

**REPUBLIC ACT NO. 6552**

**AN ACT TO PROVIDE PROTECTION TO BUYER 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.”

SECTION 2. It is hereby declared a public policy to protect buyers of real estate on installment payments against onerous and oppressive conditions.

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 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 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 percent 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 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.

SECTION 4. In case where less than two years of installments were paid the seller shall give the buyers a grace period of not less than sixty days from the date the installment become 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.

SECTION 5. Under Section 3 and 4, the buyer shall have the right to sell his rights or assign the same to another person or to reinstate the contract by updating the account during the grace period and before actual cancellation of the contract. The deed of sale or assignment shall be done by notarial act.

SECTION 6. The buyer shall have the right to pay in advance any installments or the full unpaid balance of the purchase price any time without interest and to have such full payment of the purchase price annotated in the certificate of title covering the property.

SECTION 7. Any stipulation in any contract hereafter entered into contrary to the provisions of Sections 3, 4, 5 and 6, shall be null and void.

SECTION 8. If any provisions of this Act is held invalid or unconstitutional no other provision shall be affected thereby.

SECTION 9. This Act shall take effect upon its approval.

Approved August 26, 1972.