

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



Senate  
Office of the Secretary

'16 JUL 19 P6:03

SENATE

S. No. 612

RECEIVED BY: 

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Introduced by Senator Antonio "Sonny" F. Trillanes IV

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**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"**

**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 endeavors, 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, the immediate approval of this bill is earnestly sought.

  
ANTONIO "SONNY" F. TRILLANES IV  
Senator

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*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 2016."  
2

3           **SEC. 2. Declaration of Policy.** – It is hereby declared the policy of the State to  
4 encourage foreign investments in the real estate industry consistent with the mandate of the  
5 Constitution. Toward this end, the State hereby adopts a flexible and dynamic policy on the  
6 granting of long-term lease of private lands to foreigners for the establishment and  
7 development of industrial estates, agro-industrial enterprises, factories, processing plants,  
8 buildings, and for other industrial, commercial or residential purposes.  
9

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

- 13           1. No lease period shall be for a period exceeding eighty (80) years;  
14  
15           2. If the lease is for the purpose of building a residential or office condominium, the  
16 lease contract can provide for a period not exceeding ninety-nine (99) years; and  
17  
18           3. The lease contract shall be registered with the proper Registry of Deeds and  
19 annotated on the title to the land. There shall be no other requirement for the  
20 validity and effectivity of the lease contract.  
21

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

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

- 6           1. Any provision in the lease agreement stipulating a lease period in excess of that  
7           provided in the paragraph (1) or (2) of Section 3; or
- 8  
9           2. Use of the leased premises for a purpose contrary to existing laws, public order,  
10          public policy, morals, or good customs.

11  
12          Provided that, in the case of corporations, associations, or partnerships, the president,  
13 managing director, manager, director, trustee, or officers responsible for the violation hereof  
14 shall bear the criminal responsibility.

15  
16          **SEC. 5. Repealing Clause.** - Presidential Decree No. 471 and Republic Act No. 7652  
17 are hereby repealed upon the effectivity of this Act. All other laws, decrees, orders or other  
18 issuances inconsistent with the provisions of this Act are hereby repealed or modified  
19 accordingly.

20  
21          **SEC. 6. Separability Clause.** - If, for any reason, any section or provision of this Act  
22 is declared unconstitutional, or invalid, the other sections and provisions, which are not  
23 affected by it, shall continue to be in full force and effect.

24  
25          **SEC. 7. Effectivity Clause.** - This Act shall take effect after fifteen (15) days from its  
26 publication in the Official Gazette or in two (2) national newspapers of general circulation.

*Approved,*