

SIXTEENTH CONGRESS
OF THE REPUBLIC OF THE PHILIPPINES
First Regular Session

HOUSE OF REPRESENTATIVES

House Bill No. 395



Introduced by Representative Susan A. Yap

EXPLANATORY NOTE

It is the policy of the State to undertake, in cooperation with the private sector, a comprehensive and continuing urban development. Subdivision and condominium projects continued to thrive over the last decade brought about by lower interest rates and increased remittances from OFWs. This prompted many of our *kababayans* to buy houses and condominium units, which correspondingly increased queries and complaints against property developers.

Due to the obsolete penalties for violations of Presidential Decree No. 957, or The Subdivision and Condominium Buyer's Protective Degree of 1976, many land and condominium developers contravene the decree knowing fully well that payment for the defiance of the law is so small.

This bill seeks to amend PD 957 to make it more responsive and attuned to the needs of the present times. The bill seeks to increase the penalties for violators from P10,000 to P50,000 for each violation of any of its provisions.

Failure to complete the development of the project within the prescribed period and failure to deliver the title to the paid owner shall be required to fine P500,000 instead of P20,000, and/or four-year imprisonment for a first-time offender. The penalties of a P700,000-fine and/or seven-year imprisonment shall be meted out to second-time offenders for violations such as failure to refund the purchase price or the installment payment made in the event of desistance by the buyer to further pay due to the inability to complete the development of the project according to the approved plans and within the prescribed period.

For the third-time offender, the cancellation of business permits/licenses and imprisonment of not more than ten years at the discretion of the court shall be slapped, aside from paying P1 million or 100% of the total purchase price of the property, including all the charges imposed by the developer whichever is higher. Furthermore, an additional fine of not less than P500,000 will be charged for every real estate or condominium unit sold by reason of advertisements.

Amending the penalties provided under PD 957 shall serve as a deterrent to the habitual and deliberate violation by some unscrupulous developers and ensure further protection to the buyers of subdivision lots and condominium units. The measure gives emphasis particularly on certain heavy violations such as failure to finish a project on schedule.

A handwritten signature in black ink, appearing to read "Susan A. Yap".

SUSAN A. YAP

Representative, 2nd District of Tarlac

HOUSE OF REPRESENTATIVES

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House Bill No. 395

Introduced by Representative Susan A. Yap

AN ACT
TO INSTITUTE REFORMS IN THE SUBDIVISION AND CONDOMINIUM
BUYERS' PROTECTIVE DECREE

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

SEC. 1. *Short Title.* – This Act shall be known as “The Subdivision and Condominium Buyers’ Protective Decree Amendments of 2013”.

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

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

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

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

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

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

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

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

“SEC. 5. *License to Sell.* – **A CERTIFICATE OF REGISTRATION DOES NOT AUTHORIZE [S]**Such owner or dealer [to whom has been issued a registration certificate shall not, however, be authorized] to sell any

1 subdivision lot or condominium unit in the registered project [unless] UNTIL
2 he shall have first obtained a license to sell the project within two weeks from
3 the registration of such project.”
4

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

7 “SEC. 17. *Registration.* – All [contracts to sell,] deeds of sale [and other
8 similar instruments relative to the sale or conveyance] of [the] subdivision lots
9 and condominium units, [whether or not the] **WHOSE** purchase price is
10 **ALREADY** paid in full[,] shall be registered by the seller in the Office of the
11 Register of Deeds of the province or city where the property is situated **AT HIS**
12 **EXPENSE. IN CASES OF INSTALLMENT PAYMENTS, THE**
13 **CONTRACT TO SELL SHALL ALSO BE REGISTERED BY THE**
14 **DEVELOPER WITH THE PROPER REGISTER OF DEEDS, THE**
15 **EXPENSE FOR WHICH SHALL BE SHARED PROPORTIONATELY**
16 **BY THE SELLER AND THE BUYER: PROVIDED, HOWEVER,**
17 **THAT IN CASE OF CANCELLATION OR RESCISSION OF SAID**
18 **CONTRACT TO SELL, SUCH REGISTRATION OF CONTRACT TO**
19 **SELL SHALL BE CANCELLED BY THE PROPER REGISTER OF**
20 **DEEDS, WITHOUT NEED OF ANY COURT ORDER, UPON**
21 **EXECUTION BY THE SELLER OF AN AFFIDAVIT THAT SAID**
22 **CONTRACT TO SELL HAS BEEN CANCELLED OR RESCINDED**
23 **DUE TO DEFAULT ON THE PART OF THE BUYER, WITHOUT**
24 **PREJUDICE TO THE RIGHTS OF THE BUYER UNDER REPUBLIC**
25 **ACT NO. 6552, OTHERWISE KNOWN AS THE ‘REALTY**
26 **INSTALLMENT BUYER PROTECTION ACT’: PROVIDED,**
27 **FINALLY, THAT THE BOARD SHALL HAVE JURISDICTION OVER**
28 **DISPUTES BETWEEN THE BUYER AND THE SELLER**
29 **REGARDING THE CANCELLATION OF THE REGISTRATION OF A**
30 **CONTRACT TO SELL.”**
31

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

33 “SEC. 18. *Mortgages.* – No mortgage on any unit or lot shall be made by the owner
34 or developer without prior written approval of the [Authority] **BOARD.** Such
35 approval shall not be granted unless it is shown that the proceeds of the mortgage loan
36 shall be used for the development of the condominium or subdivision project and
37 effective measures have been provided to ensure such utilization. The loan value of
38 each lot or unit covered by the mortgage shall be determined and the buyer thereof, if
39 any, shall be notified before the release of the loan. **THE DEED OF SALE OR**
40 **CONTRACT TO SELL COVERING A LOT OR UNIT SUBJECT OF A**
41 **MORTGAGE SHALL INCLUDE A PARTIAL RELEASE CLAUSE OR A**
42 **PROVISION GUARANTEEING THE IMMEDIATE RELEASE OF THE**
43 **TITLE TO SAID LOT OR UNIT UPON FULL PAYMENT BY ITS BUYER.**
44 The buyer may[, at his option, pay his] **OPT TO PAY THE** installment for the lot or
45 unit directly to the mortgagee who shall apply the payments to the corresponding
46 mortgage indebtedness secured by the particular lot or unit being paid for, with a view
47 to enabling said buyer to obtain title over the lot or unit promptly after full payment
48 thereto.

49 **“IN CASE A COMPLAINT IS FILED FOR THE IMMEDIATE**
50 **RELEASE OF THE TITLE UPON FULL PAYMENT OF A**
51 **PROPERTY, THE MORTGAGEE MUST BE IMPEADED AS AN**
52 **INDISPENSABLE PARTY.”**
53

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

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

14 “IN THE EVENT THAT THE OWNER OR DEVELOPER FAILS TO
15 COMPLETE THE DEVELOPMENT OF THE PROJECT AFTER THE
16 PERIOD OF EIGHTEEN (18) MONTHS MANDATED ABOVE FOR ITS
17 COMPLETION FROM THE DATE OF THE ISSUANCE OF THE
18 LICENSE FOR THE SUBDIVISION OR CONDOMINIUM PROJECT,
19 AND UNLESS THE BOARD SETS ANOTHER TIME FOR
20 COMPLETION OWING TO THE CIRCUMSTANCES STATED ABOVE,
21 THE BOARD SHALL, UPON WRITTEN NOTICE TO THE DEVELOPER
22 OR THROUGH PUBLICATION WHERE THE DEVELOPER CANNOT
23 BE LOCATED, DECLARE THE PROJECT ABANDONED AND THE
24 ROADS IN THE ABANDONED PROJECT SHALL BECOME PUBLIC IN
25 CHARACTER ONE (1) YEAR FROM THE DECLARATION OF
26 ABANDONMENT OF THE PROJECT.”

27
28 (g) Section 22 of Presidential Decree No. 957 is hereby amended to read as follows:

29 “SEC. 22. *Alteration of Plans.* – No owner or developer shall change or alter the
30 roads, open spaces, infrastructures, facilities for public use and/or other form of
31 subdivision **OR CONDOMINIUM** development as contained in the approved
32 subdivision **OR CONDOMINIUM** plan and/or represented in its advertisements,
33 without the permission of the [Authority] **BOARD** and the written conformity or
34 consent of the duly organized homeowners association **OR CONDOMINIUM**
35 **CORPORATION**, or in the absence of the latter, by the majority of the [lot] buyers
36 [in the] **OF** subdivision **LOTS OR CONDOMINIUM UNITS WHO HAVE**
37 **ALREADY PAID AT LEAST FIFTY PERCENT (50%) OF THE**
38 **PURCHASE PRICE.”**

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

40 “SEC. 25. *Issuance of Title.* – The owner or developer shall deliver the title of the
41 lot or unit to the buyer upon full payment of the lot or unit[: **PROVIDED, THAT**
42 **WHERE THE OWNER OR DEVELOPER PROPERLY PROCESSED AND**
43 **SUBMITTED THE DOCUMENTS TO THE GOVERNMENT AGENCIES**
44 **CONCERNED FOR THE ISSUANCE OF TITLE AND CAN SHOW**
45 **PROOF OF THE SAME AND THE DELAY IN THE ISSUANCE OF**
46 **TITLE IS NOT THE FAULT OF SUCH OWNER OR DEVELOPER OR**
47 **WHERE THE NON-ISSUANCE IS PURSUANT TO A COURT ORDER,**
48 **THE OWNER OR DEVELOPER SHALL NOT BE HELD LIABLE FOR**
49 **SUCH DELAY OR NON-ISSUANCE OF TITLE.**

50 “No fee, except those required for the registration of the deed of sale in the
51 Registry of Deeds, shall be collected for the issuance of such title. In the event a
52 mortgage over the lot or unit is outstanding at the time of the issuance of the title to
53 the buyer, the owner or developer shall redeem the mortgage or the corresponding
54 portion thereof [within six months] **IMMEDIATELY** from such issuance in order

1 that the title over any fully paid lot or unit may be secured and delivered to the buyer
2 in accordance herewith. **IN SUCH A CASE, THE MORTGAGEE SHALL NOT**
3 **UNREASONABLY REFUSE RELEASE OF THE TITLE BASED ON THE**
4 **LOAN VALUE THEREOF."**
5

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

7 "SEC. 27. *Other Charges.* – No owner or developer shall levy upon any lot or unit
8 buyer a fee for an alleged community benefit. Fees to finance services for common
9 comfort, security and sanitation may be collected only by a properly organized
10 homeowners association **OR CONDOMINIUM CORPORATION** and only with
11 the consent of a majority of the lot or unit buyers actually residing in the subdivision
12 or condominium project."
13

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

16 "SEC. 31. *Roads, Alleys, Sidewalks and Open Spaces.* – The owner [as] **OR** developer of a
17 subdivision shall provide adequate roads, alleys and sidewalks. For subdivision projects
18 one (1) hectare or more, the owner or developer shall reserve thirty percent (30%) of
19 the gross area for open space **EXCLUSIVELY FOR ROADS, ALLEYS,**
20 **SIDEWALKS, SCHOOLS, PLACES OF WORSHIP, HOSPITALS, HEALTH**
21 **CENTERS, BARANGAY CENTERS, PARKS, PLAYGROUNDS,**
22 **RECREATIONAL USES, CLUBHOUSES AND OTHER SIMILAR**
23 **FACILITIES AND AMENITIES.** Such open space shall have the following
24 standards allocated exclusively for parks, playgrounds and recreational use:

25 "(a) 9% of gross area for high density or social housing (66 to 100 family lot per
26 gross hectare).

27 "(b) 7% of gross area for medium-density or economic housing (21 to 65 family
28 lot per gross hectare).

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

31 "These areas reserved for parks, playgrounds and recreational use shall be [non-
32 alienable public lands, and non-buildable] **EXCLUSIVELY FOR THEIR**
33 **INTENDED PURPOSES.** The plans of the subdivision project shall include tree
34 planting on such parts of the subdivision as may be designated by the [Authority]
35 **BOARD.**

36 "Upon their completion **PURSUANT TO SECTION 20 HEREOF AND** as
37 certified to by the [Authority] **BOARD,** the roads, alleys, **AND** sidewalks [and
38 playgrounds] shall, **WITH THE CONSENT OF THE HOMEOWNERS**
39 **ASSOCIATION UPON CONSULTATION,** be donated by the owner or
40 developer to the city or municipality and it shall be mandatory for the local
41 governments to accept: **PROVIDED, THAT OPEN SPACES RESERVED FOR**
42 **SCHOOLS, PLACES OF WORSHIP, HOSPITALS, HEALTH CENTERS,**
43 **AND BARANGAY CENTERS SHALL BE DONATED BY THE OWNER**
44 **OR DEVELOPER TO THE CITY OR MUNICIPALITY AND IT SHALL**
45 **LIKEWISE BE MANDATORY FOR THE LOCAL GOVERNMENTS TO**
46 **ACCEPT:** *Provided, however,* That the **OPEN SPACES RESERVED**
47 **EXCLUSIVELY FOR** parks, [and] playgrounds, [may] **RECREATIONAL USES,**
48 **CLUBHOUSES, AND OTHER SIMILAR FACILITIES AND AMENITIES**
49 **SHALL** be donated to the Homeowners Association of the project with the consent
50 of the city or municipality concerned. **UPON ACCEPTANCE OF THE**
51 **DONATION BY THE CITY OR MUNICIPALITY OR THE**
52 **HOMEOWNERS ASSOCIATION CONCERNED, [N]No** portion of the
53 [parks and playgrounds] **AREA** donated thereafter shall be converted to any other
54 purpose or purposes: **PROVIDED, FURTHER, THAT ROADS IN**

1 SUBDIVISIONS WHICH HAVE BECOME PUBLIC IN CHARACTER
2 ONE (1) YEAR AFTER THE DECLARATION OF ABANDONMENT BY
3 THE BOARD OF THE SUBDIVISION PROJECT WHERE THEY ARE
4 LOCATED SHALL *IPSO FACTO* BECOME THE PROPERTY OF THE
5 LOCAL GOVERNMENT UNIT THAT HAS JURISDICTION OVER THE
6 SAID ROADS.”
7

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

9 “SEC. 38. *Administrative Fines.* – The [Authority] **BOARD** may prescribe and
10 impose A fine[s] not exceeding [ten] **FIFTY** thousand pesos (**P50,000.00**) for
11 **EACH** violation[s] **OF ANY** of the provisions of this Decree or of any rule or
12 regulation thereunder. Fines shall be payable to the [Authority] **BOARD** and
13 enforceable through writs of execution in accordance with the provisions of the Rules
14 of Court.”
15

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

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

30 “(A) **ON THE FIRST OFFENSE, A FINE OF NOT MORE THAN**
31 **FIVE HUNDRED THOUSAND PESOS (P500,000.00) OR FIFTY PERCENT**
32 **(50%) OF THE TOTAL PURCHASE PRICE OF THE PROPERTY AS**
33 **STATED IN THE CONTRACT TO SELL OR DEED OF SALE,**
34 **INCLUDING ALL THE CHARGES IMPOSED BY THE DEVELOPER**
35 **WHICHEVER IS HIGHER AND/OR IMPRISONMENT OF NOT MORE**
36 **THAN FOUR (4) YEARS, AT THE DISCRETION OF THE COURT;**

37 “(B) **ON THE SECOND OFFENSE, A FINE OF NOT MORE THAN**
38 **SEVEN HUNDRED FIFTY THOUSAND PESOS (P750,000.00) OR**
39 **SEVENTY-FIVE PERCENT (75%) OF THE TOTAL PURCHASE PRICE**
40 **OF THE PROPERTY AS STATED IN THE CONTRACT TO SELL OR**
41 **DEED OF SALE, INCLUDING ALL THE CHARGES IMPOSED BY THE**
42 **DEVELOPER WHICHEVER IS HIGHER AND/OR IMPRISONMENT OF**
43 **NOT MORE THAN SEVEN (7) YEARS, AT THE DISCRETION OF THE**
44 **COURT; AND**

45 “(C) **ON THE THIRD OFFENSE, IN ADDITION TO A FINE OF**
46 **NOT MORE THAN ONE MILLION PESOS (P1,000,000.00) OR ONE**
47 **HUNDRED PERCENT (100%) OF THE TOTAL PURCHASE PRICE OF**
48 **THE PROPERTY AS STATED IN THE CONTRACT TO SELL OR DEED**
49 **OF SALE, INCLUDING ALL THE CHARGES IMPOSED BY THE**
50 **DEVELOPER WHICHEVER IS HIGHER AND/OR IMPRISONMENT OF**
51 **NOT MORE THAN TEN (10) YEARS, AT THE DISCRETION OF THE**
52 **COURT, THE BUSINESS PERMITS AND LICENSES, IN THE CASE OF**
53 **A BUSINESS ENTITY OR ESTABLISHMENT, SHALL BE REVOKED OR**
54 **CANCELLED.**

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

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

10
11 SEC. 4. *Repealing Clause.* – All laws, decrees, executive orders, proclamations, rules and
12 regulations and other issuances, or part or parts thereof which are inconsistent with the
13 provisions of this Act are hereby repealed or modified accordingly.

14
15 SEC. 5. *Separability Clause.* – If, for any reason, any provision of this Act is declared invalid
16 or unconstitutional, the remaining provisions not affected thereby shall continue to be in force
17 and effect.

18
19 SEC. 6. *Effectivity Clause.* – This Act shall take effect fifteen (15) days after the completion
20 of its publication in the *Official Gazette* or in at least two (2) newspapers of general circulation.
21

Approved,