

TRUTH AND TRANSPARENCY IN LENDING

Implementation of the Truth in Lending Act (Republic Act 3765)

The State protects its citizens from a lack of awareness of the true cost of credit to the customer by assuring a full disclosure of such cost and other terms and conditions with a view of preventing the uninformed use of credit.

As such, a disclosure statement is a required attachment to the loan contract. It shall include, at a minimum, the following information:

- 1) Total amount to be financed
- 2) Finance Charges and all other charges incident to the loan
- 3) Net proceeds of the loan
- 4) Schedule of Payments
- 5) The percentage that the finance charge bears to the total amount to be financed expressed as an Effective Interest Rate (EIR)

IMPORTANT NOTICE

The borrower has a right to demand a copy of the disclosure statement