

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SIXTEENTH CONGRESS
Third Regular Session

House Bill No. **5964**



Introduced by HONORABLE SCOTT DAVIES S. LANETE, M.D.

EXPLANATORY NOTE

It is a dream for every Filipino family to have a decent place to live in. With several real estate companies offering luxury residential developments down to affordable housing projects, this dream is no longer far from reality.

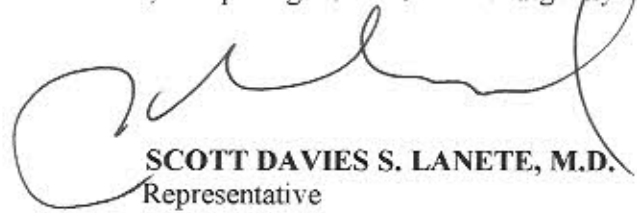
Likewise, many families in the urban areas today are choosing the "condo life". This is mainly because a condominium is like a hybrid between an apartment and a house, it affords adequate security to tenants/owners, and more importantly, it costs significantly less than a house. Thus, condominium living is fast becoming a new way of life for modern Filipino families.

However, buying a real estate or a condominium is not always as convenient as it seems. News about fraud, abuses and exploitations by real estate and condominium developers and their agents are not new. Almost everyday, we hear news of Filipino families who dream of owning a real estate or a condominium unit end up not being able to make their dream a reality because they have become victims of fraud, abuses and exploitations of sellers and/or developers. The usual practice of developers is to require a prospective buyer to pay a certain amount as a "reservation fee." Thereafter, they require such prospective buyer to submit numerous documents and subject them to various background checks. Failure of a prospective buyer to submit these requirements and/or pass the background check automatically leads to forfeiture of the reservation fee. In the end, once a prospective buyer fails to abide by the process, they lose their hard-earned money through no fault of their own.

In addition, news abound that a number of developers have been constructing real estate and condominium projects right above or near fault lines and they have been concealing this fact from prospective buyers as a business strategy. This has placed a lot of real estate and condominium owners/tenants at risk of losing their lives to potentially disastrous earthquakes; same goes when living within a flood-prone and/or calamity-prone area. Thus, a lot of owners/tenants are left at a quandary as to how they will resolve the problem.

Considering that it is a policy of the State to undertake, in cooperation with the private sector, a comprehensive and continuing urban development, existing laws must be amended to provide additional protection to buyers and owners of real estate and condominium units.

The amendment of the present law will serve as a deterrent to the deliberate violation of the law by some unscrupulous owners and/or developers and ensure further the protection of buyers of real estate and condominium units. Hence, the passage of this bill is urgently sought.



SCOTT DAVIES S. LANETE, M.D.
Representative
Third District, Province of Masbate

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SIXTEENTH CONGRESS
Third Regular Session

House Bill No. **5964**

Introduced by HONORABLE SCOTT DAVIES S. LANETE, M.D.

**AN ACT MANDATING THE FULL DISCLOSURE OF RELEVANT FACTS AND
ALL REQUIREMENTS BY THE OWNERS AND/OR DEVELOPERS OF REAL
ESTATE AND CONDOMINIUM PROJECTS TO THE BUYERS, AMENDING FOR
THE PURPOSE PD 957 AND FOR OTHER PURPOSES**

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

Section 1. Short Title. This Act shall be known as "The Real Estate and Condominium Buyers' Protective Decree of 2015."

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 reforms must be made in the present law to add more protection to the buyers of real estate and condominium units.

Sec. 3. *Full Disclosure of All Documentary Requirements.* It shall be mandatory for the owners and/or developers to provide a list, which shall specify all documents, required from the buyer.

The list of documentary requirements shall be acknowledged by the buyer by affixing his/her signature.

Within thirty (30) days from the signing, the buyer must submit all the documentary requirements to the developer. Failure to submit all the required documents shall cause the forfeiture of the offer to buy the real estate or condominium unit.

No deposit/reservation fee/down payment or whatever fee of similar nature shall be paid by the buyer until all the documentary requirements are processed and accepted by the developer as valid and complete.

Sec 4. *Copy of by-laws and Master Deed.* It shall be mandatory for the owners and/or developers to provide the buyer with information, certified by the concerned governmental agency, about the location of nearby fault lines and their exact distance from the real estate or condominium project, as well as whether said real estate or condominium is situated in a flood and/or calamity-prone area.

Sec. 5. Copy/ies of the Architectural and/or Engineering Plans. It shall be mandatory for the owners and/or developers to provide the buyer copies of the architectural and/or engineering plans of the real estate or condominium project. Should a hard copy not be feasible, the owners and/or developers shall direct the buyer to their website where such plans are posted.

Sec. 6. Penalties. Any owner and/or developer of real estate and condominium projects who neglect or fail to abide by the provisions of this Act shall be punished with a fine of not less than Five Hundred Thousand Pesos (Php500,000.00) but not more than One Million Pesos (Php1,000,000.00), without prejudice to the filing of appropriate administrative, criminal or civil charges against them.

Sec 7. Implementing Rules and Regulations. The Housing and Land Use Regulatory Board shall have the power to promulgate the implementing rules and regulations as may be necessary to fully implement the objectives and purposes of this Act within one (1) year from the approval hereof.

Sec. 8. Separability Clause. – If any part or provision of this Act shall be held unconstitutional or invalid, other provisions, which are not affected thereby, shall continue to be in full force and effect.

Sec. 9. Repealing Clause. – All laws, issuances or parts thereof inconsistent with this Act are hereby repealed or modified accordingly.

Sec. 10. Effectivity. – This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in at least two (2) newspapers of general circulation.

Approved.