



**BOARD RESOLUTION NO. 963
Series of 2017**

PURSUANT TO Section 5 (c) and (j), Executive Order No. 648, Series of 1981, as amended by Executive Order No. 90, Series of 1986, and Executive Order No. 535, Series of 1979, as amended by Section 26 of Republic Act No. 8763, and Republic Act No. 9904, and in revision of Board Resolution No. 877, Series of 2011, the Board of Commissioners of the Housing and Land Use Regulatory Board hereby adopts and promulgates the following:

**REVISED RULES OF PROCEEDINGS
BEFORE REGIONAL ARBITERS**

Rule 1

PRELIMINARY PROVISIONS

Section 1. Title. – This Rules shall be known as “The Revised Rules of Proceedings Before Regional Arbiters.”

Section 2. Objectives. – The objectives of this Rules are:

2.1. To protect and promote the constitutional right of persons to the speedy disposition of their cases;

2.2. To provide a simplified and inexpensive procedure for the resolution of cases;

2.3. To streamline the adjudicatory processes to provide immediate response to the grievances of the citizenry;

2.4. To introduce innovations and best practices for the benefit of the underprivileged.

Section 3. Definition of Terms. – For purposes of this Rule:

3.1. *Actionable document* refers to the document upon which the action or defense is based.

3.2. *Affidavit* refers to a written statement or declaration of facts that are sworn or affirmed to be true before a person authorized to administer the oath.

3.3. *Arbiter* refers to the officer authorized by law, rules and regulations to take hear and resolve disputes filed in accordance with this Rules. By designation, Arbiters may either be –

3.3.1. *Regional Arbiter* who exercises jurisdiction within the territorial boundaries of the Regional Field Office to which he/she is assigned, or

3.3.2. *LSG Arbiters* who exercises the same functions as the Regional Arbiter except that they are not bound by the confines of the territorial jurisdiction of any Regional Field Office and hears and decides cases only when the Regional Arbiter has recused or to assist in the disposition of cases pending before the Regional Field Offices.

3.4. *Counterclaim* refers to the retaliatory claim by a respondent against a complainant intending to off-set and/or reduce the amount of the complainant's original claim against the respondent.

3.5. *Crossclaim* refers to a claim made by a respondent against another respondent arising out of the transaction which is the subject matter of the complaint or counterclaim.

3.6. *Election Contest* refers to any controversy or dispute involving title or claim to any elective office in a homeowners association, the validation of initiatives, referendum or plebiscite, the validation of proxies, the manner and validity of elections, and the qualifications of voters and candidates, including the proclamation of winners and assumption to the office of directors, trustees or other officers elected by the members where the articles of incorporation or bylaws so provide.

3.7. *Good cause* refers to circumstances sufficient to justify the requested order or other action, as determined by the Arbiter.

3.8. *Legal Services Group (LSG)* refers to the division to the Central Office which functions as the legal arm of the HLURB tasked with rendering legal opinions, legal assistance to the public, conduct mediation proceedings and resolve cases where the Arbiter has recused.

3.9. *Pleadings* refers to written statements of the respective claims and defenses of the parties submitted for appropriate judgment. The pleadings allowed by this Rules are:

3.9.1. *Complaint* refers to the formal legal document that sets out the facts and legal reasons that the complainant believes are sufficient to support a claim against the respondent and the remedy or relief which is within the power of the Arbiter to grant.

3.9.2. *Answer* refers to the formal legal document that sets out the facts and legal reasons that the respondent believes are sufficient to support the defenses against the claims of the complainant.

3.9.3. *Motion* refers to a party's request, written or oral, formal or informal, to the Arbiter for an order or any other action.

3.9.4. *Position Papers* refers to pleadings submitted by the parties stating the case and facts, as supported by the evidence, and the issues and arguments in support of their cause/s of action or defense/s.

3.10. *Parties* refer to persons who have either instituted the proceedings or are required to defend against it, or any other party interested in the avails thereof and may be natural or juridical, with legal personality to sue and be sued. The parties to proceedings are:

3.10.1. *Complainant* refers to the party who initiated the action and includes a respondent who has filed a counter-complaint against the complainant insofar as such counterclaim is concerned.

3.10.2. *Respondent* refers to the party against whom the complainant has been filed, and includes a complainant against whom a respondent has filed a counterclaim and/or a cross-complainant who has filed a cross-complaint against a co-respondent.

3.11. *Verification* refers to the written oath taken by a party before a person authorized to administer the oath establishing the truth, accuracy, validity and authenticity of the allegations of facts and documents.

Section 4. Construction and Applicability. – This Rules shall be liberally construed towards the accomplishment of its objectives and shall apply to all proceedings where jurisdiction is vested on the Arbiters, except to the orders of the Regional Field Officer in the exercise of regulatory jurisdiction which are directly appealable to the Board of Commissioners.

The 2011 Housing and Land Use Regulatory Board Rules of Procedure and the Rules of Court shall have supplementary application insofar as these have not been specifically repealed or are not inconsistent with this Rules.

Rule 2

REGIONAL ARBITERS

Section 5. General jurisdiction. – Arbiters have exclusive jurisdiction over disputes involving laws being implemented by the Housing and Land Use Regulatory Board and such other cases as may be provided by law unless specifically vested in another tribunal.

Section 6. Specific Jurisdiction. –

6.1. *Jurisdiction over real estate developments.* The Arbiters shall exercise exclusive and original jurisdiction to hear and decide cases involving subdivisions, condominiums, memorial parks and similar real estate developments, as follows:

6.1.1. Claims for refund, complaints against unsound real estate business practices and other actions for specific performance of contractual and statutory obligations filed by subdivision lot or condominium unit buyer against the project owner, developer, dealer, broker or salesman; and other complaints for violation of Presidential Decree No. 957 and other related laws;

6.1.2. Suits filed in opposition to an application for certificate of registration and license to sell, development permits for condominium projects, clearance to mortgage, or the revocation or cancellation thereof, and locational clearances, certifications or permits, when issued by the Housing and Land Use Regulatory Board;

6.1.3. Suits filed by the project owner or developer or the duly registered homeowners association of the project pertaining to the open spaces or common areas of the subdivision or condominium, except those where third parties are involved; and,

6.1.4. Disputes involving easements within or among subdivisions projects.

6.2. *Jurisdiction over homeowners and homeowners associations.* The Arbiters shall exercise exclusive jurisdiction to hear and decide cases involving homeowners associations, as follows:

6.2.1. Suits filed in opposition to an application for, or the revocation of, certificate of registration of homeowners associations;

6.2.2. Intra-association disputes or controversies arising out of the relations between and among members of homeowners associations; between any or all of them and the homeowners association of which they are members, including federations and other umbrella organizations of homeowners associations;

6.2.3. Inter-association disputes or controversies arising out of the relations between and among two or more homeowners associations or condominium corporations, federations or other umbrella organizations of homeowners associations;

6.2.4. Disputes or controversies between the association and the homeowners or other beneficial users relating to the exercise of their respective rights, duties and obligations;

6.2.5. Disputes between the homeowners association and the State, insofar as its registration or right to exist and those which are intrinsically connected with the regulation of homeowners associations.

Section 7. Powers. – For the effective exercise of jurisdiction, the Arbiter shall have the following powers:

7.1. To hear and decide cases cognizable by HLURB consistent with this Rules;

7.2. To issue cease and desist orders or writs of preliminary injunction, whether prohibitory or mandatory, in all cases in which it has jurisdiction;

7.3. To punish for contempt, both direct and indirect, in accordance with the pertinent provisions of, and penalties prescribed by, the Rules of Court;

7.4. To issue subpoena *duces tecum* and summon witnesses to appear in any proceedings and in appropriate cases order search and seizure or cause the search and seizure of all documents, papers, files and records as well as books of accounts of any entity or person under investigation as may be necessary for the proper disposition of the cases before it;

7.5. To impose fines and/or penalties for violation of the laws, rules and regulations, orders, decisions and/or rulings;

7.6. To suspend, or revoke, after proper notice and hearing, the certificate of registration and/or license to sell upon any of the grounds as provided by law, including –

7.6.1. Fraud in procuring its certificate of registration;

7.6.2. Serious misrepresentation as to what the legal entity can do or is doing to the great prejudice of or damage to the general public;

7.6.3. Refusal to comply or defiance of any lawful order of the HLURB restraining commission of acts which would amount to a grave violation of its registration;

7.7. To exercise such other powers as implied, necessary or incidental to the carrying out the express powers granted to the Board or to achieve the objectives and purposes of the exercise of jurisdiction.

Section 8. Inhibition of the Arbiter. – The Arbiter may recuse from resolving the dispute under the following:

8.1. *Grounds*.

8.1.1. **Mandatory Inhibition.** The Arbiter shall mandatorily inhibit when his/her spouse, child or relative within the sixth degree of consanguinity or affinity, is directly or indirectly interested in the subject of the litigation, or is related to either of the parties or their counsel within the sixth degree of consanguinity or affinity; or has participated as counsel in the same case.

8.1.2. **Discretionary Inhibition.** The Arbiter may inhibit from handling a case by issuing an order stating any other justifiable grounds.

8.2. **Procedure.** In case of mandatory recusation, the Arbiter shall, *motu proprio* or upon motion, recuse from the proceedings. In case of discretionary recusation, the party seeking the inhibition of an Arbiter shall file a motion stating the grounds with the evidence in support thereof, which shall be resolved by the Arbiter within a period of five (5) days from receipt.

8.3. **Reassignment of Cases.** In case the Arbiter inhibits from hearing or adjudicating a case, the Regional Field Officer shall reassign the case to another Arbiter. In the absence of other Arbiters in the Regional Field Office, the records of the case shall be transmitted to the LSG in accordance with the succeeding Section.

Section 9. Procedure in Cases Referred to the Legal Services Group. – In cases where the case has been referred to the LSG either because the Regional Field Office does not have an Arbiter, or the Arbiter or Arbiters have inhibited, the Head of the Monitoring and Adjudication Division, unless likewise designated as an Arbiter, shall perform the functions of an Arbiter except to decide the case, to issue cease and desist orders and other provisional remedies and to cite parties in contempt which shall be performed by the LSG.

When the parties have filed their respective position papers or the case is deemed submitted for resolution, the Regional Field Officer shall, within five (5) days therefrom and with notice to the parties, transmit the records of the case to the LSG for resolution.

The Director of the LSG shall, within three (3) days from receipt thereof, assign the case to an LSG Arbiter who shall resolve the case within a period of sixty (60) days from assignment, unless the LSG Arbiter deems it proper to conduct an ocular inspection or clarificatory hearing at the Regional Office with the approval of the LSG Director. In such instance, the case shall be resolved within a period of sixty (60) days from the date of completion of the said proceedings.

After the resolution of the case by the LSG Arbiter, the records of the case shall be remanded to the Regional Field Office of origin for the release and service of the judgment to the parties.

Rule 3

COMMENCEMENT OF ACTIONS

Section 10. Commencement. – An action is commenced by filing with the Regional Field Office an accomplished and verified Complaint (HLURB Case Form No. 01) in duplicate and as many copies as there are respondents and the documents stated in the succeeding section.

In case the complainant resides outside of the Philippines, a special power attorney (HLURB Form No. 06) shall be required to authorize a resident of the Philippines to file the said complaint and represent the complainant in all proceedings.

Section 11. Documentary Attachments. – The documents required to be attached to the Complaint are:

11.1. *Certified Documents*. All private documents required to be attached to the Complaint shall be certified by the signature of the complainant or respondent concerned. All public or official documents shall be certified as true and correct by the custodian thereof.

11.2. *Affidavits*. The affidavits submitted under this Rule shall state only facts of direct personal knowledge of the affiants or based on authentic records, which are admissible in evidence. A violation of this requirement shall subject the party, and the counsel who assisted the party in the preparation of the affidavits, if any, to appropriate disciplinary action.

No actionable document or affidavit shall be allowed to be attached to the Position Paper nor shall the Draft Decision cite any document or fact which has not been submitted or alleged in the affidavit/s attached to the Complaint form, unless good cause is shown for the admission thereof.

Section 12. Additional Requirements for Homeowners Associations. – In cases involving homeowners associations, the Complaint shall additionally attach the certification of the Grievance Committee that the case has undergone mediation in instances where this is mandatory, or, in the case of elections, that the election protest has been filed and resolved by the Election Committee. The Complaint shall be filed within ten (10) days from receipt of the resolution of the Grievance Committee or the Election Committee.

In cases where there is no duly constituted Grievance Committee or Election Committee, or that the said Committees have failed to resolve the dispute within ten (10) days from inception of the grievance or election protest, the complainant shall attach to the Complaint an affidavit attesting to such fact.

Section 13. Venue. – The Complaint may be filed in the Regional Field Office having jurisdiction over the residence of the complainant, or at the principal place of business of the respondent, or where the project involved is located, at the option of the complainant. However, in cases involving homeowners associations,

the venue of the action shall be in the Regional Field Office which has jurisdiction over the location of the homeowners association. The Complaint shall not be dismissed for improper venue but shall be referred to the appropriate Regional Field Office where venue properly lies.

Section 14. Joinder of Claims and Complainants. – The complainant may join in a single complaint one or more separate claims against a respondent and/or several complainants may join against the same respondent.

Section 15. Payment of Filing Fees. – The complainant shall pay the prescribed docket and other legal fees. Failure to pay the prescribed fees is jurisdictional and will result in the dismissal of the complaint without prejudice.

A complaint filed with a motion to sue as indigent (HLURB Case No. 04) shall be immediately referred to the Regional Field Officer for the determination of whether the movant is qualified to sue as an indigent. If the motion is granted, the case shall be raffled in case the Regional Field Office has multiple Arbiters. If the motion is denied, the complainant shall be given five (5) days within which to pay the docket fees, otherwise, the case shall be dismissed without prejudice.

In no case shall a party, even if declared an indigent, be exempt from the payment of the prescribed fees for the service of summons and other processes.

Section 16. Dismissal. – Upon receipt of the Complaint, the Arbiter may, from an examination of the allegations of the Complaint and documents attached thereto, dismiss the Complaint outright on the ground of lack of jurisdiction. The Arbiter may likewise dismiss the Complaint at any time during the proceedings when there exists a ground for dismissal of the Complaint even if not pleaded in the Answer.

Rule 4

SUMMONS AND ANSWER

Section 17. Summons and Notice of Mandatory Conference. –

17.1. *Issuance*. If no ground for dismissal is found, the Arbiter shall issue Summons and Notice of Mandatory Conference (HLURB Case Form No. 02) within five (5) working days from the date of the filing of the Complaint.

17.2. *Summons*. The Summons shall be accompanied by a copy of the Complaint and all supporting documents, and the Answer form (HLURB Case Form No. 03) and furnished the respondent through personal service or by registered mail.

17.3. *Notice of Mandatory Conference*. The Notice of Mandatory Conference shall also be attached to the Summons, providing for two (2) dates which shall not be more than ten (10) working days apart, with the last date not more than sixty (60) days from the date of issuance of the notice.

Section 18. Answer. –

18.1. *Period*. The respondent shall file duplicate copies of the duly accomplished and verified Answer form (HLURB Form No. 3) with the Arbiter and serve copies thereof to the complainant within a non-extendible period of ten (10) days from receipt of the summons.

18.2. *Annexes*. The Answer form shall be accompanied by certified photocopies of actionable document/s and affidavit/s in support of the defense/s, or any counterclaim/s or crossclaim/s. No actionable document or affidavit shall be allowed to be attached to the Position Paper nor shall the Draft Decision cite any document or fact which has not been submitted or alleged in the affidavit/s attached to the Answer form, unless good cause is shown for the admission thereof.

18.3. *Motions Disallowed*. Any other motion or petitions apart from the said form Answer shall not be entertained and any ground for the dismissal of the complaint must be pleaded in the Answer.

18.4. *Effect of Failure*. Should the respondent fail to file the Answer within the required period, the Arbiter shall render judgment, as may be warranted by the evidence of the complainant in the Complaint and the documents attached thereto.

Section 19. Counterclaims. –

19.1. *Compulsory Counterclaim*. The respondent may file a counterclaim against the complainant if, at the time the action is commenced, the respondent possesses a claim against the complainant that: (1) is within the jurisdiction of the Arbiter; (2) arises out of the same transaction or event that is the subject matter of the complainant's claim; (3) does not require for its adjudication the joinder of third parties; and, (4) it is not the subject of another pending action. The failure of the respondent to file the counterclaim together with the filing of the Answer shall be considered as the waiver thereof.

19.2. *Permissive Counterclaim*. The respondent may also elect to file a counterclaim against the complainant that does not arise out of the same transaction or occurrence, provided that the nature thereof is within the coverage of this Rule and the prescribed docket and other legal fees are paid. The claim is deemed admitted upon payment of the filing fees.

Section 20. Crossclaim. – The respondent may file a crossclaim against a co-respondent under the same circumstances as the filing of the counterclaim, including the payment of filing fees. The respondent shall use the same Complaint form for the crossclaim and shall be attached to the Answer. The failure of the respondent to file a crossclaim with all the said conditions shall constitute a waiver thereof. The cross-respondent shall have five (5) days from receipt of the crossclaim within which to file the Answer thereto.

Rule 5

MANDATORY CONFERENCE

AND POSITION PAPERS

Section 21. Mandatory Conference. –

21.1. *First day proceedings:* The Arbiter or his/her Assistant shall proceed, in an informal and expeditious manner, to define and simplify the issues, the possibility of entering into admissions or stipulations of facts, and the submission by the parties of additional documentary evidence. Thereafter, the Arbiter or his/her Assistant shall conduct mediation/conciliation proceedings or refer the parties to a mediator/conciliator for the purpose of exploring the possibility of reaching an amicable settlement of the controversy.

If, for any reason, the period within which to file the Answer has not expired at the time of the conduct of the first date set for the mandatory conference, the Arbiter shall interview and put in writing the defenses of the respondent who shall be required to sign the same, which shall stand as the Answer, and thereafter, the proceedings shall proceed.

21.2. *Second day proceedings.* If the parties agree to amicably settle the dispute, the Arbiter or his/her Assistant shall require the parties to execute a joint motion to dismiss (HLURB Case Form No. 07), in case all claims have been satisfied, or a motion to approve compromise agreement (HURB Case Form No. 08), in the event that there are matters which will be settled at a future date. Immediately upon receipt of either pleading, the Arbiter shall issue an Order dismissing the case or approving the compromise agreement (HLURB Case Form No. 09).

If no amicable settlement is reached, the Arbiter or his/her Assistant shall proceed to put on the record of the proceedings the submission of the position papers and draft decisions of the parties. Motions for extension of time to file the position papers, for whatever reason, shall not be entertained.

Section 22. Appearance of Parties. –

22.1. *Personal Appearance.* Natural persons shall be physically present on the designated dates of the mandatory conference while juridical persons may authorize any officer who should be armed with the authorizing Board Resolution.

22.2. *Postponements.* Postponements shall not be allowed. If the litigant is unable to attend either or both of the two (2) dates set for the Mandatory Conference, the absentee shall appoint a representative who shall submit to the Arbiter, or his/her Assistant, and the other party, a duly accomplished special power of attorney (HLURB Case Form No. 05) and proof of the physical inability of the represented party to attend the conference.

22.3. *Effects of Non-Appearance.*

22.3.1. The failure of the complainant to appear shall be cause for the dismissal of the complaint with prejudice. The

respondent who appears in the absence of the complainant shall be entitled to judgment on the counterclaim as supported by the documents attached to the Answer.

22.3.2. Failure of the respondent to appear shall have the same effect as failure to file an Answer. This Rule shall not apply where one or more of two or more respondents who are sued under a common cause of action and have pleaded a common defense appears at the conference.

22.3.3. Failure of both parties to appear shall cause the dismissal with prejudice of both the complaint and the counterclaim.

Section 23. Compromise Agreement and Judgment Upon Compromise. – If the parties agree to a settlement, the agreement shall be reduced to writing, signed by the parties and attested to by the Mediator/Conciliator, who shall return the case to the Arbiter together with the compromise agreement (HLURB Case Form No. 08). The Arbiter shall forthwith render judgment based on the compromise agreement (HLURB Form No. 09) which shall be immediately final and executory.

Section 24. Position Papers. –

24.1. *When filed*. The parties shall file their position papers on the second date of the Mandatory Conference as stated in the Notice of Mandatory Conference.

24.2. *Contents*. The position paper shall contain the following:

24.2.1. *Statement of Facts*: Narration of the facts in a chronological and concise manner with reference to the affidavits and documents attached to the Complaint and Answer;

24.2.2. *Statement of the Issues*: The restatement of the issues for resolution as agreed upon during the Mandatory Conference;

24.2.3. *Grounds*: One sentence statement on each of the grounds relied upon to support the claim or defense;

24.2.4. *Arguments/Discussion*: Legal conclusions based on the facts alleged with appropriate citations from primary – laws, rules and regulations – or secondary sources – jurisprudence; and,

24.2.5. *Prayer/Relief*: Statement of the reliefs sought to be granted by the Arbiter.

24.3. *Documents Attached*. Additional documents or affidavits of witnesses which will support the claim or defense, except actionable documents which are required to be attached to the Complaint or the Answer. In the event that the parties had failed to attach the required actionable documents either in the Complaint or

in the Answer, the request for the belated inclusion should be threshed out during the Mandatory Conference, upon a showing of justifiable grounds and that no grave and irreparable injury shall be suffered by the other party with the inclusion of the actionable document/s.

These additional documents or affidavits shall be marked consecutively, starting from the next designation after the last document marked in the Complaint or the Answer.

24.4. *Effect of Non-Filing.* The position papers shall be the substitute for the requirement of trial. The failure to file the position paper shall be tantamount to the non-presentation of evidence and the Arbiter shall be authorized to resolve the dispute on the basis of the evidence presented by the party who submitted a position paper. If both parties fail to submit their position papers within the prescribed period, they shall be deemed to have waived their right to trial and the case shall be resolved on the basis of the allegations of the Complaint and the Answer, and the documents attached thereto.

Section 25. Draft Decision. – The parties shall likewise attach to their Position Papers their proposed draft Decision which shall provide as follows:

25.1. The statement of the proceedings conducted;

25.2. The statement of the facts, citing specific paragraphs in the affidavits and documents to support the allegations of fact;

25.3. The issues for resolution as defined by the parties during the Mandatory Conference;

25.4. The contending discussions of the parties;

25.5. The body of the decision which shall state the arguments in support of their contention; and,

25.6. The dispositive portion stating the reliefs to be granted.

Section 26. Ocular Inspection and/or Clarificatory Hearings. – If, upon perusal of the position papers, there are technical matters which need to be clarified for a just determination of the issues, the Arbiter may order the conduct of clarificatory hearing or ocular inspection. The Order for this purpose shall be issued not later than five (5) days from the date of receipt of the position papers and the proceedings completed within a period of twenty (20) days from the date of the issuance of the Order. The Order shall specify the matters and things which need to be clarified or inspected, respectively, as well as the date/s when the proceedings will be taken.

The Arbiter shall submit to the LSG a written explanation on the reasons why it was necessary to conduct the clarificatory hearing and/or the ocular inspection within five (5) working days from its conclusion, attaching a copy of the order and the results thereof.

Rule 6
JUDGMENT

Section 27. When Case Deemed Submitted for Resolution. – The case shall be deemed submitted for resolution on the date of receipt of the position papers provided that the position papers were filed or mailed within the prescribed period. If ocular inspections and/or clarificatory hearings have been conducted, then on the date of the completion of the said proceedings.

Section 28. Decision. –

28.1. *Resolution*. The Arbiter shall decide the case within a period of sixty (60) days from the date the case has been deemed submitted for resolution. In case of failure to resolve the case within the prescribed period, the Arbiter shall make a report to the LSG stating the good reasons therefor.

28.2. *Form*. The form of the Decision shall be as follows:

28.2.1. *Statement of the Case*: A concise and chronological account of the proceedings conducted in the case;

28.2.2. *Statement of the Facts*: A concise and chronological narration of the facts citing the evidence supporting the findings;

28.2.3. *Statement of the Issues*: Enumeration of the issues as agreed upon during the Mandatory Conference;

28.2.4. Brief and concise statement of the arguments of the parties;

28.2.5. Factual and legal conclusions which shall cite specific facts, documents and jurisprudence to support the decision;

28.2.6. Dispositive portion which should be limited to what has been prayed for by the ascendant party.

28.3. *Promulgation*. The decision shall be promulgated not later than three (3) calendar days from its resolution. The parties shall thereafter be notified and furnished a copy of decision within three (3) days from promulgation.

Rule 7
IMPOSITION OF FINES AND PENALTIES

Section 29. Divisible Penalties. – If the penalty imposed has a minimum and maximum amount or period, the penalty shall be divided as follows:

29.1. *Division*. The divisible penalty shall be divided into three degrees as follows:

29.1.1. Minimum Degree. The imposable penalty shall be within the range from the minimum provided by law, and one peso or one month before the median amount or period;

29.1.2. Medium Degree. The middle amount or period between the minimum and maximum provided by law;

29.1.3. Maximum Degree. The amount or period one peso or month after the medium degree up to the maximum amount or period provided by law.

29.2. *Imposition of Penalties*.

29.2.1. Minimum Degree. When only one mitigating circumstance is present or there is at least one mitigating circumstance more than aggravating circumstances, the imposable penalty shall be the median between the minimum and maximum penalty within the degree: *Provided*, That when there are two or more mitigating circumstances, the penalty to be imposed shall be the minimum as provided by law;

29.2. Medium Degree. When there are neither aggravating nor mitigating circumstances or there is an equal number of mitigating and aggravating;

29.3. Maximum Degree. When only an aggravating circumstance is present or there are more aggravating than mitigating circumstances, the imposable penalty shall be the median between the minimum within the degree and maximum imposable penalty: *Provided*, That, if there are two or more aggravating circumstances, the penalty to be imposed shall be the maximum penalty as provided by law.

Section 30. Qualified Penalties. – When the law, rule or regulation sets either a minimum but not a maximum, or a maximum without a minimum amount or period, the penalties to be imposed are, as follows:

30.1. When the law, rule or regulation uses the words “not more than” or terms of similar import, the minimum imposable penalty shall be the median between the maximum as provided by law and zero penalty. Thereafter, the imposable penalty shall be divided into minimum, medium and maximum degrees in accordance with the preceding paragraph.

30.2. When the law, rule or regulation uses the words “not less than” or

terms of similar import, the minimum imposable penalty shall be that as provided by law and the maximum being double that amount or period. Thereafter, the imposable penalty shall be divided into minimum, medium and maximum degrees in accordance with the preceding Section.

Section 31. Indivisible Penalty. – When the law, rule or regulation sets the amount and/or period of the penalty without any qualifying terms to indicate whether the imposable penalty may be more or less than that fixed therein, then the HLURB shall impose the penalty provided regardless of the number and quality of the mitigating or aggravating circumstances.

Section 32. Circumstances Affecting the Imposition of Penalties. – Upon the determination that an offense or violation has been committed, the following circumstances shall be considered in the imposition of penalties:

32.1. *Aggravating Circumstances*. The following circumstances shall increase the imposable penalty:

32.1.1. The violation or offense was committed through or was attended by fraud and/or deliberate and gross misrepresentation;

32.1.2. Lack of or suspended license to sell committed at the time of the violation or while a cease and desist order is subsisting, without prejudice to separate proceedings for indirect contempt;

32.1.3. Commission of the same violation within the period of two (2) years;

32.1.4. Commission of a different violation within one year from the time of the commission of the cited offense or violation;

32.1.5. Commission of the same offense after the filing of the complaint or the monitoring/inspection activity but before determination of the commission of the violation;

32.1.5. Pattern of misconduct as evidenced by the number of violations committed within a period of five (5) years;

32.1.7. Submission of falsified or simulated documents;

32.1.8. Vulnerability of the victim;

32.1.9. Substantial experience or expertise in the real estate trade and the laws, rules and regulations pertinent thereto;

32.1.10. Disrespect or discourteousness towards the officers of, and to the laws, rules and regulations implemented by the HLURB;

32.1.11. Such other circumstances as would tend to prove moral depravity and gross dishonesty.

32.2. *Mitigating Circumstances.* The following circumstances shall cause the decrease in the impossible penalty:

32.2.1. The absence of fraud and/or deliberate and gross misrepresentation;

32.2.2. The absence of any pattern of misconduct or the violation is the first offense;

32.2.3. Remoteness of previous offense or the offense committed was more than five (5) years from the last offense;

32.2.4. Timely good faith effort to rectify the alleged infraction or remunerate the aggrieved party;

32.2.5. Imposition of other penalties;

32.2.6. Lack of experience or expertise in the real estate trade and the laws, rules and regulations pertinent thereto;

32.2.7. Such other circumstances as would tend to mitigate the effects of the offense committed.

32.3. *Alternative Circumstances.* The following circumstances shall be considered as either aggravating or mitigating circumstances:

32.3.1. Financial capacity of the person penalized;

32.3.2. The aggregate amount of the project or transaction involved;

32.3.3. The education and reputation of the developer and/or the buyer;

32.3.4. Such other circumstances which could be considered as either aggravating or mitigating circumstances.

32.4. *Ineffectual Circumstances.* The following circumstances shall not be considered in the imposition of penalties:

32.3.1. Forced or compelled restitution;

32.3.2. Agreeing to the demand of the client for the commission of the offense or violation of the laws, rules and regulations;

32.3.3. Withdrawal of the complaint by the complainant if the

action was initiated by a third party;

32.3.4. Withdrawal from the real estate business.

Section 33. Computation of Penalties. – Whenever the laws, rules or regulations penalizes the commission or omission of an act, the commission or omission shall constitute one violation and shall be penalized accordingly.

However, whenever the law, rule or regulation requires a license, each and every unit shall constitute a count for violation of the laws, rules and regulations.

Section 34. Effects of Reinterpretation. – Except when the order imposing penalties has become final in whole or in part, the re-interpretation of the provisions of the laws, rules and regulations shall have prospective effect if detrimental to the interests of the person sought to be charged but retroactive if favorable to the respondent. In case the order imposing sanctions or penalties has been appealed in part and has become final insofar as the other parts are concerned, this Rule shall apply only to that portion of the order which has not yet become final and executory.

Rule 8

MISCELLANEOUS PROVISIONS

Section 35. Consignation. – In cases where tender of payment is required or consignation is allowed, the party making the tender and/or consignation shall open a bank account in the name of the other party and deposit therein the amounts tendered or for consignation, furnishing the Arbiter with a copy of the bank book and the deposit slips evidencing such payments.

Section 36. Appeals from Local Zoning Boards. – In cases of appeals from decisions of the local zoning boards which fall within the jurisdiction of the Board of Commissioners, the appeal shall be filed in the Regional Field Office having jurisdiction over the city or municipality involved and the Arbiter shall accept all pleadings and documents pertinent thereto, and, upon completion, forward the same to the Board of Commissioners within fifteen (15) days therefrom. The Appeals Review Group shall then issue a notice to the parties informing them that the records have been received and that the appeal is for resolution.

Section 37. Separability Clause. – If the effectivity of any provision of this Rule is suspended or disapproved, or otherwise declared contrary to law, the unaffected provisions shall remain in force.

Section 38. Repealing Clause. – Upon the effectivity of this Rules, the provisions of the 2011 Rules of Procedure on proceedings before the Arbiters, and all resolutions, orders, memoranda, and circulars of the Housing and Land Use Regulatory Board which are inconsistent herewith are hereby repealed or modified accordingly.

Section 39. Effectivity. – This Rules shall take effect fifteen (15) days after publication in the Official Gazette. All cases filed after the date of effectivity and pending cases which have not reached the Mandatory Conference stage shall be governed by this Rules.

Adopted, this 7th Day of December 2017



EDUARDO DRUECO DEL ROSARIO
HUDCC Chairperson


AUSTERE A. PANADERO
Undersecretary, DILG



LLOYD CHRISTOPHER A. LAO
Chief Executive Officer and Commissioner



ANTONIO T. KHO, JR.
Undersecretary, DOJ



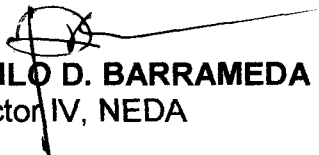
RIA CORAZON A. GOLEZ-CABRERA
Commissioner



DIMAS S. SOGUILON
Undersecretary, DPWH



LUIS A. PAREDES
Commissioner



DANILO D. BARRAMEDA
Director IV, NEDA



MELZAR P. GALICIA
Commissioner

Attested:



CHARITO B. LANSANG
Board Secretary