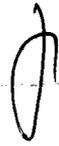


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SENATE

S. No. 235

RESERVED 

Introduced by **Senator Francis G. Escudero**

AN ACT
PROVIDING FOR THE REDEVELOPMENT OF CONDOMINIUMS, AMENDING
FOR THE PURPOSE REPUBLIC ACT NO. 4726, AS AMENDED, OTHERWISE
KNOWN AS "THE CONDOMINIUM ACT"

EXPLANATORY NOTE

Condominium properties offer benefits to communities and households in terms of economy, efficiency and convenience. Condominium development allows for the economic use of land for the construction of housing units and amenities, and allows multiple households to share the cost of residential amenities such as gyms, pools, landscaping and security services, among others. Condominium developments, particularly those constructed in proximity to urban centers or tourist destinations, provides families easy access to business districts, schools, hospitals, transportation hubs, leisure activities, commercial establishments, and other facilities. These factors contribute to the increasing popularity of condominium unit acquisition among homeowners and real estate investors alike.

While there is an increasing preference for condominium units, the law that regulates the ownership, operation and administration of condominium units, has remained relatively unchanged since the late 1960s when it was enacted. While the laws have been put in place to ensure the safety of condominium dwellers and the security of condominium ownership, the restrictive provisions of condominium regulation make it difficult to uphold such noble intents of the laws.

Recognizing the wisdom of the bills filed in Congress during the Nineteenth Congress, in particular House Bill No. 10173 approved on Third Reading by the House of Representatives, and Senate Bill Nos. 2726 and 2697 filed by Sen. Joseph Victor Ejercito and Sen. Jinggoy Ejercito Estrada, respectively, this bill likewise seeks to amend a fifty-eight-year-old law, and make the same more responsive to the needs and exigencies on condominium ownership, operation, and management. More specifically, it aims to rationalize the voting requirements for *en bloc* condominium sale or redevelopment, which would make the same at par with global practices, and would ensure that unit owners are not bogged down with decrepit or deteriorating assets. Additionally, to protect the interests of the unit owners, this bill seeks to ensure that maintenance, repairs and other necessary construction works are timely performed, that condominium dues remain reasonable, and that the advanced payment of their respective shares in the proceeds of condominium sale are immediately extended.

With the intention of ensuring the safety and security of residential properties in the country, maximizing land use efficiency particularly in urban areas, stimulating economic growth, and improving the overall quality of life of all Filipinos, the swift passage of the proposed measure is earnestly requested.

Respectfully submitted.


FRANCIS G. ESCUDERO

SENATE

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

1 Section 1. *Short Title.* – This Act shall be known as the “Condominium
2 Redevelopment Act”.

3 Sec. 2. *Declaration of Policy.* — It is hereby declared the policy of the State to
4 establish sustainable communities that are livable and provide equitable, inclusive,
5 and resilient opportunities for the improvement of human well-being while contributing
6 to the economic vitality of the community.

7 It is likewise the policy of the State to ensure the safety and integrity of existing
8 and future condominium developments to protect the public against hazards of aged
9 buildings that pose threats to the owners and the general public.

10 To this end, the State shall establish rules for the proper maintenance, repair,
11 reconstruction, and redevelopment of condominium projects, ensuring that the
12 property rights of unit owners are respected while addressing the needs of the
13 community and improving the overall quality of life of Filipinos.

1 Sec. 3. Scope. – This Act shall cover all condominium projects as defined in
2 Republic Act No. 4726, otherwise known as “The Condominium Act”, including those
3 that are now in existence, that are under construction, or that may be constructed
4 hereinafter.

5 Sec. 4. Section 4 of Republic Act No. 4726, as amended, is hereby further
6 amended to read as follows:

7 “SEC. 4. The provisions of this Act shall apply to property divided
8 or to be divided into condominiums only if there shall be recorded in the
9 Register of Deeds of the province or city in which the property lies and
10 duly annotated in the corresponding certificate of title of the land, if the
11 latter had been patented or registered under either the Land
12 Registration or Cadastral Acts, an enabling or master deed which shall
13 contain, among others, the following:

14 “X x x.

15 “The enabling or master deed may be amended or revoked upon
16 registration of an instrument executed by a simple majority of the
17 registered owners of the property: *Provided*, That in a condominium
18 project [~~exclusively~~] for [~~either~~] residential, [~~or~~] commercial, **OR**
19 **MIXED** use, simple majority shall be on a per unit of ownership basis,
20 [~~and that in the case of mixed use, simple majority shall be~~] **OR** on a
21 floor area of ownership basis, **AS DETERMINED IN THE MASTER**
22 **DEED: *Provided, further***, That prior notifications to all registered
23 owners are done: and *Provided, finally*, That any amendment or
24 revocation already decided by a simple majority of all registered owners
25 shall be submitted to the [~~Housing and Land Use Regulatory Board~~]
26 **DEPARTMENT OF HUMAN SETTLEMENTS AND URBAN**
27 **DEVELOPMENT** and the city/municipal engineer for approval before it
28 can be registered. Until registration of a revocation, the provisions of
29 this Act shall continue to apply to such property.”

1 Sec. 5. Section 5 of Republic Act No. 4726 is hereby amended to read as
2 follows:

3 "Sec 5. Any transfer or conveyance of a unit or an apartment,
4 office or store or other space therein, shall include the transfer or
5 conveyance of the undivided interests in the common areas or, in a
6 proper case, the membership or shareholdings in the condominium
7 corporation: *Provided, however,* That where the common areas in the
8 condominium project are owned by the owners of separate units as co-
9 owners thereof, no condominium unit therein shall be conveyed or
10 transferred to persons other than Filipino citizens, or corporations at
11 least sixty percent of the capital stock of which belong to Filipino citizens,
12 except in cases of hereditary succession. Where the common areas in a
13 condominium project are held by a corporation, no transfer or
14 conveyance of a unit shall be valid if the concomitant transfer of the
15 appurtenant membership or stockholding in the corporation will cause
16 the alien interest in such corporation to exceed the limits imposed by
17 existing laws.

18 **"ANY TRANSFER OR CONVEYANCE OF THE COMMON**
19 **AREAS (I) TO THE CONDOMINIUM CORPORATION OR CO-**
20 **OWNERS AND (II) TO THE BUYER OF ALL UNITS OF THE**
21 **PROJECT ON ACCOUNT OF SALE TRANSACTION PRECEDING A**
22 **REDEVELOPMENT, SHALL BE EXEMPT FROM ALL NATIONAL**
23 **AND LOCAL TAXES, INCLUDING INCOME TAX, CAPITAL GAINS**
24 **TAX, VALUE ADDED TAX, AND LOCAL TRANSFER TAX."**

25 Sec. 6. Section 9 of Republic Act No. 4726 is hereby amended to read as
26 follows:

27 "Sec. 9. The owner of a project shall, prior to the conveyance of
28 any condominium therein, register a declaration of restrictions relating
29 to such project, which restrictions shall constitute a lien upon each
30 condominium in the project, and shall insure to and bind all
31 condominium owners in the project. Such liens, unless otherwise

1 provided, may be enforced by any condominium owner in the project or
2 by the management body of such project. The Register of Deeds shall
3 enter and annotate the declaration of restrictions upon the certificate of
4 title covering the land included within the project, if the land is patented
5 or registered under the Land Registration or Cadastral Acts.

6 "x x x.

7 "Such declaration of restrictions, among other things, may also
8 provide:

9 "(a) As to any such management body:

10 "(1) x x x;

11 "x x x;

12 "(8) For entry by its officers, [~~and~~] **THE DEVELOPER,**
13 **THEIR** agents **AND REPRESENTATIVES** into any unit
14 **DURING EMERGENCY SITUATIONS WHERE THERE IS**
15 **REAL DANGER OF DAMAGE TO LIFE OR PROPERTY, OR**
16 when necessary in connection with the maintenance or
17 construction for which such body is responsible. **THE**
18 **MANAGEMENT BODY OR DEVELOPER AND THEIR**
19 **RESPECTIVE AUTHORIZED REPRESENTATIVES SHALL**
20 **NOT, SOLELY BY REASON THEREOF, BE LIABLE FOR**
21 **TRESPASS FOR SUCH ENTRY. IN THE EVENT ENTRY IS**
22 **NOT GRANTED DESPITE REASONABLE NOTICE GIVEN TO**
23 **THE CONDOMINIUM UNIT OWNER DUE TO THE**
24 **PREVAILING CIRCUMSTANCES, SUCH CONDOMINIUM**
25 **UNIT OWNER SHALL BE DEEMED TO HAVE ACTED IN BAD**
26 **FAITH AND SHALL BE RESPONSIBLE FOR DAMAGES**
27 **WHICH MAY BE REASONABLY ATTRIBUTED TO THE**
28 **REFUSAL OF ENTRY FOR THE PURPOSE OF PREVENTING**
29 **DAMAGE OR PERFORMING MAINTENANCE,**
30 **CONSTRUCTION AND REPAIR WORKS;**

1 "x x x."

2 Sec. 7. Section 10 of Republic Act No. 4726 is hereby amended to read as
3 follows:

4 "Section 10. Whenever the common areas in a condominium
5 project are [~~held~~] **USED** by a condominium corporation, such
6 corporation shall constitute the management body of the project. The
7 corporate purposes of such a corporation shall be limited to the holding
8 of the common areas, either in ownership or any other interest in real
9 property recognized by law, to the management of the project, and to
10 such other purposes as may be necessary, incidental or convenient to
11 the accomplishment of said purposes. **CONDOMINIUM DUES BASED**
12 **ON THE ACTUAL USE, ACCESS AND ENJOYMENT OF THE**
13 **COMMON AREAS OF THE PROJECT, WHETHER WHOLLY OR**
14 **PARTIALLY, MAY BE ASSESSED BY THE CONDOMINIUM**
15 **CORPORATION UPON INCORPORATION FOR THE**
16 **MAINTENANCE OF THE COMMON AREAS.**

17 "The articles of incorporation or by-laws of the corporation shall
18 not contain any provision contrary to or inconsistent with the provisions
19 of this Act, the enabling or master deed, or the declaration of restrictions
20 of the project. **UNLESS OTHERWISE PROVIDED IN THE BY-LAWS**
21 **OF A CONDOMINIUM CORPORATION, QUORUM FOR CONDUCT**
22 **OF MEETINGS SHALL BE THE MAJORITY OF THE TOTAL**
23 **CONDOMINIUM UNITS HELD BY MEMBERS IN GOOD**
24 **STANDING.** Membership in a condominium corporation, regardless of
25 whether it is a stock or non-stock corporation, shall not be transferable
26 separately from the condominium unit of which it is an appurtenance.
27 When a member or stockholder ceases to own a unit in the project in
28 which the condominium corporation owns or holds the common areas,
29 he shall automatically cease to be a member or stockholder of the
30 condominium corporation. **UNLESS OTHERWISE PROVIDED IN THE**
31 **ARTICLES OF INCORPORATION AND BY-LAWS OF A**

1 **CONDOMINIUM CORPORATION, JURIDICAL UNIT OWNERS**
2 **MAY NAME, CONSTITUTE AND APPOINT AN ATTORNEY-IN-**
3 **FACT WHO SHALL REPRESENT THE SAME IN THE**
4 **CONDOMINIUM CORPORATION AND WHO MAY LIKEWISE BE**
5 **ELIGIBLE FOR NOMINATION AND ELECTION AS A DIRECTOR**
6 **OR FOR APPOINTMENT TO ANY POSITION: *PROVIDED, THAT***
7 **SUCH ATTORNEY-IN-FACT SHALL NOT CAUSE THE FOREIGN**
8 **INTEREST IN SUCH CORPORATION TO EXCEED THE LIMITS**
9 **IMPOSED BY LAW."**

10 Sec. 8. Section 13 of Republic Act No. 4726 is hereby amended to read as
11 follows:

12 "Sec. 13. Until the enabling or the master deed of the project in
13 which the condominium corporation owns or holds the common area is
14 revoked, the corporation shall not be voluntarily dissolved through an
15 action for dissolution under Rule 104 of the Rules of Court except upon
16 a showing:

17 "(a) x x x;

18 "x x x;

19 "(d) That the project or a material part thereof has been
20 condemned or expropriated and that the project is no longer viable, or
21 that the members holding in aggregate **A MAJORITY** [~~more than~~
22 ~~seventy percent~~] interest in the corporation, if non-stock, or the
23 stockholders representing **A MAJORITY** [~~more than seventy percent~~]
24 of the capital stock entitled to vote, if a stock corporation, are opposed
25 to the continuation of the condominium regime after expropriation or
26 condemnation of a material portion thereof; or

27 "x x x."

1 Sec. 9. Section 14 of Republic Act No. 4726 is hereby amended to read as
2 follows:

3 "Sec. 14. The condominium corporation may also be dissolved by
4 the affirmative- vote of [~~all~~] **TWO-THIRDS (2/3) OF** the stockholderS
5 or members thereof at a general or-special meeting duly called for the
6 purpose: *Provided, HOWEVER,* That [~~all the requirements of Section~~
7 ~~sixty two of the Corporation Law are complied with.~~] **IF THE**
8 **CONDOMINIUM PROJECT HAS BEEN IN EXISTENCE FOR**
9 **THIRTY (30) YEARS OR MORE BUT LESS THAN FIFTY (50)**
10 **YEARS, THE CONDOMINIUM CORPORATION MAY BE**
11 **DISSOLVED BY THE AFFIRMATIVE VOTE OF A MAJORITY OF**
12 **THE STOCKHOLDERS OR MEMBERS THEREOF AT A GENERAL OR**
13 **SPECIAL MEETING DULY CALLED FOR THE PURPOSE:**
14 ***PROVIDED, FURTHER,* THAT IF THE CONDOMINIUM PROJECT**
15 **HAS BEEN IN EXISTENCE FOR FIFTY (50) YEARS OR MORE, THE**
16 **CONDOMINIUM CORPORATION MAY BE DISSOLVED BY THE**
17 **AFFIRMATIVE VOTE OF ONE-THIRD (1/3) OF THE**
18 **STOCKHOLDERS OR MEMBERS THEREOF AT A GENERAL OR**
19 **SPECIAL MEETING DULY CALLED FOR THE PURPOSE:**
20 ***PROVIDED, FINALLY,* THAT FOR THE PURPOSES OF THIS**
21 **SECTION, ALL THE REQUIREMENTS FOR CORPORATE**
22 **DISSOLUTION AND LIQUIDATION UNDER TITLE XIV OF THE**
23 **REVISED CORPORATION CODE OF THE PHILIPPINES FOR**
24 **PURPOSES OF THIS SECTION, ARE COMPLIED WITH INSOFAR**
25 **AS THEY ARE APPLICABLE."**

26 Sec. 10. Section 15 of Republic Act No. 4726 is hereby amended to read as
27 follows:

28 "Sec. 15. Unless otherwise provided for in the declaration of
29 restrictions upon voluntary dissolution of a condominium corporation in
30 accordance with the provisions of Sections thirteen and fourteen of this
31 Act, the corporation shall be deemed to hold a power of attorney from

1 all the members or stockholders to sell and dispose of their separate
2 interests in the project and liquidation of the corporation shall be
3 effected by a sale of the entire project as if the corporation owned the
4 whole thereof, subject to the rights of the corporate and of individual
5 condominium creditors. **MEMBERS OR STOCKHOLDERS SHALL BE**
6 **ENTITLED TO AN ADVANCED PAYMENT OF THEIR RESPECTIVE**
7 **PRO RATA SHARES FROM THE PROCEEDS OF THE SALE OF THE**
8 **ENTIRE CONDOMINIUM PROJECT BASED ON THE AGREED**
9 **VALUATION AND TERMS OF PAYMENT BETWEEN THE**
10 **CONDOMINIUM CORPORATION AND THE BUYER OF THE**
11 **PROJECT. SUCH ADVANCED PAYMENT SHALL BE DEDUCTED**
12 **FROM THE FINAL AMOUNT DUE TO ALL MEMBERS AND**
13 **STOCKHOLDERS IN ACCORDANCE WITH THEIR RESPECTIVE**
14 **PRO RATA SHARES.**

15 Sec. 11. Section 16 of Republic Act No. 4726, as amended, is hereby further
16 amended to read as follows:

17 "Sec. 16. A condominium corporation shall not, during its
18 existence, sell, exchange, [~~lease~~], or otherwise dispose of the common
19 areas owned or held by it in the condominium project unless authorized
20 by the affirmative vote of a simple majority of the registered owners:
21 *Provided*, That prior notifications to all registered owners are done:
22 *Provided, further*, That the condominium corporation may expand or
23 integrate the project with another upon the affirmative vote of a simple
24 majority of the registered owners, subject only to the final approval of
25 the [~~Housing and Land Use Regulatory Board~~] **DEPARTMENT OF**
26 **HUMAN SETTLEMENTS AND URBAN DEVELOPMENT.**

27 **"THE CONDOMINIUM CORPORATION MAY LEASE A**
28 **PORTION OF THE COMMON AREAS OWNED OR HELD BY IT IN**
29 **THE CONDOMINIUM PROJECT: *PROVIDED*, THAT THE LEASE**
30 **THEREOF DOES NOT INTERFERE WITH THE OPERATIONS AND**
31 **SAFETY OF THE COMMUNITY AS WELL AS WITH THE USE**

1 **THEREOF BY THE UNIT OWNERS: PROVIDED, FURTHER, THAT**
2 **ALL NET RENTAL INCOME REALIZED FROM THE LEASE**
3 **THEREOF SHALL INURE TO THE BENEFIT OF THE MEMBERS OR**
4 **STOCKHOLDERS, AS THE CASE MAY BE."**

5 Sec. 12. Section 18 of Republic Act No. 4726 is hereby amended to read as
6 follows:

7 "Sec. 18. Upon registration of an instrument conveying a
8 condominium, the Register of Deeds shall, upon payment of the proper
9 fees, enter ~~[and annotate]~~ the conveyance ~~[on the certificate of title~~
10 ~~covering the land included within the project]~~ and the transferee shall
11 be entitled to the issuance of a "condominium owner's" copy ~~[of the~~
12 ~~pertinent portion of such certificate of title]~~. Said "condominium
13 owner's" copy need to reproduce the ownership status or series of
14 transactions in force or annotated with respect to other condominiums
15 in the project. A copy of the description of the land, a brief description
16 of the condominium conveyed, name and personal circumstances of the
17 condominium owner would be sufficient for purposes of the
18 "condominium owner's" copy of the certificate of title. No conveyance of
19 condominiums or part thereof, subsequent to the original conveyance
20 thereof from the owner of the project, shall be registered unless
21 accompanied by a certificate of the management body of the project
22 that such conveyance is in accordance with the provisions of the
23 declaration of restrictions of such project **AND THAT THE**
24 **CONDOMINIUM UNIT HAS NO UNPAID DUES AND ARREARS.**

25 "In cases of condominium projects registered under the
26 provisions of the Spanish Mortgage Law or Act 3344, as amended, the
27 registration of the deed of conveyance or a condominium shall be
28 sufficient if the Register of Deeds shall keep the original or signed copy
29 thereof, together with the certificate of the management body of the
30 project, and return a copy of the deed of conveyance to the
31 condominium owner duly acknowledged and stamped by the Register of

1 Deeds in the same manner as in the case of registration of conveyances
2 of real property under said laws.”

3 Sec. 13. *Implementing Rules and Regulations.* – Within sixty (60) days from
4 the effectivity of this Act, the Department of Human Settlements and Urban
5 Development and the Human Settlements Adjudication Commission, in consultation
6 with public and private stakeholders concerned, shall promulgate the necessary
7 implementing rules and regulations to implement the provision of this Act.

8 Sec. 14. *Separability Clause.* – If any portion or provision of this Act is declared
9 unconstitutional, the remainder of this Act or any provision not affected thereby shall
10 remain in force and effect.

11 Sec. 15. *Repealing Clause.* – All other laws, acts, presidential decrees, executive
12 orders, issuances, presidential proclamations, rules and regulations or parts thereof,
13 which are contrary to and inconsistent with any provision of this Act, are hereby
14 repealed, amended or modified accordingly.

15 Sec. 16. *Effectivity.* – This Act shall take effect fifteen (15) days after its
16 publication in the *Official Gazette* or in a national newspaper of general circulation.

Approved,