

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. **5869**



Introduced by **REP. NATHANIEL “Atty. Nat” M. ODUCCADO**

EXPLANATORY NOTE

Condominium living has been a preferred mode of housing as it offers numerous benefits such as low maintenance as there is no need to worry about roof repairs and the like, numerous amenities like pools, gyms & rooftop terraces, affordability compared to detached homes and because they are built in central urban areas near transportation hubs—location and accessibility.

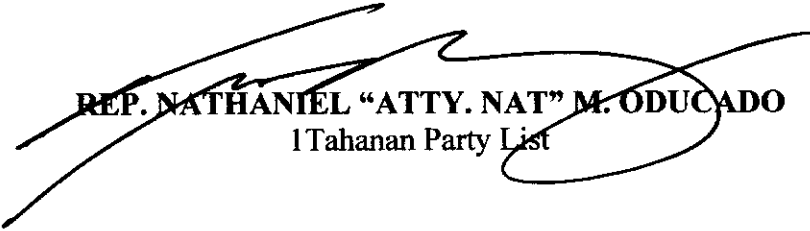
However, there are downsides to condo living. The most common problems of late include strict rules imposed by Home Owners’ Association on noise levels, pets, renovation or paint colors, noise and privacy, limited control over property and high and unpredictable monthly homeowners’ association fees. Said fees based on the area or size of the unit may even increase annually or sporadically if there are unexpected repairs or upgrades. Concerns have similarly been raised regarding financial transparency, long-term maintenance, and the risks posed by poorly managed and dilapidated buildings.

A recent scholarship study entitled “Assessment of Risk Factors in Condominium Buildings Construction in Metro Manila using Analytic Hierarchy Process (AHP)” shows these concerns. Dirampaten and Griño (2024), in their study “Assessment of Risk Factors in Condominium Buildings Construction in Metro Manila using Analytic Hierarchy Process (AHP)”, identified multiple risk factors that contribute to the vulnerability of condominium projects. Issues of compliance, financial mismanagement, and structural safety, which, if left unchecked, endanger both residents and the broader urban community.

Given the numerous issues & concerns raised on condominium living, this representation files this bill to address these problems. Among the salient features of this bill are the following:

- Promote transparency and access to records by requiring condominium associations and management bodies to make available to all unit owners audited financial statements upon reasonable request;
- Direct the DHSUD, in coordination with the SEC, as oversight agency for condominium corporations;
- Government intervention in distressed properties; and
- Imposing penalties for violations of the provisions of this Act.

In view of the foregoing, approval of this bill is earnestly sought.


REP. NATHANIEL “ATTY. NAT” M. ODUCCADO
I Tahanan Party List

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**“AN ACT ENSURING TRANSPARENCY AND ACCOUNTABILITY IN
CONDOMINIUM MANAGEMENT, MANDATING THE SUBMISSION OF
PROPERLY AUDITED FINANCIAL STATEMENTS, STRENGTHENING
GOVERNMENT OVERSIGHT, AND FOR OTHER PURPOSES”**

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 “*Condominium Transparency*
2 *and Socialized Housing Act.*”

3 **SEC. 2. *Declaration of Policy.***—It is hereby declared the policy of the State to protect the
4 welfare of condominium unit owners and tenants by ensuring transparency, accountability, and
5 good governance in condominium management. At the same time, the State recognizes the urgent
6 need for affordable and decent housing and shall allow the conversion of underutilized or
7 abandoned condominium properties into socialized housing projects, in line with the constitutional
8 mandate to make shelter accessible to all.

9 **SEC. 3. *Definition of Terms.***—For purposes of this Act, the following terms shall mean:

- 10 a. *Association Dues*—regular fees collected from unit owners for the maintenance and
11 operation of condominium common areas and facilities.
12 b. *Management Body/Association*—the homeowners’ association, condominium
13 corporation, or equivalent entity managing the condominium property.
14 c. *Audited Financial Statements*—financial reports reviewed and certified by an
15 independent, duly accredited external auditor.
16 d. *Suitable Properties*—condominium properties that are abandoned, foreclosed,
17 structurally unsafe, or otherwise deemed feasible by the government for conversion
18 into socialized housing projects.
19 e. *Socialized Housing*—housing programs defined under Republic Act No. 7279
20 (Urban Development and Housing Act), as amended.
21 f. *Condominium Corporation*—as defined under Republic Act No. 4726.
22 g. *Sinking Fund*—a reserve fund for long-term repair, replacement, or development
23 of condominium common areas.

- 1 h. *Regulatory Agency*—refers to the Department of Human Settlements and Urban
2 Development (DHSUD), in coordination with the Securities and Exchange
3 Commission (SEC).

4 **SEC. 4. *Requirement for Audited Financial Statements.***

- 5 a. All condominium associations or management bodies shall prepare and submit
6 annual audited financial statements certified by an independent external auditor.
7 b. Such audited financial statements shall be made available to all unit owners at least
8 once a year and upon reasonable request.
9 c. Any proposed increase in association dues shall be accompanied by the
10 presentation of the audited financial statements during a general assembly of unit
11 owners.

12 **SEC. 5. *Transparency and Access to Records.***

- 13 a. All unit owners shall have the right to inspect, examine, and obtain certified copies
14 of the condominium corporation's books of account, contracts, and other records
15 related to the collection and disbursement of association dues.
16 b. Management bodies shall respond to such requests within thirty (30) calendar days.
17 c. Failure to comply with this provision shall subject responsible officers to
18 administrative fines and possible suspension from office.

19 **SEC. 6. *Oversight and Regulation.***

- 20 a. The DHSUD, in coordination with the SEC, shall serve as the oversight agency for
21 condominium corporations, ensuring compliance with transparency and reporting
22 requirements.
23 b. DHSUD shall have the authority to:
24 1. Investigate complaints of mismanagement or misuse of condominium
25 funds;
26 2. Issue compliance orders and impose administrative sanctions;
27 3. Place under special administration any condominium corporation found to
28 be financially insolvent, mismanaged, or repeatedly non-compliant.

29 **SEC. 7. *Government Intervention in Distressed Properties***

- 30 a. Condominium properties classified as suitable properties under this Act may be
31 acquired by the government through:
32 1. Voluntary turnover or negotiated sale by the developer or corporation;
33 2. Tax foreclosure or auction in cases of long-term non-payment of real
34 property taxes;
35 3. Expropriation, subject to the requirements of just compensation under the
36 Constitution.
37 b. Acquired properties shall be redeveloped or converted into socialized housing
38 projects by DHSUD, in partnership with the National Housing Authority (NHA)
39 and concerned LGUs.

- 1 c. Beneficiaries of such projects shall be selected in accordance with existing
2 socialized housing laws, prioritizing low-income families, informal settlers, and
3 displaced persons.

4 **SEC. 8. *Penalties.***

- 5 a. Any condominium corporation, officer, or management body that fails to submit
6 audited financial statements are required under this Act shall be liable to
7 administrative fines ranging from Php 100,000 to Php 500,000 for every year of
8 non-compliance.
9 b. Officers proven to have engaged in fraud, misrepresentation, or misuse of funds
10 shall be subject to civil, criminal, and administrative liability under existing laws,
11 without prejudice to other remedies available to unit owners.

12 **SEC. 9. *Implementing Rules and Regulations (IRR).*** —Within ninety (90) days from the
13 effectivity of this Act, DHSUD, in consultation with SEC, NHA, LGUs, and relevant
14 stakeholders, shall promulgate the implementing rules and regulations necessary to carry
15 out the provisions of this Act.

16 **SEC. 10. *Separability Clause.*** —If any provision of this Act is declared invalid or
17 unconstitutional, the remaining provisions shall not be affected and shall continue to have
18 full force and effect.

19 **SEC. 11. *Repealing Clause.*** —All laws, decrees, orders, or regulations inconsistent with
20 the provisions of this Act are hereby repealed or modified accordingly.

21 **SEC. 12. *Effectivity.*** —This Act shall take effect fifteen (15) days after its publication in
22 the Official Gazette or in at least two (2) newspapers of general circulation.

23 *Approved,*