Republic of the Philippines
Department of Finance
Securities and Exchange Commission

OFFICE OF THE GENERAL COUNSEL

06 August 2018

SEC-OGC Opinion No: 18-12
Re: Corporate Term of Religious Corporations

Philippine Mission Churches of Christ of Northern Luzon, Inc.
National Rd., Barangay Maxingal
Lal-lo, Cagayan 3509

Attention: Vicente R. Paguila
Chairman, Board of Trustees

Sir:

This refers to your letter dated 14 December 2017 requesting for the Commission's opinion regarding the corporate term of Philippine Mission Churches of Christ of Northern Luzon, Inc. (PMCCNLI).

In your letter, you stated that PMCCNLI is a non-stock and non-profit religious corporation with primary purpose of "operating a bible seminary and other Christian educational institutions". It was registered with the Commission on 13 April 1964 with no corporate term stipulated in its Articles of Incorporation (AOI).

You further stated, however, that on 03 March 2000, PMCCNLI's AOI and By-laws were amended. Specifically, a provision limiting its corporate term to fifty (50) years from the date of its incorporation was added. The same provision had been carried over in its subsequent amendments during the years 2004 and 2007. Thus, an issue arises as to when PMCCNLI's corporate term shall expire. Hence, this request.

The Commission previously held in an opinion that:

> "The corporate term of a religious corporation is not required to be specified in its articles of incorporation under the old Corporation Law, the applicable law when the church was incorporated. While the present Corporation Code provides a term for corporations in general, this does not apply to religious corporations. The

> Corporation Code has specific provisions for religious corporations, set out in Title XIII on Special Corporations, particularly on Sections 110 and 116, both of which do not provide for a term of existence of religious corporations, whether classified as corporation sole or religious society. The law never intended to limit the corporate life of religious corporations. Hence, they may be allowed to exist perpetually."[1]

However, while perpetual term is allowed, if the AOI of the religious corporation stipulate to limit its term of existence to a fixed period, such stipulation should be followed.[2]

It is well-settled that the "charter of a corporation is a contract between three parties: (a) Between the State and the corporation, (b) between the stockholders (members in case of non-stock corporation) and the State, and (c) between the corporation and the stockholders (members). The State cannot require the performance of a duty on the part of the corporation or entity, contrary to the provisions of the charter of the said corporation or entity. xxx. Unless and until amended accordingly, all the provisions thereof bind all the persons composing it.[3]

In your case, while PMCCNLI initially had perpetual term, it, however, limited its corporate term to 50 years reckoned from the date of its incorporation, when it amended its AOI to such effect. Hence, PMCCNLI should have extended its corporate term by amending its AOI on or before 13 April 2014, the expiration date of its existence. By failing to do so, its corporate term has already expired. Accordingly, PMCCNLI is deemed legally dissolved.

It shall be understood, however, that the foregoing opinion is rendered based solely on the facts and circumstances disclosed and relevant solely to the particular issue raised therein and shall not be used in the nature of a standing rule binding upon the Commission in other cases or upon the courts whether similar or dissimilar circumstances. If, upon further inquiry and investigation, it will be disclosed that the facts relied upon are different, this opinion shall be rendered void.[4]

Please be guided accordingly.

Very truly yours,

CAMILO S. CORREA
General Counsel

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[1] SEC OGC Opinion No. 14-18 dated 10 July 2014 addressed to Atty. Glicerio P. Santos IV.
[2] SEC Opinion dated 08 August 1997 addressed to Bible Baptist Church.
[3] Ibid.
[4] SEC Memorandum Circular No.15, Series of 2003