided by law.

SEC. 2. The amounts needed to pay the aforesaid additional compensation, additional commutable transportation allowance and additional commutable representation allowance shall be advanced monthly out of any funds of the General Auditing Office, the same to be billed against, and reimbursed by, the different corporations and self-governing boards, commissions or agencies of the Government under his auditing jurisdiction, in equal shares.

SEC. 3. To carry out the purpose of this Act, the necessary funds to cover the additional compensation and transportation and representation allowances authorized in Section one hereof shall be appropriated annually by the corporations, boards, commissions or agencies concerned, or paid from any of their available funds.

SEC. 4. This Act shall take effect upon its approval.

SPONSORSHIP SPEECH OF SENATOR PRIMICIAS

Senator PRIMICIAS. Mr. President, this bill is a reenactment of a previous bill that we had already approved by eliminating the objectionable provision we approved last year.

I ask that this bill be approved on second reading.

The PRESIDENT PRO TEMPORE. We shall now vote on the bill on second reading. As many as are in favor of the bill will please say *Aye*. (*Several senators: Aye.*) As many as are against will please say *Nay*. (*Silence.*) Senate Bill No. 194 is approved on second reading.

CONSIDERATION AND APPROVAL ON SECOND READING OF S.B. NO. 84

Senator PRIMICIAS. Mr. President, I ask that we now consider Senate Bill No. 84.

The PRESIDENT PRO TEMPORE. Consideration of Senate Bill No. 84 is now in order. The Secretary will please read the bill.

The SECRETARY:

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

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

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

SEC. 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.

SEC. 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 or claim arising out of any of the foregoing; and any transaction or series of transactions having a similar purpose or effect.

(e) "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 makes 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 any of its political subdivisions, or any agency of the foregoing.

SEC. 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 charge bears to the total amount to be financed expressed as a simple annual rate on the outstanding unpaid balance of the obligation.

SEC. 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.

SEC. 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 charge 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 transaction.

(c) Any person who willfully violates any provision of this Act or any regulation issued thereunder shall be fined by not less than P1,000 nor 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.

SEC. 7. This Act shall become effective upon approval.

Senator PRIMICIAS. Mr. President, this bill is authored by our distinguished colleague, Senator Kalaw-Katigbak. I ask that she be recognized.

Senator KATIGBAK. Mr. President, I ask that this bill be approved on second reading.

The PRESIDENT PRO TEMPORE. We shall now vote on the bill on second reading. As many as are in favor of the bill will please say *Aye*. (*Several senators: Aye.*) As many as are against will please say *Nay*. (*Silence.*) Senate Bill No. 84 is approved on second reading.

CONSIDERATION AND APPROVAL ON SECOND READING OF S.B. NO. 305

Senator PRIMICIAS. Mr. President, I ask that we now consider Senate Bill No. 305.

The PRESIDENT PRO TEMPORE. Consideration of Senate Bill No. 305 is now in order. The Secretary will please read the bill.

The SECRETARY:

AN ACT TO AMEND REPUBLIC ACT NUMBERED FIFTEEN HUNDRED SIXTY-EIGHT (re grant of life pension to the Auditor General and the Chairman and members of the Commission on Elections)

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

SECTION 1. The title of Republic Act Numbered Fifteen hundred sixty-eight is amended to read as follows: "An Act to provide UNDER CERTAIN CONDITIONS life pension to the Auditor General and the Chairman AND MEMBERS [or any Member] of the Commission on Elections."

SEC. 2. Section 1 of the same Act is amended to read as follows:

"SECTION 1. When the Auditor General or the Chairman or any member of the Commission on Elections retires from the service for having completed his term of office or by reason of his incapacity to discharge the duties of his office, or dies while in the service, or resigns AT ANY TIME AFTER [upon] reaching the age of sixty years BUT BEFORE THE EXPIRATION OF HIS TERM OF OFFICE, he or his heirs shall be paid in lump sum his salary for five years: *Provided*, That, at the time of said retirement, death or resignation, he has rendered not less than twenty years of service in the government: AND PROVIDED, FURTHER, THAT, HE SHALL RECEIVE AN ANNUITY PAYABLE MONTHLY DURING THE RESIDUE OF HIS NATURAL LIFE EQUIVALENT TO THE AMOUNT OF THE MONTHLY SALARY HE WAS RECEIVING ON THE DATE OF RETIREMENT, INCAPACITY OF RESIGNATION."