

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

'22 JUL 12 P4:56

SENATE

RECEIVED BY

S.B. No. 416

Introduced by **SENATOR IMEE R. MARCOS**

**AN ACT
AMENDING SECTION 5 OF REPUBLIC ACT NO. 4726
OTHERWISE KNOWN AS "THE CONDOMINIUM ACT",
AND FOR OTHER PURPOSES**

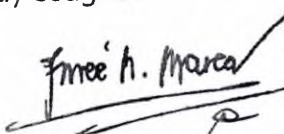
EXPLANATORY NOTE

Section 20, Article II of the 1987 Constitution provides that, *"The State recognizes the indispensable role of the private sector, encourages private enterprise, and provides incentive to needed investments."*

In order to boost the country's economy and promote real estate development, Republic Act No. 4726 otherwise known as *"The Condominium Act"* was passed into law to regulate the sale, ownership, and operation of condominiums. It specifies that 60% of the capital stock should be owned by Filipinos. Such limitation places condominium units in the Foreign Investment Negative List (FINL), which is prepared by the National Economic and Development Authority (NEDA) every two years, as prescribed by R.A. No. 7042 or the *"Foreign Investment Act"*, as amended.

Such limitation on foreign ownership of condominiums acts as a barrier to the entry of investments in the country due to the confusion of the presence of condominium units on the Foreign Investment Negative List. Given the presence of incentives to foreign investors provided in our laws, including the grant of working visas to foreign executives and highly technical workers, removing limitations to the ownership of condominiums is in line with the current policy thrust of opening up and liberalizing our economy to attract more foreign investments, without contravening the Constitution.

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


IMEE R. MARCOS

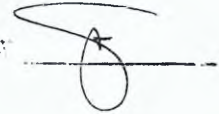
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Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

1 SECTION 1. Section 5 of Republic Act No. 4726 otherwise known as "The
2 Condominium Act" is hereby amended to read, as follows:

3
4 **"Section 5.** Any transfer or conveyance of a unit or an apartment,
5 office or store or other space therein, shall include the transfer or
6 conveyance of the undivided interests in the common areas or, in a
7 proper case, the membership or shareholdings in the condominium
8 corporation[; ~~Provided, however, That where the common areas in the~~
9 ~~condominium project are owned by the owners of separate units as~~
10 ~~co-owners thereof, no condominium unit therein shall be conveyed or~~
11 ~~transferred to persons other than Filipino citizens, or corporations at~~
12 ~~least sixty percent of the capital stock of which belong to Filipino~~
13 ~~citizens, except in cases of hereditary succession. Where the common~~
14 ~~areas in a condominium project are held by a corporation, no transfer~~
15 ~~or conveyance of a unit shall be valid if the concomitant transfer of~~
16 ~~the appurtenant membership or stockholding in the corporation will~~
17 ~~cause the alien interest in such corporation to exceed the limits~~
18 ~~imposed by existing laws]. **PROVIDED THAT, IN INSTANCES**~~
19 **WHERE THE CONDOMINIUM PROJECT DOES NOT OWN THE**
20 **LAND UPON WHICH THE CONDOMINIUM STRUCTURE IS**
21 **CONSTRUCTED, SUCH AS BY LEASE, SUB-LEASE, USUFRUCT**
22 **OR OTHER ARRANGEMENT, THE FOREIGN NATIONALITY**
23 **RESTRICTION, AS PROVIDED IN THE CONSTITUTION, SHALL**
24 **NOT APPLY TO THE SALE OF THE CONDOMINIUM UNITS OF**
25 **SUCH CONDOOMINIUM PROJECTS. PROVIDED FURTHER**

1 **THAT, ANY SALE OF SUCH UNITS WOULD BE SUBJECT TO THE**
2 **TERMS AND LIMITATIONS OF THE RELEVANT LEASE**
3 **AGREEMENT OVER THE LAND, WHICH SHALL BE CLEARLY**
4 **REFLECTED IN THE MASTER DEED OF RESTRICTIONS AND**
5 **ANNOTATED ON THE LAND TITLE TO ALERT BUYERS.”**

6
7 SEC. 2. *Repealing Clause.* – All laws, decrees, orders, rules and regulations or
8 other issuances or parts thereof inconsistent with the provisions of this Act are hereby
9 repealed or modified accordingly.

10
11 SEC. 3. *Separability Clause.* – If any portion or provision of this Act is declared
12 unconstitutional, the remainder of this Act or any provision not affected thereby shall
13 remain in force and effect.

14
15 SEC. 4. *Effectivity.* – This Act shall take effect after fifteen (15) days following
16 the completion of its publication either in the Official Gazette or in a newspaper of
17 general circulation in the Philippines.

Approved,