

BYLAWS OF THE ROYALE CEBU ESTATES HOMEOWNERS' ASSOCIATION, INC.

We, the Homeowners of the Royale Cebu Estates Subdivision, aiming to create a peaceful, harmonious and safe community hereby adopt and promulgate the following bylaws pursuant to and consistent with Republic Act No. 9904 (otherwise known as the Magna Carta for Homeowners and Homeowners' Association), its Implementing Rules & Regulations, pertinent Department of Human Settlement and Urban Development (DHSUD) guidelines, issuances and memorandums, as well as the Subdivision's Deed of Restrictions. (Section 4i, Rule I, DO No. 2021-007).

ARTICLE I. **Preliminary Provisions**

Section 1. *Declaration of Purpose.* These bylaws are intended to be the primary rules of governance for all homeowners, residents, and members of the community within the Royale Cebu Estates Subdivision. Its aims are:

- a. To foster and promote peace and harmony among homeowners and residents of the subdivision;
- b. To safeguard the internal security and safety of all homeowners and residents of the subdivision;
- c. To carry out the objectives and principles of Republic Act No. 9904 and its Implementing Rules & Regulations and such other relevant and pertinent provisions of law. (DHSUD DO No. 2021-007)

Section 2. *Name.* The Association shall be called the Royale Cebu Estates Homeowners' Association, Inc. (RCEHAI). It shall hereinafter be referred to as the "Association".

Section 3. *Principal Office.* The Association's principal office shall be at the Royale Cebu Estates Clubhouse, Barangay Casili, Municipality of Consolacion, Province of Cebu.

Section 4. *Term of Existence of the Association.* The Association shall have a perpetual term of existence unless its registration is sooner revoked by competent authority.

ARTICLE II. **Definition of Terms and Construction**

Section 1. *Definition of Terms.* As used in this Bylaws, the following terms shall mean:

- a. *Association Dues* shall refer to the amounts charged to the members on a regular monthly basis intended to defray the expenses incurred by the Association pursuant to Article XII below; (DHSUD DO No. 2021-007)
- b. *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; (DHSUD DO No. 2021-007)
- c. *Board* shall refer to the Board of Trustees of the Association which has primary authority to manage its affairs; (DHSUD DO No. 2021-007)
- d. *Common Areas* shall refer to property owned or otherwise maintained, repaired, or administered in whole or in part by the association including but not limited to, roads, parks, playgrounds, and open spaces as provided by law. (DHSUD DO No. 2021-007)
- e. *Common Expense* shall refer to costs incurred by the Association in the exercise of any of the powers provided for in Republic Act No. 9904; (DHSUD DO No. 2021-007)
- f. *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 hereunder, or in case of deficiency, under DHSUD rules and regulations, guidelines, memorandums, or circulars; (DHSUD DO No. 2021-007)
- g. *DHSUD* shall refer to the Department Human Settlements and Urban Development; (DHSUD DO No. 2021-007)
- h. *Election Contest* shall refer to any controversy or dispute involving title or claim to any elective office in the Association, the validation of proxies, the manner and validity of elections and the qualifications of candidates, including the proclamation of winners to the office of trustee and/or other officer directly elected by the members of the Association; (DHSUD DO No. 2021-007)
- h. *General Information Sheet (GIS)* shall refer to the document that contains, among other data, the name of the Association, its principal office address, official email address and contact number, the names of its trustees, officers and their positions, and their respective addresses, duly submitted to the DHSUD as part of the annual reportorial requirements; (DHSUD DO No. 2021-007)

i. *Intra-association Dispute* shall refer to a controversy arising out of the relations between or among members of the Association, between any or all of them and the Association, or between the Association and the State insofar as it concerns the former's franchise or right to exist. It also refers to a controversy which is intrinsically connected with the regulations of the Association or dealing with its internal affairs; (DHSUD DO No. 2021-007)

j. *Lessee* shall refer to a person leasing or renting a residential unit in the Subdivision; (DHSUD DO No. 2021-007)

k. *Membership Dues* shall refer to the amount paid by a member in consideration for membership in the Association; (DHSUD DO No. 2021-007)

l. *Simple Majority* shall refer to fifty percent (50%) plus one (1) of the total number of members present or in good standing depending on the requirement set forth in these bylaws; (DHSUD DO No. 2021-007)

Section 2. *Construction.* These bylaws shall be construed and interpreted liberally in favor of promoting peace and harmony among homeowners and of carrying out the objectives and principles of Republic Act No. 9904. (DHSUD DO No. 2021-007)

ARTICLE III. **Homeownership**

Section 1. *Homeowner.* The term homeowner shall refer to an owner or purchaser of a lot or a house and lot in the Royale Cebu Estates Subdivision who acquired the same primarily for residential purposes. (DHSUD DO No. 2021-007)

Section 2. *Commencement of Homeownership.* Homeownership begins by purchasing a lot or a house and lot in the Royale Cebu Estates Subdivision for residential purposes. (DHSUD DO No. 2021-007)

Section 3. *Right of a Homeowner.* Every homeowner has the right to enjoy the basic community services and facilities, *Provided*, he pays the necessary fees and other pertinent charges for such services. (DHSUD DO No. 2021-007)

Section 4. *Duties and Responsibilities of a Homeowner.* A Homeowner shall have the following duties:

a. To pay the necessary fees, charges pertaining to basic community services, and other special assessment such as, but not limited to, vehicle pass stickers, construction fees and/or bond;

b. To comply with the subdivision rules and regulations, policies, and with the deed of restrictions and covenants annotated in the titles or attached or embodied in the contract to sell or deed of absolute sale;

c. To comply with the rules and regulations, legal orders, directives, and other issuances of the DHSUD. (DHSUD DO No. 2021-007)

Section 5. *Termination of Homeownership.* Homeownership ends by terminating ownership of the property through conveyance by sale, assignment, donation or by any other legal transfer of ownership. The Association may deny homeowner rights to the transferor and commence giving homeowner rights to the transferee upon presentation of the duly executed deed of conveyance.

ARTICLE IV. **Membership**

Section 1. *Compulsory Membership.* All homeowners automatically become members of the Association from the commencement of homeownership.

All new members shall be required to attend an orientation in order to acquaint themselves with the Subdivision's House Rules and Regulations, these bylaws and such other policies being implemented by the Association as would foster peace and harmony among homeowners.

Section 2. *Membership Fees.* Membership fees may be imposed in the amount fixed by the Board and approved by majority of the members present during the general membership meeting or a special meeting called for that purpose provided there is a quorum.

The Board, by majority vote, declare a member delinquent for non-payment of membership fees in accordance with the procedure set forth in these By-laws.

Section 3. Duties of a Member. A member shall have the following duties:

- a. To timely pay monthly association dues and other special assessments which may be levied by the Association;
- b. To attend meetings of the Association including the initial orientation meeting required of all new members;
- c. To support and participate in the projects and activities of the Association;
- d. To comply with other duties as required by these bylaws, the Deed of Restrictions, rules & regulations issued by the

Association through the Board and other applicable laws of the Philippines;

Non-compliance of the above and all other duties may be a ground for imposition of sanctions against a member in accordance with the procedure laid down in these bylaws. (DHSUD DO No. 2021-007)

Section 4. *Rights and Privileges of a Member.* Every member in good standing shall have the following rights:

- a. To avail of and enjoy all basic community services and the use of common areas and facilities, *Provided* the member is in good standing;
- b. To 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. To participate, vote and be eligible for any elective or appointive office of the Association subject to the qualifications provided for in these bylaws and in Republic Act No. 9904;
- d. To participate in Association meetings, elections and referenda, *Provided* the member is in good standing. A member who has been specifically disqualified by existing rules and regulations issued the DHSUD or disqualified in final decisions of the HLURB/HSAC or ordered by DHSUD when acting as a special election committee under special circumstances, shall not be entitled to participate in Association meetings, elections and referenda;
- e. To demand and promptly receive refund of deposits such as construction bonds, required by the Association as soon as the condition for the deposit has been complied with or the period therefor has expired;
- f. To participate in all events and activities of the Association for its members; and
- g. To enjoy such other rights as are specifically granted in these bylaws; (DHSUD DO No. 2021-007)

Section 5. *Voting Rights.* Each member shall be entitled to one (1) vote regardless of the number of properties owned. A member may exercise his voting rights in person or by proxy. (DHSUD DO No. 2021-007)

Section 6. *Lessees.* A lessee of a member under a contract with a term of at least one (1) year may qualify to be a member and shall have the rights of a member upon procurement of a written consent or authorization from the owner of the lot or house and lot. (DHSUD DO No. 2021-007)

In order to effectively assume membership, the lessee shall submit to the Association's Secretariat such written consent or authorization letter from the principal.

When the member owns more than one (1) lot or house and lot, or a multi-dwelling that are leased out to two (2) or more lessees, the written consent or authorization required herein shall be issued to only one (1) of them. The same shall apply to co-owners and co-lessees.

Until the written consent or authorization is revoked in writing, or the period of the lease has expired or has been cancelled, the owner of the lot or house and lot is deemed to have waived the rights of an Association member except the right to inspect Association books and records which can be simultaneously enjoyed by both the original homeowner-member and the lessee-member. (DHSUD DO No. 2021-007)

Section 7. *Membership Roll.* The Association shall keep and maintain under the custody of its Secretariat a Membership Roll containing the list of all members and their personal data sheet with contact numbers both landline and mobile, email addresses and social media accounts *Provided* data privacy procedures are strictly followed.

Section 8. *Termination of Membership.* Membership in the Association is terminated once the member ceases to be a homeowner. Termination of membership shall extinguish all rights of a member under these bylaws and existing laws. (DHSUD DO No. 2021-007)

ARTICLE V.

Delinquent Members

Section 1. *Delinquent Member or Member Not in Good Standing.* A member may be declared delinquent or not in good standing by the Board on any of the following grounds:

- a. Failure to pay membership fees, if imposed;
- b. Failure to pay two (2) monthly Association dues;
- c. Failure to pay special assessments and/or other charges and fees assessed by the Association;
- d. Finding of repeated violations of or non-compliance with the provisions of these bylaws, other rules and regulations issued by the Association and the provisions of Republic Act No. 9904, its

implementing rules and such other regulations issued by competent authorities;

e. Commission of conduct inimical to the interest of the association and/or the community as provided in these bylaws and determined by the Board from competent proof and after due notice and hearing, to have been committed by the member;

f. Failure to attend membership meetings in person or by proxy without any justifiable reason for at least (3) consecutive general membership meetings despite notice;

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, but is nevertheless obliged to pay all fees and dues assessed a member in good standing. (DHSUD DO No. 2021-007)

Section 2. Procedure in Declaring a Member Delinquent or not in good standing. The Board or Committee assigned by the board shall observe the following procedures in declaring a member delinquent or not in good standing:

A. If the ground for declaring a member delinquent is Section 3 (a), (b) or (c) above, the Board shall forthwith send the member a final written notice stating the total amount due and the details thereof and giving the member a non-extendible grace period of sixty (60) days from receipt of the notice within which to pay the amount stated.

The member shall notify the Board in writing of his intention to avail of the grace period within fifteen (15) days from receipt of the said notice.

After the lapse of fifteen (15) days, with or without a written notice of intention to avail of the grace period from the member, the Board shall set the matter for hearing and deliberation. Notice of the hearing and deliberation will be served to the member concerned, who may or may not attend the same.

The hearing and deliberation shall be set not later than fifteen (15) days from the lapse of the period to submit the intention to avail of the grace period. The member sought to be declared delinquent may attend and stay the proceedings by paying the full amount of the delinquency. Within that period, the Board may, by majority vote, declare the member delinquent or not in good standing.

At any time before the Board has rendered its decision, the member sought to be declared delinquent may pay in full the amount of the delinquency.

The Board shall notify the member in writing of its Decision.

B. If the ground for declaring a member delinquent is Section (d), (e) or (f) above, the Board shall notify in writing the member concerned stating therein the nature of the violation and requiring him to explain in writing within fifteen (15) days from receipt of the notice why he should not be declared delinquent or not in good standing.

The written notice of violation shall also state, if applicable, that the Board has assigned a Committee to hear and deliberate on the matter, the names of the members comprising such Committee and instructions to submit the explanation to said Committee.

After the lapse of fifteen (15) days, with or without a written explanation, the Committee shall set the matter for hearing and deliberation. Notice of the hearing and deliberation will be served to the member concerned, who may or may not attend the same.

The hearing and deliberation shall be set not later than fifteen (15) days from the lapse of the period to submit the explanation. The Committee shall transmit to the Board a summary of its findings and recommendations.

The Board then may, by majority vote, accept or reject the Committee's recommendations by declaring the member delinquent or not in good standing or by imposing another form of penalty against him or by absolving him of the charges of violation.

The Board shall then notify the member concerned of its decision/resolution and shall furnish him a copy thereof.

Section 3. *Remedy of Member Declared Delinquent or Not in Good Standing.* The member declared delinquent or not in good standing may file a motion for reconsideration with the Board within ten (10) days from receipt of the board resolution declaring him as such.

The motion must be resolved by the Board within five (5) days from the receipt thereof. (DHSUD DO No. 2021-007)

Section 4. *Sanctions against Delinquent Member or Member Not In Good Standing.* The rights and privileges of a member is suspended upon the declaration of delinquency by the Board. Such suspension shall extend to his co-owner, co-homeowners or lessees, as applicable, and all those residing in his property.

The following sanctions may also be imposed against the delinquent member:

- a. A fine of not less than P5,000.00 but not more than P50,000.00;

- b. A penalty of 5% on delinquent amounts due or arrears;
- c. An interest of 3% per month on delinquent amounts due or arrears until the same is fully paid;

The cutting-off of water supply and/or any other utility operated by or under the control of the Association shall not be imposed as a sanction. (DHSUD DO No. 2021-007)

The imposition of the foregoing sanctions shall be without prejudice to whatever administrative or civil action or remedy the Association may take against the delinquent member.

Section 5. *Reinstatement of a Delinquent Member or a Member Not in Good Standing.* If the ground for the declaration of delinquency is Section 3 (a), (b) or (c) above, the delinquent member shall automatically be reinstated upon payment of all the amounts due including penalties and interests.

If the ground for the declaration of delinquency is Section 3 (d), (e) or (f) above, the delinquent member shall submit to the Board proof of rectification of the violation charged or compliance of any rule violated and execute a notarized undertaking that he will not commit any more violation of these bylaws or any rule or regulation promulgated by the Association or any competent authority or the Subdivision's Deed of Restrictions and that if he should commit any more violation, he agrees to a perpetual declaration of delinquency.

The Board shall then include the matter in the agenda for the next general membership meeting where the general membership shall decide, by simple majority, whether to reinstate the delinquent member or not.

ARTICLE VI.

Powers of the Association

Section 1. *Rights and Powers of the Association.* In addition to the powers granted in other provisions of these bylaws, the Association 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, and 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 or the community as a whole, excluding, however, disputes that are not the responsibility of the Association;

- c. 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 roads for purposes of preserving privacy, tranquility, internal security, safety and traffic order *Provided* that (1) public consultations are held; and (2) existing laws and regulations are met;
- 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. 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;
- 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 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:

l. Suspend privileges of and 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;

Section 2. *Relationship with Local Government Units (LGUs)*. The Association shall complement, support and strengthen the LGUs in providing vital services to their members and shall recognize and assist in the implementation of local ordinances, including zoning ordinances, passed by the LGU;

The Association shall likewise actively cooperate with LGUs in furtherance of their common goals and activities for the benefit of the residents of the subdivisions, community and their environs.

Where the LGUs lack resources to provide for basic services, the Association shall endeavor to tap the means to provide for the same.

Section 3. *Relationship with National Government Agencies (NGAs)*. The Association shall complement, support and strengthen the efforts of the NGAs in providing vital services to their members and help implement national government policies and programs.

It shall actively cooperate with NGAs in the furtherance of their common goals and activities for the benefit of the residents of the subdivision and its environs.

ARTICLE VII **Board of Trustees**

Section 1. *General Powers*. Unless otherwise provided in these bylaws, the Board of Trustees shall exercise corporate powers, conduct all business and control all properties of the Association. (Section 22, Title III, Republic Act No. 11232]

Section 2. *Composition of the Board.* The Board shall be composed of seven (7) elected members of the Association. In no case shall lessees constitute a majority of the Board.

Section 3. *Qualifications of Trustees.* A trustee must have the following qualifications:

- a. Must be a Filipino citizen;
- b. Must be of legal age;
- c. Must be a member in good standing as of three (3) months prior to the date of election;
- d. Must be an actual resident of the subdivision, as certified by the Association's Secretary, or in default thereof, by a member of good standing having personal knowledge of his residency; and
- e. Has not been convicted by final judgment of an offense involving moral turpitude;

The legitimate spouse 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.

The trustees, during their term, must continuously possess all the qualifications and none of the disqualifications enumerated in the immediately following section otherwise the Board, by majority vote of all its members, is authorized to remove them from office on said grounds. (DHSUD DO No. 2021-007)

Section 4. *Disqualifications of Trustees.* A trustee shall not have any of the following disqualifications:

- a. Those found guilty of having committed fraud, falsification, defalcation, or any other act inimical to the interests of the Association;
- b. Former officers and/or trustees who, despite demands by the previous or incumbent Board or officers, have not turned over the books, funds, records and properties of the Association established to be in their custody during their term;
- c. Former members or the incumbent Board who unjustifiably refused to call an election;

- d. Those who unreasonably failed and/or refused to comply with the orders of HLURB, DHSUD and/or HSAC;
- e. Members who are trustees of another registered homeowners' association;
- f. Those who have been declared or found by HSAC in an adversarial case filed before it, to have instigated, incited or initiated the conduct of an unauthorized election in accordance with Section 90 hereof, and those who have actively participated therein, either as members of the election committee or as candidates; and
- g. Those imposed with penalty of disqualification in any case filed before the HLURB and/or HSAC. (DHSUD DO No. 2021-007)

Section 5. *Election and Term of Office.* Elections for trustees shall be held during the Annual General Membership Meeting. The trustees shall hold office for a term not exceeding two (2) years commencing on the day of their election.

When the election is held later than the date fixed for the Annual General Membership Meeting, the trustees elected shall serve only the remaining fixed term.

When the remaining term of office for the newly elected trustees is less than fifty percent (50%) of the term of office, they shall be allowed to serve the unexpired portion of the current term plus the full incoming term, subject to strict compliance with the requirements for postponement or non-holding of election as provided in these bylaws.

When the remaining term of office for the newly elected trustees is more than fifty percent (50%) of the term of office, they shall serve only the unexpired portion of the current term and call for an election for the incoming term.

Section 6. *Duties and Responsibilities of the Board.* In addition to the duties and responsibilities stated in other provisions of these bylaws, the Board 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 are be provided for in these bylaws and approved by the majority of the members of the association;

- c. Collect reasonable charges for assessments and 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. 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;
- g. To have a working knowledge of the statutory and regulatory requirements affecting the Association;
- h. Adopt a system of internal checks and balances to safeguard the integrity of the operations of the Association; and
- i. 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 shall exercise the degree of care and loyalty required by such position.

Section 7. *Compensation.* The members of the Board shall serve without compensation. However, reasonable expenses incurred by the trustees 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.

ARTICLE VIII **Removal of Trustees And Dissolution of the Board**

Section 1. *Removal of a Trustee.* A trustee 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 these bylaws, subject to verification and validation by the DHSUD pursuant to the Implementing Rules and Regulations of Republic Act No. 9904.

If after verification and validation the DHSUD decides to grant the petition and remove the trustee concerned, the remainder of the Board shall, within sixty (60) days from the receipt of the order approving the removal, call for a special election to replace the removed trustee if necessary for the effective management and operation of the Association. The elected replacement shall hold office only for the unexpired term of the removed trustee.

The trustee who has been removed shall have the right to question the validity of the cause or causes relied upon by the petitioners by filing a verified Appeal Memorandum, in triplicate, before the DHSUD within fifteen (15) days from the receipt of the order of removal.

The pendency of the appeal filed by the trustee shall not prevent the Board from conducting the special election called for the purpose of filling the resulting vacancy.

In the event the DHSUD Secretary finds that the removal is invalid, the removed trustee or director shall then be reinstated to his former position and serve the remainder of his term. The tenure of the person who replaced the removed trustee from the time of his election up to the time of the reinstatement shall be respected.

Section 2. *Dissolution of the Board of Trustees.* 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 these bylaws or in applicable laws, rules and regulation, subject to verification and validation by the DHSUD.

If after verification and validation the DHSUD decides to grant the petition and dissolve the Board, a special election shall be called and conducted by its Regional Office, within sixty (60) from receipt by the Board of the decision, for the purpose of electing trustees who shall hold office for the unexpired term of the dissolved Board.

The pendency of the appeal filed by the Board shall not prevent the holding of the special election.

Until the new Board members shall have been elected and qualified, the DHSUD 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.

This procedure shall also be adopted if a majority of the members of the Board are removed, which shall be considered as a dissolution of the entire Board.

Section 3. *Grounds for Removal of a Trustee or Dissolution of the Board.* A trustee 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. Commission of patently fraudulent and illegal acts;
- e. Tolerated the commission of patently fraudulent activities and other illegal acts committed by a trustee and/or homeowners;
- f. Gross negligence in managing the affairs of the Association;
- g. Violation of any of the provisions in these bylaws; or
- h. Failure to perform their fiduciary duties and/or responsibilities;

Section 3. *Vacancies.* Except when the vacancy is due to the removal by petition of the majority of the members in good standing under Article VII above, any vacancy occurring in the Board due to resignation, death, withdrawal or any other cause or causes shall be filled up as follows:

If the remaining term of office is less than 50% of the term of office, the vacancy shall be filled up by appointment by the President with the concurrence of majority of the remaining trustees. If no majority is reached, the vacancy shall be filled by majority vote of the members present during a special general membership meeting called by the Board if still constituting a quorum *Provided* that there exists a quorum during the said general membership meeting.

If the remaining term of office 50% of the term of office or more, the vacancy shall be filled by majority vote of the members present during a special general membership meeting called by the Board if still constituting a quorum *Provided* that there exists a quorum during the said general membership meeting.

If no quorum is reached during the special general membership meeting is achieved, the Board shall schedule another one until such a quorum is achieved. If no quorum is achieved after two (2) membership meetings are held, the vacancy shall remain unfilled until the next regular elections of the Board. (DHSUD DO No. 2021-007).

ARTICLE IX **Association Officers**

Section 1. *Organizational Meeting.* Upon their election and proclamation, the Board shall immediately hold a meeting for the purpose of electing among themselves executive officers who shall be responsible for the management of the Association's business, namely: President, Vice-President, Secretary, Treasurer and Auditor. The Board may also appoint such other executive officers as it may deem fit and proper.

Section 2. *President.* The president must be a trustee and shall perform the following duties:

- a. Supervise and manage the business affairs of the Association;
- b. Initiate and develop corporate policies, projects, plans and programs;
- c. Implement the administrative and operational policies of the Association;
- d. Execute, in behalf of the Association, all contracts, agreements and other instruments affecting the interests of the Association;
- e. Represent the Association at all functions and proceedings;
- f. Preside at the meetings of the Board and the General Membership Meetings;
- g. Appoint, suspend or discipline employees of the Association;
- h. Oversee the preparation of the budgets and statements of accounts of the Association; and
- i. Perform such other duties as are incident to his office or are entrusted to him by the Board.

Section 2. *Vice-President.* The vice-president must be a trustee and shall act as President in the absence of the latter. He shall have such other powers and duties as may from time to time be assigned to him by the Board or the President.

Section 3. *Secretary.* The secretary may or may not be a trustee and shall perform the following duties:

- a. Send all notices of board and/or general membership meetings and certify the existence of a quorum in such meetings;
- b. Record the minutes of all meetings of the trustees and the general membership;

- c. Keep record books including ledgers and membership books;
- d. Certify corporate acts done by the Board and ensure compliance with reportorial requirements as may be imposed by the DHSUD and other governmental agencies;
- e. Certify the votes on any election or referendum duly called for;
- f. Perform such other duties as are incident to his office or are entrusted to him by the Board.

Section 4. *Treasurer.* The treasurer must be a trustee and shall have the following duties:

- a. Take custody of, and be responsible for, all the Association's funds, securities and bonds and deposit them to the name and to the credit of the Association;
- b. Keep full and accurate accounts of receipts and disbursements in the books of the Association;
- c. Prepare and render periodic and annual statements showing the financial condition of the Association and such other financial reports as may be required by government agencies, the Board and/or the President;
- d. Perform such other duties as are incident to his office or are entrusted to him by the Board.

Section 5. *Auditor.* The auditor may or may not be a trustee and shall perform the following duties:

- a. Audit and examine receipts, disbursements, and other relevant documents that they are in order and property recorded in the books of accounts;
- b. Verify accounting reports, accounting statements, and inventories of properties;
- c. Provide regular feedback/reports to the Board;
- d. Perform other duties and functions that may be assigned by the President or authorized by the Board.

Section 6. *Disqualifications of Trustees.* An officer shall not have any of the following disqualifications:

- a. Those found guilty by final judgment, of having committed fraud, falsification, defalcation, or any other act inimical to the interests of the Association;
- b. Former officers and/or trustees who, despite demands by the previous or incumbent Board or officers, have not turned over the books, funds, records and properties of the Association established to be in their custody during their term;
- c. Former members or the incumbent Board who unjustifiably refused to call an election;
- d. Those who unreasonably failed and/or refused to comply with the orders of HLURB, DHSUD and/or HSAC;
- e. Members who are trustees of another registered homeowners' association;
- f. Those who have been declared or found by HSAC in an adversarial case filed before it, to have instigated, incited or initiated the conduct of an unauthorized election in accordance with Section 90 hereof, and those who have actively participated therein, either as members of the election committee or as candidates; and
- g. Those imposed with penalty of disqualification in any case filed before the HLURB and/or HSAC. (See Section 73, Department Order No. 2021-007, Series of 2021).

Section 7. *Prohibition on Holding of Concurrent Positions.* No one shall act as president and secretary or president and treasurer at the same time.

Section 8. *Prohibition on Lessees.* Long-term lessees and/or tenants are not qualified to be elected or appointed as president, vice-president, secretary and treasurer of the Association.

Section 9. *Term of Office.* The term of office of the officers shall coincide or correspond to the term of office of the trustees.

Section 10. *Appointment of Other Officers.* The Board shall have the option to appoint at its discretion such other officers as may be necessary to carry out its mandate.

Section 11. *Compensation of Officers.* No officer of the association holding the rank of trustee shall be entitled to any compensation. However, reasonable expenses incurred by the trustees 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. The

prohibition against receiving compensation does not apply to other officers and employees of the Association who are not members of the Board.

ARTICLE X
**Ethical Standards and Rules of Conduct
for Trustees and Officers**

Section 1. *Primacy of the Interests of the Association.* All trustees/officers shall strive for the common good of the association, foregoing personal or professional interests. All decisions and representations by the trustees/officers must be made with the best interests of the Association. In the performance and discharge of their sworn duties and responsibilities, conflicts of interest must always be avoided.

No trustee/officer shall use or take advantage of his position, or knowingly allow another to use or take advantage of his position, to advance and promote his personal or professional interests and gain. In all activities and processes undertaken by the Board such as the procurement of goods and services, the annual and regular Board meetings, the accounting of Association funds, and any interaction with vendors, contractors, subcontractors, and homeowners, the conduct of each trustee/officer shall, at all times, be above reproach and free of any appearance of impropriety.

To promote and safeguard the interests of the Association, trustees/officers must always act collectively and as a body in discharging and performing their sworn duties and responsibilities. Unless demanded by the exigency of a situation, a board member shall avoid acting and deciding individually in order to avoid a real or perceived conflict of interest.

Section 2. *Respect for the Association's Constitution & By-Laws.* All trustees/officers should, at all times, respect and uphold the Constitution, bylaws and other internal rules of the Association.

Section 3. *Regular Attendance and Decorum in Association's Meetings.* All trustees/officers shall regularly attend to and actively participate in any scheduled meeting of the Association.

They shall conduct themselves civilly and with proper decorum in any discussion in the meeting and shall not criticize a fellow trustee/officer/colleague/resident because of divergent opinions or views. Rather, they shall render their opinion with professional integrity and utmost courtesy.

They shall likewise respect the decision of the majority of the members in policy making process and resolution of a given issue or controversy. In case of dissent, they shall express their dissenting opinion in a professional and polite manner.

Section 4. *Conflict of Interests and Perceived Conflict of Interests.* Conflict of interest occurs whenever the integrity, trustworthiness, or impartiality of a trustee/officer is potentially undermined, compromised or impaired by reason of his inconsistent or competing personal or professional interests and welfare, or that of his family and/or his relatives to the fourth civil degree of consanguinity or affinity.

Perceived Conflict of Interests occurs whenever a trustee/officer has committed or is committing an act tending or likely to cast doubt on his integrity, trustworthiness, or impartiality to put the general interest and welfare of the Association over and above his personal or professional interests and welfare.

Section 5 *Disclosure, Inhibition, and Abstention.* Upon knowledge and at the earliest opportunity, a trustee/officer encountering or anticipating a conflict of interest arising from any business transaction, engagement, employment and/or hiring by the Association with an entity, company, or individual with whom the trustee/officer is related personally or professionally, or with whom the said trustee/officer stands to benefit in any way, shall fully disclose in writing to the Board said conflict-of-interest.

In the negotiation of any business transaction, engagement, employment and/or hiring by the Association, the trustee/officer encountering or anticipating a conflict of interest must inhibit and withdraw himself from participating therewith, except to provide inputs relative to the transaction when so requested by the other members of the Board. He shall also refrain from persuading, endorsing or influencing in any manner the other trustees/officers to favorably act on the said transaction. In the approval of said transaction, the concerned trustee/officer shall abstain from voting thereon. Such abstention and the reason/s thereof must be entered in the minutes of the voting.

Any dealings by the Board in which a trustee/officer has abstained in the negotiation and voting therefor must be made known and disclosed to the homeowners and members of the Association by posting the minutes of the meeting in the Association's Bulletin Board.

Section 6. *Trustee's/Officer's Own Business and Practice of Profession.* A trustee/officer, upon assuming office, shall disclose in writing and submit to the Board any business enterprise or entity, undertaking, or activity, in which directly or indirectly he has financial or pecuniary interest.

A trustee/officer who is also engaged in the practice of a profession shall not provide or render his professional service for the Association if the performance of such service is likely to result in a real or perceived conflict of interests.

Section 7. *Dealings with Families and Related Parties.* No trustee/officer, his spouse, agent, employee, immediate family member and relative by affinity or

consanguinity up to 4th civil degree, shall enter into a personal service contract with the Association without previous disclosure of such relation/interest to the Board.

Section 8. *Vendors, Suppliers, Contractors.* In all of the Association's business dealings, transactions, and negotiations, all trustees/officers must observe transparency.

No trustee/officer may use, or allow another to use or take advantage of his/her position to promote, enhance, or serve his personal and professional interests and welfare through the direct or indirect recommendation or endorsement of vendors, suppliers, or contractors.

Section 9. *Solicitation and Acceptance of Gifts.* No trustee/officer shall accept, request, or solicit, directly or indirectly, for himself or for any other person, any gift, favor, percentage or commission, loan, or any other thing of monetary value tending to influence, or made with the intent to influence the decision or action of any member of the Board on any official matter.

Section 10. *Partisan Politics.* Partisan Politics can be a cause of conflict of interest and must therefore be avoided. The trustee/officer shall not use or take advantage of his position, power, and resources of the Association to engage in any partisan political activity.

No contribution will be made by the Board or Association to any political parties or political candidates. [Omnibus Election Code]

The trustees/officers shall not allow any of the properties and facilities of the Association such as multi-purpose rooms, halls, pavilions, clubhouses, parks and open spaces, to be used, leased, or rented for the purpose of campaigning or giving advantage to a particular political candidate or party.

Section 11. *Information/Education Campaigns and Public Advocacy Programs.* Trustees/officers shall attend information/educational campaigns when invited by any national or local government agency or other non-government organization on matters pertaining to the Association, its members and officers on their rights, duties and obligations, and shall trickle down to its members any information obtained therein.

They shall likewise inform themselves of any public advocacy programs pertaining to or affecting the nation, community and the Association, its officers and members, and shall encourage the participation of members to such public advocacies and programs.

Section 12. *Conduct During Investigation of Dispute/Offense.* Trustees/officers shall cooperate in the conduct of investigation, censure, discipline or dismissal of a fellow trustee/officer.

They shall, if being charged with an offense by the Board, voluntarily take an official leave of absence during the investigation and until such time that they have been cleared of the charge.

In case of dispute between the Association and its members or between two (2) or more members, they shall see to it that the controversy should exhaust at the first instance the Association's disputes mechanism provided under these bylaws and/or internal rules before the filing of appropriate action with the proper forum.

Section 13. *Respect and Obedience to the Authority of the Law* - In any legal controversy or dispute involving the Association, trustees/officers shall respect, obey and submit to the lawful order or final judgment of the authority of the law and the government agency or instrumentality mandated to enforce it.

Section 14. *Sanctions*. Violation of any of the foregoing provisions shall constitute misconduct by the trustee/officer. If proven guilty, the responsible trustee/officer shall be sanctioned with a fine of not less than Five Thousand Pesos (Php5,000.00) but not more than Fifty Thousand Pesos (Php50,000.00) and permanent disqualification from being elected or appointed as trustee/officer or employee of the Association, without prejudice, however, to such disciplinary action that the DHSUD may deem appropriate thereon when proper complaint against said trust/officer is filed with the said agency.

ARTICLE XI **Meetings**

Section 1. *Board Meetings*. The Board shall hold regular meetings on the first Saturday of every month. Special meetings may be held at any time upon the call of the President or by majority of the trustees with notice to the President. The President shall preside at all meetings of the Board. In his absence or upon his express authority, the Vice-President may preside.

Board meetings may be held in person or through remote or electronic means or a combination of both.

Trustees cannot attend or vote by proxy at board meetings.

Notice of regular board meetings may be sent personally to the trustees or electronically through their registered email addresses or mobile phone numbers through SMS/MMS.

Notice of special board meetings must be personally sent to all the trustees at least three (3) days prior to the date set for the meeting.

Section 2. *Quorum in Board Meetings*. A majority of the seven (7) trustees elected or appointed shall constitute a quorum to transact business.

Every decision of at least majority of the trustees present at a meeting at which there is a quorum shall be valid as a corporate act, except those that require the vote of the majority of all the members of the Board.

An Officer of the Board who is not a Trustee, such as a Secretary and/or Treasurer, as contemplated in Article IX Sections (3) and (5), shall not have voting right(s) in any board meeting.

Section 3. *General Membership Meetings.* The annual general membership meeting of the Association shall be held at 3:00pm of the first Sunday of October.

Special meetings shall be held at any time deemed by the Board or the President 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 general membership meetings shall be sent individually to each member, personally or through electronic means through registered email addresses or mobile phone numbers or through any available means, at least two (2) weeks prior to the date of the meeting. It shall also be posted in three (3) conspicuous places in the subdivision, including the Association's Bulletin Board.

Section 4. *Quorum in Regular or Special General Membership Meetings.* Unless otherwise specified in other provisions of these bylaws, 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 present at a meeting at which there is a quorum shall be valid as a corporate act, except those that require the vote of the majority of all members of the Association.

Section 5. *Proxies in Meeting.* 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 Association's Secretary at anytime prior to the commencement of the meeting. Unless otherwise provided in the proxy, it shall be valid only for the meeting for which it is intended. No proxy shall be valid and effective for a period longer than three (3) years at any one time unless earlier revoked by the member.

ARTICLE XII **Elections**

Section 1. *Holding of Elections.* The Association shall hold regular elections during the Annual General Membership Meeting.

Section 2. *Calling of an Election.* Only the incumbent Board and/or through the President or Vice-President based on the records on file with the DHSUD are authorized to call the election.

If the Board fails to call an election within thirty (30) days from the date fixed for the Annual General Membership Meeting, the following procedure shall apply:

- a. Any member in good standing, in writing, may petition the incumbent Board to call an election, copy furnished the DHSUD;
- b. When the incumbent Board fails to take action thereon, or sits on the request to call an election within one (1) month from the receipt of the petition or letter, the member in good standing shall report the same to the DHSUD;
- c. If the incumbent Board fails to call an election or constitute an Election Committee as directed by the DHSUD, the DHSUD shall cause the creation of an Election Committee from among the Association members who do not intend to run for any position;
- d. The members of the incumbent Board who refused to call an election shall be disqualified from running for any position;
- e. The election authorized and recognized by the DHSUD shall be deemed the official conduct of election of the Association;

Section 2. *Election Committee (ELECOM).* Simultaneous with the calling for an election the incumbent Board and/or through the President or Vice-President based on the records on file with the DHSUD shall nominate three (3) homeowners to be members of the ELECOM and include their names in the written notice of call for elections.

If any homeowner objects to the qualification of any of the nominees, he shall within three (3) days from notice, submit a written objection to the Board or the President, stating his grounds therefor and the name of a substitute. If the grounds for the objections is meritorious, as determined by majority vote of the Board, the President shall appoint the substitute named by the protestant.

If the homeowner nominated does not accept the nomination and/or refuses to serve in the ELECOM, the President shall appoint a substitute.

Section 3. *Unauthorized Election.* An unauthorized election is either conducted or called by any member or group of members regardless of standing in an Association other than by the incumbent Board, President and/or the Vice President on record with the DHSUD. The results of unauthorized elections shall not be recognized by DHSUD and shall be deemed null and void

in accordance with the guidelines issued, or as may be promulgated by the DHSUD.

All actions taken by the members who acted as trustees and/or officers arising from the illegal 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 4. *Quorum in Elections.* At all elections, there must be present or votes cast by majority of the Association members in good standing, either in person or by proxy.

Section 5. *Proxies in Elections.* Association members in good standing may vote in person or by proxy in all elections of trustees. Proxies shall be in writing, signed by the member and submitted to the Election Committee at any time after their constitution up to the day of the elections but prior to the start of the voting. Unless otherwise provided in the proxy, it shall be valid only for the election for which it is intended. No proxy shall be valid and effective for a period longer than three (3) years at any one time unless earlier revoked by the member.

Section 6. *Postponement or 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 majority of the entire Board, or for any other serious cause such as violence, terrorism, *force majeure* and other analogous causes of such a nature that the holding of a free, orderly and honest election should become impossible, the Election Committee shall postpone the election and call another 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.

In the event of lack of quorum or for any other serious cause such as violence, terrorism, *force majeure* and other analogous causes of such a nature that the holding of a free, orderly and honest election should become impossible, the Election Committee shall declare a failure of election, and shall call for another election within a period of thirty (30) days from the date of the failed election or the cessation of the cause for such failure of election.

In case a regular or special election was not held on the date fixed in the bylaws, was postponed or declared a failure, and the second call for the conduct of an election by the Election Committee was still a failure, the following shall be submitted by the Election Committee to the DHSUD:

- 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 and shall be

filed with the DHSUD within five (5) days from the date of the scheduled election.

If the reasons stated in the Affidavit or the reasons of the Association are found unmeritorious, the DHSUD shall order the Election Committee to immediately call for the conduct of the election within fifteen (15) days from receipt of the Order. The unjustified failure of the Election Committee to comply with the order of the DHSUD may, after due notice and hearing, warrant the imposition of sanctions against the members of the Election Committee.

If the Election Committee fails or refuses to comply with the order of the DHSUD to conduct an election, the DHSUD shall designate an Election Committee from among the members in good standing who do not intend to run in any position. The Election Committee so designated shall conduct the election under the supervision of the DHSUD.

Section 7. *Hold-Over.* Where there is a justified failure to elect a new set of trustees and the causes for such failure persist after a second election is called, the incumbent trustees shall be allowed to continue in a hold-over capacity until their successors are elected and qualified for the next term.

Section 8. *Conduct of Election by the DHSUD.* The DHSUD shall conduct the election for the members of the Board upon dissolution of the Board or upon the directive or order of the HSAC, the Court of Appeals or the Supreme Court, or whenever upon its determination the circumstances so warrant.

Section 9. *Election Contests or Protests.* Election contests or protests shall be in writing and must be filed before the Election Committee within five (5) days after the proclamation of the winning candidates, specifically stating the grounds thereof, except in issues of qualification or disqualification of candidates and/or voters, in which case it may be filed within three (3) days from the discovery thereof.

The Election Committee shall decide on the controversy brought before it within a non-extendible period of five (5) days from receipt of the protest.

If the complainant or protestant is dissatisfied with the decision of the Election Committee, he may file an election protest or complaint before the Human Settlements Adjudication Commission (HSAC) pursuant to its Rules of Procedure.

Section 10. *Turnover of Association Books, Records, Funds, and Properties by Outgoing Trustees and/or Officers.* To ensure the orderly turnover of the management of the Association, the outgoing trustees and/or officers of the Association shall turn over all Association books, records, funds, properties and other assets to the new set of trustees and/or officers within fifteen (15) days, without the need for demand, from the assumption of office of the new Board or officers, notwithstanding the pendency of an election contest 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 turn over the Association books, funds, records and properties, despite demands made by the new Board, the newly elected Board and/or officers shall notify in writing the DHSUD of such failure to turnover. The DHSUD shall, if proper, order the turnover of the Association books, funds, records and properties, under pain of sanction for non-compliance, without prejudice to the filing by the new Board of a verified complaint against the erring trustees and/or officers before the HSAC.

Section 11. *Election Reports*. Within fifteen (15) days from the date of any regular or special election, the Election Committee shall submit the following documents to the DHSUD:

- a. Copy of the notice of election sent to the members and posted in conspicuous places in the subdivision;
- b. Proof of service and publication/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;
- 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;
 4. Copy of the election tally sheets certified by the Election Committee.
 5. Notarized Updated General Information Sheet signed by the Association Secretary.

For mobile ballot box voting system, in addition to the above, the Election Committee shall certify as to the following:

- a. Date and time the Election Committee and the representatives of the candidates departed from the polling place to conduct mobile ballot box voting;
- b. Number of ballots distributed to the members or their proxies and the number of ballots dropped in the sealed transparent ballot boxes, the name of the Election Committee member who issued the ballots, and the name of the Election Committee member who collected the ballots and brought the sealed ballot boxes to the designated polling place for counting; and
- c. List of members who voted at the place of residence, ballot number and signature of the member or proxy who received and dropped the ballot in the sealed ballot box.

ARTICLE XIII
Dues, Fees and Contributions

Section 1. *Kinds of Dues, Fees and Contributions.* The following dues, fees and contributions may be charged by the Association:

- a. Membership Fees. The amount paid by a member in consideration of membership in the Association.
- b. Association Dues. The amounts charged to the members on a regular monthly basis primarily intended to defray the administrative and operational expenses of the Association;
- c. Beneficial User Dues. The amounts charged to residents who are not homeowners or lessees as defined in these bylaws and to the developer who holds lots within the subdivision as part of its inventory for purpose of sale to the public;
- d. Special Assessments. The amounts charged to members and/or beneficial users to defray other expenses necessary and proper for the security, tranquility and maintenance of the homeowners and residents, improvement of the facilities and infrastructures, as well as those for the protection of the integrity and maintenance of the Association to enable it to perform its duties and functions such as those enumerated in Section 3 herein;

- e. Interests and Penalties. The amounts charged for the non-payment of dues, fees, assessments and contributions which in no case shall exceed twelve percent (12%) per annum.

Section 2. *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:

- a. *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;
- b. *Gross Area.* The gross area of the subdivision shall be the total lot area of saleable lots in the subdivision;
- c. *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;
- d. *Chargeable Amounts.* The charges per member or beneficial user shall then be computed by multiplying the total lot 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;

Section 3. *Special Assessments.* Unless costs sought to be defrayed have already been incorporated in the schedule of Association or Beneficial User Dues, the Board may collect and fix amounts chargeable, computed in accordance with the immediately preceding section, for the following:

- a. Security Fees. The monthly expenses of the Association for security services without need for the approval of the Board or the members except for the following:
 - i. 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;
 - ii. 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;
- b. 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 approval by the Board or of the members except for the following:

- i. 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;
 - ii. 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;
- c. 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 ensure 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.
- d. Delivery Fees. The Association may collect delivery fees on nonessential goods, like construction materials, furniture and similar goods, and essential goods, like LPG, water, food stuffs and mail, except when these are part of a business undertaken within the subdivision;
- e. 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:
- (i) 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 ensure compliance with the pertinent laws, and rules and regulations promulgated by duly constituted authorities;
 - (ii) 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:
 - (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.

f. 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, function rooms, spa, 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 and subject to rules and regulations of the Association for such purpose, may be charged, in addition to the foregoing, the additional amount equivalent to at least 20% thereof for the use of the said facilities. In all cases, the rates shall be prominently displayed in a conspicuous place therein.

g. Water Fees. Water fees may only be charged with the rates fixed by the National Water Resources Board and administrative costs;

h. 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 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;

i. Certification Fees. The Association may charge reasonable administrative costs for the issuance of any certification required to be issued by laws, ordinances, rules and regulations;

j. 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;

k. Real Property Taxes for Common Areas and Open Spaces. The Association may charge the costs for paying the real property taxes and other government impositions for common areas, open spaces, road lots and amenities;

l. 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 4. *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:

a. *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 stated above. 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;

b. *Non-Recurring Expenses or Discretionary Contributions.* Nonrecurring expenses or those within the control of the Association shall be effective only upon compliance with the following procedure:

(1) The Board, in a meeting called for the purpose, shall issue a Resolution approving the dues, fees and contributions to be charged;

(2) 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;

(3) 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;

(4) In the meeting called, with quorum present, the members in attendance, either personally or 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;

(5) 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 5. *Remedies of 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 DHSUD 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;

Section 6. *Remedies of Member.* Any member or beneficial user aggrieved by any dues, fees or contributions charged by the Association may seek redress as follows:

(a) File 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 receipt;

(b) If the latter ignores or fails to resolve the complaint within the prescribed period, the complainant may file a complaint, directly to the DHSUD 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 DHSUD 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 member or beneficial user 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.

ARTICLE XIV

Financial Transactions

Section 1. *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.

The Treasurer shall cause to be made a full and complete audit of the books, accounts, and financial condition of the Association which shall be available for inspection by the members in good standing.

For this purpose, the Association may engage the services of an external auditor or create a committee whose function shall be to conduct such audit at least three (3) months before the end of the fiscal year.

The auditor or committee shall make pertinent recommendations to the Board and render a report to the members on Annual General Membership meeting.

Section 2. *Fiscal Year.* The Association's fiscal year shall begin on the 1st of January and end on the 31st day of December of each year.

ARTICLE XV Committees

Section 1. The Association shall have the following committees which shall perform duties and functions specified below and those other functions duties and functions that may be assigned by the President or authorized by the Board:

a. *Gender and Development Committee.* The Committee shall be composed of members in good standing and not members of the Board, who will choose the Chairperson amongst them, preferably a woman. This committee shall undergo and initiate training of Human Rights and Gender Sensitivity, provide assistance to victim-survivors of abuse, especially to senior citizens, person with disabilities, and other marginalized groups, and properly coordinate it with the local barangay. It shall ensure that concerns or issues within the Association are fully addressed in a gender-sensitive manner. (DHSUD Department Circular No. 2023-009);

b. *Disaster Risk Reduction and Management (DRRM) Committee.* The Committee shall be composed of at least three (3) members in good standing, who are not members of the Board. This Committee shall act as frontliners in times of disaster or emergency. It shall have close coordination with the Barangay DRRMC, the Local DRRMC, or the Regional DRRMC in the implementation of the disaster risk reduction and management programs, policies, and guidelines within their jurisdiction. (DHSUD Department Circular No. 2023-008);

c. *Security and Safety Committee.* The Committee shall be composed of at least three (3) members in good standing, who are not members of the Board. This Committee shall act as frontliners in the maintenance of the peace and order of the community and shall oversee the implementation of security measures within the subdivision. It shall organize a Neighborhood Watch Program by cluster and have close coordination with the local Philippine National Police units, the barangay peace and order council and other law enforcement agencies;

d. *Youth and Sports Committee.* The Committee shall be composed of at least three (3) members in good standing, who are not members of the Board. This Committee shall form and organize sports and recreation activities

included in the annual program using the amenities provided within the community as a way for encouraging members' involvement in community affairs and develop a close relationship among neighbors through events and activities;

e. *Social and Cultural Affairs Committee.* The Committee shall be composed of at least three (3) members in good standing, who are not members of the Board. This Committee shall plan, organize, and implement social activities throughout the year that will help foster good interpersonal relations among members and also help raise funds for the activities; extend a welcome reception for new members through home visits and distribution of kits containing documents such as Bylaws, House Rules and Regulations, Deed of Restrictions and Construction Rules and Guidelines for their permanent file as reference;

f. *Engineering and Construction Committee.* The Committee shall be composed of at least three (3) members in good standing, who are not members of the Board. This Committee shall monitor implementation in the construction of houses and other permanent structures to ensure compliance to the Building Code, other national and local laws, rules and regulations as well as the Deed of Restrictions. The committee shall approve all building plans before the start of any construction. It shall coordinate with the Property Administrator in monitoring, inspecting, and issuing of citations for violations; collecting penalties for such violations; and issue clearance for the release of the construction bond.

Section 2. *Creation of Clusters.* The Board shall segregate the entire subdivision into six (6) clusters in accordance with certain boundaries marked by streets and alleys as defined by the Board. The initial clustering shall be approved in the next Annual General Membership Meeting immediately following the ratification of these bylaws and may be periodically revised by the general membership annually. The approval of the initial clustering or its revisions shall be by majority vote of members in good standing present the said meeting, if constituting a quorum.

Each cluster shall be headed by a Cluster Coordinator who shall be selected by the Board from among the members residing in such cluster. These Cluster Coordinators shall attend board meetings to represent sentiments of the homeowners in their respective clusters and convey their prevalent stance on certain issues affecting the subdivision which the Board may consider in its decision-making. These Cluster Coordinators, however, do not have voting rights in decisions of the Board.

Section 3. *Creation of Advisory Council.* The Board may create an advisory council whose members are the immediate past Association Presidents and selected past trustees whose experience and knowledge shall ensure continuity and smooth transition of projects and on-going legal matters as well as to render advice on various issues on a consultative basis. Such council shall

have no other function other than to render advice to the current Board. Their term expires with the expiration of the term of the Board that appointed them.

Section 4. *Other Committees.* The Board may create other committees as it may deem necessary to address the evolving needs of the community and to create platform(s) that will enable its members to share their talents, expertise and resources for the benefit of the community.

ARTICLE XVI **Disputes Mechanism**

Section 1. *Grievance Committee.* This Committee shall be composed of at least three (3) members in good standing, who are not members of the Board. This Committee shall receive complaints and grievances from any member against the Board, any trustee or any other member of the Association, or any homeowner or resident of the subdivision or member of the community involving any matter that concerns the peace, harmony, tranquility, safety and internal affairs of the subdivision.

This Committee shall be charged with the obligation to conduct mediation for the peaceful settlement of disputes within the subdivision.

Section 2. *Initiation of Complaint.* Complaints from members, homeowners, residents and the public in general may be instituted either through formal written complaint or anonymously through unsigned written complaints filed with the Committee. The Committee may at its discretion also initiate investigations into complaints made through text messages or email.

Section 3. *Procedure for Settlement.* Upon receipt of the formal complaint, the Committee shall be bound by the following procedure:

- a. The Committee shall convene a meeting to make a preliminary determination on the whether there is sufficient basis to investigate the complaint;
- b. If it finds sufficient basis, the Committee shall initiate an investigation for the following purpose:
 - i. If the complaint involves an alleged violation of the bylaws and/or rules & regulations of the Association, the Committee shall determine if the factual basis for the alleged violation exists and if such fact does violate such bylaws and/or rules;
 - ii. If the complaint involves a dispute among homeowners or residents, the Committee shall summon the parties concerned and determine if the dispute can be settled amicably. If the dispute cannot be settled amicably or if it involves a criminal act, the Committee shall refer the same to the Barangay *Lupon* for mediation and conciliation. If the dispute falls under the

jurisdiction of the Committee on Gender and Development, this Committee shall refer the same to them;

iii. If the dispute involves an employee of the Association, the Committee shall refer the same to the Board;

c. If it finds no basis, the Committee shall dismiss the complaint without prejudice to the complainant's right to elevate the matter to the Board or to the Barangay *Lupon* for appropriate action;

d. If the Committee finds culpable violation, they shall submit their recommendation to the Board who shall impose the appropriate sanctions;

e. The proceedings of the Committee shall be recorded and shall not be made public without the consent of all concerned;

f. At all stages of the proceedings, the rights of the witnesses for or against the person charged shall be protected;

Section 4. *Liberality in Favor of Settlement.* These procedures shall be liberally construed in favor of settlement. All efforts toward settlement shall be exerted including those for restitution and/or mitigation or waiver of penalties.

ARTICLE XVII **Prohibited Acts**

Section 1. *Prohibited Acts.* It shall be prohibited for any person or Association:

a. 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;

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

c. To prevent any member in good standing from participating in association meetings, elections and referenda;

d. To deny any member due process in the imposition of administrative sanctions;

- e. 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;
- f. To unreasonably fail to provide basic community services, and to maintain, repair, and replace or modify facilities administered by the association;
- g. To implement association policies, rules and regulations, and deed of restrictions which have not been ratified by the members of the association;
- h. To require the driver of any vehicle entering the subdivision/village or community 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
- i. 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;
- j. 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;
- k. To prevent access or restrict the entry of utility service providers to the subdivision in order to install their equipment, system or facilities pursuant to a contract with or approved application by a resident;
- l. To prevent access to or restrict the entry of utility service providers to the subdivision in order to disconnect services due to violations of the contract by the resident-customer/consumer;
- m. 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;
- n. 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 and buyer/new homeowner exists
- o. To knowingly enact resolutions in contravention of existing laws, rules, regulations and ordinances; and

p. To commit other acts prohibited by existing laws, rules and regulations promulgated by duly constituted authorities, and the association's bylaws

ARTICLE XVIII
MISCELLANEOUS PROVISIONS

Section 1. *Amendments Through Board Action.* The Articles of Incorporation and/or Bylaws of the association may be amended by the majority vote of all members of the Board, and majority of all members of the association regardless of standing, at a regular or special meeting called for the purpose, or as a result of a referendum after the proposed amendments are discussed in a regular or special meeting of the association members.

The association shall file with the DHSUD a written application to amend its Articles of Incorporation and/or its Bylaws accompanied by the following documents in triplicate:

- a. The 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 majority vote of all the board members at a meeting where there was a 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 members of the Association regardless of standing, and stating therein the date of the members' meeting, and the fact of quorum; and
- 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, and the attendance sheet of the General Assembly signed by the members present and indicating therein their corresponding votes;

Section 2. *Amendment by Initiative.* The amendment of the Articles of Incorporation and/or the Bylaws may also be initiated by the members in good standing of the association, 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 DHSUD, 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, and in at least three (3) conspicuous places within the subdivision/village or community;

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 ten (10) days from the meeting at which the amendments were approved, the Election Committee shall file with the DHSUD the application to amend, attaching thereto the following:

i. Petition to amend duly signed by thirty percent (30%) of the members in good standing;

ii. The Articles of Incorporation and/or Bylaws, as amended, underscoring or underlining the change/s made;

iii. Notarized Certificate of the Election Committee attesting that the amendments were approved by 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 and approval of the proposed amendments; and

iv. Minutes of the special general assembly meeting, and the attendance sheet signed by the members present and their corresponding votes.

Section 3. *House Rules and Regulations.* The Board shall institute house rules and regulations to be implemented in the subdivision within sixty (60) days from the adoption of these bylaws subject to the approval of a simple majority of the membership.

Section 4. *Separability Clause.* If any provision of these bylaws is declared invalid or unconstitutional, the remainder of the Rules shall remain valid and subsisting.

Section 5. *Repealing clause.* All other issuances, rules & regulations or part thereof inconsistent with these bylaws are hereby repealed or modified accordingly.

Section 6. *Effectivity.* These bylaws shall take effect fifteen (15) days from its approval.

Don this 10th day of September 2023 at the Municipality of Consolacion, Province of Cebu.

Corporate Secretary

Certified by:

President

*Attach general membership resolution approving the bylaws.

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