

MEMORANDUM CIRCULAR NO. 20 - 29
Series of 2020

SUBJECT : **SUPPLEMENTAL GUIDELINES ON THE CONCESSIONS
ON RESIDENTIAL RENTS AND COMMERCIAL RENTS**

WHEREAS, pursuant to Republic Act 11469, known as Bayanihan to Heal as One Act, the Office of the Executive Secretary under the Office of the President issued a Memorandum dated March 28, 2020 entitled "Implementation of Temporary Emergency Measures" under the said Act;

WHEREAS, Section 3 of the same law declares as a policy during the COVID-19 pandemic the "provision of safety nets to all affected sectors" and to "partner with the private sector and other stakeholders to deliver these measures and programs quickly and efficiently";

WHEREAS, the first Whereas Clause of OP Memorandum dated March 28, 2020 tasked the Department of Trade and Industry (DTI) to specifically craft and enforce measures to provide for a minimum thirty (30)-day grace period on residential rents falling due within the period of the Enhanced Community Quarantine (ECQ), without incurring interests, penalties, fees, and other charges;

WHEREAS, relative thereto, the Inter-Agency Task Force for the Management of Emerging Infectious Diseases issued Resolution No. 18 S. 2020 dated 01 April 2020, authorizing the DTI to issue guidelines to implement a directive for "a thirty (30)-day grace period to commercial rents falling within the period of the ECQ upon micro, small and medium enterprises (MSMEs), without incurring interest, penalties, fees, and other charges;"

WHEREAS, in compliance with the foregoing directives, the DTI issued Memorandum Circular No. 20-12 on 4 April 2020, prescribing Guidelines on the concessions on residential and commercial rents of MSMEs, citing Republic Act No. 9501 or the Magna Carta for MSMEs as additional basis;

WHEREAS, under IATF Resolution No.38, S. 2020 dated May 22, 2020, "For residential and commercial rents falling due within the declaration of ECQ, MECQ and GCQ, on residential lessees and micro-small and medium enterprises (MSMEs) and sectors not permitted to operate during said period, a grace period of thirty (30) days from the last due date or until such time that the community quarantine is lifted shall be observed, whichever is longer, without incurring interests, penalties, fees, or other charges;"

WHEREAS, in view of IATF Resolutions declaring certain areas under Modified Enhanced Community Quarantine or General Community Quarantine and allowing additional businesses to operate under certain conditions, not to mention the many relevant concerns received, the DTI deemed it prudent to issue another Circular to clarify and/or address all valid concerns;

NOW THEREFORE, this Supplemental Memorandum Circular is hereby issued for the information and guidance of those concerned.

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ANGELICA ISABEL P. ISNANI
Head, Records Section

OFFICE OF THE SECRETARY

Section 1. Objective and Scope - This Memorandum Circular aims to provide a fair and just concession to Filipinos and businesses alike during the COVID-19 public health emergency while under a Community Quarantine.

Further, the MC shall cover residential rents, and commercial rents of MSMEs, as defined by RA 6977, as amended, that have been considerably affected by the implementation of certain restrictions during the declared ECQ, MECQ and GCQ, referred to herein as community quarantine.

Section 2. Definition of Terms - For purposes of this MC, the following terms shall mean:

- a. **Residential rent** - any amount paid for the use or occupancy of a building and/or land, houses, apartment/condominium/town house unit, dormitory, room or bed space primarily for residential or dwelling purposes, regardless of the mode and terms of payment.
- b. **Commercial rent** – any amount paid for the use or occupancy of a building and/or land, store or space for commercial purposes, regardless of the mode and terms of payment.
- c. **Lessor** – a person, natural or juridical who, in order to gain income/profit/revenue, offers for lease and actually leases its building and/or land, houses, apartment/condominium/town house unit, dormitory, room or bedspace to another person, natural or juridical under certain consideration, terms and conditions either for residential or commercial purposes, or both.
- d. **Residential Lessee** – a natural person who, for a consideration under certain terms and conditions, leases from a lessor a house, apartment/condominium/town house unit, dormitory, room, or bed space primarily for residential or dwelling purposes.
- e. **Commercial Lessee** – a person, natural or juridical who, for a consideration under certain terms and conditions, leases from a lessor a building and/or land, store, or space for commercial purposes. This refers to MSMEs and other business sectors whose operation is not permitted during the period of community quarantine.
- f. **Modified Enhanced Community Quarantine** – refers to the transition phase between ECQ and GCQ, when government-prescribed temporary measures are relaxed and become less necessary; stringent limits on movement and transportation of people, strict regulation of operating industries, provision of food and essential services, and heightened presence of uniformed personnel to enforce community quarantine protocol

Section 3. Concessions on Residential and Commercial Rent – The concession on covered rents shall be in accordance with the following:

- 3.1 The due date of residential or commercial rent, subject of deferment, shall generally fall within the covered community quarantine, which shall not be earlier than March 17, 2020 and not later than the lifting of covered community quarantine;
- 3.2 The grant of a minimum thirty (30)-day grace period shall commence from the lifting of the covered community quarantine or from the date that the tenant is allowed to resume employment or business operation, whichever comes first, without incurring interests, penalties, fees, and other charges;
- 3.3 The grace period may be availed of by residential lessees who have lost their income during any of the community quarantines, or whose employer/s or business/es were

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ANGELICA ISABEL P. ISNANI
Head, Records Section

Department of Trade and Industry

not allowed to operate by laws/regulations/ordinances relevant to any covered community quarantine;

- 3.4 Same above-mentioned grace period may likewise be availed of by a commercial lessee whose business is among those not permitted to operate pursuant to laws/regulations/ordinances relevant to any covered community quarantine;
- 3.5 Cumulative amount of rents falling due within any of the covered community quarantine, shall be equally amortized in six (6) months following the end of the 30-day minimum grace period, without interest, penalties, fees and charges, which amount shall be added to the monthly rent due. To avail of the 6-month concession, the lessee shall provide the lessor a signed Promissory Note or letter, undertaking to pay the deferred rent/s in accordance herewith, and failure thereof shall make such deferred rents due and demandable immediately following the end of the minimum grace period of thirty (30) days;
- 3.6 If a residential lessee's employer or a commercial lessee's business has been permitted to operate pursuant to a presidential proclamation, IATF Resolution and/or relevant ordinances notwithstanding the imposed community quarantine, the commencement of the grace period shall be from the date that such employment or business was allowed to resume. This shall apply regardless of whether or not the lessee opts to go back to work or resume business operation. However, the 6 months concession during period of covered community quarantine shall continue to apply to rents, which due date is not earlier than March 17, 2020 and not later than the date of the issuance permitting lessee's employer or business to operate;
- 3.7 Lessors are not obliged to refund residential and commercial rents paid by the lessees before or during the period of ECQ or any version thereof;
- 3.8 Notwithstanding the foregoing, the lessors of commercial rents for MSMEs who wish to extend greater generosity may:
 - 3.8.1 Totally or partially waive the commercial rents that are falling due during the covered community quarantine.
 - 3.8.2 Grant reprieve or discounted amount of commercial rents due after the covered community quarantine.
 - 3.8.3 Open for renegotiation the Lease Term Agreements with the lessees.
 - 3.8.4 Use other recourse to mitigate the impact of a covered community quarantine to the MSMEs.

Section 4. Non-Enforcement of Evictions - No eviction for failure to pay the residential or commercial rent due may be enforced from March 17, 2020 when ECQ took effect until the end of the grace period granted by a lessor to a lessee.

Section 5. Liabilities of Lessors and Lessees – Lessors may be held criminally, civilly or administratively liable for failure to abide by relevant laws, regulations and/or ordinances. The

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ANGELICA ISABEL P. ISNANI
Head, Records Section

Dep. Sec. of Health - Manila

same applies to lessees who fail to pay their obligations and abide by the terms of their promissory note.

Section 6. Concerns or Complaints - Any violation of this MC may be brought before the DTI for proper assistance, either in person or electronically. To facilitate such assistance and/or action, the following information are required:

- 6.1 Complete name, residence/email address, and contact number of the lessor and the lessee;
- 6.2 Complete address of the leased residential or commercial unit;
- 6.3 Date when the rental payment is due;
- 6.4 Narration of the relevant and material facts; and
- 6.5 Submission of supporting documents, such as contracts, receipts, letters, certificate of employments, business permit, and the like.

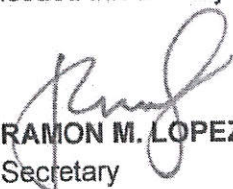
Section 7. Complaints Handling and Enforcement. - Existing procedural rules and regulations governing complaints handling and enforcement may apply without prejudice to the application of acceptable alternative dispute resolution proceedings. Upon determination of prima facie violation, the case shall be endorsed to the Department of Justice for appropriate action, subject to the filing of Complaint Affidavit by the lessee or lessor. This shall be without prejudice to the filing of administrative complaint by an aggrieved party.

Section 8. Separability Clause - The provisions of this MC are declared to be separable and if any provision or the application thereof is held invalid or unconstitutional, the validity of other provisions shall not be affected.

Section 9. Repealing Clause - The provisions of other issuances of similar nature that are inconsistent herewith are hereby supplemented, amended or modified accordingly.

Section 10. Effectivity - Given the presence of a public health emergency, this Memorandum Circular shall take effect immediately upon its publication and filing with the University of the Philippines Law Center.

Issued this 2nd day of June 2020 in Makati City, Philippines


RAMON M. LOPEZ
Secretary

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ANGÉLICA ISABEL P. ISNANI
Head, Records Section

University of the Philippines Law Center