

# **IMPLEMENTING RULES AND REGULATIONS**

## **REGISTRY OF CERTIFICATE OF OWNERSHIP OF LEASEHOLD RIGHTS ("REGISTRY OFFICE")**

Pursuant to Republic Act No. 7227 and its implementing rules and regulations and the applicable provisions of the Mechanics and Procedure of Registry of Certificate of Ownership of Leasehold Rights approved by the Subic Bay Metropolitan Authority (SBMA), Board of Directors, on 13 April 2007, the following are the implementing rules and regulations of the Registry of Certificate of Ownership of Leasehold Rights:

### **PART I. GENERAL PROVISIONS**

#### **Rule I. Preliminary Provisions**

**Section 1. Title.** - These Rules shall be known and referred to as the "*Implementing Rules and Regulations of the Registry of Certificate of Ownership of Leasehold Rights.*"

**Section 2. Purpose.** - These Rules are promulgated to prescribe the procedures and guidelines for registration of leasehold rights over real estate properties within the Subic Bay Freeport Zone, prescribe fees therefore, the penalties in case of non-compliance and define the powers and functions of the Registry.

**Section 3. Construction.** - These Rules shall be liberally construed to carry out the policy of adopting an accurate, systematic and comprehensive leasehold rights registration.

**Section 4. Administration and Enforcement.** – For an orderly leasehold rights registration, there is created a unit within the Regulatory Group, to be known as "Registry of Certificate of Ownership of Leasehold Rights." These Rules shall be implemented by the said unit, with the assistance, as the need arises, in the form of personnel, facilities and other resources from other SBMA departments.

**Section 5. Declaration of Policy.** - It is the policy of SBMA to adopt an accurate, systematic, and comprehensive leasehold rights registration and information system, which shall: a) Enhance the value of leasehold rights over SBMA real estate properties; b) Protect the integrity of leasehold rights in conformity with the original terms and conditions of the Lease Agreement or Lease Development Agreement; c) Concretize ownership of leasehold rights through the issuance of a Certificate of Ownership of Leasehold Rights; and d) Regulate conveyances of SBMA real properties by the issuance of a certificate of ownership of leasehold rights and recordings of all transfers and encumbrances involving said real properties.

**Section 6. Definitions.** – For purposes of these Rules, these terms shall be understood to have the following meaning:

- a. SBMA – refers to the Subic Bay Metropolitan Authority created under Section 13 of Republic Act No. 7227, otherwise known as the "Bases Conversion and Development Act of 1992."
- b. LAMD – refers to SBMA Land Asset Management Department.
- c. Registry – refers to the Registry of Certificate of Ownership of Leasehold Rights Division of LAMD.
- d. Registrar – the Unit Head of the Registry of Certificate of Ownership of Leasehold Rights of the Regulatory Group.
- e. SBF – is the Subic Bay Freeport referred to as the Special Economic and Freeport Zone in Section 12 of Republic Act No. 7227, the metes and bounds of which is delineated in Presidential Proclamation No. 532.
- f. Leased Property – refers to the property subject of a Lease and Development Agreement, Lease Agreement, Assignment of Lease or Sublease Agreement or similar documents.
- g. Rules – refers to these Implementing Rules and Regulations.
- h. Board – refers to SBMA Board of Directors.

## **PART II. REGISTRY OF CERTIFICATE OF OWNERSHIP OF LEASEHOLD RIGHTS**

### **RULE 1. POWERS OF SBMA BOARD OF DIRECTORS**

**Section 1. *Board of Directors.*** The powers of SBMA shall be vested and exercised by its Board of Directors.

All major substantial, procedural and operational matters affecting the registration of Certificate of Ownership of Leasehold Rights, with the effect of amending these Rules shall be effective only upon recommendation of the Administrator and CEO and prior approval of the Board of Directors.

All major and substantial amendments and changes affecting a particular Certificate of Ownership of Leasehold Rights shall be with the approval of the Board of Directors upon recommendation of the Administrator and CEO.

Any adverse action of the Registrar involving a major and substantial matter pertaining to the registration proceedings is appealable to the Administrator. A further appeal may be taken to the Board of Directors.

### **RULE 2. REGISTRY OF CERTIFICATE OF LEASEHOLD RIGHTS**

**Section 1. *The Registry.*** The Registry of Certificate of Leasehold Rights constitutes a public repository of Certificates of Ownership of Leasehold Rights and all records of instruments affecting leasehold rights registration of SBMA real properties within Subic Bay Freeport Zone.

**Section 2. *Officials and Employees of the Registry.*** – The Registry of Certificate of Leasehold Rights shall have a Registrar, Land Management Officer, Land Management Examiner, Records Officer and other administrative personnel necessary for its operation.

**Section 3. *The Registrar.*** – The Registrar is the Unit Head of the Registry of Certificate of Ownership of Leasehold Rights Unit of the Regulatory Group.

a) He shall be the sole authority in the validation of the authenticity, genuineness and legality of the documents/transactions presented for registration and shall implement effectively and efficiently these Rules.

b) It shall be his duty to immediately register an instrument presented for registration which complies with all the requisites therewith. He shall ensure that said instrument bears the proper seal of the Registry. If the instrument is not registrable, he shall forthwith deny registration thereof and inform the presenter of such denial in writing, stating the ground or reason therefore, and advising him of his right to appeal to the Administrator.

c) As chief of the central repository of the Certificate of Ownership of Leasehold Rights, preserve and maintain the integrity of the record of the Certificate of Leasehold Rights and maintain the registry and the records of transaction involving leasehold registration in a systematic and orderly manner.

d) Perform other duties as maybe necessary for the Registry.

**Section 4. *Land Management Officer.*** - There shall be a land management officer, who shall be a duly licensed geodetic engineer, in the Registry who shall be the technical adviser of the Registrar on all matters involving surveys and shall be responsible to him for the plats, plans and works requiring the services of a geodetic engineer in said office. He shall perform such other functions as may, from time to time, be assigned to him by the Registrar.

He shall recommend payment for area in excess of the original lease agreement or lease development agreement and its amendments or conversely recommends necessary adjustments on area. He shall be responsible for the regular, routine and on spot inspections of various leasehold rights registration application.

**Section 5. *Land Management Examiner.*** - There shall be a land management examiner who shall be responsible for the checking of the completeness and accuracy of the submitted documents and inspection and verification of the area of the leased property by the applicant

seeking registration of its leasehold rights over a real estate property within the Subic bay Freeport Zone.

He shall assist the land management officer in all his tasks and shall perform such other functions as may be necessary for the Registry.

**Section 6. Records Officer.** - The records officer shall assist the Registrar in the centralized record management of the Registry in accordance with the required filing system and in keeping the registry in a systematic and orderly manner. He shall perform such other functions as may be necessary.

### **PART III. PROCEDURES FOR REGISTRATION**

#### **RULE. 1. GENERAL PROVISIONS**

**Section 1. Registry Office.** - All leasehold rights should be registered with the Registry of Certificate of Ownership of Leasehold Rights ("Registry Officer") located at \_\_\_\_\_.

**Section 2. Who shall register.** – Leasehold registration shall be made by any entity, natural or juridical, holding a duly approved Lease and Development Agreement and Lease Agreement with SBMA, as well as those with duly approved Assignment of Lease and Contract of Sale of Leasehold Rights over a Condominium Unit, except only as is specifically limited by the Constitution of the Philippines and pertinent laws, orders and issuances.

The MANDATORY REGISTRATION shall cover leases with a term and remaining term of above five (5) years only.

For leases of five (5) years and below, a certification shall be issued on the pertinent details of the lease.

**Section 3. Requirements for Original Registration.** – In order to qualify for registration, any eligible person or entity shall submit an application in quadruplicate in the form prescribed by Registry, as well as, the certified copies of the following documents:

- a) Lease Development Agreement or Lease Agreement;
- b) Certification of "No Outstanding Obligation" from SBMA Accounting Department;
- c) Survey of the leased area (with technical description) duly approved by LAMD;
- d) Insurance Policy of the Leased Property; and
- e) At least Four (4) photographs showing the location and extent of the leased area.

**Section 4. Requirements for Subsequent Registration** – To qualify for Subsequent Registration, any eligible person or entity shall submit an application in quadruplicate in the form prescribed by the Registry, as well as, the certified copies of the following documents:

- a) Assignment Contract or Deed of Sale of Leasehold Rights;
- b) Certificate of Ownership of Leasehold Rights of the original lessee
- c) SBMA Board Approval of the Assignment Contract or Deed of Sale of Leasehold Rights;
- d) Survey of the leased area (with technical description) duly approved by LADD;
- e) At least Four (4) photographs showing the location and extent of the leased area.
- f) Insurance Policy of the leased property;
- g) Certification of "No Outstanding Obligation from SBMA Accounting Department"; and
- h) Official Receipt corresponding to the full payment of the accurate SBMA's share from the transaction.

Prior to the subsequent registration of leasehold rights, the cancellation of the certificate of ownership of leasehold rights based on an original lease development/lease agreement should be first secured through board approval.

Registration of an assignment or conveyance which has been effective for five (5) years or more from the approval of this IRR shall be considered as original registration.

**Section 5. Requirements for Registration of Leasehold Rights over a Condominium Unit** – To qualify for registration of leasehold rights over a condominium unit, any eligible person or entity shall submit an application in quadruplicate in the form prescribed by the Registry, as well as, the certified copies of the following documents:

- a) Contract of Assignment/ Sale of Leasehold Rights over a Condominium Unit (not necessary if the condominium unit was introduced and being registered under the name of the main lessee);
- b) SBMA Board Approval of the Contract of Assignment/Sale of Leasehold Rights over a Condominium Unit (not necessary if the condominium unit was introduced and being registered under the name of the main lessee);
- c) Proof of full payment of the entire purchase price and interests which may have accrued thereof as a result of delays in payment (not necessary if the condominium unit was introduced and being registered under the name of the main lessee);
- d) SBMA Board Approval of the sale of leasehold rights granted to condominium developer;
- e) Document showing the technical description of the condominium unit;
- f) At least four (4) photographs showing the location and extent of the leased area;
- g) Insurance Policy of the subject condominium unit;
- h) Certification of No Outstanding Obligation from SBMA Accounting Department;
- i) Official Receipt corresponding to the full payment of SBMA's share from the transaction (not necessary if the condominium unit was introduced and being registered under the name of the main lessee); and
- j) Certificate of Occupancy.

A Certificate of Ownership of Leasehold Rights shall be issued unless and until the "Certificate of Occupancy" of said condominium unit has been issued.

**Section 6. Survey.** A duly approved survey of the leased area is a condition precedent for registration and issuance of the Certificate of Ownership of Leasehold Rights.

The SBMA shall conduct a survey of the properties prior to the issuance of the Certificate of Ownership Of Leasehold Rights and the costs thereof shall be charged to the party applying for a title for his/her leased property. The Master Plan in force at the time of the survey shall be used as a guide.

For residential/housing area, the initial survey shall cover only the boundaries as stated in the residential lease agreement, which shall not exceed 700 square meters and which shall be included in the Certificate of Ownership of Leasehold Rights, subject to the following design guides for the determination of the lot boundary of housing units, to wit:

1. An allowable buildable area is provided which shall be limited to five (5) meter distance reckoned from the original building line, at the back and side, or depending on the type of the housing unit. The said area is subject to the actual availability of land to satisfy the abovementioned distance (see sketch 1 attached herewith as Annex "A").
2. An allowable open space is likewise provided, which shall be limited to four (4) meter distance right after the five (5) meters set for the buildable area including the front, or depending on the actual land availability to satisfy the said distance (see sketch 1 attached herewith as Annex "A").
3. In the event that there is a space between the two (2) housing units, the distance between them shall be divided into two (2) which shall serve as their boundary limited only to design guides 2 and 3 (see sketch 2 attached herewith as Annex "A").
4. Likewise, in case there is a natural boundary (e. g., drainage canal) existing in the ground, there shall be an allotted one (1) meter easement before the property line (see sketch 3 attached herewith as Annex "A").
5. Other pertinent laws, orders and issuances of the Republic of the Philippines.

In the event the lessee requests for the inclusion of a larger lot already occupied by him, he may do so upon compliance with the requirements for a valid lease thereof and payment of necessary costs, including but not limited to additional survey costs and rental payments.

No sale, assignment or conveyance of a leased property shall be allowed until a survey thereof has been conducted and the actual meters and bounds of the leased property have been properly identified.

## **RULE II. CERTIFICATE OF OWNERSHIP OF LEASEHOLD RIGHTS**

**Section. 1. *Period For Issuance.*** A Certificate of Ownership of Leasehold Rights and Condominium Certificate of Ownership of Leasehold Rights shall be issued not later than sixty (60) days upon approval of the application for registration.

**Section 2. *Original Certificate Of Leasehold Rights.*** For original registration, an “*Original Certificate of Ownership of Leasehold Rights*” shall be issued in duplicate.

The first copy shall be given to the registered owner of leasehold rights and the other copy shall remain with the Registry Office.

**Section. 3. *Transfer Certificate Of Leasehold Rights.*** A subsequent Transfer Certificate of Ownership of Leasehold Rights that may be issued by the Registrar pursuant to any assignment or sale of Leasehold Rights or any voluntary or involuntary instrument relating to the same leased property shall likewise be issued in duplicate and shall be called, “*Transfer Certificate of Ownership of Leasehold Rights.*”

The first copy shall be issued to the presenter and the other one shall remain with the Registry.

**Section 4. *Condominium Certificate Of Ownership Of Leasehold Rights.*** A Condominium Certificate of Ownership of Leasehold Rights shall be issued upon compliance with the requirements for registration of leasehold rights over a condominium unit.

For original registration, an “*Original Condominium Certificate of Ownership of Leasehold Rights*” shall be issued in duplicate.

The first copy shall be given to the registered owner of leasehold rights and the other copy shall remain with the Registry.

For subsequent registration pursuant to any assignment of leasehold rights or any voluntary or involuntary instrument relating to the leasehold rights over the subject condominium unit shall likewise be issued in duplicate and shall be called “*Transfer Condominium Certificate of Ownership of Leasehold Rights.*”

**Section 5. *Contents.*** Every Certificate of Ownership of Leasehold Rights and Condominium Certificate of Ownership of Leasehold Rights shall bear the date, hour and minute of its entry, and shall be signed by the Registrar and the Senior Deputy Administrator for Regulatory Group. It shall contain the technical description of the leased property/condominium unit. It shall also refer to the original documents from which the right of registration originated. It shall state whether the owner is married or unmarried, and if married, the name of the husband or wife shall be stated therein; Provided, however, that if the leasehold rights is part of the communal property, the certificate shall be issued in the name of both spouses. If the owner is under disability, it shall state the nature of disability, and if a minor, his age. It shall also contain its validity period and the details on the mode of payment of the lease rentals.

The Certificate shall bear a control number and security features.

Upon request of the registered owner, any improvements on the leased property shall be included in the Certificate of Ownership of Leasehold Rights upon payment of the prescribed fees.

Every Certificate of Ownership of Leasehold Rights and Condominium Certificate of Ownership of Leasehold Rights shall also contain a “*Memorandum of Encumbrances/Liens*” where all voluntary and involuntary transactions involving the leased property shall be properly and promptly recorded.

The certificate shall be an indefeasible proof of ownership of leasehold rights over the leased property and shall not be subject to collateral attack.

Rights from the registered documents shall accrue/effective only as against the third persons from the date of registration.

**Section 6.** Aside from the data found in the Original Certificate of Ownership of Leasehold Rights and Condominium Certificate of Ownership of Leasehold Rights, a Transfer Certificate of Ownership of Leasehold Rights shall show the number of the previous certificate covering the same leased property and also the fact that it was originally registered, giving the record number, the number of the Original Certificate of Ownership of Leasehold Rights and Condominium Certificate of Ownership of Leasehold Rights, and the volume and page of the registration book on which the latter is found.

**Section 7. *Validity*** – All certificates of ownership of leasehold rights shall be valid for a period stated on the face thereon and shall be renewable (i) upon approval of the Board; (ii) payment of the prescribed fees; and (iii) submission of the required supporting documents.

**Section 8. *Entry of original certificates of ownership of leasehold rights.*** – Before release of the original certificates of ownership of leasehold rights, the same shall be entered in a record book and shall be numbered, dated, signed and sealed by the Registrar with the seal of SBMA. Said certificate shall take effect upon the date of entry thereof.

**Section 9. *Owner's Duplicate Certificate of Ownership of Leasehold Rights/Condominium Certificate of Ownership of Leasehold Rights.*** The owner's Duplicate Certificate of Ownership of Leasehold Rights/Condominium Certificate of Ownership of Leasehold Rights shall be released to the registered owner or to his duly authorized representative. If two or more persons are registered owners, one owner's duplicate certificate of ownership of leasehold rights may be issued for one leased property/condominium unit, or, if the co-owners so desire, a separate duplicate may be issued to each of them in like form, but all outstanding certificate of ownership of leasehold rights so issued shall be surrendered whenever the Registrar shall register any subsequent voluntary transaction affecting the whole leased property or part thereof or any interest therein. The Registrar shall note on each certificate of ownership of leasehold rights a statement as to whom a copy thereof was issued.

**Section 10. *Registration Books.*** – The original copy of the original certificate of ownership of leasehold rights shall be deposited in the Registry of Certificate of Ownership of Leasehold Rights. The same shall be bound in consecutive order together with the similar certificates of ownership of leasehold rights and recorded in the Primary Entry Book, including all transactions pertaining thereto.

**Section 11. – *Statutory liens affecting title.*** – Every registered owner receiving a certificate of ownership of leasehold rights and every subsequent purchaser of leasehold rights of the leased property taking a certificate of ownership of leasehold rights for value and in good faith, shall hold the same free from all encumbrances except those noted on the said certificate and such claims or rights arising or existing under the laws and Constitution of the Philippines which are not by law required to appear in the records of the Registry of Certificate of Ownership of Leasehold Rights in order to be valid against subsequent purchasers of leasehold rights or encumbrancers of record.

**Section 12. *General incidents of registered leasehold rights.*** – Registered leasehold rights shall be subject to such burdens and incidents as may arise by operation of law. Nothing contained in these Rules shall in any way be construed to relieve registered leasehold rights or owners thereof from any rights incident to the relation of husband and wife, landlord and servant, or from liability to attachment or levy on execution, or to change the laws of descent, or the rights of partition between co-owners, or to relieve such leasehold right from liability to be recovered by an assignee in insolvency or trustee in bankruptcy under the laws relative to preferences, or to change or affect in any way other rights or liabilities created by law and applicable to unregistered leasehold rights, except otherwise provided under these Rules.

**Section 13. *Subdivision and consolidation plans.*** – Any owner of leasehold rights subdividing the subject leased property shall file with the Registry, a subdivision plan of such leased property on which all boundaries, streets, passageways and waterways, if any, shall be distinctly and accurately delineate.

If a subdivision plan, be simple or complex, duly approved by LAMD together with the approved technical descriptions and the corresponding owner's duplicate Certificate of

Ownership of Leasehold Rights is presented for registration, the Registrar shall register the same. Failure to present the required documents, shall cause the outright denial of the request for registration.

Provided, however, that the Registrar shall annotate on the new Certificate of Ownership of Leasehold Rights that the leasehold rights over the street, passageway or open space, may not be disposed by the registered owner without the written consent of SBMA.

A registered owner desiring to consolidate several lots into one or more, requiring new technical descriptions, shall file with the Registry, a consolidation plan on which shall be shown the lots to be affected, as they were before, and as they will appear after the consolidation. Upon the surrender of the owner's duplicate certificates and the receipt of consolidation plan duty approved by LAMD, the Registrar shall cancel the corresponding certificates of title and issue a new one for the consolidated lots.

### **RULE III. VOLUNTARY DEALINGS WITH REGISTERED LEASEHOLD RIGHTS**

**Section 1.** *Conveyance and other dealings by registered owner.* An owner of registered leasehold rights may convey, mortgage, lease, charge or otherwise deal with the same in accordance with these Rules and existing laws and with the written consent of SBMA and subject to SBMA rules and regulations. He may use such forms of deeds, mortgages, leases or other voluntary instruments as are sufficient in law. But no deed, mortgage, lease, or other voluntary instrument, shall affect SBMA's ownership over the leased property itself.

It shall be properly and promptly recorded, inscribed and annotated at the back of the Certificate of Ownership of Leasehold Rights. It shall be called "Memorandum of Encumbrances/Liens" and shall bind the lessees, assignees and third persons.

**Section 2.** *Constructive notice upon registration.* Every conveyance, mortgage, lease, lien, attachment, order, judgment, instrument or entry affecting the registered leasehold rights shall, if registered, filed or entered in the office of the Registry of Certificate of Ownership of Leasehold Rights, be constructive notice to all persons from the time of such registration, filing or entry.

**Section 3.** *Presentation of owner's duplicate upon entry of new certificate.* No voluntary instrument shall be registered by the Registrar, unless the owner's duplicate certificate is presented with such instrument, except in cases expressly provided for in these Rules or upon order of the court, for cause shown.

**Section 4.** *Dealings less than ownership, how registered.* No new certificate shall be entered or issued pursuant to any instrument which does not divest the ownership or title from the owner or from the transferee of the registered owners. All interests in registered land less than ownership shall be registered by filing with the Registrar the instrument which creates or transfers or claims such interests and by a brief memorandum thereof made by the Registrar upon the certificate of title, and signed by him. A similar memorandum shall also be made on the owner's duplicate. The cancellation or extinguishment of such interests shall be registered in the same manner.

**Section 5.** *Primary Entry Book; fees; certified copies.* The Registrar shall keep a primary entry book in which, upon payment of the entry fee, he shall enter, in the order of their reception, all instruments including copies of writs and processes filed with him relating to registered land. He shall, as a preliminary process in registration, note in such book the date, hour and minute of reception of all instruments, in the order in which they were received. They shall be regarded as registered from the time so noted, and the memorandum of each instrument, when made on the Certificate of Ownership of Leasehold Rights to which it refers, shall bear the same date.

Every deed or other instrument, whether voluntary or involuntary, so filed with the Registry shall be numbered and indexed and endorsed with a reference to the proper Certificate of Ownership of Leasehold Rights. All deeds and voluntary instruments shall be presented with their respective copies and shall be attested and sealed by the Registrar, endorsed with the file number, and copies may be delivered to the person presenting them.

#### **(A) CONVEYANCES AND TRANSFERS**

**Section 6.** *Procedure for registration of conveyances.* — An owner desiring to convey his registered leasehold rights shall execute and register a deed of conveyance in a form sufficient

in law. The REGISTRAR shall thereafter make out in the registration book a new certificate of title to the grantee and shall prepare and deliver to him a Duplicate Ownership of Leasehold Rights. The Registrar shall note upon the original and duplicate certificate the date of transfer, the volume and page of the registration book in which the new certificate is registered and a reference by number to the last preceding certificate. The original and the owner's duplicate of the grantor's certificate shall be stamped "cancelled". The deed of conveyance shall be filled and indorsed with the number of registration of the certificate of title of the leasehold rights conveyed.

**Section 7. Procedure where conveyance involves portion of the leasehold rights.** — If a deed or conveyance issued is for a part only of the leasehold rights described in a Certificate of Ownership of Leasehold Rights, the Registrar shall not enter any transfer certificate to the grantee until a plan of such land showing all the portions or lots into which it has been subdivided and the corresponding technical descriptions shall have been verified and approved pursuant to these Rules. Meanwhile, such deed may only be annotated by way of memorandum upon the grantor's certificate, original and duplicate, said memorandum to serve as a notice to third persons of the fact that certain unsegregated portion of the leasehold rights over the property described therein has been conveyed, and every certificate with such memorandum shall be effectual for the purpose of showing the grantee's title to the portion conveyed to him, pending the actual issuance of the corresponding certificate in his name.

Upon the approval of the plan and technical descriptions, the original of the plan, together with a certified copy of the technical descriptions shall be filed with the Registrar for annotation in the corresponding certificate of title and thereupon said officer shall issue a new certificate of title to the grantee for the portion conveyed, and at the same time cancel the grantor's certificate partially with respect only to said portion conveyed, or, if the grantor so desires, his certificate may be cancelled totally and a new one issued to him describing therein the remaining portion: Provided, however, that pending approval of said plan, no further registration or annotation of any subsequent deed or other voluntary instrument involving the unsegregated portion conveyed shall be effected by the Registrar.

If the land subject of the leasehold rights has been subdivided into several lots, designated by numbers or letters, the Registrar may, if desired by the grantor, instead of cancelling the latter's certificate and issuing a new one to the same for the remaining unconveyed lots, enter on said certificate and on its owner's duplicate a memorandum of such deed of conveyance and of the issuance of the transfer certificate to the grantee for the lot or lots thus conveyed, and that the grantor's certificate is cancelled as to such lot or lots.

**Section 8. Carry over of encumbrances.** — If, at the time of any transfer, subsisting encumbrances or annotations appear in the registration book, they shall be carried over and stated in the new certificate or certificates; except so far as they may be simultaneously released or discharged.

## **(B) MORTGAGES AND SUBLEASES**

**Section 9. Registration of approved mortgage, sublease or further sublease of registered leasehold rights.** — Upon presentation for registration of the deed of mortgage, sublease or further sublease together with the owner's duplicate, the Registrar shall enter upon the certificate and also upon the owner's duplicate certificate a memorandum thereof, the date and time of filing and the file number assigned to the deed, and shall sign the said memorandum. He shall also note on the deed the date and time of filing and a reference to the volume and page of the registration book in which it is registered.

**Section 10. Discharge or cancellation.** — A mortgage, sublease or further sublease of registered leasehold rights may be discharged or cancelled by means of an instrument executed by the mortgagee or sublessee in a form sufficient in law, which shall be filed with the Registrar who shall make the appropriate memorandum upon the certificate of title.

**Section 11. Foreclosure of Mortgage.** — (a) If the mortgage was foreclosed judicially, a certified copy of the final order of the court confirming the sale shall be registered with the Registrar. In the event of non-redemption, the final deed of sale executed by the sheriff in favor of the purchaser at a foreclosure sale shall be registered with the Registrar; whereupon the title of the mortgagor shall be cancelled, and a new certificate issued in the name of the purchaser upon payment of the prescribed fees and submission of the required documents.

(b) If the mortgage was foreclosed extrajudicially, a certificate of sale executed by the officer who conducted the sale shall be filed with the Registrar who shall make a brief

memorandum thereof on the certificate of title. In the event of non-redemption, an affidavit of consolidation of ownership executed by the person authorized by virtue of the power of attorney embodied in the deed of mortgage is necessary to enable a Registrar to issue a new certificate in favor of the purchaser after the owner's duplicate of the certificate has been previously delivered and cancelled upon payment of the prescribed fees and submission of the required documents.

Foreclosures involving leased properties should be submitted to the Board for approval.

**Section 13. *Approved Lease Extensions.*** Any owner of leasehold rights granted by the Board extension on its lease term may request for the amendment of its Certificate of Ownership of Leasehold Rights to effect thereon the new lease term. The amendment, however, shall be processed only upon payment of the registration fee on the value of the extended term based on the Registry Office- Schedule of Fee and computed in accordance with the formula provided in Section 1, Rule 1, Part V of this IRR and the submission of the requirements for original registration provided under Section 3, Rule 1, part I of this IRR.

## **RULE V. INVOLUNTARY DEALINGS WITH REGISTERED LEASEHOLD RIGHTS**

**Section 1. *Attachments.*** — An attachment, or a copy of any writ, order or process issued by a court of record, intended to create or preserve any lien, status, right, or attachment upon registered land, shall be filed and registered in the Registrar and, in addition to the particulars required in such papers for registration, shall contain a reference to the number of the certificate of title to be affected and the registered owner or owners thereof, and also if the attachment, order, process or lien is not claimed on all the land in any certificate of title a description sufficiently accurate for identification of the land or interest intended to be affected. A restraining order, injunction or mandamus issued by the court shall be entered and registered on the certificate of title affected, free of charge.

**Section 2. *Adverse claim.*** — Whoever claims any part or interest in registered leasehold rights adverse to the registered owner, arising subsequent to the date of the original registration, may, if no other provision is made in these Rules for registering the same, make a statement in writing setting forth fully his alleged right or interest, and how or under whom acquired, a reference to the number of the Certificate of Ownership of Leasehold Rights of the registered owner, the name of the registered owner, and a description of the leased property in which the right or interest is claimed.

The statement shall be signed and sworn to, and shall state the adverse claimant's residence, and a place at which all notices may be served upon him. This statement shall be entitled to registration as an adverse claim on the Certificate of Ownership of Leasehold Rights. The adverse claim shall be effective for a period of thirty (30) days from the date of registration. After the lapse of said period, the annotation of adverse claim may be cancelled upon filing of a verified petition therefor by the party in interest: Provided, however, that after cancellation, no second adverse claim based on the same ground shall be registered by the same claimant.

Before the lapse of thirty (30) days aforesaid, any party in interest may file a verified statement with the Registry for the cancellation of the adverse claim. If the adverse claim appears to be invalid, the registration thereof shall be ordered cancelled.

**Section 3. *Surrender of certificate in involuntary dealings.*** — If an attachment or other lien in the nature of involuntary dealing in registered leasehold rights is registered, and the duplicate certificate is not presented at the time of registration, the Registrar shall, within thirty-six (36) hours thereafter, send notice by mail to the registered owner, stating that such paper has been registered, and requesting him to send or produce his duplicate certificate so that a memorandum of the attachment or other lien may be made thereon. If the owner neglects or refuses to comply within a reasonable time, the Registrar shall report the matter to the court, and it shall, after notice, enter an order to the owner, to produce his Certificate of Ownership of Leasehold Rights at a time and place named therein, and may enforce the order by suitable process.

**Section 4. *Registration, dissolution, enforcement etc. of attachments, liens, etc.*** — No attachments and liens of every description upon registered leasehold rights shall be registered, except upon presentment of the certified true copy of the court's certificate of entry of such court's order requiring the registration, dissolving, enforcing. etc. the same. It shall be

registered in the registration book, and a memorandum made upon the proper certificate of title in each case as lien or encumbrance.

## **RULE VI. REGISTRATION OF JUDGMENTS; ORDERS; PARTITIONS**

**Section 1.** *Judgment* — When in any action to recover or convey the ownership of registered leasehold rights has been issued, the party entitled thereto shall have the right to an entry of a new Certificate of Ownership of Leasehold Rights and to the cancellation of the original certificate and owner's duplicate of the former registered owner upon presentment of a certified copy of the judgment or order. If the registered owner neglects or refuses within a reasonable time after request of the plaintiff to produce his duplicate certificate in order that the same may be cancelled, a court order is necessary for the issuance of a new Certificate of Ownership of Leasehold Rights subject to the payment of the necessary fees and submission of required documents.

Provided, however, that any new certificate entered in pursuance thereto, shall contain a reference memorandum to the final judgment of partition, and shall be conclusive as to the title to the same extent and against the same persons as such judgment is made conclusive by the laws applicable thereto.

**Section 2.** *Extrajudicial settlement of estate.* — When a deed of extrajudicial settlement has been duly registered, the Registrar shall annotate on the proper title the two-year lien mentioned in Section 4 of Rule 74 of the Rules of Court. Upon the expiration of the two-year period and presentation of a verified petition by the registered heirs, devisees or legatees or any other party in interest that no claim or claims of any creditor, heir or other person exist, the Registrar shall cancel the two-year lien noted on the title without the necessity of a court order. The verified petition shall be entered in the Primary Entry Book and a memorandum thereof made on the title.

No deed of extrajudicial settlement or affidavit of adjudication shall be registered unless the fact of extrajudicial settlement or adjudication is published once a week for three consecutive weeks in a newspaper of general circulation in the province and proof thereof is filed with the Register. The proof shall consist of the affidavit of publication of the publisher, printer, his foreman or principal clerk, or of the editor, business or advertising manager of the newspaper concerned, and copies of each week's issue of the newspaper wherein the publication appeared.

**Section 7.** *Filing of letters of administration and will.* — Before the executor or administrator of the estate of a deceased owner of registered land may deal with the same, he shall file with the office of the Registrar a certified copy of his letters of administration or if there is a will, a certified copy thereof and the order allowing the same, together with the letters testamentary or of administration with the will annexed, as the case may be, and shall produce the duplicate certificate of title, and thereupon the Registrar shall enter upon the certificate a memorandum thereof, making reference to the letters and/or will by their file number, and the date of filing the same. The executor or administrator may alienate or encumber leasehold rights registered land belonging to the estate, or any interest therein, subject to the approval of the Board of Directors.

## **PART IV. ACTIONS AFTER ORIGINAL REGISTRATION**

### **RULE 1. ACTION IN CASE OF WITHHOLD DUPLICATE CERTIFICATES OF OWNERSHIP OF LEASEHOLD RIGHTS.**

**Section 1.** *Surrender of withhold duplicate certificates.* Where it is necessary to issue a new Certificate of Ownership of Leasehold Rights pursuant to any involuntary instrument which divests the title of the registered owner against his consent or where a voluntary instrument cannot be registered by reason of the refusal or failure of the holder to surrender the owner's duplicate certificate of title, no new Certificate of Ownership of Leasehold Rights shall be issued without a court order directing issuance thereof. Such new certificate and all duplicates thereof shall contain a memorandum of the annulment of the outstanding duplicate.

## **RULE II. ACTION IN CASE OF AMENDMENT AND ALTERATION OF CERTIFICATES.**

**Section 1. *Amendment and alteration of certificates.*** No erasure, alteration, or amendment shall be made upon the Certificates of Ownership of Leasehold Rights and the Registration Book after the entry of a Certificate of Ownership of Leasehold Rights or of a memorandum thereon and the attestation of the same before the Registrar affecting a major and substantial matter therein without the approval of the Board of Directors.

**Section 2. *Cancellation of Certificates of Ownership of Leasehold Rights arising from Pre-Termination of lease Development/Lease Agreement.*** Cancellation of Certificates of Ownership of Leasehold Rights arising from Pre-Termination of lease Development/Lease Agreement shall be subject to prior Board approval.

## **RULE III. NOTICE, REPLACEMENT AND RECONSTITUTION OF LOST CERTIFICATES**

**Section 1. *Notice and replacement of lost duplicate certificate.*** In case of loss or theft of an owner's duplicate certificate, no replacement thereof shall be issued by the Registrar without the submission of the certified copy of the court's decision granting the request therefor.

**Section 2. *Reconstitution of lost or destroyed original of Certificate of Ownership of Leasehold Rights.*** Original copies of certificates of title lost or destroyed in the Registry Office, as well as, liens and encumbrances affecting the leased property covered by such titles shall be reconstituted by filing the necessary documents required in the original registration.

## **PART V. SCHEDULE OF FEES**

### **RULE I. REGISTRATION OF LEASEHOLD RIGHTS.**

**Section 1. *Registration Fee.*** The registration rate as provided in Section 16 of Land Registration Authority Circular No. 11-2002, as amended, shall be made as basis in the computation of the registration fee for the issuance of the Certificate of Ownership of Leasehold Rights. The Schedule of Fees is attached herewith as Annex "B."

Rate of exchange shall be the rate at the time of application for registration.

However, instead of using the consideration as basis for the computation of the registration fee, the value of the leasehold rights shall be used and the following formula shall be followed for the determination of the value of leasehold rights, thus:

#### **LEASEHOLD RIGHTS OVER LAND AND BUILDINGS**

##### **A. FOR ORIGINAL REGISTRATION**

VALUE OF LEASEHOLD RIGHTS= (approved published/appraised rate or approved leased rate, whichever is higher) x total area of the Leased Property x remaining term of the lease

##### **B. SUBSEQUENT REGISTRATION**

VALUE OF LEASEHOLD RIGHTS = [(approved published/appraised rate or approved lease rate, whichever is higher) x total area of the Leased Property x remaining term of the lease)] or assignment price, whichever is higher

#### **LEASEHOLD RIGHTS OVER HOUSING UNITS**

##### **A. FOR ORIGINAL REGISTRATION**

VALUE OF LEASEHOLD RIGHTS= (approved published rate or approved leased rate, whichever is higher) – equivalent amount for the consumed term

## B. SUBSEQUENT REGISTRATION

VALUE OF LEASEHOLD RIGHTS= [(approved published rate or approved leased rate, whichever is higher) – equivalent amount for the consumed term] or assignment price, whichever is higher

### **LEASEHOLD RIGHTS OVER CONDOMINIUM UNITS**

For purposes of these rules, a condominium unit shall be defined as “a part of a building or complex primarily intended for residential purpose owned by individuals and the common parts of the property, such as the grounds and building structure, etc. are owned jointly by the unit owners and/or its developer/main lessee.”

## A. FOR ORIGINAL REGISTRATION

VALUE OF LEASEHOLD RIGHTS= (approved published/appraised rate, approved lease rate, or transaction price, whichever is higher) – (equivalent amount for the consumed term)

## B. SUBSEQUENT REGISTRATION

VALUE OF LEASEHOLD RIGHTS= (approved published/appraised rate, approved lease rate, or transaction price, whichever is higher) – (equivalent amount for the consumed term) or assignment price, whichever is higher

All requests for lease extensions shall be subjected to payment of the appropriate fee for the registry of the leasehold rights.

## **RULE II. REGISTRATION OF ANNOTATIONS AND OTHER PERTINENT DOCUMENTS**

**Section 1.** *Registration of Annotations* – For registration of annotations, a registration fee of One Thousand Pesos (P1,000.00) shall be imposed, including but not limited to the following documents. Thus:

- a. Any judgment or order heretofore mentioned;
- b. Attachment, levy, writ of execution, adverse claim or release thereof and other memorandum heretofore mentioned; and
- c. Any documents of similar nature which may be registered in the Certificate of Ownership of Leasehold Rights.

**Section 2.** *Registration of Pertinent Documents.* For registration of the following documents pertinent to the registration, a filing fee of One Hundred Pesos (P100.00) shall be imposed, including but not limited to the following documents:

- a. Powers of Attorney, appointment of guardian for a minor or incompetent person, appointment of receiver, trustee or administrator, articles of incorporation, association or partnership, or resolution of its board of directors empowering an officer or member thereof to act in behalf of the same or similar documents.
- b. Sublease Agreement, Deed of Sale, conveyance, transfer, exchange, partition, or donation; sheriff's sale at public auction, or any sale subject to redemption, or the repurchase or redemption of the leasehold rights sold; any instrument, order or judgment or decree divesting the title of the registered owner or similar documents;

## **RULE III. ISSUANCE OF A COPY OF DOCUMENT**

**Section 1.** For furnishing copies of any entry, decree, document or other papers on file, a fee of Two Pesos (P2.00) per page, shall be imposed.

**Section 2.** *Certified copy.* – For certifying a copy furnished under the next preceding paragraph, a fee of Ten (P10.00) for the first page and two pesos (P2.00) for each succeeding page, shall be imposed.

**Section 3. Certification.** – For issuing a certification, relative to, or showing the existence or non-existence of Lease Development Agreement/Lease Agreement, an entry in the registration books or a document on file, for each such certification issued by the Registrar, a fee of One Hundred Pesos (P100.00) shall be imposed.

**Section 4. Request for Duplicate Copy of the Certificate of Ownership of Leasehold Rights.** In case a co-owner requests for a duplicate copy of the Certificate of Ownership of Leasehold Rights, a fee of One Thousand Pesos (Php1,000.00) shall be imposed.

#### **RULE IV. VERIFICATION FEE**

**Section 1.** For verification and approval of subdivision plan, the fee shall be as follows:

- |  |  |
|--|--|
| a) For each lot  | P 200.00 plus<br>P10.00 per corner<br>exceeding four (4)<br>corners. |
| b) For each corner of a lot, irrespective of whether such corner is common to two or more lots | P 200.00 plus<br>P10.00 per corner<br>exceeding four (4)<br>corners. |

**Section 2.** For correcting the name of any person appearing on the plan in order to have it conform to that stated in the Certificate of Ownership of Leasehold Rights covering the leasehold rights over the subject land, and for the cancellation of an approved plan when so requested by the interested party, there shall be a fee of Two Hundred Pesos (P200.00).

**Section 3.** The rates of fees prescribed in paragraphs 1 and 2, inclusive, shall apply to similar services rendered in connection with the examination, verification and approval of consolidation plans, special work order plans on the basis of certified copies of technical descriptions of plans approved by the LAMD, private surveys and other plans of similar nature.

In the computation of fees relative to lots subject to consolidation and consolidation-subdivision plans, a fee of One Hundred Pesos (P100.00) per lot as appearing in the old survey in addition to the fee collectible in paragraph 1 hereof for the new lots.

**Section 4.** For certification of plans or copies of plans as to the correctness of the same, per plan or print copy – One Hundred Pesos (P100.00)

### **PART VI. FORMS USED IN REGISTRATION AND CONVEYANCING**

#### **RULE I. FORMS USED IN REGISTRATION AND CONVEYANCING**

**Section. 1.** The Registrar shall prepare convenient blank forms as may be necessary to help facilitate the proceedings in registration and shall take charge of the printing of the Certificates of Ownership of Leasehold Rights.

**Section 2.** Deeds, conveyances, encumbrances, discharges, powers of attorney and other voluntary instruments, affecting registered leasehold rights, executed in accordance with law in the form of public instruments shall be registrable; Provided, that every such instrument shall be signed by the person or persons executing the same in the presence of at least two (2) witnesses who shall likewise sign thereon, and shall be acknowledged to be the free act and deed of the person or persons executing the same before notary public or other public officer authorized by law to take acknowledgement.

### **PART VII. PENALTIES**

#### **RULE 1. PENALTIES**

**Section 1.** Non-registration of leasehold rights within a period of thirty (30) days from the signing of the Lease Agreement or Lease and Property Development Agreement shall be

ground for non-renewal of the subject agreement and the imposition of fine not exceeding the amount of its registration fee as provided in the Registry Office –Schedule of Fees.

**Section 2.** A fine of P1,000.00 a month shall be imposed on the lessee for failure to register any assignment, sublease, or any other agreement or conveyance affecting the leased property within thirty (30) days from its execution.

**Section 3.** Upon approval of the Board of Directors, any person found to have submitted a spurious document with the Registry Office in connection with the registration of leasehold rights shall be fined an amount of FIFTY THOUSAND PESOS (50,000.00) and shall not be allowed to lease any property of SBMA, without prejudice to the filing of the appropriate civil and criminal charges against him.

#### **PART VIII. TRANSITORY PROVISIONS**

**Section 1.** For all signed Lease and Development Agreement, Lease Agreement, Assignment of Leasehold Rights, Sublease Agreements and similar documents, the leaseholder/assignee/sublessee/ similar party are given one (1) year from the approval of the foregoing proposals by the SBMA Board of Directors within which to register its leasehold rights or interests in any real properties within the Subic Bay Freeport Zone.

In the absence of any published zonal rate, the approved lease rate (which is usually higher) shall be used in the computation of the value of leasehold rights at the time of application.

#### **PART VIII. FINAL PROVISIONS**

**Section 1.** There is hereby appropriated initially the sum of **THREE HUNDRED FIFTY THOUSAND PESOS (P350,000.00)**, in addition to the **THREE HUNDRED FIFTY THOUSAND PESOS (P350,000.00)**, already approved by the Board for administrative expenses, purchase of computers, vault, printing of certificates of ownership of leasehold rights and other germane and miscellaneous expenses, exclusive of the proposed budget for the salary and wages in connection with the employment of employees for the Registry.

**Section 2.** The foregoing Rules may be amended upon recommendation of the Administrator and approval of the Board of Directors.

**Section 3.** Separability clause. In the event that any provision of these Rules is declared unconstitutional, the validity of the remainder shall not be affected thereby.

**Section 4.** Effectivity. These Rules shall take effect one (1) month after its approval by the Board of Directors.

Attachments:

“A” - Memorandum dated 0 April 2009 of Land Asset Management Department on  
“Determination of Lot Boundary of Housing Units

“B” - Schedule of Fees

Filename:IRR-registry22aug09