



## HOUSE OF REPRESENTATIVES

H. No. 4316

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BY REPRESENTATIVES YAP (S.), GUNIGUNDO AND OCAMPO, PER COMMITTEE  
REPORT NO. 693

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### AN ACT INSTITUTING REFORMS IN THE SUBDIVISION AND CONDOMINIUM BUYERS' PROTECTIVE DECREE

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

1           SECTION 1. *Short Title.* – This Act shall be known as “The Subdivision  
2 and Condominium Buyers’ Protective Decree Amendments of 2011”.

3           SEC. 2. *Declaration of Policy.* – It is the policy of the State to  
4 undertake, in cooperation with the private sector, a comprehensive and  
5 continuing urban development. Toward this end, certain remedial reforms  
6 ought to be introduced to the operational provisions of the Subdivision and  
7 Condominium Buyers’ Protective Decree in order to strengthen and make the  
8 *same responsive and attuned to the needs of the present times.*

9           SEC. 3. *Remedial Provisions.* – For purposes of this Act and in order  
10 to strengthen Presidential Decree No. 957, entitled: “Regulating the Sale of  
11 Subdivision Lots and Condominiums, Providing Penalties for Violations  
12 Thereof”, otherwise known as “The Subdivision and Condominium Buyers’  
13 Protective Decree”, the following provisions are hereby amended:

1 (a) Section 2, paragraph (n) of Presidential Decree No. 957 is hereby  
2 amended to read as follows:

3 “(n) [Authority. “Authority”] **BOARD. “BOARD”** shall mean  
4 the [National Housing Authority] **HOUSING AND LAND USE**  
5 **REGULATORY BOARD (HLURB).”**

6 The term “Authority” found elsewhere in the Decree is hereby amended  
7 to read as “Board”.

8 (b) Section 3 of Presidential Decree No. 957 is hereby amended to  
9 read as follows:

10 “SEC. 3. [*National Housing Authority*. – The National  
11 Housing Authority] **HOUSING AND LAND USE REGULATORY**  
12 **BOARD (HLURB). – THE HOUSING AND LAND USE**  
13 **REGULATORY BOARD** shall have exclusive jurisdiction to regulate  
14 the real estate trade and business in accordance with the provisions  
15 of this Decree.”

16 (c) Section 5, paragraph 1 of Presidential Decree No. 957 is  
17 hereby amended to read as follows:

18 “SEC. 5. *License to Sell*. – A **CERTIFICATE OF**  
19 **REGISTRATION DOES NOT AUTHORIZE [S]**Such owner or dealer  
20 [to whom has been issued a registration certificate shall not,  
21 however, be authorized] to sell any subdivision lot or  
22 condominium unit in the registered project [unless] **UNTIL** he shall  
23 have first obtained a license to sell the project within two weeks  
24 from the registration of such project.”

1 (d) Section 17, paragraph 1 of Presidential Decree No. 957 is hereby  
2 amended to read as follows:

3 "SEC. 17. *Registration.* – All [contracts to sell,] deeds of  
4 sale [and other similar instruments relative to the sale or  
5 conveyance] of [the] subdivision lots and condominium units,  
6 [whether or not the] WHOSE purchase price is ALREADY paid in  
7 full[,] shall be registered by the seller in the Office of the Register  
8 of Deeds of the province or city where the property is situated AT  
9 HIS EXPENSE. IN CASES OF INSTALLMENT PAYMENTS, THE  
10 CONTRACT TO SELL SHALL ALSO BE REGISTERED BY THE  
11 DEVELOPER WITH THE PROPER REGISTER OF DEEDS, THE  
12 EXPENSE FOR WHICH SHALL BE SHARED PROPORTIONATELY BY  
13 THE SELLER AND THE BUYER: *PROVIDED, HOWEVER, THAT IN*  
14 *CASE OF CANCELLATION OR RESCISSION OF SAID CONTRACT TO*  
15 *SELL, SUCH REGISTRATION OF CONTRACT TO SELL SHALL BE*  
16 *CANCELLED BY THE PROPER REGISTER OF DEEDS, WITHOUT*  
17 *NEED OF ANY COURT ORDER, UPON EXECUTION BY THE SELLER*  
18 *OF AN AFFIDAVIT THAT SAID CONTRACT TO SELL HAS BEEN*  
19 *CANCELLED OR RESCINDED DUE TO DEFAULT ON THE PART OF*  
20 *THE BUYER, WITHOUT PREJUDICE TO THE RIGHTS OF THE BUYER*  
21 *UNDER REPUBLIC ACT NO. 6552, OTHERWISE KNOWN AS THE*  
22 *'REALTY INSTALLMENT BUYER PROTECTION ACT': PROVIDED,*  
23 *FINALLY, THAT THE BOARD SHALL HAVE JURISDICTION OVER*  
24 *DISPUTES BETWEEN THE BUYER AND THE SELLER REGARDING*  
25 *THE CANCELLATION OF THE REGISTRATION OF A CONTRACT TO*  
26 *SELL."*

1 (e) Section 18 of Presidential Decree No. 957 is hereby amended to  
2 read as follows:

3 "SEC. 18. *Mortgages.* -- No mortgage on any unit or lot  
4 shall be made by the owner or developer without prior written  
5 approval of the [Authority] BOARD. Such approval shall not be  
6 granted unless it is shown that the proceeds of the mortgage loan  
7 shall be used for the development of the condominium or  
8 subdivision project and effective measures have been provided to  
9 ensure such utilization. The loan value of each lot or unit covered  
10 by the mortgage shall be determined and the buyer thereof, if any,  
11 shall be notified before the release of the loan. **THE DEED OF SALE  
12 OR CONTRACT TO SELL COVERING A LOT OR UNIT SUBJECT OF A  
13 MORTGAGE SHALL INCLUDE A PARTIAL RELEASE CLAUSE OR A  
14 PROVISION GUARANTEEING THE IMMEDIATE RELEASE OF THE  
15 TITLE TO SAID LOT OR UNIT UPON FULL PAYMENT BY ITS BUYER.**

16 The buyer may[, at his option, pay his] **OPT TO PAY THE**  
17 installment for the lot or unit directly to the mortgagee who shall  
18 apply the payments to the corresponding mortgage indebtedness  
19 secured by the particular lot or unit being paid for, with a view to  
20 enabling said buyer to obtain title over the lot or unit promptly  
21 after full payment thereto.

22 "IN CASE A COMPLAINT IS FILED FOR THE IMMEDIATE  
23 RELEASE OF THE TITLE UPON FULL PAYMENT OF A PROPERTY,  
24 THE MORTGAGEE MUST BE IMPEADED AS AN INDISPENSABLE  
25 PARTY."

1 (f) Section 20 of Presidential Decree No. 957 is hereby amended to  
2 read as follows:

3 "SEC. 20. *Time of Completion.* – Every owner or developer  
4 shall construct and provide the facilities, improvements,  
5 infrastructures and other forms of development, including water  
6 supply, [and] lighting facilities, AND DEVELOPMENT OF ROADS, AS  
7 PROVIDED FOR [which are offered and indicated] in the approved  
8 subdivision or condominium plans, brochures, prospectus, printed  
9 matters, letters or in any form of advertisement, within [one year]  
10 EIGHTEEN (18) MONTHS from the date of the issuance of the  
11 license for the subdivision or condominium project or such other  
12 period of time as may be fixed by the [Authority] BOARD:  
13 **PROVIDED, THAT IN CASES OF FORTUITOUS EVENTS, THE BOARD**  
14 **SHALL THEREAFTER, UPON EVALUATION OF THE NATURE OF THE**  
15 **PROJECT AND THE CAPABILITY OF THE DEVELOPER TO**  
16 **COMPLETE THE SAME, DETERMINE THE REASONABLE TIME**  
17 **WITHIN WHICH THE PROJECTS SHALL BE COMPLETED.**

18 "IN THE EVENT THAT THE OWNER OR DEVELOPER FAILS TO  
19 COMPLETE THE DEVELOPMENT OF THE PROJECT AFTER THE  
20 PERIOD OF EIGHTEEN (18) MONTHS MANDATED ABOVE FOR ITS  
21 COMPLETION FROM THE DATE OF THE ISSUANCE OF THE  
22 LICENSE FOR THE SUBDIVISION OR CONDOMINIUM PROJECT, AND  
23 UNLESS THE BOARD SETS ANOTHER TIME FOR COMPLETION  
24 OWING TO THE CIRCUMSTANCES STATED ABOVE, THE BOARD  
25 SHALL, UPON WRITTEN NOTICE TO THE DEVELOPER OR  
26 THROUGH PUBLICATION WHERE THE DEVELOPER CANNOT BE

1           LOCATED, DECLARE THE PROJECT ABANDONED AND THE ROADS  
2           IN THE ABANDONED PROJECT SHALL BECOME PUBLIC IN  
3           CHARACTER ONE (1) YEAR FROM THE DECLARATION OF  
4           ABANDONMENT OF THE PROJECT.”

5           (g) Section 22 of Presidential Decree No. 957 is hereby amended to  
6           read as follows:

7                   “SEC. 22. *Alteration of Plans.* – No owner or developer  
8           shall change or alter the roads, open spaces, infrastructures,  
9           facilities for public use and/or other form of subdivision OR  
10          CONDOMINIUM development as contained in the approved  
11          subdivision OR CONDOMINIUM plan and/or represented in its  
12          advertisements, without the permission of the [Authority] BOARD  
13          and the written conformity or consent of the duly organized  
14          homeowners association OR CONDOMINIUM CORPORATION, or in  
15          the absence of the latter, by the majority of the [lot] buyers [in the]  
16          OF subdivision LOTS OR CONDOMINIUM UNITS WHO HAVE  
17          ALREADY PAID AT LEAST FIFTY PERCENT (50%) OF THE  
18          PURCHASE PRICE.”

19          (h) Section 25 of Presidential Decree No. 957 is hereby amended to  
20          read as follows:

21                   “SEC. 25. *Issuance of Title.* – The owner or developer shall  
22          deliver the title of the lot or unit to the buyer upon full payment of  
23          the lot or unit[.]; *PROVIDED, THAT WHERE THE OWNER OR*  
24          DEVELOPER PROPERLY PROCESSED AND SUBMITTED THE  
25          DOCUMENTS TO THE GOVERNMENT AGENCIES CONCERNED FOR  
26          THE ISSUANCE OF TITLE AND CAN SHOW PROOF OF THE SAME

1           **AND THE DELAY IN THE ISSUANCE OF TITLE IS NOT THE FAULT OF**  
2           **SUCH OWNER OR DEVELOPER OR WHERE THE NON-ISSUANCE IS**  
3           **PURSUANT TO A COURT ORDER, THE OWNER OR DEVELOPER**  
4           **SHALL NOT BE HELD LIABLE FOR SUCH DELAY OR NON-ISSUANCE**  
5           **OF TITLE.**

6           “No fee, except those required for the registration of the deed  
7           of sale in the Registry of Deeds, shall be collected for the issuance  
8           of such title. In the event a mortgage over the lot or unit is  
9           outstanding at the time of the issuance of the title to the buyer, the  
10          owner or developer shall redeem the mortgage or the  
11          corresponding portion thereof [within six months] **IMMEDIATELY**  
12          **from such issuance in order that the title over any fully paid lot or**  
13          **unit may be secured and delivered to the buyer in accordance**  
14          **herewith. IN SUCH A CASE, THE MORTGAGEE SHALL NOT**  
15          **UNREASONABLY REFUSE RELEASE OF THE TITLE BASED ON THE**  
16          **LOAN VALUE THEREOF.”**

17          (i) Section 27 of Presidential Decree No. 957 is hereby amended to  
18          read as follows:

19                 “*SEC. 27. Other Charges.* – No owner or developer shall  
20                 levy upon any lot or unit buyer a fee for an alleged community  
21                 benefit. Fees to finance services for common comfort, security and  
22                 sanitation may be collected only by a properly organized  
23                 homeowners association **OR CONDOMINIUM CORPORATION** and  
24                 only with the consent of a majority of the lot or unit buyers actually  
25                 residing in the subdivision or condominium project.”

26          (j) Section 31 of Presidential Decree No. 957, as amended by  
27          Presidential Decree No. 1216, is hereby amended to read as follows:

1           “SEC. 31. *Roads, Alleys, Sidewalks and Open Spaces.* – The  
2 owner [as] OR developer of a subdivision shall provide adequate  
3 roads, alleys and sidewalks. For subdivision projects one (1)  
4 hectare or more, the owner or developer shall reserve thirty percent  
5 (30%) of the gross area for open space EXCLUSIVELY FOR ROADS,  
6 ALLEYS, SIDEWALKS, SCHOOLS, PLACES OF WORSHIP,  
7 HOSPITALS, HEALTH CENTERS, BARANGAY CENTERS, PARKS,  
8 PLAYGROUNDS, RECREATIONAL USES, CLUBHOUSES AND OTHER  
9 SIMILAR FACILITIES AND AMENITIES. Such open space shall have  
10 the following standards allocated exclusively for parks,  
11 playgrounds and recreational use:

12           “(a) 9% of gross area for high density or social housing  
13 (66 to 100 family lot per gross hectare).

14           “(b) 7% of gross area for medium-density or economic  
15 housing (21 to 65 family lot per gross hectare).

16           “(c) 3.5% of gross area for low-density or open market  
17 housing (20 family lots and below per gross hectare).

18           “These areas reserved for parks, playgrounds and recreational  
19 use shall be [non-alienable public lands, and non-buildable]  
20 EXCLUSIVELY FOR THEIR INTENDED PURPOSES. The plans of the  
21 subdivision project shall include tree planting on such parts of the  
22 subdivision as may be designated by the [Authority] BOARD.

23           “Upon their completion PURSUANT TO SECTION 20 HEREOF  
24 AND as certified to by the [Authority] BOARD, the roads, alleys,  
25 AND sidewalks [and playgrounds] shall, WITH THE CONSENT OF



1 THE HOMEOWNERS ASSOCIATION UPON CONSULTATION, be  
2 donated by the owner or developer to the city or municipality and it  
3 shall be mandatory for the local governments to accept:

4 **PROVIDED, THAT OPEN SPACES RESERVED FOR SCHOOLS, PLACES**  
5 **OF WORSHIP, HOSPITALS, HEALTH CENTERS, AND BARANGAY**  
6 **CENTERS SHALL BE DONATED BY THE OWNER OR DEVELOPER TO**  
7 **THE CITY OR MUNICIPALITY AND IT SHALL LIKEWISE BE**  
8 **MANDATORY FOR THE LOCAL GOVERNMENTS TO ACCEPT:**

9 *Provided, however,* That the OPEN SPACES RESERVED  
10 EXCLUSIVELY FOR parks, [and] playgrounds, [may]  
11 RECREATIONAL USES, CLUBHOUSES, AND OTHER SIMILAR  
12 FACILITIES AND AMENITIES SHALL be donated to the Homeowners  
13 Association of the project with the consent of the city or  
14 municipality concerned. UPON ACCEPTANCE OF THE DONATION  
15 BY THE CITY OR MUNICIPALITY OR THE HOMEOWNERS  
16 ASSOCIATION CONCERNED, [N]no portion of the [parks and  
17 playgrounds] AREA donated thereafter shall be converted to any  
18 other purpose or purposes: **PROVIDED, FURTHER, THAT ROADS IN**  
19 **SUBDIVISIONS WHICH HAVE BECOME PUBLIC IN CHARACTER ONE**  
20 **(1) YEAR AFTER THE DECLARATION OF ABANDONMENT BY THE**  
21 **BOARD OF THE SUBDIVISION PROJECT WHERE THEY ARE**  
22 **LOCATED SHALL IPSO FACTO BECOME THE PROPERTY OF THE**  
23 **LOCAL GOVERNMENT UNIT THAT HAS JURISDICTION OVER THE**  
24 **SAID ROADS."**

25 (k) Section 38 of Presidential Decree No. 957 is hereby amended to  
26 read as follows:

1           “SEC. 38. *Administrative Fines.* – The [Authority] BOARD  
2           may prescribe and impose A fine[s] not exceeding [ten] FIFTY  
3           thousand pesos (P50,000.00) for EACH violation[s] OF ANY of the  
4           provisions of this Decree or of any rule or regulation thereunder.  
5           Fines shall be payable to the [Authority] BOARD and enforceable  
6           through writs of execution in accordance with the provisions of the  
7           Rules of Court.”

8           (1) Section 39 of Presidential Decree No. 957 is hereby amended to read  
9           as follows:

10           “SEC. 39. *Penalties.* – Any person who shall violate any of  
11           the provisions of this Decree and/or any rule or regulation that may  
12           be issued pursuant to this Decree, INCLUDING, BUT NOT LIMITED  
13           TO, THE FAILURE TO COMPLETE THE DEVELOPMENT OF THE  
14           PROJECT WITHIN THE PRESCRIBED PERIOD PURSUANT TO  
15           SECTION 20 HEREOF, FAILURE TO REFUND THE PURCHASE PRICE  
16           OR THE INSTALLMENT PAYMENT MADE IN VIOLATION OF  
17           SECTION 23 HEREOF, FAILURE TO DELIVER THE TITLE PURSUANT  
18           TO SECTION 25 HEREOF, FAILURE TO FOLLOW CONSTRUCTION  
19           SPECIFICATIONS OR POOR WORKMANSHIP RESULTING TO  
20           SUBSTANDARD UNITS OR TO CONSTRUCTION DEFECTS,  
21           shall[, upon conviction, be punished by a fine of not more than  
22           twenty thousand (P20,000.00) pesos and/or imprisonment of not  
23           more than ten years: *Provided, That in*] SUFFER:

24           “(A) ON THE FIRST OFFENSE, A FINE OF NOT MORE THAN  
25           FIVE HUNDRED THOUSAND PESOS (P500,000.00) OR FIFTY  
26           PERCENT (50%) OF THE TOTAL PURCHASE PRICE OF THE

1 PROPERTY AS STATED IN THE CONTRACT TO SELL OR DEED OF  
2 SALE, INCLUDING ALL THE CHARGES IMPOSED BY THE  
3 DEVELOPER WHICHEVER IS HIGHER AND/OR IMPRISONMENT OF  
4 NOT MORE THAN FOUR (4) YEARS, AT THE DISCRETION OF THE  
5 COURT;

6       “(B) ON THE SECOND OFFENSE, A FINE OF NOT MORE THAN  
7 SEVEN HUNDRED FIFTY THOUSAND PESOS (P750,000.00) OR  
8 SEVENTY-FIVE PERCENT (75%) OF THE TOTAL PURCHASE PRICE  
9 OF THE PROPERTY AS STATED IN THE CONTRACT TO SELL OR  
10 DEED OF SALE, INCLUDING ALL THE CHARGES IMPOSED BY THE  
11 DEVELOPER WHICHEVER IS HIGHER AND/OR IMPRISONMENT OF  
12 NOT MORE THAN SEVEN (7) YEARS, AT THE DISCRETION OF THE  
13 COURT; AND

14       “(C) ON THE THIRD OFFENSE, IN ADDITION TO A FINE OF  
15 NOT MORE THAN ONE MILLION PESOS (P1,000,000.00) OR ONE  
16 HUNDRED PERCENT (100%) OF THE TOTAL PURCHASE PRICE OF  
17 THE PROPERTY AS STATED IN THE CONTRACT TO SELL OR DEED  
18 OF SALE, INCLUDING ALL THE CHARGES IMPOSED BY THE  
19 DEVELOPER WHICHEVER IS HIGHER AND/OR IMPRISONMENT OF  
20 NOT MORE THAN TEN (10) YEARS, AT THE DISCRETION OF THE  
21 COURT, THE BUSINESS PERMITS AND LICENSES, IN THE CASE OF A  
22 BUSINESS ENTITY OR ESTABLISHMENT, SHALL BE REVOKED OR  
23 CANCELLED.

24       “IF BY REASON OF ADVERTISEMENTS IN VIOLATION OF THIS  
25 DECREE, A REAL ESTATE OR A CONDOMINIUM UNIT IS SOLD, AN  
26 ADDITIONAL FINE OF NOT LESS THAN FIVE HUNDRED THOUSAND  
27 PESOS (P500,000.00) SHALL BE IMPOSED FOR EVERY UNIT SOLD.

1           “IN the case of corporations, partnership, cooperatives, or  
2           associations, the President, Manager or Administrator or the person  
3           who has charge of the administration of the business shall be  
4           criminally responsible for any violation of this Decree and/or the  
5           rules and regulations promulgated pursuant thereto.”

6           SEC. 4. *Repealing Clause.* – All laws, decrees, executive orders,  
7           proclamations, rules and regulations and other issuances, or part or parts  
8           thereof which are inconsistent with the provisions of this Act are hereby  
9           repealed or modified accordingly.

10          SEC. 5. *Separability Clause.* – If, for any reason, any provision of this  
11          Act is declared invalid or unconstitutional, the remaining provisions not  
12          affected thereby shall continue to be in force and effect.

13          SEC. 6. *Effectivity Clause.* – This Act shall take effect fifteen (15)  
14          days after the completion of its publication in the *Official Gazette* or in at least  
15          two (2) newspapers of general circulation.

Approved,

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