



EXECUTIVE COMMITTEE

**Resolution No. 001
Series of 2017**

PURSUANT to Section 20(h) of Republic Act No. 9904, the Executive Committee hereby adopts and promulgates, subject to the ratification of the Board of Commissioners of the Housing and Land Use Regulatory Board, the following:

**GUIDELINES IN THE KINDS OF DUES, FEES
AND CONTRIBUTIONS THAT MAY BE
COLLECTED BY HOMEOWNERS ASSOCIATIONS**

ARTICLE I

GENERAL PROVISIONS

Section 1. Short Title. – This “Guidelines in the Kinds of Dues, Fees and Contributions That May Be Collected by Homeowners Associations” shall be cited as the “Guidelines on HOA Dues, Fees and Contributions.”

Section 2. Declaration of Policies. –

2.1. *Policy Statement*. The State shall encourage the formation and strengthening of homeowners associations. Towards this end, the State shall endeavor to assist the associations in the full exercise of their rights and powers to enable them to serve the needs and interests of their communities, and to complement the efforts of local government units (LGUs) in providing vital and basic services to their members and homeowners.

2.2. *Objectives*. The objectives of this Guidelines are:

- (a) To provide standards in the formulation of dues, fees and contributions which may be charged by associations with the end in view of eliminating unauthorized, excessive and arbitrary fees and assessments;
- (b) To provide associations with the funds necessary to defray their administrative and other operating expenses in the performance of their duties and functions for the promotion of the welfare of all persons within their territorial jurisdiction and not for profit;
- (c) To promote membership in the association by providing incentives in the assessment of dues, fees and contributions;

- (d) To promote fiscal autonomy and responsibility in the generation and management of the funds of the association.

Section 3. Definition of Terms. – For purposes of this Guidelines, the following terms shall mean:

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3.1. *Accounting period* refers to the fiscal or calendar year adopted by a homeowners' association in the recording and reporting of its fiscal transactions.

3.2. *Basic community services and facilities* 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.

3.3. *Beneficial user* refers to the homeowner who is not a member of the association or the developer or owner who cannot be a homeowner as he/she/it holds the property or properties in the subdivision or condominium not for the purpose of residing therein but as part of the inventory of properties for sale to the general public. In a general sense, it refers to all property owners within the subdivision who are not members.

3.4. *Board* refers to the board of directors or trustees or such other name as may be provided in the By-laws, of the association which has primary authority to manage the affairs of the association.

3.5. *Expense* refers to something spent to attain a goal or achieve an objective.

- (a) *Capital Expense* refers to an expense where the benefit continues over a long period, rather than being exhausted in a short period and which is usually non-recurring in nature.
- (b) *Common expense* refers to costs incurred by the association to exercise any of the powers provided for in this Guidelines.
- (c) *Maintenance expenses* refer to all expenses necessary and proper for the safekeeping, administration and securing of documents and things in the performance of the duties and obligations of the association.
- (d) *Recurring Expenses* refer to expenses which are repetitive or periodic like operation costs of rent, electric and water, and similar expenses.

3.6. *Homeowner* refers to any of the following:

- (a) An owner or purchaser of a lot in a subdivision or condominium who holds the same for residential purposes;

- (b) 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;
- (c) An informal settler in the process of being accredited as beneficial user or awardee of ownership rights under the Community Mortgage Program (CMP), Land Titling and Administration Project (LTAP), and other similar programs.

3.7. *Homeowners Association* is a non-stock and non-profit corporation registered with the Housing and Land Use Regulatory Board, or one previously registered with the Home Insurance Guarantee Corporation (now Home Guaranty Corporation) or the Securities and Exchange Commission organized to manage the roads, open spaces and community facilities, and, provide services to its members.

3.8. *Member* refers to –

- (a) A “homeowner,” as defined in the preceding paragraph, in the subdivision or condominium where his/her housing unit or lot is situated;
- (b) A long-term lessee of the owner or purchaser provided that the lease contract has a period of more than one (1) year and the owner/purchaser authorized the lessee in writing to represent the latter; and,
- (c) Those persons who may be members as provided in the Articles of Incorporation/Association and By-Laws of the association.

3.9. *Subdivision or Condominium* refers to a tract or parcel of land partitioned into individual lots, with or without improvements thereon, primarily for residential purposes. It shall likewise refer to condominium projects where there is no existing association and/or the deed of restrictions do not prohibit the association from managing and regulating the use of the common areas.

Section 4. Applicability. – This Guidelines shall apply to:

4.1. Associations registered or in the process of registration with the Housing and Land Use Regulatory Board, whether members or not of the association, of subdivisions and other residential real estate projects;

4.2. Associations registered with the Housing and Land Use Regulatory Board in condominium projects where the deed of restrictions do not vest in a condominium corporation or any other body the management, regulation and maintenance of the common areas.

Section 5. Construction. – This Guidelines shall be liberally construed to empower homeowners associations to insure adequate funding for its activities for the benefit of their members.

ARTICLE II

POWERS AND FUNCTIONS OF HOMEOWNERS ASSOCIATIONS

Section 6. Powers and Duties. – The powers and duties of associations and the Board of Directors are as follows: Page | 4

6.1. *Homeowners Associations.*

- (a) Institute, defend, or intervene in litigation and/or administrative proceedings affecting the welfare of the association and the subdivision or condominium as a whole;
- (b) Regulate the use, maintenance, repair, replacement and modification of open spaces and cause additional improvements thereon;
- (c) Regulate access to, or passage through the subdivision or condominium roads for purposes of preserving privacy, tranquility, internal security and safety and traffic order;
- (d) Ensure the availability of quality water services at a reasonable price, and, at its option, administer and manage the waterworks system of the subdivision or condominium;
- (e) Grant easements, leases, concessions and authority to use open spaces and petition for or consent to the vacation of streets and alleys;
- (f) Impose or collect reasonable fees for the use of open spaces, facilities, and services of the association; and,
- (g) Regulate the establishment of certain institutions such as, but not limited to, schools, hospitals, markets, grocery stores and other similar establishments affecting the character of the subdivision or condominium in traffic generation, and/or opening the area to outsiders which may result in the loss of privacy, security, safety, and tranquility to its residents.

6.2. *Board of Directors.*

- (a) In general, to act in all instances on behalf of the association except on matters which are exclusively reserved to the members or homeowners. In the performance of their duties, the officers and members of the Board shall exercise the degree of care and loyalty required by the position;
- (b) 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;

- (c) Collect the fees, dues and assessments that may be provided for in the By-Laws, and such rules as may be approved by the Board and, upon publication in at least three (3) conspicuous places within the subdivision/ village, ratified by a majority of the members;
- (d) Collect reasonable charges for assessments, and, after due notice and hearing by the Board in accordance with the procedures as provided in the By-Laws and/or the rules and regulations adopted by the Board, charge reasonable fines for late payments and for violation of the By-Laws, rules, and regulations of the association, in accordance with a previously established schedule adopted by the Board and furnished to the homeowners;
- (e) Cause compliance with regard to height regulations, easements, use of homes, buildings, edifices, or structures that may be built within the subdivision or condominium, in accordance with the National Building Code, zoning laws, Housing and Land Use Regulatory Board rules and regulations, existing local ordinances, and existing deeds of restriction;
- (f) Propose measures to raise funds and the utilization of such funds and submit the same for the consideration of the members of the association; and,
- (g) Exercise such other powers as may be necessary and proper in accordance with the law and this Guidelines, and for the accomplishment of the purposes for which the association was organized.

ARTICLE III

DUES, FEES AND CONTRIBUTIONS

Section 7. Kinds of Dues, Fees and Contributions. – The following dues, fees and contributions may be charged by the association only when so specifically authorized in the by-laws:

7.1. *Membership Fees.* The amount paid by a member in consideration for membership in the association.

7.2. *Association Dues.* The amounts charged the members on a regular basis primarily intended to defray the administrative expenses of the association.

7.3. *Beneficial User Dues.* The amounts charged to –

- (a) Homeowners who may not be compelled to be members or members whose membership have been revoked, or
- (b) Owners and/or developers of subdivisions or condominium projects, wherever applicable hereto, who hold lots or housing units as part of the inventory for purpose of sale to the public.

7.4. *Special Assessments* – The amounts charged members and/or beneficial users to defray other expenses necessary and proper for the security, tranquility and maintenance of the subdivision or condominium as well as that for the protection of the integrity and maintenance of the association to enable it to perform its duties and functions.

Section 8. Computation of Dues, Fees and Contributions. – The procedure in the determination of the amount to be charged per member and beneficial user shall be as follows:

8.1. *Gross Expense*. The association shall determine the amount chargeable by obtaining the average monthly expenses or, if not feasible, the highest monthly expense, and an additional ten percent (10%) as contingency funds to answer for any unforeseen additional expenses;

8.2. *Gross Area*. The gross area of the subdivision or condominium shall be the total lot and floor area of saleable lots or units in the subdivision or condominium, respectively;

8.3. *Rate Base*. The rate base shall be obtained by dividing the gross expense by the gross area to arrive at the cost per square meter;

8.4. *Chargeable Amounts*. The charges per member or beneficial user shall then be computed by multiplying the total lot and floor area by the rate base, and an additional ten percent (10%) for members or twenty percent (20%) for beneficial users to cover for any shortfall in collections resulting from the failure of some members or beneficial users to pay their dues, fees or contributions.

8.5. *Interests and Penalties*. Interests and penalties may be charged for the non-payment of dues, fees and contributions *Provided*, that the authority to collect such amounts have been duly provided in the By-Laws; and, *Provided further*, that the same shall not exceed twelve percent (12%) per annum.

Section 9. Special Assessments. – Unless the costs sought to be defrayed have already been incorporated in the schedule of Association or Beneficial User Dues, the Board may collect and fix the amounts chargeable, computed in accordance with the immediately preceding section, of the following:

9.1. *Security Fees*. The monthly expenses of the association for security services without need for the approval of the Board or of the members except for the following:

- (a) The purchase of security equipment, if taken from any excess funds from the collection of security fees, shall be allowed only upon authorization of the Board.
- (b) If the amount of the security equipment is sufficiently substantial to be considered as a capital expenditure, the Board Resolution authorizing such purchase shall be ratified by a simple majority of the members.

9.2. *Environmental Protection Fees.* The monthly expenses of the association for grounds maintenance and other expenses in the implementation of local and national environmental protection laws, rules and regulations, without need of the approval of the Board or of the members except for the following:

- (a) The purchase of equipment, if taken from any excess funds from the collection of environmental protection fees, shall be allowed only upon authorization of the Board;
- (b) If the amount of the equipment is sufficiently substantial to be considered as a capital expenditure, the Board Resolution authorizing such purchase shall be ratified by a simple majority of the members.

9.3. *Vehicle Stickers.* The issuance of vehicle stickers will exempt the member or beneficial user from other measures which may be imposed by the association to insure the security, privacy, tranquility, safety and traffic regulation within the subdivision or condominium. The cost thereof may be equivalent to the expenses incurred for production, maintenance of the registry/records, administration and the payment of personnel. Non-residents may be assessed a higher amount due to the higher costs of maintaining the registry/records and administration, which ought not, however, exceed twice the value of stickers issued to residents of the subdivision or condominium.

9.4. *Delivery Fees.* The association may collect delivery fees on non-essential goods, like construction materials, furniture and similar goods, and essential goods, like LPG, water, foodstuffs and mail, except when these are part of a business undertaken within the subdivision or condominium and provided that the imposable amounts shall be in accordance with the schedule of rates imposed by the appropriate government agencies implementing road use policies.

9.5. *Construction Charges.* Unless the construction work is undertaken by the developer pursuant to a contract at the time of purchase for the delivery of a house and lot package, the association may charge the following:

- (a) *Construction Fee.* The association may assess a construction fee for any construction, renovation or major repair requiring the issuance of a building permit in an amount sufficient to defray the costs of inspection and other administrative expenses to insure compliance with the pertinent laws, and rules and regulations promulgated by duly constituted authorities.

(b) *Construction Bond.* The association may require the posting of a construction bond, in cash or surety, either in a fixed amount or by percentage depending on the amount of the total construction costs, both of which shall not exceed five percent (5%) thereof, subject to the following conditions:

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- (1) That the bond shall answer for any expenses which may be incurred resulting from any deviation from the construction plan as approved by the duly constituted authorities and/or for any corrective measures for any violation of any restrictions imposed by contract or existing laws, ordinances, and rules and regulations implemented by the national and/or local governments, and the association;
- (2) That the bond shall answer for whatever damages incurred on the open spaces and facilities provided that, in the event that these have been donated to the local government unit, the latter consents to the corrective measures undertaken by the association;
- (3) That the bond, if in cash, does not form part of and must not be commingled with the general fund or assets of the association nor is it intended to pay for any other obligations, except for those mentioned in this subsection. It must, at all times, be maintained in a separate account, accounted for, and the whole or unobligated balance returned after its purpose has been served;
- (4) That the association shall have sixty (60) days within which to determine if it has sufficient cause to proceed against the bond as well as provide the estimate for the costs to repair any damages or indemnity for any violations committed. If it has been determined that reimbursement for damages and/or indemnity for violations are justified, the association shall conduct a reconciliation of accounts and return any excess amount to the homeowner. If the bond proves insufficient to defray expenses for damages or indemnity caused by the construction or renovation, the association may demand for payment from the homeowner within a reasonable time but in no case no sooner than fifteen (15) days from demand, with interest thereon at the legal rate in the event of non-payment after the period given as grace period;
- (5) That, if, within the same 60-day period, no cause for reimbursement for damage or indemnity has been determined, the bond shall be cancelled or returned to the homeowner in full without any additional charges or deductions, within a period of thirty (30) days from such determination.

9.6. *Charges for Use of Amenities and Facilities.* The parks, recreational areas and other amenities and facilities, including but not limited to basketball courts, swimming pools, gyms, tennis courts, are for the beneficial use of the homeowners thereof and the association may charge reasonable rates in such amounts as may be sufficient for the maintenance thereof. In the event that fees are charged for the use of these amenities and/or facilities, homeowners shall be charged fees equivalent to the costs in the maintenance thereof and in providing the services therein. Non-homeowners, if allowed to use these facilities, may be charged, in addition to the foregoing, the additional amount equivalent to 20% thereof for the use of the said facilities. In all cases, the rates shall be prominently displayed in a conspicuous place therein.

9.7. *Water Fees.* Water fees may only be charged if the association owns, operates and maintains the water system in accordance with the rates fixed by the National Water Resources Board and administrative costs.

9.8. *Legal Defense Fund.* In cases where the association is allowed to institute, defend or intervene in any litigation and/or administrative proceedings affecting the welfare of the association and the subdivision or condominium as a whole, the association may assess a legal defense fund which shall not exceed the amounts as stated in the retainer agreement executed between the association and its legal representation, including costs of litigation. Suits filed by members or homeowners against the officers of the association involving the exercise of their powers as such shall be for their own respective accounts.

9.9. *Certification Fees.* The association may charge administrative costs for the issuance of any certification required to be issued by laws, ordinances, rules and regulations which should not exceed the amounts charged by duly constituted authorities for the issuance of similar certifications.

9.10. *Identification Card Fees.* The association may require the use of identification cards for the household help, construction workers and other employees of the homeowner in an amount sufficient to defray the costs of production of the cards, administrative costs and personnel for maintaining the registry and records for the issued cards.

9.11. *Other Special Assessments.* When fees and assessments are imposed, other than those enumerated herein and not otherwise prohibited, the association must present the purpose of the special assessment, the costs or expenses to be defrayed, in order to arrive at a reasonable basis for the computation of the share of each homeowner to the special assessment.

Section 10. Uniform Procedure in the Imposition of Dues, Fees and other Contributions. – The procedure in the approval of dues, fees and other contributions where the amount is discretionary on the association shall be as follows:

10.1. *Recurring Expenses.* Recurring expenses and those beyond the control of the associations shall be collected from the members and beneficial users in accordance with the computation as stated in Section 8 of this Rules.

In the statement of account, the Treasurer shall state the amount of the contractual obligation and the manner by which the share of the member or beneficial user has been computed

10.2. *Non-Recurring Expenses or Discretionary Contributions.* Non-recurring expenses or those within the control of the association shall be effective only upon compliance with the following procedure: Page | 10

- (a) The Board, in a meeting called for the purpose, shall issue a Resolution approving the dues, fees and contributions to be charged;
- (b) The Board shall issue a Notice of General Membership Meeting at least three (3) weeks before the prospective date of the meeting. Attached to the said Notice shall be the Board Resolution proposing the dues, fees or contributions to be assessed;
- (c) The Board shall furnish copies of the notice and the Board Resolution to all members in good standing and cause the posting of the Board Resolution in at least three (3) conspicuous places within the subdivision for a period of at least two (2) weeks before the date of the General Membership Meeting called for the ratification thereof.
- (d) In the meeting called, with quorum present, the members in attendance, either personally or, if allowed by the by-laws, by proxy, shall vote on whether to ratify or reject the Board Resolution imposing the collection. The simple majority vote of all members in good standing shall be sufficient to ratify the Board Resolution;
- (e) The approved dues, fees and contributions shall be posted in at least three (3) conspicuous places in the subdivision or condominium and copies furnished all residents of the subdivision or condominium.

Section 11. Bank Accounts and Books of Accounts. – The association may regularly maintain three (3) separate bank accounts for: (a) membership, association and/or beneficial user dues; (b) construction bond; and, (c) other fees, charges and assessments. The association shall regularly maintain an accounting system using generally accepted accounting principles, and keep a book of accounts, which shall be open for inspection to any member or beneficial user, and duly authorized representatives of government agencies upon request, during reasonable hours, on business days.

ARTICLE IV

FINAL PROVISIONS

Section 12. Proscribed Acts. – It shall be prohibited:

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12.1. To require the driver of any vehicle entering the subdivision or condominium to surrender his/her driver's license. The association is not authorized under the traffic laws to take custody, even on a temporary basis, the license issued by the Land Transportation Office;

12.2. To collect fees or "donations" for passage through the subdivision roads under the guise of defraying the costs of maintenance of the roads and/or streets of the subdivision or condominium, or for any other reasons, as this practice constitutes undue restrictions on the right to ingress and egress;

12.3. To impose any fees, including parking fees, usage fees and similarly purposed charges, in the use of roads and streets of the association except to impose reasonable regulations to insure free and unhampered access thereto. The roads, streets and sidewalks of the subdivision or condominium are for the common use and benefit of homeowners and should not be a source of income generation for the association;

12.4. To collect fees for water deliveries since it is the duty of the association to provide or insure that homeowners have access to safe and potable water;

12.5. To deprive any homeowner of his/her right to avail of or enjoy basic community services and facilities where he/she has paid the dues, charges, and other fees for such services;

12.6. To prevent any homeowner who has paid the required fees and charges from reasonably exercising his/her right to inspect association books and records;

12.7. To exercise rights and powers in violation of the required consultation and approval of the required number of homeowners or members;

12.8. To unreasonably fail to provide basic community services and facilities and maintain, repair, replace, or modify such facilities;

12.9. To commit such other acts as are expressly prohibited by the existing laws, rules and regulations promulgated by duly constituted authorities, the By-Laws and such other reasonable restrictions, rules and regulations.

Section 13. Sanctions. – The penalties and sanctions, as provided under Republic Act No. 9904 and its Implementing Rules and Regulations, shall be imposed after due notice and hearing, as follows:

13.1. *Persons Liable.*

- (a) 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;
- (b) If the violation is committed by the employees and agents who acted in gross violation hereof, the officers, directors or trustees, or incorporators of the association shall be jointly and severally liable with the offending employees, agents, and the association.

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13.2. *Punishable Acts and Omissions.* Any person may be held liable by intentionally or negligently –

- (a) Violating the provisions of this Rules;
- (b) Failure to perform functions; and,
- (c) Violating the rights of members.

Section 14. Imposition of Penalties. – The person committing any of the proscribed acts or omissions shall be imposed a penalty as follows:

14.1. *Imposable Penalties.*

- (a) Fine
 - (1) Minimum Degree: ₱5,000.00 to ₱24,999.00
 - (2) Medium Degree: ₱25,000.00
 - (3) Maximum Degree: ₱25,001.00 to ₱50,000.00
- (b) Permanent disqualification from being elected or appointed as member of the board, officer or employee of the association; and/or
- (c) Prosecution before a regular court for violations of the provisions of the Revised Penal Code, Civil Code and other pertinent laws.

14.2. *Circumstances which Affect Imposable Penalties.* – In the imposition of penalties, the following shall be considered:

- (a) Mitigating Circumstances are circumstances which, though not justifying or excusing the offense committed, may reduce the severity and effects of the offense committed.
- (b) Aggravating Circumstances are circumstances which worsens the severity and effects of the offense committed.

14.3. *Imposition of Penalties.* In the imposition of penalties, the number of mitigating and aggravating circumstances shall be taken into consideration as follows:

- (a) The penalty imposed shall be in the minimum degree if the act or omission is attended by mitigating circumstances and no aggravating circumstances; or the act or omission was attended by both but there are more mitigating than aggravating circumstances;
- (b) The penalty imposed shall be in the medium degree Medium if the act or omission was not attended by mitigating nor aggravating circumstances; or the act or omission was attended by both but the number and weight of the mitigating circumstances cancels out the number and weight of the aggravating circumstances;
- (a) The penalty imposed shall be in the maximum degree if the act or omission was attended by aggravating circumstances and no mitigating circumstances; or, the act or omission was attended by both but there are more aggravating circumstances than mitigating circumstances.

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Section 15. Remedies.

15.1. *Homeowners Association.* The failure of any member or beneficial user to pay the dues, fees and contributions legally imposed by the association may be remedied, either singularly or cumulatively, through the following:

- (a) **Administrative Liability.** The association may declare the member delinquent and, after the declaration of membership delinquency, deny to the member all the rights of membership. The association may also suspend or revoke the membership of the erring member.
- (b) **Civil Liability.** The association may file with the Housing and Land Use Regulatory Board a suit for collection of a sum of money against the erring member or beneficial user.
- (c) **Criminal Liability.** If the acts complained of constitute a crime under the criminal or special laws, a criminal complaint may be filed with the appropriate government agency.

15.2. *Member or Beneficial User.* Any member or beneficial user aggrieved by any dues, fees or contributions charged by the association may seek redress as follows:

- (a) A complaint for the nullification of the dues, fees and contributions assessed, with prayer for refund if already paid, shall be filed with the Grievance Committee, which shall resolve the dispute within a period of thirty (30) days from its inception;
- (b) If there is no Grievance Committee or the latter ignores or fails to resolve the complaint within the prescribed period, the complainant

may file a complaint, directly to the Housing and Land Use Regulatory Board and attaching thereto an affidavit attesting to such fact, for the nullification of the dues, fees and contributions, with prayer for refund and such other provisional or accessory damages;

- (c) The decision of the Grievance Committee may be appealed to the Housing and Land Use Regulatory Board within five (5) days from receipt of the resolution. Unless a cease and desist order or a temporary restraining order or writ of preliminary injunction is issued, the obligor shall pay the dues, fees and contributions charged and, in the event that the complaint is sustained, shall be entitled to full restitution of the amounts paid;
- (d) If the acts committed constitute a crime, the aggrieved party may file a criminal complaint with the appropriate government agency.

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Section 16. Separability Clause. - If any provision of this Guidelines is declared invalid or unconstitutional, the remainder thereof shall remain valid and subsisting.

Section 17. Repealing Clause. - All other issuances, rules and regulations, or parts thereof inconsistent with this Guidelines are hereby repealed or modified accordingly.

Section 18. Effectivity. - This Guidelines shall take effect fifteen (15) days after publication in the Official Gazette or any newspaper of general circulation.

Approved, this 8th day of March, 2017 in Quezon City, Philippines.


RIA CORAZON A. GOLEZ-CABRERA
Commissioner


LUIS A. PAREDES
Commissioner


MELZAR P. GALICIA
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Attested by:

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Board Secretary