

RECENT LEGISLATION

THE HOUSE RENTAL LAW

EXPLANATORY NOTE: The liberation of the Philippines saw the destruction of thousands of homes and buildings. Consequently, an acute scarcity of houses was felt, exorbitant rents prevailed, and homeless tenants became the victims of excessive rents imposed by landlords. In order to legitimately control and regulate house rents, including the collection of unjust and unreasonable rentals, the first Congress of the Philippines enacted Commonwealth Act No. 689, entitled "An Act To Penalize Speculation on Rents of Buildings Destined for Dwelling Purposes." This Act was approved on October 15, 1945.

Thereafter, in order to further clarify the law and to provide for cases not theretofore covered by its provisions, Commonwealth Act No. 689 was amended by Republic Act No. 66 approved on October 18, 1946. The latter Act amended virtually all of the sections of the previous Commonwealth Act, with the exception of only four sections which remained unaltered. So that Commonwealth Act No. 689, as amended by Republic Act No. 66, is at present the basic law on the matter, and it shall be in force for a period of four years after its approval. (Section 14)

Recently, Congress passed House Bill No. 978, further amending Commonwealth Act No. 689, as amended by Rep. Act No. 66. This Bill intended to improve the present law and to fix a reasonable ceiling for rentals for residential houses and lots, because the present law merely establishes a legal presumption that a rental is unjust and unreasonable and therefore unlawful if it exceeds 20 per centum of the annual assessment value of the property; and this has not led to the prosecution of any lessor because the law gives him the right to rebut the presumption established under it with evidence showing that under particular circumstances affecting a certain transaction, the rentals charged by him are not unjust and unreasonable and therefore not unlawful. However, the President of the Philippines vetoed said Bill because it retained the same presumption existing in the present law, modifying only the per centum of the assessed value of the property which may be charged as rental, and in his opinion it will not effectively control the amount of rentals charged nor will it prevent the abuses which are now perpetrated upon the tenants. In lieu thereof, however, the Pres-

ident issued Executive Order No. 62 which he believes will more effectively carry out the policy of the Congress and of the Government on the matter.

Republic Act No. 66 and the provisions of Commonwealth Act No. 689 which are still in force, as well as Executive Order No. 62, are hereinbelow reproduced.

ANGEL G. MAPA.

REPUBLIC ACT NO. 66

AN ACT TO AMEND COMMONWEALTH ACT NUMBERED SIX HUNDRED AND EIGHTY-NINE, ENTITLED "AN ACT TO PENALIZE SPECULATION ON RENTS OF BUILDINGS DESTINED FOR DWELLING PURPOSES."

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

SECTION 1. Sections one, two, three, four, five, eight, nine, ten, eleven, and fourteen of Commonwealth Act Numbered Six hundred and eighty-nine are hereby amended to read as follows:

"SECTION 1. A lease for the occupation as dwelling of a building or part thereof which is not a room or rooms of an hotel, or lot, which does not specify any term, shall be considered of one year's duration counted from the day of occupation by virtue of said lease at the option of the lessee. Building used both as dwelling of the lessee and also as place of business of the

latter for home industries intended for the support of the family shall be deemed included in the provisions of this Act.

"SEC. 2. In a suit for ejection or for the collection of rents due and payable by virtue of a contract of lease of buildings destined solely for dwelling, not being a room or rooms of an hotel, and lots, the fact that the rents are unjust and unreasonable shall constitute a valid defense. Except as provided in section twelve of this Act, no lessee or occupant shall be ejected in cases other than for willful and deliberate nonpayment of rents or when the lessor has to occupy the building leased.

"SEC. 3. The said rents shall be presumed unjust and unreasonable if the amount thereof per annum exceeds twenty per centum of the annual assessment value of the building and the lot on which it is erected, if both belong to the lessor, or of the actual assessment value of the building in addition to all rent paid on the lot if said lot belongs to another person. In the case of the lease for the occupation of a lot, the rents shall be presumed unjust and unreasonable if the amount thereof per annum likewise exceeds twenty per centum of the annual assessment value of said lot. If the lessee occupies only part of the building or lot, the actual assessment value corresponding to the part occupied by him, shall be determined proportionally.

"Whenever a verbal or written contract of lease for the occupa-

tion as dwelling of a building or part thereof is entered into, the lessor and the lessee shall file individually and separately in the office of the mayor of the city or municipality where the building is located an affidavit stating the exact location of said building, the names and addresses of the parties to the contract, the duration of the lease, the assessed value of the building, and the amount of rental agreed upon between the said parties. Submission of said affidavits shall be made within five days from the date of the execution of the contract of lease or from the date of occupation of the building by the lessee in case there is no written contract. Parties to an existing lease contract shall also file the aforementioned affidavits within ten days from the approval of this Act.

"SEC. 4. When a final and executory order or judgment in a suit for the recovery of rentals or for ejection from a building or part thereof used as dwelling or from a lot establishes the fact that the lessee has retained the possession of the buildings or lot leased to him after the expiration of the contract, the Court that issued such order or judgment shall, on the petition of the lessee and subject to the conditions prescribed in this Act, suspend the execution of said order or judgment for a period which it considers convenient but not exceeding six months.

"SEC. 5. When there is a petition for the suspension of execution of an order or judgment, the Court

shall hear both parties, and if during the trial it shall be found that the building or buildings or lot mentioned in the petition are destined solely for dwelling; that the petitioner cannot secure another dwelling house or lot for himself and his family; that he had used due diligence to find another building; that he had filed his petition in good faith and is willing to obey and comply with the requirements and orders of the Court, said Court shall grant the suspension as provided in this Act, on the condition that the requirements laid down for said suspension shall be complied with.

"SEC. 8. Any proprietor or lessor, or his agent, found guilty of having, with the object of ejecting a lessee, falsely claim that he needed the building or part thereof, or the lot for himself and his family, or if really so needed it, he exposed the lessee by deed, negligence or omission, directly or indirectly, to unsafe or insanitary conditions, or imposed upon him any burden, or caused him any loss or unnecessary vexation, in the use or occupation of the building, or lot or part of either, shall be punished with a fine of not exceeding one thousand pesos or with imprisonment for not more than one year or with both penalties, in the discretion of the Court. The fact that the proprietor or lessor has leased to another party the building or lot or part of either within one year after ejecting the former lessee on the claim that said building or lot was needed by said proprietor or lessor

for himself and his family, shall be *prima facie* evidence of the falsehood of such claims.

"SEC. 9. Any person who directly or indirectly collects any rent or payment more than authorized by this Act, or who extrajudicially deprives the lessee against his will, of the occupation of a building or lot or part thereof used as dwelling during the period of lease, shall be punished by a fine of not exceeding two thousand pesos, or imprisonment for not more than two years or with both penalties.

"SEC. 10. Any person found guilty of having, with the intention of evading the provisions of this Act, entered into a contract or arrangement for the payment of a bonus or of any other consideration in connection with any contract of lease or any other contract whatsoever for the use and occupation of any building or lot described in section one of this Act, or taken part in any fictitious sale or in any artifice, combination, or arrangement the object of which is to increase the rent of said building, or lot, or to evade in any other way the effects of this Act, shall be punished by a fine of not exceeding one thousand pesos, or imprisonment for not more than one year, or with both penalties in the discretion of the Court without prejudice to the filing of an action for perjury if the same has been committed.

"SEC. 11. The lessee shall not sub-lease the building or lot or part of either used as dwelling or for dwelling purposes, without the writ

ten consent of the proprietor. A violation of this provision is a cause for the ejection of the lessee as well as of the sub-lessee and shall be punished by a fine of not exceeding one hundred pesos."

"SEC. 14. This Act shall be in force for a period of four years after its approval."

SECTION 2. This Act shall take effect upon its approval.

Approved, October 18, 1946.

COMMONWEALTH ACT No. 689
AN ACT TO PENALIZE SPECULATION ON RENTS OF BUILDINGS DESTINED FOR DWELLING PURPOSES.

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

(Provisions still in force)

SEC. 6. The order of suspension shall be granted and will continue in force only on condition that the person against whom judgment has been rendered deposits the total amount of rents due during the period of suspension or such portions of said amount as the Court may order from time to time, at the same rate of rental that he was charged for the month immediately preceding the expiration of the lease. This deposit shall include, in addition, the costs and all rents due and not paid before the suspension and a reasonable amount to answer for damages. The Court shall determine the amount of such deposit, during the hearing of the petition for suspension, and its decision as to the amount of deposit shall be final and execu-

tory and shall be carried out in such manner and within such time as the Court may direct.

SEC. 7. The Clerk of Court, or the Judge if there is no Clerk of Court, shall pay to the lessor or his authorized agent all the amount deposited or part thereof in accordance with the conditions of the order of suspension and of other orders of the Court.

SEC. 12. If any violation of this Act is committed by a corporation or an association, its managers, officers or agents who have authorized, ordered, or consented to any of the acts constituting said infringement shall be held criminally responsible.

SEC. 13. All laws or executive orders or parts thereof which are inconsistent with the provisions of this Act are hereby repealed.

Approved, October 15, 1945.

MALACAÑAN PALACE
MANILA

BY THE PRESIDENT OF THE
PHILIPPINES

EXECUTIVE ORDER No. 62
REGULATING RENTALS FOR
HOUSE AND LOTS FOR
RESIDENTIAL BUILD-
INGS

By virtue of the powers vested in me by the Constitution and existing law, I, MANUEL ROXAS, President of the Philippines, do hereby promulgate the following rules and regulations governing rentals for houses and lots for residential buildings.

SECTION 1. This Order shall ap-

ply to all contracts of lease for the use of a building or part thereof, other than principally for a commercial or industrial purpose, excepting rooms of an hotel, or of a lot or lots intended for the construction of buildings for residential purposes; Provided, however, That subsisting written contracts of lease duly reported to the Office of the Mayor as now provided by law when the property involved is assessed at an amount not less than fifty thousand pesos (P50,000.00) shall not be subject to the provisions of this Order.

SEC. 2. The collection of rents on the properties described in Section 1 hereof which are in excess of twelve per centum per annum or one per centum per month of the assessed value of the building and lot on which it is erected is hereby declared unlawful. If the lessee occupies only part of the building or lot, the proportionate assessed value of the building or lot corresponding to the part occupied by him shall be the basis for determining the maximum rental authorized by this Order. When a lessee subleases the whole of the property, it shall be unlawful to collect more than twelve per centum of the assessed value of the property if the sublease covers the whole thereof; nor more than twelve per centum of the proportionate assessed value of the portions subleased plus an amount not exceeding ten per centum of the rentals for the sublease if the same covers only a part of the building or lot.

SEC. 3. For the purpose of determining the assessed value of building constructed or reconstructed after the date of this Order, the owner or owners shall file affidavits with the Provincial or City Assessor immediately upon completion thereof and before the lessee occupies the same, stating the cost of construction or reconstruction and accompanied by vouchers and receipts showing the actual cost thereof. Upon receipt of this declaration, the Assessor shall proceed to assess or reassess, as the case may be, the property in accordance with the laws and regulations in force.

SEC. 4. Any person who directly or indirectly collects any rent or payment in an amount higher than that authorized by this Order, or any landlord who takes part in any artifice, combination or arrangement, or performs any act or subterfuge to evade the provisions of

this Order, or who, for the purposes of evading this Order, issues a receipt for an amount less than that really collected by him as rental or rentals, or refuses to issue any receipt therefor, shall be punished by a fine of not less than four hundred pesos nor more than four thousand pesos or imprisonment for not less than four months nor more than four years, or both, in the discretion of the Court.

SEC. 5. Such provisions of Commonwealth Act No. 689, as amended by Republic Act No. 66, as are not covered by, or not inconsistent with, the provisions of this Order, are hereby continued in force and effect and shall be considered supplementary hereto.

SEC. 6. This Order shall be in force until December 31, 1948.
Manila, June 21, 1947.

(Sgd.) MANUEL ROXAS
President of the Philippines

