

[REPUBLIC ACT NO. 9161, December 22, 2001]

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

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

SECTION 1. *Short Title.* — This Act shall be known and cited as the "Rental Reform Act of 2002."

SEC. 2. *Declaration of Policy.* — The State shall, for the common good, undertake a continuing program of urban land reform and housing which will make available at affordable cost decent housing and basic services to underprivileged and homeless citizens in urban centers and resettlement areas.

Towards this end, the State shall establish reforms in the regulation of rentals of certain residential units.

SEC. 3. *Monthly Rentals and Maximum Increases.* — Beginning 01 January 2002 and for a duration of three (3) years thereafter ending on 31 December 2004, the monthly rentals of all residential units in the National Capital Region and other highly urbanized cities not exceeding Seven thousand five hundred pesos (P7,500.00) and the monthly rentals of all residential units in all other areas not exceeding Four thousand pesos (P4,000.00) shall not be increased annually by the lessor, without prejudice to existing contracts, by more than ten (10%).

SEC. 4. *Definition of Terms.* — The following terms as used in this Act shall be understood as:

- a. "Rental" shall mean the amount paid for the use or occupancy of a residential unit whether payment is made on a monthly or other basis.
- b. "Residential unit" shall refer to an apartment, house and/or land on which another's dwelling is located and used for residential purposes and shall include not only buildings, parts or units thereof used solely as dwelling places, boarding houses, dormitories, rooms and bedspaces offered for rent by their owners, except motels, motel rooms, hotels, hotel rooms, but also those used for home industries, retail stores or other business purposes if the owner thereof and his or her family actually live therein and use it principally for dwelling purposes.
- c. "Immediate members of family of the lessee or lessor" for purposes of repossessing the leased premises, shall be limited to his or her spouse, direct descendants or ascendants, by consanguinity or affinity.
- d. "Lessee" shall mean the person renting a residential unit.

- e. "Owner/Lessor" shall include the owner or administrator or agent of the owner of the residential unit.
- f. "Sublessor" shall mean the person who leases or rents out a residential unit leased to him by an owner.
- g. "Sublessee" shall mean the person who leases or rents out a residential unit from a sublessor.
- h. "Assignment of lease" shall mean the act contemplated in Article 1649 of the Civil Code of the Philippines.

SEC. 5. *Rental and Deposit.* — Rental 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 rental and two (2) months deposit.

SEC. 6. *Assignment of Lease or Subleasing.* — Assignment of lease or subleasing of the whole or any portion of the residential unit, including the acceptance of boarders or bedspacers, without the written consent of the owner/lessor is prohibited.

SEC. 7. *Grounds for Judicial Ejectment.* — Ejectment shall be allowed on the following grounds:

- a. Assignment of Lease or Subleasing. — Assignment of lease or subleasing of the whole or any portion of the residential unit, including the acceptance of boarders or bedspacers, without the written consent of the owner/lessor is prohibited.
- b. Arrears in payment of rent for a total of three (3) months: *Provided*, That in the case of refusal by the lessor to accept payment of the rental agreed upon, the lessee may either deposit, by way of consignment, the amount in court, or with the city or municipal treasurer, as the case may be, or in a bank in the name of and with notice to the lessor, within one (1) month after the refusal of the lessor to accept payment.

The lessee shall thereafter deposit the rental within ten (10) days of every current month. Failure to deposit the rentals for three (3) months shall constitute a ground for ejectment. If an ejectment case is already pending, the court upon proper motion may order the lessee or any person or persons claiming under him to immediately vacate the leased premises without prejudice to the continuation of the ejectment proceedings. At any time, the lessor may, upon the authority of the court, withdraw the rentals deposited.

The lessor, upon authority of the court in case of consignment or upon joint affidavit by him and the lessee to be submitted to the city or municipal treasurer and to the bank where deposit was made, shall be allowed to withdraw the deposits;

- c. Legitimate need of the owner/lessor to repossess his or her property for his or her own use or for the use of any immediate member of his or her family as a residential unit: *Provided*, however, That the lease for a definite period has expired: *Provided, further*, That the lessor has given the lessee formal notice three (3) months in advance of the lessor's intention to repossess the property and: *Provided, finally*, That the owner/lessor is prohibited from leasing the