

ANNEX A

MALACAÑANG

Manila

PRESIDENTIAL DECREE NO. 957

REGULATING THE SALE OF SUBDIVISION LOTS AND CONDOMINIUMS, PROVIDING PENALTIES FOR VIOLATIONS THEREOF

WHEREAS, it is the policy of the State to afford its inhabitants the requirements of decent human settlement and to provide them with ample opportunities for improving their quality of life;

WHEREAS, numerous reports reveal that many real estate subdivision owners, developers, operators, and/or sellers have reneged on their representations and obligations to provide and maintain properly subdivision roads, drainage, sewerage, water systems, lighting systems, and other similar basic requirements, thus endangering the health and safety of home and lot buyers;

WHEREAS, reports of alarming magnitude also show cases of swindling and fraudulent manipulations perpetrated by unscrupulous subdivision and condominium sellers and operators, such as failure to deliver titles to the buyers or titles free from liens and encumbrances, and to pay real estate taxes, and fraudulent sales of the same subdivision lots to different innocent purchasers for value;

WHEREAS, these acts not only undermine the land and housing program of the government but also defeat the objectives of the New Society, particularly the promotion of peace and order and the enhancement of the economic, social and moral condition of the Filipino people;

WHEREAS, this state of affairs has rendered it imperative that the real estate subdivision and condominium businesses be closely supervised and regulated and that penalties be imposed on fraudulent practices and manipulations committed in connection therewith.

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby decree and order:

Title I TITLE AND DEFINITIONS

SEC. 1. Title. - This decree shall be known as **THE SUBDIVISION AND CONDOMINIUM BUYER'S PROTECTIVE DECREE**.

SEC. 2. Definition of Terms. - When used in this decree, the following terms shall unless the context otherwise indicates, have the following respective meanings:

a) **Person.** - "Person" shall mean a natural or a juridical person. A juridical person refers to a business firm whether a corporation, partnership, cooperative or association or a single proprietorship.

b) Sale or Sell. - "Sale" or "Sell" shall include every disposition, or attempt to dispose, for a valuable consideration, of a subdivision lot, including the building and other improvements thereof, if any, in a subdivision project or condominium unit in a condominium project. "Sale" and "Sell" shall also include a contract to sell, a contract of purchase and sale, an exchange, an attempt to sell, an option of sale or purchase, a solicitation of a sale, or any offer to sell, directly or by an agent, or by a circular, letter, advertisement or otherwise.

A privilege given to a member of a cooperative, corporation, partnership, or any association and/or the issuance of a certificate of receipt evidencing or giving the right of participation in, or right, any land in consideration of payment of the membership fee or dues, shall be deemed a sale within the meaning of this definition.

c) Buy and Purchase. - The term "Buy" and "Purchase" shall include any contract to buy, purchase, or otherwise acquire for a valuable consideration a subdivision lot, including the building and other improvements, if any, in a subdivision project or a condominium unit in a condominium project.

d) Subdivision Project. - "Subdivision Project" shall mean a tract or a parcel of land registered under Act No. 496 which is partitioned primarily for residential purposes into individual lots with or without improvements thereon, and offered to the public for sale, in cash or in installment terms. It shall include all residential, commercial, industrial and recreational areas, as well as open spaces and other community and public areas in the project.

e) Subdivision Lot. - "Subdivision Lot" shall mean any of the lots, whether residential, commercial, industrial, or recreational, in a subdivision project.

f) Complex Subdivision Plan. - "Complex Subdivision Plan" shall mean a subdivision plan of a registered land wherein a street, passageway or open space is delineated on the plan.

g) Condominium Project. - "Condominium Project" shall mean the entire parcel of real property divided or to be divided primarily for residential purposes into condominium units, including all structures thereon.

h) Condominium Unit. - "Condominium Unit" shall mean a part of the condominium project intended for any type of independent use or ownership, including one or more rooms or spaces located in one or more floors (or part of parts of floors) in a building or buildings and such accessories as may be appended thereto.

i) Owner. - "Owner" shall refer to the registered owner of the land subject of a subdivision or a condominium project.

j) Developer. - "Developer" shall mean the person who develops or improves the subdivision project or condominium project for and in behalf of the owner thereof.

k) Dealer. - "Dealer" shall mean any person directly engaged as principal in the business of buying, selling or exchanging real estate whether on a full-time or part-time basis.

l) **Broker.** - "Broker" shall mean any person who, for commission or other compensation, undertakes to sell or negotiate the sale of a real estate belonging to another.

m) **Salesman.** - "Salesman" shall refer to the person regularly employed by a broker to perform, for and in his behalf, any or all the functions of a real estate broker.

n) **Authority.** - "Authority" shall mean the National Housing Authority.

Title II

REGISTRATION AND LICENSE TO SELL

SEC. 3. National Housing Authority. - The National Housing Authority shall have exclusive jurisdiction to regulate the real trade and business in accordance with the provisions of this Decree.

SEC. 4. Registration of Project. - The registered owner of a parcel of land who wishes to convert the same into a subdivision project shall submit his subdivision plan to the Authority which shall act upon and approve the same, upon a findings that the plan complies with the Subdivision Standards and Regulations enforceable at the time the plan is submitted. The same procedure shall be followed in the case of a plan for a condominium project except that, in addition, said Authority shall act upon and approve the plan with respect to the building or buildings included in the condominium project in accordance with the National Building Code (R.A. No. 6541).

The subdivision plan, as so approved, shall then be submitted to the Director of Lands for approval in accordance with the procedure prescribed in Section 44 of the Land Registration Act (Act No. 496 as amended by R.A. No. 440): Provided, that in case of complex subdivision plans, court approval shall no longer be required. The condominium plan, as likewise so approved, shall be submitted to the Register of Deeds of the province or city in which the property lies and the same shall be acted upon subject to the conditions and in accordance with the procedure prescribed in Section 4 of the Condominium Act (R.A. No. 4726).

The owner or the real estate dealer interested in the sale of lots or units, respectively, in such subdivision project or condominium project shall register the project with the Authority by filing therewith a sworn registration statement containing the following information:

- a) Name of the owner;
- b) The location of the owner's principal business office, and if the owner is a non-resident Filipino, the name and address of his agent or representative in the Philippines authorized to receive notice;
- c) The names and addresses of all the directors and officers of the business firm, if the owner;
- d) The general character of the business actually transacted or to be transacted by the owner;

- e) A statement of the capitalization of the owner, including the authorized and outstanding amounts of its capital stock and the proportion thereof which is paid-up.

The following documents shall be attached to the registration statement:

- a. A copy of the subdivision plan or condominium plan as approved in accordance with the first and second paragraphs of this section;
- b. A copy of any circular, prospectus, brochure, advertisement, letter, or communication to be used for the public offering of the subdivision lots or condominium units;
- c. In case of a business firm, a balance sheet showing the amount and general character of its assets and liabilities and a copy of its articles of incorporation or articles of partnership or association, as the case may be, with all the amendments thereof and existing by-laws or instruments corresponding thereto;
- d. A title to the property which is free from all liens and encumbrances: Provided, however, that in case any subdivision lot or condominium unit is mortgaged, it is sufficient if the instrument of mortgage contains a stipulation that the mortgagee shall release the mortgage on any subdivision lot or condominium unit as soon as the full purchase price for the same is paid by the buyer.

The person filing the registration statement shall pay the registration fees prescribed therefore by the Authority.

Thereupon, the Authority shall immediately cause to be published a notice of the filing of the registration statement at the expense of the applicant - owner or dealer, in two newspapers of general circulation, one published in English and another in Pilipino, once a week for two consecutive weeks, reciting that a registration statement for the sale of subdivision lots or condominium units has been filed in the National Housing Authority; that the aforesaid registration statement, as well as the papers attached thereto, are open to inspection during business hours by interested parties, under such regulations as the Authority may impose; and that copies thereof shall be furnished to any party upon payment of the proper fees.

The subdivision project or the condominium project shall be deemed registered upon completion of the above publication requirement. The fact of such registration shall be evidenced by a registration certificate to be issued to the applicant-owner or dealer.

SEC. 5. License to Sell. - Such owner or dealer to whom has been issued a registration certificate shall not, however, be authorized to sell any subdivision lot or condominium unit in the registered project unless he shall have first obtained a license to sell the project within two weeks from the registration of such project.

The Authority, upon proper application therefore, shall issue to such owner or dealer of a registered project a license to sell the project if, after an examination of the registration statement filed by said owner or dealer and all the pertinent documents

attached thereto, he is convinced that the owner or dealer is of good repute, that his business is financially stable, and that the proposed sale of the subdivision lots or condominium units to the public would not be fraudulent.

SEC. 6. Performance Bond. - No license to sell subdivision lots or condominium units shall be issued by the Authority under Section 5 of this Decree unless the owner or dealer shall have filed an adequate performance bond approved by said Authority to guarantee the construction and maintenance of the roads, gutters, drainage, sewerage, water system, lighting systems, and full development of the subdivision project or the condominium project and the compliance by the owner or dealer with the applicable laws and rules and regulations.

The performance bond shall be executed in favor of the Republic of the Philippines and shall authorize the Authority to use the proceeds thereof for the purposes of its undertaking in case of forfeiture as provided in this Decree.

SEC. 7. Exempt Transactions. - A license to sell and performance bond shall not be required in any of the following transactions:

- a) Sale of a subdivision lot resulting from the partition of land among co-owners and co-heirs.
- b) Sale or transfer of a subdivision lot by the original purchaser thereof and any subsequent sale of the same lot.
- c) Sale of a subdivision lot or a condominium unit by or for the account of a mortgagee in the ordinary course of business when necessary to liquidate a bona fide debt.

SEC. 8. Suspension of License to Sell. - Upon verified complaint filed by a buyer of a subdivision lot or a condominium unit or any interested party, the Authority may, in its discretion, immediately suspend the owner's or dealer's license to sell pending investigation and hearing of the case as provided in Section 13 hereof.

The Authority may *motu proprio* suspend the license to sell if, in its opinion, any information in the registration statement filed by the owner or dealer is or has become misleading, incorrect, inadequate or incomplete or the sale or offering for sale of the subdivision or condominium project may work or tend to work a fraud upon prospective buyers.

The suspension order may be lifted if, after notice and hearing, the Authority is convinced that the registration statement is accurate or that any deficiency therein has been corrected or supplemented or that the sale to the public of the subdivision or condominium project will neither be fraudulent nor result in fraud. It shall also be lifted upon dismissal of the complaint for lack of legal basis.

Until the final entry of an order of suspensions, the suspension of the right to sell the project, though binding upon all persons notified thereof, shall be deemed confidential unless it shall appear that the order of suspension has in the meantime be violated.

SEC. 9. Revocation of Registration Certificate and License to Sell. - The Authority may, *moto proprio* or upon verified complaint filed by a buyer of a subdivision lot or condominium unit, revoke the registration of any subdivision project and the license to sell any subdivision lot or condominium unit in said project by issuing an order to this effect, with his findings in respect thereto, if upon examination into the affairs of the owner or dealer during a hearing as provided for in Section 14 hereof, it shall appear there is satisfactory evidence that the said owner or dealer:

- a) Is insolvent; or
- b) Has violated any of the provisions of this Decree or any applicable rule or regulation of the Authority, or any undertaking of his/its performance bond; or
- c) Has been or is engaged or is about to engage in fraudulent transactions; or
- d) Has made any misrepresentation in any prospectus, brochure, circular or other literature about the subdivision project or condominium project that has been distributed to prospective buyer; or
- e) Is of bad business repute; or
- f) Does not conduct his business in accordance with law or sound business principles.

Where the owner or dealer is a partnership or corporation or an unincorporated association, it shall be sufficient cause for cancellation of its registration certificate and its license to sell, if any member of such partnership or any officer or director of such corporation or association has been guilty of any act or omission which would be cause for refusing or revoking the registration of an individual dealer, broker or salesman as provided in Section 11 hereof.

SEC. 10. Registers of Subdivision Lots and Condominium Units. - A record of subdivision lots and condominium units shall be kept in the Authority wherein shall be entered all orders of the Authority affecting the condition or status thereof. The registers of subdivision lots and condominium units shall be open to public inspection subject to such reasonable rules as the Authority may prescribe.

Title III DEALERS, BROKERS AND SALESMEN

SEC. 11. Registration of Dealers, Brokers and Salesmen. - No real estate dealer, broker or salesman shall engage in the business of selling subdivision lots or condominium units unless he has registered himself with the Authority in accordance with the provisions of this section.

If the Authority shall find that the applicant is of good repute and has complied with the applicable rules of the Authority, including the payment of the prescribed fee, he shall register such applicant as a dealer, broker, or salesman upon his filing a bond, or other security in lieu thereof, in such sum as may be fixed by the Authority conditioned

upon his faithful compliance with the provisions of this Decree: Provided, that the registration of a salesman shall cease upon the termination of his employment with a dealer or broker.

Every registration under this section shall expire on the thirty-first day of December of each year. Renewal of registration for the succeeding year shall be granted upon written application therefore made not less than thirty nor more than sixty days before the first day of the issuing year and upon payment of the prescribed fee, without the necessity of filing further statements or information, unless specifically required by the Authority. All applications filed beyond said period shall be treated as original applications.

The names and addresses of all persons registered as dealers, brokers or salesman shall be recorded in a Register of Brokers, Dealers and Salesman kept in the Authority which shall be open to public inspection.

SEC. 12. Revocation of Registration as Dealers, Brokers, Salesmen. - Registration under the preceding section may be refused or any registration granted thereunder, revoked by the Authority if, after reasonable notice and hearing, it shall determine that such applicant or registrant:

- 1) Has violated any provision of this Decree or any rule or regulation made hereunder; or
- 2) Has made a material false statement in his application for registration; or
- 3) Has been guilty of a fraudulent act in connection with any sale of a subdivision lot or condominium unit; or
- 4) Has demonstrated his unworthiness, to transact the business of dealer, broker, or salesman, as the case may be.

In case of charges against a salesman, notice thereof shall also be given the broker or dealer employing such salesman.

Pending hearing of the case, the Authority shall have the power to order the suspension of dealer's, broker's or salesman's registration; provided, that such order shall state the cause for the suspension.

The suspension or revocation of the registration of a dealer shall carry with it all the suspension or revocation of the registrations of all his salesman.

Title IV
PROCEDURE FOR REVOCATION OF
REGISTRATION CERTIFICATE

SEC. 13. Hearing. - In the hearing for determining the existence of any ground or grounds for the suspension and/or revocation of registration certificate and license to sell as provided in Sections 8 and 9 hereof, the following shall be complied with:

- a) **Notice** - No such hearing shall proceed unless the respondent is furnished with a copy of the complaint against him or is notified in writing of the purpose of such hearing.
- b) **Venue** - The hearing may be held before the officer or officers designated by the Authority on the date and place specified in the notice.
- c) **Nature of Proceedings** - The proceedings shall be non-litigious and summary in nature without regard to legal technicalities obtaining in courts of law. The Rules of Court shall not apply in said hearing except by analogy or in a suppletory character and whenever practicable and convenient.
- d) **Power Incidental to the Hearing** - For the purpose of the hearing of other proceeding under this Decree, the officer or officers designated to hear the complaint shall have the power to administer oaths, subpoena witnesses, conduct ocular inspections; take dispositions, and require the production of any book, paper, correspondence, memorandum, or other record which are deemed relevant or material to the inquiry.

SEC. 14. Contempt. -

- a) **Direct Contempt.** - The officer or officers designated by the Authority to hear the complaint may summarily adjudge in direct contempt any person guilty of misbehavior in the presence of near the said hearing officials so as to obstruct or interrupt the proceedings before the same or of refusal to be sworn or to answer as a witness or to subscribe an affidavit or deposition when lawfully required to do so. The person found guilty of direct contempt under this section shall be punished by a fine not exceeding fifty (P50.00) pesos or imprisonment not exceeding five (5) days, or both.
- b) **Indirect Contempt.** - The officer or officers designated to hear the complaint may also adjudge any person in indirect contempt on grounds and in the manner prescribed in Rule 71 of the Revised Rules of Court.

SEC. 15. Decision. - The case shall be decided within thirty (30) days from the time the same is submitted for decision. The decision may order the revocation of the registration of the subdivision or condominium project, the suspension, cancellation, or revocation of the license to sell and/or the forfeiture, in whole or in part, of the performance bond mentioned in Section 6 hereof. In case forfeiture of the bond is ordered, the Decision may direct the provincial or city engineer to undertake or cause the construction of roads and of other requirements for the subdivision or condominium as stipulated in the bond, chargeable to the amount forfeited. Such decision shall be

immediately executory and shall become final after the lapse of 15 days from the date of receipt of the Decision.

SEC. 16. Cease and Desist Order. - Whenever it shall appear to the Authority that any person is engaged or about to engage in any act or practice which constitutes or will constitute a violation of the provisions of this Decree, or of any rule or regulation thereunder, it may, upon due notice and hearing as provided in Section 13 hereof, issue a cease and desist order to enjoin such act or practices.

SEC. 17. Registration.- All contracts to sell, deeds of sale and other similar instruments relative to the sale or conveyance of the subdivision lots and condominium units, whether or not the purchase price is paid in full, shall be registered by the seller in the Office of the Register of Deeds of the province or city where the property is situated.

Whenever a subdivision plan duly approved in accordance with Section 4 hereof, together with the corresponding owner's duplicate certificate of title, is presented to the Register of Deeds for registration, the Register of Deeds shall register the same in accordance with the provisions of the Land Registration Act, as amended: *Provided*, however, that if there is a street, passageway or required open space delineated on a complex subdivision plan hereafter approved and as defined in this Decree, the Register of Deeds shall annotate on the new certificate of title covering the street, passageway or open space, a memorandum to the effect that except by way of donation in favor of a city or municipality, no portion of any street, passageway, or open space delineated on the plan shall be closed or otherwise disposed of by the registered owner without the requisite approval as provided under Section 22 of this Decree.

SEC. 18. Mortgages. - No mortgage on any unit or lot shall be made by the owner or developer without prior written approval of the Authority. Such approval shall not be granted unless it is shown that the proceeds of the mortgage loan shall be used for the development of the condominium or subdivision project and effective measures have been provided to ensure such utilization. The loan value of each lot or unit covered by the mortgage shall be determined and the buyer thereof, if any, shall be notified before the release of the loan. The buyer may, at his option, pay his installment for the lot or unit directly to the mortgagee who shall apply the payments to the corresponding mortgage indebtedness secured by the particular lot or unit being paid for, with a view to enabling said buyer to obtain title over the lot or unit promptly after full payment thereof.

SEC. 19. Advertisements. - Advertisements that may be made by the owner or developer through newspaper, radio, television, leaflets, circular or any other form about the subdivision or the condominium or its operations or activities must reflect the real facts and must be presented in such manner that will not tend to mislead or deceive the public.

The owner or developer shall be answerable and liable for the facilities, improvements, infrastructures or other forms of development represented or promised in brochures, advertisements and other sales propaganda disseminated by the owner or developer or his agents and the same shall form part of the sales warranties enforceable against said owner or developer, jointly and severally. Failure to comply with these warranties shall also be punishable in accordance with the penalties provided for in this Decree.

SEC. 20. Time of Completion. - Every owner or developer shall construct and provide the facilities, improvements, infrastructures and other forms of development, including water supply and lighting facilities, which are offered and indicated in the approved subdivision or condominium plans, brochures, prospectus, printed matters, letters or in any form of advertisement, within one year from the date of the issuance of the license for the subdivision or condominium project or such other period of time as may be fixed by the Authority.

SEC. 21. Sales Prior to Decree. - In cases of subdivision lots or condominium units sold or disposed of prior to the effectivity of this Decree, it shall be incumbent upon the owner or developer of the subdivision or condominium project to complete compliance with his or its obligations as provided in the preceding section within two years from the date of this Decree unless otherwise extended by the Authority or unless an adequate performance bond is filed in accordance with Section 6 hereof.

Failure of the owner or developer to comply with the obligations under this and the preceding provisions shall constitute a violation punishable under Sections 38 and 39 of this Decree.

SEC. 22. Alteration of Plans. - No owner or developer shall change or alter the roads, open spaces, infrastructures, facilities for public use and/or other form of subdivision development as contained in the approved subdivision plan and/or represented in its advertisements, without the permission of the Authority and the written conformity or consent of the duly organized homeowners' association, or in the absence of the latter, by the majority of the lot buyers in the subdivision.

SEC. 23. Non-Forfeiture of Payments. - No installment payment made by a buyer in a subdivision or condominium project for the lot or unit he contracted to buy shall be forfeited in favor of the owner or developer when the buyer, after due notice to the owner or developer, desists from further payment due to the failure of the owner or developer to develop the subdivision or condominium project according to the approved plans and within the time limit for complying with the same. Such buyer, may at his option, be reimbursed the total amount paid including amortization interest but excluding delinquency interests, with interest thereon at the legal rate.

SEC. 24. Failure to Pay Installments. - The rights of the buyer in the event of his failure to pay the installments due for reasons other than the failure of the owner or developer to develop the project shall be governed by Republic Act No.6552

Where the transaction or contract was entered into prior to the effectivity of Republic Act No.6552 on August 26,1972, the defaulting buyer shall be entitled to the corresponding refund based on the installments paid after the effectivity of the law in the absence of any provision in the contract to the contrary.

SEC. 25. Issuance of Title. - The owner or developer shall deliver the title of the lot or unit to the buyer upon full payment of the lot or unit. No fees, except those required for the registration of the deed of sale in the Registry of Deeds, shall be collected for the issuance of such title. In the event a mortgage over the lot or unit is outstanding at the time of the issuance of the title to the buyer, the owner or developer shall redeem the mortgage or the corresponding portion thereof within six months from such issuance in order that the title over any fully paid lot or unit may be secured and delivered to the buyer in accordance herewith.

SEC. 26. Realty Tax. - Real estate tax and assessment on a lot or unit shall be paid by the owner or developer without recourse to the buyer for as long as the title has not passed the buyer; Provided, however, that if the buyer has actually taken possession of and occupied the lot or unit, he shall be liable to the owner or developer for such tax and assessment effective the year following such taking of possession and occupancy.

SEC. 27. Other Charges. - No owner or developer shall levy upon any lot or unit buyer a fee for an alleged community benefit. Fees to finance services for common comfort, security and sanitation may be collected only by a properly organized homeowners association and only with the consent of a majority of the lot or unit buyers actually residing in the subdivision or condominium project.

SEC. 28. Access to Public Offices in the Subdivision. - No owner or developer shall deny any person free access to any government office or public establishment located within the subdivision or which may be reached only by passing through the subdivision.

SEC. 29. Right of Way to Public Road. - The owner or developer of a subdivision without access to any existing public road or street and such right of way must be developed and maintained according to the requirement of the government authorities concerned.

SEC. 30. Organization of Homeowners Association. - The owner or developer of a subdivision project or condominium project shall initiate the organization of a homeowners association among the buyers and residents of the projects for the purpose of promoting and protecting their mutual interest and assist in their community development.

Sec. 31. Donation of Roads and Open Spaces to Local Government. - The registered owner or developer of the subdivision or condominium project, upon completion of the development of said project may, at his option, convey by way of donation the roads and open spaces found within the project to the city or municipality wherein the project is located. Upon acceptance of the donation by the city or municipality concerned, no portion of the area donated shall thereafter be converted to any other purpose or purposes unless after hearing, the proposed conversion is approved by the Authority.

SEC. 32. Phases of Subdivision. - For purposes of complying with the provisions of this Decree, the owner or developer may divide the development and sale of the subdivision into phases, each phase to cover not less than ten (10) hectares. The requirement imposed by this Decree on the subdivision as a whole shall be deemed imposed on each phase.

SEC. 33. Nullity of Waivers. - Any condition, stipulation, or provision in contract of sale whereby any person waives compliance with any provision of this Decree or of any rule or regulation issued thereunder shall be void.

SEC. 34. Visitorial Powers. - This Authority, through its duly authorized representative may, at any time, make an examination into the business affairs, administration, and condition of any person, corporation, partnership, cooperative, or association engaged in the business of selling subdivision lots and condominium units.

For this purpose, the official authorized to do so shall have the authority to examine under oath the directors, officers, stockholders or members of any corporation, partnership, association, cooperative or other persons associated or connected with the business and to issue subpoena or subpoena duces tecum in relation to any investigation that may arise therefrom.

The Authority may also authorize the Provincial, City or Municipal Engineer, as the case may be, to conduct an ocular inspection of the project to determine whether the development of said project conforms to the standards and specifications prescribed by the government.

The books, papers, letters, and other documents belonging to the person or entities herein mentioned shall be open to inspection by the Authority or its duly authorized representatives.

SEC. 35. Take-Over Development. - The Authority, may take-over or cause the development and completion of the subdivision or condominium project at the expense of the owner or developer, jointly and severally, in cases where the owner or developer has refused or failed to develop or complete the development of the Project as provided for in this Decree.

The Authority may, after such take-over, demand, collect and receive from the buyers the installment payments due on the lots, which shall be utilized for the development of the subdivision.

SEC. 36. Rules and Regulations. - The Authority shall issue the necessary standards rules and regulations for the effective implementation of the provisions of this Decree. Such standards, rules and regulations shall take effect immediately after their publication three (3) times a week for two consecutive weeks in any newspaper of general circulation.

SEC. 37. Deputization of Law Enforcement Agencies. - The Authority may deputize the Philippine Constabulary or any law enforcement agency in the execution of its final orders, rulings or decisions.

SEC. 38. Administrative Fines. - The Authority may prescribe and impose fines not exceeding ten thousand pesos for violations of the provisions of this Decree or of any rule or regulation thereunder. Fines shall be payable to the Authority and enforceable through writs of execution in accordance with the provisions of the Rules of Court.

SEC. 39. Penalties. - Any person who shall violate any of the provisions of this Decree and/or any rule or regulation that may be issued pursuant to this Decree shall, upon conviction, be punished by a fine of not more than twenty thousand (P20,000.00) pesos and/or imprisonment of not more than ten (10) years. Provided, that in the case of corporations, partnerships, cooperatives, or associations, the President, Manager or Administrator or the person who has charge of the administration of the business shall be criminally responsible for any violation of this Decree and/or the rules and regulations promulgated pursuant thereto.

SEC. 40. Liability of Controlling Persons. - Every person who directly or indirectly controls any person liable under any provision of this Decree or of any rule or regulation issued thereunder shall be liable jointly and severally with and to the same extent as such controlled person unless the controlling person acted in good faith and did not directly or indirectly induce the act or acts constituting the violation or cause of action.

SEC. 41. Other Remedies. - The rights and remedies provided in this Decree shall be in addition to any and all other rights and remedies that may be available under the existing laws.

SEC. 42. Repealing Clause. - All laws, executive order, rules and regulations, or parts thereof inconsistent with the provisions of this Decree are hereby repealed or modified accordingly.

SEC. 43. Effectivity. - This Decree shall take effect upon its approval.

DONE in the City of Manila, this 12th day of July, in the year of our Lord, nineteen hundred and seventy-six.

(SGD.) FERDINAND E. MARCOS
President
Republic of the Philippines

By the President:

(SGD.) JACOBO C. CLAVE
Presidential Executive Assistant

PRESIDENTIAL DECREE NO. 1216

DEFINING "OPEN SPACE" IN RESIDENTIAL SUBDIVISION AND AMENDING SECTION 31 OF PRESIDENTIAL DECREE NO. 957 REQUIRING SUBDIVISION OWNERS TO PROVIDE ROADS, ALLEYS, SIDEWALKS AND RESERVE OPEN FOR PARKS OR RECREATIONAL USE

WHEREAS, there is a compelling need to create and maintain a healthy environment in human settlements by providing open spaces, roads, alleys and sidewalks as may be deemed suitable to enhance the quality of life of the residents, therein;

WHEREAS, such open spaces, roads, alleys and sidewalks in residential subdivision are for public use and are, therefore, beyond the commerce of men;

WHEREAS, pursuant to presidential Decree No. 953 at least thirty percent (30%) of the total area of a subdivision must be reserved, developed and maintained as open space for parks and recreational areas, the cost of which will ultimately be borne by the lot buyers which thereby increase the acquisition price of subdivision lots beyond the reach of the common mass;

WHEREAS, thirty percent (30%) required open space can be reduced to a level that will make the subdivision industry viable and the price of the residential lots within the means of the low income group and at the same preserve the environmental and ecological balance through rational control of the land use and proper design of space and facilities;

WHEREAS, pursuant to Presidential Decree No. 757, government efforts in housing, including resources, functions and activities maximize results have been concentrated into one single agency, namely, the National Housing authority;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby order and decree:

SECTION 1. For purposes of this Decree, the term "open space" shall mean an area reserved exclusively for parks, playgrounds, recreational uses, schools, roads, places of worship, hospital, health centers, barangay centers and other similar facilities and amenities.

SECTION 2. Section 31 of Presidential Decree No. 957 is hereby amended to read as follows:

SECTION 31. Roads, Alleys, Sidewalks and Open Spaces. - The owner or developer of a subdivision shall provide adequate roads, alleys and sidewalks. For subdivision projects one (1) hectare or more, the owner or more shall reserve thirty percent (30%) of the gross area for open space. Such open space shall have the following standards allocated exclusively for parks, playgrounds and recreational use:

- a. 9% of gross area for high density or social housing (66 to 100 family lot per gross hectare).

- b. 7% of gross area for medium-density or economic housing (21 65 family lot per gross hectare).
- c. 3.5% of gross area for low-density or open market housing (20 family lots and below per gross hectare).

These areas reserve for parks, playgrounds and recreational use shall be non-alienable public lands, and non-buildable. The plans of the subdivision project shall include tree-planting on such parts of the subdivision as may be designated by the Authority.

Upon their completion as certified to by the Authority, the roads, alleys, sidewalks and playgrounds shall be donated by the owner or developer to the city or municipality and it shall be mandatory for the local governments to accept provided, however, that the parks and playgrounds may be donated to the Homeowners association of the project with consent of the city or municipality concerned. No portion of the parks and playgrounds donated thereafter shall be converted to any other purpose or purposes.

SECTION 3. Sections 2 and 5 of Presidential Decree No. 953 are hereby repealed and other laws, decrees, executive orders, institutions rules and regulations or parts thereof inconsistent with these provisions are also repealed or amended accordingly.

SECTION 4. This Decree shall take effect immediately.

Done in the City of Manila, this 14th day of October in the year of Our Lord, nineteen hundred and seventy seven.

(SGD.) FERDINAND E. MARCOS
President of the Philippines

By the President:
(SGD.) JUAN C. TUVERA
Presidential Assistant

RULES AND REGULATIONS IMPLEMENTING SEC. 31 OF PRESIDENTIAL DECREE NO. 957, AS AMENDED BY PRESEIDENTIAL DECREE NO. 1216

Pursuant to Article IV, Sec. 5 (c) of Executive Order No. 648, the following rules are promulgated to implement Sec. 31 of P.D. No. 957, as amended by P.D. No. 1216.

Rule I
GENERAL PROVISIONS

Section 1. Title. These Rules and Regulations shall be known as the subdivision Regulations on Donations of Road Lots and Open Spaces, hereinafter referred to as the Rules.

Section 2. Scope of Application. These Rules shall apply only to subdivision projects duly registered and/or licensed by the Human Settlements Regulatory Commission.

Section 3. Declaration of Policies. It is the policy of the government to create and maintain a healthy environment in human settlements by providing open spaces, roads, alleys, and sidewalks as may be deemed suitable to enhance the quality of life of the residents therein.

Rule II
DEFINITION OF TERMS

Section 4. Definition of Terms. For purposes of these Rules:

- a) Commission – shall mean the Human Settlements Regulatory Commission
- b) Subdivision Project – shall mean a tract or parcel of land registered under Act No. 496 which is partitioned primarily for residential purposes into individual lots with or without improvements thereon, and offered to the public for sale, in cash or in installment plans. It shall include all residential, commercial, industrial and recreational areas, as well as open spaces and other community and public areas in the project;
- c) Open space – shall mean an area reserved exclusively for parks, playgrounds, recreational uses, and other similar facilities and amenities.
- d) Road lots – shall include roads, sidewalks, alleys and planting strips, and its gutters, drainage and sewerage.

Rule III
**APPROVAL OF APPLICATION FOR
CERTIFICATE OF COMPLETION**

Section 5. Application for Certificate of Completion. Every registered owner or developer of a subdivision project who wishes to donate the road lots and open space of the same to the local Government shall first apply with the Commission for Certificate of Completion by filing in triplicate the following:

- 1) application form duly filled up; and
- 2) letter of Intent to Donate the road lots and open space to the local Government.

Section 6. Procedures. Upon receipt of the application, the Commission in coordination with the City/Municipality concerned shall conduct an inspection of the subdivision. The inspector(s) shall then prepare his/her findings and/or recommendation to the Commissioner-in-charge who will act on the same.

Section 7. Approval. If the facts stated in the application for Certificate of Completion are found to be true and correct, the application shall be approved through the issuance of the Certificate of Completion by the Commission.

Thereafter, the registered owner or developer shall submit the Certificate of completion issued by the Commission to the City/Municipality concerned together with his/her Deed of Donation.

Rule IV EFFECTS OF DONATION OF ROAD LOTS/OPEN SPACE

Section 8. Right of Grantee to Donate Road Lots and Open Space. Any person who is able to secure a Certificate of Completion from the Commission shall have the right to donate the road lots and open space to the city/Municipality concerned, provided that the parks, playgrounds and recreational use may be donated to the Homeowners Association of the subdivision with the consent of the City/Municipality concerned.

Section 9. Effects. Once the registered owner or developer has secured the Certificate of completion and has executed a Deed of Donation of Road Lots and Open Space, he/she shall be deemed relieved of the responsibility of maintaining the road lots and open space of the subdivision notwithstanding the refusal of City/Municipality concerned to accept the donation.

Should the registered owner or developer merely secure a Certificate of Completion without making the corresponding deed of donation, he/she is still deemed responsible for the maintenance of the subdivision facilities in which case a reasonable amount of the performance bond shall reserved to guarantee the maintenance of the road and open space. This reserved amount shall be totally released by the Commission only upon showing by the registered owner or developer of proof of a deed of donation executed in favor of the City/Municipality concerned.

Section 10. Use of Donated Road Lots and Open Space. Road lots and open spaces donated by the owner or developer to the City/Municipality or to the Homeowners Association as the case may be shall not be converted to any purpose or purposes. In connection therewith, park, playgrounds and recreational uses and other similar facilities and amenities shall be non-alienable lands, and no building or structure shall be built thereon other than those which are essential to the said open space as determined by the City/Municipality.

Should the owner-donee wish to change or alter the use of the open space in the subdivision, prior permission from the Commission and written conformity of the duly organized homeowners association, or in the absence of the latter by the majority of the lot buyers in the subdivision shall be required provided that the required open space shall likewise be allocated in other areas of the subdivision.

Rule V MISCELLANEOUS PROVISIONS

Section 11. Fees. Until such time that the Commission shall have adopted a new schedule of fees, it shall apply and collect the inspection fees provided for under the implementing rules of PD 957 and its related laws.

Section 12. Separability Clause. The provisions of these rules are hereby declared separable, and in the event any of such provisions are declared null and void, the validity of all other provisions shall not be affected thereby.

Section 13. Effectivity. These rules shall take effect immediately after its publication in a newspaper of general circulation.

Promulgated, 26 August 1982, Makati, Metro Manila.

(SGD.) **ERNESTO C. MENDIOLA**
Commissioner and
Chief Executive Officer

(SGD.) **JESUS N. BORROMELO**
Commissioner

(SGD.) **ARTURO C. CORONA**
Commissioner

(SGD.) **ABNER P. CANLAS**
Commissioner

(SGD.) **SALVADOR P. SOCRATES**
Commissioner

(SGD.) **RAMON B. CARDENA**
Commissioner

(SGD.) **CESAR O. MARQUEZ**
Commissioner

Attested:

(SGD.) **EUFEMIO P. DACANAY**
Acting Commission Secretary