



Department Circular No. **2024-018**  
Series of 2024

**THE 2024 REVISED IMPLEMENTING RULES AND REGULATIONS  
OF REPUBLIC ACT NO. 9904, OTHERWISE KNOWN AS  
THE MAGNA CARTA FOR HOMEOWNERS AND  
HOMEOWNERS ASSOCIATIONS**

Pursuant to Section 28 of Republic Act No. 9904, otherwise known as the *Magna Carta for Homeowners and Homeowners Associations*, as amended by Section 5, paragraph IV(a) and Section 25, paragraph (c) of Republic Act No. 11201, known as the *Department of Human Settlements and Urban Development Act*, this 2024 Revised Implementing Rules and Regulations of Republic Act No. 9904 or the “Rules” is hereby promulgated:

**Rule I  
PRELIMINARY PROVISIONS**

**Section 1. Title.** This shall be known as the *2024 Revised Implementing Rules and Regulations of Republic Act No. 9904*.

**Section 2. Declaration of Policy.** Cognizant of the Constitutional principles directing the State to encourage, promote, and respect nongovernmental, community-based, and the people’s right to form organizations and initiate associations in serving their legitimate collective interests in our participatory democracy, it is the policy of the State:

- a. To uphold the rights of the people to form associations;
- b. To recognize and promote the rights and the roles of homeowners as individuals and as members of the society and of homeowners associations;
- c. To make available resources and assistance that will help them fulfill their roles in serving the needs and interests of their communities; and,
- d. To complement the efforts of local government units (LGUs) in providing vital and basic services to their citizens, and in helping implement local and national government policies, programs, rules and ordinances for the development of the nation.

**Section 3. Construction.** This Rules shall be construed and interpreted liberally in order to carry out the objectives and principles of Republic Act No. 9904.

**Section 4. Definition of terms.** As used in this Revised Implementing Rules and Regulations, the terms hereunder shall mean as follows:



- a. *Accounting period* shall refer to the fiscal or calendar year adopted by an association in the recording and reporting of its fiscal transactions.
- b. *Administrative determination* shall refer to the procedure through which DHSUD, in the exercise of regulatory powers, settles and resolves intra-association disputes between or among members of the association or the members of the Board; or inter-association disputes involving two (2) or more associations established within the same subdivision/village, defined community, or housing project.
- c. *Approved subdivision plan* shall refer to a plan drawn to scale showing the divisions of a piece of land intended for subdivision development projects, including off-site Community Mortgage Program (CMP), delineating its open space and individual lots, bearing the signature of a licensed professional, and the stamp of approval of the National Housing Authority (NHA), Housing and Land Use Regulatory Board (HLURB) now Department of Human Settlements and Urban Development (DHSUD), LGU concerned and/or any appropriate government agency.
- d. *Association* shall refer to a homeowners association which is a non-stock, nonprofit association registered with DHSUD, or one previously registered with HLURB, Home Insurance and Guaranty Corporation (HIGC), or Securities and Exchange Commission (SEC), organized by and/or is primarily composed of:
  - 1. Owners or purchasers of a lot in a subdivision/village or other residential real property located within the jurisdiction of the association;
  - 2. Awardees, usufructuaries, legal occupants and/or lessees of a housing unit and/or lot in a government socialized or economic housing or relocation project and other such urban estates;
  - 3. Underprivileged and homeless citizens as defined under existing laws who are in the process of being accredited as usufructuaries or awardees of ownership rights under CMP, Land Tenure Assistance Program (LTAP), and other similar programs in relation to a socialized housing project actually being implemented by the national government or the LGU; and,
  - 4. Potential public housing beneficiaries living in contiguous areas, identified and duly accredited or recognized by, or organized with the assistance of the local government unit (LGU), the Presidential Commission for the Urban Poor (PCUP), DHSUD, and its key shelter agencies (KSAs) for the purpose of availing of government housing and/or resettlement programs/projects being implemented by the said LGU and/or other national government agencies (NGAs), in which case they will be initially authorized to organize a form of homeowners association known as a neighborhood association.
- e. *Association dues* shall refer to the amounts charged to the members on a regular basis primarily intended to defray the expenses incurred by the association.

- f. *Association member* shall refer to a homeowner who is a member of the association where the unit, house and/or lot is situated and those defined in the Articles of Incorporation/Association and Bylaws of the association.
- g. *Basic community services and facilities* shall refer to services and facilities that redound to the benefit of all homeowners and from which, by reason of practicality, no homeowner may be excluded such as, but not limited to, security, street and vicinity lights, maintenance, repairs, and cleaning of streets, garbage collection and disposal, and other similar services and facilities.
- h. *Beneficial users* shall refer to homeowners and residents within the subdivision/village, who are not members of the association, and to subdivision owners/developers who hold a property or properties in the subdivision not for the purpose of residing therein but as part of their inventory for the purpose of sale to the public.
- i. *Beneficial user fees* shall refer to the amounts charged to beneficial users as payment or contribution for the basic community services extended to them by the association.
- j. *Board* shall refer to the board of directors or trustees of the association which has primary authority to manage its affairs.
- k. *Bylaws* shall refer to the association's primary rules of governance, the institution and limitation of powers of its directors or trustees, and officers, and the establishment of rights and obligations of homeowners and association members consistent with Republic Act No. 9904 and its implementing rules and regulations, guidelines, and pertinent provisions of the Deed of Restrictions.
- l. *Calendar year* shall refer to a consecutive twelve (12)-month period which begins on the first day of the year and ends on the last day of the year.
- m. *Certificate of Incorporation* shall refer to the document issued by DHSUD to an association that has completed all the requirements for registration. The term includes Certificates of Registration/Incorporation previously issued to an association by HLURB, now DHSUD, as well as those issued by the SEC and the HIGC prior to the effectivity of Republic Act No. 9904.
- n. *Common areas* shall refer to property owned or otherwise maintained, repaired, or administered in whole or in part, by the association, LGU or subdivision owner/developer, as the case may be, including, but not limited to, roads, parks, playgrounds, and open spaces as provided in Presidential Decree No. 1216 and its amendments, if any.
- o. *Common expense* shall refer to costs incurred by the association in the exercise of any of the powers provided in Republic Act No. 9904.
- p. *Community Mortgage Program (CMP)* shall refer to a mortgage financing program of the Social Housing Finance Corporation (SHFC) which assists legally organized associations of underprivileged and homeless citizens to



- purchase and develop a tract of land under the concept of community ownership.
- q. *CMP off-site project* shall refer to a defined community where the beneficiaries come from other identified communities.
  - r. *CMP on-site project* shall refer to a defined community where the beneficiaries actually and physically occupy the land they purchased or intend to purchase.
  - s. *Confederation* shall refer to an organization of federated homeowners associations created and registered to pursue common goals beneficial to the interests of the constituent associations and the members thereof.
  - t. *Consolidation* shall refer to the union of two (2) or more registered associations in contiguous areas resulting in the termination of their respective existence for the purpose of the creation of a new association or the consolidated association.
  - u. *Constituent associations* shall refer to registered associations which are parties to a merger, consolidation or federation.
  - v. *Contiguous area* shall refer to two (2) or more subdivisions/villages or community housing projects or phases thereof that are physically related or linked by a shared infrastructure and well-defined adjoining or common boundaries, whether fully or partially.
  - w. *Delinquent member or member not in good standing* shall refer to a member who has been declared as such after due notice and hearing on the basis of the grounds and in accordance with the procedures set forth under the Bylaws and/or existing policies of the association or, in lieu thereof, under this Rules.
  - x. *Detrimental conduct* shall refer to conduct that is contrary or harmful to the interest of the homeowners; those that breach the trust and confidence reposed upon the board members and/or officers; and any other conduct inimical to the peaceful living of the community.
  - y. *Economic housing* shall refer to a type of housing project with lower interest rates and longer amortization periods provided to moderately low-income families, as defined under existing laws, rules and regulations.
  - z. *Election contest* shall refer to any controversy or dispute involving the validation of proxies, the manner or process of elections, the qualification and/or disqualification of candidates and voters and other election-related issues or controversies arising prior to the conduct of election.
  - aa. *Election protest* shall refer to any controversy or dispute involving title or claim to any elective office in an association, the validity of elections, and the proclamation of winners to the office of Director or Trustee, and/or other officer directly elected by the association members where the Articles of Incorporation and/or Bylaws so provide, and other election-related

issues or controversies arising after the proclamation of winning candidates.

- bb. *Extraordinary circumstances* shall refer to instances that are not reasonably foreseeable or beyond the control of the association, such as, but not limited to, force majeure, disaster, occurrence of an emergency, pandemic, prohibition on mass gatherings, and other analogous causes of such a nature that the holding of on-site or face-to-face meetings and/or voting cannot be conducted.
- cc. *Federation* shall refer to an organization composed of at least two (2) or more registered homeowners and/or neighborhood associations created and registered to pursue common goals beneficial to the interests of the constituent associations and members thereof.
- dd. *Fiscal Year* shall refer to a consecutive period of twelve (12) months which is used for calculating and preparing financial statements for the year. It may start any day of the year and ends exactly three hundred sixty-five (365) days later.
- ee. *General Information Sheet (GIS)* shall refer to a document that contains, among other data, the name of the association, its principal office address, contact number and official email address, if any, the names of its directors or trustees, its officers and their positions, and their respective addresses, duly submitted to the DHSUD or its predecessors as part of the annual reportorial requirements.
- ff. *Governing documents* shall refer to the Articles of Incorporation, Bylaws, deed of restrictions, conditions, rules and regulations of the association, or other written instruments by which the association exercises any of the powers and authority provided in Republic Act No. 9904.
- gg. *Government housing and/or resettlement programs/projects* shall refer to housing programs or projects owned, managed and/or funded by the government and/or the private sector for the underprivileged and homeless citizens, which shall include sites and services development, long-term financing, liberalized terms on interest payments, and such other benefits.
- hh. *Homeowner* shall refer to any of the following:
  - 1. An owner or purchaser of a lot or house and lot, in a subdivision/village;
  - 2. An awardee, usufructuary, or legal occupant of a unit, house and/or lot in a government socialized or economic housing or relocation project and other urban estates; or
  - 3. An informal settler in the process of being accredited as beneficiary or awardee of ownership rights under the CMP, LTAP, and other government housing and/or resettlement programs or projects.

- ii. *Independent auditor* shall refer to a licensed or Certified Public Accountant (CPA) accredited by a professional organization, such as, but not limited to, the Philippine Institute of Certified Public Accountants (PICPA) and other related professional organizations.
- jj. *Key Shelter Agencies (KSAs)* shall refer to the Home Development Mutual Fund (HDMF or Pag-IBIG Fund), National Housing Authority (NHA), Social Housing Finance Corporation (SHFC) and/or the National Home Mortgage Finance Corporation (NHMFC).
- kk. *Lessee* shall refer to a person leasing or renting a residential unit in a subdivision/village. For purposes of the Community Mortgage Program or similar government socialized housing projects, the term shall refer to a beneficiary as referred to under Section 6 of Republic Act No. 9904.
- ll. *Membership fee* shall refer to a one (1)-time payment made by a homeowner in consideration for membership in the association.
- mm. *Merger* shall refer to the union of two (2) or more registered associations in contiguous areas into a single association resulting in the survival of the juridical existence of one (1) of the associations and the termination of the others.
- nn. *Neighborhood association* shall refer to a group of potential public housing beneficiaries living in contiguous areas, recognized, identified and accredited by or organized with the assistance of DHSUD, LGU, KSAs, or PCUP for the purpose of availing of housing programs or projects being implemented by the LGU or national government agencies. *Neighborhood association* is deemed embraced within the term *homeowners association* when organized for this purpose.
- oo. *Plan of Merger or Consolidation* shall refer to a document containing the proposed merger or consolidation of registered associations primarily the terms and conditions thereof, duly approved by the majority of all members of the Board and the members of each of the constituent association.
- pp. *Regional Office* shall refer to the DHSUD office that has jurisdiction over the region where the subdivision/village or community served by the association is located.
- qq. *Simple majority* shall refer to fifty percent (50%) plus one (1) of the total number of association members or, when specified under the Bylaws or this Rules, of the total number of members in good standing.
- rr. *Socialized housing* shall refer to the housing programs and projects undertaken by the government or by the private sector for the underprivileged and homeless citizens, following the standards of Batas Pambansa Blg. 220 and other relevant laws, and price ceilings as determined by the DHSUD and the National Economic and Development Authority (NEDA). This shall include sites and services development, basic services and community facilities, settlements upgrading, vertical housing development, long-term financing, liberalized terms on interest payments, and such other benefits in accordance with law.

- ss. *Subdivision/Village* shall refer to a tract or parcel of land partitioned into individual lots, with or without improvements thereon, primarily for residential purposes.
- tt. *Usufructuary* shall refer to a person who has been given the right to enjoy the property of another with the obligation of preserving its form and substance.

## **Rule II HOMEOWNERSHIP**

### **Section 5. Commencement of homeownership.** Homeownership begins:

- a. By owning a lot in a subdivision/village and other real estate development for residential purposes;
- b. By purchasing a lot and/or unit in a subdivision/village and other similar real estate development project for residential purposes;
- c. By being an awardee, usufructuary, or legal occupant of a unit, house and/or lot in a government socialized or economic housing or relocation and/or resettlement program or project and other urban estates; and,
- d. By being a prospective beneficiary or awardee of ownership rights under the CMP, LTAP, and other government housing and/or resettlement programs or projects.

### **Section 6. Termination of homeownership.** Homeownership is terminated by:

- a. Transfer of ownership of the property through conveyance by conditional or absolute sale, assignment, or donation; or
- b. Any other legal transfer of ownership which shall authorize the association to deny homeowner rights to the transferor under this Section.
- c. In CMP, LTAP and other government housing and/or resettlement programs or projects, expulsion from membership and/or through an approved substitution of a beneficiary, after due notice and hearing.

### **Section 7. Right and duty of every homeowner.** Every homeowner has the right to enjoy the basic community services and facilities; *Provided*, that the homeowner pays the necessary fees and other pertinent charges for such services.

### **Section 8. Duties and responsibilities of a homeowner.** A homeowner shall have the following duties:

- a. To timely pay beneficial user fees and other fees or charges pertaining to basic community services, and other special assessments such as, but not limited to, vehicle pass stickers, construction fees and/or bond;



- b. To comply with the subdivision/village, and/or government housing and/or resettlement program or project rules and regulations, policies, and with the deed of restrictions and covenants annotated on the title or attached or embodied in the contract to sell or deed of absolute sale; and,
- c. To comply with the policies, rules and regulations, legal orders, directives and other issuances of the DHSUD.

### **Rule III MEMBERSHIP IN THE ASSOCIATION**

**Section 9. *Nature of membership.*** Membership in the association is voluntary unless –

- a. Automatic or compulsory membership is provided in the contract to sell, deed of sale, other instruments of conveyance, and/or deed of restrictions annotated on the title of the property, or attached to the aforementioned documents; or
- b. Membership in the association is a requirement for an award under the CMP, LTAP, or government housing and/or resettlement programs or projects.

**Section 10. *Qualifications of a member.*** Every homeowner shall be qualified to be a member of the association.

Except for members of associations organized to avail of the benefits of the CMP, LTAP, and government housing and/or resettlement programs or projects, a homeowner may designate any of his/her family member or lessee as his/her representative to apply for membership in the association and act on all matters related thereto; *Provided*, that the homeowner executes a Special Power of Attorney (SPA) in favor of his/her representative who shall exercise all rights, obligations, and prerogatives of membership, and agree to be bound by the consequences of the representative's actions and/or omissions; *Provided, further*, that the representative complies with all the requirements of membership under the Bylaws and the law.

When a homeowner owns more than one (1) lot, he/she shall apply for membership for each lot. In a lot with a multi-dwelling or apartment complex, the homeowner may designate a representative to apply for membership in the association and act on all matters related thereto; *Provided*, that the homeowner executes an SPA in favor of his/her representative who shall exercise all rights, obligations, and prerogatives of membership, and agree to be bound by the consequences of the representative's actions and omissions; *Provided, further*, that the representative complies with all the requirements of membership under the Bylaws and the law.

In all cases, the SPA shall be valid until revoked. When the homeowner issues an SPA for the above purpose, he/she is deemed to have waived the rights of an association member except the right to inspect association books and records which can be simultaneously exercised by both the homeowner and the representative.



**Section 11. Commencement of membership.** Unless membership in the association is automatic or compulsory, in which case it shall commence upon homeownership, membership to the association shall become effective upon acceptance by the Board of the application for membership, and payment of membership fee.

**Section 12. Termination of membership.** Membership in the association is terminated once the member ceases to be a homeowner or opts to terminate his membership if the same is not automatic or compulsory. Termination of membership shall extinguish all rights of a member under Republic Act No. 9904 and under this Rules.

**Section 13. Rights of a member.** A member shall have the following rights:

- a. Avail of and enjoy all basic community services and the use of common areas and facilities; *Provided*, that the member is in good standing;
- b. Inspect association books and records during office hours and to be provided, upon request, with a copy of annual reports, including financial statements, at the member's own expense;
- c. Participate, vote and be eligible for any elective or appointive office of the association subject to the qualifications as provided in the Bylaws, and in this Rules;
- d. Participate in association meetings, elections and referenda; *Provided*, that the member is in good standing, unless otherwise provided in the Bylaws, and existing rules and regulations of DHSUD, or ordered in final decisions of the Regional Director, Office of the Secretary, HLURB or the Human Settlements Adjudication Commission (HSAC) or ordered by DHSUD when acting as a special Election Committee under special circumstances;
- e. Demand and promptly receive refund of deposits required by the association such as construction bonds, as soon as the condition for the deposit has been complied with or the period therefor has expired;
- f. Terminate his/her membership in the association, except when membership is compulsory or automatic; *Provided*, that the member is clear of all his/her accountabilities in the association; and,
- g. To enjoy all other rights as may be provided in the Bylaws of the association, subject to the limitations as may be provided therein.

**Section 14. Duties of a member.** A member shall have the following duties:

- a. To timely pay monthly dues, fees and special assessments;
- b. To attend meetings of the association, either in person or by proxy;
- c. To support and participate in the community development programs, projects and activities of the association.

- d. To comply with all other duties as required by the association's Bylaws, policies, rules and regulations, and deed of restrictions and covenants annotated on the title or attached or embodied in the contract to sell or deed of absolute sale;
- e. To comply with the policies, rules and regulations, legal orders, directives and other issuances of the DHSUD; and,
- f. In case of beneficiaries of CMP, LTAP, or government housing and/or resettlement programs or projects, to timely pay monthly amortizations and comply with the conditions of the award or grant as provided in the Lease Purchase Agreement (LPA) or other contracts governing their transaction.

Non-compliance with the above and all other duties may be a ground for the imposition of sanctions against a member subject to compliance with the procedure laid down in the Bylaws or as provided in this Rules.

**Section 15. Voting rights.** Each member shall be entitled to such number of votes in proportion to the number of membership in the association under his/her name. A member may exercise his/her voting rights in person or by proxy.

**Section 16. Delinquent member or member not in good standing.** A member may be declared delinquent or not in good standing by the Board of Directors on any of the following grounds:

- a. Failure to pay at least three (3) cumulative monthly dues, fees and/or other assessments despite repeated demands by the association;
- b. Finding of repeated violation of and non-compliance with, including, but not limited to, final orders and directives, pertinent laws, rules and regulations and policies issued by duly constituted authorities, and the association's Bylaws, policies or rules and regulations;
- c. Commission of conduct detrimental to the interest of the association and/or the community as provided in the Bylaws and determined by the Board from competent proof and after due notice and hearing, to have been committed by the member;
- d. Failure to attend membership meetings in person or by proxy without any justifiable reason for at least three (3) consecutive general membership meetings despite receipt of notice; and
- e. In case of CMP, LTAP, or other government housing and/or resettlement programs or projects, failure to pay at least three (3) monthly amortizations, or as provided in the LPA or other contracts governing their transaction.

A member who has been declared delinquent or not in good standing in accordance with the procedure in the succeeding Section is not entitled to exercise the rights of a member, except the right to inspect association books

and records, but is nevertheless obliged to pay all fees, dues, and other assessments charged the members in good standing.

**Section 17. Procedure in declaring a member delinquent or not in good standing.** The Board or the committee assigned by the Board shall observe the following procedure in declaring a member delinquent or not in good standing:

- a. The Board or the committee shall preliminarily determine whether a member may be declared delinquent or not in good standing on any of the grounds provided in the Bylaws or as enumerated in the preceding Section.
- b. The Board or the committee shall forthwith notify the said member in writing of the violation and require him/her to explain in writing, within fifteen (15) days from the receipt of the notice of violation, why he/she should not be declared delinquent or not in good standing.

In case the violation was for non-payment of dues, fees, and/or other assessments, the notice shall state that the said member is given a grace period of sixty (60) days reckoned from the receipt of the notice to pay the subject arrearages. The member shall notify the Board or the committee of his/her intention to avail of the grace period within fifteen (15) days from receipt of the said notice.

- c. After the lapse of fifteen (15) days, with or without a written explanation or notice of intention to avail of the grace period, the Board or the committee may conduct a hearing.
- d. Within fifteen (15) days from the commencement of the hearing and deliberations, or the termination thereof, whichever is earlier, the member may be declared delinquent or not in good standing by a majority vote of all the members of the Board, through a resolution issued to that effect.
- e. The President shall notify the member concerned of the decision of the Board and shall furnish him/her a copy of the board resolution.
- f. The member declared delinquent or not in good standing may file a motion for reconsideration with the Board within ten (10) days from the receipt of the board resolution. The motion must be resolved by the Board within five (5) days from the receipt thereof.

**Section 18. Sanctions against a delinquent member or a member not in good standing.** The rights and privileges of a member are suspended except the right to inspect the association books and records upon the declaration of delinquency by the Board. In the event that the delinquent member is the representative, such suspension shall extend to the homeowner and all those residing in his/her property.

Nothing in this Rules shall prevent the association from imposing other sanctions against the delinquent member in accordance with the law and the Bylaws; *Provided*, that in the event the water system or other basic utility services are operated by or under the control of the association; *Provided*, further, that bills for water consumption or other utility services are updated, the cutting-off of water supply or other basic utility services shall not be imposed.

as a sanction. The obstruction of ingress and egress in the subdivision, village, and/or community shall not in any case be imposed as a sanction.

**Section 19. Reinstatement of a delinquent member or a member not in good standing.** The Board shall, by a majority vote of those present at a meeting at which there is a quorum, reinstate the membership of the delinquent member within ten (10) days from the receipt of proof of satisfaction of the sanctions imposed. In the event that the Board fails to do so, through no fault of the delinquent member, such as, but not limited to, the failure of the Board to hold a meeting or muster a quorum, his/her membership shall be deemed automatically reinstated and all rights restored.

If the delinquency is based on the failure to attend three (3) consecutive general membership meetings, the submission of an undertaking to attend the next general assembly shall result to the conditional reinstatement of the delinquent member, while the issuance of a proxy in favor of a member of the Board chosen by the delinquent member for the next general assembly shall restore his/her membership in good standing.

When the declaration of delinquency is due to non-payment of dues, fees, and/or other assessments or charges or, in case of CMP, LTAP or government housing and/or resettlement programs or projects, from non-payment of monthly amortizations, the member shall notify the association, in writing, of his/her payment of the unpaid dues, fees, charges and/or amortizations, and present proof thereof. Full payment of the arrears shall automatically reinstate his/her status of good standing on the day following the receipt by the association of the notice and proof of payment.

**Section 20. Expulsion and/or substitution of members-beneficiaries of CMP, LTAP, or government housing and/or resettlement programs or projects.** The association shall submit the following to the Regional Office within fifteen (15) days from its adoption:

- a. Board resolutions expelling members from the association, and the corresponding substitutions, if any;
- b. Notice of approval of the substitution by the agency administering and/or managing the housing project and/or the Government Financing Institution extending end-user financing;
- c. Proof of receipt of the resolution by the expelled member, or proof of service of a copy of the resolution to the last known address of the expelled member; and,
- d. Proof of service of a copy of the resolution to the agency administering and/or managing the housing project and/or Government Financing Institution extending end-user financing.

Failure to comply herewith shall render the resolution unenforceable.



**Rule IV**  
**ARTICLES OF INCORPORATION AND BYLAWS**

**Section 21. Articles of Incorporation.** The Articles of Incorporation, signed by all incorporators on each and every page thereof, shall substantially contain the following:

- a. Name of the association;
- b. Specific purpose or purposes of the association. Where the association has more than one (1) stated purpose, the Articles shall state the primary and secondary purposes;
- c. Complete principal office address, contact number, and electronic mail address, if any;
- d. Term of existence;
- e. Names, nationalities, and residences of the incorporators;
- f. Names, nationalities, and residences of the interim directors or trustees which shall not be less than five (5) nor more than fifteen (15), who may or may not be incorporators, until the first regular directors or trustees are duly elected and qualified;
- g. Number of directors or trustees which shall not be less than five (5) nor more than fifteen (15) natural persons;
- h. Amount of capital, if any, of the incorporators as well as the amount of contributions by each; and,
- i. Such other matters consistent with existing laws, rules and regulations issued by DHSUD.

**Section 22. Bylaws.** The Bylaws shall be adopted by a simple majority of the association members regardless of standing. Consistent with the provisions of this Rules, it shall provide for the following:

- a. The qualifications, rights, duties, and obligations of members;
- b. The circumstances under which membership is acquired, maintained, and lost;
- c. The grounds and procedure by which members are declared delinquent or not in good standing, the penalties and sanctions imposable on a delinquent member or a member not in good standing, and the manner or procedure through which the declaration may be lifted and the member restored to good standing;
- d. The schedule, venue, and manner of conducting the regular, special, and emergency meetings of the general membership, the required quorum, and allowable proxies in such meetings;

- e. The date for holding the regular election of directors or trustees and the mode or manner of giving notice thereof;
- f. The number, qualifications, powers and duties, terms of office, manner of electing and removing the Board, the filling of vacancies in the Board; *Provided*, that the term of office of directors or trustees and/or officers shall not exceed two (2) years;
- g. The qualifications, positions, duties, election or appointment, and compensation of other officers and employees of the association; *Provided*, that the term of office of the other officers shall not exceed two (2) years; *Provided, further*, that no officer of the association holding a rank of director or trustee shall be entitled to any compensation;
- h. The grounds and procedure for removal of director or trustee, and the manner of filling of vacancies in the Board, consistent with Section 13 of Republic Act No. 9904;
- i. The grounds and procedure for dissolution of the Board, and the manner of reconstituting the Board, consistent with Sections 13 and 14 of Republic Act No. 9904;
- j. The actions for limiting, broadening or denying the right to vote, and the extent thereof;
- k. The officer(s) authorized to prepare, execute, certify and record amendments to the governing documents on behalf of the association;
- l. The designation of the presiding officer at meetings of the Board and of the members;
- m. Such powers that the Board may delegate to a managing agent, if any, or to other persons or committees;
- n. The creation of election, grievance, audit, disaster risk reduction and management, and gender and development committees and such other committees which the association may deem necessary, whose members shall be in good standing; as well as the establishment of a conciliation or mediation mechanism for the amicable settlement of disputes among members, directors or trustees, officers and/or committee members of the association, and homeowners.

The members of the election, grievance and audit committees shall not be members of the Board;

- o. The dues, fees, and other assessments to be imposed on a regular basis, and the manner in which the same may be imposed and/or increased;
- p. The procedure in the adoption, amendment, repeal and abrogation of the Bylaws;
- q. The list of acts constituting a violation by its directors or trustees and/or officers and the corresponding penalties therefor;

- r. The impossible penalties for violation of particular provisions of the Bylaws; and,
- s. Such other matters necessary for the proper and/or convenient transaction of its business and affairs.

**Section 23. *Amendment of the Articles of Incorporation and/or Bylaws.*** The Articles of Incorporation and/or Bylaws of the association may be amended by a majority vote of all members of the Board, and majority of all association members, regardless of standing, at a regular or special meeting called for the purpose or as a result of a referendum.

The association shall file with the Regional Office an application for the approval of the amended Articles of Incorporation and/or its Bylaws, within forty-five (45) days from the meeting at which the amendments were approved, accompanied by the following documents in duplicate copies:

- a. Notarized Articles of Incorporation and/or Bylaws, as amended, underscoring, or underlining the changes made;
- b. Notarized Board Resolution approving and adopting the proposed amendments, with the amendments clearly stated therein, that the same were approved by the majority vote of all the Board members at a meeting called for the purpose, and the fact of quorum, and the date of the said meeting;
- c. Notarized Secretary's Certificate attesting that the amendments were approved by the majority vote of all association members, regardless of standing, and stating therein the date of the members' meeting, and the fact of quorum;
- d. Minutes of the meetings of the Board, and of the general assembly called for the purpose, both duly certified as true and correct by the association's secretary;
- e. Attendance sheet of the general assembly signed by the members present; and indicating therein their corresponding votes; and,
- f. Vote tally sheet showing the total number of members, the total number of the members present and the outcome of the voting.

Failure to submit the foregoing within the prescribed period of forty-five (45) days from the meeting at which the amendments were approved shall be a ground for the denial of the application for the approval of the amended Articles of Incorporation and/or Bylaws.

If the requirements are incomplete, the same shall be returned to the applicant association. If any of the documents submitted are defective, the Regional Office shall notify the applicant association of the defective submissions.

If the applicant association fails to comply with the requirements stated in the notice of deficiency within thirty (30) days from the receipt thereof, the application shall be automatically denied.

**Section 24. Amendment by initiative.** The amendment of the Articles of Incorporation and/or the Bylaws may be initiated by the members of the association in good standing, without the approval of the Board of Directors as follows:

- a. The petition to amend shall be signed by at least thirty percent (30%) of the members in good standing and submitted to the Election Committee. If no Election Committee exists, the petition shall be submitted to the Regional Office, and the latter shall create an Election Committee for this purpose.
- b. Within ten (10) days from the completion of the validation of signatures, the Election Committee shall notify all members of the association of the date, time, and venue of the special meeting for the purpose of deliberation and approval or disapproval of the proposed amendments through any available means. The notice of meeting and a copy of the proposed amendments shall be posted at the bulletin board of the association, in at least three (3) conspicuous places within the subdivision/village or community, and in the official social media account of the association, if any.
- c. The vote of a simple majority of all members of the association, regardless of standing, shall be necessary to approve the proposed amendments. Within forty-five (45) days from the meeting at which the amendments were approved, the Election Committee shall file with the Regional Office the application for the approval of the amended Articles of Incorporation and/or Bylaws, attaching thereto the following, in duplicate copies:
  1. Petition to amend duly signed by thirty percent (30%) of the members in good standing;
  2. Notarized Articles of Incorporation and/or Bylaws, as amended, underscoring or underlining the change/s made;
  3. Notarized Certificate of the Election Committee attesting that the amendments were approved by the majority vote of all members of the association, regardless of standing, and stating therein the date of the regular or special general assembly meeting called for the purpose, and the fact of quorum;
  4. Minutes of the special general assembly, and the attendance sheet signed by the members present; and
  5. Vote tally sheet showing the total number of members, the total number of the members present and the outcome of the voting.

Failure to submit the foregoing within the prescribed period of forty-five (45) days from the meeting at which the amendments were approved shall be **4**



ground for the denial of the application for the approval of the amended Articles of Incorporation and/or Bylaws

If the requirements are incomplete, the same shall be returned to the applicant association. If any of the documents submitted are defective, the Regional Office shall notify the applicant association of the defective submissions.

If the applicant association fails to comply with the requirements stated in the notice of deficiency within thirty (30) days from the receipt thereof, the application shall be automatically denied.

**Section 25. Issuance of Certificate of Amended Articles of Incorporation and/or Certificate of Amended Bylaws.** If the amendments to the Articles of Incorporation and/or Bylaws are found not contrary to law or public policy and do not adversely affect any interest, the Regional Office shall issue the appropriate Certificate of Amended Articles of Incorporation or Certificate of Amended Bylaws within fifteen (15) days from the receipt of the application with complete requirements.

When a change in the association name is approved, the Regional Office shall issue an amended Certificate of Incorporation under the amended name, but indicating in parenthesis the former name of the association.

The amendments shall take effect upon its approval by the DHSUD with the issuance of a Certificate of Amended Articles of Incorporation or Certificate of Amended Bylaws; *Provided*, that amendments on the term of office of directors or trustees and/or officers shall not apply to the incumbent.

## **Rule V**

### **REGISTRATION OF HOMEOWNERS ASSOCIATIONS**

**Section 26. Number of associations.** Only one (1) homeowners association shall be established and registered with DHSUD in each subdivision/village or defined community, except in cases where the subdivision consists of two (2) or more contiguous phases but registered or licensed as one (1) project. In such cases, each phase may organize and register an association. The registration of each association shall bear the phase number or any other identification of the project's phase.

In case two (2) or more associations are registered or applying for registration within the same subdivision, the same shall be governed by the procedure for administrative determination thereof as provided in Section 35 of this Rules.

**Section 27. Mandatory registration.** All associations whose purpose, among others, is to promote and protect their mutual interest and assist in their community development as homeowners are considered homeowners associations. It is mandatory for all homeowners and/or neighborhood associations, federations, confederations or other umbrella organizations of associations to register solely with DHSUD conformably with Republic Act No. 11201, except:

- a. Homeowners associations that registered with HLURB; and

- b. Associations previously registered with the SEC or HIGC that have re-registered with HLURB pursuant to the 2004 HLURB Rules on Registration and Supervision of Homeowners Associations, the 2011 Implementing Rules and Regulations of Republic Act No. 9904, or the 2021 Revised Implementing Rules and Regulations of Republic Act No. 9904.

The registration with DHSUD shall serve to grant juridical personality to all such associations that have not previously acquired the same by operation of the General Corporation Law or by any other general law. Upon full compliance with the requirements for registration, the association shall be issued a Certificate of Incorporation.

**Section 28. Basic requirements for the registration of a new association.**

The applicant association shall, upon payment of the prescribed fees, submit the following requirements, in duplicate copies, to the Regional Office which has jurisdiction over the area where the association is located:

- a. Notarized Articles of Incorporation signed on each and every page thereof by all the incorporators consisting of not less than five (5) nor more than fifteen (15) natural persons;
- b. Notarized Bylaws signed on each and every page thereof by all incorporators or members of the interim Board consisting of not less than five (5) nor more than fifteen (15) natural persons;
- c. Except for registration of associations initiated by subdivision owners/developers, the minutes of the general assembly meeting certified by the interim secretary and attested to by the interim president, stating, among others, the date of the meeting and the fact of quorum, together with the attendance sheet signed by the members present and their corresponding votes approving or disapproving the Bylaws;
- d. Notarized General Information Sheet;
- e. Certification issued by the president as to the territorial jurisdiction of the association, and as to the existence or absence of any other association in the subdivision/village or community; and the name and address of the nearest association, if any;
- f. Code of Ethics signed on every page by the members of the Board of Directors or Trustees and officers of the association;
- g. Notarized undertaking by the association president to change the name of the association in the event that another person, firm or entity within the same barangay, city or municipality has acquired a prior right to the use of the name or one similar thereto, and to comply with pertinent rules and regulations; and,
- h. Authorization by the interim president for the representative of the association to transact and/or follow-up its application for registration with the Regional Office.

If the requirements are incomplete, the same shall be returned to the applicant association. If any of the documents submitted are defective, the Regional Office shall notify the applicant association of the defective submissions.

If the applicant association fails to comply with the requirements stated in the notice of deficiency within thirty (30) days from the receipt thereof, the application for registration shall be automatically denied, and all documents submitted shall be returned to the applicant association.

**Section 29. *Additional requirements.***

- a. For subdivision projects, the applicant association shall submit the following:
  1. Certified true copy of the approved subdivision or development plan indicating the area covered by the association; and,
  2. List of members with their corresponding signatures and addresses, certified by the association secretary and attested to by the association president.
- b. For CMP, LTAP and other similar programs, the applicant association shall submit the following:
  1. Duplicate original copy of the notarized letter of intent to sell and intent to buy, contract to sell, deed of absolute sale, or memorandum of agreement between the landowner and association;
  2. Certified true copy of the original or transfer certificate of title of the lot occupied by the members of applicant association or of the lot intended to be purchased, issued not later than sixty (60) days before the date of filing of application;
  3. List of members-beneficiaries with their corresponding signatures and addresses, certified by the association secretary and attested to by the association president. For non-ownership tenurial arrangement, the list of members shall state the nature of occupancy;
  4. If the site is located within a subdivision project, certification from the existing association that it interposes no objection to the organization of the association;
  5. Vicinity map and schematic plan of the area covered by the association signed by the association president; and,
  6. For off-site subdivision projects, in addition to the foregoing, the proposed subdivision plan signed and sealed by a Geodetic Engineer in lieu of the schematic plan.
- c. For NHA housing programs or projects, the applicant association shall submit the following

1. NHA Certification attesting that the association is the only association recognized and/or accredited by the NHA; and,
  2. List of members-awardees/beneficiaries of the program with their corresponding signatures and addresses, certified by the association secretary, attested by the association president and certified by the NHA.
- d. For national and/or local government housing and/or resettlement programs or projects, the applicant shall submit the following:
1. Certification issued by the LGU or government agency implementing the housing program or project, or by a Government Financing Institution extending end-user financing to the beneficiaries, attesting to the following:
    - a. The name and principal office address of the association;
    - b. The location or territorial jurisdiction of the association; and,
    - c. The association is the only association recognized and/or accredited in the community or area and there is no other association existing in the same proposed project, or community;
  2. List of beneficiaries with their corresponding signatures and addresses, certified by the LGU or government agency/unit concerned or by the Government Financing Institution extending end-user financing to the beneficiaries;
  3. Lot plan and vicinity map showing the project site location; and
  4. Approved building plan, subdivision plan or site development plan, whichever is applicable and available; and
  5. For off-site subdivision or resettlement projects, in addition to the foregoing, the proposed subdivision plan or schematic plan signed and sealed by a Geodetic Engineer.

**Section 30. Organization of associations initiated by subdivision owners and/or developers.** Where the organization and registration of the association was initiated by the subdivision owner/developer pursuant to Sec. 30 of Presidential Decree No. 957, in addition to the documents stated in Sections 28 and 29 (a) hereof, the applicant association shall submit the following requirements, in duplicate copies:

- a. Certification under oath by the applicant that the buyers have been duly informed, and majority of the buyers consent to the project owner and/or developer's organization and registration of the homeowners association.
- b. An undertaking under oath that the developer shall hold and conduct the first regular election for the members of the Board of Directors under the approved Bylaws and turnover the management of the association to the



duly elected Board when occupancy or possession by the buyers of the subdivision lots has reached fifty-one percent (51%) or not later than two (2) years from the date of registration of the association, whichever comes first, unless the homeowners demand for earlier conduct of election upon proper showing of capability to manage the association.

- c. An undertaking that the interim Board shall turnover the management of the association to the duly elected Board within thirty (30) days from their proclamation.

In the event that the members refuse to hold an election or to accept the turnover of the management of the association, the developer, as the interim Board, may continue managing the affairs of the association upon submission of an affidavit executed by the interim president stating that the members refuse to hold an election and/or accept the turnover.

- d. List of names of the buyers of the subdivision project.

**Section 31. *Re-registration of SEC or HIGC-registered associations.*** An association that holds a Certificate of Incorporation issued by the SEC or HIGC and has not re-registered with the HLURB shall re-register with the DHSUD. In addition to the requirements under Section 28 (d-h) hereof, the association shall submit the following in duplicate copies:

- a. Latest verified financial statement certified correct by the treasurer and auditor of the association and attested to by the Chairperson of the Board or the President. The financial statement shall be externally audited, preferably, by a Certified Public Accountant, except for associations organized for the purpose of availing of the benefits of the CMP, LTAP, and other government housing and/or resettlement programs or projects.
- b. For associations that registered with SEC after 03 May 1979, the applicant shall submit an affidavit attesting that the registration of the association has not been revoked and that it is cleared of all penalties and other accountabilities to the SEC.
- c. For SEC-registered associations whose registration papers were not transferred to HLURB/DHSUD, the association shall cause the transfer of its records to the DHSUD. In the event there is no Bylaws on record, the association shall be required to submit its Bylaws approved by the majority of its members, regardless of standing.

Upon receipt of the application and payment of the required filing fees, the Regional Office shall enter in its Registry Book the name of the association and issue the corresponding Certificate of Re-registration.

When so required by the Regional Office, the association shall amend its Articles of Incorporation and/or Bylaws to conform to the requirements of this Rules and submit such other documents.

**Section 32. *Effect of failure to re-register.*** The failure of an association to re-register with the DHSUD within six (6) months from the effectivity of this Rules shall result in the automatic suspension of the association's registration.

which may be lifted if the association files for re-registration with the DHSUD within one (1) year from the suspension; otherwise, it shall automatically result in the revocation of its registration.

**Section 33. Certificate of Incorporation.** Upon finding that the requirements for registration are in order, and that the Articles of Incorporation and Bylaws contain the provisions required by this Rules, the Regional Office shall, within fifteen (15) days, issue a Certificate of Incorporation which shall confer upon the association a juridical personality separate and distinct from those of its members.

The Regional Office shall transmit an electronic copy of the Certificate of Incorporation, together with the Articles of Incorporation and Bylaws to the DHSUD Homeowners Association and Community Development Bureau within five (5) days upon issuance thereof.

Prior to the release of the Certificate of Incorporation, the interim or incumbent Board of Directors or Trustees and officers shall be required to attend an orientation on Republic Act No. 9904 and its implementing rules and regulations.

**Section 34. Term of existence of associations.** Homeowners associations shall have perpetual existence.

Homeowners associations with Certificates of Incorporation or Certificates of Registration issued prior to the effectivity of this Rules, and which continue to exist upon the effectivity hereof, including those previously registered with the SEC or HIGC and re-registered with DHSUD, shall have perpetual existence, unless the association, upon a majority vote of all its members regardless of standing, notifies the Regional Office, within one (1) year from the effectivity of this Rules, that it elects to retain its original term of existence indicated in their Articles of Incorporation. Failure to submit such notice to the Regional Office within the one (1)-year period shall automatically result in the perpetual existence of the association.

The rule on perpetual existence shall not cover or serve to revive associations whose terms of existence have expired prior to the effectivity of this Rules.

**Section 35. Administrative determination in the registration of associations.** In case two (2) or more associations applied for registration and/or are organized within the same subdivision, village or community, and both applied for registration with DHSUD, the following rules shall apply:

- a. The applicant or homeowners who submitted first its registration papers and satisfactorily complied with all the requirements shall be registered;
- b. In case there are two (2) or more associations registered with the SEC or HIGC, or one was registered with the SEC and one with the HLURB/DHSUD, the association which registered first shall be recognized, and the registration of the other shall be revoked; *Provided*, that the registration of the first registrant is still valid.

Nothing in this Rules shall prevent the DHSUD from taking into consideration other factors in determining which association shall be recognized and registered.

**Section 36. Grounds for the administrative suspension of the Certificate of Incorporation.** The Certificate of Incorporation may be suspended *motu proprio* by the Regional Office or upon the filing of a sworn statement or verified petition with the Regional Office, on any of the grounds provided by law, rules and regulations, including, but not limited to, the following:

- a. Failure to submit the Bureau of Internal Revenue (BIR) Certificate of Registration and Tax Identification Number within ninety (90) days from the release of the Certificate of Incorporation as stated under Section 62 hereof;
- b. Failure to comply with the final orders or directives issued by DHSUD, and/or any other appellate court;
- c. Failure to modify, revise or amend the Bylaws to conform to the provisions of this Rules within two (2) years from the effectivity of this Rules; or
- d. Failure to re-register with the DHSUD within six (6) months from the effectivity of this Rules.

The suspension of the registration of the association shall have the following effects:

- a. The association can no longer exercise the rights and powers under Republic Act No. 9904 and this Rules;
- b. The association can no longer avail of the support services of DHSUD; and
- c. The association shall have no legal standing to sue before the HSAC.

It may nevertheless be sued before the HSAC by its members or other interested parties for non-compliance with existing laws and regulations, and the directors or trustees and/or officers may be held personally liable for the obligations and liabilities incurred by the association.

**Section 37. Grounds for the administrative revocation or cancellation of Certificate of Incorporation.** The Certificate of Incorporation may be revoked or cancelled *motu proprio* by the Regional Office or upon the filing of a sworn statement or verified petition with the Regional Office, based on any ground provided by law, rules and regulations, including, but not limited to, the following:

- a. Fraud or misrepresentation in procuring its Certificate of Incorporation/Registration;
- b. Serious misrepresentation on the purposes and on what the association can validly do or is doing; or

- c. Non-submission of annual reports for three (3) cumulative years after notices and/or orders have been issued by the Regional Office and duly received by the association.

Upon receipt of the sworn statement or verified petition, the Regional Office shall order the association through its directors or trustees to comment on the petition within a non-extendible period of fifteen (15) days from receipt of the order. Thereafter, the Regional Office shall resolve the petition within five (5) days from the lapse of the fifteen (15)-day period to submit comment on the petition. When necessary, the Regional Office may call for a clarification conference either in person or through remote or electronic means any time prior to the resolution of the petition.

## **RULE VI SEGREGATION**

**Section 38. *Segregation from the existing association.*** A group of association members residing in contiguous areas within the subdivision/village or community may separate from the existing association and form a new one through a verified petition on any of the following grounds:

- a. The area of the project, or the membership of the existing association has reached a size or number that renders it extremely difficult or impracticable to provide efficient delivery of services to all its members; or
- b. The existing association is serving several or all phases of a subdivision project and the petitioners are residents of one (1) or more contiguous phases of the said project.

**Section 39. *Requirements for segregation.*** The members intending to segregate from the existing association shall file with the Regional Office a verified petition for segregation together with the following:

- a. List of members intending to segregate from the existing association;
- b. A certification stating that the remaining members of the existing association reside in a contiguous area such that the segregation will not affect the territorial integrity of the association;
- c. A certification stating that the petitioners do not exceed half of the membership of the existing association;
- d. Minutes of the meeting of all members intending to segregate;
- e. Result of the referendum on segregation showing that majority of all the members of the existing association agreed or consented to the segregation;
- f. The vicinity map of the subdivision/village or community showing the area sought to be segregated; and,
- g. Where the facilities of the subdivision project are commonly shared by all the phases of a subdivision project, a written agreement between the



existing association and the proposed association defining the obligations and liabilities among them with respect to:

1. The expenses for its maintenance and the earnings derived or losses incurred from the operation thereof;
2. The use, maintenance, repair, replacement, modification and improvements of common areas and facilities;
3. Access to or passage through the subdivision/village gates, main roads, interconnecting roads and other roads, alleys and sidewalks within the subdivision;
4. Delivery of basic community services; and,
5. Such other matters necessary for the proper governance and operation of both associations.

**Section 40. Action on the petition for segregation.** The verified petition shall be granted by the Regional Office if it finds that the petitioners have satisfactorily complied with the requirements for segregation, the segregation is beneficial to the general welfare and interest of the members, and both the existing association and the new association that may be formed can exist as independent entities.

Upon receipt of the grant of the petition for segregation, the petitioners shall have ninety (90) days within which to submit all the requirements for the registration and incorporation of a new association pursuant to Sections 28 and 29 of this Rules.

If the petition is incomplete, the same shall be returned to the petitioners. If any of the documents submitted are defective, the Regional Office shall notify the petitioners of the defective submissions. The Regional Office may, however, call for a conference for purposes of clarification.

If the petitioners fail to comply with the requirements stated in the notice of deficiency within thirty (30) days from receipt thereof, the petition shall automatically be denied.

If the proposed segregation is contrary to or inconsistent with existing laws, the Regional Office shall deny the application for segregation.

## **Rule VII MERGER AND CONSOLIDATION**

**Section 41. Merger or consolidation of associations.** Two (2) or more registered associations in contiguous areas may merge into a single association which shall be one of the constituent associations, or may consolidate into a new single association which shall be the consolidated association.

**Section 42. Plan of Merger or Consolidation.** The plan or any similar document embodying the agreement approved by the majority of the members

of the Board and by the majority of the members of each of the constituent association shall set forth the following:

- a. The purpose and terms of such merger or consolidation;
- b. The names, addresses, and territorial jurisdiction of the associations proposing to merge or consolidate;
- c. In case of merger, the name and address of the surviving association, the territorial jurisdiction of the merged associations; and, in case of consolidation, proposed name, address, and territorial jurisdiction of the consolidated association;
- d. Statement of the changes, if any, in the Articles of Incorporation and Bylaws of the surviving association in case of merger; and,
- e. Such other provisions with respect to the proposed merger or consolidation as are deemed necessary or desirable.

**Section 43. Requirements for registration of the merged or consolidated associations.** Associations intending to merge or consolidate shall file the following documents in duplicate with the Regional Office:

- a. Plan of Merger or Consolidation;
- b. Articles of Merger or Consolidation and Bylaws signed on each and every page thereof by the president of each constituent association;
- c. Notarized Board Resolution and Secretary's Certificate attesting that the majority of the Board, and majority of all members of each association, respectively, agreed to the proposed merger or consolidation;
- d. List of members of the surviving association or of the consolidated association, certified by the association secretary and attested to by the president of the surviving or of the consolidated association;
- e. Audited financial statements of each of the constituent association as of the immediately preceding year;
- f. Location or vicinity map showing that the territory of the associations proposing to merge or consolidate are contiguous to one another;
- g. For associations organized to avail of the benefits of the CMP, LTAP, or government housing and/or resettlement programs or projects, certification under oath by the president of each of the constituent association stating that the national government agency, key shelter agency, or City or Municipal government concerned was informed of the merger or consolidation, and no opposition was interposed;
- h. Code of Ethics signed on every page by the members of the Board of Directors or Trustees of the surviving or consolidated association;

- i. Notarized General Information Sheet signed by the secretary of the surviving or consolidated association;
- j. Notarized undertaking by the surviving or consolidated association to change the name of the surviving or consolidated association in the event that another person, firm, or entity has acquired a prior right to the use of the name or one similar thereto, and to comply with existing laws, rules and regulations;
- k. Authorization for the representative of the surviving or consolidated association to transact and/or follow-up its registration with the Regional Office; and,
- l. Proof of payment of the filing fee.

If the application for merger or consolidation is incomplete, the same shall be returned to the applicant. If any of the documents submitted are defective, the Regional Office shall notify the applicant associations of the defective submissions. The Regional Office may, however, call for a conference for purposes of clarification.

If the applicant associations fail to comply with the requirements stated in the notice of deficiency within thirty (30) days from the receipt thereof, the application for merger or consolidation shall be automatically denied.

If the proposed merger or consolidation is contrary to or inconsistent with existing laws, the Regional Office shall deny the application for merger or consolidation.

**Section 44. *Certificate of Incorporation of the surviving association or of the consolidated association.*** Upon finding that the requirements for merger or consolidation are in order, and the merger or consolidation of associations is not inconsistent with existing laws, rules and regulations, the Regional Office shall issue the corresponding Certificate of Incorporation to the surviving or consolidated association.

Prior to the release of the original copy of the Certificate of Incorporation of the surviving association or of the consolidated association, the original copy of the Certificates of Incorporation of all the constituent associations shall be surrendered.

**Section 45. *Effects of merger or consolidation.*** The merger or consolidation shall have the following effects:

- a. The constituent associations shall become a single association which, in case of merger, shall be the surviving association designated in the Plan of Merger; and in case of consolidation, a new or consolidated association is created.
- b. The separate existence of the constituent associations shall cease, except that of the surviving association or the new consolidated association.

- c. The surviving or the consolidated association shall possess all the rights, privileges, immunities, and powers of each of the constituent associations and all property, real or personal, and all receivables due on whatever account, and other choses in action, and all and every other interest of, or belonging to, or due to its constituent associations, shall be deemed transferred to and vested in the surviving or consolidated association without further act or deed.
- d. The surviving or consolidated association shall be responsible and liable for all the liabilities and obligations of each of the constituent associations in the same manner as if such surviving or consolidated association had itself incurred such liabilities or obligations; and any pending claim, action or proceeding brought by or against any of the constituent associations may be prosecuted by or against the surviving or consolidated association. The merger or consolidation shall not impair the rights of creditors or liens upon the property of any constituent association.

## **Rule VIII FEDERATION**

**Section 46. *Federation or alliance of associations.*** Registered associations may form a federation; *Provided*, that their alliance with another association or associations is not prohibited in the association's governing documents, deed of restrictions or any contract of conveyance executed by the association members with the subdivision owner/developer.

Federations/confederations may be established in accordance with existing guidelines at the following levels:

- a. Barangay federations, which shall be composed of associations within the same barangay;
- b. Municipal federations, which shall be composed of associations within the same municipality;
- c. City federations, which shall be composed of associations within the same city;
- d. Provincial confederations, which shall be composed of barangay, municipal and city federations except those of independent component cities, highly urbanized cities and Metro Manila cities which shall directly join their respective regional confederations;
- e. Regional confederations, which shall be composed of provincial confederations, and, as above stated, those of independent component cities, highly urbanized cities and Metro Manila cities; and,
- f. Only one (1) national confederation which shall be composed of regional confederations.

**Section 47. *Affiliating with a federation.*** A registered association may affiliate with an existing federation; *Provided*, that no association shall affiliate with a federation unless the affiliation is duly approved in a resolution by



majority of the members of the association's Board of Directors, and the said resolution is ratified by majority of all the members of the association.

Upon acceptance of the association to the federation, the latter shall make the affiliation of record by sending to the Regional Office where the association is registered of a notice of its affiliation to the federation, copy furnished the association, together with an updated list of its affiliates.

**Section 48. Plan of Federation.** The plan or any similar document embodying the agreement approved by the majority of the members of the Board and by the majority of the members of each of the constituent association shall set forth the following:

- a. Names of the associations that will federate;
- b. Terms of the federation;
- c. A statement in the Articles of Incorporation of the federation specifying the commonality of the purpose and interests of the constituent associations, and the rights, obligations, and extent of powers of the federation over the associations; and,
- d. Such other provisions with respect to the proposed federation as are deemed necessary or desirable.

**Section 49. Requirements for registration of the federation.** The applicant federation shall submit the following documents in duplicate to the Regional Office:

- a. Approved Plan of Federation;
- b. Notarized Articles of Incorporation and Bylaws signed on each and every page thereof by the president of each constituent/member-association;
- c. Notarized Board Resolution and notarized Secretary's Certificate attesting that the majority of the members of the Board and the majority of all members of each association agreed to affiliate;
- d. List of constituent associations;
- e. Notarized General Information Sheet signed by the federation secretary;
- f. In cases of associations organized to avail of the benefits of CMP, LTAP, or other government housing projects and/or programs, a certification under oath by the president of each of the constituent association stating that the national government agency, KSA, City or Municipal government concerned were informed of the federation, and no opposition was interposed;
- g. Notarized undertaking by the federation to change the name of the federation in the event that another person, firm or entity has acquired a prior right to the use of the name or one similar thereto, and to comply with existing rules and regulations;

- h. Authorization for the representative of the applicant federation to transact and/or follow-up its application for registration with DHSUD; and,
- i. Proof of payment of the filing fee.

If the application for registration of the federation is incomplete, the same shall be returned to the applicant federation. If any of the documents submitted are defective, the Regional Office shall notify the applicant federation of the defective submissions.

If the applicant federation fails to comply with the requirements stated in the notice of deficiency within thirty (30) days from the receipt thereof, the application for registration of the federation shall be automatically denied.

If the proposed federation is contrary to or inconsistent with existing laws, rules and regulations, the Regional Office shall deny the application for registration of the federation of associations.

**Section 50. *Certificate of Incorporation of the federation.*** Upon finding that the requirements for federation are in order, and if the alliance or federation of associations is not inconsistent with existing laws, the Regional Office shall issue the corresponding Certificate of Incorporation to the federation.

The federation shall have a separate and distinct legal personality from that of its constituent associations and shall have such powers over its constituent associations as may be set forth in its approved Articles of Incorporation and Bylaws. The creation of a federation shall not affect the juridical personality of the constituent associations.

**Section 51. *Disaffiliation from a federation.*** A constituent association of the federation, by a resolution passed by the majority of its Board, and duly approved by majority of all its members, may sever its membership from the federation which shall take effect after a written notice of disaffiliation is filed with the federation and with the Regional Office.

**Section 52. *Memorandum of disaffiliation.*** Upon receipt of the notice of disaffiliation by a constituent association, the Regional Office shall enter a memorandum thereof in the records of the federation and the disaffiliating association, copy furnished the parties concerned.

**Section 53. *Effects of disaffiliation.*** Upon disaffiliation, the federation loses its powers and privileges as set forth in its Articles of Incorporation and Bylaws over the disaffiliating association, while the latter loses its entitlement to the rights and privileges arising from membership in the federation. The disaffiliation shall be without prejudice to the settlement of any obligation incurred by the federation and constituent associations against each other.

**Section 54. *Confederations or umbrella organizations of associations.*** The procedure for the organization of and disaffiliation from confederations and other umbrella organizations of associations shall be the same as that provided in the preceding Sections, except that the constituent associations in

confederations are federations, while those in umbrella organizations are confederations.

**Rule IX**  
**DISSOLUTION OF AN ASSOCIATION, FEDERATION,**  
**CONFEDERATION, OR UMBRELLA ORGANIZATIONS OF ASSOCIATIONS**

**Section 55. *Methods of dissolution.*** An association, federation, confederation or umbrella organization of associations (hereinafter referred to as associations) may be dissolved voluntarily, involuntarily or automatically.

**Section 56. *Voluntary dissolution where no creditors are affected.*** If the dissolution of an association does not prejudice the rights of any creditor having a claim against it, the dissolution shall be effected as follows:

- a. Issuance of a Board Resolution authorizing the dissolution of the association:
  1. Notice sent to all members of the Board, in accordance with the notice requirements of the Bylaws, setting a date for a meeting for the purpose of the dissolution of the association.
  2. In the meeting called for the purpose, a majority of all the members of the Board shall be necessary for the approval of the Board Resolution dissolving the association.
  3. The Board Resolution shall likewise state the date of the General Assembly which shall consider the dissolution of the association.
- b. A majority vote of all association members, regardless of standing, shall be required to dissolve the association. The notice of meeting shall be:
  1. Personally served or sent by any available means to all association members at least thirty (30) days before the scheduled meeting;
  2. Published once a week for two (2) consecutive weeks in a newspaper of local circulation where the principal office address of the association is located, or, if there is none, in a newspaper of general circulation once a week for two (2) consecutive weeks; and,
  3. Posted at the office of the association, bulletin boards and in other strategic and conspicuous places within its territorial boundaries, and in the official social media account of the association, if any.
- c. The Regional Office shall be furnished with:
  1. A copy of the notarized Board Resolution approving the dissolution of the association signed by at least majority of the members of the Board and, the notarized Secretary's Certificate attesting to the consent of the majority of the general membership, and certified as correct by the president of the association;

2. Notarized certification that the association has no existing creditors; and,
  3. Proof of the publication and posting of the Notice of Meeting.
- d. The Regional Office shall issue the Certificate of Dissolution upon determination that the application is not contrary to law and has complied with all the foregoing requirements.

**Section 57. Voluntary dissolution where creditors are affected.** Where the dissolution of an association may prejudice the rights of any creditor, the following procedure shall be observed:

- a. The association shall conduct the meetings and comply with all the solemnities required for the notice as stated in the first two (2) subsections of the immediately preceding section.
- b. Upon completion of the foregoing, a petition for dissolution shall be filed with the Regional Office. The petition shall comply with the following requirements:
  1. The petition shall be signed by the majority of the Board of Directors or Trustees;
  2. The petition shall be verified by its president or secretary or one of its directors or trustees, and shall set forth all claims and demands against it, and that its dissolution was resolved upon by the affirmative majority vote of its members at a meeting called for that purpose; and,
  3. Board resolution approving the dissolution of the association signed by at least the majority of the Board and, the notarized Secretary's Certificate attesting the consent of the majority of the general membership, and certified as correct by the president of the association.
- c. If the petition is sufficient in form and substance, the Regional Office shall, by an order reciting the purpose of the petition, fix a date within which objections thereto may be filed by any person, which shall not be less than thirty (30) days nor more than sixty (60) days after the entry of the order. Before such date, a copy of the order shall be published at least once a week for three (3) consecutive weeks in a newspaper of local circulation in the municipality or city where the principal office of the association is situated, or if there is none, in a newspaper of general circulation. A copy of the order shall likewise be posted for three (3) consecutive weeks in three (3) public places in such municipality or city and in the bulletin board of the association, and in the official social media account of the association, if any.
- d. Upon a five (5)-day notice given after the date on which the right to file objections, as fixed in the order, has expired, the Regional Office shall proceed to hear the petition and resolve any issue raised in the objections filed. If the material allegations of the petition are true and no objection



was interposed, the Regional Office shall render a resolution dissolving the association and ordering such disposition of its assets as justice requires, and may appoint a management committee to collect such assets and pay the debts of the association.

**Section 58. *Dissolution by shortening corporate term.*** An association may be dissolved by amending the Articles of Incorporation to shorten the term of existence of the association. A copy of the amended Articles of Incorporation shall be submitted to the Regional Office in accordance with this Rules.

Upon approval by the Regional Office of the amended Articles of Incorporation, or upon expiration of the shortened term, as the case may be, and upon such terms as may protect the rights of creditors whose claims against the association may be affected by shortening of its term, the association shall be deemed dissolved without any further proceedings.

No application for amendment of the Articles of Incorporation to shorten its term of existence shall be granted unless the association sought to be dissolved has paid administrative fines previously imposed against it, and the incumbent members of the Board execute a declaration under oath that, to the best of their knowledge, the association has no existing financial liabilities, and that they are willing to shoulder such liabilities in the event any valid claim is made by third persons subsequent to the dissolution.

**Section 59. *Involuntary dissolution.*** The association may be dissolved upon the filing of a verified petition before the Regional Office where the association, federation, or confederation is located or registered.

**Section 60. *Automatic dissolution.*** An association shall be automatically dissolved upon the expiration of the term of existence provided in its Articles of Incorporation.

In cases of associations organized to avail of the benefits of the CMP, they shall be deemed dissolved if they failed to submit an application to the SHFC within five (5) years from the date of its registration.

For off-site government housing programs or projects, the association shall be deemed dissolved on any of the following grounds:

- a. Failure to file its loan application within six (6) months from the date of issuance of the Certificate of Incorporation;
- b. Failure to file an application for Development Permit within six (6) months from the grant of the loan;
- c. Failure to file an application for Certificate of Registration and License to Sell within six (6) months from the issuance of the Development Permit; or
- d. Denial of the application to avail of the benefits of the CMP, LTAP, or government housing and/or resettlement programs or projects.

The automatic dissolution of an association shall result in the revocation of its Certificate of Incorporation. In all cases, the association shall be notified of its dissolution.

**Section 61. *Winding-up period.*** Once dissolved, the association shall continue to exist for one (1) year after the time it would have been so dissolved, for the purposes of settling and winding-up of its affairs, prosecuting and defending suits by or against it, collecting what is due the association, pay its debts, and to dispose of and convey its property. However, it can no longer conduct business for which it was established.

## **Rule X POST-REGISTRATION**

**Section 62. *Requirements after registration.*** Within ninety (90) days from the release of the Certificate of Incorporation, the association, federation, and/or confederation shall submit to the Regional Office its BIR Certificate of Registration and Tax Identification Number. Failure to comply thereto shall be a ground for suspension of the association's registration.

**Section 63. *Association books to be kept.*** Every association shall keep and carefully preserve a membership book, cash receipt/disbursement book, ledgers, record of all transactions, and minutes of all general membership meetings and of the Board of Directors or Trustees and/or Officers, setting forth in detail the date, time, and agenda for holding the meeting, the notice given, those present and absent, and the significant acts done during the said meeting.

**Section 64. *Annual reports.*** On or before the end of every calendar year, the Board of Directors or Trustees and/or Officers shall strictly comply with the submission of the following to the Regional Office:

- a. Notarized General Information Sheet detailing the names of the members of the Board of Directors or Trustees, including the executive and other accountable association officers;
- b. Updated master list of members certified by the association secretary and attested to by the president. In case of associations under government-assisted housing programs or projects, the master list of qualified beneficiaries shall be duly certified by the government agency or instrumentality concerned;
- c. Copy of board resolutions issued for the year pertaining to policies, rules and regulations especially those imposing penalties, suspension, expulsion, delisting, or substitution of members, and reinstatement of membership of delinquent members or members not in good standing;
- d. Minutes of the General Assembly prepared by the association secretary and attested to by the association president with attendance sheet signed by the members attested to by the secretary of the association; and,
- e. For housing projects or programs under the CMP, LTAP and other government housing programs or projects, certification from the

government or private entity concerned on the status of the association's application to avail of the program.

In addition to the above, the latest verified financial statement certified correct by the treasurer and auditor of the association and attested to by the chairperson of the Board or the president, attaching therein the summation of expenses of the association, shall be submitted to the Regional Office within ninety (90) days from the close of the immediately preceding accounting period. Except for associations organized for the purpose of availing of the benefits of the CMP, LTAP, and other government housing and/or resettlement programs or projects, the financial statement shall be externally audited, preferably, by a Certified Public Accountant.

**Section 65. *Financial and other records.*** The association is enjoined to observe the following with regard to its funds, financial and other records:

- a. The association or its managing agent shall keep financial and other records sufficiently detailed to enable the association to fully declare to each member the true statement of its financial status. All financial and other records of the association including, but not limited to, checks, bank records, and invoices, in whatever form these are kept, are the property of the association. Each association's managing agent shall turn over all original books and records to the association immediately upon termination of the management relationship with the association, or upon such other demand as is made by the Board. An association's managing agent is entitled to keep association records. All records which the managing agent has turned over to the association shall be made reasonably available for the examination and copying by the managing agent;
- b. All records involving the affairs of the association shall be available for examination by all owners, holders of mortgages on the lots, and their respective authorized agents upon reasonable advance notice, during normal working hours at the office of the association; *Provided*, that holders of mortgages on lots may have access to the information about the property held in mortgage with the consent of the registered owner;
- c. A financial statement of the association shall be prepared annually by the treasurer, attested to by the chairperson of the Board or the president, audited by the auditor and/or preferably a certified public accountant, and submitted to the Regional Office within ninety (90) days from the end of the immediately preceding accounting period, and to be posted in the association office, bulletin boards, and other conspicuous places within the subdivision/village or community, which shall include in sufficient details, the total amounts collected, expenses, and funds or cash on hand; and,
- d. The funds of the association shall be kept and deposited in bank accounts in the name of the association and shall not be joined or commingled with the fund of any other association, director or trustee, officer, or any other person responsible for the custody of such funds.

Any reasonable expenses incurred by the Board, Directors or Trustees and/or officers, directly in connection with and necessary for the conduct of official activities may be reimbursed upon presentation of receipts and/or other documentary evidence in support of such claims.

## **Rule XI HOMEOWNERS ASSOCIATION**

**Section 66. *Rights and powers of the association.*** An association duly registered in accordance with this Rules shall have the following rights and powers:

- a. Subject to consultation and with the approval of a simple majority of the members, regardless of standing, adopt and amend the Articles of Incorporation, Bylaws, rules and regulations, pursuant to existing laws and regulations;
- b. In behalf of its members, institute, defend, or intervene in litigation and/or administrative proceedings affecting the welfare of the association and the subdivision/village or community as a whole, excluding, however, disputes that are not the responsibility of the association;
- c. Without prejudice to the responsibility of the subdivision owners/developers to maintain the road lots, open spaces, and other facilities under Presidential Decree No. 1216 and its implementing rules and regulations, regulate the use, maintenance, repair, replacement and modification of common areas and cause additional improvements to be made part of the common areas; *Provided*, that the aforementioned do not contradict the provisions of the approved subdivision plan;
- d. Regulate access to or passage through the subdivision/village roads of non-members for the purposes of preserving privacy, tranquility, internal security, safety and traffic order; *Provided*, that: (1) public consultations are held; (2) existing laws and regulations are met; (3) the authority to regulate access to or passage through subdivision roads and approval of conditions and restrictions from the DHSUD have been obtained. In cases where subdivision roads have been donated to the LGU, authority to regulate access to or passage through the subdivision roads must be obtained from the LGU concerned; and, (4) where appropriate and necessary, memoranda of agreement are executed among the concerned parties.

As part of the association's authority to regulate access to or passage through its subdivision roads, associations may impose and/or collect fees in accordance with DHSUD guidelines; *Provided*, that it is the association which maintains the roads and/or pays for the real property taxes thereon.

The association may require non-residents to procure vehicle stickers for unimpeded access to its subdivision roads. In case of access to several subdivisions, a unified sticker policy may be implemented; *Provided*, that consultations with the other associations and its members were made, and the amount of vehicle stickers assessed to non-members shall not exceed twice the value of stickers assessed to the members;



- e. Hire, discharge or contract managing agents and other employees, agents, and independent contractors to ensure the full functioning and operation of the association;
- f. Subject to consultation with and the approval of the majority of the members of the association, acquire, hold, encumber and convey in its own name any right, title to, or interest in real or personal property; *Provided*, that such approval of the majority of the members of the association shall not be required for the acquisition, holding, encumbrance, and conveyance of personal properties in amounts not exceeding ten percent (10%) of the association's cash holdings for its use in the course of its normal operations;
- g. Where the association's water services are operated and maintained by the subdivision owner/developer or a third-party provider, ensure the availability of quality water services at a reasonable price and, at its option, after consultation with the general membership, and subject to compliance with existing laws, administer and manage the waterworks system of the subdivision;
- h. Upon consultation, grant easements, leases, concessions and authority to use common areas and petition for or consent to the vacation of streets and alleys; *Provided*, that the said grant of easements, leases, concessions and authority shall not be applicable to access roads, main interconnecting roads, alleys, and sidewalks within the subdivision/village;
- i. Impose or collect reasonable fees for the use of open spaces, facilities, and services of the association to defray necessary operational expenses, subject to the limitations and conditions imposed under the law, regulations and the association's Bylaws;
- j. Cause compliance with regard to height regulations, easements, use of homes, buildings, edifices, or structures that may be built within the subdivision, in accordance with the National Building Code, zoning laws, HLURB/DHSUD rules and regulations, existing local ordinances, and existing deeds of restriction;
- k. Subject to consultation and with the approval of a simple majority of the members of the association, allow the establishment of certain institutions such as, but not limited to, schools, hospitals, markets, grocery stores, and other similar establishments that will necessarily affect the character of the subdivision/village in terms of traffic generation, and/or opening the area to outsiders which may result in the loss of privacy, security, safety, and tranquility to its residents, in accordance with the National Building Code, zoning laws, existing local ordinances, HLURB/DHSUD rules and regulations, and existing jurisprudence; *Provided*, that such prior approval shall not be necessary for the establishment of sari-sari stores, home industries, and similar small-scale business enterprises within the subdivision/village classified as socialized housing;

- l. Suspend privileges of and delivery of services to and/or impose sanctions against its members for violations and/or noncompliance with the association's Bylaws, policies, rules and regulations;
- m. Petition for the creation of a separate barangay, independently or together with neighboring subdivisions; *Provided*, that all the requirements of the Local Government Code of 1991 are met; and,
- n. Exercise any other powers conferred by the Bylaws and the DHSUD necessary for the governance and operation of the association.

## **RULE XII**

### **BOARD OF DIRECTORS/TRUSTEES AND/OR OFFICERS**

**Section 67. Composition of the Board.** The Board of Directors or Trustees shall be composed of at least five (5) but not more than fifteen (15) elected members of the association.

In all cases, except for the interim Board, majority of the members of the Board shall be comprised of resident members. Non-resident members, if any, may constitute only a minority of the Board and shall be determined by ranking in the votes they received.

**Section 68. Compensation.** The members of the Board shall serve without compensation in any form. The prohibition against receiving compensation does not apply to other officers and employees of the association who are not members of the Board.

**Section 69. Association officers.** Unless otherwise provided in the Bylaws, an association shall have the following executive officers who shall be responsible for the management of the association's business: president, vice-president, secretary, treasurer, and auditor who must all be Filipino citizens. No one shall act as president and secretary, or as president and treasurer at the same time. Non-resident members and lessees are not qualified to be elected or appointed as president and treasurer of the association.

Unless the association officers are directly elected by the members pursuant to its Bylaws, the officers shall be elected by the Board from among themselves during the organizational meeting or the first meeting of the Board immediately after the election. The term of office of the officers shall be coterminous with the term of office of the directors or trustees.

**Section 70. Qualifications of directors or trustees, and officers.** A director or trustee and/or officer of an association –

- a. Must be a Filipino citizen;
- b. Must be of legal age;
- c. Must not be declared delinquent or member not in good standing under Section 17 hereof as of three (3) months prior to the date of the election, regardless of any subsequent declaration of delinquency or disqualification by the Board prior to the election;

- d. Has not been convicted by final judgment of an offense involving moral turpitude; and,
- e. For CMP, LTAP or government housing and/or resettlement programs or projects with similar tenorial agreements, must be identified and recognized awardee thereof, must have updated monthly amortizations, and compliant with the pertinent occupancy rules and regulations as certified by the administering entity or agency and/or Government Financing Institution extending end-user financing.

The legitimate spouse, common law partner, or any of the children of a qualified member, when qualified in his/her own right and not disqualified by his/her own account, may be a candidate in lieu of the member. This excludes the legitimate spouse, common law partner, or any of the children of the members of the incumbent Election Committee.

The directors or trustees and/or officers, during their term, shall continuously possess all the qualifications and none of the disqualifications enumerated in the immediately following section; otherwise, the Board is authorized to remove them from office through a resolution approved by the majority of all its members.

**Section 71. *Disqualifications of directors or trustees, and officers.*** A director or trustee and/or officer of an association shall not have any of the following disqualifications:

- a. Those who have been convicted by final judgment of fraud, falsification, defalcation, and other similar violations;
- b. Those who, directly or indirectly, have financial or pecuniary interest in any business, contract, or transaction in connection with which he/she intervenes or takes part in his/her official capacity as director or trustee or officer of the association;
- c. Former or outgoing directors or trustees and/or officers who have been issued final Order of Imposition of Administrative Sanction (OIAS) by the Regional Office for failure to turnover books, funds, records, and properties of the association to the newly elected Board in relation to Section 100 hereof. In such case, the disqualification shall be immediately executory even pending appeal;
- d. Those incumbent directors or trustees and/or officers who have been found and declared by DHSUD as permanently disqualified for having unreasonably or unjustifiably failed or refused to call for an election in accordance with the Bylaws and/or this Rules;
- e. Those who unreasonably failed and/or refused to comply with the orders of DHSUD and/or appellate courts;
- f. Members who are directors or trustees and/or officers of another registered homeowners association;

- g. Those who have been declared by DHSUD to have instigated, incited or initiated the conduct of an unauthorized election in accordance with Section 96 hereof, and those who have actively participated therein, either as members of the Election Committee or as candidates;
- h. Those who have been, by final judgment, imposed a penalty of permanent disqualification in any case filed before the DHSUD, HSAC, and/or regular courts; or,
- i. For CMP, LTAP and other government housing and/or resettlement programs or project beneficiaries, those who failed to pay their monthly amortizations for three (3) consecutive months as certified by the agency administering and/or managing the project or the Government Financing Institution extending end-user financing.

Reasonable disqualifications of candidates for directors or trustees and/or officers may be provided in the association's Bylaws to protect the association and its members from acts and practices detrimental to the welfare of the association, in addition to those enumerated above.

**Section 72. Term and assumption of office.** The Board shall hold office for a fixed term of two (2) years to provide adequate period to fulfill its duties and responsibilities; *Provided*, that the two (2)-year fixed term shall not apply to the incumbent Board with a one (1)-year term as provided in the governing documents of the association subsisting at the time of their election. No members of the Board shall serve for more than two (2) consecutive terms.

Assumption of office of the newly elected Board shall commence from the date of expiration of the term of the outgoing Board, or thirty (30) days from the date of their proclamation.

In all cases, no staggered term of office shall be allowed. Upon their election and proclamation, the Board shall immediately convene for the purpose of electing among themselves the chairperson and vice chairperson of the Board and, unless directly elected by the members of the association, the president and vice president, secretary, treasurer, auditor and other officers as may be provided in the Bylaws.

When the election of the Board of Directors or Trustees is held later than the date fixed in the Bylaws, the newly elected directors or trustees shall only serve for the remainder of the fixed term of two (2) years.

Where the subdivision owners/developers initiated the organization and registration of the association, the interim directors or trustees and/or officers shall hold office until the first regular election among the members is held. Such election shall be called and conducted not later than two (2) years from the date of registration of the association.

**Section 73. Duties and responsibilities of the Board.** In addition to the duties and responsibilities stated in the Bylaws of the association, the Board which has primary authority to manage the affairs of the association shall have the following duties and responsibilities:



- a. Regularly maintain an accounting system using generally accepted accounting principles, and keep books of accounts which shall be open for inspection to any homeowner and duly authorized representatives of government agencies upon request, during reasonable hours on business days;
- b. Collect reasonable fees, dues and assessments that may be provided in the Bylaws and approved by the majority of the members of the association;
- c. Collect reasonable charges for assessments, and after due notice and hearing by the Board in accordance with the procedures as provided in the Bylaws, and rules and regulations adopted by the Board, charge reasonable fines for late payments and for violation of the Bylaws, rules, and regulations of the association, in accordance with a previously established schedule adopted by the Board and furnished to the homeowners;
- d. Propose measures to raise funds and the utilization of such funds and submit the same for consideration of the members of the association;
- e. Undergo a free orientation by the DHSUD or any other competent agency deputized by it on how to conduct meetings, preparation of minutes, handling of accounts, laws and pertinent rules and regulations within thirty (30) days after election and/or appointment;
- f. Discharge the duties and responsibilities provided for in the association's Bylaws;
- g. The Board shall act in all instances on behalf of the association, except to amend the Articles of Incorporation and Bylaws, to dissolve the association, to elect members of the Board or to determine the qualifications, powers and duties, and/or terms of office of the Board, and other instances that require the vote or approval of the members themselves;
- h. To have a working knowledge of the statutory and regulatory requirements affecting the association;
- i. Adopt a system of internal checks and balances to safeguard the integrity of the operations of the association; and,
- j. Exercise such other powers as may be necessary and proper for the accomplishment of the purposes for which the association was organized.

In the performance of their duties, the members of the Board and officers shall exercise the degree of care and loyalty required by such position.

**Section 74. Removal of a director or trustee and/or officer.** A director or trustee and/or officer directly elected by the members of the association may be removed from office through a petition duly signed by the majority of the members in good standing, for any cause or causes provided in this Rules or Bylaws of the association, subject to verification and validation of the Regional Office.

The following procedure shall be observed in case of removal of a director or trustee or officer of an association:

- a. The petition shall be submitted to the Regional Office for purposes of verification and validation. Within ten (10) days from the receipt of the petition, the Homeowners Association and Community Development Division (HOACDD) of the Regional Office shall determine whether the petition is signed by the majority of the members in good standing based on the records on file with the Regional Office, and if the removal is based on any of the grounds or causes for removal provided under the Bylaws or this Rules;
- b. If the HOACDD determines that the petition is not signed by the required number of the members in good standing, it shall recommend to the Regional Director the denial of the petition and shall inform the member or members who filed the petition of its decision, furnishing a copy thereof to the director or trustee or officer subject of the petition, and the Board;
- c. If, on the other hand, the petition is signed by the required number of the members in good standing, the HOACDD shall immediately proceed with the validation and verification of the petition. The HOACDD shall compare the signatures appearing in the petition with the records on file with the Regional Office.

In cases where there are no specimen signatures of members on file with the Regional Office, the HOACDD shall proceed to the subdivision/village or community to personally verify from the members their signatures affixed in the petition, either by conducting a house-to-house visit, calling for an assembly of petitioners on-site, or other viable means;

- d. The HOACDD shall report its findings to the Regional Director, and recommend the grant or denial of the petition. The Regional Director shall then issue an order granting or denying the petition, furnishing a copy thereof to the petitioners, director or trustee or officer subject of the petition, and the Board;
- e. The remaining Board, if still constituting a quorum, may continue to function as such until the expiration of their term. However, if the remaining members of the Board opt to conduct a special election for the effective management and operation of the association, they shall notify the Regional Office within fifteen (15) days from the receipt of the order of removal. The special election shall be conducted within sixty (60) days from receipt of the order of removal. The elected replacement shall hold office only for the unexpired term of the removed director or trustee or officer.

In the event that the majority of the members of the Board are removed, it shall be considered as dissolution of the Board. In such case, the following procedure shall be observed:

1. Within sixty (60) days from the receipt of the order approving the removal of the majority of the Board, a special election shall be called and conducted by the Regional Office for the purpose of electing

directors or trustees who shall hold office for the unexpired term of the removed majority members of the Board.

2. The pendency of the appeal filed by the dissolved Board shall not prevent the HOACDD from conducting the special election.
  3. Until the new Board members shall have been elected and qualified, the Regional Office shall designate an interim board; *Provided*, that such interim Board shall be composed of association members in good standing; *Provided, further*, that such interim Board members shall not be eligible to run in the election called for the purpose of replacing the members of the dissolved Board.
- f. The director or trustee or officer who has been removed shall have the right to question the order of removal issued by the Regional Director within fifteen (15) days from the receipt thereof to the Office of the Secretary by filing a verified Appeal Memorandum with the Regional Office concerned;
  - g. The pendency of the appeal filed by the removed director or trustee and/or officer shall not prevent the Board from conducting the special election called for the purpose of filling the vacancy; and,
  - h. In the event that the DHSUD Secretary finds that the removal is invalid, the removed directors or trustees or officers shall be reinstated to his/her former position and shall serve the remainder of the term. The tenure and actions of the person who replaced the removed director or trustee or officer from the time of his/her election up to the time of the reinstatement shall be respected.

**Section 75. Dissolution of the Board of Directors.** The Board may be dissolved through a petition signed by two-thirds (2/3) of the association members, regardless of standing, for any cause or causes provided in this Rules or the Bylaws of the association, subject to verification and validation of the Regional Office.

The following procedure shall be observed in case of dissolution of the Board:

- a. The procedure provided in subsections (a) to (d) of the immediately preceding Section shall be observed.
- b. Within sixty (60) days from receipt of the order approving the dissolution of the Board, a special election shall be called and conducted by the Regional Office for the purpose of electing directors or trustees who shall hold office for the unexpired term of the dissolved Board.
- c. The pendency of the appeal filed by the dissolved Board shall not prevent the Regional Office from conducting the special election.
- d. Until the new Board members shall have been elected and qualified, the Regional Office shall designate an interim board; *Provided*, that such interim Board shall be composed of association members in good standing; *Provided, further*, that such interim Board members shall not be eligible to

run in the election called for the purpose of replacing the members of the dissolved Board.

**Section 76. Grounds for removal of a director or trustee or and/or officer or dissolution of the Board of Directors.** A director or trustee, and/or officer if directly elected by the members, may be removed, or the Board may be dissolved on grounds, such as, but not limited to, the following:

- a. Breach of trust;
- b. Conflict of interests;
- c. Mismanagement, fraud or abuse of authority;
- d. Tolerated the commission of fraudulent activities and other illegal acts committed by a director or trustee, officer and/or member;
- e. Gross negligence in managing the affairs of the association;
- f. Failed to perform their fiduciary duties and/or responsibilities;
- g. Any of the grounds enumerated in Section 71 hereof; or,
- h. Any violation of Section 73 hereof.

**Section 77. Vacancy in the office of the director or trustee and/or officers.** Any vacancy occurring in the Board of Trustees or Directors and/or Officers if directly elected by the members, not due to Sections 75 and 76, such as, resignation, death, withdrawal, or incapacity, shall be filled in accordance with the procedure under the association's Bylaws. In the absence of such procedure in the Bylaws, the vacancy shall be filled by a majority vote of the members in good standing in a special election called for the purpose by the Board, if still constituting a quorum. The director or trustee and/or officer so elected shall serve only the unexpired term of office of his/her predecessor in office.

If the officers are elected by the members of the Board among themselves, the vacancy shall be filled by the votes of the majority of the total number of directors or trustees.

**Section 78. Relationship with Local Government Units.** The associations shall complement, support, and strengthen LGUs in providing vital services to their members and help implement local government policies, programs, ordinances, and rules.

- a. Associations shall recognize and assist in the implementation of local ordinances, including zoning ordinances, passed by the local government unit;
- b. Associations are encouraged to actively cooperate with LGUs in furtherance of their common goals and activities for the benefit of the residents of the subdivisions/villages, community and their environs;
- c. Where the LGUs lack resources to provide for basic services, the associations shall endeavor to tap the means to provide for the same. In



recognition of the associations' efforts to assist the LGUs in providing such basic services, association dues and income derived from rentals of their facilities shall be tax-exempt; *Provided*, that such income and dues shall be used for the cleanliness, safety, security and other basic services needed by the members, including the maintenance of the facilities of their respective subdivisions/villages; and,

- d. LGUs shall, upon due notice, hold public consultations with the members of the affected associations, especially their officers and directors or trustees, where proposed rules, zoning and other ordinances, projects and/or programs affecting their jurisdiction and surrounding vicinity are to be implemented prior to the effectivity or implementation of such rules, zoning, ordinances, projects or programs; *Provided*, that in cases of zonal reclassification within the subdivision/village, the approval of a simple majority of homeowners shall be required. Such public consultations shall conform to the manner as specified in Rule XI, Article 54 of the Implementing Rules and Regulations of Republic Act No. 7160, otherwise known as the Local Government Code of 1991.

**Section 79. *Relationship with National Government Agencies.*** The associations shall complement, support and strengthen the efforts of the NGAs in providing vital services to their members and help implement the national government policies and programs.

- a. Associations are encouraged to actively cooperate with NGAs in the furtherance of their common goals and activities for the benefit of the residents of the subdivisions/villages and its environs; and,
- b. NGAs shall consult the associations where proposed rules, programs and/or projects may affect their welfare.

### **Rule XIII MEETINGS**

**Section 80. *Board meetings.*** The Board shall hold regular meetings in accordance with the schedule set forth in the Bylaws. Special meetings may be held at any time upon the call of the chairperson of the Board or by a majority of the Board with notice to the chairperson. The chairperson or in his/her absence, the vice-chairperson shall preside at all meetings of the Board.

**Section 81. *Attendance in Board meetings.*** A director or trustee shall attend board meetings in person or through remote or electronic means of communication.

Directors or trustees who cannot physically attend or vote at Board meetings can participate and vote through remote communication such as videoconferencing, teleconferencing, or other alternative modes of communication that allow them reasonable opportunity to participate. Directors or trustees cannot attend or vote by proxy at Board meetings.

**Section 82. *Quorum in Board meetings.*** A majority of the number of directors or trustees as fixed in the association's Articles of Incorporation shall constitute a quorum to transact business.

Every decision of at least a majority of the directors or trustees who actually participated at a meeting shall be valid, except those acts that require the vote of the majority of all the members of the Board.

**Section 83. General assembly.** Meetings of members shall be presided by the president, or in his/her absence, the vice president. Meetings of members may be regular or special.

Regular meetings shall be held annually on the date fixed in the Bylaws.

Special meetings shall be held at any time as may be called by the Board, the president or Board chairperson as necessary, or as provided in the Bylaws, or upon petition to the Board by thirty percent (30%) of the members in good standing.

Regular and/or special meetings may be held in person or through remote or electronic means, or a combination of both.

Notice of assembly meetings shall be served to the members or any of the member's household of legal age through any available means, at least two (2) weeks prior to the date of the meeting, shall be posted at the association's office, in at least three (3) conspicuous places within the subdivision/village or community, and in the official social media account of the association, if any.

**Section 84. Quorum in regular or special general assembly.** A majority of the members in good standing shall constitute a quorum to transact business.

Every decision of at least a majority of the members actually present at a meeting where quorum is present shall be valid as a corporate act, except those that require the vote of the majority of all the members of the association.

In the event of failure to obtain the required quorum after one (1) meeting, the association shall hold a referendum within thirty (30) days from the date of the last failed meeting; *Provided*, that the notice of the referendum together with an executive brief, detailing information on the issues to be voted on, shall be sent either personally or through electronic means to all members at least fifteen (15) working days prior to the date of the referendum. The notice, together with the executive brief, shall be posted at the association's office, in at least three (3) conspicuous places within the subdivision/village or community, and in the official social media account of the association, if any.

**Section 85. Proxies in meetings.** Association members may vote in person or by proxy in all meetings of members. Proxies shall be in writing, signed by the member and filed with the secretary of the association. In all cases, proxy shall be issued for a specific purpose. No proxy shall be valid and effective for a period longer than three (3) years from the date of its issuance unless earlier revoked by the member.

## **RULE XIV ELECTIONS**

**Section 86. *Holding of elections.*** An association shall hold regular elections on the date set forth in its Bylaws. Election shall be conducted ~~thirty~~ (30) days prior to the expiration of the term of the existing Board, to ensure smooth transition of management from the outgoing Board to the incoming Board.

Except for owner/developer-initiated homeowners associations, the Interim Board shall, within one (1) month from the issuance of the Certificate of Incorporation, conduct a special general assembly for the purpose of electing the members of the Election Committee. Following this, the interim Board shall call for the first regular election within one (1) month from the constitution of the Election Committee. The elected directors or trustees shall only serve until the regular election as provided in the Bylaws.

**Section 87. *Holding of elections under extraordinary circumstances.*** Regular or special elections may be conducted through any alternative voting system, such as electronic or online voting, or mobile ballot box voting, or a combination of both; *Provided*, that the voting system to be used has been approved by the Board of Directors.

The Election Committee shall send or deliver a notice of election to all members through all possible means available, such as, but not limited to, electronic mail or messaging through text messaging, Facebook Messenger or Viber, at least five (5) days prior to the date of the election.

**Section 88. *Calling of an election.*** Only the incumbent Board, based on the records on file with the Regional Office, is authorized to call for an election in accordance with the association's Bylaws. The Board shall call for an election ninety (90) days prior to the date of election as fixed in the Bylaws.

If the Board fails to call for an election pursuant to the preceding paragraph, the following procedure applies:

- a. Any member in good standing, in writing, may petition the incumbent Board to call an election.
- b. When the incumbent Board fails to take action thereon, or sits on the request to call an election within fifteen (15) days from the receipt thereof, the member in good standing shall report the same to the Regional Office.
- c. The Regional Office shall take action on the report, within fifteen (15) days from the receipt thereof, by directing the incumbent Board, under pain of imposition of sanctions for non-compliance, to call for an election and constitute an Election Committee that shall conduct the election within fifteen (15) days from the receipt of the order of the Regional Office.
- d. Failure of the incumbent Board to call for an election and/or constitute an Election Committee as above directed shall cause the Regional Office to create an Election Committee from among the association members in good standing who do not intend to run for any position. The members of the incumbent Board who refused to call for an election shall be

disqualified by the Regional Office from running for any position in the scheduled election under this Section.

- e. The election authorized and recognized by the Regional Office shall be the official conduct of election of the association. Thereafter, the succeeding election shall be conducted on the date stipulated in the Bylaws.

**Section 89. Creation of an Election Committee.** The members of the Election Committee may be elected during the annual general assembly or in a special general assembly called by the Board, ninety (90) days prior to the date of the election.

The members of the Committee must be members in good standing, not members of the incumbent Board, and must have no intention to run for any elective or appointive office during their term. The members of the Committee shall hold office for a fixed term of two (2) years from the date of proclamation.

The Election Committee shall have the following duties and responsibilities:

- a. Formulate election rules strictly in accordance with the law, this Rules and the association's Bylaws;
- b. Conduct regular elections on the date fixed in the Bylaws and conduct special elections and referenda, as may be necessary;
- c. Ensure that all members are notified of the election rules and regulations, the date, time, and venue of the election, and all election-related activities;
- d. Screen and pass upon the qualifications of the voters and candidates based on the latest list of members submitted to the Regional Office. The final list of voters and candidates shall be posted on the bulletin board of the association, in at least three (3) conspicuous places within the subdivision, and in the social media account of the association, if any, not later than twenty (20) days from the calling of an election;
- e. Validate proxies;
- f. Resolve all election-related issues within five (5) days from the receipt of the election protest or contest. Failure of the Committee to resolve election protests or contests shall be a ground for disqualification of its members to hold any elective or appointive position in the association;
- g. Proclaim the winning candidates;
- h. Prepare and submit election reports to the Regional Office within fifteen (15) days after the election; and,
- i. Perform such other duties and responsibilities as may be necessary for an orderly, peaceful and honest elections.

**Section 90. Notice of Election.** The Notice of Election must be served to all members in good standing at least five (5) days prior to the scheduled date of



election. To prevent any failure of election due to absence of quorum, the following shall be stated in the Notice:

- a. A declaration that the recipient is a member in good standing of the association;
- b. A declaration of the member's intent to participate in the election, either in person or by proxy; and,
- c. A statement that the mere receipt of the Notice of Election shall suffice for purposes of determining the existence of a quorum in the election, regardless of whether the member participates in the election, either in person or by proxy.

**Section 91. *Quorum in elections.*** A simple majority of members in good standing shall constitute a quorum.

Mere receipt of the Notice of Election by the member or any member of his/her household with sufficient discretion, shall be counted in determining the existence of a quorum in the said election.

**Section 92. *Proxies in elections.*** Qualified members may vote in person or by proxy in all elections. Proxies shall be in writing, signed by the member and submitted to the Election Committee in accordance with the schedule provided in the Bylaws or in the election guidelines, and validated by the said committee. In all cases, the proxy shall be issued for a specific election. No proxy shall be valid and effective for a period longer than one (1) year from the date of its issuance unless earlier revoked by the member.

**Section 93. *Postponement of election.*** No postponement of regular or special election shall be allowed except in cases of fortuitous event and/or force majeure. In such case, the Election Committee shall call for a special election within a period of thirty (30) days from the initial date of the election or the cessation of the cause for such postponement of election. Only one (1) postponement shall be allowed, otherwise it will be considered as a failure of election.

In order to conduct the special election, the Election Committee shall submit the following to the Regional Office at least ten (10) days prior to the scheduled date thereof:

- a. Notice of postponement of the regular or special election; and
- b. Affidavit of non-holding of election stating categorically the reasons why no election was conducted. The affidavit shall be executed by the members of the Election Committee.

**Section 94. *Failure of election.*** When a regular or special election cannot be held or conducted due to lack of candidates or the number of qualified candidates did not reach a number as to constitute the majority of the entire Board, or for any other serious causes such as the holding of a free, orderly and honest election is impossible, the Election Committee shall declare a failure of

election and shall notify the Regional Office of such declaration within fifteen (15) days from the date of the failed election.

**Section 95. *Effect of failure of election.*** The power and authority of the incumbent Board notwithstanding the declaration of failure of election shall be deemed *functus officio* by the expiration of their term of office, regardless of whether the failure of election is reported or not. No member of the incumbent Board shall be allowed to exercise any authority in hold-over capacity of whatever nature. Under these circumstances, the Regional Office shall appoint five (5) members in good standing based on the latest list of members on file with the Regional Office to act as the Interim Board until the conduct of a successful election.

Within thirty (30) days from their appointment, the interim Board shall call for an election and conduct a special general assembly for the purpose of electing the members of the Election Committee. The Election Committee shall then conduct an election within sixty (60) days from the date of the special general assembly.

**Section 96. *Unauthorized election.*** An unauthorized election is either called or conducted by any member or group of members, regardless of standing, in an association other than by the incumbent Board on record with the Regional Office. The results of unauthorized elections shall not be recognized by DHSUD and shall be deemed null and void in accordance with the guidelines issued by the DHSUD.

All actions taken by the members who acted as directors or trustees and/or officers arising from the unauthorized election shall be *void ab initio* and shall be a ground for disqualification for succeeding elections without prejudice to any further administrative and criminal liability of the said members.

**Section 97. *Conduct of election by the Regional Office.*** The Regional Office shall conduct the election for the members of the Board upon dissolution of the Board under Rule IX hereof, or upon final judgment, order or directive of the Regional Director, Office of the Secretary, Office of the President, Court of Appeals, Supreme Court, or whenever upon the determination of the Regional Office, the circumstances so warrant.

**Section 98. *Election contests.*** Election contests, such as disqualification of candidates and/or voters, validity of proxy, manner or process of election, or any analogous controversy or dispute occurring prior to the election, shall be filed with the Election Committee immediately upon discovery thereof, but not later than forty-five (45) days prior to the date of election.

The Election Committee shall decide on the controversy brought before it within a non-extendible period of five (5) days from the receipt of the contest. If the Election Committee fails to decide within the five (5)-day period or if the aggrieved party is dissatisfied with the decision of the Election Committee, the aggrieved party may bring the matter to the Regional Office and request for the conduct of a conciliation conference. The Regional Office shall conduct the conciliation conference within three (3) days from the receipt of the aggrieved party's request. If the controversy is not resolved within seven (7) days from receipt thereof, the Regional Office shall issue a Certificate to File Action before

the proper Regional Adjudication Branch of the HSAC pursuant to its Rules of Procedure.

The pendency of the election contest shall not prevent the Election Committee from conducting the election.

**Section 99. Election protests.** Election protests, such as controversies or disputes involving title or claim to any elective office in the association, validity of election or proclamation of winners, or any analogous controversy or dispute occurring after the proclamation of winning candidates shall be filed with the Election Committee within five (5) days from the date of the proclamation. The Election Committee shall decide on the controversy brought before it within a non-extendible period of five (5) days from the receipt of the protest.

If the Election Committee fails to decide within the five (5)-day period or if the aggrieved party is dissatisfied with the decision of the Election Committee, he/she may file a complaint before the proper Regional Adjudication Branch of the HSAC pursuant to its Rules of Procedure.

The pendency of the election protest shall not prevent the newly elected or proclaimed directors or trustees from performing their functions as such.

**Section 100. Turnover of association books, records, funds, and properties by outgoing directors or trustees and/or officers.** To ensure the orderly turnover of the management of the association, the outgoing directors or trustees and/or officers of the association shall turn over all association books, records, funds, properties, and other assets to the newly elected directors or trustees and/or officers within fifteen (15) days, without the need of demand, from the assumption of office of the newly elected Board or officers, notwithstanding the pendency of an election protest before the HSAC, unless a cease and desist order has been issued enjoining their assumption and/or performance of duties as such.

In the event the outgoing Board unjustifiably refuses to turnover the association books, funds, records and properties, despite demands made by the newly elected Board and/or officers, the latter shall notify in writing the Regional Office of such failure to turnover. The Regional Office shall, if proper, order the turnover of the association books, funds, records and properties, under pain of imposition of sanction for non-compliance.

**Section 101. Election reports.** Within fifteen (15) days from the date of any regular or special election, the Election Committee shall submit the following to the Regional Office:

- a. Copy of the notice of election sent to the members and posted in conspicuous places in the subdivision/village or community;
- b. Proof of service and receipt, and posting of the notice of election, or notarized certification issued by the Election Committee attesting that notices of election were sent and/or delivered to all members, and that said notices were posted at the office of the association, on bulletin boards and other common areas, and in conspicuous places within the subdivision/village or community;

- c. Master list of qualified voters as certified by the association secretary and attested to by the treasurer;
- d. List of members who participated in the election or the attendance sheet with the corresponding signatures of the members present, certified by the Election Committee;
- e. Notarized Minutes of Elections prepared and signed by the Election Committee stating, among others, the following:
  - 1. Mode or modes of conducting the election;
  - 2. Total number of qualified voters, the number of voters who cast their votes or participated in the elections;
  - 3. The number of votes garnered by each candidate, ranking and result of the voting; and,
  - 4. Copy of the election tally sheets certified by the Election Committee.
- f. Notarized Updated General Information Sheet signed by the association secretary.

#### **RULE XV PROHIBITED ACTS**

**Section 102. *Prohibited acts.*** It shall be prohibited for any person or association:

- a. To compel a homeowner to join the association, without prejudice to the mandatory membership provisions of the deed of restrictions, its extensions or renewals as approved by the majority vote of the members of the association annotated on the title of the property, the contract for the purchase of a lot in the subdivision project, or an award under a CMP project or similar tenurial arrangement;
- b. To deprive any homeowner of the right to avail of or enjoy basic community services and facilities; *Provided*, that the dues, charges, and other fees for such services have been duly paid;
- c. To prevent any homeowner who has paid the required fees and charges from reasonably exercising the right to inspect association books and records;
- d. To prevent any member in good standing from participating in association meetings, elections, and referenda;
- e. To deny any member due process in the imposition of administrative sanctions;

4



- f. To exercise rights and powers as stated in Section 10 of Republic Act No. 9904 in violation of the required consultation and approval of the required number of homeowners or members;
- g. To unreasonably fail to provide basic community services, and to maintain, repair, and replace or modify facilities administered by the association;
- h. To implement association policies, rules and regulations, and deed of restrictions which have not been ratified by the members of the association;
- i. To require the driver of any vehicle entering the subdivision/village or community to surrender his/her driver's license;
- j. To collect fees, toll, or any amount from any person for passage through the subdivision roads except when it is the association that maintains the roads and/or pays for the real property taxes thereon;
- k. To prevent access or entry to, or collect gate fees, toll or any amount for such purpose, from any utility service or delivery provider in order to enter the subdivision/village or community to deliver goods or services ordered by the members or residents;
- l. To prevent access or restrict the entry of utility service providers to the subdivision, village or community in order to install their equipment, system or facilities pursuant to a contract with or approved application by a resident;
- m. To prevent access to or restrict the entry of utility service providers to the subdivision, village or community in order to disconnect services due to violations of the contract by the resident-customer/consumer;
- n. To impose any fees, including parking fees, usage fees and other similarly purposed-charges, in the use of roads, streets, and other open spaces within the subdivision except to impose reasonable regulations to insure free and unhampered access thereto;
- o. To require a buyer prior to purchasing a property within the subdivision/village, or a subsequent homeowner to pay the dues and other charges left unpaid by the former homeowner/member unless there is a written agreement for the purpose between the former homeowner/member and buyer/new homeowner exists, or if unpaid association dues or fees constitute a lien on the property;
- p. To knowingly enact resolutions in contravention of existing laws, rules, regulations and ordinances;
- q. To commit other acts prohibited by existing laws, rules and regulations promulgated by duly constituted authorities, and the association's Bylaws; and,
- r. To unreasonably fail to comply or violate any provision of Republic Act No. 9904 and of this Rules.

**Rule XVI**  
**POWERS, DUTIES AND RESPONSIBILITIES OF DHSUD**

**Section 103. Powers, authorities, and responsibilities of DHSUD.** In addition to the powers, authorities, and responsibilities vested in it by Republic Act No. 11201, Republic Act No. 8763, Presidential Decree No. 902-A, Batas Pambansa Blg. 68 and Executive Order No. 535, Series of 1979, the DHSUD shall:

- a. Register all homeowners associations, federations, confederations or umbrella organizations of associations in subdivision projects and government housing projects;
- b. Regulate and supervise the activities and operations of registered homeowners associations, federations, confederations or umbrella organizations of the associations;
- c. Regularly conduct free orientation for directors or trustees, officers and/or members of associations or deputize another competent agency or entity to conduct the orientation;
- d. Verify and validate petitions for removal of director or trustee and/or officer if directly elected by the members, or dissolution of the Board of Directors or Trustees;
- e. Formulate the rules or manner of verification and validation of petitions for the removal of director/s or trustee/s of the association or dissolution of the Board;
- f. Exercise the same powers over federations, confederations and/or umbrella organizations of the associations;
- g. Impose fines and/or penalties for violation of laws, rules, and regulations being implemented by the DHSUD;
- h. Formulate and publish a Code of Ethics and Ethical Standards for Board Members detailing prohibited conflicts of interest;
- i. Formulate, in consultation with the representatives of associations, federations, confederations or umbrella organizations of the associations, standard nomenclatures to be used for the association's books of accounts, and a standard Articles of Incorporation and Bylaws for homeowners association for reference purposes;
- j. Formulate, in consultation with the representatives of associations, federations, confederations and/or umbrella organizations of the associations, the guidelines in regulating the kinds of contributions and fees that may be charged and/or collected by associations;
- k. Call upon the Philippine National Police, other law enforcement agencies, and other instrumentalities of the government, if necessary, for the enforcement of its functions; and,

1. Exercise such other powers as implied, necessary or incidental to the carrying out of the express powers granted to DHSUD or to achieve the objectives and purposes of Republic Act No. 9904.

**Section 104. Monitoring.** The Regional Office may, *motu proprio* or upon request or report of violations of the association by an interested party, inspect and examine documents, books and records, and investigate transactions and activities of the association for the purpose of ascertaining and enforcing its compliance with laws, rules, and regulations being implemented by DHSUD.

- a. **Notice of Violation (NOV).** If, after investigation or upon evaluation of the reports, it appears that a violation of existing laws, rules, and regulations of DHSUD has been committed by the association, the Regional Office shall order the association, its directors or trustees, officers and/or members to submit a sworn statement explaining or commenting on the reported violation within fifteen (15) days from the receipt thereof. The NOV shall clearly state the violations committed and the penalties and sanctions imposable therefor. Failure to submit a sworn explanation or comment within the said period shall render the findings as stated in the NOV final.
- b. **Evaluation.** Upon receipt of the sworn statement or comment, the Regional Office shall evaluate the explanation and/or justification and the documents submitted, and resolve the reported violation in accordance with existing guidelines. When necessary, the Regional Office may call for a clarificatory conference either face-to-face or through remote or electronic means. With respect to financial records, the Regional Office may require the Board of Directors or Trustees to engage the services of an independent auditor who shall conduct and review the said financial records, at the expense of the complaining member, should any ambiguity or inconsistency in the documents submitted be found. Said expense shall be reimbursed by the association to the complaining member should the matters complained of be found valid. The independent auditor shall be an accredited Certified Public Accountant of the Board of Accountancy and/or the SEC.
- c. **Order of Termination of Proceedings (OTP).** Should the Regional Office find the explanation and/or justification satisfactory and the documents submitted in order, the Regional Office shall issue an OTP declaring the monitoring proceedings on the subject matter as closed and terminated.
- d. **Order of Imposition of Administrative Sanctions (OIAS).** When the association, its Directors or Trustees, officers or members fail to submit a sworn explanation within the prescribed period, or when the Regional Office finds the sworn explanation or comment unmeritorious and it appears that the alleged violations were actually committed, it shall issue an OIAS. The OIAS shall be complied with or satisfied within fifteen (15) days from the receipt thereof. Otherwise, a Final Notice to Comply (FNC) shall be issued within three (3) days from the lapse of the fifteen (15)-day period. Failure to comply with the FNC within five (5) days from the receipt thereof shall result in the issuance of a writ of execution; *Provided*, that no motion for reconsideration or appeal has been timely filed.

- e. ***Motion for Reconsideration/Appeal from the OIAS/OTP.*** A party not satisfied with or aggrieved by the issuance of the OIAS or OTP by the Regional Office may file an appeal before the Office of the Secretary as provided under Section 105 hereof.

**Section 105. *Appeal from an order or issuance of the Regional Director.***

An appeal may be taken from an order or issuance of the Regional Director in the exercise of regulatory functions, on any legal ground and upon payment of the appeal fee, by filing an appeal memorandum, in triplicate, with the Regional Office within fifteen (15) days from the receipt of the assailed order or issuance. Within five (5) days from the receipt of the appeal memorandum, the Regional Office shall elevate to the Office of the Secretary, through the Legal Service, the records of the association relevant to the issues involved with a summary of the proceedings already taken on the subject matter of the investigation.

**RULE XVII  
FINAL PROVISIONS**

**Section 106. *Penalties and sanctions.*** The following penalties and sanctions, as provided under Republic Act No. 9904, shall be imposed, after due notice and hearing:

- a. Fine of not less than Five Thousand Pesos (P5,000.00) but not more than Fifty Thousand Pesos (P50,000.00); and
- b. Permanent disqualification from being elected or appointed as member of the Board, officer or employee of the Association, shall be imposed on serious and grave offenses without prejudice to being charged before a regular court for violations of the provisions of the Revised Penal Code, Civil Code and other pertinent laws.

If the violation is committed by the association, the members, officers, directors or trustees of the association who have actually participated in, authorized, or ratified the prohibited act shall be held liable.

If the violation is committed by the employees and agents who acted in gross violation of the provisions of Republic Act No. 9904 and of this Rules, the officers, directors or trustees, officers, or incorporators of the association shall be jointly and severally liable with the offending employees, agents, and the association.

**Section 107. *Applicability.*** This Rules shall be deemed adopted by all homeowners associations registered or re-registered with DHSUD upon the effectivity hereof.

**Section 108. *Transitory provision.*** Upon the effectivity of this Rules, all provisions in the respective Articles of Incorporation and Bylaws of all registered homeowners associations inconsistent herewith are deemed modified, amended and/or revised in accordance with the provisions of this Rules.

All registered associations are given two (2) years within which to modify, revise, or amend their respective Articles of Incorporation and Bylaws to conform to the provisions of this Rules.



Further, all applications and petitions, including those currently being processed and/or reviewed but not yet approved by the Regional Offices, shall hereafter be processed and/or reviewed in accordance with this Rules.

**Section 109. Separability clause.** If any provision of this Rules is declared invalid or unconstitutional, the remainder of the Rules shall remain valid and subsisting.

**Section 110. Amendments.** This Rules, or any provision thereof, may be amended by the DHSUD.


**Section 111. Repealing Clause.** All other issuances, rules, and regulations, or parts thereof inconsistent with this Rules are hereby repealed, modified or amended accordingly.

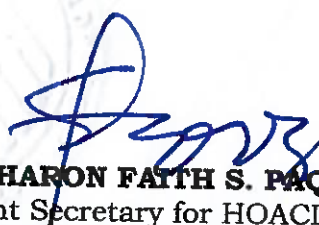
**Section 112. Effectivity.** This Rules shall take effect immediately after its publication in a newspaper of general circulation and a certified true copy hereof furnished the Office of the National Administrative Register of the University of the Philippines Law Center in accordance with Sections 3 and 4 of Book VII, Chapter 2, of Executive Order No.292, Series of 1987.

**Approved,** in consultation with the concerned sectors pursuant to Section 28 of Republic Act No. 9904, this 08 day of NOV, 2024.

  
**JOSE RIZALINO L. ACUZAR**  
Secretary



  
**ATTY. GARRY V. DE GUZMAN, CPA**  
Undersecretary for HOACDB,  
HREDRB, LS, DOTr-RIC PMO, Regional  
Operations and 4PH PMO Head

  
**ATTY. SHARON FAITH S. PAQUIZ**  
Assistant Secretary for HOACDB,  
HREDRB, LS, DOTr-RIC PMO, Regional  
Operations and 4PH PMO Deputy Head

  
**ATTY. MA. LORINA S. RIGOR**  
Director for HOACDB