

**[ REPUBLIC ACT NO. 6552, September 14, 1972 ]**

**AN ACT TO PROVIDE PROTECTION TO BUYERS OF REAL ESTATE  
ON INSTALLMENT 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. It is hereby declared a public policy to protect buyers of real estate on installment payments against onerous and oppressive conditions.

SEC. 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:

- a. To pay, without additional interest, the unpaid installments due within the total grace period earned by him, which is hereby fixed at the rate of one month grace period for every one year of installment payments made: *Provided*, That this right shall be exercised by the buyer only once in every five years of the life of the contract and its extensions, if any.
- b. If the contract is cancelled, the seller shall refund to the buyer the cash surrender value of the payments on the property equivalent to fifty per cent of the 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, deposits or options on the contract shall be included in the computation of the total number of installment payments made.

SEC. 4. In case where less than two years of installments were paid, the seller shall give the buyer a grace period of not less than sixty days from the date the installment became due. If the buyer fails to pay the installments due at the expiration of the grace period, the seller may cancel the contract 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.