

**SEVENTEENTH CONGRESS OF THE REPUBLIC
OF THE PHILIPPINES**

Third Regular Session



Office of the Secretary

SENATE
S.B. NO. 2018

'18 SEP 19 P 3:56

Introduced by Senator Maria Lourdes Nancy S. Binay

RECEIVED

AN ACT
CLARIFYING THE RIGHTS OF BUYERS ENTITLED TO RECEIVE REFUND
UNDER REPUBLIC ACT NO. 6552, OTHERWISE KNOWN AS THE REALTY
INSTALLMENT BUYER PROTECTION ACT, BY AMENDING SECTION 3
THEREOF, AND FOR OTHER PURPOSES

EXPLANATORY NOTE

Republic Act No. 6552, otherwise known as the "Realty Installment Buyer Protection Act", or more popularly the "Maceda Law", was approved on August 26, 1972 to protect real property owners from inequitable conditions imposed on sale transactions involving real estate purchase financed through installment basis.

Under the Maceda Law, buyers of real properties who have paid at least two (2) year installments but defaults in the payment of the remaining installments, and the contract is thereafter cancelled, are given the benefit of, among others, the refund of a percentage of the cash surrender value of the payments on the property, thus:

"Section 3. In all transactions or contracts involving the sale or financing of real estate on installment payments, including residential condominium apartments but excluding industrial lots, commercial buildings and sales to tenants under Republic Act Numbered Thirty-eight hundred forty-four, as amended by Republic Act Numbered Sixty-

three hundred eighty-nine, where the buyer has paid at least two years of installments, the buyer is entitled to the following rights in case he defaults in the payment of succeeding installments:

X X X

(b) If the contract is canceled, the seller shall refund to the buyer the cash surrender value of the payments on the property equivalent to fifty per cent of the total payments made, and, after five years of installments, an additional five per cent every year but not to exceed ninety per cent of the total payments made:

Provided, That the actual cancellation of the contract shall take place after thirty days from receipt by the buyer of the notice of cancellation or the demand for rescission of the contract by a notarial act and upon full payment of the cash surrender value to the buyer.

Down payments, deposit or options on the contract shall be included in the computation of the total number of installment payments made."

(Emphasis supplied.)

In 2009, it was reported that approximately eighty five per cent (85%) of complaints lodged with the Housing and Land Use Regulatory Board's legal office involve refund of installment payments.

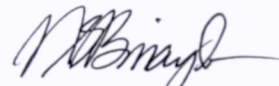
Although the Maceda Law expressly provides for the amounts to which the defaulting buyer is entitled – fifty per cent (50%) of total payments made and, after five years of installments, an additional five per cent (5%) every year but not to exceed ninety per cent (90%) of the total payments made – it is quite

often that real property developers unilaterally impose deductions on refundable amount.

Consequently, qualified buyers are deprived of receiving the full percentage of the amount of the refund to which they are, by express mandate of the law, entitled to receive.

This bill proposes to clarify the rights of buyers of real property bought on installment basis under the Maceda Law by expressly prohibiting real estate developers from deducting the value of the refund due to the buyer fees, liquidated damages, penalties or other costs of whatever nature. Any provision in a contract to the contrary shall be void.

In view of the foregoing, the passage of this bill is earnestly recommended.



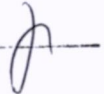
MARIA LOURDES NANCY S. BINAY
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Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

1 Section 1. *Amendment.* – Section 3 of Republic Act No. 6552, otherwise
2 known as the Realty Installment Buyer Protection Act, is hereby amended to
3 read as follows:

4
5 "Section 3. In all transactions or contracts involving the sale or
6 financing of real estate on installment payments, including
7 residential condominium apartments but excluding industrial lots,
8 commercial buildings and sales to tenants under Republic Act
9 Numbered Thirty-eight hundred forty-four, as amended by
10 Republic Act Numbered Sixty-three hundred eighty-nine, where
11 the buyer has paid at least two years of installments, the buyer is
12 entitled to the following rights in case he defaults in the payment
13 of the succeeding installments:

14
15 (a) To pay, without additional interest, the unpaid
16 installments due within the total grace period earned by
17 him which is hereby fixed at the rate of one month

1 grace period for every one year of installment
2 payments made: Provided, That this right shall be
3 exercised by the buyer only once in every five years of
4 the life of the contract and its extensions, if any.

5 (b) If the contract is canceled, the seller shall refund to the
6 buyer the cash surrender value of the payments made,
7 and, after five years of installments, an additional five
8 percent every year but not to exceed ninety per cent of
9 the total payments made: Provided, That the actual
10 cancellation of the contract shall take place after thirty
11 days from receipt by the buyer of the notice of
12 cancellation or the demand for rescission of the
13 contract by a notarial act and upon full payment of the
14 cash surrender value to the buyer.

15
16 THE SELLER SHALL REFUND THE FULL AMOUNT OF
17 THE CASH SURRENDER VALUE TO WHICH THE BUYER
18 IS ENTITLED WITHOUT ANY DEDUCTION OF ANY
19 FEES, PENALTIES, CHARGED, OR OTHER COSTS OF
20 WHATEVER NATURE. ANY PROVISION TO THE
21 CONTRARY SHALL BE VOID AND OF NO FORCE AND
22 EFFECT.

23
24 Down payments, deposits or options on the contract shall be
25 made included in the computation of the total number of
26 installment payments made.”

27
28 *Sec. 2. Implementing Rules and Regulations.* – The Housing and Land Use
29 Regulatory Board, in coordination with the National Housing Authority, and the
30 Housing and Urban Development Coordinating Council, and other relevant

1 government agencies shall issue the implementing rules and regulations within
2 ninety (90) days from the effectivity hereof, and such other rules and regulations
3 as may be necessary to carry out the purpose of this Act.

4
5 Sec. 3. *Repealing Clause.* – All laws, decrees, orders, rules and
6 regulations, other issuances or parts thereof inconsistent with the provisions of
7 this Act are hereby repealed or modified accordingly.

8
9 Sec. 4. *Effectivity Clause.* – This Act shall take effect fifteen (15) days
10 after its complete publication in at least two (2) national newspapers of general
11 circulation.

Approved,