

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

THIRTEENTH CONGRESS
First Regular Session



HOUSE BILL NO. 70

Introduced by : **REP. RAUL V. DEL MAR**

EXPLANATORY NOTE

There is no gainsaying the vital role of the real estate industry in the economic development of the country. A real estate transaction has a multiplier on the country's economy.

It is a sad commentary on the degree of attention and importance that government has accorded the real industry and its tremendous impact on the economy that to date, it continues to be governed by hodgepodge administrative issuances of governmental agencies and just a sprinkling of legislative enactments. No effort has been exerted thus far to enact a comprehensive legislation to govern real estate transactions and the practice attendant thereto.

As consequence, the public has fallen victim to unwholesome, if not altogether anomalous, practices in real estate transactions. Unscrupulous parties involved in these practices have gone unpunished mainly because of the dearth of effective legislation.

To safeguard public interest, there is a need to enact a comprehensive piece of legislation calculated to accord the real estate industry the due recognition that it deserves as a vital component in national development and at the same time upgrade and professionalize the real service practice in the country.

The attached bill hopes to meet such a need.

The attached bill is a consolidation of the provisions of existing executive issuances – Ministry Order No. 39, series of 1985, and subsequent issuances – and of House Bill No. 8585 which the House passed during the Second Regular Session of the Tenth Congress but which the Senate failed to act upon, and of Senate Bill No. 792 which also remained pending until the end of the term of the Eleventh Congress.

Principally, the attached bill elevates the real estate service practice that is real estate brokerage, appraisal and consultancy, to the category of a profession, and places these realty service practitioners under the jurisdiction of the Professional Regulatory Commission.

In addition to existing rules governing the examination, registration and licensing of realty service practitioners, the attached bill provides for the integration of all realty service practitioners into one national organization.

To deter unlicensed practice, the bill provides for stiffer penalties.

Passage of the attached bill is, therefore, earnestly requested.



RAUL V. DEL MAR

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AN ACT
REGULATING THE PRACTICE OF REAL ESTATE SERVICE IN THE
PHILIPPINES, CREATING FOR THE PURPOSE A PROFESSIONAL
REGULATORY BOARD OF REAL ESTATE SERVICE, APPROPRIATING
FUNDS THEREFOR AND FOR OTHER PURPOSES

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

ARTICLE I

TITLE, DECLARATION OF POLICY AND DEFINITION OF TERMS

SECTION 1. *Title.* - This Act shall be known as the "Real Estate Service Act of the Philippines."

Sec. 2. *Declaration of Policy.* - The State recognizes the vital role of real estate service practitioners in the social, political, economic development and progress of the country. Real estate services shall therefore be professionalized, upgraded and regulated to become more globally qualitative and competitive.

SEC. 3. *Definition of Terms.* As used in this Act, the following terms shall mean:

(a) "Real estate" refers to the land, building or other improvements permanently attached to the land, including the rights and interest therein. It shall include rural and urban land, and the development thereof which may be residential, commercial, industrial, agricultural, aquacultural, land reclamation, building or housing projects either for individual or condominium ownership, memorial parks, town houses, club houses, and others of similar nature.

(b) "Real estate development project" means the development of land for residential, commercial, industrial, agricultural, institutional or recreational purposes, or any combination of such, including but not limited to tourist resorts, reclamation

projects, building or housing projects whether for individual or condominium ownership, memorial parks, and others of similar nature.

(c) "Real estate service practitioners" shall refer to and consist of the following:

(1) Real estate broker - a duly licensed natural person who, for a fee, commission or other valuable consideration, acts as an agent of a party in a real estate transaction to offer, advertise, solicit, list, promote, mediate, negotiate, or effect the meeting of the minds on the sale, purchase, exchange, mortgage, lease, or joint venture or other similar transactions on real estate or any interest therein.

(2) Real estate appraiser - a duly licensed natural person who, in expectation of a fee, compensation or other valuable consideration, offers or renders services in estimating and arriving at an opinion of or act as an expert on real estate values, such services of which shall be finally rendered by the preparation of the report in acceptable written form.

(3) Real estate consultant - a duly licensed natural person who, for a fee, compensation or other valuable consideration, offers or renders professional advise and judgment on: (a) the acquisition, enhancement, preservation, utilization or disposition of lands or improvements thereon: and (b) the conception, planning, management, and development of realty projects.

(4) Real estate salesperson - a natural person who performs for and in behalf of a real estate broker who is registered/licensed by the Professional Regulatory Board of Real Estate Service.

ARTICLE II

PROFESSIONAL REGULATORY BOARD OF REAL ESTATE SERVICE

SEC. 4. *Creation and Composition of the Board.* - There is hereby created a Professional Regulatory Board of Real Estate Service, hereinafter referred to as the Board, under the supervision and administrative control of the Professional Regulation Commission, hereinafter referred to as the Commission, composed of a chairperson and two (2) members who shall be appointed by the President of the Philippines from a list of three (3) recommendees for each position, chosen and ranked by the Commission from a list of five (5) nominees for each position submitted by the accredited and integrated professional organization of real estate service practitioners.

The first Board shall be organized within thirty (30) days from the effectivity of this Act.

SEC. 5. Powers and Functions of the Board. – The Board is hereby vested the following powers and functions:

(a) Provide comprehensive policy guidelines for the promotion and development of the real estate industry;

(b) Promulgate, administer and enforce rules and regulations necessary for carrying out the provisions of this Act;

(c) Supervise and regulate the registration, licensure and practice of real estate service in the Philippines;

(d) Administer oaths in affirmations;

(e) Adopt an official seal of the Board;

(f) Issue, reinstate, suspend or revoke after due notice and hearing certificate of registration/professional license or professional identification card for the practice of the real estate service;

(g) Monitor the conditions affecting the practice of real estate service and adopt such measures as may be proper for the enhancement of the profession and/or the maintenance of high professional, ethical and technical standards;

(h) Draw up recommendations to government agencies or departments concerned for the purpose of rationalizing and coordinating real estate transactions;

(i) Prescribe and/or adopt a code of ethics for the practice of the real estate service;

(j) Hear or investigate any violation of this Act, implementing rules and regulations, and the code of ethics for real estate service practitioners as shall come to the knowledge of the Board and for this purpose, to issue *subpoena* and *subpoena duces tecum* to secure the appearance of witnesses and the production of documents in connection therewith;

(k) In coordination with the accredited and integrated professional organization of real estate practitioners, monitor all forms of advertisements, announcements, signboards, billboards, pamphlets, brochures and others of similar nature concerning real estate and provide every possible safeguard to protect legitimate and licensed real estate service practitioners and in pursuance thereof, exercise its judicial and police powers to finally and completely eradicate the pernicious practices of unauthorized and unlicensed individuals or “colorums” engaged in real estate service;

(l) Prescribe guidelines and criteria for the Continuing Professional Education (CPE) program for real estate service practitioners after consultation with the accredited and integrated professional organization of real estate service practitioners, and prescribe

policies necessary for upgrading, enhancement, development and growth of real estate education in the Philippines;

(m) Screen, issue and monitor permits to organizations of real estate professionals in the industry to conduct seminars and to accredit such seminars, as well as the instructors or lecturers therein for the purpose of upgrading the quality and knowledge of the profession;

(n) Conduct examinations as prerequisite to the practice of the profession and issue, adopt and prepare syllabi of the subjects for examination by determining and preparing the questions which shall strictly be within the scope of the syllabus of the subject for examination;

(o) Monitor the activities of the accredited and integrated professional organization and other associations of real estate service practitioners; and

(n) Discharge such other powers, duties and functions as the Commission may deem necessary to carry out the provisions of this Act.

The policies, resolutions, and rules and regulations issued or promulgated by the Board shall be subject to the review and approval by the Commission. However, the Board's decisions, resolutions or orders which are not interlocutory, rendered in an administrative case, shall be subject to review by the Commission only if on appeal.

SEC. 6. *Qualification of the Chairperson and Members of the Board.* - The chairperson and members of the Board shall, at the time of their appointment, possess the following qualifications:

(a) Must be a citizens and resident of the Philippines;

(b) Must be a holder of at least a bachelor's degree;

(c) Must be an active licensed practitioner of the real estate service, either as real estate broker, appraiser or consultant for at least ten (10) years prior to his/her appointment;

(d) Must be a bonafide member of the accredited and integrated professional organization of real estate service practitioners but not an officers at the time of his/her appointment;

(e) Must neither be a member of the faculty of an institute, school or college of real estate service nor have any pecuniary interest, direct or indirect, in any institution or association where review classes or lectures in preparation for the licensure examination are being offered or conducted; and

(f) Must be of good moral character and must not have been convicted by final judgment by a competent court of a criminal offense involving moral turpitude.

SEC. 7. *Term of Office.* - The chairperson and members of the Board shall hold office for a term of three (3) years from the date of their appointment and until their successor/s shall have been appointed and duly qualified: *Provided*, That members of the first appointed Board shall hold office for the following terms: one (1) member as chairperson for three (3) years, one (1) member for two (2) years and one (1) member for one (1) year.

The chairperson and members of the Board may be reappointed for another term but in no case shall he/she serve continuously for more than six (6) years. Any vacancy in the Board shall be filled for the unexpired portion of the term only. The chairperson and members of the first Board shall automatically be registered and issued with a certificate of registration/professional license and professional identification card.

Each member of the Board shall take the proper oath of office prior to the assumption of duty.

SEC. 8. *Compensation and Allowances of the Chairperson and Members of the Board.* - The chairperson and members of the Board shall receive compensation and allowances comparable to the compensation and allowances received by the chairperson and members of existing professional regulatory boards under the Commission as provided for in the General Appropriations Act.

SEC. 9. *Removal of the Chairperson and Members of the Board.* - The chairperson or any member of the Board may be suspended or removed by the President of the Philippines upon recommendation of the Commission for neglect of duty, abuse of power, oppression, incompetence, unprofessional, unethical, immoral or dishonorable conduct, commission or toleration of irregularities in the conduct of examination or tampering of the grades therein, or for any final judgment or conviction of any criminal offense involving moral turpitude by the court after having been given the opportunity to defend himself/herself in a proper administrative investigation.

SEC. 10. *Supervision of the Board, Custodian of its Records, Secretariat and Support Services.* - The Board shall be under the general supervision and administrative control of the Commission. All records of the Board, including applications for examination, examination papers and results, minutes of deliberations, administrative and other investigate cases involving real estate service practitioners, shall be kept by the Commission. The Commission shall designate the secretary of the Board and shall

provide the secretariat and other support services to implement the provisions of this Act subject to the usual government accounting and auditing rules and regulations.

SEC. 11. *Annual Report.* – The Board shall, at the close of each calendar year, submit an annual report to the Commission, giving a detailed account of its proceedings and accomplishments during the year and recommending measures to be adopted with the end-in-view of upgrading and improving the conditions affecting the practice of real estate service in the Philippines.

ARTICLE III

LICENSURE EXAMINATION AND REGISTRATION

SEC. 12. *Licensure Examination.* - Every applicant seeking to be registered and licensed as a real estate service practitioner, except a real estate salesperson, shall undergo an examination as provided for in this Act. Examinations for the practice of real estate service in the Philippines shall be given by the Board at least once every year in such places and dates as the Commission may designate.

Sec. 13. *Scope of Examination.* - An examination shall be given to the licensure applicants for real estate brokers, real estate appraisers and real estate consultants, which shall include but not limited to the following:

(a) For real estate brokers – Fundamentals of property ownership; legal requirements for real estate practice; real estate brokerage practice; practical appraisal for real estate broker; site location and map reading; subdivision development; condominium concept; real estate financing; taxation; economics; basic principles of ecology; urban and rural land use; planning, development and zoning; legal aspect of sale, mortgage, lease, documentation and registration; agrarian and urban reform laws; code of ethics; and any other related subjects as may be determined by the Board.

(b) For real estate appraisers – General real estate information; theories and principles in appraisal; human and physical geography; methodology of appraisal approaches and research; practical appraisal mathematics; appraisal report writing; laws affecting real estate appraisal; income and investment problems; appraisals of machineries and equipment; case studies; agrarian and urban land reform laws; code of ethics; and any other related subjects as may be determined by the Board.

(c) For real estate consultants - Pre-investment/feasibility studies; design; process innovation; construction/installation and other technical services on special studies; agrarian and urban land reform laws; code of ethics; and any other related subjects as may be determined by the Board.

To conform with technological and modern changes, the Board may recluster, rearrange, modify, add or exclude any of the foregoing subjects as the need arises.

SEC. 15. *Qualifications of Applicants for Examinations.* - In order to be admitted to the licensure examination for real estate service, a candidate shall, at the time of filing his application, establish to the satisfaction of the Board that:

- (a) He is a citizen of the Philippines;
- (b) He is at least be eighteen (18) years of age;
- (c) He is a holder of a bachelor's degree from a school, university or institution duly recognized by the Commission on Higher Education (CHED);
- (d) He has attended and completed an appropriate real estate seminar given by accredited entities; and
- (e) He is of good moral character and must have been convicted of any crime involving moral turpitude: *Provided*, That an applicant for the licensure examination for real estate appraisers must show proof that he has at least five (5) years experience as a licensed real estate broker, or as an assessor, or as bank or institutional appraiser, or an employed person performing real property valuation: *Provided, further*, That an applicant for the licensure examination for real estate consultants must show proof that he has at least ten (10) years experience as a licensed real estate broker or at least five (5) years experience as a licensed real estate appraiser.

All applicants for examination shall be filed with the Board which shall assess and approve the said applications and issue to the qualified examinees the corresponding permit to take such examination.

SEC. 15. *Ratings in the Examination.* - In order that a candidate may be deemed to have successfully passed the examination, he must have obtained an average of at least seventy-five percent (75%) in all subjects, with no rating below fifty percent (50%) in any subject.

SEC. 16. *Release of the Results of Examination.* - The results of the licensure examination shall be released by the Board within ten (10) days from the last day of the examination.

SEC. 18. *Issuance of the Certificate of Registration/Professional License and Professional Identification Card.* - A certificate of registration/professional license shall be issued to examinees who pass the licensure examination for real estate service subject to payment of fees prescribed by the Commission. The certificate of

registration/professional license shall bear the signature of the chairperson of the Commission and the chairperson and members of the Board, stamped with the official seal of the Commission, indicating that the person named therein is entitled to practice the profession with all the benefits and privileges appurtenant thereto. This certificate of registration/professional license shall remain in full force and effect until revoked or suspended in accordance with this Act.

A professional identification card bearing the registration number, date of issuance, expiry date, duly signed by the chairperson of the Commission, shall likewise be issued to every registrant upon payment of the required fees. This professional identification card shall be renewed every three (3) years and upon satisfying the requirements of the Board, such as but not limited to attendance in the Continuing Professional Education (CPE) program.

SEC. 18. *Refusal to Register.* – The Board shall not register and issue a certificate of registration/professional license to any successful examinee who has been convicted by a court of competent jurisdiction of any criminal offense involving moral turpitude or has been found guilty of immoral or dishonorable conduct after investigation by the Board, or has been declared to be of unsound mind. The reason for the refusal shall be set forth in writing.

SEC. 19. *Revocation or Suspension of the Certificate of Registration/Professional License and Professional Identification Card.* – The Board may, after giving proper notice and hearing to the party concerned, revoke the certificate of registration/professional license and professional identification card of a real estate service practitioner or suspend him/her from the practice of the profession for any unprofessional or unethical conduct, malpractice, or violation of any of the provisions of this Act, its implementing rules and regulations, and the code of ethics for real estate service practitioners.

SEC. 20. *Registration Without Examination.* – Upon application and payment of the required fees, those who, on the date of the effectivity of this Act, are already licensed as real estate broker, real estate appraiser, or real estate consultant by the Bureau of Domestic Trade by virtue of Ministry Order No. 39, as amended, shall be registered and issued by the Board and the Commission a certificate of registration/professional license and professional identification card without taking the prescribed examinations: *Provided*, That they shall file their application within two (2) years from the effectivity of

this Act: *Provided further*, That the renewal of the professional identification card is subject to the provisions of Section 17 hereof.

SEC. 21. *Reinstatement, Reissuance or Replacement of Certificate of Registration/Professional License and Professional Identification Card.* – The Board may, upon application and for reasons deemed proper and sufficient, reinstate any revoked certificate of registration/professional license and reissue a suspended professional identification card, and in so doing it may, in its discretion, exempt the applicant from taking another examination.

A new certificate of registration/professional license or professional identification card may be issued to replace lost, destroyed or mutilated ones subject to rules as may be promulgated by the Board.

SEC. 22. *Roster of Real Estate Service Practitioners.* – The Board shall prepare, update and maintain a roster of real estate service practitioners which shall contain the names of all registered real estate service practitioners, their residence and office addresses, dates of registration or issuance of certificates, and other data which the Board may deem pertinent.

The roster shall be open to the public, copies of which shall be sent to each real estate service practitioner listed therein.

SEC. 23. *Issuance of Special or Temporary Permit.* – Upon application and payment of the required fees, and subject to the approval of the Commission, the Board may issue special or temporary permit to real estate service practitioners for the purpose of promoting or enhancing the practice of the profession in the Philippines.

SEC. 24. *Foreign Reciprocity.* – No foreign real estate service practitioner shall be admitted to the licensure examination or be given a certificate of registration/professional license or professional identification card or be entitled to any of the privileges under this Act unless the country of which he/she is a citizen specifically allows Filipino real estate service practitioners to practice within its territorial limits on the same basis as the citizens of such foreign country.

ARTICLE IV

PRACTICE OF REAL ESTATE SERVICE

SEC. 25. *Oath.* - All successful examinees qualified for registration and all qualified applicants for registration without examination as well as licensed salespersons shall be required to take an oath of profession before any member of the Board or any

government official authorized by the Commission to administer oaths prior to entering into the practice of real estate service in the Philippines.

SEC. 26. *Acts Constituting the Practice of Real Estate Service.* - Any single act or transaction embraced within the provisions of Section 3 hereof shall constitute an act of engaging in the practice of real estate service.

SEC. 27. *Exemptions from the Acts Constituting the Practice of Real Estate Service.* - The provisions of this Act and its rules and regulations shall not apply to the following:

- (a) Any person, natural or juridical, who shall directly perform by himself the acts mentioned in Section 3 hereof with reference to his or its own property;
- (b) Any receiver, trustee or assignee in bankruptcy or insolvency proceedings;
- (c) Any person acting pursuant to the order of any court of justice;
- (d) Public officers while performing their official duties; and
- (e) Any person who is duly constituted attorney in fact for purposes of sale, mortgage, lease or exchange or other similar contracts of real estate.

SEC. 28. *Prohibition Against the Unauthorized Practice of Real Estate Service.* - No person shall practice or offer to practice real estate service in the Philippines or offer himself/herself as real estate service practitioner, or use the title, word, letter, figure, or any sign tending to convey the impression that one is a real estate service practitioner, or advertise or indicate in any manner whatsoever that one is qualified to practice the profession unless he/she has satisfactorily passed the licensure examination given by the Board, except as otherwise provided in this Act, and is a holder of a valid certificate of registration/professional license and professional identification card or a valid special/temporary permit duly issued to him/her by the Board and the Commission.

SEC. 29. *Custody and Supervision of Real Estate Salespersons.* - A real estate salesperson shall be under the custody and direct supervision of a real estate broker. As such, he/she cannot by himself/herself be a signatory to a written agreement involving a real estate transaction unless the real estate broker who has custody and direct supervision over him/her is also a signatory thereto. No real estate salesperson can negotiate, mediate or transact any real estate transaction for and in behalf of a real estate broker without first securing an authorized permit as real estate salesperson for the real estate broker and/or company he is working for as prescribed by the Board. A real estate broker shall be guilty of violating this Act for employing or utilizing the services of a real

estate salesperson who has not secured the required professional license prior to such employment.

SEC. 30. *Corporate Practice of the Real Estate Service.* -

(a) No partnership or corporation shall engage in real estate service practice unless it is duly licensed by the Board and registered with the Securities and Exchange Commission (SEC), and the persons authorized to act for the partnership or corporation are all duly licensed as brokers, appraisers or consultants, as the case may be. The partnership or corporation shall regularly submit a list of its real estate service practitioners to the Commission and to the SEC as part of its annual reportorial requirements.

(b) Divisions or departments of corporations and partnerships engaged in marketing or selling any real estate development project in the regular course of business must be a full-time licensed real estate broker.

In case of resignation or termination from employment of a real estate service practitioner, the same shall be reported by the employer to the Board within a period not to exceed fifteen (15) days from the date of effectivity of the resignation or termination,

Subject to the provisions of the Labor Code, a corporation or partnership may hire the services of licensed real estate brokers, appraisers or consultants on commission basis to perform real estate services and the latter shall be deemed independent contractors and not employees of such corporation or partnership.

SEC. 31. *Display of License in the Place of Business.* - Every licensed real estate service practitioner shall establish and maintain a principal place of business and such other branch offices as may be necessary and shall conspicuously display therein the original and/or certified true copies of his/her certificate of registration/professional license as well as the licenses of all real estate service practitioners employed in such office.

SEC. 32. *Accreditation and Integration of Real Estate Service Practitioners.* - All real estate service practitioners shall be integrated into one national organization, which shall be recognized by the Board as the one and only accredited and integrated professional organization of real estate service practitioners. A real estate service practitioner duly registered with the Board shall automatically become a member of the accredited and integrated professional organization of real estate service practitioners and shall receive the benefits and privileges appurtenant thereto. Membership in the

accredited and integrated professional organization of real estate service practitioners shall not be a bar to membership in other associations of real estate service practitioners.

SEC. 33. *Code of Ethics for Real Estate Service Practitioners.* – The Board shall adopt and promulgate the Code of Ethics for Real Estate Service Practitioners which shall be prescribed and issued by the accredited and integrated professional organization of real estate service practitioners.

SEC. 34. *Continuing Professional Education (CPE) Program.* – The CPE guidelines shall be prescribed and promulgated by the Board upon consultation with the accredited and integrated professional organization of real estate service practitioners, and other concerned sectors, and in accordance with such policies as may have been prescribed in coordination with the CHED. The Board shall create a CPE Council that shall be composed of policies as may have been prescribed in coordination with the CHED. The Board shall create a CPE Council that shall be composed of a chairperson coming from the Board, a member from the accredited and integrated professional organization of real estate service practitioners and a member from the academe.

ARTICLE V

PENAL AND FINAL PROVISIONS

SEC. 35. *Penal Provisions.* - Any violation of this Act, including violations of implementing rules and regulations, shall be meted the penalty of a fine of not less than One hundred thousand pesos (P100,000.00), or imprisonment of not less than two (2) years, or both such fine and imprisonment upon the discretion of the court. In case the violation is committed by unlicensed realty service practitioners, the penalty shall be double the aforesaid fine and imprisonment.

In case the violation is committed by a partnership, corporation, association or any other juridical person, the partner, president, director or manager who has committed or consented to or knowingly tolerated such violation shall be held directly liable and responsible for the acts as principal or as a or as a co-principal with the other participants, if any.

In case the offender is a government official or employee, he/she shall, in addition to the above penalties, be deemed automatically dismissed from office and permanently disqualified from holding any elective or appointive position.

SEC. 36. *Appropriations.* – The chairperson of the Professional Regulation Commission (PRC) shall immediately include in the Commission's programs the

implementation of this Act, the funding of which shall be included in the annual General Appropriations Act and thereafter.

SEC. 37. *Transitory Provision.* – Within ninety (90) days after the effectivity of this Act, the Department of Trade and Industry (DTI) shall transfer all pertinent records, documents and other materials to the Professional Regulatory Board of Real Estate Service.

SEC. 38. *Implementing Rules and Regulations.* – Within ninety (90) days after the effectivity of this Act, the Commission, together with the Board, the accredited and integrated professional association of real estate service practitioners, and the CHED shall prepare the necessary rules and regulations, including the code of ethics for real estate service practitioners, needed to implement the provisions of this Act.

SEC. 39. *Separability Clause.* – If any clause, sentence, paragraph or part of this Act shall be declared unconstitutional or invalid, such judgment shall not affect, invalidate or impair any other part of this Act.

SEC. 40. *Repealing Clause.* – All laws, decrees, executive orders, memorandum orders, and other administrative issuances and parts thereof which are inconsistent with the provisions of this Act are hereby modified, superseded or repealed accordingly.

SEC. 41. *Effectivity.* - This Act shall take effect fifteen (15) days following its publication in the *Official Gazette* or in a major daily newspaper of general circulation in the Philippines.

Approved,