

(S. B. 1425)

(No. 103)

(Approved April 5, 2003)

AN ACT

To amend Section 1 and add a Section 1-A; amend Sections 2, 9, and 11; add a new Section 11-A; amend Sections 13, and 14; add a Section 14-A, amend Sections 15, 15-A, 16, 17, 18, 22, 24, 25, 26, 27, 32-A, 33, 36-A, and 37; add Section 37-A; amend Sections 38, 38-A, 38-B, 38-C, and 38-D; add a new Section 38-E and renumber Section 38-E as Section 38-F; add Section 38-G; amend Sections 39, 41, 42, 43, 44, 47, 48, 49, 50, and 51; add new Sections 53 and 54 to Act No. 104 of June 25, 1958, as amended, known as the “Horizontal Property Act,” to rename the law as the “Condominiums Act” and update same to current social reality.

STATEMENT OF MOTIVES

Throughout the last decades, a review of the Horizontal Property Act, approved June 25, 1958, has been on the legislative agenda. Measures that substantially modified the basic assumptions of the horizontal property regime in Puerto Rico were approved in 1995 and 2000. However, Act No. 153 of August 11, 1995, had to be revoked after only eight months of having taken effect. On the other hand, Senate Bill 874, jointly approved by both Houses on June 22, 2000, did not even become a law. Undoubtedly, our horizontal property statutes require adjustments to make them more effective in the pursuit of their original objectives, and to make possible the right to individual ownership of an apartment or unit within a building or structure, for the obtainment of maximum benefits from the scarce land we have available.

In spite of the convenience of introducing amendments to legislation already in effect, adjustments that are convenient for our horizontal property regime, which was initially set forth by Act No. 104 of June 25, 1958, and improved thereafter by Act No. 157 of June 4, 1976, should not lead to the creation of a “new” horizontal property regime, given that the basic standards of our regime shall be maintained, because practice has shown that they are appropriate for the achievement of the social objectives pursued by this legal scheme.

These are the fundamental features of the Puerto Rico Horizontal Property regime: (1) the enjoyment of an apartment as a nucleus of the regime, and therefore the preservation of the requirement of unanimous consent for all works or actions that directly affect said enjoyment; (2) the privileged nature of this urban scheme in the sense that it addresses the social goal of propitiating the availability of residential apartments within a restricted area of land; (3) the principle that it is the Apartment Owner’s Association, and not a Board of Directors, who has the ultimate control over the decisions to be made regarding the administration of the property; (4) the acknowledgement of the legal personality of the Apartment Owner’s Association; (5) the cadastral nature of this voluntary regime; (6) the need for special legislation to address the unique nature of the problems that arise in condominiums; and, finally, (7) the availability of a specialized forum to expedite the resolution of conflicts that may arise among the owners. These are the defining postulates of our horizontal property regime, which should be preserved and strengthened.

The provisions that gather the guidelines that govern our horizontal property regime, especially the apartment as the nucleus of the regime, the requirement of good faith, and the prohibition on willful acts in the exercise of proprietary rights,

are included within this frame of reference; a term of prescription of two years is herein set forth for the submittal of challenges to actions or omissions that breach the Law or Regulations; the number of owners required to establish quorum in the first convocation of annual assemblies is hereby reduced; and the requirement of exhausting internal recourses prior to resorting to the Court or the Department of Consumer Affairs to challenge the actions or omissions of the Board of Directors or the Apartment Owner's Association is hereby set forth, simultaneously with the adoption of measures to avoid the submittal of frivolous claims. It is also provided herein for the designation of a trustee in cases in which none of the owners is able or wishes to assume the direction of the condominium, providing as well for the prompt election of a Director or Board of Directors where none exists.

Included in this Act are, among other provisions, specific norms to address the difference between exclusively residential, mixed, and exclusively commercial or professional condominiums. The number of necessary votes for the approval of improvements is hereby reduced to two thirds ($2/3$), if the funds to carry them out exist; the difference between urgent, necessary, extraordinary, and improvement works, and the requirements for carrying each of them out. Necessary and voluntary common elements are hereby reclassified, clarifying several aspects related to parking areas. The use of common elements is hereby made more flexible in behalf of one or several units. The duties of owners concerning the use of their apartments are hereby clarified. Limitations have been set forth herein upon buyers at the time of purchase in regard to the questioning of changes that have been made in the common elements with the consent of the owners to safeguard the stability of condominiums.

Conversely, to more adequately address the right of consumers, the obligations of the developer are hereby listed from the sale of the first apartment to the moment of the transfer of the temporary administration of the condominium. The developer shall have the option to either assume all the maintenance costs of the common elements until the transfer of the administration takes place, or to collect from the owners their proportional share of said costs, according to the percentage assigned to each apartment in the original mortgage title. The developer shall pay the remaining percentage for apartments that have not yet been sold or built. A Transition Committee comprised by unit owners is hereby created to obtain the necessary information and documentation regarding the temporary administration. The duty of the so-called involuntary acquirer to pay for maintenance fees of the former owner that remain in arrears is hereby doubled. It is also set forth herein that the Boards of Directors shall consult all matters concerning indemnizations and damage repairs that result as a consequence of a disaster with the Apartment Owner's Association, and it is also hereby stipulated that condominiums shall prepare a management plan for this type of phenomenon.

In conclusion, a Special Division within the Department of Consumer Affairs is hereby created solely to address all matters concerning condominiums.

The legislation now being proposed herein with the aforementioned innovations gathers the expertise that has been obtained after a quarter of a century ever since the last noteworthy revision made by means of Act No. 157 of 1976. This Act proposes to further improve and strengthen the existing horizontal property regime, as a system steeped in public interest, due to its social purpose in our urban development. Moreover, the legislation set forth herein today, which constitutes a true, modern, and expansive reform of the horizontal property regime,

is the product of dedicated and calm consultation with all segments concerned in this important topic, which addresses consumer rights with priority, and also conforms to the interests of developers and the financial community, following the wise counsel of academics and scholars to guarantee more efficient and fair procedures, which shall ultimately result in great benefits for our entire community.

BE IT ENACTED BY THE LEGISLATURE OF PUERTO RICO:

Section 1.-Section 1 of Act No. 104 of June 25, 1958, as amended, is hereby amended to read as follows:

“Section 1.-

This Act is hereby designated as the “Condominiums Act.”

Section 2.-Section 1-A is hereby added to Act No. 104 of June 25, 1958, as amended, to read as follows:

“Section 1-A.-

This Act is hereby approved for purposes of making possible the individual ownership of an apartment that forms part of a building or real estate subject to the horizontal property regime, in agreement with the criteria set forth below.

The owner of an apartment subject to the horizontal property regime is entitled to the full enjoyment of the unit and the common elements, if the right of the other owners to the enjoyment of their respective properties is not breached.

The principal duty of the Apartment Owner’s Association, the Board of Directors, and the Administrator of the Condominium is to direct their actions toward safeguarding the principle that the purpose of the horizontal property regime is to propitiate the enjoyment of the private units, and that the purpose of the administration of the common elements and property of the building is to

achieve full enjoyment of said right. Likewise, each owner acknowledges that the exercise of their dominion in the horizontal property regime is limited by the rights of the other tenants, and that their property rights over their apartment shall be exercised within the framework of peaceful coexistence and respect for the rights of others.

In the exercise and claiming of their rights, owners shall act pursuant to the principles of goodwill, and the prohibitions set forth on going against their own actions, and on abusing the rights of others.”

Section 3.-Section 2 of Act No. 104 of June 25, 1958, as amended, is hereby amended to read as follows:

“Section 2.-

The provisions in this Act apply exclusively to the set of apartments and common elements whose single owner (or all owners, if there are more than one) expressly states, in a public title, the desire to submit the referenced property to the horizontal property regime set forth in this Act, and inscribes said title in the Registry of the Property.

The horizontal property regime may be set forth over real estate located on land belonging to another person, if the owner of the land grants the lease, usufruct, or surface rights perpetually to the builder or the condominium tenant.

The title that sets forth the horizontal property regime shall clearly and precisely state the purpose and use of all areas comprised by the property, and, unless otherwise authorized by this Act, once said purpose and use have been established, they can only be changed by means of the unanimous consent of the owners.”

Section 4.-Section 9 of Act No. 104 of June 25, 1958, as amended, is hereby amended to read as follows:

“Section 9.-

(a) The mortgage credits constituted prior to submitting the property to the horizontal property regime shall be subject to the provisions set forth in Section 174 of the Mortgage and Property Registry Act, but the creditor, upon initiating the collection procedures, shall direct the action for the total guaranteed amount simultaneously against all the owners of apartments with lien. If such credits are constituted after the property is organized under the horizontal property regime, their distribution shall be conducted in the manner referenced in Section 170 of the Mortgage and Property Registry Act among apartments with lien that are already built; and regarding apartments merely projected or still being built, the distribution of the credit should be conducted among the participations or inscribed rights, pursuant to Sections 5 and 6 of this Act.

The mortgage of the common elements of real estate built under a horizontal property regime can only be brought about by means of the unanimous agreement of all the owners.”

Section 5.-Section 11 of Act No. 104 of June 25, 1958, as amended, is hereby amended to read as follows:

“Section 11.-The common elements of the property are the following:

a) The following are considered to be general and necessary common elements, non susceptible to individual property by the owners, and subject to a regime of obligatory indivision:

(1) The projection, understood as the right to build upwards.

Except for the provisions set forth in Section 14-A, the closure or roofing

of patios, terraces, or open areas, as well as the construction of new floors upon the roof and over or under the ground shall require the unanimous consent of the owners, if such construction works are not included in the blueprints submitted along with the construction title set for by law.

(2) The foundations, main, and bearing walls, roofs, hallways, stairways, and entrance and exit, or communication passageways.

(3) Locations for the installation of central utilities, such as electric power, lighting, gas, hot and cold water, refrigeration, cisterns, water tanks and pumps, and similar others indispensable for the adequate enjoyment of the units, minding that these elements shall not be located within private apartments or locations.

(4) Elevators, when needed for the adequate enjoyment of the units.

(5) Green areas and trees required by the instrumentalities or dependencies of the Commonwealth of Puerto Rico.

(6) Any other element that is indispensable for the adequate enjoyment of the units.

Any agreement that transfers ownership, possession, or control of the aforementioned elements to another natural or legal person different from the Apartment Owner's Association shall be null and void.

b) The following are considered to be general and necessary common elements, unless otherwise set forth or stipulated:

(1) The land, basements, roofs, patios, and gardens.

(2) Locations designated for the sheltering of porters or guardians.

(3) Areas designated as parking spaces.

(4) Recreational areas that exceed the requirements set forth by urban regulations, or authorities with jurisdiction.

Adjudication of the aforementioned common areas or elements shall require having been set forth in the construction title of the horizontal property regime, or if the conversion and transfer takes place after the construction of the property, the unanimous consent of the owners shall be required. The transfer shall be inscribed in the Registry of the Property, stating the new participation percentages for each of the benefited units.

Even when the foregoing areas under this subsection (b) are susceptible to independent use, they may not be constituted or allocated as private areas, unless it is done for the benefit of the Apartment Owner's Association, or of one or several condominium apartment owners. The parking areas in exclusively residential condominiums shall constitute a common, general, or limited element, or as a private area whose spaces and ownership shall be attributed to the apartment owners.

With the exception of exclusively commercial or professional condominiums, ownership of individual parking spaces that constitute independent property shall not be taken into account in the determination of quorum or majority based on the number of owners, although the participation percentage corresponding to such spaces in the common elements may be calculated when the Regulations includes such participation in its definition of majority. When the area designated as parking space has been totally configured as independent property, its owner shall be entitled to one vote, as if it were an apartment unit.”

Section 6.-Section 11-A is hereby added to Act No. 104 of June 25, 1958, as amended, to read as follows:

“11-A. Areas such as units, parking spaces, or locations, that are susceptible to individual use, whose ownership has been assigned to the Apartment Owner’s Association, shall be for the common good, as well as private apartments acquired by the Apartment Owner’s Association by means of cession, seizure in debt collections, or by any other legal means.

Acquisition of a common location or apartment by means of seizure in debt collections shall require the approval of the majority of the Apartment Owner’s Association. The transfer of this type of element shall not be free of charge and requires the same approval, provided the proceeds of the sale or transfer is designated to defray debts or expenses for the maintenance of common areas. The transfer to defray any other expense, or to defray expenses for improvement projects shall require the consent of the owners, pursuant to the requirements for obtaining approval of the expense or project being considered.

Once the apartment has been transferred, it shall no longer be considered as a common element.”

Section 7.-Section 13 of Act No. 104 of June 25, 1958, as amended, is hereby amended to read as follows:

“Section 13.-The common, general, and limited elements shall be kept in compulsory indivisibility and shall not be subject to an action of community division. Any agreement to the contrary shall be null and void.

The Board of Directors shall handle the necessary procedures for the most appropriate and efficient operations and management of the equipment or general common elements, following the guidelines set forth and the budget approved by the Apartment Owner’s Association. Matters pertaining to the limited common elements shall be under the management of the owners of the apartments to whom

the same were allocated. If the benefited owners do not perform the maintenance works of their respective limited common limited elements, and so cause harm to the building or to the other owners, the Board of Directors may perform said works at the expense of the owners to whom the referenced elements were allocated.

All owners are duty bound to allow passage through the limited common elements enjoyed by their apartments when necessary for the performance of maintenance works or improvements of equipment, or of their respective limited common elements. Access shall be coordinated with the pertinent owner, making sure that enjoyment of the apartment is obstructed as little as possible.

The Apartment Owner's Association may allow, by means of majority vote, the existence or installation of iron grillwork placed in common areas by one or several owners, if so warranted for more security for their respective units, if by so doing the enjoyment or safety of other apartments is not affected, and access to other common areas is not obstructed.”

Section 8.-Section 14 of Act No. 104 of June 25, 1958, as amended, is hereby amended to read as follows:

“Section 14.-

Each owner shall use the common elements in accordance with their purpose, without restricting or obstructing the legal rights of others, under the following conditions:

(a) By majority vote of the Apartment Owner's Association, installation of equipment on the roof may be authorized for one or several owners for the exclusive enjoyment of their apartments, if such installations do not curtail the enjoyment of another unit, in which case the compliance of the affected party is required.

(b) Also by authorization, equipment or machinery for the enjoyment of a limited number of apartment owners may be installed in common areas, if they assume the costs entailed, and the future maintenance costs. To obtain the referenced authorization, said apartment owners shall certify to the Apartment Owners' Association that the installation and use of such equipment or machinery, according to expert opinion, does not substantially alter the appearance or architectural design of the structure, does not affect the safety or solidity of the building, and does not obstruct the enjoyment of the other units. Apartment owners who originally would not have contributed toward such improvements may benefit from the same if they contribute the proportional costs that would have corresponded to them afterwards, paying the legal interest.

In any case, if the location of the equipment affects the appearance of the structure, its installation shall require the consent of all the owners. The Apartment Owners' Association may impose a special fee to those apartments that benefit from this authorization, pursuant to the provisions set forth in Section 38 (e)."

Section 9.-A new Section 14-A is hereby added to Act No. 104 of June 25, 1958, as amended, to read as follows:

"Section 14-A.-

When the parking area is a common element, all owners shall have the right to use a parking space with the capacity to accommodate an automobile per occupied apartment owned. No owner may use a parking space that exceeds such capacity, if by so doing another owner is deprived of the effective enjoyment of such common element. If the number of parking spaces with capacity to accommodate an automobile were less than the number of apartments, and there are more apartment owners interested in their use than available parking spaces, there shall

be a lottery for said parking spaces among the interested parties for their use for the term designated by the Owners' Association, in such a manner that access to such spaces is guaranteed for all the interested parties.

By the Apartment Owners' Association majority agreement, the parking of automobiles may be allowed in common access roads for the enjoyment of all the apartment owners. If the amount of parking spaces is less than the number of apartment owners interested in using them, there shall be a lottery for said parking spaces, as set forth in the foregoing paragraph. The Association shall determine the terms and conditions for participation in the lottery, including the collection of a rate of rental, if it so deems convenient, and may adopt any other method for the best use of this parking area, if by so doing enjoyment of or access to the private spaces is not obstructed.

By agreement of two thirds (2/3) of the owners that in turn comprise two thirds (2/3) of the participations in the common areas of the structure, additional parking areas may be enabled or built, if by so doing the green areas are not substantially affected, the necessary permits from the pertinent government agencies are obtained, and there is compliance with the conditions set forth in subsections (d) and (e) of Section 38 of this Act. Likewise, areas so enabled may be constituted as a common element or as annexes to the apartments by vote, in which case they shall be subject to the provisions set forth in Section 11 (b) of this Act."

Section 10.-Section 15 of Act No. 104 of June 25, 1958, as amended, is hereby amended to read as follows:

"Section 15.-

The use and enjoyment of each apartment shall be subject to the following rules:

In the exercise of the ownership rights under this Act, the following general principles shall govern, particularly, those stated in Section 1-A of this Act.

Infractions against these principles or the rules stated in the subsequent subsections shall warrant the exercise of action for damages by any owner or occupant affected, as well as of any other corresponding action under the law, including interdicts, those set forth in the Controversies and Provisional Legal Status Act, and any other fair remedy.

(a) Each apartment shall be dedicated only to the use set forth for the same in the title referenced in Section 2.

(b) Apartment occupants shall not produce noises or trouble, nor execute acts that inconvenience the peace of the other owners or neighbors.

(c) The apartments shall not be used for purposes that are unlawful or immoral, or against good practices.

(d) All owners shall execute, at their own expense, the modifications, repairs, cleaning, security, and improvements of their own apartments, without obstructing the rightful use and enjoyment of others. It shall be the inescapable duty of every owner to perform the repair and security works as soon as necessary, so as not to affect the security and appearance of the building. All owners or occupants of an apartment are legally bound to allow repairs or maintenance works required by the building in their unit, allowing entrance to the apartment for their completion.

(e) No owner or occupant may, without the consent of all the owners, change the external form of the façade, nor decorate walls, doors, or exterior windows with colors or tones that differ from those of the development. Façade means the structure's architectural and aesthetic design, as it comes forth from the documents that comprise the condominium.

Once the agencies concerned issue a hurricane or storm warning, the use of any type of temporary or removable storm windows shall not constitute an alteration of the façade. Regarding permanent storm windows, the Board of Directors shall solicit quotes and design, type and specific color alternatives, and shall present same to the Apartment Owners' Association, who shall decide which shall be installed by majority vote. Temporary Storm windows shall be removed as soon as the hurricane or storm warning is over, or after the passage of the phenomenon, unless the area protected by the same has been damaged in such a manner that said storm windows constitute the only temporary protection.

When according to expert opinion, the original equipment or elements of the building that form part of its architectural design, such as windows, doors, iron grills, or ornaments, the Apartment Owners' Association shall decide by majority vote which type and design of equipment or element shall substitute the original. Any owner who is interested in substituting such elements or equipment shall have to do so according to the type and design adopted by the Association. The imposition upon all the owners of performing the substitution shall require compliance with all the requirements set forth in Section 38 (d) regarding these improvement works.

(f) All owners shall contribute according to the participation percentage set upon their apartment in the constitution title, and to that which is especially set forth, according to subsection (f) of Section 38, regarding the common expenses for the adequate sustainment of the building, its services, taxes, burdens, and responsibilities, included in apportionments, insurance premiums, reserve fund, or any other expense that is duly approved by the Apartment Owners' Association.

(g) All owners shall observe due diligence in the use of the property, and in their relationships with other unit owners, and shall respond to same for violations committed by their own relatives, guests, or employees, and in general, by all persons who occupy their apartment for any reason, without prejudice of direct actions that proceed against such persons.

(h) No unit owner or occupant may install or attach any object to walls that may constitute a safety hazard to any person, to private or common property.

(i) All unit owners and occupants shall remain in strict compliance with the administrative provisions set forth in this Act, in the title, or in the Regulations referenced in Section 36.

(j) The buyer of an apartment whose seller is not the developer, temporary administrator, or a constituent of the regime, accepts the manifest condition of the common elements of the condominium in the manner in which these are found physically at the time of the purchase, and subrogates to the position of the seller regarding the rights of same over the initiation of any action in which the change is challenged due to the breach of this Act, the original mortgage title, or the Regulations of the condominium. Knowledge of the manifest changes that exist in the property for all purposes of third party registry shall be attributed to this buyer.”

Section 11.-Section 15-A of Act No. 104 of June 25, 1958, as amended, is hereby amended to read as follows:

“Section 15-A.-

All unit owners shall communicate to the Director or Board of Directors within the thirty days following the date of the purchase of their apartment unit, their name, last names, general information, and address, as well as the date and other

details of the acquisition of their apartment unit, showing irrefutable proof of such matters, in addition to the registration of their signature in the Book of Unit Owners.

In the event of the sale, cession, or lease of the apartment unit, the unit owner shall notify same to the Director or the Board of Directors, stating name, last names, general information and address of the acquirer or tenant, as well as require from the acquirer or tenant a statement expressing that same knows and faithfully observes the precepts set forth in this Act and the Regulations, as well as the foundations of the horizontal property regime, to be included in the transfer or lease agreement.

The owner lessor shall continue to bear sole responsibility for the payment of fees for the common expenses, and shall also be responsible for compliance by the lessee with this Act and the Regulations.”

Section 12.-Section 16 of Act No. 104 of June 25, 1958, as amended, is hereby amended to read as follows:

“Section 16.-

The majority of the owners shall agree upon the necessary works for the preservation or security of the building, and the efficient use of the common areas. If the efficient use works curtail the enjoyment of any particular owner, such works cannot be performed without the consent of the affected owner.

The unanimous consent of all the owners is required for all works that adversely affect the common elements of the building.”

Section 13.-Section 17 of Act No. 104 of June 25, 1958, as amended, is hereby amended to read as follows:

“Section 17.-

When the building or its common elements require urgent or necessary repair, security, or preservation works, any owner may perform them at his/her own expense and recover from the other owners the proportional payment for the expenses incurred, by means of the pertinent explanations with supporting data.

Regarding urgent or necessary works, the recovery of the expenses shall proceed if the Board of Directors, once notified, had not acted with the due diligence warranted by such works, except when under emergency situations. The reimbursement shall be requested no later than thirty (30) days after having made the payment. The Board shall verify the reimbursement request, and if appropriate, it shall make the payment within thirty (30) days, if same does not exceed 10% of the budget, in which case the procedure to follow is set forth in Section 38 (d) 2. Unless so authorized by the Board, the owner shall not compensate such an expense against the maintenance fee. In any case, recovery by an owner for necessary works or reimbursement shall not proceed if the Condominium Association decides to postpone or not perform the same. The owner who feels having been harmed by such decision may request assistance from the authority with jurisdiction.”

Section 14.-Section 18 of Act No. 104 of June 25, 1958, as amended, is hereby amended to read as follows:

“Section 18.-

No unit owner may, without the unanimous consent of the others and without having the corresponding permits from the pertinent agencies, build new floors, build basements, perform excavations, or perform works that affect the security, solidity, and preservation of the building.”

Section 15.-A paragraph is hereby added to Section 22 of Act No. 104 of June 25, 1958, as amended, to read as follows:

“Section 22.-

The public title referenced in Section 2 of this Act shall state the following circumstances:

(a) ...

(b) ...

(c) ...

(d) ...

(e) ...

(f) ...

(g) ...

(h) The statement of the circumstances included in subsections (a), (b), (c), and (e) shall be made according to a certified legal description provided by the engineer or architect who was in charge of the preparation of the blueprints of the building that shall be submitted to the Registry of the Property, pursuant to Section 24 of this Act.

The following shall be included along with the title:

(a) a certified copy of the license of the Developer or Builder, issued by the Secretary of the Department of Consumer Affairs, if so required, pursuant to the provisions set forth in Act No. 130 of June 13, 1967, as amended, and

(b) a sworn certification by the person that submits the building to the horizontal property regime, which states that:

(1) The blueprints submitted to the Registry of the Property are the true and exact copy of those approved by the Regulations and

Permits Administration, and include any change made to the building at the time of the execution of the title;

(2) The common and private areas yet under construction and the projected date of completion of same, as well as the promise that copies of the blueprints, duly certified by the Regulations and Permits Administration, in which the changes made in the construction shall be stated;

(3) All the requirements of this Act have been complied with, as well as the resolutions and permits from the government agencies to submit the property to the regime.

(4) An exact copy of the certified legal description provided by the engineer or architect in charge of the preparation of the blueprints of the building has been included in the title.”

Section 16.-Section 24 of Act No. 104 of June 25, 1958, as amended, is hereby amended to read as follows:

“Section 24.-

The certified copy of the title originated by the first inscription of the entire building, and the certified copy of the title originated by the first inscription of the individualized unit for its inscription in the Registry of the Property shall be submitted as complimentary documents along with the complete true and exact copies of the blueprints of said building, or of the sketch of the apartment in question, pursuant to the cases, to be kept in the Registry of the Property. Such blueprints shall be certified, without payment of duties, by the Administrator of Regulations and Permits, and shall graphically indicate the particularities of the building or apartment, as the case may be.

Whenever it is desired to submit an existing building whose blueprints are not in the files of the Regulations and Permits Administration to the horizontal property regime, it shall be so stated by means of a certification issued to that effect by the Administrator. In such a case, the certified copy of the title that, under such regime is originated by the first inscription of the total building, and the certified copy of the title originated by the inscription of the individual unit shall be accompanied by a set of blueprints, as built, certified by an authorized engineer or architect authorized for the practice of his profession in Puerto Rico, which graphically and clearly indicate the particularities of the building or apartment, as the case may be.

The certified copy of the title originated by the first inscription of the total building in the Registry of the Property shall also include an appraisal of said building, certified by an appraiser authorized for the practice of his profession in Puerto Rico. This appraisal shall be used in the calculation of the inscription fees to be paid in the Registry of the Property.”

Section 17.-Section 25 of Act No. 104 of June 25, 1958, as amended, is hereby amended to read as follows:

“Section 25.-

Horizontal property is organized in the Registry under a system of parcels interconnected by cross-referenced marginal notes.

Inscription of the structure built upon the land shall be performed in the parcel in which the land is inscribed and shall be designated as master parcel.

Each unit shall be inscribed as a separate parcel, in a particular filial registry of the master parcel, unless the structure is built upon land belonging to another, in which case the master parcel shall be that in which the building is inscribed.

All the aforementioned inscriptions shall be preceded by the phrase “Horizontal Property.””

Section 18.-Section 26 of Act No. 104 of June 25, 1958, as amended, is hereby amended to read as follows:

“Section 26.-

When the structure is inscribed in the master parcel, those circumstances that appear in Section 87 of the Mortgage and Property Registry Act, in harmony with those of the Regulations set forth for its execution, and with Section 22 of this Act, except that regarding the description of each unit in the structure, for the effects of the records in the master parcel, it shall suffice that the number of apartments that comprise the structure, number and type of apartment in each floor, stating the number of each, the area and participation percentage of the common elements that corresponds to each, all without prejudice to the provisions set forth in Section 27 hereunder, for the inscription of the individual apartment unit. In addition, the projected, initiated, and performed works shall be stated, as the case may be.

In said records, the common elements shall also be inscribed permanently, in behalf of the or those who become the owner or owners of the total building, and in the future, of the units, without stating their names and last names, and in the corresponding proportion.”

Section 19.-Section 27 of Act No. 104 of June 25, 1958, as amended, is hereby amended to read as follows:

“Section 27.-

At the time of inscription of the units in the filial parcels, those circumstances resulting from Section 87 of the Mortgage and Property Registry Act in harmony with those of the Regulations set forth for their execution and with Section 23 of

this Act, except for those referenced in subsection (a) of Section 22 shall be stated as circumstances of the entry in records.

Regarding the part of the general or limited common elements that, where appropriate, corresponds to the owners of the units, an opportune and brief reference to the entry in the master parcel in which they appear inscribed shall be made.

If the works on the land of the respective unit have not yet begun, the unit cannot be inscribed as either a filial or independent parcel. When the works in the apartment have begun, but have not yet concluded, those in which works are already finished, and those yet pending construction, shall be indicated.”

Section 20.-Section 32-A, in the first sentence of the second paragraph of Act No. 104 of June 25, 1958, as amended, is hereby amended to read as follows:

“Section 32-A.-

Unless the original mortgage title ...

In such cases, along with the consent of the affected unit owners, majority approval from the Condominium Association shall also be required, and the imposition of percentages or participation quotas shall be the duty of the Director or the Board of Directors, subject to the provisions set forth in Section 8, and without alteration of the percentages corresponding to the rest of the unit owners....”

Section 21.-Section 33 of Act No. 104 of June 25, 1958, as amended, is hereby amended to read as follows:

“Section 33.-

Whoever has any property rights over any uninscribed unit may request its inscription by means of observing the provisions set forth in the second paragraph

of Section 442 through 448, both inclusive, of the Regulations for the Execution of the Property Act.

When the parcel is inscribed in the name of another person, the person with property rights over an apartment may request the inscription of said rights, in compliance with the pertinent parts of the provisions set forth in Section 246 of the Mortgage and Property Registry Act. The requirement or requirements upon the owner or owners of the unit that do not yet appear in the Registry, for purposes of having them inscribe their rights, shall be notarial and for a term of ten (10) working days.”

Section 22.-Section 36-A of Act No. 104 of June 25, 1958, as amended, is hereby amended to read as follows:

“Section 36-A.-

The owner or owners that submit the building to the horizontal property regime shall assume the initial administration of same, with all the powers and duties conferred by this Act, and those conferred and imposed by the Regulations upon the Director or the Board of Directors, the President, and the Secretary.

(a) The temporary administration shall begin as soon as the first apartment is sold. From that moment onwards, the master title and the blueprints of the condominium cannot be amended without the consent of all the unit owners, except when adjusting the master title to the inscribed blueprints.

i) After the first sale, the developer shall have the following temporary administration options:

1. To assume all the expenses for the maintenance of the common areas and facilities until fifty-one (51%) percent, or

seventy-five (75%) percent, of the units are sold at the discretion of the developer of the units. Thereafter, the acquirers of the units shall contribute proportionally for the payment of the projected maintenance expenses for such areas and facilities, according to the participation percentage set forth in Section 22, and thus, the developer shall contribute the amount corresponding to the remaining percentage, regardless of the number of apartments that are yet to be built or sold, or

2. Collect the proportional part of the maintenance fees for such common areas and facilities from the owners of the apartments that have been sold, according to the percentage set forth in Section 22, upon an annual budget to be prepared by the developer, pursuant to that which is set forth below in number six (6) of this subsection. The developer shall pay the amount corresponding to the remaining percentage, regardless of the number of apartments yet to be built or sold.

Any disposition stating something other than what is set forth in numbers 1) and 2) above in the master title or the Regulations shall be null and void.

ii. When the developer defrays all the expenses, according to the option set forth in number 1) above, he shall not have to render audited reports of his activities, and may continue in temporary administration until fifty-one (51%) percent, or seventy-five (75%) percent, of the units are sold at the discretion of the developer of the units. At such a time, the unit owners shall be legally bound to

assume the administration of the condominium as soon as the temporary administrator convenes the assembly for the election of the first Board of Directors, as set forth in subsection (c), once there has been compliance with all the provisions set forth in subsection (f) of this Section. Assumption of the administration by the unit owners shall not imply refusal of any claims that may proceed against the developer due to the temporary administration.

(b) The temporary administrator shall have the following duties:

1) To address all matters concerning good government, administration, surveillance, preservation, care, repair, and operations of common effects and elements, and the general and necessary services for compliance with the foregoing in this subsection.

2) To maintain a book of unit owners with the name, signature, telephone number, mailing address, and physical address of the unit owners, keeping a record of successive transfers and leases in identical manner, and maintaining a copy of the titles that prove the ownership of each unit.

When the developer collects from the unit owners pursuant to option 2) above, the temporary administrator shall have the following responsibilities, as well as those stated in the foregoing paragraph:

3) To manage the financial matters of the condominium and maintain a detailed book of all receipts and disbursements affecting the building and its administration, recording the same by

date, and specifying expenses for preservation and repairs of common elements. Each disbursement shall be evidenced by a voucher, invoice, or receipt. The book of vouchers, invoices, and receipts shall be made available for the examination of the owners on working days and hours. The Temporary Administrator shall notify the owners of the location at which the same shall be available.

4) To collect from the unit owners the amounts that each shall contribute toward the common expenses, and perform any other collections to which the community is entitled, particularly overseeing that the owner of the unsold units continues to make the deposits of the proportional amounts corresponding to such units, in the account of the community property, included in the reserve fund. The temporary administrator shall collect from the unit owners for advance maintenance fees, at the closing, one (1) monthly budgetary payment referenced in number (6) below, and two monthly payments as a special payment to the reserve fund. The temporary administrator cannot collect any other amount in advance.

5) To notify all unit owners, after the first sale, the annual budget based upon actual and reasonable maintenance expenses projected for the following year after the first sale.

6) To prepare the budget, overseeing that it reasonably responds to the economic needs of the condominium, without including the property preservation and maintenance expenses

prior to the sale of the apartments, nor any expense related to the termination of the construction works of the building or the apartments, or to the sales process of same. The projected budget can only be modified with prior notification to all unit owners thirty (30) days in advance of the closing of the year's budgetary operations, to take effect in the next operations year.

7) To notify the unit owners monthly of the receipts and disbursements of the condominium and the bank balance of the account for the month preceding the notification.

8) To maintain a book of unit owners with the name, signature, telephone number, mailing address, and physical address of the unit owners, keeping a record of successive transfers and leases in identical manner, and maintaining a copy of the titles that prove the ownership of each unit.

9) To make available to the unit owners for their examination, all agreements made pertaining to his/her duties as Temporary Administrator.

(c) The transfer of the administration shall take place:

1) In those cases in which the developer collects maintenance fees from the unit owners starting from the first sale, as soon as the owners choose the persons to be in charge of the administration in an extraordinary meeting that may be convened at any time by any of the individual unit owners, or

2) As soon as the unit owners choose the persons to be in charge of the administration in an extraordinary meeting to be

convened by the unit owner that submitted the building to the horizontal property regime, once more than half of the units has been individualized and transferred, or a sufficient number of units for their combined participation percentages to be more than fifty-one percent (51%).

(d) In the meeting in which all unit owners are to elect the persons to fill the directing positions, the owner or owners who up to that time had been in charge of the administration shall hand over all the information and documents set forth below to the Unit Owner's Association.

(e) The Transition Committee.- Prior to the election of the first Board of Directors and the transfer of the administration to same, any unit owner may convene an assembly for purposes of electing a Transition Committee whose duty shall be to obtain all the pertinent information and documentation regarding the operations of the temporary administration. The assembly for the election of said Committee shall be held on the date and at the location indicated by the summons, which shall be signed by the owner or owners who are issuing the convocation, and for which quorum shall be constituted by the owners who attend, who shall designate the members of the Committee by majority.

If the developer collects maintenance fees, if the time arrives in which fifty percent (50%) of the units would have been sold without the owners having constituted the Transition Committee, the Temporary Administrator shall convene the owners no later than forty-five (45) days prior to the meeting in which the first Board of Directors shall be elected, pursuant to subsection (c).

The Transition Committee may require a detailed report of the status of the condominium, and may review all the related public documents, such as titles, use permits, agency authorizations, etc., from the temporary administrator, and from the developer when same is acting as temporary administrator. It may also review and inspect the documents pertaining to the finances of the regime, including the fidelity bond set forth below. The Committee shall have the right to make a copy any of these documents.

(f) Before the assembly set forth in subsection (c) is held, the Temporary Administrator shall provide the following to the Transition Committee:

1. The community's accounting books, duly audited and certified by an independent certified public accountant, if the owners were charged fees for the maintenance of common areas and facilities during the temporary administration. In such a case, the auditor shall also issue an opinion regarding the reasonability of the expenses incurred for the maintenance of the common property during said temporary administration. If there were a difference between the receipts and the expenses on the date of the administration transfer, the temporary administrator shall not have the right to claim said difference from the owners, nor to compensate it with the debt that is certified.

2. Copies certified by the authorizing Notary and the authorities with jurisdiction of all the documents and public instruments that constitute the building, setting forth that the certified copy shall be issued in behalf of the Condominium Association free of charge, pursuant to Act No. 75 of July 2, 1987, as amended.

3. Updated Book of Unit Owners.

4. A certification issued by the Secretary of the Department of Consumer Affairs stating that the bond required in subsection (12) below has been paid.
5. All funds belonging to the unit owners in its keeping, including any amount designated as a reserve, or which may have been otherwise withheld by the mortgager at the time of the closing of each unit.
6. Bank accounts, deposits, securities, etc., belonging to the unit owners with their corresponding deposit and withdrawal slips, statements, bank reconciliations, and all other related documents.
7. Certifications of the status of any legal, extra judicial, or administrative action related to the common areas, or any other aspect that affects the operations of the condominium.
8. A certified sworn statement which state that the developer or the temporary administrator has provided the following documents to each unit owner:
 - a) Copy of the Budget of the Condominium;
 - b) Copy of the Master Title and a copy of the Regulations of the Condominium;
 - c) Copy of the use permit of the apartment;
 - d) Copy of this Act and the Regulations for Condominiums of the Department of Consumer Affairs.
9. A list of all the maintenance fees payments paid by the unit owners during the term of the temporary administration, including those paid by the developer for the yet unsold or unbuilt units.

10. The originals of all agreements granted by the developer or the temporary administrator during their administration term.

11. A copy of the complete set of the certified blueprints filed in the Registry of the Property showing the changes made, if any, to the original blueprints submitted pursuant to Section 22.

12. Certified copy of the fidelity bonds that shall take effect at the time of the transfer of the administration to the Condominium Association. The bonds shall be issued by an entity authorized by the Insurance Commissioner, covering:

- a) All the maintenance fees in default which the same was legally bound to pay, as determined by the authorized public accountant who certifies the financial statements at the time of the transfer of the temporary administration to the unit owners, as set forth in this Section.
- b) The negligent performance of his/her temporary administration duties. In any case, this fidelity bond shall be for an amount of not less than twenty-five thousand (\$25,000.00) dollars.

Said fidelity bonds shall be issued in behalf of the Condominium Association, and shall remain in effect for two (2) years, starting from the transfer of the administration to the unit owners.

The cost of the bonds set forth herein, which remains in effect for two years, as well as that of the related expenses for the rendering of the foregoing information and documentation shall be at the expense of the developer.

The Transition Committee shall inform the steps taken and its findings to the Condominium Association at the meeting held for the election of the Board of Directors, as set forth in subsection (c).

No agreement granted during the term in which the administration of the building was under the responsibility of the unit owner that submitted the same to the horizontal property regime shall bind the Condominium Association, unless the unit owners, by majority vote, ratify said agreement.

The developer or temporary administrator who does not comply with the duties set forth in this Section shall be compelled to reimburse to the Condominium Association all the expenses incurred by the condominium to claim compliance with the referenced duties, including legal fees paid to attorneys and experts, as well as all the items owed and the damages caused by said noncompliance, all without prejudice of imposition of administrative penalties, pursuant to the provisions set forth in Section 51 of this Act.

This Section shall be of limited interpretation for the protection of the rights of the unit owners.”

Section 23.-Section 37 of Act No. 104 of June 25,1958, as amended, is hereby amended to read as follows:

“Section 37.-

The Regulations may contain all those norms and rules regarding the use of the building and its apartments, the exercise of rights, installations and services, expenses, administration and government, insurance, preservation and repairs that do not contravene the provisions set forth in this Act, and shall provide for the following issues:

- (a) Manner of administration, indicating if same shall be under the responsibility of a Director or a Board of Directors, stating his/her duties, removal, and, where appropriate, remuneration. It shall also specify which duties and responsibilities, if any, may be delegated to an administrator by the Director of the Board of Directors.
- (b) Uniform unit owners' assembly convocation or summons system, stating the method of notification that allows for making same evident.
- (c) Definition of the concept of majority that shall govern in the condominium.
- (d) Person who shall preside and be in charge of the minutes in which agreements shall be recorded.
- (e) Care, tending, and surveillance of the building's common, general or limited elements and services.
- (f) Method of collecting the unit owner funds for the payment of common expenses.
- (g) Designation and termination of the necessary personnel for the performance of common, general, or limited works and services for the building.

At any time, the single owner of the building, or, if there are more than one, two thirds of the owners and participation percentages in the common elements of the building, regardless of the definition of majority that governs the condominium, may modify the Regulations, if each matter contained in this Section is regulated. The modification shall be documented in a public title and also inscribed in the particular registry of the master parcel, with a certified copy of

same remaining in the files of the Registry of the Property, as set forth in Section 36.

The modification shall bind all unit owners from the moment in which the affirmative vote of two thirds of the unit owners is obtained, or the term of thirty (30) days set forth in Section 38-C (e) herein elapses, with no opposition from more than one third of the unit owners. Regarding a third party, the modification shall not take effect until the date of submittal for filing in the Registry of the Property of the public title in which the amendment is stated, and a certified copy of same is attached to the title of constitution of the regime, and a record of the modification of the Regulations is made in the particular registry of the master parcel.”

Section 24.-A new Section 37-A is hereby added to Act No. 104 of June 25, 1958, as amended, to read as follows:

“Section 37-A.-When a building that contains, or shall contain, units that are intended for residential use along with units that are not intended for residential use is submitted to the horizontal property regime, the Regulations shall provide whatsoever is required to avoid restricting the unit owners’ rightful use and enjoyment of the common elements, as well as to forestall the imposition of an undue financial burden for the expenses of the common elements. With this objective in mind, the following matters shall be addressed:

(1) The inclusion of at least one director in the Board of Directors who is the owner of a housing unit that is not intended for residential use.

(2) The minimum provisions to ensure that the users of the non-residential area shall have access to the same during working hours, according to the intended use of the unit or area.

(3) All those measures and restrictions required to guarantee peace and quiet for the occupants of residential units, especially after working hours.

(4) Provisions pertaining to the insurance, use, and maintenance of the commercial areas and facilities, to protect the investment of the unit owners, without restricting the right or encumber the obligations of the residential units.”

Section 25.-Section 38 of Act No. 104 of June 25, 1958, is hereby amended to read as follows:

“Section 38.-

The Condominium Association constitutes the supreme authority over the administration of the building submitted to the horizontal property regime, and shall be constituted by all the unit owners. Its resolutions and agreements adopted in duly convened and constituted assemblies, shall be of obligatory compliance for each and all of the unit owners, occupants, residents, and others who are related to the condominium.

The Condominium Association shall have its own legal personality and shall answer for its responsibilities to third parties subsidiarily, and only with their own apartment unit.

The Condominium Association shall not assume the entity of a corporation or partnership.

It is the duty of the Condominium Association to:

(a) Elect, by affirmative majority vote, the persons that shall fill the following positions:

(1) Director or Board of Directors. In condominiums with more than fifteen (15) unit owners, a Board of Directors shall be elected, consisting of, at least, one President, one Secretary, and one Treasurer.

The Regulations may set forth provisions for additional positions. The three foregoing directors shall be elected separately for each position.

With the exception of the positions of Director, President, Treasurer, or Secretary, which shall of necessity belong to the Condominium Association, the representative of a unit owner who is able to present stated evidence issued by same, subscribed before a notary, may be elected to fill the remaining positions. The directors shall be personally accountable for their actions while acting as such, should they incur a crime, fraud or gross negligence. In any other case in which monetary responsibility is imposed on an owner for his/her actions as director, the Condominium Owners Association shall cover said expenses. The Association may acquire insurance policies to cover said risks.

(2) The administrator, who may be a person that is not a member of the community of unit owners, the Director, or the Board of Directors, may delegate the powers and responsibilities allowed by the Regulations. The Secretary of the Department of Consumer Affairs may adopt Regulations for the training or certification of the administrators, and the payment of the corresponding fees.

Unless otherwise set forth in the Regulations, the term of these positions shall be one year, tacitly extendible for equal terms.

(b) Know the claims raised by the unit owners against the aforementioned subsection and remove them by majority agreement obtained in an extraordinary meeting held for such purposes.

(c) Approve the foreseeable receipts and disbursements plan for the next fiscal year, and the account statements of the year that is ending.

(d) Approve the execution of extraordinary works and improvements, and collect funds for their completion. The annual budget shall include a reserve fund item of not less than five percent (5%) of the operational budget of the condominium for that year.

This fund shall be increased up to an amount equal to two percent (2%) of the value of reconstruction, at which time the Condominium Association shall decide whether it shall continue making deposits to same. The funds shall be kept in a special account, separate from the operations account, and shall only be used, in whole or in part, for extraordinary and urgent works and improvement works, as set forth below. As soon as the balance of the fund is below the aforementioned limit, the necessary deposits shall be made for the restitution of said limit.

(1) Extraordinary Works: The President and the Treasurer may jointly make withdrawals from the reserve fund to defray costs for this type of works, with prior authorization from the majority of the Condominium Association, duly convened in extraordinary assembly to address this specific matter. The banking institution in which the reserve fund is deposited shall require a certification from the Secretary of the Condominium Association, sworn in the presence of a notary, stating the convocation and the agreement authorizing the withdrawal, and the amount authorized, and that the authorization of the Condominium Association has not been challenged before any legal or administrative forum.

All maintenance works unforeseen in the annual budget requiring ten percent (10%) or more of said budget, or the imposition of an apportionment for their execution shall be understood to be extraordinary works.

(2) Urgent Works: The President and the Treasurer may jointly perform withdrawals from the reserve fund for all urgent works unforeseen in the annual budget, whose execution requires ten percent (10%) or more of said budget, or the imposition of an apportionment, with prior majority agreement of the majority of the Condominium Association, duly convened in extraordinary assembly to address this specific matter. The Assembly to authorize the disbursement may be convened within seventy-two (72) hours without convening for a second time. It shall suffice that a certification from the Secretary of the Condominium Association, sworn in the presence of a notary, stating the convocation and the agreement authorizing the withdrawal and the amount that was approved is presented to the banking institution in which the reserve funds are deposited for the withdrawal of funds for urgent works.

All works whose execution cannot be postponed due to pressing security reasons, or because they are needed for the restoration of essential utility services, such as water and electricity supply, or the operation of the elevators, shall be understood to be urgent works.

(3) Improvement Works: In condominiums in which at least one of the units is intended for residential use, improvement works may only be performed with the qualified approval of two thirds (2/3) of the unit owners that in turn have two thirds (2/3) of the participations in the

common areas, if sufficient funds to carry them out exist without the need to impose an apportionment. The withdrawal of the funds for these works shall follow the same procedures set forth in the foregoing subsection (1).

All permanent works that are not for maintenance, for purposes of increasing the value or productivity of the property concerned, or to provide better services for the enjoyment of all the apartments or common areas shall be understood to be improvement works.

The unit owners who own limited common elements may perform, at their own expense, and with prior consent from all the benefited unit owners, those works or investments they deem necessary for such common elements, if said works do not affect the security and solidity of the structure, and do not curtail the enjoyment of any of the other units.

In condominiums that are exclusively commercial or professional, those two thirds (2/3) of the unit owners who in turn have two thirds (2/3) of the participation in the common elements of the building may approve those improvement works they deem necessary, without having the monies available in the reserve fund set forth in this Section. For an equal number of votes, the fixed use of an area or a commercial or professional unit may be changed, if so authorized in the master title.

(e) Notwithstanding the provisions set forth in the foregoing subsections, changes or improvement works that curtail the enjoyment of any unit shall not be authorized without the consent of the unit owner. The qualified majority of two thirds (2/3) set forth herein shall not approve works that, in the opinion of an expert, alter the security, solidity, or architectural design of the building.

The alteration of the façade or the architectural design of the property shall require unanimous consent of the owners.

(f) To impose by means of the affirmative vote of the majority of the unit owners, a special fee: (i) upon owners of units whose occupants or visitors, without curtailing or restricting the legal rights of other unit owners, regularly make such intensive use of any common element that the operational, maintenance, or repair expenses for said common element surpasses the reasonable expenses to be incurred in the normal and customary use of the referenced facility; (ii) upon owners of units that, due to the nature of the activity legally carried out in their units, in agreement with the intended purposes of same established in the constitution title, cause greater common expenses than would be incurred if the unit concerned did not carry out the referenced activity. The amount imposed to cover the referenced excess costs shall be added to, and collectible as a part of, the expenses that may be attributed to said units.

(g) Approve the suppression of architectural barriers that obstruct access or mobility for persons with physical disabilities.

(h) Approve or amend the regulation referenced in Section 36.

(i) Order the suspension of services received through, or by means of, the general common elements, including water, gas, electricity, telephone, and/or any other similar utility services, to unit owners in default, who owe two (2) or more consecutive monthly fee payments, for not paying their maintenance fees or their proportional part of the common insurance, gratuitously enjoy the elements whose maintenance they do not contribute toward as they should. However, in view of noncompliance with the first installment, the Board of

Directors or the Director shall send a notification to inform the intent to suspend the services on the due date of the second consecutive unpaid installment, pursuant to the procedure established by the Condominium Association and set forth in the Regulations. In the case of an apportionment whose installments have not yet been incorporated in the monthly maintenance fees, suspension of the services may be carried out after two (2) months elapse from the due date established for the payment of the final installment, and as in the case of non-payment of the maintenance fees, such services shall not be reinstated until the total amount due is paid. Prior to the interruption of the aforementioned services, the Director or the Board of Directors shall ensure that in so doing the health or the life of the affected party are not affected.

(j) Authorize the Board of Directors, by means of the delegation set forth in the Regulations, to impose penalties up to one hundred dollars (\$100.00) per violation upon the unit owner or resident that breaches the norms of peaceful coexistence established in the master title, by Law, or in the Regulations.

(k) Intervene and make decisions regarding those matters of general interest for the community, as well as take the necessary and convenient steps for the best common service.”

Section 26.-Section 38-A of Act No. 104 of June 25, 1958, as amended, is hereby amended to read as follows:

“Section 38-A.-

The Condominium Association shall meet at least once a year to approve budgets and accounts, and on those other occasions in which the President convenes, a majority of the members of the Board of Directors, or one fifth (1/5) of

the unit owners, or a number of same whose apartments represent at least twenty percent (20%) of the participation percentages in the common elements.

The person or persons that issue the convocation shall indicate the matters to be dealt with, as well as the date, time, and location of the meeting, and shall sign the convocation. The summons shall be issued in writing and delivered to the apartment of every unit owner, or by means of a certified letter remitted to the address supplied for such purposes by the unit owners that do not reside in their unit.

The summons shall be issued ten days in advance of the date of the ordinary annual meeting, which shall be set forth in the Regulations, as well as for the extraordinary meetings, whenever possible, for same to reach all the interested parties.

The Association may meet validly without the issuing of convocation, if all the unit owners concur and so decide.

The holding of a meeting of the Condominium Association for a determined purpose shall not be necessary if all unit owners with the right to vote in such a meeting waive the referenced meeting and issue their consent for the proposed action to be taken in writing.

Regardless of the provisions set forth in Section 42 (e), the Condominium Association, by majority vote, may authorize the reimbursement to the unit owner or owners of expenses incurred, including a reasonable amount for legal fees, if any, to achieve the holding of an assembly whose convocation was opposed by the President or the Board of Directors.

Section 27.-Section 38-B of Act No. 104 of June 25, 1958, as amended, is hereby amended to read as follows:

“Section 38-B.-

Attendance to the Condominium Association meetings shall be in person or by legal or voluntary representation, a written document signed by the unit owner sufficing to prove the latter. The document shall be dated and shall indicate the date of the assembly for which the representation is being authorized, unless the same is a general power of attorney granted before a notary. By Regulations or agreement of the Condominium Association, a manner of authenticating the signature of the unit owner shall be established prior to initiating the assembly.

Representation in condominium assemblies in which there is at least one unit intended for residential use may be exercised solely by persons of legal age who in turn are unit owners, family members of same up to the second degree of consanguinity, the spouse, lessees of the unit, or agents of the unit owner by virtue of a power of attorney issued before an attorney or the legal representative of the unit owner. No person authorized to represent a unit owner may exercise the right to vote in representation of more than one unit owner.

Each unit owner shall have the right to one vote, regardless of the number of units he/she owns, for purposes of the calculation of the numerical majority of titleholders, and/or the right to vote according to the percentage that corresponds to his/her unit, depending on the definition of the concept of majority that governs the building.

When one or more units belong to a legal entity, said legal entity shall designate the person that shall attend the meetings and exercise its corresponding right to vote in representation of same by means of corporate resolution.

If several owners own a unit jointly, said owners shall name a single person to represent their community.

It is understood that the bare owner is represented by the usufructuary if the unit is in usufruct, and unless otherwise stated, the attendance and vote correspond to the bare owner. However, such delegation shall be expressly stated in writing when it concerns agreements that require unanimity among the unit owners, or extraordinary or improvement works. No person may exercise the right to vote in representation of more than one unit owner.”

Section 28.-Section 38-C of Act Mo. 104 of June 25, 1958, as amended, is amended to read as follows:

“Section 38-C.-

The agreements of the Condominium Association shall be subject to the following norms:

(a) Except for the provisions set forth for meetings convened pursuant to Section 38 (d) 2, regarding urgent works, quorum for Condominium Association assembly meetings shall be comprised by one third (1/3) of the unit owners that attend personally or by representation, or one third (1/3) of the unit owners that attend, who in turn comprise one third (1/3) of the participations in the common elements, depending upon the definition of majority set forth by the Regulations.

(b) When quorum is not met due to lack of attendance of unit owners on the date of the convocation in a meeting to make an agreement, a new convocation shall be issued containing the same requirements as the first. However, the assembly cannot be held before twenty-four (24) hours have elapsed from the date of the meeting of the first convocation. At such a meeting, those who attend shall constitute quorum.

(c) In meetings held on second convocation, the majority required by Regulations for the approval of agreements shall be calculated considering the number of unit owners present or represented at the time of approval of the agreement as one hundred percent (100%).

(d) When all unit owners present in a meeting held for the approval of an agreement requiring unanimity approve said agreement, those duly summoned unit owners who did not attend shall be notified by reliable and detailed means of the approved agreement, and if, within thirty (30) days from the date of said notification, said unit owners do not state their discrepancies in the same manner, they shall be legally bound by the agreement, which shall not be executable until such a term elapses, unless they state their acceptance within a shorter term.

Opposition to an agreement requiring unanimity shall be specifically sustained in the assembly or in writing, as set forth in the foregoing paragraph, and shall not be brought forth upon a whim or the mere invocation of the property rights. Unfounded oppositions shall not be considered.

Once an agreement to incur a certain expense or perform a certain work or project requiring the unanimous vote of the unit owners is reached, the details or ancillary measures for the execution and finalization of said work or project shall not be subject to the approval of all the unit owners, sufficing for same, in the case of requiring a consultation of the Association, the obtainment of approval by majority vote.

(e) When in a meeting convened to amend the Regulations, or to adopt any other measure requiring the vote of two thirds of the unit owners, the

obtainment of approval from said two thirds is not possible, those unit owners who did not attend shall be notified by reliable and detailed means of the agreement approved by the majority in attendance, and shall be granted thirty (30) days from the date of said notification to state their agreement or disagreement with the approved agreement in the same manner. Discrepancies with the measures or amendments proposed in the assembly shall not be based upon a whim or the mere exercise of the property rights. Unfounded oppositions shall not be considered. It is hereby set forth that the votes of unit owners who do not state their discrepancies in the manner set forth and within the term granted herein shall be considered to be in favor of the agreement. Said agreement shall be executable as soon as the approval of two thirds of the unit owners is obtained.

(f) The agreements of the Condominium Association shall be recorded in the minutes. The minutes shall necessarily include the location, date and time of the meeting, the matters proposed, the number of attending unit owners, stating their names and the participation percentages represented by same, the manner in which the meeting was convened, the text of the adopted resolutions, the votes in favor and against, and the explanations of the votes or statements which any unit owner may wish to state for the record.

(g) The President and the Secretary shall sign the minutes at the end of their text.

Section 29.-Section 38-D of Act No. 104 of June 25, 1958, as amended, is hereby amended, to amend subsection (h), add the new subsection (k), rename the current subsection (k), and to read as follows:

“Section 38-D:

(a) ...

(b) ...

(c) ...

(d) ...

(e) ...

(f) ...

(g) ...

(h) Keep the books of the unit owners, in which the names, signatures, and other information regarding the unit owners shall be recorded, as well as the successive transfers or leases that take place in said units. The book shall be used to authenticate the signatures of the unit owners when necessary.

(i) ...

(j) ...

(k) Relieve the Administrator of his/her duties for just cause. Just cause shall mean culpable negligence in the discharge of duties, dishonesty, or the breach of the codes of good conduct set forth in the Regulations of the condominium, or noncompliance with the duties set forth in the contract. The Director or the Board of Directors shall convene the Condominium Association no later than thirty (30) days after the relief of duties to inform said action, for same to act as he/she deems convenient.

(1) All others assigned by the Regulations or by the Condominium Association.”

Section 30.-A new Section 38-E is hereby added to Act No. 104 of June 25, 1958, as amended, and Section 38-E is hereby renumbered as Section 38-F, to read as follows:

"Section 38-E

The President shall represent the community in and out of trials regarding matters that affect the same, and shall preside the Condominium Association meetings. The President shall also appear in behalf of the condominium for the granting of titles and other documents in which the Condominium Association is one of the parties.

When dealing with actions to enforce this or any other applicable law, the Regulations of the Condominium, or the agreements of the Condominium Association, or in behalf of the Condominium Association or the Board of Directors when the same shall appear in court as defendant or plaintiff. The President may appear in behalf of said organisms and file the actions and defenses he/she deems fit, selecting the legal representation he/she deems fit, with prior consultation of the Board. The President shall notify the actions taken to the unit owners as soon as possible, convening the Association to adopt the agreements that are deemed fit.

All judicial or extra judicial transactions exceeding five thousand (5,000) dollars shall obtain the approval of the Condominium Association. In commercial or professional condominiums, the Regulations may set forth another amount.

It shall be presumed that the President of the condominium has the authorization of the Condominium Association to appear in behalf of the same in the pertinent forums."

Section 38-F.-"

Section 31.-Section 38-G is hereby added to Act No. 104 of June 25, 1958, as amended, to read as follows:

"Section 38-G.-

In condominiums in which a Director or a Board of Directors cannot be elected for lack of persons able or willing to assume said positions, any unit owner may resort to the forum with jurisdiction to request the designation of a trustee to perform the duties of the Director or the Condominium Association. In the case of a condominium in which a unit intended for residential use does not exist, the court, or the Secretary of the Department of Consumer Affairs, upon designating a trustee, shall set forth the fees to be paid to the same, considering the type of condominium and the complexity of the directing tasks to be performed, and shall issue those orders necessary for the guarantee of the prompt election of a Director or Board of Directors. The trustee's fees shall be incorporated into the common expenses budget, and shall be defrayed by the unit owners as part of their maintenance fees. The term of the designation of the trustee shall be six (6) months. The Secretary of the Department of Consumer Affairs, or the Court, may relieve the Trustee of his/her duties at the request of any unit owner, or for just cause.

Culpable negligence in the performance of duties, dishonesty, or the breaching the codes of good conduct, among others, set forth in the Regulations of the condominium shall be understood as just cause.

The trustee shall render quarterly reports of his/her efforts to the unit owners, with copies thereof sent to the Court or the Secretary of the Department of Consumer Affairs, as the case may be. Unless the forum with jurisdiction so authorizes, the trustee shall not also be an administrator.

Section 32.-Section 39 of Act No. 104 of June 25, 1958, as amended, is hereby amended to read as follows:

“Section 39.-

The unit owners are legally bound to contribute proportionally to the administration, preservation, and general common elements repair expenses of the building, and in its case, of the limited common elements, as well as any other legally agreed upon elements.

Unless the Court or forum with jurisdiction so authorizes, no unit owners may refuse to make the payment of their contribution to such expenses by waiving the use and enjoyment of the common elements, nor by abandonment of the unit they own, nor due to having filed an administrative or legal claim against the Unit Owners Association or the Board of Directors regarding matters pertaining to the administration or maintenance of the common areas.

The proportional amount of the common expenses to be paid by each unit owner shall be calculated, set forth and imposed at the beginning of each calendar or fiscal year, and shall be due and payable in monthly installments. The Regulations may set forth the collection of a penalty of ten percent (10%) of the amount owed if fifteen (15) days elapse from the established due date of the monthly payment. In the case of debts of the Commonwealth, the term shall be of one hundred twenty (120) days. In excess of said term, the penalty shall be of twelve percent (12%) of the total amount due. In addition, the fees that the unit

owners do not pay within the term set forth for their payment shall accrue interest at the maximum legal rate. Default of three or more consecutive installments shall entail an additional penalty equal to one percent per month of the total amount due.

Unit owners in default shall be required to pay by mail, return receipt requested, and if payment is not made within fifteen (15) days, it may be sought by legal means.

When a debt is claimed by legal means, the Court, at the plaintiff's request, shall decree an attachment order on the goods of the defaulter or defaulters, with no further requirement than the presentation by the President and the Secretary of the Condominium Association of a certification sworn in the presence of a notary public or any other official authorized to take sworn statements, stating the agreement that approved the collectible expense and its amount, as well as the steps taken for its collection referenced in the fourth foregoing paragraph. Once the attachment order is decreed, it shall be the duty of the Board of Directors to submit a certified copy of the order to the Registry of the Property for its inclusion in the record of the pertinent parcel.

When the plaintiff so requests, in those cases in which the unit owner in default has leased the apartment, the Court may order the lessee to legally consign the total amount of lease fees in behalf of the Condominium Association, as they become due, until the total amount of the unit owner's debt is paid.

Those unit owners who owe three (3) or more consecutive fee installments, regardless of the number of apartments they own, shall temporarily be deprived from the exercise of their right to vote in Condominium Association meetings, including those matters that require unanimous consent. Their vote and their percentage of participation shall not count for purposes of quorum when this Act

requires such consent, until the unit owners' debt is paid in full, or the Treasurer certifies that the unit owner is current in the payment plan approved by the Board of Directors prior to the assembly being discussed. In addition, the Board of Directors may order the suspension of the drinking water, electricity, gas, and telephone utility services, as well as of intercom, video and data, and/or any other similar service when the supply of the same arrives by means of installations that constitute general common elements of the building. The suspension may also be ordered when the unit owner does not pay his/her proportional part of the common insurance fees.

The unit owner or occupant to whom any of the common services have been suspended, as set forth by this Act, who without the authorization of the Board or the Administrator, by him/herself or through a third party, reconnects such services, or in any other manner illegally appropriates the common utilities of which the same has been deprived, shall incur a penalty equal to three times the amounts owed, including the principal and interest, without prejudice to the civil, administrative, or criminal actions that may proceed.”

Section 33. -Section 41 of Act No. 104 of June 25, 1958, as amended, is hereby amended to read as follows:

“Section 41. -

The obligation of the proportional part of the common expenses of the owner of a unit shall constitute a lien on said unit, once the same is entered in the Registry of the Property. Therefore, after the first sale, the voluntary acquirer of an unit shall be jointly responsible with the transferor for the payment of the owed amounts, pursuant to Section 39, up to the moment of the transfer, without prejudice to the right of the acquirer to recover from the other transferor those

amounts paid as a joint debtor. However, an involuntary acquirer shall only be responsible for the unpaid common expenses debts that arise during the six months prior to the moment of acquisition of the property.

The referenced obligation shall be demandable to anyone who is a unit owner of the property comprised by the unit, even when the same has not yet been segregated and inscribed as a filial parcel in the Registry of the Property, or transferred in behalf of any person.

Any financial institution that provides temporary financing to a person for the construction of apartments and common elements to be submitted to the horizontal property regime and becomes the owner of the property in a procedure of execution or transfer in payment shall not be considered as the developer, temporary administrator, or constituent of the regime, pursuant to the provisions in this Act, if the financial institution does not exceed the usual duties of a creditor in the protection of its guarantee, pursuant to commercial practices adhered to by financial institutions that provide financial institution temporary construction financing.”

Section 34.-Section 42 of Act No. 104 of June 25, 1958, as amended, is hereby amended to read as follows:

“Section 42.-

The agreements of the Condominium Association and the determinations, omissions, or actions of the Director or the Board of Directors, of the unit owner that submits the unit to the regime set forth by this Act, during the term of administration considered in Section 36-A, or of the President and Secretary concerning the administration of nonresidential buildings that do not have units intended for residential use, or of nonresidential unit owners in condominiums in

which at least one unit intended for residential use exists, shall be challengeable in the Court of First Instance by any unit owner who deems that the agreement, determination, omission, or action in question is extremely prejudicial to him/herself or the community of unit owners, or is against the law, the constitution title, or the Regulations referenced in Section 36. Challenges by owners of units intended for residential use shall be submitted before the Department of Consumer Affairs.

(a) The following procedure shall be observed in claims against the Administrator or the Board of Directors:

1. In the annual assembly, the Condominium Association shall elect a Conciliations Committee comprised by three unit owners, one of which shall be selected from the members of Board of Directors, excluding the President.

2. All unit owners who submit a claim before any pertinent court or forum to challenge any action or omission by the Board of Directors shall demonstrate having exhausted the following procedures:

(aa) Having requested in writing the consideration of his/her claim before the Board of Directors and the same did not address the complaint within thirty (30) days from the return receipt requested of the claim. Said claim shall be submitted before the Board within thirty (30) days following the date in which the agreement or determination was made, if in his/her presence, or within the thirty (30) days following the date of receipt of the notification of the agreement or determination. If the action or omission is prejudicial, the term for the submittal of the claim shall be the thirty (30) days

following the date in which the unit owner obtains knowledge of said prejudicial action or omission.

(bb) The Board may resolve the matter or submit same of its own accord to the Conciliations Committee, unless the unit owner required that his claim be sent directly to the consideration of said Committee. The Committee shall resolve the matter within thirty (30) days after receiving the unit owner's claim, and in any case, within a maximum term of sixty (60) days after the unit owner submits his/her claim to the Board.

(cc) When submitting the claim, the unit owner shall certify that the claim was not addressed within the aforementioned terms, or that the solution proposed by the Board or the Conciliations Committee is extremely prejudicial to him/her.

The competent forum before which the claim is submitted may exempt the claimant from the previous requirement, if the nature of the case so warrants.

The challenge before the appropriate forum of those agreements and determinations deemed extremely prejudicial by the unit owner for him/herself or for the community of unit owners shall be exercised within thirty (30) days following the notification to the unit owner of an adverse decision by the Board or the Conciliations Committee, or within thirty (30) days since it is evident that the Board or the Conciliations Committee would not take any action regarding the unit owner's claim, or in any case, after ninety (90) days elapse from the date in which the claimant submitted the claim to the Board.

(b) The challenge before the court or forum with jurisdiction of the agreements approved by the Condominium Association shall not require the previous consideration procedure before the Board of Directors.

The challenge of the agreements and determinations deemed by the unit owner as extremely prejudicial for him/herself or the community of unit owners shall be exercised within thirty (30) days after the date in which said agreement or determination was made, if in his/her presence, or thirty (30) days after receipt of the notification of the agreement, if the affected unit owner was not present at the time said agreement or determination was made.

(c) The challenge of agreements, actions, or omissions by the Board of Directors of the Condominium Association, with the exception of those made by the unit owner who submits the property to the regime, which breach the provisions of this Act, the master title, or the Regulations of the condominium shall prescribe after two (2) years of having notified the agreement, taken the action, or acknowledged the omission. For unit owners who challenge this type of agreement of the Condominium Association, the term shall be calculated from the date of the notification of same, if there is compliance with the requirements set forth in the next paragraph:

When exercising the challenge of agreements by the Condominium Association, the unit owner shall prove having been present or represented in the meeting in which the challenged agreement was made and that said unit owner did not vote in favor of the same. If the unit owner was absent in spite of having been duly notified, he/she shall prove that said absence was justified.

(d) For all types of challenge before the court or forum with jurisdiction, including matters that would have required unanimous consent of all unit owners,

the claimant shall also prove to be up-to-date in the payment of all due debts with the Condominium Association, including approved apportionments. This requirement shall not apply when the action is geared toward challenging agreements pertaining to the establishment or alteration of fees or apportionments.

After hearing the parties in controversy, the Court or forum with jurisdiction shall decide according to the law, fairness, and peaceful coexistence norms. The agreement, determination, omission or action shall be temporarily valid, unless otherwise determined by the Court.

(e) The forum of instance in which the claims or actions submitted by the unit owners or the Condominium Association are considered shall impose the legal fees of the litigation or claim upon the party that proceeded with temerity, as well as the payment of a reasonable amount for the attorney's fees actually incurred by the party that obtained the requested remedy. The payment of the legal fees of the other party shall only be reprieved by means of a waiver by the winning party.

The unit owner who prevails in any claim shall be exempted from the payment of attorney's fees or legal expenses incurred by the Board or the Condominium Association, and the penalty that, in its case, might have been imposed upon the defendant party.”

Section 35.-Section 43 of Act No. 104 of June 25, 1958, as amended, is hereby amended to read as follows:

“Section 43.-

Unit owners, by means of agreement of those who represent the majority, may ensure the building against risks to cover general common, public, and limited areas, as well as other risks in behalf of all unit owners, without prejudice to the right of each to ensure their unit singly and in their own behalf. The unit owner

who owns a particular insurance for his own unit, or who has paid his/her mortgage in full shall not be exempted from the payment of the proportional part of any common insurance adopted by the Condominium Association.

All unit owners may request the inspection of the documents pertaining to common insurance from the Board of Directors. The Board of Directors may substitute the insurance agent or broker, if the coverages and conditions of the new insurance policy are the same, or of broader reach and benefit, and at the same or less cost than the insurance policy in effect at the time of such a change, notifying the Condominium Association of the same immediately.”

Section 36.-Section 44 of Act No. 104 of June 25, 1985, as amended, is hereby amended to read as follows:

“Section 44.-

In the event of a fire, the indemnization of the insurance of the building shall be used for the reconstruction of the same, with the exception of the matters set forth in Section 3, subsection 5 of the Mortgage and Property Registry Act.

After receipt of the insurer’s indemnization offer, the Board of Directors shall prepare a plan for the distribution of the reconstruction funds, detailing the specific amounts to be used in the reconstruction of each unit, pursuant to the appraisals made, and of the remaining common areas of the building. The report shall be circulated among the unit owners not less than fifteen (15) days in advance of the holding of an extraordinary assembly convened for the exclusive consideration of the offers submitted and the referenced report. The Condominium Association shall finally decide, by majority vote, all matters pertaining to the indemnization, including the acceptance of the amounts offered by the insurance companies and the priorities for the works to be performed.

If the Condominium Association decides to receive the total amount of the indemnization to distribute same afterwards among the unit owners, the monies shall be deposited in a special account, from which withdrawals may only be made with prior sworn certification by the Treasurer and the Secretary, stating the agreement in which the Condominium Association authorizes the withdrawal of funds, and if the same has not been challenged before any judicial or administrative forum.

The Condominium Association shall acquire a fidelity bond for the Director or the directors that shall respond for the unauthorized management of these funds.

When said reconstruction comprises the totality of the building or more than three quarter parts of the same, the reconstruction shall not be obligatory. In such a case, and except for the unanimous agreement of the unit owners otherwise, the indemnization shall be proportionally paid to the corresponding parties, and regarding the remaining parts of the building, it shall be done as set forth in Section 338 of the Civil Code.

If the reconstruction proceeds, it shall be done as set forth for said hypothesis in the constitution title of the horizontal property, or otherwise, whatever is agreed upon by the Condominium Owner's Association.”

Section 37.-Section 47 of Act No. 104 of June 25, 1958, as amended is hereby amended to read as follows:

The provisions set forth in Section 330 of the Civil Code, as amended, shall apply to those building in which the floors, at the time of effectiveness of this Act, are constituted by virtue of the referenced legal precepts, as well as those buildings of not more than five apartments, whose unit owners wish to be subject to these precepts. However, the buildings referenced in the foregoing paragraph may be

subjected to the regime set forth in this Act with prior compliance with the requirements of Section 2 of this Act.

This Act shall not be understood as a hindrance for the constitution of other joint property by floor regimes that may be set forth pursuant to other laws or norms.”

Section 38.-Section 48 of Act No. 104 of June 25, 1958, as amended, is hereby amended to read as follows:

“Section 48.-

A Special Division for the Adjudication of Condominium Claims of the Department of Consumer Affairs is hereby created to address all matters pertaining to all condominiums in which at least one apartment intended for residential use exists. Said Division shall have a Director named by the Secretary of the Department. The Secretary, subject to the provisions set forth in the Public Service Personnel Act, shall name the supervisors, inspectors, consultation officials, official examiners or administrative judges, public interest attorneys, and administrative personnel necessary for the prompt attention of claims submitted by unit owners pursuant to this Act, or by the Board of Directors, pursuant to the applicable special laws.

The Secretary is hereby also empowered to adopt special Regulations for the adjudication of the claims submitted to the department, according to the provisions in this Section, pursuant to the provisions set forth in Section 51 of this Act.

Without prejudice to the foregoing, all claims pertaining to the coverage or the terms and conditions of the insurance contract shall be referred to the Office of the Insurance Commissioner of Puerto Rico for their consideration. The

Commissioner is hereby empowered, if needed, to adopt a special Regulations for the adjudication of claims that arise under the horizontal property regime.”

Section 39.-Section 49 of Act No. 104 of June 25, 1958, as amended, is hereby amended to read as follows:

“Section 49.-

The Secretary of the Department of Consumer Affairs is hereby empowered to issue Regulations, pursuant to the procedures set forth in Act No. 170 of August 12, 1988, as amended, known as the “Uniform Administrative Procedures Act,” geared toward:

(b) Requiring the registration of apartments in the Department of Consumer Affairs prior to their advertising, offering or sale.

(c) Guarantee that potential unit buyers are offered all necessary information to be able to make an intelligent decision to buy.

(d) Setting forth criteria for publicity and propaganda that ensure the announcement of precise and complete information that can be easily understood by the buyers.

(e) Set forth in behalf of lessees who have been living in a unit prior to the date in which same is submitted to the horizontal property regime the necessary rights to avoid eviction, rent increases, and being forcefully evicted without first having been offered a true opportunity to buy the unit in which they reside, or a reasonable term to vacate the premises.

(f) Set forth a reasonable term for the original seller of an unit that had been occupied prior to the date in which the unit is submitted to the horizontal property regime to respond for any construction vices or defects of the unit.

(g) Protect the interests of the buyers of apartments during the term of administration of the unit owner that submits the building to the horizontal property regime, pursuant to Section 36-A.

These Regulations shall apply to the sale of apartments intended for residential use that form part of a common promotion and sales plan of at least ten units, except for that issued pursuant to foregoing subsections (c) and (d), which shall apply to all sales of apartments intended for residential use. Said Regulations shall not apply to sales pursuant to a court order, or sales carried out by a government or agency of the same.”

Section 40.-Section 50 of Act No.104 of June 25, 1958, as amended, is hereby amended to read as follows:

“Section 50.-

All requests for the registration of apartments in the Department of Consumer Affairs shall be accompanied by a check payable to the Secretary of the Treasury in the amount of twenty-five (25) dollars per apartment whose registration is being requested. However, said amount shall never be less than five hundred (500) dollars, nor more than two thousand (2,000) dollars. Thirty- five (35) dollars shall be paid per request of amendment to a registration application.”

Section 41.-Section 51 of Act No.104 of June 25, 1958, as amended, is hereby amended to read as follows:

“Section 51.-

The Secretary of the Department of Consumer Affairs may use all the powers conferred by Act No. 5 of April 23, 1973, as amended, known as the “Organic Act of the Department of Consumer Affairs,” to adjudicate in controversies that arise under this Act and to ensure that no one breaches the Regulations or orders issued

under this Act, including the imposition of administrative fines up to a maximum of ten thousand (10,000) dollars per infraction. All Regulations, orders, or resolutions issued by the Secretary pursuant to this Act may be judicially reconsidered and reviewed, pursuant to the provisions set forth in Act No. 170 of August 12, 1988, as amended, known as the “Uniform Administrative Procedures Act.”

Section 42.-A new Section 53 is hereby added to Act No.104 of June 25, 1958, as amended, and Section 53 is hereby renumbered as Section 54, to read as follows:

“Section 53.-

Condominiums submitted to the regime of the current Act shall approve and maintain a disaster and emergencies plan to be updated at least every three (3) years. Said revision shall be performed in consultation with the pertinent government, municipality, and federal entities to protect life and property. In addition, the necessary measures shall be taken to communicate the referenced plan to all unit owners in the most efficient manner possible, and with sufficient time to be studied and understood. Such plan shall include the measures to be taken before, during, and after a disaster occurs.

During January of each year, each unit owner shall notify the names and telephone numbers of the Board of Directors and the administrator to the corresponding Puerto Rico Police station, the Municipal Civil Defense, and the Puerto Rico Fire Department for said entities to maintain a registry of persons to be contacted during an emergency.

Likewise, the unit owners shall approve a water and electricity rationing plan to be implemented during disasters or when a rationing is decreed by the agencies

concerned, to guarantee the minimal impartial use of such resources among all unit owners.

The Secretary of the Department of Consumer Affairs shall adopt the Regulations he/she deems necessary to establish the norms that shall be observed by the individual unit owners and the Condominium Association during any crisis in the water or electric power supplies.

Nevertheless, Condominium Associations are hereby empowered to adopt alternate contingency plans, with prior approval from the Secretary of the Department of Consumer Affairs, when the particular characteristics of the property make the implementation of the projected plan of the Regulations promulgated by said Department burdensome or unreasonable.”

Section 43.-A new Section 54 is hereby added to Act No. 104 of June 25, 1958, as amended, to read as follows:

“Section 54.-Severability

The provisions in this Act are considered severable and the determination of a court with jurisdiction regarding any of its provisions as null shall not affect the remaining provisions in this Act.”

Section 44.-Effectiveness

This Act shall take effect ninety (90) days after its approval and its provisions shall govern all structures submitted to the Horizontal Property Regime, whenever the same is submitted to such regime.

CERTIFICATION

I hereby certify to the Secretary of State that the following Act No. 103 (S.B. 1425) of the 5th Session of the 14th Legislature of Puerto Rico:

AN ACT to amend Section 1 and add a Section 1-A; amend Sections 2, 9, and 11; add a new Section 11-A; amend Sections 13, and 14; add a Section 14-A, amend Sections 15, 15-A, 16, 17, 18, 22, 24, 25, 26, 27, 32-A, 33, 36-A, and 37; add Section 37-A; amend Sections 38, 38-A, 38-B, 38-C, and 38-D; add a new Section 38-E and renumber Section 38-E as Section 38-F; add Section 38-G; amend Sections 39, 41, 42, 43, 44, 47, 48, 49, 50, and 51; add new Sections 53 and 54 to Act No. 104 of June 25, 1958, as amended, known as the “Horizontal Property Act,” to rename the law as the “Condominiums Act” and update same to current social reality,

has been translated from Spanish to English and that the English version is correct.

In San Juan, Puerto Rico, today 18 of February of 2004.

Elba Rosa Rodríguez-Fuentes
Director

