

[PEZA, January 27, 1999]

**RULES AND REGULATIONS GOVERNING THE ISSUANCE OF
DEVELOPMENT PERMITS AND LICENSES TO SELL TO ECOZONE
DEVELOPERS/OPERATORS**

The following Sections shall hereby be added PART III -ESTABLISHMENT OF THE ECOZONES of the Rules and Regulations to Implement Republic Act No. 7916 (The Special Economic Zone Act of 1995) and shall constitute the Rules and Regulations Governing the Issuance of Development Permits and Licenses to Sell to Ecozone Developers/Operators.

SECTION 9. Issuance of Development Permits. — After issuance of the Presidential Proclamation and signing of the Registration Agreement for a proposed ecozone, its Developer/Operator shall formally apply with the Authority for a Development Permit prior to undertaking any groundwork, construction and/or any other activity pertaining to the physical establishment of the ecozone. The application shall be submitted with the following documents:

a. A vicinity map indicating various landmarks and uses of land within one kilometer radius of the site of the proposed ecozone;

b. A detailed physical/ground plan of the proposed ecozone, drawn to scale and in accordance with standard architectural/engineering practice, duly signed by a licensed architect/engineer-planner, and indicating the following infrastructures, facilities and other features:

> Land improvements and physical infrastructure, including perimeter fences, roads, easements and rights of way (with information on roadway width, alignment, gradients, etc.);

> Power and water utilities (production and distribution systems), communication facilities, drainage and sewerage systems, central wastewater treatment plant, etc.;

The Developer/Operator that will supply the water requirements of a proposed ecozone shall also submit a permit to drill and operate deep wells and, subsequently, a certification on water resistivity issued by the appropriate government agency. On the other hand, the Developer/Operator of an ecozone that will source its water requirements from the Local Water Utility Unit (LWU), shall submit the corresponding supply contract with the LWU.

> Proposed breakdown and lay-out of industrial lots to be sold or leased and provisions for open spaces, green areas, etc.

> Other infrastructures, facilities and features to be established inside the proposed ecozone.

c. Certified true copy of Original Certificate of Title (OCT) or Transfer Certificate of Title (TCT) and evidence of payment of real property tax (i.e., receipts and/or tax clearance) for the year immediately preceding and the current year; and

d. Environmental Compliance Certificate.

The Development Permit shall be issued upon verification of satisfactory compliance or consistency of the ecozone development plans with the existing Design Standards and Guidelines for the Establishment of Industrial Subdivisions promulgated by the Housing and Land Use Regulatory Board, and other requirements as may be prescribed by the Board, as well as upon payment of the prescribed fee, as provided in Section 15.

The Development Permit shall be valid for the duration of the approved ecozone development schedule, unless revoked or otherwise amended.

An Ecozone Developer/Operator, who has already secured a Development Permit from the Housing and Land Use Regulatory Board (HLURB) or the Local Government Unit (LGU) for its proposed ecozone, prior to the effectivity of these Rules and Regulations, need not apply for issuance of a Development Permit with the Authority but shall furnish the Authority a copy of the approved ecozone development plans and the Development Permit issued by the HLURB or LGU.

SECTION 10. Clearances for Changes/Alteration of Approved Ecozone Development Plans. — An Ecozone Developer/Operator shall secure prior clearance from the Authority for any changes/alterations to be made on the approved ecozone development plan by submitting the following documents and other information requirements:

a. Letter-request describing in detail the changes/alterations to be undertaken on the approved ecozone development plan, the specific reasons for the proposed changes/alterations and implications on the ecozone development timetable and cost, target investors/activities, etc.; and

b. Written consent of all lot buyers that will be affected by the proposed changes.

The Board shall take note and approve the proposed changes/alterations provided none of these are in violation of conditions in the Environmental Compliance Certificate, Registration Agreement, Design Standards and Guidelines and/or Contract with Lot Buyers (agreed conditions).

Alternatively, a Developer/Operator may undertake changes in the approved development plans of its proposed ecozone without securing prior clearance from the Authority, at its own risk, and subsequently, inform the Authority on such changes: Provided, that the Authority shall take note of the changes if these are not in violation of agreed conditions: and Provided further, that the Developer/Operator shall undertake corrective measures prescribed by the Authority on changes/alterations found to be in violation of agreed conditions and pay whatever penalties will be imposed by the Authority.

SECTION 11. Issuance of Licenses to Sell. — An Ecozone Developer/Operator may apply for a License to Sell with the Authority by submitting the following requirements:

- a. Application form, duly accomplished and signed by the Chairman of the Board, President or Chief Executive Officer (CEO) of the company;
- b. Verified Survey Returns;
- c. Certified true copy, which shall not be more than one month old, of the OCT or TCT;
- d. Sworn affidavit that the ecozone land is free from liens and encumbrances;
- e. Development Program/Timetable;
- f. Pro-forma copies of Contract to Sell or Deed of Absolute Sale; and
- g. Other requirements as may be prescribed by the Authority.

The License to Sell shall be issued upon Developer/Operator's payment of the prescribed fee, as provided in Section 15, and posting of the required performance bond, as described in Section 12.

A Developer/Operator, who has already secured a License to Sell from the Housing and Land Use Regulatory Board (HLURB) for its proposed ecozone prior to the effectivity of these Rules and Regulations, need not apply for issuance of a License to Sell with the Authority but shall furnish the Authority a copy of the License to Sell issued by the HLURB.

SECTION 12. Performance Bond. — An Ecozone Developer/Operator shall post any of the following types of performance bonds which shall remain in force and in effect until its cancellation is authorized by the Board:

- a. A Surety Bond equivalent to twenty percent (20%) of the estimated total development cost of the proposed ecozone.
- b. A Real Estate Mortgage in favor of the Authority, on an unencumbered/lien-free property, other than that to be used for the approved ecozone, the computed value of which is at least twenty percent (20%) of the approved total ecozone development cost, based on the most recent zonal valuation of the Bureau of Internal Revenue; and
- c. A Cash Bond, in the form of a fiduciary deposit, equivalent to ten percent (10%) of the total development cost of the proposed ecozone, made out to the Authority.

SECTION 13. Replacement of Lost or Damaged Development Permits and/or Licenses to Sell. — An Ecozone Developer/Operator may secure replacements for lost and/or damaged Development Permit and/or License to Sell from the Authority by submitting a notarized Affidavit of Loss or by surrendering the damaged document and payment of the prescribed fee as provided in Section 15.

SECTION 14. Suspension and/or Revocation of Development Permits and Licenses to Sell. — The Authority may suspend any Development Permit and/or License to Sell issued to an Ecozone Developer/Operator upon determination of the existence of prima facie evidence on the following conditions/circumstances:

- a. Submission and/or dissemination of false and/or misleading information or the withholding of important information by an Ecozone Developer/Operator with the intent to defraud prospective buyers;
- b. Failure of the Developer/Operator to undertake the development of the ecozone in accordance with conditions stipulated in the Registration Agreement and/or Development Permit issued by the Authority;
- c. Upon filing of request for alteration of the ecozone development plan approved by the Authority: Provided, that the suspension shall apply only to the portion of the ecozone to be affected by the proposed changes/alterations.
- d. Other violations of R.A. No. 7916 and/or its Implementing Rules and Regulations.

The Suspension Order shall be lifted upon approval by the Authority of proposed changes/alterations of the approved ecozone development plans or if, after due notice and hearing, the Authority verifies that the conditions/circumstances that led to the issuance of such Suspension Order are not true/accurate and/or that the Developer/Operator has undertaken corrective measures on questioned deficiencies and/or failures towards satisfactory compliance with agreed conditions.

The Authority shall revoke a Development Permit and/or License to Sell if, after due notice and hearing, the Authority convincingly verifies that the conditions/circumstances that led to the issuance of the Suspension Order are not only true and accurate, but also grave and serious in terms of fraudulent intent and purpose; thus requiring the intervention of the Authority for the protection of ecozone stakeholders.

Subsequently, at the expense of the erring developer/operator, the Authority shall cause the announcement of the revocation of the Development Permits and/or Licenses to Sell in at least one newspaper of general circulation.

SECTION 15. Schedule of Application Fees for Development Permits, Licenses to Sell and Other Issuances. — Ecozone Developers/Operators shall pay the following application fees to the Authority for Development Permits, Licenses to Sell and other issuances:

- a. Development Permit > P2,500 per hectare
- b. Alteration of Development Plan > P1,000 per application
- c. Extension of Development Timetable > P1,000 per application
- d. Change of Ecozone Ownership > P1,000 per application
- e. Change of Ecozone Name/Title > P1,000 per application
- f. Replacement of Lost or Damaged Development Permit > P1,000 per application
- g. License to Sell > P1.00 per sq. meter