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REPUBLIC OF THE PHILIPPINES )  
Second Regular Session )

OFFICE OF THE SECRETARY

9 MAY -4 11 : 1

SENATE

S. NO. 3201

RECEIVED

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Introduced by Senator Antonio "Sonny" F. Trillanes IV

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**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 bill is earnestly sought.

ANTONIO "SONNY" F. TRILLANES IV  
Senator

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AN ACT  
AMENDING THE SUBDIVISION AND CONDOMINIUM BUYERS' PROTECTIVE  
DECREE

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

1           **SECTION 1. Short Title.** – This Act shall be known as the “The Subdivision and  
2 Condominium Buyers’ Protective Decree Amendments of 2009”.

3  
4           **SEC. 2. Declaration of Policy.** – It is the policy of the State to undertake, in cooperation  
5 with the private sector, a comprehensive and continuing Urban Development.

6  
7           **SEC. 3. Amendatory Provisions.** – For purposes of this Act and in order to strengthen  
8 Presidential Decree No. 957, entitled: “Regulating the Sale of Subdivision Lots and  
9 Condominiums, Providing Penalties for Violation Thereof” otherwise known as “The  
10 Subdivision and Condominium Buyers’ Protective Decree,” the following provisions of P. D.  
11 No. 957 are hereby amended:

12           (a) Paragraph 1, Section 17 of P. D. No. 957 is hereby amended to read as follows:

13           “SEC. 17. *Registration.* – All [contracts to sell,] deeds of sale [and other similar  
14 instruments] relative to the sale or conveyance of the subdivision lots and condominium  
15 units, [whether or not] **WHERE** the purchase price is paid in full, shall be registered by  
16 the seller in the Office of the Register of Deeds of the province or city where the property  
17 is situated, **UPON THE REQUEST OF THE BUYER AND AT HIS OWN**  
18 **EXPENSE, HIS CONTRACT TO SELL MAY ALSO BE REGISTERED WITH**  
19 **THE PROPER REGISTER OF DEEDS, PROVIDED, HOWEVER, THAT IN CASE**  
20 **OF CANCELLATION OR RESCISSION OF SAID CONTRACT TO SELL FOR**  
21 **ANY REASON WHATSOEVER, SUCH REGISTRATION OF CONTRACT TO**  
22 **SELL SHALL BE CANCELLED BY THE PROPER REGISTER OF DEEDS,**  
23 **WITHOUT NEED OF ANY COURT ORDER, UPON EXECUTION BY THE**

1           **SELLER OF AN AFFIDAVIT THAT SAID CONTRACT TO SELL HAS BEEN**  
2           **CANCELLED OR RESCINDED.”**

3  
4           (b) Section 18 of P. D. No. 957 is hereby amended to read as follows:

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

19  
20          (c) Section 20 of P. D. No. 957 is hereby amended to read as follows:

21                 “SEC. 20. *Time of Completion.* – Every owner or developer shall construct and  
22                 provide the facilities, improvements, infrastructures and other forms of development,  
23                 including water supply and lighting facilities, **AND CONCRETING OF ROADS,**  
24                 which are offered and indicated in the approved subdivision or condominium plans,  
25                 brochures, prospectus, printed matters, letters or in any form of advertisement, within one  
26                 year from the date of the issuance of the license for the subdivision or condominium  
27                 projects or such other period of times as may be fixed by the Authority: **PROVIDED,**  
28                 **THAT IN CASES OF FORCE MAJEURE, FORTUITOUS EVENTS, WAR AND**  
29                 **NATURAL CALAMITY, THE AUTHORITY SHALL THEREAFTER**  
30                 **DETERMINE THE REASONABLE TIME WITHIN WHICH THE PROJECTS**  
31                 **SHALL BE COMPLETED.**

32                 **IN THE EVENT THAT THE OWNER OR DEVELOPER FAILS TO**  
33                 **COMPLETE THE DEVELOPMENT OF THE PROJECT AFTER THE PERIOD**  
34                 **OF ONE YEAR MANDATED ABOVE FOR ITS COMPLETION FROM THE**  
35                 **DATE OF THE ISSUANCE OF THE LICENSE FOR THE SUBDIVISION OR**  
36                 **CONDOMINIUM PROJECT, AND UNLESS THE AUTHORITY SETS**

1 ANOTHER TIME FOR COMPLETION OWING TO THE CIRCUMSTANCES  
2 STATED ABOVE, THE AUTHORITY SHALL DECLARE THE PROJECT  
3 ABANDONED AND THE ROADS IN THE ABANDONED PROJECT SHALL  
4 BECOME PUBLIC IN CHARACTER FIVE (5) YEARS FROM THE  
5 DECLARATION OF ABANDONMENT OF THE PROJECT.”

6  
7 (d) Section 22 of P. D. No. 957 is hereby amended to read as follows:

8 “SEC. 22. *Alteration of Plans.* – No owner or developer shall change or alter the  
9 roads, open spaces, infrastructures, facilities for public use and/ or other forms of  
10 subdivision **OR CONDOMINIUM** development as contained in the approved  
11 subdivision **OR CONDOMINIUM** plan and/ or represented in its advertisements,  
12 without the permission of the Authority and the written conformity or consent of the duly  
13 organized homeowners association **OR CONDOMINIUM CORPORATION**, or in the  
14 absence of the latter, by the majority of the lot [buyers] **OWNERS** in the subdivision **OR**  
15 **OF THE UNIT OWNERS OF THE CONDOMINIUM.**

16  
17 (e) Section 25 of P. D. No. 957 is hereby amended to read as follows:

18 “SEC. 25. *Issuance of Title.* – The owner or developer shall deliver the title of the lot  
19 or unit to the buyer upon full payment of the lot or unit: **PROVIDED, THAT IN CASES**  
20 **OF LOTS OR UNITS CONVEYED UNDER A PRE-SELLING SCHEME, AND IN**  
21 **CASES WHERE THE OWNER OR DEVELOPER IS UNABLE TO COMPLETE**  
22 **THE PROJECT WITHIN THE ORIGINAL PERIOD AND SUBSEQUENTLY**  
23 **GRANTED AN EXTENSION OF TIME, THE DELIVERY OF THE TITLE OF**  
24 **THE LOT OR UNIT TO THE BUYER SHALL BE UPON COMPLETION OF**  
25 **THE PROJECT: PROVIDED, FURTHER, THAT WHERE THE OWNER OR**  
26 **DEVELOPER PROPERLY PROCESSED AND SUBMITTED THE**  
27 **DOCUMENTS TO THE GOVERNMENT AGENCIES CONCERNED FOR**  
28 **ISSUANCE OF TITLE AND THE DELAY IN THE ISSUANCE OF TITLE IS**  
29 **NOT THE FAULT OF SUCH OWNER OR DEVELOPER OR WHERE THE**  
30 **NONISSUANCE IS PURSUANT TO A COURT ORDER, THE OWNER AND/ OR**  
31 **DEVELOPER SHALL BE HELD LIABLE FOR SUCH DELAY OR**  
32 **NONISSUANCE OF TITLE.**

33 “No fee, except those required for the registration of the deed of sale in the Registry  
34 of Deeds, shall be collected for the issuance of such title. In the event a mortgage over the  
35 lot or unit is outstanding at the time of the issuance of the title to the buyer, the owner or  
36 developer shall redeem the mortgage or the corresponding portion thereof within six

1 months from such issuance in order that the title over any fully paid lot or unit may be  
2 secured and delivered to the buyer in accordance herewith. **IN SUCH A CASE THE**  
3 **MORTGAGEE SHALL NOT \_\_\_\_\_ OF THE TITLE BASED ON THE**  
4 **LOAN VALUE THEREOF.**

5  
6 (f) Section 27 of P. D. No. 957 is hereby amended to read as follows:

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

13  
14 (g) Section 31 of P. D. No. 957, as amended by P. D. No. 1216, insofar as donation of  
15 roads and open spaces to local government are concerned, is hereby amended to read as  
16 follows:

17 “SEC. 31. *Donation of Roads and Open Spaces to Local Government.* – The  
18 registered owner or developer of the subdivision or condominium project, upon  
19 completion of the development of said project [may, at his option, convey by way of  
20 donation] **PURSUANT TO SECTION 20 HEREOF, SHALL ASSIGN** the roads and  
21 open spaces **CONTEMPLATED IN PRESIDENTIAL DECREE NO. 1216 WHICH**  
22 **ARE** found within the project to the city or municipality wherein the project is located  
23 **AND IT SHALL BE MANDATORY FOR THE LOCAL GOVERNMENTS TO**  
24 **ACCEPT: PROVIDED, HOWEVER, THAT THE PARKS AND PLAYGROUNDS**  
25 **MAY BE DONATED TO THE HOMEOWNERS ASSOCIATION OR TO THE**  
26 **CONDOMINIUM CORPORATION WITH THE CONSENT OF THE CITY OR**  
27 **MUNICIPALITY CONCERNED.** Upon acceptance of the donation by the city or  
28 municipality concerned, no portion of the area donated shall thereafter be converted to  
29 any other purpose or purposes [unless, after hearing, the proposed conversion is approved  
30 by the Authority]: **PROVIDED, FURTHER, THAT ROADS IN SUBDIVISIONS**  
31 **WHICH HAVE BECOME PUBLIC IN CHARACTER FIVE (5) YEARS AFTER**  
32 **THE DECLARATION OF ABANDONMENT BY THE AUTHORITY OF THE**  
33 **SUBDIVISION OR CONDOMINIUM PROJECT WHERE THEY ARE**  
34 **LOCATED SHALL IPSO FACTO BECOME PROPERTY OF THE LOCAL**  
35 **GOVERNMENT UNIT THAT HAS JURISDICTION OVER SAID ROADS.**”

1 (h) Section 39 of P. D. No. 957 is hereby amended to read as follows:

2 "SEC. 39. *Penalties.* – Any person who shall **INTENTIONALLY AND**  
3 **MALICIOUSLY** violate any of the provisions of this Decree and/ or any rule or  
4 regulation that may be issued pursuant to this Decree shall, upon conviction, be punished  
5 by a fine of not [more] **LESS** [than twenty thousand pesos (P20,000.00)] **TWO**  
6 **HUNDRED THOUSAND PESOS (P200,000.00)** and/ or imprisonment of not [more]  
7 **LESS** than [ten] **TWENTY (20) YEARS.** *Provided,* that in case of corporations,  
8 partnership, cooperatives, or associations, the President, Manager or Administrator or the  
9 person who has charge of the administration of the business shall be criminally  
10 responsible for any violation of this Decree and/ or the rules and regulations promulgated  
11 pursuant thereto."

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

16  
17 **SEC. 5. *Separability Clause.*** – If for any reason, any provision of this Act is declared  
18 invalid or unconstitutional, the remaining provisions not affected thereby shall continue to be in  
19 force and effect.

20  
21 **SEC. 6. *Effectivity Clause.*** – This Act shall take effect upon publication in at least two  
22 newspapers of general circulation.

Approved,