

[REPUBLIC ACT NO. 401, June 18, 1949]

AN ACT TO CONDONE ALL UNPAID INTEREST'S ACCRUING FROM JANUARY FIRST NINETEEN HUNDRED AND FORTY-TWO TO DECEMBER THIRTY-FIRST NINETEEN HUNDRED AND FORTY-FIVE ON ALL OBLIGATIONS OUTSTANDING ON DECEMBER EIGHT, NINETEEN HUNDRED AND FORTY-ONE, AND TO APPLY PAYMENTS OF INTERESTS PAID AFTER FEBRUARY TWENTY-EIGHT, NINETEEN HUNDRED AND FORTY-FIVE, TO THE PRINCIPAL OBLIGATION IF STILL OUTSTANDING, IN CERTAIN CASES.

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

SECTION 1. *Declaration of policy.*—Rehabilitation of who have suffered the ravages of war constitutes a prime concern of the Government. In order to afford on opportunities to debtors of the Government or Government-owned or controlled corporations to rehabilitate themselves and to enable them to pay their pre-war obligations under terms and conditions beneficial to them, it is the declared policy of the State that the condonation of interests contemplated herein be extended.

SEC. 2. All unpaid interests in favor of the Government or Government-owned or controlled corporations accruing from the first day of January, nineteen hundred and forty-two to the thirty-first day of December, nineteen hundred and forty-five, on all debts and other obligations outstanding on the eighth day of December, nineteen hundred and forty-one, shall not be demandable and are hereby condoned in the following cases:

- (a) When the debtor was unable to pay an obligation which became due and demandable, or interests which should have been paid during the said period because of the refusal of the latter to accept payment or because of the failure of the creditors to open for business during the said period.
- (b) When the debtor was unable to pay an obligation which became due and demandable, or interests which should have been paid, during the said period because he was prevented from doing so by reason of his activity in the resistance movement against the enemy or his imprisonment, arrest or detention by the said enemy resulting in his inability to freely pursue his normal work.
- (c) When the debtor was unable to pay an obligation which became due and demandable, or interests which should have been paid during the said period because of penury caused by the ravages of the war, financial restrictions imposed by whatever authority in connection with the prosecution by the enemy of the war, or loss of his ordinary sources of income or control over them as a result thereof.