



HOUSE OF REPRESENTATIVES

H. No. 395

BY REPRESENTATIVES YAP (S.), CO, GUNIGUNDO, BATOCABE, BENITEZ,
BAGATSING, GUTIERREZ, CORTUNA, TEVES, LEONARDIA, CHIPECO,
ERICE, DELA CRUZ, MERCADO-REVILLA, ALEJANO AND HICAP

AN ACT TO INSTITUTE 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 “The
2 Subdivision and Condominium Buyers’ Protective Decree Amendments of
3 2014”.

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

10 SEC. 3. *Remedial Provisions.* – For purposes of this Act and in order
11 to strengthen Presidential Decree No. 957, entitled: “Regulating the Sale of
12 Subdivision Lots and Condominiums, Providing Penalties for Violations
13 Thereof”, otherwise known as “The Subdivision and Condominium Buyers’
14 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
4 mean 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 hereby
17 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 shall
4 be made by the owner or developer without prior written approval
5 of the [Authority] BOARD. Such approval shall not be granted
6 unless it is shown that the proceeds of the mortgage loan shall be
7 used for the development of the condominium or subdivision
8 project and effective measures have been provided to ensure such
9 utilization. The loan value of each lot or unit covered by the
10 mortgage shall be determined and the buyer thereof, if any, shall be
11 notified before the release of the loan. **THE DEED OF SALE OR**
12 **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 thereof[;].**

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 PROJECT 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 AS MANDATED ABOVE FOR
21 ITS 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
27 LOCATED, DECLARE THE PROJECT ABANDONED AND THE ROADS
28 IN THE ABANDONED PROJECT SHALL BECOME PUBLIC IN

1 **CHARACTER ONE (1) YEAR FROM THE DECLARATION OF**
2 **ABANDONMENT OF THE PROJECT.”**

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

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

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

18 “SEC. 25. *Issuance of Title.* – The owner or developer shall
19 deliver the title of the lot or unit to the buyer upon full payment of
20 the lot or unit[.]: *PROVIDED, THAT WHERE THE OWNER OR*
21 **DEVELOPER PROPERLY PROCESSED AND SUBMITTED THE**
22 **DOCUMENTS TO THE GOVERNMENT AGENCIES CONCERNED FOR**
23 **THE ISSUANCE OF TITLE AND CAN SHOW PROOF OF THE SAME**
24 **AND THE DELAY IN THE ISSUANCE OF TITLE IS NOT THE FAULT**
25 **OF SUCH OWNER OR DEVELOPER OR WHERE THE NON-ISSUANCE**
26 **IS PURSUANT TO A COURT ORDER, THE OWNER OR DEVELOPER**
27 **SHALL NOT BE HELD LIABLE FOR SUCH DELAY OR NON-ISSUANCE**
28 **OF TITLE.**

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

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

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

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

23 “**SEC. 31. Roads, Alleys, Sidewalks and Open Spaces.** – The
24 owner [as] **OR** developer of a subdivision shall provide adequate
25 roads, alleys and sidewalks. For subdivision projects one (1)
26 hectare or more, the owner or developer shall reserve thirty percent
27 (30%) of the gross area for open space **EXCLUSIVELY FOR ROADS,**
28 **ALLEYS, SIDEWALKS, SCHOOLS, PLACES OF WORSHIP,**

1 **HOSPITALS, HEALTH CENTERS, BARANGAY CENTERS, PARKS,**
2 **PLAYGROUNDS, RECREATIONAL USES, CLUBHOUSES, AND OTHER**
3 **SIMILAR FACILITIES AND AMENITIES.** Such open space shall
4 have the following standards allocated exclusively for parks,
5 playgrounds and recreational use:

6 “a. 9% of gross area for high-density or social housing
7 (66 to 100 family lots per gross hectare).

8 “b. 7% of gross area for medium-density or economic housing
9 (21 to 65 family lots per gross hectare).

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

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

17 “Upon their completion **PURSUANT TO SECTION 20 HEREOF**
18 **AND** as certified to by the [Authority] **BOARD,** the roads, alleys,
19 **AND** sidewalks [and playgrounds] shall, **WITH THE CONSENT OF**
20 **THE HOMEOWNERS ASSOCIATION UPON CONSULTATION,** be
21 donated by the owner or developer to the city or municipality and it
22 shall be mandatory for the local governments to accept:
23 **PROVIDED, THAT OPEN SPACES RESERVED FOR SCHOOLS, PLACES**
24 **OF WORSHIP, HOSPITALS, HEALTH CENTERS, AND BARANGAY**
25 **CENTERS SHALL BE DONATED BY THE OWNER OR DEVELOPER TO**
26 **THE CITY OR MUNICIPALITY AND IT SHALL LIKEWISE BE**
27 **MANDATORY FOR THE LOCAL GOVERNMENTS TO ACCEPT:**

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

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

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

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

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

17 "(A) ON THE FIRST OFFENSE, A FINE OF NOT MORE THAN
18 FIVE HUNDRED THOUSAND PESOS (P500,000.00) OR FIFTY
19 PERCENT (50%) OF THE TOTAL PURCHASE PRICE OF THE
20 PROPERTY AS STATED IN THE CONTRACT TO SELL OR DEED OF
21 SALE, INCLUDING ALL THE CHARGES IMPOSED BY THE
22 DEVELOPER WHICHEVER IS HIGHER AND/OR IMPRISONMENT OF
23 NOT MORE THAN FOUR (4) YEARS, AT THE DISCRETION OF THE
24 COURT;

25 "(B) ON THE SECOND OFFENSE, A FINE OF NOT MORE THAN
26 SEVEN HUNDRED FIFTY THOUSAND PESOS (P750,000.00) OR
27 SEVENTY-FIVE PERCENT (75%) OF THE TOTAL PURCHASE PRICE
28 OF THE PROPERTY AS STATED IN THE CONTRACT TO SELL OR
29 DEED OF SALE, INCLUDING ALL THE CHARGES IMPOSED BY THE

1 **DEVELOPER WHICHEVER IS HIGHER AND/OR IMPRISONMENT OF**
2 **NOT MORE THAN SEVEN (7) YEARS, AT THE DISCRETION OF THE**
3 **COURT; AND**

4 **“(C) ON THE THIRD OFFENSE, IN ADDITION TO A FINE OF**
5 **NOT MORE THAN ONE MILLION PESOS (P1,000,000.00) OR ONE**
6 **HUNDRED PERCENT (100%) OF THE TOTAL PURCHASE PRICE OF**
7 **THE PROPERTY AS STATED IN THE CONTRACT TO SELL OR DEED**
8 **OF SALE, INCLUDING ALL THE CHARGES IMPOSED BY THE**
9 **DEVELOPER WHICHEVER IS HIGHER AND/OR IMPRISONMENT OF**
10 **NOT MORE THAN TEN (10) YEARS, AT THE DISCRETION OF THE**
11 **COURT, THE BUSINESS PERMITS AND LICENSES, IN THE CASE OF A**
12 **BUSINESS ENTITY OR ESTABLISHMENT, SHALL BE REVOKED OR**
13 **CANCELLED.**

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

18 **“IN the case of corporations, partnership, cooperatives, or**
19 **associations, the President, Manager or Administrator or the person**
20 **who has charge of the administration of the business shall be**
21 **criminally responsible for any violation of this Decree and/or the**
22 **rules and regulations promulgated pursuant thereto.”**

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

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

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

Approved,

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