



HOUSE OF REPRESENTATIVES

H. No. 5384

BY REPRESENTATIVES ZIALCITA, VILLAROSA, GUNIGUNDO, TEODORO,
SY-ALVARADO AND LAZATIN, PER COMMITTEE REPORT NO. 1469

AN ACT INSTITUTING REFORMS IN 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 Subdivision
2 and Condominium Buyers’ Protective Decree Amendments of 2008”.

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

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

1 (a) Paragraph 1, Section 5 of Presidential Decree No. 957 is hereby
2 amended to read as follows:

3 "SEC. 5. License to Sell. - A CERTIFICATE OF
4 REGISTRATION DOES NOT AUTHORIZE [S]such owner or dealer
5 [to whom has been issued a registration certificate shall not,
6 however, be authorized] to sell any subdivision lot or
7 condominium unit in the registered project [unless] UNTIL he
8 shall have first obtained a license to sell the project within two
9 weeks from the registration of such project."

10 (b) Paragraph 1, Section 17 of Presidential Decree No. 957 is hereby
11 amended to read as follows:

12 "SEC. 17. Registration. - All [contracts to sell,] deeds
13 of sale [and other similar instruments relative to the sale or
14 conveyance] of [the] subdivision lots and condominium units,
15 [whether or not the] WHOSE purchase price is ALREADY paid in
16 full[,] shall be registered by the seller in the Office of the
17 Register of Deeds of the province or city where the property is
18 situated. IN CASES OF INSTALLMENT PAYMENTS, THE
19 CONTRACT TO SELL SHALL ALSO BE REGISTERED BY THE
20 DEVELOPER WITH THE PROPER REGISTER OF DEEDS AT THE
21 EXPENSE OF THE BUYER: *PROVIDED, HOWEVER, THAT IN CASE*
22 *OF CANCELLATION OR RESCISSION OF SAID CONTRACT TO*
23 *SELL, SUCH REGISTRATION OF CONTRACT TO SELL SHALL BE*
24 *CANCELLED BY THE PROPER REGISTER OF DEEDS, WITHOUT*
25 *NEED OF ANY COURT ORDER, UPON EXECUTION BY THE SELLER*
26 *OF AN AFFIDAVIT THAT SAID CONTRACT TO SELL HAS BEEN*
27 *CANCELLED OR RESCINDED DUE TO DEFAULT ON THE PART OF*

1 THE BUYER, WITHOUT PREJUDICE TO THE RIGHTS OF THE
2 BUYER UNDER REPUBLIC ACT NO. 6552, OTHERWISE KNOWN
3 AS THE "MACEDA LAW": *PROVIDED, FINALLY, THAT THE*
4 *AUTHORITY SHALL HAVE JURISDICTION OVER DISPUTES*
5 *BETWEEN THE BUYER AND THE SELLER REGARDING THE*
6 *CANCELLATION OF THE REGISTRATION OF A CONTRACT TO*
7 *SELL."*

8 (c) Section 18 of Presidential Decree No. 957 is hereby amended to
9 read as follows:

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

1 (d) Section 20 of Presidential Decree No. 957 is hereby amended to
2 read as follows:

3 **“SEC. 20. Time of Completion.** - Every owner or
4 developer shall construct and provide the facilities,
5 improvements, infrastructures and other forms of development,
6 including water supply, [and] lighting facilities, **AND**
7 **DEVELOPMENT OF ROADS, AS PROVIDED FOR** [which are offered
8 and indicated] in the approved subdivision or condominium
9 plans, brochures, prospectus, printed matters, letters or in any
10 form of advertisement, within [one year] **EIGHTEEN (18)**
11 **MONTHS** from the date of the issuance of the license for the
12 subdivision or condominium project or such other period of time
13 as may be fixed by the Authority[.]: **PROVIDED, THAT IN CASES**
14 **OF FORTUITOUS EVENTS, THE AUTHORITY SHALL THEREAFTER**
15 **DETERMINE THE REASONABLE TIME WITHIN WHICH THE**
16 **PROJECTS SHALL BE COMPLETED.**

17 **“IN THE EVENT THAT THE OWNER OR DEVELOPER FAILS**
18 **TO COMPLETE THE DEVELOPMENT OF THE PROJECT AFTER**
19 **THE PERIOD OF EIGHTEEN (18) MONTHS MANDATED ABOVE**
20 **FOR ITS COMPLETION FROM THE DATE OF THE ISSUANCE OF**
21 **THE LICENSE FOR THE SUBDIVISION OR CONDOMINIUM**
22 **PROJECT, AND UNLESS THE AUTHORITY SETS ANOTHER TIME**
23 **FOR COMPLETION OWING TO THE CIRCUMSTANCES STATED**
24 **ABOVE, THE AUTHORITY SHALL DECLARE THE PROJECT**
25 **ABANDONED AND THE ROADS IN THE ABANDONED PROJECT**
26 **SHALL BECOME PUBLIC IN CHARACTER ONE YEAR FROM THE**
27 **DECLARATION OF ABANDONMENT OF THE PROJECT.”**

1 (e) Section 22 of Presidential Decree No. 957 is hereby amended to
2 read as follows:

3 "SEC. 22. Alteration of Plans. - No owner or developer
4 shall change or alter the roads, open spaces, infrastructures,
5 facilities for public use and/or other form of subdivision OR
6 CONDOMINIUM development as contained in the approved
7 subdivision OR CONDOMINIUM plan and/or represented in its
8 advertisements, without the permission of the Authority and the
9 written conformity or consent of the duly organized homeowners
10 association OR CONDOMINIUM CORPORATION, or in the absence
11 of the latter, by the majority of the [lot] buyers [in the] OF
12 subdivision LOTS OR CONDOMINIUM UNITS WHO HAVE
13 ALREADY PAID AT LEAST FIFTY PERCENT (50%) OF THE
14 PURCHASE PRICE."

15 (f) Section 25 of Presidential Decree No. 957 is hereby amended to
16 read as follows:

17 "SEC. 25. Issuance of Title. - The owner or developer
18 shall deliver the title of the lot or unit to the buyer upon full
19 payment of the lot or unit[.]: *PROVIDED, THAT WHERE THE*
20 *OWNER OR DEVELOPER PROPERLY PROCESSED AND*
21 *SUBMITTED THE DOCUMENTS TO THE GOVERNMENT AGENCIES*
22 *CONCERNED FOR ISSUANCE OF TITLE AND THE DELAY IN THE*
23 *ISSUANCE OF TITLE IS NOT THE FAULT OF SUCH OWNER OR*
24 *DEVELOPER OR WHERE THE NON-ISSUANCE IS PURSUANT TO A*
25 *COURT ORDER, THE OWNER AND/OR DEVELOPER SHALL NOT*
26 *BE HELD LIABLE FOR SUCH DELAY OR NON-ISSUANCE OF TITLE.*

27 "No fees, except those required for the registration of the
28 deed of sale in the Registry of Deeds, shall be collected for the
29 issuance of such title. In the event a mortgage over the lot or unit

1 is outstanding at the time of the issuance of the title to the buyer,
2 the owner or developer shall redeem the mortgage or the
3 corresponding portion thereof [within six months]
4 **IMMEDIATELY** from such issuance in order that the title over any
5 fully paid lot or unit may be secured and delivered to the buyer in
6 accordance herewith. **IN SUCH A CASE, THE MORTGAGEE SHALL**
7 **NOT UNREASONABLY REFUSE RELEASE OF THE TITLE BASED**
8 **ON THE LOAN VALUE THEREOF.”**

9 (g) Section 27 of Presidential Decree No. 957 is hereby amended to
10 read as follows:

11 **“SEC. 27. Other Charges.** - No owner or developer shall
12 levy upon any lot or unit buyer a fee for an alleged community
13 benefit. Fees to finance services for common comfort, security
14 and sanitation may be collected only by a properly organized
15 homeowners association **OR CONDOMINIUM CORPORATION** and
16 only with the consent of a majority of the lot or unit buyers
17 actually residing in the subdivision or condominium project.”

18 (h) Section 31 of Presidential Decree No. 957, as amended by
19 Presidential Decree No. 1216, insofar as donation of roads and open spaces to
20 local government are concerned, is hereby amended to read as follows:

21 **“SEC. 31. Donation of Roads and Open Spaces to**
22 **Local Government.** - The registered owner or developer of the
23 subdivision or condominium project, upon completion of the
24 development of said project [may, at his option, convey by way
25 of donation] **PURSUANT TO SECTION 20 HEREOF, SHALL**
26 **DONATE** the roads, **ALLEYS AND SIDEWALKS**, and open spaces
27 **RESERVED FOR SCHOOLS, PLACES OF WORSHIP, HOSPITALS,**
28 **HEALTH CENTERS, AND BARANGAY CENTERS AS**

1 CONTEMPLATED IN PRESIDENTIAL DECREE NO. 1216 WHICH
2 ARE found within the project to the city or municipality wherein
3 the project is located AND IT SHALL BE MANDATORY FOR THE
4 LOCAL GOVERNMENTS TO ACCEPT: *PROVIDED, HOWEVER,*
5 THAT OPEN SPACES AND AREAS RESERVED EXCLUSIVELY FOR
6 PARKS, PLAYGROUNDS, RECREATIONAL USES, CLUBHOUSES,
7 AND OTHER SIMILAR FACILITIES AND AMENITIES SHALL BE
8 DONATED TO THE HOMEOWNERS ASSOCIATION OR TO THE
9 CONDOMINIUM CORPORATION WITH THE CONSENT OF THE
10 CITY OR MUNICIPALITY CONCERNED. Upon acceptance of the
11 donation by the city or municipality OR THE HOMEOWNERS
12 ASSOCIATION OR CONDOMINIUM concerned, no portion of the
13 area donated shall thereafter be converted to any other purpose
14 or purposes [unless after hearing, the proposed conversion is
15 approved by the Authority.]: *PROVIDED, FURTHER, THAT*
16 *ROADS IN SUBDIVISIONS WHICH HAVE BECOME PUBLIC IN*
17 *CHARACTER ONE YEAR AFTER THE DECLARATION OF*
18 *ABANDONMENT BY THE AUTHORITY OF THE SUBDIVISION OR*
19 *CONDOMINIUM PROJECT WHERE THEY ARE LOCATED SHALL*
20 *IPSO FACTO BECOME PROPERTY OF THE LOCAL GOVERNMENT*
21 *UNIT THAT HAS JURISDICTION OVER SAID ROADS.”*

22 (i) Section 38 of Presidential Decree No. 957 is hereby amended to
23 read as follows:

24 “**SEC. 38. Administrative Fines.** - The Authority may
25 prescribe and impose fines not exceeding [ten] FIFTY thousand
26 pesos (P50,000.00) for violations of the provisions of this Decree
27 or of any rule or regulation thereunder. Fines shall be payable to
28 the Authority and enforceable through writs of execution in
29 accordance with the provisions of the Rules of Court.”

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

3 "SEC. 39. Penalties. - Any person who shall violate
4 any of the provisions of this Decree and/or any rule or regulation
5 that may be issued pursuant to this Decree, INCLUDING, BUT NOT
6 LIMITED TO, THE FAILURE TO COMPLETE THE DEVELOPMENT
7 OF THE PROJECT WITHIN THE PRESCRIBED PERIOD PURSUANT
8 TO SECTION 20 HEREOF, FAILURE TO DELIVER THE TITLE
9 PURSUANT TO SECTION 25 HEREOF, FAILURE TO REFUND THE
10 PURCHASE PRICE OR THE INSTALLMENT PAYMENT MADE IN
11 VIOLATION OF SECTION 23 HEREOF, FAILURE TO FOLLOW
12 CONSTRUCTION SPECIFICATIONS OR POOR WORKMANSHIP
13 RESULTING TO SUBSTANDARD UNITS OR TO CONSTRUCTION
14 DEFECTS, shall[, upon conviction, be punished by a fine of not
15 more than twenty thousand (P20,000.00) pesos and/or
16 imprisonment of not more than ten (10) years. Provided, that in]
17 SUFFER:

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

26 "(B) ON THE SECOND OFFENSE, A FINE OF SEVEN
27 HUNDRED FIFTY THOUSAND PESOS (P750,000.00) OR SEVENTY-
28 FIVE PERCENT (75%) OF THE TOTAL PURCHASE PRICE OF THE
29 PROPERTY AS STATED IN THE CONTRACT TO SELL OR DEED OF

1 SALE, INCLUDING ALL THE CHARGES IMPOSED BY THE
2 DEVELOPER WHICHEVER IS HIGHER AND/OR IMPRISONMENT
3 OF NOT MORE THAN SEVEN (7) YEARS, AT THE DISCRETION OF
4 THE COURT.

5 “(C) ON THE THIRD OFFENSE, IN ADDITION TO A FINE
6 OF NOT MORE THAN ONE MILLION PESOS (P1,000,000.00) OR
7 ONE HUNDRED PERCENT (100%) OF THE TOTAL PURCHASE
8 PRICE OF THE PROPERTY AS STATED IN THE CONTRACT TO
9 SELL OR DEED OF SALE, INCLUDING ALL THE CHARGES
10 IMPOSED BY THE DEVELOPER WHICHEVER IS HIGHER AND/OR
11 IMPRISONMENT OF NOT MORE THAN TEN (10) YEARS, AT THE
12 DISCRETION OF THE COURT, THE BUSINESS PERMITS AND
13 LICENSES, IN THE CASE OF A BUSINESS ENTITY OR
14 ESTABLISHMENT, SHALL BE REVOKED OR CANCELLED.

15 “IF BY REASON OF ADVERTISEMENTS IN VIOLATION OF
16 THIS DECREE, A REAL ESTATE OR A CONDOMINIUM UNIT IS
17 SOLD, AN ADDITIONAL FINE OF NOT LESS THAN FIVE HUNDRED
18 THOUSAND PESOS (P500,000.00) SHALL BE IMPOSED FOR
19 EVERY UNIT SOLD.

20 “IN [the] case of corporations, partnerships, cooperatives,
21 or associations, the President, Manager or Administrator or the
22 person who has charge of the administration of the business shall
23 be criminally responsible for any violation of this Decree and/or
24 the rules and regulations promulgated pursuant thereto.”

25 SEC. 4. *Repealing Clause.* – All laws, decrees, executive orders,
26 proclamations, rules and regulations, and other issuances, or part or parts
27 thereof, which are inconsistent with the provisions of this Act are hereby
28 repealed or modified accordingly.

1 SEC. 5. *Separability Clause.* – If, for any reason, any provision of this
2 Act is declared invalid or unconstitutional, the remaining provisions not
3 affected thereby shall continue to be in force and effect.

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

Approved,

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