

**[HLURB ADMINISTRATIVE ORDER NO. 06, S.
2000, August 24, 2000]**

**RESOLUTION NO. 666, ADOPTING IN THE INTERIM HIGC'S 1994
REVISED RULES OF PROCEDURE IN THE HEARING OF
HOMEOWNERS' DISPUTES**

With the transfer to this Board of the power, authority and responsibility to regulate homeowners association (HOA) effective 29 March 2000 pursuant to Section 26 of Republic Act No. 8763 and the need for a smooth transition in the Board's assumption thereof, the Board of Commissioners adopted on 13 April 2000 the subject resolution.

The HIGC rules shall govern the hearings of HOA disputes now transferred to this Board until such time that the Board has amended the same or come up with its own rules.

The complete text of the said rules is hereto attached for your reference.

Adopted: 24 Aug. 2000

(SGD.) ROMULO Q.M. FABUL
Commissioner and Chief Executive Officer

Attachment:

**1994 Revised Rules of Procedure in the Hearing of Homeowners'
Disputes***

To effectively carry out and implement the provisions of Republic Act No. 580, as amended by Executive Order Nos. 535 and 90, the following rules of procedure are hereby adopted to govern the proceedings before the Home Insurance and Guaranty Corporation:

**RULE I
Definition of Terms/Construction of Rules**

Section 1. Definition of Terms. – For purposes of these Rules, and as far as practicable, the following terms shall mean:

- a) HIGC — Home Insurance and Guaranty Corporation, formerly Home Financing Commission, thereafter Home Financing Corporation, a government corporation created under and by virtue of R.A. 580, as amended by E.O. 535 and renamed as such under E.O. 90.
- b) Homeowners Association — Any housing or community association duly

registered with the HIGC composed of homeowners in a private or government housing project, subdivision or urban estates, organized for the purpose of facilitating the delivery of adequate housing, social and other related services to improve the quality of life of its members and/or community/subdivision concerned. (A)

- c) Hearing Officer — Any person or officer, body, board or committee duly designated or created, as the case may be, by proper order issued by HIGC, to hear and decide a particular case.
- d) Order — Any written directive of HIGC or such person, officer, body, board or committee duly designated or created by it, as the case may be.
- e) Decision/Resolution — The written judgment in a homeowners' case before the HIGC.
- f) Complainant — Any person, natural or juridical, seeking relief either for the violation of any law, rule or regulation, or for the enforcement of a right in law, shall be referred to as complainant.
- g) Respondent — Any person who claims interest adverse to the complainant and necessary to the complete settlement of issues shall be referred to as respondent.

Section 2. Interpretation. — These rules shall be liberally construed to carry out the objectives of E.O. 535 and to assist the homeowners associations and their members in affecting expeditious, inexpensive and speedy settlement of their disputes.

RULE II

Disputes Triable by HIGC/Nature of Proceedings

Section 1. Types of Disputes. — The HIGC or any person, officer, body, board or committee duly designated or created by it shall have jurisdiction to hear and decide cases involving the following:

- a) Devices or schemes employed by or any acts of the Board of Directors or officers of the association amounting to fraud and misrepresentation which may be detrimental to the interest of the public and/or of the members of the association or the association registered with HIGC.
- b) Controversies arising out of intra-corporate relations between and among members of the association; between any or all of them and the association of which they are members; and between such association and the state/general public or other entity in so far as it concerns its right to exist as a corporate entity. (A)
- c) Controversies in the membership, election, or appointment of directors or officers of the association, including the regularity thereof and eligibilities of such directors or officers. (A)
- d) Suspension or revocation of the certificate of registration of any homeowners association duly registered by HIGC upon any of the

grounds provided by law, rules and regulations of HIGC, including but not limited to the following:

1. Fraud or misrepresentation in procuring its certificate of registration;
2. Serious misrepresentation as to what the association can do or is doing;
3. Refusal to comply with or defiance of any lawful order of HIGC or its hearing officer;
4. Misuse of a right, privilege, or franchise conferred upon it by law, or exercise of a right, privilege or franchise in contravention of law;
5. Commission or omission of an act which amounts to a surrender of its corporate rights, privileges or franchise;
6. Violation of any provisions of HIGC rules and regulations and those of the Corporation Code whenever the same is applicable;
7. Continuous inoperation or inactivity for a period of at least five (5) years; and
8. Failure to file required reports in appropriate forms as determined by HIGC within the prescribed period.

Section 2. Nature of Proceedings. — The hearing of the disputes above-described shall be summary in nature and shall not be bound by the technical rules of evidence, provided that the right of both parties to a fair and just hearing is assured, and the basic requirements of due process are observed.

RULE III

Commencement of Actions; Pleadings; Summons

Section 1. Commencement of Actions. — A verified complaint in triplicate, accompanied by the appropriate filing fee therefor, shall commence an action before the HIGC.

The action for suspension or revocation of certificate of registration referred to in Section 1 (d) of the preceding Rule shall be commenced by the Legal Department of HIGC when directed by HIGC. The Legal Department may also bring such an action when it has good reasons to believe that a case can be established by proof, upon the instance of any interested person, but in such a case, the Legal Department must first require the payment by said interested person of the expenses incident to the action sought to be instituted: provided, however, that the action for the revocation of certificate of registration may be commenced only within five (5) years from the time the ground relied upon arose.

Section 2. Pleadings Defined; Allowed. — Pleadings are the written allegations of the parties of their respective claims and defenses submitted to the HIGC for adjudication. The pleadings allowed by these Rules are the complaint and the answer. The following pleadings, motions, or petitions shall not be allowed in the cases covered by these rules:

- a) Motion to dismiss or to quash;

- b) Motion for a bill of particulars;
- c) Motion for a new trial or for reconsideration; or for reopening of trial;
- d) Petition for relief from judgment;
- e) Motion for extension of time to file pleadings, affidavits or any other documents;
- f) Memoranda, except on appeal;
- g) Motion to declare defendant in default;
- h) Dilatory motions for postponements;
- i) Reply, except on appeal
- j) Third party complaints and similar complaints; and
- k) Interventions.

Section 3. Complaint and Answer. — The complaint shall contain the names and residences of the parties and a concise statement of the ultimate facts constituting the complainants' cause or cause of action. It shall specify the relief sought or the right which the complainant seeks to enforce, but may add a general prayer for such further or other relief as may be deemed just or equitable.

The answer shall set forth the negative and affirmative defenses upon which the respondent relies and any and all compulsory counter-claims or cross-claims he may have. Should the respondent fail to allege his compulsory counter-claims or his cross-claims in his answer, the same shall be considered barred.

Section 4. Summons; Time to File Answer. — Upon the filing of the complaint and the payment of the correct filing fee, the corresponding summons to the respondent shall be issued directing the latter to answer the complaint within fifteen (15) days from receipt thereof, otherwise, the complainant will take judgment by default and may demand the relief prayed for.

Section 5. Default.— If the respondent fails to answer within fifteen (15) days from receipt of the complaint, he shall be declared in default and the complainant may present evidence ex-parte.

RULE IV

Grounds for Summary Dismissal of the Complaint (N)

Section 1. Grounds for Summary Dismissal. — The HIGC may, prior to the raffle of the complaint to the Hearing Officer, dismiss the same for any of the following grounds:

- a) Lack of jurisdiction;
- b) Lack of cause of action;

- c) Non-compliance with the Administrative Circular No. 04-94 of the Supreme Court which provides for a certification under oath that no other action or proceeding between the same parties involving the same issues is commenced or pending in the Supreme Court, the Court of Appeals or any other tribunal or agency.

RULE V

Hearings: By Whom Conducted

Section 1. Who Conducts Hearings. — A Hearing Officer shall conduct the hearings and investigations of cases filed with the HIGC.

Section 2. Powers of the Hearing Officer. — The Hearing Officer designated to conduct hearings and investigations is empowered to:

- a) To issue preliminary or permanent injunctions, whether prohibitory or mandatory, in which case the pertinent provisions of the Revised Rules of Court as far as practicable, shall apply;
- b) To punish for contempt in accordance with the pertinent provisions of the Revised Rules of Court;
- c) To compel the officers of any homeowners association registered with it to call a meeting of members thereof or in the exercise of discretion, directly order the calling of said meeting;
- d) To pass upon the validity of the issuance and use of proxies of absent members;
- e) To issue subpoena duces tecum and summon witnesses to appear in any proceedings before HIGC;
- f) To impose fines and or other penalties for violation of these rules and related regulations, and any Order or Decision of HIGC;
- g) To suspend or revoke, after proper notice and hearing, the certificate of registration of the association upon any ground provided by law, rules and regulations of HIGC, including, but not limited to the following:
 - 1. Fraud or misrepresentation in procuring its certificate of registration;
 - 2. Serious misrepresentation as to what the association can do or is doing;
 - 3. Refusal to comply with or defiance of any lawful order of HIGC or its hearing officer;
 - 4. Misuse of a right, privilege, or franchise conferred upon it by law, or exercise of a right, privilege or franchise in contravention of law;
 - 5. Commission or omission of an act which amounts to a surrender of its corporate rights, privileges or franchise;