LAND MANAGEMENT SYSTEM

LAND TITLE HISTORY

- *EGYPT AND MESAPOTAMIA* **-** Real estate practices flourished to a high degree of perfection.
- *GREECE 200 B.C. -* Record found in Tenos (Contains some 50 entries of land transfers, Standardized form, Had contract of lease)
- *UNITED STATES, 1627 -* Early recorded land transactions. Record of the Plymouth Colony
  - The purpose of recording was not only to afford the right of priority to the purchaser.
  - Principal features found in the recording statutes: *(Acknowledgment of the deed before the governor or other duly authorized officials as a pre-requisite to recording. Copying of the whole deed therein, Priority of title to depend upon priority of date of recording)*
- *PHILIPPINES -* King of Spain proclaimed full ownership of the Philippines lands upon colonization
  - Acquisition was either by purchase or by the various modes of land grant from the Spanish Authority.

  EXEMPTIONS: he and his predecessors-in-interest had been in possession of the land from time immemorial, Church property.

LAND TITLE

It refers to that upon which ownership is based. Evidence of the right of the owner or the extent of his interest, and by which means he can maintain, control, and as a rule, assert the right to exclusive possession and enjoyment of the property.

All the elements that create the highest legal right to own, possess, use, control, enjoy, and dispose of real property or an inheritable right or interest in it. The right to, and the ownership of, property.

DEED

Written instrument executed in accordance with law, wherein a person grants or conveys to another certain land, tenements or hereditaments. An instrument in writing by which any real estate or interest therein is created, alienated, mortgaged or assigned, or by which the title to any real estate may be affected in law or equity.

A written document properly signed, acknowledged, and delivered, and bearing a description of specific property and words of conveyance for that property. The legal document transferring ownership or title to a property.

LEGAL SYSTEM OF TRANSFERRING TITLES

- *Production and delivery of the deed and other title papers* - Without need of further registration or recording. Still in use in some parts of the United States and in many countries in England
- *Deed of conveyance is registered or recorded -* Evidence of title
- *Judicial Registration* - Registration of title or ownership itself.

REGISTRATION OF TITLE

The state provides a public record of the title itself upon which a prospective purchaser or someone else interested may rely. It aims at presenting the prospective purchaser or mortgagee the net result of all the previous dealings.

RECORDING OF EVIDENCE OF TITLE

The recording of deeds of conveyance and other instruments, without guaranteeing the title. It presents the dealings themselves before such a prospect who is left to investigate for himself.

SYSTEM OF REGISTRATION IN THE PHILIPPINES

SYSTEM UNDER THE SPANISH MORTGAGE LAW

- *TORRENS SYSTEM -* Rights acquired by the registrant are guaranteed by the government. There is provided an assurance fund which is made available to pay for damages that may be suffered by the registrant as a consequence of the operation of the Land Registration Act

ROBERT RICHARD TORRENS

- Commissioner of customs in South Australia
- Inspired by the comparative facility with which ships or undivided shares therein were negotiated and transferred in accordance with the English Merchants' Shipping Act.
- Became a Registrar of Deeds and devised a scheme of registration of title and to this end he used the Merchants' Shipping Act as his pattern
- Became a member of the First Colonial Ministry of the Province of South Australia and introduced in the new parliament a bill embodying his scheme for land registration, passed and came to be known as the Real Property Act (No.15) of 1857-58, universally known as the ***"Torrens System"***

TORRENS SYSTEM - The person who claims to be the fee-simple owner, either at law or in equity, files an application to have the land placed in his name on the register of titles where it is submitted for scrutiny to a barrister and a conveyancer, known as examiners of titles.

Determine whether the application passes certain tests:

- Whether the description of the land sought to be registered is definite and clear;
- Whether the applicant is in undisputed possession thereof;
- Whether he appears to be rightfully entitled thereto;
- Whether by the evidence of title submitted it can be safely concluded that no other person may be prejudiced by the adjudication of the property to the applicant.

Passing all such tests,a certificate of title is issued describing the nature of his estate and his certificate vests in him an indefeasible title.

ADVANTAGES OF TORRENS SYSTEM

- Abolishes endless fees
- Eliminates repeated examinations of titles
- Reduces record enormously
- Instantly reveals ownership
- Protects against encumbrances not noted on the Torrens certificate
- Makes fraud almost impossible
- Assures
- Keeps up the system without adding to the burden of
- Taxation, Because the beneficiaries of the system pay the fees
- Eliminates tax titles
- Gives practically eternal title as the State insures perpetually
- Furnishes state title insurance instead of private title insurance
- Makes possible transfer of titles or of loans within the compass of hours

THE PURPOSE OF TORRENS SYSTEM

- To quiet the title to land
- To put a stop forever to any questions of legality of the title, except claims which were noted at the time of registration, in the certificate, or which may arise subsequent thereto

BRINGING THE LAND UNDER THE TORRENS SYSTEM

- Survey of land by the Lands Management Bureau or a duly licensed surveyor
- Filing an application for registration
- Setting the date of initial hearing of the application by the court
- Transmittal of the application and the date of initial hearing together will all the documents or other evidence attached thereto by the Clerk of Court to the LRA
- Publication of the notice of the filing of the application, date and place of hearing in the OF and in a newspaper of general circulation
- Service of notice upon contiguous owners, occupants, and those known to have interest in the property by the sheriff
- Filing of answer to the application by any person whether named in the notice or not.
- Hearing of the case by the court. Promulgation of judgment by the court
- Issuance of the order for the issuance of a decree declaring the decision final and instructing the LRA to issue the decree of confirmation and registrations.
- Entry of the decree of registration in the LRA
- Transcription of the decree of registration in the registration book and the issuance of the owner's duplicate original certificate of title to the applicant by the Register of Deeds, upon payment of the fees.

ACT NO 496 (LAND REGISTRATION ACT)

- Enacted, November 6, 1902.
- Closed reproduction of the Massachusetts Act of 1898
- Landowners whose holdings have not come within the operation of the Torrens system are under no obligation to bring them within.

ACT NO 2259 (CADASTRAL ACT)

- Enacted, February 11, 1913
- An act providing certain special proceedings for the settlement and adjudication of land titles.
- The government initiates the cadastral survey, followed by the proceeding in court for settlement and adjudication of the property involved. Government files the petition, while the private claimants file their answers to assert their claims or lose them if they should fail

COMMONWEALTH ACT NO. 141 (PUBLIC LAND ACT)

- Enacted, December 1, 1936
- An act to amend compile the laws relative to lands of the public domain
- Constitutes a compilation of all pre-existing laws relative to lands of the public domain with proper amendments. Proceeding may either be judicial or administrative

JUDICIAL PROCEEDING - Confirmation of imperfect and incomplete titles requires that application for registration shall be heard in the court of first Instance (Regional Trial Court)
ADMINISTRATIVE PROCEEDINGS - Homestead settlement, by sale, by lease, by confirmation of imperfect and incomplete titles through administrative legalization (free patent)

PRESIDENTIAL DECREE NO. 1529 (PROPERTY REGISTRATION DECREE)

- Issued on June 11, 1978
- To update the Land Registration Act and to arrange into a systematic code the various other laws relative to registration of property, and strengthen the Torrens System

EXECUTIVE ORDER NO. 292, CHAPTER 9 (ADMINISTRATIVE CODE OF 1987)

- Issued on July 25, 1987
- Reorganized the National Land Titles and Deeds Registration Administration and renamed it “Land Registration Authority”

PROPERTY AND REAL ESTATE RELATED LAWS

COMPREHENSIVE AGRARIAN REFORM LAW OF 1988 (REPUBLIC ACT 6657)

AN ACT INSTITUTING A COMPREHENSIVE AGRARIAN REFORM PROGRAM TO PROMOTE SOCIAL JUSTICE AND INDUSTRIALIZATION, PROVIDING THE MECHANISM FOR ITS IMPLEMENTATION, AND FOR OTHER PURPOSES

AGRARIAN REFORM - redistribution of lands, regardless of crops or fruits produced, to farmers and regular farmworkers who are landless, irrespective of tenurial arrangement, to include the totality of factors and support services designed to lift the economic status of the beneficiaries and all other arrangements alternative to the physical redistribution of lands, such as production or profit-sharing, labor administration, and the distribution of shares of stocks, which will allow beneficiaries to receive a just share of the fruits of the lands they work.

Farmer beneficiaries shall be awarded an individual title covering 1 contiguous tract or parcels totaling 3 hectares only, provided however that they will not sell, transfer or convey the land for a period of 10 years.

PROHIBITIONS

- Lands acquired by beneficiaries may not be sold, transferred or conveyed except through hereditary succession, or to the government, or the LBP, or to other qualified beneficiaries for a period of 10 years.
- Beneficiaries under Presidential Decree No. 27 who have culpably sold, disposed of, or abandoned their land are disqualified to become beneficiaries.

PAYMENT BY BENEFICIARIES

- Lands awarded shall be paid for by the beneficiaries to the LBP in 30 annual amortizations at 6% interest per annum.
- Payments for the first 3 years after the award may be at reduced amounts as established by the PARC provided that the first 5 payments does not exceed 5% of the value of the annual gross production.

COVERAGE

- All alienable and disposable lands of the public domain devoted to or suitable for agriculture
- All lands of the public domain in excess of the specific limits as determined by the Congress
- All other lands owned by the Government devoted to or suitable for agriculture.

QUALIFIED BENEFICIARIES

- All private lands devoted to or suitable for agriculture regardless of the agricultural products raised or that can be raised thereon.
- Agricultural lessees and share tenants
- Regular farmworkers
- Seasonal farmworkers
- Other farmworkers
- Actual tillers or occupants of public lands
- Collectives or cooperatives of the above beneficiaries
- Others directly working on the land
- Children of landowners who are qualified shall be given preference in the distribution of the land of their parents.

RETENTION LIMITS

- No person may own or retain, directly or indirectly, any public or private agricultural land, the size of which shall vary according to factors governing a viable family-size farm, such as commodity produce, terrain, infrastructure, and soil fertility as determined by the Presidential Agrarian Reform Council (PARC)
- Retention by the landowner shall in no case exceed 5 hectares
- 3 hectares may be awarded to each child of the landowner, subject to the following qualifications:
    - That he is at least 15 years of age
    - That he is actually tilling the land or directly managing the farm
- Landowners whose lands have been covered by the Presidential Decree No.27 shall be allowed to keep the areas originally retained. Original homestead grantees or their direct compulsory heirs who still own the original homestead at the time of the approval of the Act shall retain the same areas as long as they continue to cultivate the said homestead.
- Provincial, city and municipal government, units acquiring private agricultural lands by expropriation or other modes of acquisition to be used for actual, direct and exclusive public purposes, such as roads and bridges, public markets, school sites, resettlement sites, local government facilities, public parks and barangay plazas or squares, consistent with the approved local comprehensive land use plan.

EXEMPTIONS AND EXCLUSIONS

Lands actually, directly and exclusively used and found to be necessary for:

- Parks, wildlife, forest reserves, reforestation
- Fish sanctuaries and breeding grounds, watersheds, and mangroves
- National defense
- School sites and campuses including experimental farm stations operated by public or private schools for educational purposes.
- Church sites and convents, mosque sites and Islamic centers.
- Communal burial grounds and cemeteries
- Seeds and seedlings research and pilot production centers
- Penal colonies and penal farms actually worked by the inmates.

JUST COMPENSATION

In determining just compensation, the following must be considered:

- Cost of acquisition of the land
- Value of standing crop
- Current value of the like properties, its nature, actual use and income
- Sworn valuation by the owner
- Tax declarations and the assessment made by the government assessors
- Seventy percent (70%) of the zonal valuation of the Bureau of Internal Revenue (BIR), translated into a basic formula by the DAR
- Social and economic benefits contributed by the farmers and the farmworkers and by the Government to the property.
- Non-payment of taxes or loans secured from any government financing institutions
- All lands with eighteen percent (18) slope and over

CONVERSION OF LANDS

- After the lapse of 5 years from its award
- When the land ceases to be economically feasible and sound for agricultural purposes
- The locality has become urbanized and the land will have a greater economic value for residential, commercial or industrial purposes
- The DAR may authorize the reclassification or conversion of the land and its dispositions

URBAN DEVELOPMENT AND HOUSING ACT OF 1992 *(REPUBLIC ACT NO. 7279)*

AN ACT TO PROVIDE FOR A COMPREHENSIVE AND CONTINUING URBAN DEVELOPMENT AND HOUSING PROGRAM, ESTABLISH THE MECHANISM FOR ITS IMPLEMENTATION, AND FOR OTHER PURPOSES

- All lands in urban and urbanizable areas
- Existing areas for priority development sites
- Other areas that may be identified by the local government units as suitable for socialized housing.

EXEMPTIONS

- Those included in the coverage of Republic Act No. 6657
- Those actually used for national defense and security of the State;
- Those used, reserved or otherwise set aside for government offices, facilities and other installations, whether owned by the National Government, its agencies and instrumentalities, including government-owned or-controlled corporations, or by the local government units:
- Those used or set aside for parks, reserves for flora and fauna, forests and watersheds, and other areas necessary to maintain ecological balance or environment protection, as determined and certified to by the proper government agency;
- Those actually and primarily used for religious, charitable, or educational purposes, cultural and historical sites, hospitals and health centers, and cemeteries or memorial parks.

POLICY

- Socialized housing, as defined in Section 3 hereof, shall be the primary strategy in providing shelter for the underprivileged and homeless.
- If the tenurial arrangement in a particular socialized housing program is in the nature of leasehold or usufruct, the same shall be transitory and the beneficiaries must be encouraged to become independent from the Program within a given period of time, to be determined by the implementing agency concerned.

LIMITATIONS ON THE DISPOSITION

- No land for socialized housing, including improvements or rights thereon, shall be sold, alienated, conveyed, encumbered or leased by any beneficiary of this Program except to qualified Program beneficiaries as determined by the government agency concerned.
- He shall also lose his right to the land, forfeit the total amortization paid thereon, and shall be barred from the benefits under this Act for a period of ten (10) years from the date of violation

ELIGIBILITY CRITERIA

- Must be a Filipino citizen;
- Must be an underprivileged and homeless citizen, as defined in Section 3 of this Act;
- Must not own any real property whether in the urban or rural areas;
- Must not be a professional squatter or a member of squatting syndicates.

BALANCED HOUSING DEVELOPMENT

- developers of proposed subdivision projects shall be required to develop an area for socialized housing equivalent to at least twenty percent (20%) of the total subdivision area or total subdivision project cost, at the option of the developer,
- within the same city or municipality,
- whenever feasible,
- in accordance with the standards set by the Housing and Land Use Regulatory Board and other existing laws.

May also be complied in any of the following manner:

- Development of new settlement;
- Slum upgrading or renewal of areas for priority development either through zonal improvement programs or slum improvement and resettlement programs;

- Joint-venture projects with either the local government units or any of the housing agencies; or
- Participation in the community mortgage program

COMMUNITY MORTGAGE PROGRAM (CMP)
- Mortgage financing program of the National Home Mortgage Finance Corporation
- Assists legally organized associations of underprivileged and homeless citizens to purchase and develop a tract of land under the concept of community ownership
- Assist residents of blighted or depressed areas to own the lots they occupy, or where they choose to relocate to, and eventually improve their neighborhood and homes to the extent of their affordability

THE RIGHT-OF-WAY ACT (*REPUBLIC ACT 10752)*

AN ACT FACILITATING THE ACQUISITION OF RIGHT-OF-WAY SITE OR LOCATION FOR NATIONAL GOVERNMENT INFRASTRUCTURE PROJECTS

SECTION 2. *Declaration of Policy.* – Article III, Section 9 of the Constitution states that private property shall not be taken for public use without just compensation. Towards this end, the State shall ensure that owners of real property acquired for national government infrastructure projects are promptly paid just compensation for the expeditious acquisition of the required right-of-way for the projects.

NATIONAL GOVERNMENT PROJECTS

refer to all national government infrastructure projects and its public service facilities, engineering works and service contracts, including projects undertaken by government-owned and -controlled corporations, all projects covered by Republic Act No. 6957, as amended by Republic Act No. 7718, otherwise known as the “Build-Operate-and-Transfer Law”, and other related and necessary activities, such as site acquisition, supply or installation of equipment and materials, implementation, construction, completion, operation, maintenance, improvement, repair and rehabilitation, regardless of the source of funding.

MODES OF ACQUIRING REAL PROPERTY
- Donation
- Negotiated Sale
- Expropriation
- Acquisition of Properties under Commonwealth Act No. 141
- Exchange or Barter
- Easement of Right of Way
- Acquisition of Subsurface Right of way
- Other modes authorized by the law

REALTY INSTALLMENT BUYER ACT (*REPUBLIC ACT 6552)*

AN ACT TO PROVIDE PROTECTION TO BUYERS OF REAL ESTATE ON INSTALLMENT PAYMENTS.

Section 2. It is hereby declared a public policy to protect buyers of real estate on installment payments against onerous and oppressive conditions.

DEFAULTS IN THE PAYMENT OF SUCCEEDING INSTALLMENTS
- To pay, without additional interest, the unpaid installments due within the total grace period earned by him which is hereby fixed at the rate of one month grace period for every one year of installment payments made: *this right shall be exercised by the buyer only once in every five years of the life of the contract and its extensions, if any.*
- If the contract is canceled, the seller shall refund to the buyer the cash surrender value of the payments on the property equivalent to fifty per cent of the total payments made, and, after five years of installments, an additional five per cent every year but not to exceed ninety per cent of the total payments made: *the actual cancellation of the contract shall take place after thirty days from receipt by the buyer of the notice of cancellation or the demand for rescission of the contract by a notarial act and upon full payment of the cash surrender value to the buyer.*

Section 4. In cases where ***less than two years of installments were paid***, the seller shall give the buyer a grace period of not less than sixty days from the date the installment became due.
If the buyer fails to pay the installments due at the expiration of the grace period, the seller may cancel the contract after thirty days from receipt by the buyer of the notice of cancellation or the demand for rescission of the contract by a notarial act.

Section 5. Under Section 3 and 4, the buyer shall have ***the right to sell his rights or assign the same to another person or to reinstate the contract*** by updating the account during the grace period and before actual cancellation of the contract.

Section 6. The buyer shall have the right to pay in ***advance any installment or the full unpaid balance*** of the purchase price any time without interest and to have such full payment of the purchase price annotated in the certificate of title covering the property.

THE REAL ESTATE INVESTMENT TRUST (REIT) ACT OF 2009 (*REPUBLIC ACT 9856)*

AN ACT PROVIDING THE LEGAL FRAMEWORK FOR REAL ESTATE INVESTMENT TRUST AND FOR OTHER PURPOSES

Section 2. *Declaration of Policy*. - It is the policy of the State to promote the development of the capital market, democratize wealth by broadening the participation of Filipinos in the ownership of real estate in the Philippines, use the capital market as an instrument to help finance and develop infrastructure projects, and protect the investing public by providing an enabling regulatory framework and environment under which real estate investment trusts, through certain incentives granted herein, may assist in achieving the objectives of this policy.

Section 4. *Investment in the REIT*. -No shares of stock of the REIT shall be offered for subscription or sale except in accordance with a REIT plan and other requirements and restrictions as may be prescribed by the Commission.

Section 5. *Registration and Listing*. - The shares of stock of the REIT must be registered with the Commission and listed in accordance with the rules of the Exchange.

Section 6. *Nationality Requirement.* - A REIT that owns land located in the Philippines must comply with foreign ownership limitations imposed under Philippine law.

Section 8. REQUIREMENTS

- **Minimum Public Ownership**
    - Must be a public company company
    - A REIT, must
    (a) maintain its status as a listed company;
    (b) upon and after listing, have at least one thousand (1,000) public shareholders each owning at least fifty (50) shares of any class of shares who in the aggregate own at least one - third (1/3) of the outstanding capital stock of the REIT.

- **Capitalization**
    - Must have a minimum paid - up capital of Three hundred million pesos (Php300, 000.000.00).
    - Real estate, whether freehold or leasehold, located In the Philippines *(A REIT may invest in income - generating real estate located outside of the Philippines: Provided, That such investment does not exceed forty percent (40%) of its deposited property and only upon special authority from the Commission)*
    - *The Commission in issuing such authority shall consider, among others, satisfactory proof that the valuation of assets is fair and reasonable. An investment in real estate may be by way of direct ownership or a shareholding in an unlisted special purpose vehicle constituted to hold/own real estate;*
    - Managed funds, debt securities and listed shares issued by local or foreign non - property corporations;
    - Government securities issued on behalf of the Philippine government or governments of other countries and securities issued by multilateral agencies;
    - Cash and Cash equivalent items; and
    - Such other similar investment outlets as the Commission may allow
- **Investment in Synthetic Investment Products**
    - REIT may invest not more than five percent (5%) of its investible funds in synthetic investment products such as, but not limited to, credit default swaps, credit - linked notes, collateralized debt obligations, total return swaps, credit spread options, and credit default options, and only upon special authority from the appropriate regulatory authority.
- **Income-generating Real Estate**
    - At least seventy - five percent (75%) of the deposited property of the REIT must be invested in, or consist of, income - generating real estate.
- **Property Development**
    - REIT must not undertake property development activities whether on its own, in a joint venture with others, or by investing in unlisted property development companies, unless it intends to hold the developed property upon completion.
    - The total contract value of property development activities undertaken and investments in uncompleted property developments should not exceed ten percent (10%) of the deposited property of the REIT.
- **Single Entity Limit**
    - Not more than fifteen percent (15%) of investible funds of the REIT may be invested in any one issuer's securities or anyone managed fund, except with respect to government securities where the limit is twenty - five percent (25%)

- **Foreign Assets**
    - A REIT may invest in local or foreign, assets, subject to the terms of its articles of incorporation. Where an investment in a foreign real estate asset is made, the REIT should ensure that the investment complies with all the applicable laws and requirements in that foreign country such as, but not limited to, foreign ownership restrictions, if any, and requisites of having good and valid title to that real estate.
- **Joint Venture**
    - REIT should make such investment by acquiring shares or interests in an unlisted special purpose vehicle constituted to hold/own the real estate and the REIT should have freedom to

dispose of such investment. The joint venture agreement, memorandum and articles of association or other constitutive documents of the special purpose vehicle should provide for a minimum percentage of distributable profits of the special purpose vehicle that will be distributed and grant the REIT veto rights over key operational issues of the special purpose vehicle

- **Aggregate Leverage Limit**
  - The total borrowings and deferred payments of a REIT should not exceed, 'thirty - five percent (35%) of its deposited property: Provided, however, That the total borrowings and deferred payments of a REIT that has a publicly disclosed investment grade credit rating by a duly accredited or internationally recognized rating agency may exceed thirty - five percent (35%) but not more than seventy percent (70%) of its deposited property.
- **Valuation**
  - A full valuation of a REIT's assets must be conducted by an independent appraisal company, duly accredited by the Commission, at least once a year In accordance with the applicable rules of asset valuation and valuation methodology' as prescribed by the Commission.
- **Fund Manager**

A REIT must appoint a fund manager that is independent from the REIT and its sponsor(s)/ promoter(s) and shall be subject to the following minimum requirements:

  - It must be a corporation duly organized under the laws of the Republic of the Philippines or a foreign corporation engaged in the business' of fund management with proven track record and duly licensed to do business in the Philippines by the appropriate regulatory agency;
  - It must have a minimum paid - up capital" stock or assigned capital of Ten million pesos (Php10, 000.000.00), unless the Commission provides otherwise;
  - Its office in the Philippines must have a meaningful role in its business activities and must perform accounting, compliance and investor relations, services in the Philippines;
  - It must comply with the requirements of the relevant law or appropriate regulatory authority on the number of independent directors;
  - It must comply with the corporate, governance requirements, including the fit and proper rule, prescribed by this Act and its IRR;
  - It must adopt measures as may be prescribed by the IRR of this Act to avoid conflicts of interest in the discharge of its duties as fund manager for the REIT;
  - It must employ a resident chief executive officer and at least two (2) full - time professional employees who have a track record' and experience in financial management as well as experience in the real estate industry.
- **REIT Property Manager**
  - The. REIT must appoint a REIT property manager who shall be responsible for managing the real estate assets such as apartment buildings, office buildings, warehouses, hospital buildings, medical facilities, hotel buildings, resort facilities, manufacturing plants and other physical assets of the REIT. The contract between the REIT and the property manager must comply with the disclosure and other requirements prescribed for related party transactions.
  - The REIT property manager shall be independent from the REIT and its sponsor/promoter and possess the qualifications and be subject to such functions and responsibilities, restrictions and other requirements prescribed by the Commission.

THE PROPERTY MANAGER MUST COMPLY WITH THE FOLLOWING MINIMUM QUALIFICATIONS:

- It must comply with the requirement of the SRC or the Commission on the number of independent directors;
- It must comply with the corporate governance requirements, including the fit and proper rule, prescribed by this Act and its IRR; and
- It must adopt measures as may be prescribed by the IRR of this Act to avoid conflicts of interest in the discharge of its duties as property manager for the REIT.

- **Independent Directors**
  - At least one - third (113) of the board of directors of a REIT must be independent directors.

RENT CONTROL ACT OF 2009 (*REPUBLIC ACT NO. 9653)*

AN ACT ESTABLISHING REFORMS IN THE REGULATION OF RENT OF CERTAIN RESIDENTIAL UNITS, PROVIDING THE MECHANISMS THEREFOR AND FOR OTHER PURPOSES

Section 4. Limit on Increases in Rent.

- For a period of one (1) year from its effectivity, no increase shall be imposed upon the rent of any residential unit covered by this Act:
- Provided, That after such period until December 31, 2013, the rent of any residential unit covered by this Act shall not be increased by more than seven percent (7%) annually as long as the unit is occupied by the same lessee:

- Provided, further, That when the residential unit becomes vacant, the lessor may set the initial rent for the next lessee:
- Provided, however, That in the case of boarding houses, dormitories, rooms and bedspaces offered for rent to students, no increase in rental more than once per year shall be allowed.

Section 5. Coverage of this Act.
- All residential units in the National Capital Region and other highly urbanized cities, the total monthly rent for each of which ranges from One peso (P1.00) to Ten thousand pesos (P10,000.00)
- All residential units in all other areas, the total monthly rent for each of which ranges from One peso (P1.00) to Five thousand pesos (P5,000.00) as of the effectivity date of this Act shall be covered, without prejudice to existing contracts.

Section 7. Rent and Requirement of Bank Deposit.
- Rent shall be paid in advance within the first five (5) days of every current month or the beginning of the lease agreement unless the contract of lease provides for a later date of payment.
- The lessor cannot demand more than one (1) month advance rent. Neither can he/she demand more than two (2) months' deposit which shall be kept in a bank under the lessor's account name during the entire duration of the lease agreement.
- Any and all interest that shall accrue therein shall be returned to the lessee at the expiration of the lease contract.
- In the event however, that the lessee fails to settle rent, electric, telephone, water or such other utility bills or destroys any house components and accessories, the deposits and interests therein shall be forfeited in favor of the latter in the amount commensurate to the pecuniary damage done by the former.