

AN ACT REGULATING RENTALS OF DWELLING UNITS OR OF LAND ON WHICH ANOTHER'S DWELLING IS LOCATED AND FOR OTHER PURPOSES.

BATAS PAMBANSA BLG. 25, April 10, 1979

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Be it enacted by the Batasang Pambansa in session assembled:

SECTION 1. Authority to Increase Rentals.—Upon the effectivity of this Act and for a duration of five years thereafter the monthly rentals of all residential units not exceeding three hundred pesos shall not be increased, for any one year period, by more than ten percent (10%) of the monthly rentals existing at the time of the approval of this Act.

The yearly increases authorized herein shall be cumulative.

SEC. 2. Definition of Terms.—Unless otherwise indicated wherever in this Act, the following terms shall have the following meaning:

- Rental—shall mean the amount paid for the use or occupancy of residential units whether payment is made on a monthly or other basis.
- A residential unit—refers to an apartment, house and/or land on which another's dwelling is located used for residential purposes and shall include not only buildings, parts or units thereof used solely as dwelling places, except motels, motel rooms, hotels, hotel rooms, boarding houses, dormitories, rooms and bedspaces for rent, but also those used for home industries, retail stores or other business purposes if the owner thereof and his family actually live therein and use it principally for dwelling purposes: Provided, That in the case of a retail store, home industry or business, the capitalization thereof shall not exceed five thousand pesos (P5,000.00): and Provided, further, That in the operation of the store, industry or business, the owner thereof shall not require the services of any person other than the immediate members of his family.
- Immediate members of family of the lessee or lessor shall be limited to his direct ascendants or descendants, and collateral relatives within the second civil degree by consanguinity or affinity.
- Lessee—shall mean the person renting a residential unit.
- Owner/Lessor—shall include the owner or administrators or agents of the owner of the residential unit.
- Sublessor—shall mean the person who leases or rents out a residential unit previously leased to him by an owner.
- Sublessee—shall mean the person who leases or rents a residential unit from a sublessor.
- Assignment of lease—shall mean that act contemplated in Article 1649 of the New Civil Code.

SEC. 3. Advance Rental and Deposit.—Advance rental intended to cover the initial month's rent may be demanded by the lessor or sublessor but not to exceed one month's rental.

Deposit may also be demanded but not to exceed one month's rental.

SEC. 4. Subleasing or Assignment of Lease.—Subleasing or assignment of lease of the whole or any portion of the residential unit without the written consent of the owner/lessor is prohibited. In no case shall the sublessor or assignor charge rentals higher than the rental charged on the property by the owner/lessor: Provided, That if the subleased or assigned area is less than the total area originally leased, the rental shall be proportionately reduced.

SEC. 5. Grounds for Judicial Ejectment.—Ejectment shall be allowed on the following grounds:

- Subleasing or assignment of lease of residential units in whole or in part, without the written consent of the owner/lessor: Provided, That in the case of subleases or assignments executed prior to the approval of this Act, the sublessor/assignor shall have sixty days from the effectivity of this Act within which to obtain the written approval of the owner/lessor or terminate the sublease or assignment.
- Arrears in payment of rent for three (3) months at any one time: Provided, That in case of refusal by the lessor to accept payment of the rental agreed upon, the lessee shall either deposit, by way of consignment, the amount in court, or in a bank in the name of and with notice to the lessor.
- Need of owner/lessor to repossess his property for his own use or for the use of any immediate member of his family as a residential unit, such owner or immediate member not being the owner of any other available residential unit: Provided, however, That the period of lease has expired: Provided, further, That the lessor has given the lessee notice three months in advance of the lessor's intention to repossess the property: and Provided, finally, That the owner/lessor or immediate member stays in the residential unit for at least one year, except for justifiable cause.
- Ownership by the lessee of another residential unit which he may use as his residence: Provided, That the lessee shall have been notified by the lessor of the intended ejectment three months in advance.
- Need of the lessor to make necessary repairs of the leased premises which is the subject of an existing order of condemnation by appropriate administrative authorities concerned in order to make the said premises safe and habitable: Provided, That after said repair, the lessee ejected shall have the right of first refusal of the lease of the same premises.
- Expiration of the period of a written lease contract.

In no case shall the lessor or his successor-in-interest be entitled to eject the lessee upon the ground that the leased premises has been sold or mortgaged to a third person.

SEC. 6. Application of the Civil Code and Rules of Court of the Philippines.—Except when the lease is for a definite period, the provisions of paragraph (1) of Article 1673 of the Civil Code of the Philippines insofar as they refer to residential units covered by this Act shall be suspended during the effectivity of this Act but other provisions of the Civil Code and the Rules of Court on lease contracts, insofar as they are not in conflict with the provisions of this Act, shall apply.

SEC. 7. Coverage of the Act.—All residential units the total monthly rental of which does not exceed three hundred pesos (P300.00) as of the effective date of this Act shall be covered by this Act and shall continue to be so covered notwithstanding that the monthly rental shall have already exceeded the three hundred peso-limit as a result of the application of section one hereof: Provided, however, That this Act shall not be applicable to new residential units constructed during its effectivity.

SEC. 8. Penalty Clause.—Any person violating any provision of this Act shall be punished by imprisonment of not less than three (3) months nor more than two (2) years and a fine of not less than one thousand pesos (P1,000.00) nor more than two thousand pesos (P2,000.00). Where the offender is a corporation or a juridical entity, the

President or General Manager thereof shall suffer the penalty, without prejudice to the imposition of the fine on such corporation or juridical entity.

SEC. 9. Separability Clause.—If for any reason, any section or provision of this Act is declared unconstitutional or invalid, the other sections or provisions hereof which are not affected thereby, shall continue in full force and effect.

SEC. 10. Repealing Clause.—Presidential Decree Number Twenty and all laws, decrees, orders or parts thereof inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SEC. 11. Effectivity.—This Act shall take effect immediately upon its approval and shall remain in force for five (5) years thereafter.

Approved, April 10, 1979.

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