

REPUBLIC OF THE PHILIPPINES
HOUSE OF REPRESENTATIVES
Quezon City

SEVENTEENTH CONGRESS
First Regular Session

House Bill No. 3150

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REGISTRATION UNIT BILLS AND INVEST X SERVICE	

Introduced by **MAGDALO Party-List Representative**
HON. GARY C. ALEJANO

Explanatory Note

Presidential Decree No. 957 or the Subdivision and Condominium Buyers Protective Decree, when it was originally conceptualized, was meant to protect subdivision and condominium buyers from fraudulent and unscrupulous subdivision and condominium sellers and operators. It somehow also had some positive effects on subdivision and condominium sellers, operators and developers as PD 957 protected them as well.

Through the years, PD 957 proved to be effective in protecting not only the subdivision and condominium buyers but the sellers, operators, and developers as well. However, due to the passage of time, certain provisions of PD 957 may prove to be obsolete while others need to be clarified.

This bill seeks to amend certain provisions of PD 957 to enhance buyer's protection, and to update and refine said decree to make it updated with today's pre-selling schemes.

In view of the foregoing, immediate passage of this measure is earnestly sought.


HON. GARY C. ALEJANO

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House Bill No. **3150**

Introduced by MAGDALO Party-List Representative
HON. GARY C. ALEJANO

AN ACT
AMENDING THE SUBDIVISION AND CONDOMINIUM BUYERS'
PROTECTIVE DECREE

*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 “The
2 Subdivision and Condominium Buyers’ Protective Decree Amendments of
3 2016”.

4
5 **SECTION 2. *Declaration of Policy.*** It is the policy of the State to
6 undertake, in cooperation with the private sector, a comprehensive and
7 continuing urban development. Towards this end, certain remedial reforms
8 ought to be introduced to the operational provisions of the Subdivision and
9 Condominium Buyers’ Protective Decree in order to strengthen and make the
10 same responsive and attuned to the needs of the present times.

11
12 **SECTION 3. *Remedial Provisions.*** For purposes of this Act and in
13 order to strengthen Presidential Decree No. 957, entitled: “Regulating the
14 Sale of Subdivision Lots and Condominiums, Providing Penalties for
15 Violations Thereof”, otherwise known as “The Subdivision and Condominium
16 Buyers’ Protective Decree”, the following provisions are hereby amended:

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

19 “(n) [*Authority.* – “Authority”] **BOARD.** – ‘**BOARD**’ shall
20 mean the [National Housing Authority] **HOUSING AND LAND**
21 **USE REGULATORY BOARD (HLURB).**”

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

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

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

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

9 “SEC.5. *License to sell*. – **A CERTIFICATE OF**
10 **REGISTRATION DOES NOT AUTHORIZE [S]**Such owner
11 or dealer [to whom has been issued a registration certificate
12 shall not, however, be authorized] to sell any subdivision lot or
13 condominium unit in the registered project [unless] **UNTIL** he
14 shall have first obtained a license to sell the project within two
15 weeks from the registration of such project.”

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

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

1 **REGARDING THE CANCELLATION OF THE**
2 **REGISTRATION OF A CONTRACT TO SELL."**

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

5 "SEC.18. *Mortgages.* – No mortgage on any unit or lot shall be
6 made by the owner or developer without prior written approval
7 of the [Authority] **BOARD**. Such approval shall not be granted
8 unless it is shown that the proceeds of the mortgage loan shall
9 be used for the development of the condominium or subdivision
10 project and effective measures have been provided to ensure
11 such utilization. The loan value of each lot or unit covered by
12 the mortgage shall be determined and the buyer thereof, if any,
13 shall be notified before the release of the loan. **THE DEED OF**
14 **SALE OR CONTRACT TO SELL COVERING A LOT OR**
15 **UNIT SUBJECT OF A MORTGAGE SHALL INCLUDE A**
16 **PARTIAL RELEASE CLAUSE OR A PROVISION**
17 **GUARANTEEING THE IMMEDIATE RELEASE OF THE**
18 **TITLE TO SAID LOT OR UNIT UPON FULL PAYMENT**
19 **BY ITS BUYER.** The buyer may [, at his option, pay his] **OPT**
20 **TO PAY THE** instalment for the lot or unit directly to the
21 mortgage indebtedness secured by the particular lot or unit being
22 paid for, with a view to enabling said buyer to obtain title over
23 the lot or unit promptly after full payment thereof[.].

24 **"IN CASE A COMPLAINT IS FILED FOR THE**
25 **IMMEDIATE RELEASE OF THE TILE UPON FULL**
26 **PAYMENT OF A PROPERTY, THE MORTGAGE MUST**
27 **BE IMPLEADED AS AN INDISPENSABLE PARTY."**

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

30 "SEC.20. *Time of Completion.* – Every owner or developer shall
31 construct and provide the facilities, improvements,
32 infrastructures and other forms of development, including water
33 supply, [and] lighting facilities, **AND DEVELOPMENT OF**
34 **ROADS, AS PROVIDED FOR** [which are offered and
35 indicated] in the approved subdivision or condominium plans,
36 brochures, prospectus, printed matters, letters or in any form of
37 advertisement, within [one year] **EIGHTEEN (18) MONTHS**
38 from the date of the issuance of the license for the subdivision or
39 condominium project or such other period of time as may be
40 fixed by the [Authority] **BOARD[.]: PROVIDED, THAT IN**
41 **CASES OF FORTITIOUS EVENTS, THE BOARD SHALL**
42 **THEREAFTER, UPON EVALUATION OF THE NATURE**
43 **OF THE PROJECT AND THE CAPABILITY OF THE**
44 **DEVELOPER TO COMPLETE THE SAME,**

1 DETERMINE THE REASONABLE TIME WITHIN
2 WHICH THE PROJECT SHALL BE COMPLETED.

3 "IN THE EVENT THAT THE OWNER OR
4 DEVELOPER FAILS TO COMPLETE THE
5 DEVELOPMENT OF THE PROJECT AFTER THE
6 PERIOD OF EIGHTEEN (18) MONTHS AS MANDATED
7 ABOVE FOR ITS COMPLETION FROM THE DATE OF
8 THE ISSUANCE OF THE LICENSE FOR THE
9 SUBDIVISION OR CONDOMINIUM PROJECT, AND
10 UNLESS THE BOARD SETS ANOTHER TIME FOR
11 COMPLETION OWING TO THE CIRCUMSTANCES
12 STATED ABOVE, THE BOARD SHALL, UPON
13 WRITTEN NOTICE TO THE DEVELOPER OR
14 THROUGH PUBLICATION WHERE THE DEVELOPER
15 CANNOT BE LOCATED, DECLARE THE PROJECT
16 ABANDONED AND THE ROADS IN THE ABANDONED
17 PROJECT SHALL BECOME PUBLIC IN CHARACTER
18 ONE (1) YEAR FROM THE DECLARATION OF
19 ABANDONMENT OF THE PROJECT."

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

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

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

36 "SEC.25. *Issuance of Title.* – The owner or developer shall
37 deliver the title of the lot or unit to the buyer upon full payment of
38 the lot or unit[.]; **PROVIDED, THAT WHERE THE OWNER**
39 **OR DEVELOPER PROPERLY PROCESSED AND**
40 **SUBMITTED THE DOCUMENTS TO THE GOVERNMENT**
41 **AGENCIES CONCERNED FOR THE ISSUANCE OF TITLE**
42 **AND CAN SHOW PROOF OF THE SAME AND THE DELAY**
43 **IN THE ISSUANCE OF TITLE IS NOT THE FAULT OF**
44 **SUCH OWNER OR DEVELOPER OR WHERE THE NON-**

1 **ISSUANCE IS PURUANT TO A COURT ORDER, THE**
2 **OWNER OR DEVELOPER SHALL NOT BE HELD LIABLE**
3 **FOR SUCH DELAY OR NON-ISSUANCE OF TITLE.**

4 No fee, except those required for the registration of the deed of
5 sale in the Registry of Deeds, shall be collected for the issuance of
6 such title. In the event a mortgage over the lot or unit is outstanding
7 at the time of the issuance of the title to the buyer, the owner or
8 developer shall redeem the mortgage or the corresponding portion
9 thereof [within six months] **IMMEDIATELY** from such issuance
10 in order that the title over any fully paid lot or unit may be secured
11 and delivered to the buyer in accordance herewith. **IN SUCH A**
12 **CASE, THE MORTGAGE SHALL NOT UNREASONABLY**
13 **REFUSE RELEASE OF THE TITLE BASED ON THE LOAN**
14 **VALUE THEREOF."**

- 15 i) Section 27 of Presidential Decree No. 957 is hereby amended to
16 read as follows:

17 "SEC. 27. *Other Charges.* - No owner or developer shall levy
18 upon any lot or **UNIT** buyer a fee for an alleged community benefit.
19 Fees to finance services for common comfort, security and
20 sanitation may be collected only by a properly organized
21 homeowners association **OR CONDOMINIUM**
22 **CORPORATION** and only with the consent of a majority of the lot
23 or unit buyers actually residing in the subdivision or condominium
24 project."

- 25 j) Section 31 of Presidential Decree No. 957, as amended by
26 Presidential Decree No. 1216, is hereby further amended to read as
27 follows:

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

- 39 a. X x x
40 b. X x x
41 c. X x x

42 These areas reserved for parks, playgrounds and recreational use
43 shall be [non-alienable public lands, and non-buildable]
44 **EXCLUSIVELY FOR THEIR INTENDED PURPOSES.** The

1 plans of the subdivision project shall include tree planting on such
2 parts of the subdivision as may be designated by the [Authority]
3 **BOARD.**

4 Upon their completion **PURSUANT TO SECTION 20**
5 **HEREOF AND** as certified to by the [Authority] **BOARD**, the
6 roads, alleys, **AND** sidewalks [and playgrounds] shall, **WITH THE**
7 **CONSENT OF THE HOMEOWNERS ASSOCIATION UPON**
8 **CONSULTATION**, be donated by the owner or developer to the
9 city or municipality and it shall be mandatory for the local
10 governments to accept: **PROVIDED, THAT OPEN SPACES**
11 **RESERVED FOR SCHOOLS, PLACES OF WORSHIP,**
12 **HOSPITALS, HEALTH CENTERS, AND BARANGAY**
13 **CENTERS SHALL BE DONATED BY THE OWNER OR**
14 **DEVELOPER TO THE CITY OR MUNICIPALITY AND IT**
15 **SHALL LIKEWISE BE MANDATORY FOR THE LOCAL**
16 **GOVERNMENTS TO ACCEPT:** [p] *Provided, however,* [t] That
17 the **OPEN SPACES RESERVED EXCLUSIVELY FOR** parks,
18 [and] playgrounds, [may] **RECREATIONAL USES,**
19 **CLUBHOUSES, AND OTHER SIMILAR FACILITIES AND**
20 **AMENITIES SHALL** be donated to the [h] Homeowners
21 association of the project with the consent of the city or
22 municipality concerned. **UPON ACCEPTANCE OF THE**
23 **DONATION BY THE CITY OR MUNICIPALITY OR THE**
24 **HOMEOWNERS ASSOCIATION CONCERNED, [N] NO**
25 portion of the [parks and playgrounds] **AREA** donated thereafter
26 shall be converted to any other purpose or purposes[.]:
27 **PROVIDED, FURTHER, THAT ROADS IN SUBDIVISIONS**
28 **WHICH HAVE BECOME PUBLIC IN CHARACTER ONE (1)**
29 **YEAR AFTER THE DECLARATION OF ABANDONMENT**
30 **BY THE BOARD OF THE SUBDIVISION PROJECT**
31 **WHERE THEY ARE LOCATED SHALL IPSO FACTO**
32 **BECOME THE PROPERTY OF THE LOCAL**
33 **GOVERNMENT UNIT THAT HAS JURISDICTION OVER**
34 **THE SAID ROADS."**

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

37 "SEC. 38. *Administrative Fines.* - The [Authority] **BOARD** may
38 prescribe and impose A fine[s] not exceeding [ten] **FIFTY** thousand
39 pesos (**P50,000.00**) for **EACH** violation[s] **OF ANY** of the
40 provisions of this Decree or of any rule or regulation thereunder.
41 Fines shall be payable to the [Authority] **BOARD** and enforceable
42 through writs of execution in accordance with the provisions of the
43 Rules of Court."
44

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

"SEC. 39. 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 **INCLUDING, BUT NOT LIMITED TO, THE FAILURE TO COMPLETE THE DEVELOPMENT OF THE PROJECT WITHIN THE PRESCRIBED PERIOD PURSUANT TO SECTION 20 HEREOF, FAILURE TO REFUND THE PURCHASE PRICE OR THE INSTALLMENT PAYMENT MADE IN VIOLATION OF SECTION 23 HEREOF, FAILURE TO DELIVER THE TITLE PURSUANT TO SECTION 25 HEREOF, FAILURE TO FOLLOW CONSTRUCTION SPECIFICATIONS OR POOR WORKMANSHIP RESULTING TO SUBSTANDARD UNITS OR TO CONSTRUCTION DEFECTS,** shall[, upon conviction, be punished by a fine of not more than twenty thousand (P20,000.00) pesos and/ or imprisonment of not more than ten years: Provided, That in] **SUFFER:**

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

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

"(C) **ON THE THIRD OFFENSE, IN ADDITION TO A FINE OF NOT MORE THAN ONE MILLION PESOS (P1,000,000.00) OR ONE HUNDRED PERCENT (100%) OF THE TOTAL PURCHASE PRICE OF THE PROPERTY AS STATED IN THE CONTRACT TO SELL OR DEED OF SALE, INCLUDING ALL THE CHARGES IMPOSED BY THE DEVELOPER WHICHEVER IS HIGHER AND/OR**

1 IMPRISONMENT OF NOT MORE THAN TEN (10) YEARS,
2 AT THE DISCRETION OF THE COURT, THE BUSINESS
3 PERMITS AND LICENSES, IN THE CASE OF A BUSINESS
4 ENTITY OR ESTABLISHMENT, SHALL BE REVOKED OR
5 CANCELLED.

6 IF BY REASON OF ADVERTISEMENTS IN VIOLATION
7 OF THIS DECREE, A REAL ESTATE OR A
8 CONDOMINIUM UNIT IS SOLD, AN ADDITIONAL FINE
9 OF NOT LESS THAN FIVE HUNDRED THOUSAND PESOS
10 (P500,000.00) SHALL BE IMPOSED FOR EVERY UNIT
11 SOLD.

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

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

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

Approved,