

**[ BATAS PAMBANSA BLG. 877, June 12, 1985 ]**

**AN ACT PROVIDING FOR THE STABILIZATION AND REGULATION  
OF, RENTALS OF CERTAIN RESIDENTIAL UNITS FOR OTHER  
PURPOSES**

*Be it enacted by the Batasang Pambansa in session assembled:*

SECTION 1. *Monthly Rentals and Maximum Increases.* - Beginning July 1, 1985 and for a duration of two and a half years thereafter ending on December 31, 1987, monthly rentals of all residential units not exceeding four hundred eighty (P480.00) pesos shall not be increased by the lessor by more than the rates herein provided:

<i>PERIOD</i>	<i>MAXIMUM INCREASE</i>
July 1, 1985 to December 31, 1985	10 percent
January 1, 1986 to December 31, 1986	20 percent
January 1, 1987 to December 31, 1987	20 percent

The increases authorized herein shall be cumulative and compounded.

SECTION 2. *Definition of Terms.* -

(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) *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 offered for rent by their owners, 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 initial capitalization thereof shall not exceed five thousand pesos (P5,000.00): and Provided, further, That in the operation of the store, home industry or business, the owner thereof shall not require the services of any person other than the members of his household.

(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 mean the person who leases or rents out a residential unit leased to him by an owner.

(f) *Sublessor* - shall mean the person who leases or rents a residential unit leased to

him by an owner.

(g) *Sublessee* - shall mean the person who leases or rents a residential unit from a sublessor.

(h) *Assignment of Lease* - shall mean that act contemplated in Article 1649 of the Civil Code of the Philippines.

SECTION 3. *Rental and Deposit.* - Rental shall be paid in advance within the first five 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 any advance rental but he may ask for a deposit not to exceed one month rental.

SECTION 4. *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. In case consent is given by the owner lessor, the sublessor or assignor cannot charge rentals higher than the rental charged on the property by the owner/lessor.

SECTION 5. *Grounds for Judicial Ejectment.* - Ejectment shall be allowed on the following grounds:

(a) Assignment of lease or subleasing of residential units in whole or in part, including the acceptance of boarders or bedspacers, without the written consent of the owner/lessor.

(b) Arrears in payment of rent for a total of three (3) months: *Provided*, That in 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 of the lessor, within one month after the refusal of the lessor to accept payment.

The lessee shall thereafter deposit the rental within ten days of every current month. Failure to deposit rentals for three 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 authority of the court, withdraw the rentals deposited.

The lessor, upon authority of the court in case of consignment and 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 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 within the same city or municipality: *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