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RESOLUTION NO. R-756, BUILDING PERMIT AS A POST REQUIREMENT TO REGISTRATION AND LICENSE TO SELL FOR CONDOMINIUM PROJECTS

HLURB ADMINISTRATIVE ORDER NO. 01, S. 2004, March 02, 2004

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Attached herewith is the resolution, Building Permit as a Post Requirement to Registration and License to Sell for Condominium Projects, which was approved by the Board on 17 December 2003.

The above was published in The Philippine Daily Inquirer on 21 February 2004 and, in accordance with the provisions of law, shall take effect fifteen (15) days from its date of publication.

Please be guided accordingly.

Adopted: 02 March 2004

(SGD.) ROMULO Q.M. FABUL

Board Resolution No. 756

Building Permit as a Post Requirement to Registration
and License to Sell for Condominium Projects

WHEREAS, the development of residential condominium projects for sale to the general public is governed by the provisions of Presidential Decree No. 957, otherwise known as the Subdivision and Condominium Buyers Protection Act, in relation to Republic Act No. 4726, otherwise known as the Condominium Act;

WHEREAS, Section 4 of P.D.957 provides that the Authority (now this Board, pursuant to Executive Order No. 648 series of 1981, as amended), shall in the approval of condominium plans, also consider and act on the compliance by the condominium plans with the Condominium Act (R.A. 4726);

WHEREAS, recognizing both the need to ensure the structural soundness and integrity of condominium building plans, as well as the limited capacity of its personnel to handle such evaluation, this Board had earlier devised the scheme and promulgated Rules and Regulations incorporating as one of the requirements for the issuance of Certificate of Registration and License to Sell for residential condominium projects, the issuance of Building Permits by Local Building Officials;

WHEREAS, the housing industry has bought to the attention of this Board the rather expensive application fees for building permits; and it has further argued that if a building permit continues to be one of the requirements of this Board for the issuance of Certificate of Registration and License to Sell for condominium projects, it would become highly impractical, if not altogether impossible, for its members to conduct preliminary selling activities to test the market viability of condominium projects, which test is required by housing finance institutions prior to approval of proposed developmental loans.

WHEREAS, the housing industry have made representations with this Board to dispense with building permit as a

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prior requirement for the issuance of Certificate of Registration and License to Sell, and instead make the same just as one of the post license conditionalities; moreover, as added precaution to ensure faithful compliance with such conditionality, the Association has manifested that its members are asking only for a Temporary License to Sell, and are willing to deposit the proceeds of sales made pursuant thereto in an escrow account, pending compliance with said conditionality;

WHEREAS, this Board is mandated by its Charter to encourage greater private sector participation in low cost housing through liberalization of technical standards and requirements, and simplification of permits, while protecting the interests of buyers;

WHEREAS, this Board finds the representations to be valid and its requests to be just and reasonable and not contrary to public policy; moreover, adequate safeguards are proposed to ensure respect and protection for the rights, interests and welfare of condominium project buyers;

WHEREFORE, BE IT RESOLVED, AS IT HEREBY RESOLVED That building permits be considered as a post requirement for the issuance of Certificate of Registration and License to Sell for Condominium projects as presently set forth in the Implementing Rules and Regulations of Presidential Decree No. 957 and Batas Pambansa Blg. 220, subject to the following conditions, to wit:

1. That a TEMPORARY LICENSE TO SELL (TLS) shall be issued to Condominium Projects without Building Permits;

2. That said TLS shall be issued only after the applicant submits to this Board a duly accomplished ESCROW AGREEMENT between the applicant, this Board and a bank in good standing acceptable to this Board, that in essence provides that all proceeds therein shall be deposited exclusively under the said escrow agreement, and no proceeds therein shall be withdrawn by the applicant or remitted by the bank, until otherwise expressly directed by this Board upon showing of satisfactorily compliance with the conditions of said TLS;

3. That the said Temporary License to Sell shall be valid for a period of six (6) months from issuance thereof, but may be extended only for another similar period upon showing of just and reasonable cause acceptable to this Board;

4. That the applicant shall submit monthly report of sales and project operations not later than ten (10) days after the end of each month; and in addition, the bank shall submit monthly statements of account to the Board also within said ten day period;

5. That no excavation or foundation works or structural development shall be undertaken on the project until after submission of building permit to this Board.

6. That non-compliance with any of the foregoing conditions, as well as non-submission of the building permit within the period set forth in the TLS shall serve as sufficient ground for withdrawal of said TLS, refusal of regular license, issuance of Cease and Desist Order (CDO) and imposition of other administrative sanctions as are authorized under existing laws and regulations;

7. That the TLS to be issued by this Board shall not be construed as granting an exemption or waiver from the applicability of other laws and regulations.

Adopted: 17 Dec. 2003

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Attested by:

(SGD.) ATTY. CHARITO M. BUNAGAN-LANSANG
Board Secretary

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