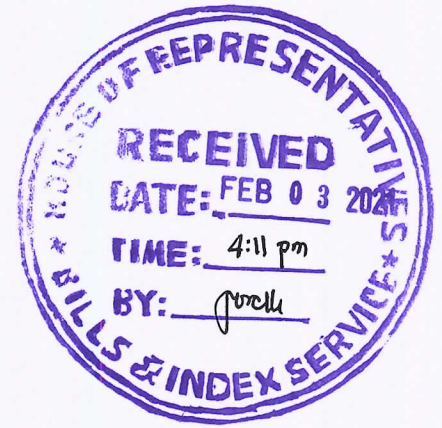


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Batasan Hills, Quezon City

EIGHTEENTH CONGRESS
Second Regular Session

House Bill No. 8618



Introduced by HON. LORD ALLAN JAY Q. VELASCO, HON. FERDINAND MARTIN G. ROMUALDEZ, HON. RODANTE D. MARCOLETA, HON. RODOLFO "OMPONG" M. ORDANES, and HON. MICHAEL L. ROMERO

EXPLANATORY NOTE

It has been observed by the general public, and in particular our senior citizens, that transactions involving titles to real properties at the Registry of Deeds offices are slow despite the shift from the antiquated manual mode to electronic system of registration.

Ten (10) years have elapsed since Land Registration Authority (LRA) adopted the computerized system of land title and deeds registration, but the perceived benefits to be derived from the shift have yet to be felt by the transacting public, especially our senior citizens, to the chagrin and consternation of the stakeholders in the property development, banking, and related industries.

While LRA is ready to acknowledge that there is indeed an urgent need for the 164 registry offices under its direct control and supervision to improve the delivery of their mandated services to the transacting public, existing land registration laws and related statutes have virtually shackled said registry offices from addressing with dispatch the usual complaints regarding the slow processing of transactions. This legal obstacle coupled by the failure of more than a majority of the transacting public to comply with the requirements of existing laws that govern the registration of their transaction contribute greatly to the snail paced processing of transactions.

Of course, LRA is not placing entirely the blame on antiquated land registration laws and the failure of the transacting public to satisfy the legal requirements before their transactions could be registered as the root causes of the problem. On the contrary, LRA is very much sensitive to the issues of incompetence and, worse, corruption, among its ranks. However, unlike the first two identified causes (the first entails legislative action while the second requires an enlightened or knowledgeable transacting public), the issue of incompetence can be easily addressed by constant monitoring of personnel performance in addition to the continuing process of hiring the most qualified applicants to vacant positions in the agency. The matter on corruption, on the other hand, can be controlled, if not totally eradicated, by the no nonsense stand of the present administration on the issue. In this regard, LRA needs the cooperation of the complainants to identify the alleged corrupt officers and employees as well as the details of their purported corrupt activities to enable the agency to initiate thorough investigations on the complaints and mete out the necessary administrative penalties as well as recommendation for criminal actions by the proper authorities.

Thus, while our penal laws and the civil service law are more than adequate to address issues relative to criminal acts and omissions done in public office, our present land registration laws (the first, Act 496, having been enacted more a century ago while the second, PD 1529, promulgated more than forty years ago) have been rendered inadequate to meet the challenges of the new millennium.

In its desire to meet the expectations of the registering public for a speedier and efficient registration of their transactions at the different registry of deeds offices, LRA embarked more than a decade ago on its most ambitious project to date – digitize the titles and related records in the custody of its various registry offices all over the country and computerize the registration of transactions thereat.

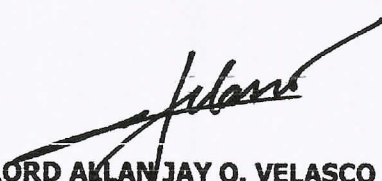
Indeed, millions upon millions of titles all over the country were scanned and uploaded into the database maintained by LRA. However, due to lack of any legal basis, these scanned images proved to be of little value whenever the hard copies of titles go missing or difficult to locate at the registry title rooms. They cannot be used as substitutes for the missing hard copies for Sections 54 and 57 of PD 1529 require precisely the retrieval of said hard copies from the title rooms so that the proper annotations may likewise be registered thereon. At the most, these scanned images could only serve as evidence in the corresponding petitions for reconstitution of lost titles, legal actions that have to be initiated by the registered owners who have nothing to do with the custody, safekeeping and eventual loss of the registry copies of their titles (*Register of Deeds of Malabon v. Court of Appeals*).

The necessity of a prior court order before any clerical errors entered on certificates of title could be corrected constitutes another cause of delay in the registration of transactions involving real properties in the various registry offices in the country. The efficiency of the computerized system now in place to backtrack the images of past titles from which a present title with erroneous entries emanated at the flick of the finger, a system that is tamper proof at that, is lying idly by and cannot be legally used to hasten the necessary corrections just because of the cumbersome procedure laid down in Sec. 110 of Act 496 and Sec. 108 of PD 1529. There is an urgent need to amend the law on this aspect since every correction made by Registers of Deeds sans the required prior court authorization constitutes criminal and administrative infractions that carry very severe penalties (*Ampil v. Hon. Office of the Ombudsman*).

Finally, the malevolent manner by which unscrupulous persons abuse the office of the Adverse Claim has brought untold miseries upon many a registered owner not to mention the length of time the commercial value of a particular property diminishes so long as the adverse claim remains annotated on said title. The rise of this pernicious practice escalated since the promulgation of the case of *Sajonas v. Court of Appeals*. Persons with no valid claims whose only intent is to harass, or worse extort money from the landowners, register these adverse claims, oftentimes without any intention at all of proving the legality and validity thereof in the courts of law.

Hence, it is imperative to attune our present land registration laws with the changing times by amending Sections 110 (previously amended by RA 6732), 108, and 70 of PD 1529 and related laws, as proposed in this bill.

Immediate consideration and approval of this bill is most earnestly sought.



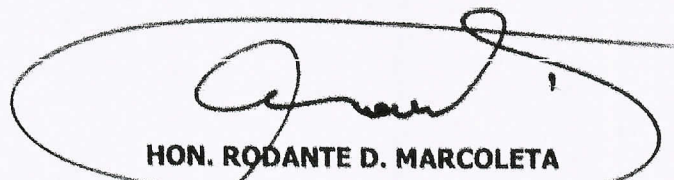
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AN ACT
TO AMEND REPUBLIC ACT NO. 6732, REPUBLIC ACT NO. 26 AND PRESIDENTIAL DECREE NO. 1529, IN RELATION TO REGISTRATION OF PROPERTY AND FOR OTHER PURPOSE

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

SECTION 1. Section 1 of R. A. No. 6732, which amends Section 110 of Presidential Decree 1529 is hereby further amended to read as follows:

"Section 110. Reconstitution of Lost or Destroyed Original of Torrens Title. – Original copies of certificates of titles lost or destroyed in the offices of Register of Deeds as well as liens and encumbrances affecting the lands covered by such titles shall be reconstituted judicially in accordance with the procedure prescribed in Republic Act No. 26 insofar as not inconsistent with this Decree. The procedure relative to administrative reconstitution of lost or destroyed certificates prescribed in said Act maybe availed of in case of substantial loss or destruction of land titles due to fire, flood or other force majeure as determined by the Administrator of the Land Registration Authority: Provided, that the number of certificates of titles lost or damaged should be at least ten percent (10%) of the total number in the possession of the Office of the Register of Deeds; Provided, further, that in no case shall the number of certificates of titles lost or damaged be less than five hundred (500). ***The same mode of administrative reconstitution of lost or***

destroyed titles may likewise be availed of whenever a transaction affecting a manually issued title is entered for registration at the Office of the Register of Deeds and the registry copy of said manually issued title cannot be located from the registry file after the lapse of five (5) days from the date of entry, provided that the image of the said missing title had been previously scanned and uploaded in the database of the Land Registration Authority (LRA). The LRA shall act on the request for administrative reconstitution within five (5) days from receipt of a formal request from the registry office concerned and issue an Order directing the Register of Deeds concerned to administratively reconstitute the missing manually issued title subject to the provisions of Section 7 of R.A. No. 26, following its determination that the said manually issued title had been duly scanned and its image uploaded in its database. Lost or damaged government copies of manually issued titles whose images in LRA database have been updated thru the Agency's project known as 'Transaction Ready Program' (TRP) shall no longer carry the lien mentioned in Sec. 7 of RA 26."

SECTION 2. Section 9 of R.A. No. 26 is hereby amended to read as follows:

"Section 9. A registered owner desiring to have his administratively reconstituted certificate of title freed from the encumbrance mentioned in Section Seven of this Act, may file a verified request to that end with the Office of the Registry of Deeds that has jurisdiction over the property covered by said title by showing that the two (2) year period for the effectivity of the said encumbrance has already expired without any person having filed any petition for the re-annotation of any alleged right or interest that purportedly had been previously registered on the registry copy of the missing manually issued title that was administratively reconstituted. The registry office concerned shall forthwith file a formal request with the LRA which shall order the cancellation of the said encumbrance upon verification from its system that the image of the administratively reconstituted title does not reflect the existence of any Petition for re-annotation of alleged previously registered right or interest with the proper court within two (2) years from the issuance of the administratively reconstituted title."

SECTION 3. Section 70 of P.D. No. 1529 is hereby amended to read as follows:

"Sec. 70. Adverse claim. – Whoever claims any part or interest in registered land adverse to the registered owner, arising subsequent to the date of the original registration, may, if no other provision is made in this Decree for registering the same, make a statement in writing setting forth fully his alleged right or interest, and how or under whom acquired, a reference to the number of

the certificate of title of the registered owner, the name of the registered owner, and a description of the land in which the right or interest is claimed.

The statement shall be signed and sworn to, and shall state the adverse claimant's residence, and a place at which all notices may be served upon him. This statement shall be entitled to registration as an adverse claim on the certificate of title. ***The adverse claim shall be effective for a period of sixty (60) days from the registration thereof. Before the lapse of AFORESAID SIXTY DAY PERIOD, THE ADVERSE CLAIMANT MAY WITHDRAW HIS ADVERSE CLAIM BY FILING WITH THE REGISTER OF DEEDS A SWORN STATEMENT TO THAT EFFECT OR IN THE EVENT HE WANTS TO PURSUE HIS CLAIM, TO FILE THE PROPER PETITION IN THE REGIONAL TRIAL COURT*** where the land is situated ***for JUDICIAL DETERMINATION OF THE VALIDITY OF HIS CLAIM OR INTEREST IN THE SUBJECT LAND. THE SUBSEQUENT REGISTRATION BY THE ADVERSE CLAIMANT-PETITIONER OF A NOTICE OF LIS PENDENS SHALL AUTOMATICALLY RESULT IN THE CANCELLATION BY THE REGISTRY OF DEEDS CONCERNED OF THE ADVERSE CLAIM THAT WAS PREVIOUSLY ANNOTATED ON THE CERTIFICATE OF TITLE WITHOUT THE NECESSITY OF FURTHER COURT APPROVAL.***

After the lapse of the said ***SIXTY DAY PERIOD AND NO PETITION WAS FILED IN COURT OR THE FILING OF SAID PETITION DID NOT RESULT IN THE REGISTRATION OF THE CORRESPONDING NOTICE OF LIS PENDENS***, the adverse claim that was previously annotated on the title becomes functus officio. Thereupon, the same shall be cancelled upon filing of a verified petition therefor by the ***REGISTERED OWNER OR ANY PERSON CLAIMING INTEREST THAT MAY HAVE EMANATED FROM SAID REGISTERED OWNER WITH THE OFFICE OF THE REGISTRY OF DEEDS CONCERNED*** ***WITHOUT THE NECESSITY OF A COURT ORDER.*** ***AFTER THE AFORESAID CANCELLATION***, no second adverse claim based on the same ground shall be registered by the same claimant, ***UNLESS THE FAILURE TO FILE THE PETITION IS CAUSED BY A FORTUITOUS EVENT OR DUE TO FAULT OF THE REGISTERED OWNER."***

SECTION 4. Section 108 of P.D. No. 1529 is hereby amended to read as follows:

"Section 108. Amendment and alteration of certificates. – No erasure, alteration, or amendment shall be made upon the registration book after the entry of a certificate of title or a memorandum thereon and the attestation of the same by the Register of Deeds, except by order of the proper **Regional Trial Court**. ***However, omissions or errors incurred in entering a certificate or memorandum thereon maybe corrected administratively which maybe initiated upon verified request either from the concerned Register of Deeds himself,***

the registered owner or any interested party which may include a mortgagee or a prospective buyer in a duly executed Contract to Sell or Deed of Conditional Sale provided that there has been prior surrender of the owner's duplicate certificate pursuant to Section 53 of P.D. No. 1529.

The administrative method of correcting omissions or errors in the entry of a certificate or a memorandum thereon shall be known as Request for Systems Update (RSU) and shall be subject to the usual requirements of entry and payment of fees under Section 56 of P.D. No. 1529. The Register of Deeds concerned shall send by e-mail the RSU and all pertinent documents to the LRA within five (5) days from the entry thereof. The LRA shall issue an Order authorizing the correction following its determination that the evidence presented warrants such correction or amendment.

No new certificate shall be issued but a memorandum of the Order from the LRA authorizing the correction or amendment shall be annotated on the certificate of title.

A registered owner or other person having an interest in registered property, may file a petition for correction, amendment or alteration of a certificate upon the ground that the registered interests of any description have terminated and ceased; or that new interest not appearing upon the certificate have arisen or been created; or that the name of any person on the certificate of title has been changed; or that the registered owner has married, or, if registered as married, that the marriage has been terminated, and no right or interest of heirs or creditors will thereby be affected; or that a corporation which owned registered land has been dissolved and has not conveyed the same within three years after its dissolution; or upon any other reasonable ground; and the court may hear and determine the petition, and may order the entry or cancellation of a new certificate, the entry or cancellation of a memorandum upon a certificate, or grant any other relief upon such terms and conditions as it may consider proper; Provided, however, that this section shall not be construed to give the court authority to reopen the judgment or decree of registration, and nothing shall be ordered by the court which shall impair the title or interest of a purchaser holding a certificate for value and in good faith, without his consent. Where the owner's duplicate certificate is not presented, a similar petition may be filed as provided in Section 107 of P.D. No. 1529."

SECTION 5. Definition of Terms:

1. TRP – "Title Ready Program" refers to the project of the LRA designed to update the images of all manually issued titles currently stored in its database. Its purpose is to reflect the

current status of the subject titles by reflecting manually registered rights and interests on the same that were not previously uploaded in the system; and

2. RSU – “Return for Systems Update” refers to the mode of correcting erroneous entries incurred in the processing, approval and issuance of certificates of title or memorandum thereon without prior court approval. It also embraces the administrative act of supplying missing entries which were omitted in the processing, approval and issuance of certificates of title or memorandum thereon.

SECTION 6. Repealing Clause. – All laws, decrees, executive orders, issuances or regulations inconsistent with the provisions of this Act hereby revised or amended accordingly.

SECTION 7. Separability Clause - If any part of this Act is declared unconstitutional or invalid such parts or provisions thereof not so declared shall remain valid and subsisting.

SECTION 8. Effectivity Clause - This Act shall take effect fifteen (15) days after its publication in at least two (2) Newspapers of general circulation.

Approved,