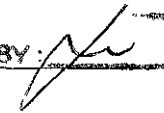


FIFTEENTH CONGRESS OF THE REPUBLIC)
OF THE PHILIPPINES)
First Regular Session)

SENATE
OFFICE OF THE SECRETARY

10 AUG 17 P2:36

SENATE
S. No. 2428

RECEIVED BY: 

Introduced by Senator Miriam Defensor Santiago

EXPLANATORY NOTE

Numerous cases of misrepresentation of subdivision owners, developers and realtors have been made against unsuspecting buyers who have been continuously victimized. Among the cases of misrepresentations are the following:

- (1) When parcels of land are being sold even if there is still no individual title available;
- (2) When the subdivision lot is already being sold and it is still not ready for occupancy due to lack of provisions for water, light and telephone facilities, the roads are not yet cemented/asphalted or there are no proper drainages in place;
- (3) When a real estate mortgage has been constituted over a piece of property absent any knowledge of the buyer who pays the entire amount but is not issued the title over the said property;

Apart from these misrepresentations, the buyers on installment have also to deal with contracts that create the undue advantages in favor of the vendors. Examples of these unfair stipulations are the following:

- (1) That the liability for real estate taxes are immediately transferred to the buyer upon the execution of the contract;
- (2) That the contract price and interest rates shall be adjusted in any event of devaluation of Philippine currency; and
- (3) That the seller may refuse to allow the buyer to take immediate possession of the property purchased unless all installments are paid.

Although R.A. No. 6552 otherwise known as the "Realty Installment Buyer Protection Act" is in effect, such law does not explicitly address many of the problems currently being encountered by the unsuspecting buyers. This bill seeks to plug these loopholes.

This Bill was originally filed by Sen. Rodolfo Biazon during the First Regular Session of the 14th Congress.


MIRIAM DEFENSOR SANTIAGO

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1 AN ACT

2 TO PROVIDE ADDITIONAL PROTECTION TO BUYERS OF REAL ESTATE ON
3 INSTALLMENT PAYMENTS BY REQUIRING SUBDIVISION OR REAL ESTATE
4 OWNERS TO HAVE AN INDIVIDUAL TITLE ON EVERY LOT AVAILABLE FIRST
5 BEFORE OFFERING THE SAME FOR SALE, PROHIBITING ANY MORTGAGE,
6 LIEN OR ENCUMBRANCE ON THE SAME, MAKING THE ANNOTATION ON THE
7 TITLE OF THE CONTRACT TO SELL OR SALE MANDATORY, MAKING IT
8 COMPULSORY FOR THE EXECUTION OF A DEED OF ABSOLUTE SALE AND THE
9 DELIVERY OF THE TITLE TO THE BUYER UPON COMPLETION OF
10 INSTALLMENT PAYMENTS, AND PROVIDING OTHER PROTECTIVE MEASURES,
11 INCLUDING THE IMPOSITION OF PENALTY FOR VIOLATION THEREOF

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

12 SECTION 1. No piece of real estate as contemplated in Republic Act No. 6552,
13 otherwise known as "Realty Installment Buyer Protection Act" shall be offered for sale on
14 installment payment unless it is covered by a separate and individual Torrens Certificate of Title
15 to constitute a real estate mortgage or any lien or encumbrances.

16 SECTION 2. It shall be unlawful for any subdivision or individual owner of any piece
17 of real estate covered by any separate or individual Torrens Certificate of Title to constitute a
18 real estate mortgage or any lien or encumbrance over the said title whenever the same has
19 already been sold to any third person in installment payments.

20 SECTION 3. Once the buyer and seller shall have signed the contract to sell or contract
21 of sale over any piece of real estate on installment payments covered by a separate or individual
22 Torrens Certificate of Title, the said contract shall be immediately annotated by the seller at the
23 back of the said title on file with the Register of Deeds of the provinces or city where the

1 property is located: Provided, That if the seller should neglect or refuse to do his obligation
2 herein stated, the buyer shall have the absolute right to have his contract annotated upon mere
3 presentation of his contract to sell or contract of sale.

4 SECTION 4. Payment of taxes shall remain to be the obligation of the seller of real
5 estate on installment payments notwithstanding the execution of the contract to sell or contract
6 of sale, but such obligation shall be transferred to the buyer from the moment the latter shall
7 have started taking physical possession of the real estate purchased on installment payments, or
8 the title is transferred to the buyer.

9 SECTION 5. Upon the completion of the installment payments on any piece of real
10 estate, the seller, without the necessity of demand shall within thirty (30) days therefrom, shall
11 execute in favor of the buyer, his heirs, assigns and successors-in-interest, an absolute deed of
12 sale and deliver the same to the latter together with the owner's duplicate certificate of title over
13 the real estate purchased.

14 SECTION 6. No subdivision lot shall be offered for sale to the public unless: (1) all the
15 water, electrical and telephone systems with provisions for the installation of individual water
16 and electric meters and telephone cable lines have been installed; (2) a good drainage system
17 that is duly approved by the municipal or city engineer as the case may be, and especially the
18 roads within the subdivision, have either been fully cemented or asphalted with the
19 measurement of at least six inches (6") thick; and (3) said roads have been donated to the
20 municipality or city where the subdivision lots are located which shall be obliged to
21 immediately accept the said donation and from then to assume the responsibility of maintaining
22 and repairing the same.

23 SECTION 7. Any buyer of real estate on installment payments as contemplated in this
24 Act shall have the right to take possession of the property purchased upon the execution of the
25 appropriate contract to sell or contract of sale and the application for a building permit solely

1 signed by the buyer shall suffice for the issuance of a building permit to construct any
2 improvement on the property purchased.

3 SECTION 8. The contract price and interest rates stipulated in the contract to sell or
4 contract of sale of real estate on installment payment shall remain constant and unaffected
5 notwithstanding any artificial depreciation or devaluation of the Philippine currency.

6 SECTION 9. Upon the effectivity of this Act, the Housing Land Use Regulatory Board
7 (HLURB) shall promulgate such rules and regulations as may be necessary to implement and
8 enforce the provisions of this Act.

9 SECTION 10. Any stipulation in any contract hereafter entered into contrary to the
10 provisions of this Act shall be null and void.

11 SECTION 11. Any act or omission in violation of this Act or any of the pertinent rules
12 and regulations of the HLURB shall be punishable by a fine of Ten thousand pesos (P10,000.00)
13 and by imprisonment of one (1) year.

14 SECTION 12. *Repealing Clause.* – All laws, decrees, orders, rules and regulations or
15 parts thereof inconsistent with the provisions of this Act are hereby repealed, amended or
16 modified accordingly.

17 SECTION 13. *Effectivity Clause.* – This Act shall take effect after fifteen (15) days
18 following its publication in the *Official Gazette* or in two (2) newspapers of general circulation.

Approved,