

AN ACT AUTHORIZING THE PRESIDENT OF THE PHILIPPINES TO ACQUIRE PRIVATE LANDS FOR RESALE IN SMALL LOTS; PROVIDING FOR THE CREATION OF AN AGENCY TO CARRY OUT THE PURPOSES OF THIS ACT; AND SETTING ASIDE FUNDS AND AUTHORIZING THE ISSUANCE OF BONDS FOR THE PAYMENT OF SAID LANDS

SECTION 1. The President of the Philippines is authorized to acquire private lands or any interest therein, through purchase or expropriation, and to subdivide the same into home lots or small farms for resale at reasonable prices and under such conditions as he may fix to their *bonafide* tenants or occupants or to private individuals who will work the lands themselves and who are qualified to acquire and own lands in the Philippines.

SECTION 2. The President may designate any department, bureau, office, or instrumentality of the National Government, or he may organize a new agency to carry out the objectives of this Act. For this purpose, the agency so created or designated shall be considered a public corporation.

SECTION 3. The corporation shall have power:

- (a) To make small loans to farmers to finance the operations of their farms;
- (b) To organize, finance and manage farmers' cooperatives;
- (c) To do any and all things that may be necessary to carry out the purposes of the corporation.

SECTION 4. The President shall pay for the lands acquired in accordance with the provisions of this Act, in cash or by installments, out of the funds made available under this Act, or with the proceeds of the bonds issued in accordance with the provisions of section six of this Act.

SECTION 5. The amounts appropriated under Commonwealth Act Numbered Twenty, as amended by Commonwealth Act Numbered Three hundred and seventy-eight, as amended by Commonwealth Act Numbered Four hundred and twenty, are made available for the purposes of this Act.

SECTION 6. In case the amounts appropriated in section five hereof are not sufficient to carry out the provisions of this Act, the President is authorized to issue in the name and on behalf of the Government of the Philippines, bonds to be known as "Social Security Bonds," in an amount not exceeding twenty million pesos payable in fifty years. The President shall determine the form of the bonds, the date of issue thereof, and the rates and dates of payment of the interest thereon, which rate shall not be in excess of *five per centum per annum*. The bonds shall be registered in the Treasury of the Philippines, where the principal and interest shall be payable in

Philippine currency or its equivalent in the United States currency at the time of the payment, in the discretion of the Secretary of Finance. The President of the Philippines is further authorized to sell said bonds in the Philippines, only at a public auction through the Treasurer of the Philippines upon such terms and conditions as in his judgment are most favorable to the Government of the Philippines, and he shall deposit the proceeds of the sale thereof with the Treasurer of the Philippines, and use the same for the payment of lands acquired under this Act, and for the carrying out of the purposes of the said Act.

SECTION 7. The bonds authorized to be issued under this Act shall be exempt from taxation by the Government of the Philippines or any political subdivision thereof, and subject to the provisions of the Act of Congress, approved March twenty-four, nineteen hundred and thirty-four, otherwise known as the Tydings-McDuffie Act, as amended, which facts shall be stated upon the face of said bonds.

SECTION 8. A sinking fund is created for the payment of the bonds issued under the provisions of this Act, in such manner that the total amount thereof at each annual due date of the bonds issued shall be equal to the total of an annuity of nineteen hundred and thirty-seven pesos and thirteen centavos for each one hundred thousand pesos of bonds, outstanding, accrued at the rate of interest of three and one-half *per centum per annum*. Said fund shall be under the custody of the Treasurer of the Philippines who shall invest the same, in such manner as the Secretary of Finance may approve, in accordance with the provisions of Act Numbered Three thousand and fourteen which governs the investment of sinking funds, shall charge all the expenses of such investment to said sinking funds, and shall credit to the same the interest on investments and other income belonging to it.

SECTION 9. A standing annual appropriation is made out of any general funds in the National Treasury, of such sum as may be necessary to provide for the sinking fund created in section eight and for the interest on the bonds issued by virtue of this Act. A further appropriation is made out of the general funds in the National Treasury not otherwise appropriated, of a sufficient sum to cover the expense of the issue and sale of the bonds authorized by this Act.

SECTION 10. The President may sell to the provinces and municipalities portions of lands acquired under this Act of sufficient size and convenient location for public squares or plazas, parks, streets, markets, cemeteries, schools, municipal or town hall, and other public buildings.

SECTION 11. All proceeds of the sale of the lots or farms made to *bona fide* tenants or occupants, private individuals and to the provinces and municipalities pursuant to the provisions of this Act, shall be available for the purpose specified in section three of the said Act.

SECTION 12. Commonwealth Act Numbered Twenty, as amended by Commonwealth Act Numbered Two hundred and sixty, and Commonwealth Act Numbered Three hundred seventy-eight, as amended by Commonwealth Act Numbered Four hundred twenty, are hereby amended accordingly.

SECTION 13. This Act shall take effect upon its approval.

APPROVED, May 26, 1940.