Understanding RESA (Real Estate Service Act)

Republic Act No. 9646

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“We remain committed to a professionalized Real Estate Practice”
Implementing Rules and Regulations of RA No. 9646

Resolution No. 02, s. 2010

Professional Regulatory Board of Real Estate Service
Professional Regulation Commission

Approved: 21 July 2010
Published: 24 July 2010
Effectivity: Fifteen (15) days following its full and complete publication in the Official Gazette or in a major daily newspaper of general circulation in the Philippines
Rule I: Title of the Rules, Declaration of Policy and Definition of Terms

• Declaration of Policy (Sec. 2). The State recognizes the vital role of real estate service practitioners in the social, political, economic development and progress of the country by promoting the real estate market, stimulating economic activity and enhancing government income from real property-based transactions. Hence, it shall develop and nurture through proper and effective regulation and supervision a corps of technically competent, responsible and respected professional real estate service practitioners whose standards of practice and service shall be globally competitive and will promote the growth of the real estate industry.
Definitions… (Sec. 3).

Appraiser – also known as valuer; refers to a person who conducts valuation/appraisal; specifically, one who possesses the necessary qualifications, license, ability and experience to execute or direct the valuation/appraisal of real property.

Assessor – an official in the local government unit, who performs appraisal and assessment or real properties, including plants, equipment, and machineries, essentially for taxation purposes. This definition also includes assistant assessors.
- **Real estate** – the land and all those items attached to the land. It is the physical, tangible entity, together with all the additions or improvements on, above or below the ground.

- **Real property** – includes all the rights, interests and benefits related to the ownership of real estate.

- **Accredited and Integrated Professional Organization (AIPO)** – the national integrated organization of natural persons duly registered and licensed as Real Estate Service Practitioners that the Board, subject to the approval by the Commission, shall recognize or accredit as the one and only AIPO, pursuant to Sec. 34, Art. IV of RA No. 9646.
Real estate service practitioners:

(1) Real estate consultant

a duly registered & licensed-natural person who, for a professional fee, compensation or other valuable consideration, offers or renders professional advice and judgment on: (i) the acquisition, enhancement, preservation, utilization or disposition of lands or improvements thereon; and (ii) the conception, planning, management and development of real estate projects.
(2) **Real Estate Assessor** — a duly registered and licensed natural person who works in a local government unit and performs appraisal and assessment of real properties, including plants, equipment, and machineries, essentially for taxation purposes.

(3) **Real Estate Appraiser** — a duly registered and licensed natural person who, for a professional fee, compensation or other valuable consideration, performs or renders, or offers to perform services in estimating and arriving at an opinion of or acts as an expert on real estate values, such services of which shall be finally rendered by the preparation of the report in acceptable written form.
Powers and Functions … (Sec. 5).

- Provide comprehensive policy guidelines;
- Conduct licensure examinations;
- Issue, suspend, revoke or reinstate, after due notice and hearing, CR’s and professional ID’s;
- Maintain a register of licensed real estate service practitioners;
- Monitor the conditions affecting the practice of real estate service;
- Adopt a national Code of Ethics and Responsibilities issued by the AIPO;

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Hear or investigate any violation of RA No. 9646, the IRR and the Code of Ethics and Responsibilities;

Safeguard and protect legitimate and licensed real estate service practitioners;

Prescribe, in cooperation with the CHED or the concerned state university or college, the essential requirements as to the curricula and facilities of schools seeking permission to open academic courses or already offering such courses in real estate service;

Promulgate, administer and enforce rules and regulations necessary in carrying out the provisions of RA No. 9646;
Supervise and regulate the registration, licensure and practice of real estate service;
Assess and fix the rate of reasonable regulatory fees;
Administer oaths and affirmations;
Adopt an official seal of the Board;
Evaluate periodically the status of real estate service education and profession;
Prescribe guidelines and criteria for the CPE program for real estate service practitioners;
Screen, issue and monitor permits to organizations of real estate professionals in the conduct of seminars and accredit such seminars pursuant to the CPE program, as well as the instructors or lecturers therein;

Monitor and supervise the activities of the AIPO and other associations of real estate service practitioners, and;

Discharge such other powers, duties and functions as the Commission may deem necessary.

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Term of Office … (Sec. 7).
- Three (3) years
- First Board: (automatic registration and issuance of CR’s)
  - Chairman – three (3) years
  - Members (2) – two (2) years
  - Members (2) – one (1) year
- May be reappointed for a second term but in no case shall he/she serve continuously for more than six (6) years;
- Any vacancy in the Board shall be filled for the unexpired portion of the member who vacated the position.

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• **Supervision of the Board, Custodian of its Records, Secretariat and Support Services ... (Sec. 10).**
  ◦ **Annual Report ... (Sec. 11).**
    • Submitted at the close of each calendar year;
    • Proceedings;
    • Accomplishments;
    • Recommendations;

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Rule III: Licensure Examination and Registration

- **Licensure Examination** … (Sec. 12).
- **Scope of Examination** … (Sec. 13).
- **Note:** The Board may re-cluster, rearrange, modify, add to, or exclude any of the foregoing subjects and their syllabi with tables of specifications as may be necessary.

- **A.** For real estate consultants:
  1. Fundamentals of real estate consulting;
  2. Standards and ethics;
  3. Consulting tools and techniques, which include project feasibility study and investment measurement tools;
  4. Real estate finance and economics;
  5. Real estate consulting and investment analysis;
  6. Consulting for specific engagement, which includes consulting for commercial, industrial, recreation and resort and hotel properties, and consulting for government and corporate and financial institutions;
  7. Land management system and real property laws; and
  8. Any other related subjects as may be determined by the Board.
B. For real estate appraisers:
   1. Fundamentals of real estate principles and practices;
   2. Standards and ethics;
   3. Theories and principles in appraisal;
   4. Human and physical geography;
   5. Methodology of appraisal approaches;
   6. Valuation procedures and research;
   7. Appraisal of machinery and equipment;
   8. Practical appraisal mathematics;
   9. Appraisal report writing;
   10. Real estate finance and economics;
   11. Case studies;
   12. Land management system and real property laws; and
   13. Any other related subjects as may be determined by the Board.
C. For real estate brokers:
   1. Fundamentals of property ownership;
   2. Code of ethics and responsibilities;
   3. Legal requirements for real estate service practice;
   4. Real estate brokerage practice;
   5. Subdivision development;
   6. Condominium concept and other types of real estate holdings;
   7. Real estate finance and economics;
   8. Basic principles of ecology;
   9. Urban and rural land use;
   10. Planning, development and zoning;
   11. Legal aspect of sale, mortgage and lease;
   12. Documentation and registration;
   13. Real property laws and taxation; and
   14. Any other related subjects as may be determined by the Board.
Qualification of Applicants for Examination … (Sec. 14).

1. A citizen of the Philippines,
2. A holder of a relevant bachelor’s degree; has completed at least 120 credit units of real estate subjects and training from accredited service providers; as soon as a course leading to a Bachelor’s degree in Real Estate Service is implemented by the CHED, the Board shall make this course a requirement for taking the licensure examination,
3. Of good moral character; must not have been convicted of any crime involving moral turpitude,
4. For real estate consultants: 10 years experience as a licensed real estate broker, assessor, bank/institutional appraiser, or an employed person performing real property valuation; or at least 5 years experience as a licensed real estate appraiser.
Documentary requirements:

1. Original and photocopy of birth certificate or Certificate of Live Birth (NSO) and/or valid Philippine passport, or any other proof of citizenship;
2. Original and photocopy of transcript of records and/or diploma with scanned picture;
3. Original and photocopy of notarized certification by employer of his/her years of experience or pre-requisite Certificate of Registration and/or Professional Identification Card or DTI license (for real estate consultants);
4. Original and photocopy of NBI clearance;
5. Original and photocopy of duly notarized accredited seminar and/or training certificate;
6. Community tax certificate;
7. Four (4) colored passport size pictures with white background and complete nametag and other documents in accordance with the requirements set by the Commission.
• **Ratings in the Examination (Sec. 15).**
  - Average of at least 75% in all subjects;
  - No rating below 50% in any subject.
  - *Release of the Results of Examination ... (Sec. 16).*
  - Within ten (10) days from the last day of the examination;
  - To be published in a major daily newspaper;
  - Available at the PRC website.
• **Issuance of the Certificate of Registration and Professional Identification Card… (Sec. 17).**
  - Issued to successful examinees;
  - Subject to payment of the prescribed fees;
  - Valid for three (3) years.

• **Refusal to Register … (Sec. 18).**
  - Convicted by a court of competent jurisdiction of any criminal offense involving moral turpitude;
  - Guilty of immoral or dishonorable conduct after investigation by the Board;
  - Psychologically unfit.
Revocation or Suspension of the CR and the Professional ID Card or Cancellation of Special/Temporary Permit ... (Sec. 19).

- Procurement of a CR and/or Professional ID Card, or special/temporary permit by fraud or deceit;
- Allowing an unqualified person to advertise or to practice the profession by using one’s CR or profession ID card, or special/ temporary permit;
- Unprofessional or unethical conduct;
- Malpractice or violation of any of the provisions of RA No. 9646, the IRR, and the Code of Ethics and Responsibilities for real estate service practitioners; and
- Engaging in the practice of the profession during the period of one’s suspension.

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Registration Without Examination (Sec. 20).

Grandfather clause.

Who are qualified?

A. Active DTI-licensed real estate brokers, real estate appraisers, and real estate consultants per Ministry Order No. 39, as amended.

1. Holder of a valid DTI license – 15 CEP/CPE credit units;
2. Failed to renew DTI license prior to July 30, 2009 - 24 CEP/CPE credit units from 2007 to July 30, 2011;
3. Passed the 2008/2009 DTI licensure exams but failed to obtain license upon the effectivity of RA 9646 – 15 CEP/CPE credit units;
4. Passed the 2007 DTI licensure exams but failed to obtain license upon the effectivity of RA 9646 – 18 CEP/CPE credit units;
5. Passed the 2006 DTI licensure exams and prior years but failed to obtain license upon the effectivity of RA 9646 – 120 CEP/CPE credit units.
B. Assessors and appraisers, who, upon effectivity of RA 9646:
1. Hold permanent appointments;
2. Perform actual appraisal and assessment functions for the last 5 years;
3. Passed the RPAO exams conducted by the CSC;
4. 24 CPE credit units.

C. Assessors and appraisers, who, upon effectivity of RA 9646:
1. Hold permanent appointments;
2. 10 years actual experience in real property appraisal or assessment;
3. 120 hours of accredited training on real property appraisal;
4. 24 CPE credit units.
Deadline of filing of application: 30 July 2011

Requirements:

1. Original and photocopy of Certificate of Live Birth/ Birth Certificate (NSO) or valid Philippine passport, or any other proof of citizenship;
2. Original and photocopy of Certificate of Registration and/or professional ID or DTI licenses;
3. DTI Certification of Rating (for those who failed to obtain license);
4. Original and photocopy of NBI Clearance;
5. Duly notarized CEP/CPE Certification;
6. CSC Certification, DOF, or any other national government agencies, or GOCC certification (assessors or government appraisers), or any certification of accredited seminar/training provider;
7. Appointment papers and service records (assessors and government appraisers);
8. Original and photocopy of Marriage Certificate/Contract of Marriage (NSO), if applicable;
9. Four (4) passport size colored photos with complete nametag in white background, original and photocopy of community tax certificate (CTC), and surety bond (for real estate brokers and private real estate appraisers).

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Reinstatement, Re-issuance or Replacement of CR, Professional ID and Special/Temporary Permit ... (Sec. 21).

- After the expiration of two (2) years from the date of revocation;
- Upon application and compliance with the required CPE units;
- Exemption from taking another examination (discretion of the Board);
- Board resolution, subject to the approval of the Commission, in granting a petition for reinstatement;
- A new CR, professional ID or special/temporary permit may be issued to replace lost, destroyed or mutilated ones, subject to Board rules and upon payment of fees.

Roster of Real Estate Service Practitioners ... (Sec. 22).

- Prepared by the Board in coordination with the AIPO;
**Issuance of Special/Temporary Permit ... (Sec. 23).**
- Issued upon application and payment of fees;
- Issued to real estate service practitioners from foreign countries whose services are urgently needed.

**Foreign Reciprocity ... (Sec. 24).**
- No foreign real estate service practitioner shall:
  1. Be admitted to the licensure examination;
  2. Be given a CR or a professional ID card;
  3. Be issued a special/temporary permit; or
  4. Be entitled to any of the privileges under RA 9646 and its IRR.
- Unless his/her country specifically allows Filipino real estate service practitioners to practice within its territorial limits.
Rule IV: Practice of Real Estate Service

- **Oath ... (Sec. 25).**
  - Taken by successful examinees, applicants for registration without examination, including accredited salespersons before any member of the Board or any officer of the Commission duly authorized;
  - The mass oath taking may be initiated by the Board in coordination with the AIPO.

- **Professional Indemnity Insurance/Cash or Surety Bond ... (Sec. 26).**
  - Shall be no less than Php 20,000.00, without prejudice to the additional requirement of the client;
  - Renewable every three (3) years.

- **Acts Constituting the Practice of Real Estate Service ... (Sec. 27).**
  - Any single act or transaction embraced within the provisions of Section 3(g), Rule II.
Exemptions from the Acts Constituting the Practice of Real Estate Service ... (Sec. 28).

1. Any person, natural or juridical, who shall directly perform by himself/herself the acts mentioned in Section 3 with reference to his/her own property, except real estate developers who are regulated by and registered with the HLURB (PD 957 and BP 220 and their IRR);

2. Any receiver, trustee or assignee in bankruptcy or insolvency proceedings;

3. Any person acting pursuant to the order of any court of justice;

4. Any person who is a duly constituted attorney-in-fact for purposes of sale, mortgage, lease or exchange, or other similar contracts of real estate, without requiring any form of compensation or remuneration; and

5. Public officers in the performance of their official duties and functions, except government assessors and appraisers.
Prohibition Against the Unauthorized Practice of Real Estate Service ... (Sec. 29).

Any unlicensed person can NOT:

1. Practice or offer to practice real estate service;
2. Offer himself/herself as real estate service practitioner;
3. Use the title, word, letter figure or any sign tending to convey the impression that one is real estate service practitioner;
4. Advertise or indicate in any manner that one is qualified to practice the profession; or
5. Be appointed as real property appraiser or assessor in any national government entity or local government unit.

Positions in Government Requiring the Services of Registered and Licensed Real Estate Service Practitioners ... (Sec. 30).

Within three (3) years from the effectivity of RA 9646:

- All existing and new positions in the national and local governments requiring the services of any real estate service practitioner, shall be filled only by those who are duly registered and licensed.

All incumbent assessors holding permanent appointments shall continue to enjoy security of tenure but may not be promoted to a higher position until qualified under RA 9646.
Supervision of Real Estate Salespersons ... (Sec. 31).

No examination for salespersons, but accreditation by the Board is required, provided, he/she has:

- At least two (2) years of college;
- Twelve (12) credit units in real estate brokerage.

Salespersons registered with the DTI/HLURB and those in active practice for at least three (3) years prior to the effectivity of RA 9646, as certified by a licensed broker/developer may be accredited by the Board until July 30, 2011, provided he/she has:

- One hundred twenty (120) training hours in real estate brokerage;
- NSO Certificate of Live Birth/birth certificate;
- NBI clearance;
- Certificate of educational attainment, or its equivalent;
- Notarized certificate of training or seminar;
- Notarized certificate of their supervising licensed brokers.

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**Supervision of Real Estate Salespersons ... (Sec. 31).**

- Salespersons shall be under the direct supervision and accountability of a real estate broker;
- They cannot by themselves be signatories in a real estate transaction, unless the real estate broker who has direct supervision and accountability over them is also a signatory thereto;
- They cannot, directly or indirectly, negotiate, mediate, or transact any real estate transaction for and in behalf of a broker without first securing an authorized accreditation as salesperson for the said broker;
- They are not entitled to receive, demand a fee, commission or compensation of any kind from any person, other than his/her supervising broker;
- A Real estate broker shall be guilty of violating RA 9646 and its IRR for employing salespersons who are not duly accredited by the Board.
- No violation of this provision shall cause the revocation/suspension of a broker’s license, unless he/she has actual knowledge of such violation or retains the benefits, profits or proceeds of a transaction wrongfully negotiated by a salesperson.
Corporate Practice of the Real Estate Service ... (Sec. 32).

A. SEC-registered partnerships and corporations engaged in the business of real estate service;
   • Authorized persons are all duly registered and licensed real estate brokers, appraisers or consultants, as the case may be;
   • The partnership and corporation shall regularly submit a list of its real estate service practitioners to the Commission and SEC as part of its annual report;
   • At least one (1) licensed real estate broker for every twenty (20) accredited salespersons.

B. Divisions or departments of partnerships and corporations engaged in marketing and selling any real estate development project must be headed by a full-time registered and licensed real estate brokers;

C. Branch offices of real estate brokers, appraisers or consultants must be manned by a duly licensed real estate broker, appraiser or consultant, as the case may be.
Corporate Practice of the Real Estate Service ... (Sec. 32).

In case of resignation/termination from employment of a real estate service practitioner, the same shall be reported by the employer to the Board within fifteen (15) days.

Subject to the provisions of the Labor Code, a corporation or partnership may hire the services of licensed real estate brokers, appraisers or consultants on commission basis as independent contractors and not employees of such corporations.

Display of License in the Place of Business ... (Sec. 33).

Display conspicuously the original and/or certified true copies of CR and professional ID of the real estate service practitioner/s in the principal place of business, and other branches as may be necessary.

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Accreditation and Integration Real Estate Service Associations ... (Sec. 34).

All real estate service associations shall be integrated into one (1) national organization, recognized by the Board, subject to the approval of the Commission (PRC Res. 2004-178, s. 2004).

A licensed real estate practitioner automatically becomes a member of the AIPO without prejudice to being a member in other associations of real estate service practitioners.

By resolution, the Board, upon approval of the Commission, shall prescribe the membership fee as a requirement for the renewal of the professional ID.

Code of Ethics and Responsibilities for Real Estate Service Practitioners ... (Sec. 35).

The Board shall adopt and promulgate the Code of Ethics and Responsibilities which shall be prescribed and issued by the AIPO.
Continuing Professional Education (CPE) Program ... (Sec. 36).

The Board shall develop, prescribe and promulgate guidelines on CPE upon consultation with the AIPO, affiliated association of real estate service practitioners and other concerned sectors.

The Board shall create a CPE Council composed of:

- Chairperson – coming from the Board
- Member – from the AIPO
- Member – from the academe

Enforcement Assistance to the Board ... (Sec. 37).

Lawyers of the Commission shall act as prosecutors against illegal practitioners and other violators of RA 9646 and its IRR.

Indication of the Certificate of Registration, Professional ID Card/License Number, Privilege Tax Receipt (PTR) Number, and AIPO Number ... (Sec. 38).

Shall be indicated in all documents he/she signs, uses or issues in connection with the practice of his/her profession.
Rule V: Penal and Final Provisions

**Penal Provisions ... (Sec. 39).**

Any violation of RA 9646, including its IRR shall be meted the following penalty/ies:

- **Fine:** not less than Php 100,000.00;
- **Imprisonment:** not less than two (2) years;
- Both such fine and imprisonment upon the discretion of the court.
- Double the aforesaid penalties if the violation is committed by an unlicensed real estate service practitioner.
- In case the violation is committed by a juridical person, the partner, president, director, or manager who has committed or consented to or knowingly tolerated such violation shall be held directly liable and responsible for the acts as principal or co-principal with other participants, if any.

**Appropriations ... (Sec. 40).**

The chairperson of the PRC shall include in its programs the implementation of RA 9646 and its IRR; the funding of which shall be included in the annual GAA.
**Transitory Provision … (Sec. 41).**

Within ninety (90) days from the effectivity of RA 9646, the DTI-Bureau of Trade Regulation and Consumer Protection (BTRCP) shall transfer all pertinent records, documents, and other materials to the PRBRES.

**Implementing Rules and Regulations … (Sec. 42).**

Within six (6) months after the effectivity of RA 9646, the Commission, together with the Board and the AIPO, the DOF, and the CHED, shall prepare the necessary rules and regulations, including the Code of Ethics and Responsibilities needed to implement the said law.

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Separability Clause … (Sec. 43).
If any part of the IRR shall be declared unconstitutional or invalid, such judgment shall not affect or impair any other part thereof.

Repealing Clause … (Sec. 44).
1. Sections 3(e) and (ee) of Act No. 2728, as amended by Act No. 3715 and Act No. 3969, Sections 472 and 473 of RA 7160, and pertinent provisions of the Civil Service Law are hereby modified accordingly.
2. All laws, decrees, executive orders, department or memorandum orders and other administrative issuances or parts thereof which are inconsistent with the provisions of RA 9646 and/or the IRR are hereby modified, superseded and repealed accordingly.

Effectivity … (Sec. 45).
The IRR shall take effect after fifteen (15) days following its full and complete publication in the Official Gazette or in a major daily newspaper of general circulation.
THANK YOU!

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end of presentation