

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



Senate
Office of the Secretary

'13 SEP 24 P2 :46

SENATE

S. No. 1731

RECEIVED BY: *ja*

Introduced by Senator Antonio "Sonny" F. Trillanes IV

EXPLANATORY NOTE

Republic Act No. 7652 otherwise known as the "Foreign Investor Long-Term Lease Act" allows the long term lease of private lands by foreign investors of up to a maximum period of 75 years but requires them to register with the Department of Trade and Industry. Under the present laws, foreign investors may lease private lands for 50 years renewable to another 25 years for the establishment of industrial estates, factories, assembly of processing plants, agro-industrial enterprises, land development for industrial or commercial use, tourism, and other similar priority productive endeavours, while at the same time protecting agriculture.

However, the aforesaid law covers only *foreign investors* thereby discouraging other foreigners from leasing properties. Moreover, the law still refers to Presidential Decree No. 471 in fixing the period for the duration of leases of private lands for foreigners. This causes confusion and lack of uniformity, making the potential of investing in our real estate rather unappealing.

The 1987 Constitution already allows foreigners to enter into long term leases over private lands and real estate. There is, however, a pressing need to streamline and simplify the existing policy on the lease of these properties to aliens.

This bill is an attempt to simplify leases by foreigners of private lands and real estate and to extend the maximum period of lease to 80 years, in order to effectively encourage investments in all kinds of private lands and real estate.

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

ANTONIO "SONNY" F. TRILLANES IV

Senator

'13 SEP 24 P2:46

SENATE

S. No. 1731

RECEIVED BY. *js*

Introduced by Senator Antonio "Sonny" F. Trillanes IV

AN ACT

STRENGTHENING THE RIGHTS OF FOREIGNERS TO LEASE PRIVATE LANDS, THEREBY REPEALING REPUBLIC ACT NO. 7652, ENTITLED, "AN ACT ALLOWING THE LONG-TERM LEASE OF PRIVATE LANDS BY FOREIGN INVESTORS," AND PRESIDENTIAL DECREE NO. 471, ENTITLED "FIXING A MAXIMUM PERIOD FOR THE DURATION OF LEASES OF PRIVATE LANDS TO ALIENS"

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

1 **SECTION 1. Title.** This Act shall be known as "*The Foreigners' Lease Act of 2013.*"

2 **SEC. 2. Declaration of Policy.** – It is hereby declared the policy of the State to
3 encourage foreign investments in the real estate industry consistent with the mandate of the
4 Constitution. Toward this end, the State hereby adopts a flexible and dynamic policy on the
5 granting of long-term lease of private lands to foreigners for the establishment and development
6 of industrial estates, agro-industrial enterprises, factories, processing plants, buildings, and for
7 other industrial, commercial or residential purposes.

8 **SEC. 3. Lease Period.**– Any person, natural or judicial, who is not a citizen of the
9 Philippines shall be allowed to lease private lands in accordance with the laws of the Republic of
10 the Philippines, subject to the following conditions:

- 11 (1) No lease period shall be for a period exceeding eighty (80) years;
12 (2) If the lease is for the purpose of building a residential or office condominium, the
13 lease contract can provide for a period not exceeding ninety-nine (99) years; and
14 (3) The lease contract shall be registered with the proper Registry of Deeds and annotated
15 on the title to the land. There shall be no other requirement for the validity and
16 effectivity of the lease contract.

17 The leasehold acquired under a lease contract entered into pursuant to this Act may be
18 sold, transferred, or assigned by the lessee. To bind third persons, the said sale, transfer or
19 assignment must be registered with the proper Registry of Deeds.

20 **SEC. 4. Penal Provision.**–Any contract or agreement made or executed in violation of
21 any of the following prohibited acts shall be null and void *ab initio* and the contracting parties
22 shall be punished by a fine of not less than one hundred thousand pesos (P 100,000.00) and not
23 more than one million pesos (P 1,000,000.00), or imprisonment of six (6) months to six (6)
24 years, or both, at the discretion of the court, to wit:

- 25 (1) Any provision in the lease agreement stipulating a lease period in excess of that
26 provided in the paragraph (1) or (2) of Section 3; or

1 (2) Use of the leased premises for a purpose contrary to existing laws, public order, public
2 policy, morals, or good customs.

3 Provided that, in the case of corporations, associations, or partnerships, the president, managing
4 director, manager, director, trustee, or officers responsible for the violation hereof shall bear the
5 criminal responsibility.

6 **SEC. 5. Repealing Clause.** – Presidential Decree No. 471 and Republic Act No. 7652 are
7 hereby repealed upon the effectivity of this Act. All other laws, decrees, orders or other
8 issuances inconsistent with the provisions of this Act are hereby repealed or modified
9 accordingly.

10 **SEC. 6. Separability Clause.** – If, for any reason, any section or provision of this Act is
11 declared unconstitutional, or invalid, the other sections and provisions, which are not affected by
12 it, shall continue to be in full force and effect.

13 **SEC. 7. Effectivity Clause.** – This Act shall take effect after fifteen (15) days from its
14 publication in the *Official Gazette* or in two (2) national newspapers of general circulation.

Approved,