Real Estate Act

A concise synthesis of the Real Estate Service Act's full law text and its detailed Implementing Rules and Regulations, highlighting key provisions, definitions, and regulatory framework.

Section 1: Implementing Rules & Regulations of R.A. 9646 – Detailed Framework

This section covers the comprehensive Implementing Rules and Regulations (IRR) of Republic Act No. 9646 from a 17-page PDF document (source link)

1️⃣ Overview & Purpose

- **Legal Basis** – Enacted pursuant to **Sec. 5(J), Art. II** and **Sec. 42, Art. V** of R.A. 9646.
- **Policy Intent** – Recognises real-estate service practitioners as pivotal for **social, political, and economic development**; aims to nurture a **technically competent, responsible, and globally-competitive** profession.
- **Interpretation** – IRR must be read in light of this policy declaration.

2️⃣ Rule I – Title, Policy Declaration & Definitions

2.1 Title

- "**THE IMPLEMENTING RULES AND REGULATIONS OF REPUBLIC ACT NO. 9646 (IRR of R.A. 9646).**"

2.2 Declaration of Policy (Sec. 2)

- Highlights the **vital role** of real-estate practitioners in stimulating the market, generating government revenue, and enhancing economic activity.
- Calls for a **corps of competent, respected professionals** whose standards are **globally competitive**.

2.3 Definitions (Sec. 3)

> **Appraiser** – Person who conducts valuation/appraisal, possessing the requisite qualifications, license, ability, and experience.

> **Assessor** – Local-government official who appraises and assesses real properties for taxation, including assistant assessors.

> **Real estate** – Land plus all items attached to it; the tangible entity together with all improvements above, on, or below ground.

> **Real estate development project** – Development of land for residential, commercial, industrial, agricultural, institutional, recreational, or combined purposes (e.g., tourist resorts, reclamation, housing projects, memorial parks).

> **Real estate developer** – Natural or juridical person who develops real-estate projects for own account and offers them for sale or lease.

> **Real property** – All rights, interests, and benefits related to ownership of real estate.

> **Real estate service practitioners** –

- **Real estate consultant** – Licensed individual who gives professional advice on acquisition, enhancement, preservation, utilization, disposition, and project planning/management.
- **Real estate appraiser** – Licensed individual who estimates values and prepares written appraisal reports.
- **Real estate assessor** – Licensed individual employed by LGU performing appraisal/assessment for tax purposes.
- **Real estate broker** – Licensed individual who acts as an agent in transactions (sale, purchase, lease, mortgage, etc.).
- **Real estate salesperson** – Accredited individual who works for a broker in exchange for a share of commission/fee.

> **Accredited and Integrated Professional Organization (AIPO)** – The single national organization of licensed practitioners recognized (subject to Commission approval) as the AIPO (Sec. 34, Art. IV, R.A. 9646).

> **Interim Accredited Professional Organization (IAPO)** – Organization accredited by the Commission to operate **until** the AIPO is recognized.

3️⃣ Rule II – The Professional Regulatory Board of Real Estate Service

3.1 Creation & Composition (Sec. 4)

Element	Details
Establishment	Under PRC supervision
Members	1 chairperson + 4 members (total 5)
Appointment	President selects **3 recommendees** from a list of **5 nominees** submitted by the AIPO
Government Representation	2 members must be **active government assessors and appraisers**
Timeline	First Board organized within **6 months** from R.A. 9646 effectivity (Exec. Order No. 496, 1991)

3.2 Powers & Functions (Sec. 5)

Function	Brief Description
Policy guidelines	Provide policy for real-estate industry development
Licensure exams	Conduct exams, prescribe syllabi & specifications
Certificates	Issue, suspend, revoke, reinstate registration certificates & ID cards
Register maintenance	Keep an up-to-date register of licensed practitioners
Practice monitoring	Monitor practice conditions & adopt improvement measures
Code of Ethics	Adopt a national code (issued by AIPO)
Investigative powers	Hear violations, issue subpoenas & subpoena duces tecum
Protection & advertising oversight	Guard licensed practitioners, monitor advertisements, eradicate unauthorized practice
Educational standards	Prescribe curricula & facilities for academic programs (with CHED)

Rulemaking	Promulgate & enforce rules necessary for R.A. 9646
Supervision of practice	Regulate registration, licensure, and practice nationwide
Fee setting	Assess reasonable regulatory fees
Oaths	Administer oaths & affirmations
Official seal	Adopt an official seal (Annex "A")
Evaluation of education	Periodically evaluate and recommend upgrades
CPE guidelines	Prescribe Continuing Professional Education (CPE) criteria (consulting AIPO)
Seminar accreditation	Issue & monitor permits for CPE seminars & accrediting instructors
AIPO supervision	Monitor activities of AIPO & other associations
Additional powers	Any further powers delegated by the Commission

- **Decision Review** – Board resolutions are subject to **Commission review**; non-interlocutory decisions are appealable under **R.A. 8981**.

3.3 Qualifications (Sec. 6)

Requirement	Detail
Citizenship	Must be a **citizen and resident** of the Philippines
Education	**Bachelor's degree** related to real estate
Experience	**At least 10 years** as a licensed real-estate practitioner
Membership	**Member in good standing** of the AIPO; cannot be an officer/trustee at appointment
Conflict-of-interest	Cannot be faculty of any institution offering licensure review classes, nor have

	pecuniary interest in such entities
Moral character	Must be of **good moral character**; no conviction for crimes involving moral turpitude

3.4 Term of Office (Sec. 7)

- **Standard term**: 3 years, renewable **once** (maximum 6 years continuous).
- **Staggered first-Board terms**: Chairperson – 3 yr; two members – 2 yr; two members – 1 yr.
- **Vacancy filling**: For the unexpired portion of the term.
- **Automatic registration**: Upon board constitution, members receive certificates & IDs and must take oath.

3.5 Compensation (Sec. 8)

- **Comparable** to other professional regulatory boards under PRC, per **General Appropriations Act**, **Salary Standardization Law**, and the **Joint Circular** of PRC & DBM.

3.6 Removal (Sec. 9)

- **Authority**: President, upon Commission recommendation, after due notice & hearing.
- **Grounds**: Neglect of duty, abuse of power, oppression, incompetence, unprofessional/immoral conduct, exam irregularities, or final conviction of a crime involving moral turpitude.
- **Procedure**: Governed by **Sec. 7(s) of R.A. 8981**.

3.7 Supervision & Secretariat (Sec. 10)

- **General supervision** – PRC (Commission).
- **Records** – Kept by the Commission (applications, exam papers, minutes, investigative files).
- **Secretariat** – Commission designates the Board Secretary and provides support services.

3.8 Annual Report (Sec. 11)

- **Due**: End of each calendar year.
- **Content**: Detailed account of proceedings, accomplishments, and recommendations for improvement.

4️⃣ Rule III – Licensure Examination & Registration

4.1 Examination Requirement (Sec. 12)

- **All applicants** (except real-estate salespersons) must **pass the Board-conducted licensure examination**.
- **Schedule & venue** – Determined by the Commission in the **Master Schedules**.

4.2 Scope of Examination (Sec. 13)

Practitioner	Core Subjects
Real estate consultant	Fundamentals of consulting, ethics, feasibility studies, finance & economics, investment analyses, consulting for various property types, land-management system & real-property laws, etc.
Real estate appraiser	Principles & practices, ethics, appraisal theory, geography, appraisal methodologies, valuation procedures, machinery/equipment appraisal, mathematics, report writing, finance & economics, case studies, land-management system & laws, etc.
Real estate broker	Property ownership fundamentals, code of ethics, legal requirements, brokerage practice, subdivision development, condominium concepts, finance & economics, basic ecology.

4.3 Qualification of Applicants (Sec. 14)

- **Citizenship** – Filipino.
- **Education** – Bachelor's degree from a recognized institution **with at least 120 credit units** of real-estate subjects/training (future B.S. Real Estate Service to become mandatory once implemented by CHED).
- **Moral character** – No criminal conviction involving moral turpitude.
- **Experience for consultants** – Either **10 yr** as licensed broker/assessor/bank/appraiser, **or 5 yr** as licensed appraiser.

Required Documents

1. Birth certificate/passport (proof of citizenship).
2. Transcript & diploma (or scanned copy).

3. Notarized employer certification of experience **or** COR/PIC/DTI license (for consultants).
4. NBI clearance.
5. Accredited seminar/training certificate.
6. Community tax certificate.
7. Four colored passport-size photos with nametag.

4.4 Passing Rating (Sec. 15)

- **Minimum average**: **75%** across all subjects.
- **No subject** may be below **50%**.

4.5 Results Release (Sec. 16)

- **Within 10 days** after the last exam day.
- Published in a **major daily newspaper** and on the **PRC website**.

4.6 Issuance of Certificates & IDs (Sec. 17)

- **Certificate of Registration** – Signed by PRC chairperson and Board members, stamped with the PRC seal; valid until revoked/suspended.
- **Professional Identification Card (PIC)** – Contains registration number, issuance & expiry dates; **renewed every 3 years** upon fulfillment of CPE requirements.

4.7 Refusal to Register (Sec. 18)

- Applicants convicted of crimes involving moral turpitude, found guilty of immoral conduct, or deemed psychologically unfit **shall be denied** registration.

4.8 Revocation / Suspension / Cancellation (Sec. 19)

- Grounds: fraudulent procurement, allowing unqualified persons to practice, unprofessional or unethical conduct, violation of R.A. 9646/IRR/Code of Ethics, practicing while suspended.
- Procedure follows **administrative investigation** (R.A. 8981, R.A. 9646, Rules of Court).

4.9 Registration Without Examination (Sec. 20)

Category	Conditions
Existing DTI-licensed practitioners	Previously licensed by DTI (Ministry Order 39) and actively practicing; must complete required CPE.

Assessors/Appraisers – 5-Year Experience	Permanent appointment, 5 yr appraisal/assessment experience, passed **Real Property Assessing Officer (RPAO)** exam, and relevant CPE.
Assessors/Appraisers – 10-Year Experience	Permanent appointment, 10 yr experience, **120 hrs** accredited training, and 24 CPE credits.

- **Application deadline**: Within **2 years** from R.A. 9646 effectivity (until **30 July 2011**).
- **Documents** include birth certificate, COR/PIC/DTI license, DTI rating certificate (if applicable), NBI clearance, CPE/CEP certification, government agency certifications (for assessors), service records, marriage certificate (if any), photos, CTC, and surety bond (for brokers/appraisers).

4.10 Reinstatement / Re-issuance / Replacement (Sec. 21)

- After **2 years** from revocation, a practitioner may **apply for reinstatement** (subject to CPE compliance) and may be **exempted from re-examination**.
- Replacement of lost/destroyed certificates or PICs allowed upon payment of fees and adherence to Board/Commission rules.

4.11 Roster of Practitioners (Sec. 22)

- Board, in partnership with the AIPO, maintains an **updated roster** containing names, addresses, license numbers, dates of registration, etc., accessible to the public upon request.

4.12 Special/Temporary Permit (Sec. 23)

- Issued to **foreign practitioners** whose services are urgently needed, subject to Commission approval.

4.13 Foreign Reciprocity (Sec. 24)

- No foreign practitioner may obtain a license, PIC, or permit **unless** the foreign country **reciprocally** allows Filipino practitioners the same privileges.

5️⃣ Rule IV – Practice of Real Estate Service

5.1 Oath (Sec. 25)

- All successful examinees, registrants without examination, and accredited salespersons **must take an oath** before a Board member or authorized Commission officer.

5.2 Professional Indemnity Insurance / Surety Bond (Sec. 26)

- **Real estate brokers** and **private appraisers** must post **professional indemnity insurance or cash/surety bond** of **minimum ₱20,000**, renewable every **3 years**.
- Amount may be increased by the Board; additional coverage may be required by clients.

5.3 Acts Constituting Practice (Sec. 27)

- Any act listed in **Section 3(g)** (consultant, appraiser, assessor, broker, salesperson) when performed **by a licensed practitioner constitutes practice** of real-estate service.

5.4 Exemptions (Sec. 28)

Exemption	Description
a. Owner-self-performed acts	Natural or juridical person acting on **own property** (excluding developers).
b. Receivers/Trustees	Persons acting as **receiver, trustee, or assignee** in bankruptcy/insolvency proceedings.
c. Court Orders	Persons acting **pursuant to a court order**.
d. Attorney-in-Fact	Persons **appointed as attorney-in-fact** for sale, mortgage, lease, or exchange **without compensation**.
e. Public officers	Public officers **performing official duties**, **except** government assessors and appraisers.

5.5 Prohibition of Unauthorized Practice (Sec. 29)

- No person may **practice, advertise, use titles, or be appointed** as a real-property appraiser/assessor **without** a valid certificate, PIC, or special/temporary permit; brokers and private appraisers must also **post the required bond/insurance**.

5.6 Government Positions Requiring Licensed Practitioners (Sec. 30)

- Within **3 years** of R.A. 9646 effectivity, **all new and existing** national/local government positions **primarily requiring** real-estate service shall be **filled only by licensed practitioners**.

- Incumbent assessors retain positions but **cannot be promoted** unless qualified.

5.7 Real Estate Salespersons (Sec. 31)

- **Accreditation** – No exam; must complete **≥ 2 yr college** + **≥ 12 credit units** of brokerage training, or have **≥ 3 yr** practice before R.A. 9646.
- **Supervision** – Must be **directly supervised** by a licensed broker; cannot sign agreements nor negotiate/mediate transactions without the broker's participation.
- **Broker

Putting it All Together

Unified Vision & Policy

- The **Real Estate Service Act** aims to cultivate a **competent, ethical, and globally-competitive** real-estate profession that fuels economic growth and government revenue.
- Both sources stress that all regulatory mechanisms—board structure, licensure pathways, continuing education, and penalties—must serve this overarching policy.

Professional Regulatory Board (PRB)

- **Composition**: 1 chairperson + 4 members, two of whom must be active government assessors or appraisers.
- **Appointment**: President selects three candidates from a shortlist supplied by the sole national association (the AIPO).
- **Core Powers**:
  - Drafting licensure exams & syllabi.
  - Issuing, suspending, or revoking certificates and ID cards.
  - Adopting the **Code of Ethics** and overseeing **CPE** programs.
  - Regulating curricula in partnership with CHED.
  - Exercising quasi-judicial authority (subpoenas, hearings).

> *"The Board operates under PRC supervision; all its resolutions are subject to Commission review."*

Licensing Pathways

Path	Who qualifies	Key requirements

Examination	New entrants (consultants, appraisers, brokers)	• Philippine citizenship • Bachelor's degree in a related field • Moral character • For consultants: 10 yr experience (or 5 yr as appraiser)
Grandfathering (no exam)	DTI-licensed practitioners, long-serving assessors/appraisers	• Active practice before the Act • Required CPE credits • Specific experience thresholds (5 yr or 10 yr) • Application within two years of effectivity
Reinstatement	Previously revoked licensees	• Two-year lapse, CPE compliance, and Board approval; exam exemption possible

- **Passing standard**: ≥ 75 % overall average, no subject below 50 %.
- **Certificates & PICs** are issued after taking the oath; renewal every 3 years contingent on CPE.

Practice Rules & Safeguards

- **Who may practice**: Only those with a valid certificate, PIC, or special/temporary permit.
- **Bond/Insurance**: Brokers and private appraisers must post ≥ ₱20,000 indemnity bond or equivalent insurance, renewable triennially.
- **Exemptions** include owners acting on their own property, court-ordered actions, and public officers performing official duties (except assessors/appraisers).
- **Corporate practice**: Firms must be SEC-registered; every authorized officer must be a licensed broker, appraiser, or consultant. Minimum **1 broker per 20 salespersons** is mandated.

> *"All practitioners must conspicuously display their registration certificate and PIC at every place of business."*

Salespersons & Supervision

- No licensure exam; accreditation requires ≥ 2 yr college + 12 credit units of brokerage training (or prior DTI registration).
- Must work **under a licensed broker** who is liable if he/she knowingly permits unauthorized activity.
- Compensation is limited to commissions from the supervising broker.

Continuing Professional Education (CPE)

- A **CPE Council** (Board chair, AIPO rep, academe rep) designs guidelines.
- CPE credits are a prerequisite for renewal, reinstatement, and registration without examination.

Integrated Professional Organization (AIPO)

- All practitioners automatically become members of the **single national body** recognized by the Board and PRC.
- The AIPO drafts the **Code of Ethics**, issues membership numbers, and collaborates on CPE.

Enforcement & Penalties

- **Standard penalty**: fine ≥ ₱100,000 **or** imprisonment ≥ 2 years (or both).
- **Unlicensed practice** doubles the fine and imprisonment.
- Juridical persons are held accountable through the responsible officers.

International Reciprocity

- Foreign practitioners may obtain a **special/temporary permit** only if the Philippines enjoys reciprocal licensing rights with the practitioner's home country.

Seamless Transition

- The Act provides **record-transfer provisions** (DTI → PRB) and **grandfathering clauses** to integrate pre-existing practitioners without compromising the new standards.

Key Takeaway:

Every element—from board governance and licensure structures to corporate rules, CPE, and penalties—interlocks to create a **cohesive regulatory ecosystem** that safeguards the public, elevates professional standards, and aligns Philippine real-estate services with global best practices.