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Seventh Congress of the Republic)
of the Philippines)
Third Session)

S E N A T E

S. No. 775

Introduced by Senator Maceda

8/11
AN ACT
TO PROVIDE PROTECTION TO BUYERS OF REAL ESTATE PROPERTY ON INSTALL-
MENT PAYMENTS.

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 "Realty Installment
Buyer Protection Act".

SEC. 2. In contracts to sell real estate property on install-
ment payments, where the vendee has paid at least twenty-four monthly,
four semi-annual or two annual installments and he has not taken
possession of the property in question, the vendee is entitled to
exercise any of the following options in case he defaults in the
payment of succeeding installments:

1. To pay, without interest the unpaid installments due within
the total grace period earned by the vendee, which is hereby fixed
at the rate of two months grace period for every twelve months
installment payments made;

2. To secure a loan from the vendor equivalent to one month
for every twelve months installment payments made, with interest
at six per cent per annum, which shall be applied constructively
to the payment of the unpaid installments due. If the vendee fails
to pay the installments due, including the amount of the loan auto-
matically extended by this provision, the vendor shall have the
right to cancel the contract after thirty days from receipt by the
vendee of the notice of cancellation sent by registered mail;

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1 Provided, That the vendor shall return to the vendee the cash
2 surrender value of the property in accordance with the schedule in
3 the next paragraph;

4 3. If the sale is cancelled despite the grace period and loan
5 privilege granted in the preceding paragraph for non-payment of
6 the installments or of the loan on their due dates, the vendor
7 shall refund to the vendee the cash surrender value of the property
8 herein fixed as follows:

9 a. Fifty per cent of total payments if the vendee has paid at
10 least two years but less than five years installment payments.

11 b. Sixty per cent of the total payments if the vendee has
12 paid at least five years but less than seven years installment
13 payments were made; and

14 c. Seventy per cent of the total payments if the vendee has
15 paid at least seven years installment payments.

16 SEC. 3. Dounpayments on the contract to sell shall be included
17 in the computation of the total number of installment payments made.

18 SEC. 4. In cases where less than twenty-four monthly install-
19 ments were paid, the vendor shall give the vendee a grace period of
20 not less than sixty days from the date the installment became due,
21 If the vendee fails to pay the installments due at the expiration
22 of the grace period, the vendor may cancel the contract after thirty
23 days from receipt by the vendee of the notice of cancellation sent
24 by registered mail.

25 SEC. 5. In case the vendee has taken possession of the property
26 subject matter of the contract and the sale is cancelled for non-
27 payment of the installments due, the vendor, if there is a written
28 agreement to that effect, may charge from the installments already
29 paid the same rate of percentage prescribed in the schedule in the
30 preceding Section 2, paragraph 3 as rental of the premises or
31 liquidated damages for breach of the contract. The balance, after

1 deducting the rent or damages, shall be returned to the vendee.

2 SEC. 6. If any provision of this Act is held invalid or
3 unconstitutional, no other provision shall be affected thereby.

4 SEC. 7. This Act shall take effect upon its approval.

~~Approved.~~