

FOURTEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
First Regular Session )

7 SEP 13 2013

SENATE

WEDNESDAY

S. No. 1586

---

Introduced by Senator JUAN MIGUEL F. ZUBIRI

---

**EXPLANATORY NOTE**

The rise in the number of Homeowners' associations is a welcome development to community based management of peace and order, maintenance of environment and cleanliness, waste management and other community development projects. They contribute a lot in their respective communities even without government support.

However, many of these homeowners associations differ in their by-laws and in the rights and privileges they extend to their member homeowners. There is also no regulatory body or agency to supervise them. Therefore, there is a need to provide a magna carta for homeowners' associations to clear once and for all the rights and duties of homeowners in their respective associations and communities and their relationships with the local governments and other government agencies.

In summary, this bill aims to recognize, support and enhance the important roles of homeowners' associations in society and the nation and the economy, and vis-à-vis the State. Specifically, this bill will try to remove ambiguities concerning the role, rights and powers of homeowners' associations by defining and delimiting the same. It will also define the relationship between members and officers of homeowners' associations, and the relationship between homeowners' associations and local government units, as well as between homeowners' associations and concerned national agencies.

It is hoped that this bill will answer the clamor of many residents' associations for a measure that will bring peace of mind and better quality of life, not only for its members but for the public in general.


Hence, approval of this bill is earnestly sought.

  
JUAN MIGUEL F. ZUBIRI

FOURTEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
*First Regular Session* )

7 SEP 13 2017

SENATE

RECEIVED BY: 

S. No. 1586

---

Introduced by Senator JUAN MIGUEL F. ZUBIRI

---

AN ACT  
PROVIDING FOR A MAGNA CARTA FOR HOMEOWNERS' ASSOCIATIONS,  
AND FOR OTHER PURPOSES

*Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:*

1 SECTION 1. *Title.* – This Act shall be known as the “Magna Carta for  
2 Homeowners’ Associations.”

3 SECTION 2. *Declaration of Policy.* – It is hereby declared the policy of the State  
4 to recognize and promote the roles of homeowners’ associations, in serving the needs  
5 and interests of its members and the communities surrounding them, in complementing  
6 the efforts of local government units in providing vital and basic services to our citizens,  
7 and in helping implement local and national government policies, programs, rules and  
8 ordinances; and to foster the growth and active participation of homeowners’  
9 associations in the development of the nation.

10 SECTION 3. *Definition of Terms.* – For purposes of this Act, the following terms  
11 shall mean:

12 (1) *Homeowners’ association, residents’ association, or association* – a  
13 corporation, unincorporated association, or other legal entity, duly registered with the  
14 Housing and Land Use Regulatory Board (HLURB), each member of which is an owner  
15 of a residential real property located within the association’s jurisdiction, as described in  
16 the governing documents, and by virtue of membership or ownership of property is  
17 obligated to pay real property taxes, insurance premiums, maintenance costs, etc.

1           (2) *Governing documents* – articles of incorporation, bylaws, conditions, rules  
2 and regulations of the association, or other written instrument by which the association  
3 has the authority to exercise any of the powers provided for in this Act.

4           (3) *Board of directors or board* – the body with primary authority to manage the  
5 affairs of the association.

6           (4) *Residential real property* – any real property, the use of which is limited by  
7 law, to primarily residential or recreational purposes.

8           (5) *Common areas* – property owned, or otherwise maintained, repaired or  
9 administered in whole or in part by the association, including but not limited to roads,  
10 parks, playgrounds, or other facilities.

11           (6) *Common expense* – costs incurred by the association to exercise any of the  
12 powers provided for in this Act.

13           (7) *Subdivision/Village* – a tract or a parcel of land partitioned primarily for  
14 residential purposes, into individual lots with or without improvements thereon.

15           (8) *Homeowner* – the owner of the lot within a subdivision/village.

16           SECTION 4. *Association Membership.* – The membership of the association at  
17 all times shall consist exclusively of the owners of all real property over which the  
18 association has jurisdiction, both developed and undeveloped. An owner or purchaser  
19 of real property within the jurisdiction of the association automatically becomes a  
20 member of the association, with full rights to enjoy and use community services and  
21 facilities and to participate and vote in association meetings, elections and referendums  
22 as long as his/her bona fide membership subsists.

23           SECTION 5. *Rights and Powers of the Association.* – An association has the  
24 following rights and may exercise the following powers:

25           (1) Adopt and amend bylaws, rules and regulations;

26           (2) Adopt and amend budgets for revenues, expenditures and reserves, and  
27 impose and collect assessments for common expenses from owners;

28           (3) Institute, defend, or intervene in litigation or administrative proceedings in its  
29 own name on behalf of itself or two or more owners on matters affecting the  
30 homeowners' association, but not on behalf of owners involved in disputes that are not  
31 the responsibility of the association;

- 1 (4) Regulate the use, maintenance, repair, replacement and modification of  
2 common areas and cause additional improvements to be made as part of the common  
3 areas;
- 4 (5) Regulate access to or passage through the subdivision of persons and  
5 vehicles for purposes of preserving privacy, internal security, safety and traffic order;
- 6 (6) Hire and discharge or contract with managing agents and other employees,  
7 agents and independent contractors;
- 8 (7) Acquire, hold, encumber and convey in its own name any right, title or interest  
9 to real or personal property, and utilities;
- 10 (8) Administer and manage the waterworks system of the subdivision, which shall  
11 be turned over by the developer upon completion of the subdivision;
- 12 (9) Grant easements, leases, licenses, and concessions through or over the  
13 common areas and petition for or consent to the vacation of streets and alleys;
- 14 (10) Impose and collect any payments, fees, or charges for the use, rental or  
15 operation of the common areas;
- 16 (11) Impose and collect charges for the late payments of assessments and, after  
17 notice and an opportunity to be heard by the board of directors and in accordance with  
18 the procedures as provided in the bylaws or rules or regulations adopted by the board of  
19 directors, levy reasonable fines in accordance with a previously established schedule  
20 adopted by the board of directors and furnished to the owners for violation of the  
21 bylaws, rules, and regulations of the association;
- 22 (12) Impose height limitations on buildings, edifices, or structures that may be  
23 built within the subdivision;
- 24 (13) Require the prior approval of the majority of its residents, in the  
25 establishment of certain institutions such as, but not limited to, schools, hospitals,  
26 markets, grocery stores and other similar establishments that will necessarily affect the  
27 character of the subdivision in terms of traffic to be generated, and/or opening the area  
28 to outsiders which may result in loss of privacy to its residents;
- 29 (14) Petition for the creation of a separate barangay, independently or together  
30 with neighboring subdivisions, provided, that all the requirements of the Local  
31 Government Code are met;
- 32 (15) Exercise any other powers conferred by the bylaws;

1           (16) Exercise any other powers necessary for the governance and operation of  
2 the association.

3           SECTION 6. *Duties and Responsibilities of the Board of Directors/Officers of*  
4 *Homeowners' Associations.* – The Board of directors or officers of homeowners'  
5 associations have the following duties and responsibilities:

6           (1) Maintain an accounting system using uniform books of accounts with  
7 nomenclatures conforming to standards formulated and prescribed by the HLURB,  
8 together with representatives of homeowners' associations. Such books of accounts  
9 should be submitted to the HLURB at a prescribed date every year;

10          (2) Undergo a free orientation by the HLURB on how to conduct meetings,  
11 preparation of minutes, handling of accounts, laws and pertinent rules and regulations,  
12 within thirty (30) days after election or appointment;

13          (3) Discharge the duties and responsibilities provided for in the association's  
14 bylaws;

15          (4) To exercise such other powers as may be necessary and proper for the  
16 effective enforcement of this Act and to accomplish the purposes for which the  
17 association was organized; and to do and perform any and all acts and deeds as are  
18 necessary and incidental to the attainment of the purposes of the Association.

19          The board of directors shall act in all instances on behalf of the association. In  
20 the performance of their duties, the officers and members of the board of directors shall  
21 exercise the degree of care and loyalty required by such position.

22          The board shall not act on behalf of the association to amend the articles of  
23 incorporation, to take any action that requires the vote or approval of the homeowners,  
24 to terminate the association, to elect members of the board of directors, or to determine  
25 the qualifications, powers, and duties, or terms of office of the board of directors; but the  
26 board of directors may fill vacancies in its membership of the unexpired portion of any  
27 term.

28          SECTION 7. *Association By-laws.* – The bylaws of the association shall provide  
29 for:

30          (1) The number, qualifications, powers and duties, terms of office, and manner  
31 of electing and removing the board of directors and officers and filling vacancies;

32          (2) Election by the board of directors or officers of the association as the bylaws  
33 specify;

1 (3) Which, if any, of its powers the board of directors or officers may delegate to  
2 other persons or a managing agent;

3 (4) Which of its officers may prepare, execute, certify and record amendments to  
4 the governing documents on behalf of the association;

5 (5) The method of amending the bylaws;

6 (6) The list of acts constituting an offense/violation by its officers, and  
7 corresponding penalties to be meted to erring officers.

8 (7) A list of contributions and fees that may be charged or collected by the  
9 association.

10 SECTION 8. *Financial and Other Records.* – The homeowners’ associations are  
11 enjoined to observe the following, with regard to its funds, financial and other records:

12 (1) *The association or its managing agent shall keep financial and other records*  
13 *sufficiently detailed to enable the association to fully declare to each member the true*  
14 *statement of its financial status. All financial and other records of the association,*  
15 *including but not limited to checks, bank records, and invoices, in whatever form they*  
16 *are kept, are the property of the association. Each association managing agent shall*  
17 *turn over all original books and records to the association immediately upon termination*  
18 *of the management relationship with the association, or upon such other demand as is*  
19 *made by the board of director, An association managing agent is entitled to keep*  
20 *association records. All records which the managing agent has turned over to the*  
21 *association shall be made reasonably available for the examination and copying by the*  
22 *managing agent.*

23 (2) All records of the association, including the names and addresses of owners  
24 and other occupants of the lots, shall be available for examination by all owners, holders  
25 of mortgages on the lots, and their respective authorized agents on reasonable advance  
26 notice during normal working hours at the offices of the association or its managing  
27 agent. The association shall not release the unlisted telephone number of any owner.

28 (3) A financial statement of the association shall be prepared annually by an  
29 independent certified public accountant and submitted to the HLURB.

30 (4) The funds of the association shall be kept in accounts in the name of the  
31 association and shall not be joined with the funds of any other association, or any  
32 person responsible for the custody of such funds.

33 SECTION 9. *Relationship with Local Government Units.* – The homeowners’  
34 associations shall complement, support and strengthen local government units in

1 providing vital services to its members and helping implement local government  
2 policies, programs, ordinances, and rules.

3 Homeowners' associations are encouraged to actively cooperate with local  
4 government units in furtherance of their common goals and activities for the benefit of  
5 the residents inside and outside of the subdivisions.

6 Where the local government units lack the resources to provide for basic  
7 services, homeowners' associations shall endeavor to tap the means to provide for the  
8 same. In recognition of the associations' efforts to assist the local governments in its  
9 duties, their association dues and income derived from the rentals of their facilities shall  
10 be tax-exempt, *Provided*, that such income and dues will be used for the maintenance  
11 of the cleanliness, safety and security of their respective subdivisions/villages.

12 Local government units shall secure the concurrence of homeowners'  
13 associations where proposed rules, zoning and other ordinances, projects and/or  
14 programs affecting their jurisdiction and surrounding vicinity are to be implemented,  
15 prior to the effectivity or implementation of the same.

16 SECTION 10. *Relationship with National Government Agencies.* – The  
17 homeowners' associations shall complement, support and strengthen the efforts of the  
18 national government agencies in providing vital services to its members and helping  
19 implement national government policies and programs.

20 Homeowners' associations are encouraged to actively cooperate with national  
21 government agencies in the furtherance of their common goals and activities for the  
22 benefit of the residents inside and outside of the subdivisions.

23 National government agencies shall secure the concurrence of homeowners'  
24 associations where proposed rules, projects and/or programs may affect their welfare.

25 SECTION 11. *Duties and Responsibilities of the Housing and Land Use*  
26 *Regulatory Board (HLURB).* – In addition to the powers, authorities and responsibilities  
27 vested in it by Republic Act No. 8763, the HLURB shall:

28 (1) Conduct free orientation for officers of homeowners' associations regularly;

29 (2) Prepare a standard copy of articles and bylaws for homeowners'  
30 associations;

31 (3) Register all homeowners' associations, federations, confederations or  
32 umbrella organizations of homeowners' associations;

33 (4) Exercise the same powers over federations, confederations or umbrella  
34 organizations of homeowners' associations;

1 (5) Formulate, together with at least two (2) representatives of homeowners'  
2 associations, the standard nomenclatures to be used for the homeowners' associations'  
3 books of accounts;

4 (6) Formulate, together with at least two (2) representatives of homeowners'  
5 associations, a list of contributions and fees that may be charged or collected by  
6 homeowners' associations that will be included in the association's bylaws;

7 (7) Formulate, together with at least two (2) representatives of homeowners'  
8 associations, the guidelines in regulating the kinds of contributions and fees that may be  
9 charged and/or collected by homeowners' associations, other than those provided in the  
10 associations' bylaws.

11 SECTION 12. *Penal Provision.* – Any person who violates the provisions of this  
12 Act shall be punished with a fine of not less than Five Thousand Pesos (P5,000.00)  
13 and/or imprisonment of not less than two (2) months but not more than one (1) year, or  
14 both at the discretion of the court.

15 SECTION 13. *Separability Clause.* – If any provision of this Act is declared  
16 invalid or unconstitutional, the remainder of the Act shall remain valid and subsisting.

17 SECTION 14. *Repealing Clause.* – All other issuances, laws, decrees, orders,  
18 rules and regulations, or parts thereof inconsistent with this Act are hereby repealed or  
19 modified accordingly.

20 SECTION 15. *Implementing Rules and Regulations.* – The Department of  
21 Interior and Local Government (DILG), and the HLURB shall formulate and promulgate  
22 the rules and regulations necessary to implement the provisions of this Act within six (6)  
23 months of its effectivity.

24 SECTION 16. *Effectivity.* – This Act shall take effect fifteen (15) days following  
25 its publication in the Official Gazette or in at least two (2) newspapers of general  
26 circulation.

27 Approved,