

REVENUE REGULATIONS NO. 13-98 OF DECEMBER 8, 1998

Section 10

Prohibited Transactions

Any accredited non-stock, non-profit corporation/NGO enjoying the benefits provided for under Sec. 4 of these Regulations is prohibited from undertaking any of the following transactions:

- a. Lending any part of its income or property without adequate security and/or a reasonable rate of interest unless the institution has a formal micro-credit or micro-finance program as approved by their Board of Trustees;
- b. Purchasing any security and/or property for more than an adequate consideration in money or money's worth;
- c. Selling any part of the security or other property for less than adequate consideration in money or money's worth;
- d. Diverting its income or transferring its property by way of lease or sale to any member of its Board of Trustees, founder/s or principal officers or any member of their families or to any corporation controlled directly or indirectly by the aforesaid individuals or their families in accordance with the attribution of stock ownership under Section 73 (A) and (B) of the Tax Code;
- e. Using any part of its property, income or seed capital for any purpose other than that for which the corporation was created or organized; or
- f. Engaging in any activity which is contrary to law, public order or public policy.