

NINETEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
*Third Regular Session* )

Office of the Secretary

24 JUL 10 12:53

SENATE

S. No. 2726

RECEIVED BY:

*JSY*

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**Introduced by Senator Jinggoy Ejercito Estrada**

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**AN ACT**  
**LOWERING THE PERCENTAGE REQUIREMENT FOR THE VOLUNTARY**  
**DISSOLUTION OF CONDOMINIUM CORPORATIONS FOR CONDEMNED**  
**PROJECTS AND PROJECTS IN EXISTENCE FOR MORE THAN THIRTY (30)**  
**YEARS, AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 4726,**  
**OTHERWISE KNOWN AS "THE CONDOMINIUM ACT"**

**EXPLANATORY NOTE**

Republic Act No. 4726, otherwise known as "The Condominium Act" was signed into law on June 18, 1966. It was amended by Republic Act No. 7899 on February 23, 1995. The said laws govern the establishment and development of condominium projects in the country to ensure the safety and viability of the structure and define the rights and responsibilities of both the management and the unit owners. Hence, the condominium projects in the country, whether built for residential, commercial, or industrial use, continue to promote efficiency, accessibility, safety, security and even business opportunities.

However, just like any other infrastructure, condominiums are also subject to wear and tear, as well as to damages due to man-made and natural calamities. Moreover, the continually evolving requirements and lifestyle of our people require the redesigning and restructuring of certain existing condominiums to be able to respond to the demands of the times while ensuring strength and safety.

Unfortunately, the current legal and regulatory restrictions make it nearly impossible to redevelop and rehabilitate a condominium project. For one, the voting requirements for the redevelopment of condominiums prove to be unreasonable because in order for a condominium corporation to be dissolved and its properties sold for redevelopment purposes, Republic Act No. 4726 currently requires unanimous vote of all shareholders or members of the condominium corporation – for the dissolution of the said corporation.

These requirements must be relaxed in order to facilitate the desire of the condominium corporation stakeholders or members to improve their property, investment, and overall quality of life. It will also attract more investments in condominium redevelopment, improve the overall safety of metropolitan areas from natural disasters, and facilitate the corporate dissolution of condominium corporations. Japan and Singapore, in fact, have enacted laws similar to this proposed amendment.

The "*Condominium Redevelopment Act*" seeks to lessen the vote requirements for the dissolution of a condominium corporation. Among the primary amendments that the measure proposes is to reduce the voting requirement for the dissolution of a condominium corporation from the current seventy percent (70%) to a simple majority for projects that have been condemned or expropriated, or projects that are no longer viable. Moreover, for projects that have been in existence for thirty (30) to fifty (50) years, it proposes to reduce from the current one hundred percent (100%) to two-thirds of the stockholders or members the voting requirement for the dissolution of a condominium corporation. Meanwhile, for projects that have been in existence for fifty (50) years or more, the voting requirement is proposed to be reduced from one hundred percent (100%) to a simple majority.

This measure was approved by the House of Representatives on Third Reading.

In view of the foregoing, the immediate passage of this bill is highly recommended.



**JINGGOY EJERCITO ESTRADA**

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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 livable communities that provide equitable, inclusive, and resilient  
5 opportunities for the improvement of human well-being while contributing to the  
6 economic vitality of the community.

7 It is likewise the policy of the State to ensure the safety and integrity of  
8 existing and future condominium developments to protect the public against hazards  
9 of aged 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 units 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”, which as now  
3 in existence, under construction, or which may be constructed hereinafter.

4           Sec. 4. Section 13 paragraph (d) of Republic Act No. 4726 is hereby  
5 amended to read as follows:

6           “Sec. 4. X x x

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

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

26           “Sec. 6. Unless otherwise expressly provided in the enabling  
27 or master deed or the declaration of restrictions, the incidents of a  
28 condominium grant are as follows:

29           “(a) The boundary of the unit granted are the interior  
30 surfaces of the perimeter walls, floors, ceilings, windows and doors  
31 thereof. The following are not part of the unit bearing walls,  
32 columns, floors, roofs, foundations and other common structural



1 elements of the building: lobbies, stairways, hallways, and other  
2 areas of common use, elevator equipment and shafts, central  
3 hearing, central refrigeration and central air-conditioning  
4 equipment, reservoirs, tanks, pumps and other central services and  
5 facilities, pipes, ducts, flues, chutes, conduits, wires and other  
6 utility installations, wherever located, except the outlets thereof,  
7 when located within the unit. **UNIT AREAS WRITTEN ON ALL**  
8 **CONDOMINIUM CERTIFICATES OF TITLE SHALL BE**  
9 **DEEMED TO BE PRECEDED BY 'APPROXIMATELY' AND**  
10 **FOLLOWED BY 'SQURE METERS, MORE OR LESS'."**

11 "X x x."

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

14 "Sec. 9. X x x.

15 "Such declaration of restrictions, among other things, may  
16 also provide:

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

18 "x x x

19 "(8) For entry by its officers, [~~and~~] **THE DEVELOPER,**  
20 **THEIR** agents **AND REPRESENTATIVES** into any unit **DURING**  
21 **EMERGENCY SITUATIONS WHERE THERE IS DANGER OF**  
22 **DAMAGE TO LIFE OR PROPERTY**, when necessary in connection  
23 with the maintenance or construction for which such body is  
24 responsible, **OR FOR MAINTENANCE AND REPAIRS RELATIVE**  
25 **TO COMMON AREAS AND OTHER CONDOMINIUM UNITS**  
26 **ARE CONCERNED, AND THE MANAGEMENT BODY OR**  
27 **DEVELOPER AND THEIR RESPECTIVE AUTHORIZED**  
28 **REPRESENTATIVES SHALL NOT, BY REASON THEREOF, BE**  
29 **LIABLE FOR TRESPASS FOR SUCH ENTRY. IN THE EVENT**  
30 **ENTRY IS NOT GRANTED DESPITE REASONABLE NOTICE**  
31 **GIVEN THE PREVAILING CIRCUMSTANCES, SUCH**  
32 **CONDOMINIUM UNIT OWNER SHALL BE DEEMED AS**

1       **HAVING ACTED IN BAD FAITH AND SHALL BE**  
2       **RESPONSIBLE FOR ALL DAMAGES WHICH MAY BE**  
3       **REASONABLY ATTRIBUTED TO NOT HAVING ALLOWED**  
4       **ENTRY FOR THE PREVENTION OF DAMAGE OR**  
5       **PERFORMANCE OF MAINTENANCE, CONSTRUCTION AND**  
6       **REPAIR WORKS."**

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

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

24               "The articles of incorporation or by-laws of the corporation  
25 shall not contain any provision contrary to or inconsistent with the  
26 provisions of this Act, the enabling or master deed, or the  
27 declaration of restrictions of the project. **UNLESS PROVIDED**  
28 **OTHERWISE IN THE BY-LAWS, QUORUM FOR MEETING**  
29 **PURPOSES SHALL BE DETERMINED BY THE SIMPLE**  
30 **MAJORITY OF THE TOTAL CONDOMINIUM UNITS HELD BY**  
31 **MEMBERS IN GOOD STANDING.** Membership in a  
32 condominium corporation, regardless of whether it is a stock or

1 non-stock corporation, regardless of whether it is a stock or non-  
2 stock corporation, shall not be transferable separately from the  
3 condominium unit of which it is an appurtenance. When a member  
4 or stockholder ceases to own a unit in the project in which the  
5 condominium corporation owns or holds the common areas, he/she  
6 shall automatically cease to be a member or stockholder of the  
7 condominium corporation. **UNLESS PROVIDED OTHERWISE IN**  
8 **THE ARTICLES OF INCORPORATION AND BY-LAWS,**  
9 **JURIDICAL UNIT OWNERS MAY NAME, CONSTITUTE AND**  
10 **APPOINT AN ATTORNEY-IN-FACT WHO SHALL REPRESENT**  
11 **THE SAME IN THE CONDOMINIUM CORPORATION AND**  
12 **WHO MAY LIKEWISE RUN FOR AND BE ELECTED AND**  
13 **APPOINTED TO THE BOARD OR ANY OFFICERSHIP**  
14 **POSITION: PROVIDED, THAT SUCH ATTORNEY-IN-FACT**  
15 **WILL NOT CAUSE THE ALIEN INTEREST IN SUCH**  
16 **CORPORATION TO EXCEED THE LIMITS IMPOSED BY**  
17 **EXISTING LAWS."**

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

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

25 "x x x

26 "(d) That the project or a material part thereof has been  
27 condemned or expropriated and that the project is no longer viable,  
28 [~~or that the members holding in aggregate more than seventy~~  
29 ~~percent interest in the corporation, if non-stock, or the stockholders~~  
30 ~~representing more than seventy percent of the capital stock~~  
31 ~~entitled to vote, if a stock corporation,]~~ **OR THAT THE**  
32 **CONDOMINIUM OWNERS, BY A VOTE OF A MAJORITY**



1           **(50% PLUS 1) OF THE STOCKHOLDERS OR MEMNERS**  
2           **THEREOF AT A GENERAL OR SPECIAL MEETING DULY**  
3           **CALLED FOR THE PURPOSE,** are opposed to the continuation of  
4           the condominium regime after expropriation or condemnation of a  
5           material portion thereof; or

6           "X x X."

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

9           "Sec. 14. The condominium corporation may also be  
10          dissolved by [~~by the affirmative vote of all the stockholder or~~  
11          ~~members thereof at a general or special meeting duly called for the~~  
12          ~~purpose: *Provided,* That all the requirements of Section sixty-two of~~  
13          ~~the Corporation Law are complied with.] **IN THE FOLLOWING**~~

14          **MANNER:**

15          **"(A) IF THE PROJECT HAS BEEN IN EXISTENCE FOR**  
16          **THIRTY (30) YEARS OR MORE BUT LESS THAN FIFTY (50)**  
17          **YEARS, BY THE AFFIRMATIVE VOTE OF 2/3 OF THE**  
18          **STOCKHOLDERS OR MEMBERS THEREOF AT A GENERAL OR**  
19          **SPECIAL MEETING DULY CALLED FOR THE PURPOSE:**  
20          ***PROVIDED,* THAT ALL THE REQUIREMENTS OF TITLE XIV**  
21          **OF THE REVISED CORPORATION CODE OF THE**  
22          **PHILIPPINES ARE COMPLIED WITH.**

23          **"FOR PURPOSES OF THIS SECTION, THE VOTES OF**  
24          **EACH UNIT OWNER SHALL BE DETERMINED AND IN**  
25          **ACCORDANCE WITH SECTION 4 ABOVE."**

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

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

1 dispose of their separate interests in the project and liquidation of  
2 the corporation shall be effected by a sale of the entire project as if  
3 the corporation owned the whole thereof, subject to the rights of  
4 the corporate and of individual condominium creditors. **A**  
5 **MEMBER OF STOCKHOLDER SHALL BE ENTITLED TO AN**  
6 **ADVANCED PAYMENT OF THEIR PRO RATA SHARE FROM**  
7 **THE PROCEEDS OF THE SALE OF THE ENTIRE PROJECT**  
8 **BASED ON AN AGREED VALUATION BETWEEN THE**  
9 **CONDOMINIUM CORPORATION AND THE BUYER OF THE**  
10 **PROJECT. SUCH ADVANCED PAYMENT SHALL BE**  
11 **DEDUCTED FROM THE FINAL AMOUNT TO BE PAID TO THE**  
12 **MEMBER OR STOCKHOLDER.**

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

15 "Sec. 16. A condominium corporation shall not, during its  
16 existence, sell, exchange, [~~lease~~], or otherwise dispose of the  
17 common areas owned or held by it in the condominium project  
18 unless authorized by the affirmative vote of a simple majority of  
19 the registered owners: *Provided*, That prior notifications to all  
20 registered owners are done: *Provided, further*, That the  
21 condominium corporation may expand or integrate the project with  
22 another upon the affirmative vote of a simple majority of the  
23 registered owners, subject only to the final approval of the  
24 [~~Housing and Land Use Regulatory Board~~] **DEPARTMENT OF**  
25 **HUMAN SETTLEMENTS AND URBAN DEVELOPMENT, THE**  
26 **CONDOMINIUM CORPORATION MAY LEASE A PORTION OF**  
27 **THE COMMON AREAS OWNED OR HELD BY IT IN THE**  
28 **CONDOMINIUM PROJECT: *PROVIDED*, THAT SUCH DOES**  
29 **NOT INTERFERE WITH THE OPERATIONS AND SAFETY OF**  
30 **THE COMMUNITY AS WELL AS WITH THE USE THEREOF BY**  
31 **THE UNIT OWNERS, AND ALL NET RENTAL INCOME**

1           **THEREOF INURE TO THE BENEFIT OF THE MEMBERS OR**  
2           **STOCKHOLDERS, AS THE CASE MAY BE.”**

3           Sec. 12. Section 148 of Republic Act No. 4726 is hereby amended to read as  
4 follows:

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

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

1 case of registration of conveyances of real property under said  
2 laws.”

3 Sec. 13. *Implementing Rules and Regulations.* – The Department of Human  
4 Settlements and Urban Development and the Human Settlements Adjudication  
5 Commission shall promulgate within six (6) months from the effectivity of this Act  
6 the rules and regulations to implement the provisions of this Act.

7 Sec. 14. *Separability Clause.* – If any provision or part hereof is held invalid  
8 or unconstitutional, the remainder of the law or the provision or part not otherwise  
9 affected shall remain valid and subsisting.

10 Sec. 15. *Repealing Clause.* – Any law, presidential decree or issuance,  
11 executive order, letter of instruction, administrative order, rule, or regulation  
12 contrary to or inconsistent with the provisions of this Act are hereby repealed,  
13 modified, or amended accordingly.

14 Sec. 16. *Effectivity.* – This Act shall take effect fifteen (15) days after its  
15 publication in the *Official Gazette* or in at least two (2) newspapers of general  
16 circulation.

*Approved,*