

Republic of the Philippines  
Province of Cebu  
CITY OF NAGA



Excerpt from the minutes of the Regular Session of the Sangguniang Panlungsod of the City of Naga, Cebu held on June 07, 2017 at the Session Hall, Legislative Building, City of Naga, Cebu.

Present:

HON. OTHELLO M. CHIONG  
HON. ALEXANDER R. LARA  
HON. VIRGILIO M. CHIONG  
HON. AURELIO B. ALINSONORIN  
HON. DELFIN R. SEÑOR  
HON. AFSHIN MARK K. SEÑOR  
HON. RODRIGO A. NAVARRO  
HON. PABLO A. ABANGAN  
HON. LUZMINDA R. LAPITAN  
HON. PORFERIO V. RESABA, JR.  
HON. JUSTINO L. DAKAY

- Vice Mayor/Presiding Officer  
- Sangguniang Panlungsod Member  
- Sangguniang Panlungsod Member  
- Sangguniang Panlungsod Member  
- Sangguniang Panlungsod Member  
- Sangguniang Panlungsod Member  
- Sangguniang Panlungsod Member  
- Sangguniang Panlungsod Member  
- Sangguniang Panlungsod Member  
- Sangguniang Panlungsod Member  
- ABC President

On leave:

HON. CARMELINO N. CRUZ, JR.

-Sangguniang Panlungsod Member



**ORDINANCE NO. 2017- 011**

Hon. Pablo A. Abangan – Sponsor

**AN ORDINANCE PROVIDING FOR THE RULES AND PROCEDURE FOR THE CONDUCT OF AUCTION SALE OF REAL PROPERTIES OF DELINQUENT REAL PROPERTY TAXPAYERS IN THE CITY OF NAGA AND PROVIDING A TAX REMEDY FOR THE PAYMENT OF DELINQUENT REAL PROPERTY TAXES**

**EXPLANATORY NOTE**

Republic Act 7160, otherwise known as the Local Government Code of 1991 vests upon the Local Government Units (LGUs) the power to create their own revenue sources and to sell properties of delinquent real property taxpayers through public auction.

It has always been the goal of the City of Naga to collect all taxes due knowing that taxes collected will redound to the attainment of the plans and programs of the City.

The City of Naga aims to boost its revenues and intensify its collection efforts by exercising the remedies available under the Local Government Code such as placing the delinquent real properties under warrants of levy and public auction.

The Office of the City Treasurer annually sends written demands for payment to delinquent real property taxpayers, but a considerable number of taxpayers refuse and evade paying their long overdue real property taxes.

For purposes of apprising the real property taxpayers of their unpaid taxes, the computation of the tax due for each delinquent taxpayer include back taxes beyond the five-year period and the figures arrived at shall be reflected in the subsequent publication on the list of real property tax delinquents in the City of Naga.

The City Government recognizes the pressing need for the enactment of an Ordinance providing the rules and procedure in the conduct of the auction sale of real properties of delinquent real property taxpayers.

**BE IT ORDAINED**, as it is hereby ORDAINED by the Sangguniang Panlungsod of the City of Naga, Cebu, in session assembled, that:

**SECTION 1. TITLE.** - This enactment shall be known and referred to as “AN ORDINANCE PROVIDING FOR THE RULES AND PROCEDURE FOR THE CONDUCT OF AUCTION SALE OF REAL PROPERTIES OF DELINQUENT REAL PROPERTY TAXPAYERS IN THE CITY OF NAGA AND PROVIDING A TAX REMEDY FOR THE PAYMENT OF DELINQUENT REAL PROPERTY TAXES.

**SECTION 2. LEGAL AUTHORITY** - The power of local governments to levy and collect real property taxes is derived from Section 232 of Republic Act No. 7160, the Local Government Code of 1991 (LGC). Under the LGC, Real Property Taxes are levied upon land, building, machinery, and other improvements, proceeds of which are to be distributed among the province, city, municipality, and component barangays of the province, city or municipality where the property is located. Owners of real properties who fail to pay the real property taxes levied on their property run the risk of having their properties levied upon and sold to pay for the real property taxes due thereon.

**SECTION 3. SCOPE AND APPLICATION.** This Ordinance shall govern the procedure on the levy and auction sale of delinquent real properties as well as providing for a tax remedy by allowing staggered payment scheme for all delinquent real property taxes involving a substantial amount.

**SECTION 4. DEFINITION OF TERMS.** - As used in this ordinance, the following words and phrases shall mean and be construed as indicated:

- a. *Delinquency* -real properties are deemed delinquent one year after their owners fail to settle their real property tax dues.
- b. *Levy* -means an imposition or collection of an assessment, tax, fee, charge, or fine.
- c. *Revenue*- includes taxes, fees and charges that a state or its political subdivision collects and receives into the treasury for public purposes.

**SECTION 5. ADOPTION OF THE ADMINISTRATIVE PROVISIONS FOR THE COLLECTION OF REAL PROPERTY TAX UNDER THE 2012 REVENUE CODE OF THE CITY OF NAGA, CEBU.**

**Section 5A. Administrative Provisions.**

**(a) On the Collection of the Real Property Tax**

1. *Assessor to Furnish Treasurer with Assessment Roll.* The City Assessor shall prepare and submit to the City Treasurer on or before the thirty-first (31st) day of December each year, an assessment roll containing a list of all persons whose real properties have been newly assessed or reassessed and the values of such properties.

2. *Notice of Time for Collection of Tax.* The City Treasurer shall, on or before the thirty-first (31st) day of January each year, in the case of basic real property tax and the additional tax for the SEF or on any other date to be prescribed by the Sangguniang

Panlungsod in the case of any other tax levied under this Article, post the notice of the dates when the tax may be paid without interest at a conspicuous and publicly accessible place at the city hall. Said notice shall likewise be published in a newspaper of general circulation in the locality once a week for two (2) consecutive weeks.

3. *Payment Under Protest.*

a. No protest shall be entertained unless the taxpayers first pays the tax. There shall be annotated on the tax receipts the words "paid under protest." The protest in writing must be filed within thirty (30) days from payment of the tax the City Treasurer who shall decide the protest within sixty (60) days from receipt.

b. Fifty percent (50%) of the tax paid under protest shall be held in trust by the City Treasurer. The other fifty percent (50%) shall form part of the proceeds to be distributed in accordance with Sec. 2A.38 of this Code.<sup>1</sup>

<sup>1</sup> *Section 2A.38. Collection and Distribution of Proceeds.* The collection of the real property tax with interest thereon and related expenses, and the enforcement of the remedies provided for in this Article or any applicable laws, shall be the responsibility of the City Treasurer. The City Treasurer may deputize the Barangay Treasurer to collect all taxes on real property located in the barangay: Provided, that the Barangay Treasurer is properly bonded for the purpose: Provided, further, that the premium on the bond shall be paid by the City Government.

The proceeds of the basic real property tax, including interest thereon, and proceeds from the use, lease or disposition, sale or redemption of property acquired at a public auction, and fifty percent (50%) of the tax paid under protest, in accordance with the provisions of this Article, shall be distributed as follows:

1. Seventy percent (70%) shall accrue to the General Fund of the City;

c. In the event that the protest is finally decided in favor of the taxpayer, the amount or portion of the tax protested shall be refunded to the protester, or applied as tax credit against his existing or future tax liability.

d. In the event that the protest is denied or upon lapse of the sixty (60) day period prescribed in subparagraph a., the taxpayer may, within sixty (60) days from receipt of the written notice of assessment, appeal to the City Board of Assessment Appeals by filing a petition under oath in the standard form prescribed therefor, together with copies of the tax declaration and such affidavits or documents in support of the appeal.

4. *Repayment of Excessive Collection.* When an assessment of basic real property tax, or any tax levied under this Article, is found to be illegal or erroneous and tax is accordingly reduced or adjusted, the taxpayer may file a written claim for refund or credit for taxes and interests with the City Treasurer within two (2) years from the date the taxpayer is entitled to such reduction or adjustment.

The City Treasurer shall decide the claim for tax refund or credit within sixty (60) days from receipt thereof. In case the claim for tax refund or credit is

denied, the taxpayer, may within sixty (60) days from the date of receipt of the written notice of assessment, appeal to the City Board of Assessment Appeals by filing a petition under oath in the standard form prescribed therefor, together with copies of the tax declaration and such affidavits or documents in support of the appeal.

5. *Notice of Delinquency in the Payment of the Real Property Tax.*

a. When the real property tax or any other tax imposed under this Article becomes delinquent, the City Treasurer shall immediately cause a notice of the delinquency to be posted at the main entrance of the hall and in a publicly accessible and conspicuous place in each barangay. The notice of delinquency shall also be published once a week for two (2) consecutive weeks, in a newspaper of general circulation in the city.

b. Such notice shall specify the date upon which the tax became delinquent and shall state that personal property may be distrained to effect payment. It shall likewise state that at any time before the distraint of personal property, payment of tax with surcharges, interests, and penalties may be made in accordance with Sec. 2A.36<sup>2</sup> of this Code, and unless the tax, surcharges and penalties are paid before the expiration of the year for which the tax is due, except when the notice of assessment or special levy is contested administratively or judicially, the delinquent real property will be sold at public auction, and the title to the property will be vested in the purchaser, subject, however, to the right of the delinquent owner of the property or any person having legal interest therein to redeem the property within one (1) year from the date of sale.

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2. *Thirty percent (30%) shall be distributed among the component barangays of the city where the property is located in the following manner:*

2.a. *Fifty percent (50%) shall accrue to the barangay where the property is located.*

2.b. *Fifty percent (50%) shall accrue equally to all component barangays of this city.*

*The share of the barangay shall be released directly to the Barangay Treasurer on a monthly basis within five (5) days after the end of each quarter, without need of any further action, and shall not be subject to any lien or holdback for whatever purpose subject to such rules as may be prescribed by the Commission on Audit for this purpose.*

*The proceeds of the additional one percent (1%) SEF tax shall be automatically released to the city school board for the operation and maintenance of public schools, construction and repair of school buildings, facilities and equipment, educational research, purchase of books and periodicals, and sports development as determined and approved by the city school board.*

<sup>2</sup> Section 2A.36. *Time of Payment.* *The real property tax herein levied together with the additional levy on real property for the Special Education Fund (SEF) shall be due and payable on the first day of January. The same may, however, at the discretion of the taxpayer, be paid without interest/penalty in four(4) equal installments: the first installment on or before March 31; the second installment, on or before June 30; the third installment, on or before September 30; and the last installment, on or before December 31.*

*Both the basic tax and the additional SEF tax must be collected simultaneously. Payments of real property tax shall first be applied to prior years delinquencies, interests and penalties, if any, and only after said delinquencies are settled may tax payments be credited for the current period.*

6. *Remedies for the Collection of Real Property Tax.* For the collection of the **basic real property tax and any other levied under this Article**, the city may avail of the remedies by administrative action through levy on real property and sale of real property by public auction or by judicial action.

7. *City Government's Lien.* The basic real property tax and any other tax levied under this Article constitutes lien on the property subject to tax, superior to all liens, charges or encumbrances in favor of any person, irrespective of the owner or possessor thereof, enforceable by administrative or judicial action, and may only be extinguished upon payment of the tax and related interests and expenses.

8. *Levy on Real Property.* After the expiration of the time required to pay the basic real property tax or any other tax levied under this Article, real property subject to such tax may be levied upon through issuance of a warrant on or before, or simultaneously with the institution of the civil action for the collection of the delinquent tax. The City Treasurer when issuing a warrant of levy shall prepare a duly authenticated certificate showing the name of the delinquent owner of the property or person having legal interest therein, the description of the property, the amount of tax due and the interest thereon. The warrant shall operate with the force of a legal execution throughout the

city. The warrant shall be mailed to or served upon the delinquent owner of the real property or person having legal interest therein, or in case he is out of the country or cannot be located to the administrator or occupant of the property. At the same time, written notice of the levy with the attached warrant shall be mailed to or served upon the City Assessor and Register of Deeds of the city, who shall annotate the levy on the tax declaration and certificate of title of the property, respectively.

The levying officer shall submit a report on the levy to the Sangguniang Panlungsod within ten (10) days after receipt of the warrant by the owner of the property or person having legal interest therein.

9. *Penalty for Failure to Issue and Execute Warrant.* Without prejudice to criminal prosecution under the Revised Penal Code and other applicable laws, the City Treasurer or his deputy who fails to issue or execute the warrant of levy within one (1) year from the time the tax becomes delinquent or within thirty (30) days from the date of issuance thereof, or who is found guilty of abusing the exercise thereof in an administrative or judicial proceeding shall be dismissed from the service.

10. *Advertisement and Sale.* Within thirty (30) days after the service of the warrant of levy, the City Treasurer shall proceed to publicly advertise for sale or auction the property or a usable portion thereof as may be necessary to satisfy the tax delinquency and expenses of sale. The advertisement shall be affected by posting a notice at the main entrance of the city hall, and in a publicly accessible and conspicuous place in the barangay where the property is located, and by publication once a week for two (2) consecutive weeks in a newspaper of general circulation in the city. The advertisement shall specify the amount of the delinquent tax, the interest due thereon and expenses of sale, the date and place of sale, the name of the owner of the real property or person having legal interest therein, and a description of the property to be sold. At any time before the date fixed for the sale, the owner of the real property or person having legal interest therein may stay the proceedings by paying the delinquent tax, the interest due thereon and the expenses of sale. The sale shall be held either at the main entrance of the city hall, or on the property to be sold, or at any other place as specified in the notice of sale.

Within thirty (30) days after the sale, the City Treasurer or his deputy shall make a report of the sale to the Sangguniang Panlungsod and which shall form part of his records. The City Treasurer shall likewise prepare and deliver to the purchaser a certificate of sale which shall contain the name of the purchaser, a description of the property sold, the amount of the delinquent tax, the interest due thereon, the expenses of sale and a brief description of the proceedings. Provided, however, that proceeds of the sale in excess of the delinquent tax, the interest due thereon, and the expenses of sale shall be remitted to the owner of the real property or person having legal interest therein.

The City Treasurer may advance an amount sufficient to defray the cost of collection through the remedies provided for in this Article, including the expenses of advertisement and sale.

11. *Redemption of Property Sold.* Within one (1) year from the date of sale, the owner of the delinquent real property or person having legal interest therein, or his representative, shall have the right to redeem the property upon payment to the City Treasurer of the

amount of the delinquent tax, including the interest due thereon, and the expenses of sale from the date of delinquency to the date of sale, plus interest of two percent (2%) per month on the purchase price from the date of redemption. Such payment shall invalidate the certificate of sale issued to the purchaser and the owner of the delinquent real property or person having legal interest therein shall be entitled to a certificate of redemption which shall be issued by the City Treasurer or his deputy.

From the date of sale until the expiration of the period of redemption, the delinquent real property shall remain in possession of the owner or person having legal interest therein who shall be entitled to the income and other fruits thereof.

The City Treasurer or his deputy, upon receipt from the purchaser of the certificate of sale, shall forthwith return to the latter the entire amount paid by him plus interest of two percent (2%) per month. Thereafter, the property shall be free from lien of such delinquent tax, interest due thereon and expenses of sale.

*12.Final Deed to Purchaser.* In case the owner or person having legal interest therein fails to redeem the delinquent property as provided herein, the City Treasurer shall execute a deed conveying to the purchaser said property, free from lien of the delinquent tax, interest due thereon and expenses of sale. The deed shall briefly state the proceedings upon which the validity of the sale rests.

*13.Purchase of Property by the City Government for Want of Bidder.* In case there is no bidder for the real property advertised for sale as provided herein, or if the highest bid is for an amount insufficient to pay the real property tax and the related interest and cost of sale, the City Treasurer conducting the sale shall purchase the property in behalf of the City Government to satisfy the claim and within two (2) days thereafter shall make a report of the proceedings which shall be reflected upon the records of his office. It shall be the duty of the Register of Deeds upon registration with his office of any such declaration of forfeiture to transfer the title of the forfeited property to the city without the necessity of an order from a competent court.

Within one (1) year from the date of such forfeiture, the owner of the delinquent real property or person having legal interest therein, or his representative, shall have the right to redeem the property upon payment to the City Treasurer the full amount of the real property tax and the related interest, and the costs of sale. If the property is not redeemed as provided herein, the ownership thereof shall be fully vested to the city.

*14.Resale of Real Estate Taken for Taxes, Fees or Charges.* The Sangguniang Panlungsod may, through a separate ordinance and upon notice of not less than twenty (20) days, sell and dispose of the real property acquired under the preceding subsection at public auction. The proceeds of the sale shall accrue to the General Fund of the City.

*15.Further Distraint or Levy.* Levy may be repeated if necessary until the full amount due, including all expenses, is collected.

*16.Collection of Real Property Tax Through the Courts.* The City Government may enforce the collection of the basic real property tax or any tax levied under this article by civil action in any court of competent jurisdiction. The following civil action shall be filed by the City Treasurer within the period prescribed in subsection (c) 21 of Sec. 2A.08.

a. The City Treasurer shall furnish the City Legal Office a certified statement of delinquency who, within fifteen (15) days after receipt, shall file the civil action in the name of the city, the proper court of competent jurisdiction. The jurisdiction of the court is determined by the amount sought to be recovered exclusive of interests and costs. Thus, where the delinquent tax due does not exceed Ten Thousand Pesos (P 10,000.00), the competent court is the City Trial Court and where the amount is in excess of Ten Thousand Pesos (P 10,000.00), the proper court is the Regional Trial Court.

b. Where cognizable in an inferior court, the action must be filed in the city where the delinquent property is located. Where the Regional Trial Court has jurisdiction, the plaintiff LGU shall file the complaint in the city where the property is situated.

c. In both cases, that is, where the claim is either cognizable by an inferior court or by the Regional Trial Court, the City Treasurer shall furnish the City Legal Officer the exact address of the defendant where he may be served with summons.

*17. Action Assailing Validity of Tax Sale.* No court shall entertain action assailing the validity of any sale at public auction of real property or rights therein under this Article until the taxpayer shall have deposited with the court the amount for the real property was

sold, together with interest of two percent (2%) per month from the date of sale to the time of the institution of the action. The amount so deposited shall be paid to the purchaser at the auction sale if the deed is declared invalid but it shall be refunded to the depositor if the action fails. Neither shall any court declare a sale at public auction invalid by reason of irregularities or informalities in the proceedings unless the substantive right of the delinquent owner of real property or the person having legal interest therein have been impaired.

18. *Payment of Delinquent Taxes on Property Subject of Controversy.* In any action involving the ownership or possession of, or succession to the real property, the court may **motu proprio** or upon representation of the City Treasurer or his deputy, award such ownership, possession or succession to any party to the action upon payment to the court of the taxes with interest due on the property and all other costs that may have accrued, subject to the final outcome of the action.

19. *Treasurer to Certify Delinquencies Remaining Uncollected.* The City Treasurer or his deputy shall prepare a certified list of all real property tax delinquencies which remained uncollected or unpaid for at least one (1) year in his jurisdiction, and a statement of the reason or reasons for such non-collection or non-payment, and shall submit to the Sangguniang Panlungsod on or before the thirty-first (31st) of December of the year immediately succeeding the year in which the delinquencies were incurred, with a request for assistance in the enforcement of the remedies for collection provided herein.

(d) **Special Provisions.**

1. *Condonation or Reduction of Real Property Tax and Interest.* In case of a general failure of crops or substantial decrease in the price of agricultural or agri-based products, or calamity in the city, the Sangguniang Panlungsod by ordinance passed prior to the first (1st) day of January of any year and upon recommendation of the Local Disaster Coordinating Council, may condone or reduce, wholly or partially, the taxes and interest thereon for the succeeding year or years in the city affected by the calamity.

2. *Condonation or Reduction of Tax by the President of the Philippines.* The President of the Philippines may, when public interest so requires, condone or reduce the real property tax and interest for any year in the city.

3. *Duty of Register of Deeds and Notaries Public to Assist the City Assessor.* It shall be the duty of the Register of Deeds and Notaries Public to furnish the City Assessor with copies of all contracts selling, transferring, or otherwise conveying, leasing, or mortgaging real property received by, or acknowledged before them.

4. *Insurance Companies to Furnish Information.* Insurance companies are hereby required to furnish the City Assessor copies of any contract or policy insurance on buildings, structures and improvements insured by them or such other documents which may be necessary for the proper assessment thereof.

5. *Fees in Court Actions.* As provided for in Sec. 280 of the Local Government Code, all court actions, criminal or civil, instituted at the instance of the City Treasurer shall be exempt from the payment of court and sheriff's fees.

6. *Fees in Registration of Papers or Documents on Sale of Delinquent Real Property to City.* As provided for in Section 281 of the Local Government Code, all certificates, documents, and papers covering the sale of delinquent property to the city if registered in the Registry of Property, shall be exempt from the documentary stamp tax and registration fees.

7. *Real Property Assessment Notices or Owner's Copies of Tax Declarations to be Exempt from Postal Charges or Fees.* As provided for in Sec. 282 of the Local Government Code, all real property assessment notices or owner's copies of tax declaration sent through mails by the assessor shall be exempt from the payment of postal charges or fees.

8. *Sale and Forfeiture Before Effectivity of this Code.* Tax delinquencies incurred, and sales and forfeitures of delinquent real property effected, before the effectivity of this Code shall be governed by the provisions of applicable ordinance or laws then in force.

**SECTION 5B. INTERESTS ON UNPAID REAL PROPERTY TAX.** Failure to pay the real property tax or any other tax levied under this Article upon the expiration of the periods as provided in Sec. 21.05 of the tax code, shall subject the taxpayer to the payment of interest at the rate of two percent (2%) per month on the unpaid amount or a fraction thereof, until the delinquent tax shall have been fully paid. In no case shall the total interest on the unpaid tax or portion thereof exceed thirty-six (36) months.

**SECTION 5C. PENALTIES FOR OMISSION OF PROPERTY FROM ASSESSMENT OR TAX ROLLS BY OFFICERS AND OTHER ACTS.** Any officer charged with the duty of assessing a real property who willfully fails to assess or who intentionally omits from the assessment or tax roll any real property which he knows to be taxable, or who willfully or negligently under-assesses any real property, or who intentionally violates or fails to perform any duty imposed upon him by law relating to the assessment of taxable real property shall, upon conviction, be punished by a fine of not less than One thousand pesos (P1,000.00) nor more than Five thousand pesos (P5,000.00), or by imprisonment of not less than one (1) nor more than six (6) months, or both such fine and imprisonment, at the discretion of the court.

The same penalty shall be imposed upon any officer charged with the duty of collecting the tax due on real property who willfully or negligently fails to collect the tax and institute the necessary proceedings for the collection of the same.

Any other officer required in this Article to perform acts relating to the administration of the real property tax or to assist the assessor or treasurer in such administration, who willfully fails to discharge such duties shall, upon conviction, be punished by a fine of not less than Five hundred pesos (P500.00) nor more than Five thousand pesos (P5,000.00) or imprisonment of not less than one (1) month nor more than six (6) months, or both such fine and punishment, at the discretion of the court.

**SECTION 5D. PENALTIES FOR DELAYING ASSESSMENT OF REAL PROPERTY AND ASSESSMENT APPEALS.** Any government official who intentionally and deliberately delays the assessment or real property or the filing of any appeal against its assessment shall, upon conviction, be punished by a fine of not less than Five hundred pesos (P500.00) nor more than Five thousand pesos (P5,000.00) or imprisonment of not less than one (1) month nor more than six (6) months, or both such fine and punishment, at the discretion of the court.

**SECTION 5E. PENALTIES FOR FAILURE TO DISPOSE THE DELINQUENT REAL PROPERTY AT PUBLIC AUCTION.** The City Treasurer who fails to dispose of delinquent real property at public auction in compliance with the pertinent provisions of this Article any other local official whose acts hinder the prompt disposition of delinquent real property at public auction shall, upon conviction, be subject to a fine of not less than One Thousand pesos (P1,000.00) nor more than Five thousand pesos (P5,000.00), or by imprisonment of not less than one (1) nor more than six (6) months, or both such fine and imprisonment, at the discretion of the court.

**SECTION 6. RULES, REGULATIONS AND CONDUCT OF THE PUBLIC AUCTION.** In order to efficiently and effectively implement the public auction of delinquent real properties, the following rules, regulations and conditions shall be observed:

**Who May Participate**

- a) All Filipino citizens who are not otherwise disqualified by law to acquire real property in the Philippines;
- b) Partnerships, corporations and other legal entities duly registered with the Securities and Exchange Commission, 60% of the capital of which is owned by Filipino citizens and not otherwise disqualified by law to acquire real property in the Philippines;
- c) Duly authorized representatives of the above-named persons with special power of attorney.

**Exception:** *Officials and employees of the City of Naga are not allowed to participate either directly or indirectly in the public auction.*

2. DETERMINATION OF THE SELLING PRICE OF THE PROPERTIES TO BE BIDDED OUT. The appraisal committee shall determine the selling price of the properties to be bid out.

3. Conditions Of The Sale

- a) The City Treasurer does not warrant the authenticity or validity of the title of the declared owner nor does he/she guarantee the correctness or accuracy of the description of the property. Successful bidders acquire no better title than that of the registered declared owner appearing on the title

and they will acquire the property together with all its encumbrances like mortgage, lease and like, existing at the time of the purchase in auction. For their own protection, the prospective participants shall first ascertain for themselves the existence of the property and the title of the property or the tax declaration of the property they may wish to bid before making any bid.

- b) Successful bidders shall, upon award, immediately pay 10% of the bid price, and the balance shall be paid before the close of the business hours, the day after the date the auction sale. Payments shall be made in cash or in manager's cashier's check or personal check payable to the City Treasurer of the City of Naga for the exact amount of the bid.
- c) The City Treasurer reserves the right to revoke any or all awards/sale on the following grounds:
  - Upon presentation of evidence that all taxes and penalties due the property had been paid when the sale was made; or
  - It is found later that the property is tax exempt by virtue of its being already Government owned or devoted exclusively for religious, educational or Charitable purposes;
  - It is not liable under R.A. 7160 and other related laws;
  - Non-payment of the bid price;
  - Upon Certification of the Assessor's Office that a discrepancy in the description, location and / or issuance of the Tax Declaration has been discovered, rectification of which will affected the validity of the sale.
- d) At any time before the date fixed for the auction sale, the owner of the real property or person having legal interest therein may stay the proceeding by paying the delinquent tax, the interest due thereon and the expenses of sale;
- e) Within one (1) year from date of sale, the delinquent taxpayer or his representative shall have the right to redeem the property. Redemption shall take effect upon payment to the City Treasurer of total amount of taxes, fees, interest, or penalties, cost of sale, and other related charges, from date of delinquency of the date of sale, plus interest of two (2) percent per month on the purchase price to date of redemption. Such payment shall invalidate the *Certificate of Sale* issued to the purchaser and shall entitle to the date of redemption;
- f) The City Treasurer or his deputy, upon surrender of the certificate of sale previously issued to the winning bidder, shall forthwith return to the latter the entire purchase price paid by him plus interest of two (2) percent per month computed from the date of sale to the date of redemption;
- g) From the date of sale until the expiration of the period of redemption, the delinquent real property shall remain in the actual possession of the owner or person having legal interest therein who shall be entitled to the rentals, income and other fruit thereof. However, the owner is barred from cutting or allowing the destruction of the plants and trees found in the property. The owner is likewise prohibited to introduce improvements or any other structures. The property subject of the auction sale is on "**AS IS WHERE IS BASIS**";
- h) In case the taxpayer fails to redeem the property as herein provided, the City Treasurer shall execute a final deed conveying to the purchaser said property, free from the liens of the delinquent tax, interest due thereon and expenses of sale. The deed shall briefly state the proceeding upon which the validity of the sale rests. However, in the matter of property registration, the Registry of Deeds is governed by the Property Registration Decree of the Land Registration Authority, wherein the period of redemption begins to run from the date of inscription of the Certificate of Sale;
- i) In case there is no bidder for the real property, or the highest bid is for an amount insufficient to pay the taxes, fees, interests, or penalties, cost of sale and other related charges, the City Treasurer conducting the sale shall purchase the property in behalf of the City Government to satisfy the claim



and within two (2) days thereafter shall make a report of his proceedings which shall be reflected upon the records of his office.

- j) Within one (1) year from the date of such forfeiture, the taxpayer or any of his representatives may redeem the property by paying to the City Treasurer the full amount of taxes, fees, interest or penalties, cost of sale and other related charges. If the property is not redeemed as provided herein, the ownership thereof shall be fully vested in the City Government;
- k) Any expenses incurred by the winning bidder in annotating his Certificate of Sale shall be for his account and will not form part of the redemption cost;
- l) Withdraw of bid price by the winning bidder for properties redeemed by the owner from the City Government shall be released within one (1) month from redemption without additional interest.
- m) If the winning bidder shall withdraw the acquisition or failed to pay the purchase price of the supposedly acquired property one day after the date of auction, the cash bond and any other payment made shall be forfeited in favor of the City. The subject property/properties shall be awarded to the second highest bidder and shall pay his/her highest bid price.

### 3. PROCEDURE

#### 1. REGISTRATION OF BIDDERS

- 1.1 All persons interested to participate in the Public Auction shall register with the City Treasurer by giving their names, present address, status, citizenship and other personal circumstances.
- 1.2 The City Treasurer may require the presentation of additional credentials or other documents as he may deem necessary.
- 1.3 Each of the prospective participants will be given a copy of the Rules, Regulations, and conditions of the Public Sale and Acceptance Slip.
- 1.4 Those who agree to abide by the rules shall sign the acceptance slip.
- 1.5 Prospective participants who manifested their willingness to accede by the rules will be entered on the Roster of Bidders and each will be assigned a number which shall represent him and by which he shall be called or referred to during the entire proceedings.
- 1.6 Only those with assigned number may participate in the Sale.

#### 2. CONDUCT SALE

- 2.1 The City Treasurer or his duly authorized representatives conducting the sale, shall auction the entire delinquent property one after the other.
- 2.2 Where the land and improvement are covered by two (2) separate declaration and both are delinquent and are declared in the name of one (1) person or are declared in joint ownership, said property would be auctioned together to avoid their sale to different persons.
- 2.3 Where an improvement or improvements that could be separated is or are erected on lots that are covered by two (2) separated declarations and all are delinquent, said delinquent property will be auctioned together for the same purpose.
- 2.4 The bidder who offers to pay the highest price from which the total amount taxes, penalties and cost of sale are satisfied shall be declared the winning bidder and shall be entitled to an award.

- 2.5 Upon payment of the bid price, the City Treasurer shall issue a Certificate of Sale to the successful bidder.
- 2.6 The Certificate of Sale shall be registered by the bidder with the Registry of Deeds. The period of redemption shall begin to run within one (1) year from the date of sale, pursuant to RA 7160.
- 2.7 The person in whose name the property is listed and assessed shall be furnished a copy of the Certificate of Sale.
- 2.8 Proceeds of the sale in excess of the delinquent tax, the interest thereon and the expenses of the sale shall be remitted to the owner of the real property or person having legal interest therein.

**SECTION 6. CREATION OF THE CITY OF NAGA AUCTION COMMITTEE (CONAC).** To assist in the implementation of the tax levy, collection and public auction of the real property tax delinquencies, an auction committee shall be constituted with the following composition:

*Chairperson* : City Treasurer  
*Vice-Chairperson* : City Administrator  
*Members* : City Legal Officer  
 City Assessor  
 City Accountant

**SECTION 7. DUTIES AND FUNCTIONS.** The City of Naga Auction Committee has the following duties and functions, to wit:

1. Revise, adopt, update and formulate additional rules and regulations in the conduct of public auction to maximize collection of unpaid real property taxes.
2. Conduct or call regular meeting to address matters or concerns directly or indirectly connected with or arising from the conduct of auction sales of delinquent real properties;
3. Resolve issues or complaints related to the conduct of the public auction sale; and
4. Devise viable and effective systems, measures and procedures to ensure effective, efficient and orderly conduct of the auction sale.

**SECTION 8. INSTALLMENT PAYMENT OF DELINQUENT REAL PROPERTY TAXES.** To encourage payment of unpaid real property taxes and accelerate collection, the City of Naga allows delinquent real property taxpayers whose unpaid taxes involve a substantial sum to settle their delinquencies on installment basis under the following conditions and schedule of payment:

a. The delinquent real property taxpayer shall pay fifty percent (50%) of the total amount of the unpaid real property taxes including penalties and surcharges, and the balance shall be paid based on the schedule of payments provided hereunder, *viz*:

	RANGE	NO. OF MONTHS
	5,000.00	2 MONTHS
5,001.00 -	10,000.00	3 MONTHS
10,001.00 -	20,000.00	4 MONTHS
20,001.00 -	30,000.00	5 MONTHS
30,001.00 -	50,000.00	6 MONTHS
50,001.00 -	100,000.00	8 MONTHS
100,001.00 -	200,000.00	12 MONTHS
200,001.00-	500,000.00	18 MONTHS
500,0001-	1,000,000.00	24 MONTHS
1,000,000.00-	UP	36 MONTHS

b. A written Compromise Agreement shall be entered into by and between the City Treasurer and the delinquent taxpayer incorporating therein the terms and conditions for the payment of the balance of the unpaid real property taxes due.

c. Non-payment of any installment on its due date shall automatically render the total unpaid balance of the delinquent real property tax due and demandable and the property/ies shall be disposed of at public auction to satisfy the real property tax delinquencies.

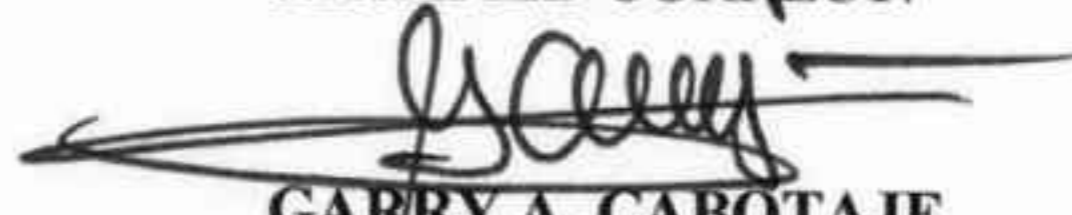
**SECTION 8. SEPARABILITY CLAUSE.** If any provision of this Ordinance is held invalid or unconstitutional, the other provisions not affected thereby shall continue in operation.

**SECTION 9. REPEALING CLAUSE.** All other ordinances, issuances, orders, rules and regulations which are inconsistent with this Ordinance are hereby repealed or modified accordingly.

**SECTION 10. EFFECTIVITY CLAUSE.** This Ordinance shall take effect immediately upon approval thereof in accordance with law.

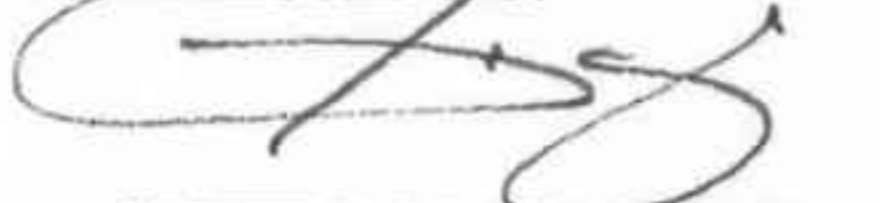
**APPROVED** on third and final reading this 7<sup>th</sup> day of June 2017, on motion of Hon. Pablo A. Abangan, seconded by Hon. Justino L. Dakay.

CERTIFIED CORRECT:



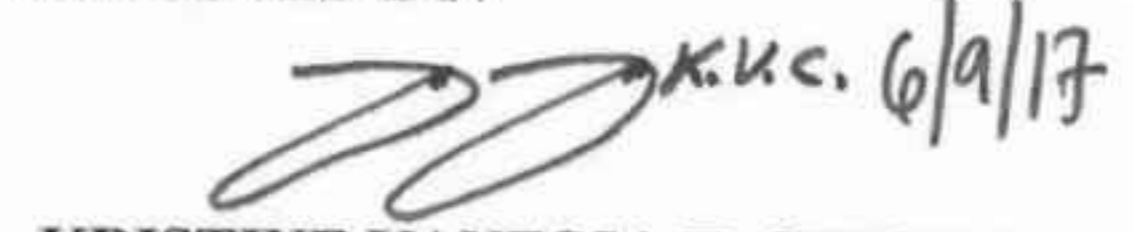
**GARRY A. CABOTAJE**  
Secretary to the Sanggunian

ATTESTED BY:



**OTHELLO M. CHIONG**  
Vice Mayor/Presiding Officer

APPROVED BY:



**KRISTINE VANESSA T. CHIONG**  
City Mayor