

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

18TH CONGRESS
First Regular Session

HOUSE BILL NO. 1174



**Introduced by Representatives Michael L. Romero and
Enrico A. Pineda**

EXPLANATORY NOTE

In the Republic of the Philippines It is the policy of the State to afford its inhabitants the requirements of decent human settlement and to provide them with ample opportunities for improving their quality of life.

Reports reveal that many real estate subdivision owners, developers, operators, and/or sellers have reneged on their representations and obligations to provide and maintain properly subdivision roads, drainage, sewerage, water systems, lighting systems, and other similar basic requirements, thus endangering the health and safety of home and lot buyers.

Reports of alarming magnitude also show cases of swindling and fraudulent manipulations perpetrated by unscrupulous subdivision and condominium sellers and operators, such as failure to deliver titles to the buyers or titles free from liens and encumbrances, and to pay real estate taxes, and fraudulent sales of the same subdivision lots to different innocent purchasers for value.

These acts not only undermine the land and housing program of the government but also defeat the objectives of the New Society, particularly the promotion of peace and order and the enhancement of the economic, social and moral condition of the Filipino people.

This House Bill seeks to render it imperative that the real estate subdivision and condominium businesses be closely supervised and regulated, and that penalties be imposed on fraudulent practices and manipulations committed in connection therewith.

Earnest approval of this bill is hereby requested.



MICHAEL L. ROMERO Ph.D.



ENRICO A. PINEDA

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AN ACT

**RATIONALIZING THE SALE OF SUBDIVISION LOTS AND
CONDOMINIUMS, INCREASING ITS PENALTIES FOR
VIOLATIONS THEREOF, AND FOR OTHER PURPOSES**

*Be it enacted by the Senate and House of Representatives in Congress
Assembled:*

SECTION 1. DECLARATION OF POLICY – the National Housing Authority (NHA) shall have exclusive jurisdiction to regulate the real estate trade and business in accordance with the provisions of this Act.

Administrative Fines. The NHA may prescribe and impose fines not exceeding Thirty thousand **(P30,000.00)** pesos for violations of the provisions of this Act or of any rule or regulation there under. Fines shall be payable to the Authority and enforceable through writs of execution in accordance with the provisions of the Rules of Court.

Penalties. Any person who shall violate any of the provisions of this Decree and/or any rule or regulation that may be issued pursuant to this Decree shall, upon conviction, be punished by a fine of not more than Sixty thousand **(P60,000.00)** pesos and/or

imprisonment of not more than ten **(10)** years: Provided, That in the case of corporations, partnership, cooperatives, or associations, the President, Manager or Administrator or the person who has charge of the administration of the business shall be criminally responsible for any violation of this Act and/or the rules and regulations promulgated pursuant thereto PD957.

SECTION 2. IMPLEMENTING RULES AND REGULATIONS - The NHA may, after such take-over, demand, collect and receive from the buyers the installment payments due on the lots, which shall be utilized for the development of the subdivision.

Thereupon, the Authority shall immediately cause to be published a notice of the filing of the registration statement at the expense of the applicant-owner or dealer, in two newspapers general circulation, one published in English and another in Pilipino, once a week for two consecutive weeks, reciting that a registration statement for the sale of subdivision lots or condominium units has been filed in the National Housing Authority; that the aforesaid registration statement, as well as the papers attached thereto, are open to inspection during business hours by interested parties, under such regulations as the Authority may impose; and that copies thereof shall be furnished to any party upon payment of the proper fees.

The subdivision project of the condominium project shall be deemed registered upon completion of the above publication requirement. The fact of such registration shall be evidenced by a registration certificate to be issued to the applicant-owner or dealer.

The Authority shall issue the necessary standards, rules and regulations for the effective implementation of the provisions of this Act.

Whenever a subdivision plan duly approved in accordance with Section 4 of PD957, together with the corresponding owner's duplicate certificate of title, is presented to the Register of Deeds for registration, the Register of Deeds shall

register the same in accordance with the provisions of the Land Registration Act, as amended: Provided, however, that if there is a street, passageway or required open space delineated on a complex subdivision plan hereafter approved and as defined in this Decree, the Register of Deeds shall annotate on the new certificate of title covering the street, passageway or open space, a memorandum to the effect that except by way of donation in favor of a city or municipality, no portion of any street, passageway, or open space so delineated on the plan shall be closed or otherwise disposed of by the registered owner without the requisite approval as provided under Section 22 of PD957.

SECTION 3. LIABILITIES OF CONTROLLERS - Every person who directly or indirectly controls any person liable under any provision of this Act or of any rule or regulation issued there under shall be liable jointly and severally with and to the same extent as such controlled person unless the controlling person acted in good faith and did not directly or indirectly induce the act or acts constituting the violation or cause of action.

SECTION 4. REGISTRATION PROTOCOLS - The registered owner of a parcel of land who wishes to convert the same into a subdivision project shall submit his subdivision plan to the Authority which shall act upon and approve the same, upon a finding that the plan complies with the Subdivision Standards' and Regulations enforceable at the time the plan is submitted.

The same procedure shall be followed in the case of a plan for a condominium project except that, in addition, said Authority shall act upon and approve the plan with respect to the building or buildings included in the condominium project in accordance with the National Building Code (R.A. No. 6541).

The subdivision plan, as so approved, shall then be submitted to the Director of Lands for approval in accordance with the procedure prescribed in Section 44 of the Land Registration Act (Act No. 496, as amended by R.A. No. 440); Provided,

that in case of complex subdivision plans, court approval shall no longer be required.

The condominium plan as likewise so approved, shall be submitted to the Register of Deeds of the province or city in which the property lies and the same shall be acted upon subject to the conditions and in accordance with the procedure prescribed in Section 4 of the Condominium Act (R.A. No. 4726).

The owner or the real estate dealer interested in the sale of lots or units, respectively, in such subdivision project or condominium project shall register the project with the Authority by filing therewith a sworn registration statement containing the following information:

- (1)** Name of the owner;
- (2)** The location of the owner's principal business office, and if the owner is a non-resident Filipino, the name and address of his agent or representative in the Philippines is authorized to receive notice;
- (3)** The names and addresses of all the directors and officers of the business firm, if the owner be a corporation, association, trust, or other entity, and of all the partners, if it be a partnership;
- (4)** The general character of the business actually transacted or to be transacted by the owner; and
- (5)** A statement of the capitalization of the owner, including the authorized and outstanding amounts of its capital stock and the proportion thereof which is paid-up.

The person filing the registration statement shall pay the registration fees prescribed therefor by the Authority.

Thereupon, the Authority shall immediately cause to be published a notice of the filing of the registration statement at the expense of the applicant-owner or dealer, in two newspapers general circulation, one published in English and

another in Pilipino, once a week for two consecutive weeks, reciting that a registration statement for the sale of subdivision lots or condominium units has been filed in the National Housing Authority; that the aforesaid registration statement, as well as the papers attached thereto, are open to inspection during business hours by interested parties, under such regulations as the Authority may impose; and that copies thereof shall be furnished to any party upon payment of the proper fees.

The subdivision project of the condominium project shall be deemed registered upon completion of the above publication requirement. The fact of such registration shall be evidenced by a registration certificate to be issued to the applicant-owner or dealer.

SECTION 5. PERIODIC REPORTS - The NHA shall submit periodic reports on its findings and make recommendations on actions to be taken by Congress and Senate and the appropriate department, and in order to carry out the objectives and mandates of this Act.

SECTION 6. AUTOMATIC REVIEW - Every three **(3) years** after the effectivity of this Act, an independent review panel composed of experts to be appointed by the President shall review the policies and programs in the NHA and shall make recommendations, based on its findings, to the President and to both Houses of Congress.

SECTION 7. REPEALING CLAUSE. All laws, executive orders, issuances, rules and regulations inconsistent with this Act are hereby amended, repealed or modified accordingly.

SECTION 8. SEPARABILITY CLAUSE. If, for any reason or reasons, any portion or provision of this Act shall be held unconstitutional or invalid, the remaining provisions not affected thereby shall continue to be in full force and effect.

SECTION 9. EFFECTIVITY CLAUSE. This Act shall take effect fifteen (15) days after its publication in any newspaper of general circulation.

Approved,