TITLE 39
REAL AND PERSONAL PROPERTY

Chapter 1
Coordinates

§ 101. System of coordinates.

(a) The system of plane coordinates hereinafter established for defining and stating the positions or locations of points on the surface of the earth within the Republic shall be known and designated as the Palau Coordinate System, and any land description in which it is used shall be designated the Palau Coordinate System.

(b) The plane coordinates of a point on the surface of the earth used in expressing the position of such point in this system shall consist of two distances expressed in meters and decimals of a meter. One of these distance, to be known as the "x-coordinate", shall give the position in an east-and-west direction; the other, to be known as the "y-coordinate", shall give the position in a north-and-south direction. These coordinates shall be made to depend upon and conform to the coordinates on the Palau Coordinate System of the Triangulation and traverse stations as hereinafter established, as those coordinates have been determined by the Office of Land Management.

(c) The Palau Coordinate System is hereby defined as a traverse Mercator projection of Clark's spheroid of 1866, having a central meridian 134 degrees 27 minutes east from Greenwich, England, on which meridian the scale is set at one part in 10,000 too small. All coordinates of the system are expressed in meters, the "x-coordinates" in a north-and-south direction, the origin of the coordinates being on the meridian 134 degrees 27 minutes 36.921 seconds east from Greenwich, England at the intersection of the Parallel 07 21'00.529" North latitude, such point of origin being given the coordinates x=50,000 meters, y=50,000 meters. The position of said Palau Coordinate System shall be marked on the ground by triangulation or traverse stations established in conformity with standards adopted by the U.S. Coast and Geodetic Survey for third and fourth order work, whose geodetic positions have been rigidly adjusted on the Babelthaup South Astronomical datum of 1948 and whose plane coordinates have been computed on the system defined.

(d) Any triangulation and/or traverse established as described in subsection (a) above may be used in establishing a connection between a property survey and the above-mentioned system of rectangular coordinates.

(e) No survey of lands or maps or other documents hereinafter made shall have endorsed thereon any legend or other statement indicating that it is based on the Palau Coordinate System unless the coordinates have been established on that system as herein defined.

(f) Nothing in this section shall be interpreted as requiring any purchaser or mortgagee to rely on a [description] based wholly upon the aforesaid system.

(g) Any person who wilfully alters, defaces or removes any marker erected for the purpose of designating any triangulation or traverse station of the Palau Coordinate System shall be guilty of a misdemeanor and, upon conviction thereof, shall be imprisoned for a period of not more than one year, or fined not more than $100.00, or both.

Source

(DO 1-58, 2-6-58.) PDC § 800, modified.

Notes

The bracketed "[description]" in subsection (f) read "descriptive" in the original codification.

§ 102. [Recodified at 39 PNCA § 403 and 25 PNCA § 301.]

Notes

Delbirt v. Ruluked, 10 ROP 41, 42, 43 (2003).

Chapter 2
Land Measurement System

§ 201. Metric system authorized; conversion tables.

It shall be lawful throughout the Republic to employ the metric system of measurement of lengths and areas, and no contract or dealing, or pleading in any court shall be deemed invalid or liable to objection because the measures expressed or referred to therein are measures of the metric system. The tables in the following schedule shall be recognized in the construction of contracts and in all legal proceedings, and may lawfully be used for expressing measurements of length and area in the metric system:

Measures of Length

Metric denominations and values		Equivalent in English System
Kilometer	1,000 meters	0.62137 mile, or 3,280 feet and 10 inches.
Hectometer	100 meters	328 feet and 1 inch.
Decameter	10 meters	393.7 inches.
Meter	1 meter	39.37 inches.
Decimeter	1/10 of a meter	3.937 inches.
Centimeter	1/100 of a meter	0.3937 inches.
Millimeter	1/1000 of a meter	0.0394 inches.

Measures of Area

Metric denominations and values		Equivalent in English System
Hectare	10,000 square meters	2.471 acres.
Are	100 square meters	119.6 square yards.
Centare	1 square meter	1.19 square yards, or 1,550 square inches.

Source
(Code 1966, § 1020; Code 1970, title 57, § 11151.) 57 TTC § 251.

§ 202. Markers; payment.

The Chief, Division of Lands and Surveys shall collect and deposit with the Director of the Bureau of National Treasury the reasonable cost of land markers furnished by the Division of Lands and Surveys.

Source

(Code 1966, § 1021; Code 1970, title 57, § 11152.) 57 TTC § 252, modified.

§ 203. Same; removal.

Any person who wilfully and maliciously defaces, alters or removes any marker, monument or reference point which marks or determines the configuration or contour of any lot or tract of land, if erected by:

(a) a licensed surveyor;

(b) a private individual pursuant to section 807 of Title 35 of this Code;

(c) agreement between adjacent landowners; provided, however, that this subsection shall apply only to persons who own no interest in any land to which such marker, monument, or reference point pertains; or

(d) any agency of the government, shall upon conviction be imprisoned for a period of not more than one (1) year, or fined not more than one hundred dollars ($100), or both.

Source

(Code 1966, § 1022; Code 1970, title 57, § 11153; P.L. No. 5-29, § 1.) 57 TTC § 253, modified.

Chapter 3
Land Ownership Generally

§ 301. Restrictions upon ownership.

Only citizens of the Republic of Palau or corporations wholly owned by citizens of the Republic of Palau may hold title to land in the Republic of Palau; provided, that nothing herein shall be construed to divest or impair the right, title, or interest of noncitizens or their heirs or devisees, in lands in the Republic of Palau held by such persons prior to December 8, 1941, and which have not been vested in the alien property custodian by vesting order dated September 27, 1951, or, if vested, are released from the terms of said order by direction of the High Commissioner; provided further, that nothing herein shall be construed to prevent the government of the Trust Territory from holding title to lands in the Republic of Palau; and provided further, that this section shall not apply to cooperative associations and credit unions duly organized and incorporated pursuant to the laws of the Republic of Palau.

Source
(Code 1966, § 900; Code 1970, title 57, § 11101.) 57 TTC § 201, modified.

Notes
Shiro v. Estate of Reyes, 21 ROP 100, 102, 103 (2014).

§ 302. Limitation of lease term.

(a) No lease agreement of real property to non-citizens or to corporations not wholly owned by citizens of the Republic of Palau shall be entered into subsequent to the effective date of this section with respect to any government owned land within the territory of the Republic of Palau which shall be for a term to exceed ninety-nine (99) years, inclusive of any options for renewal. Any agreement entered into in violation of this section shall be void and of no legal effect in its entirety.

(b) No lease agreement of real property to non-citizens or to corporations not wholly owned by citizens of the Republic of Palau shall be entered into subsequent to the effective date of this section with respect to any privately owned land within the territory of the Republic of Palau which shall be for a term to exceed fifty (50) years, with an option to renew for up to an additional forty nine (49) years. Any agreement entered into

in violation of this section shall be void and of no legal effect in its entirety.

Source

RPPL 3-52 § 1, modified. Amended in its entirety by RPPL 7-33 § 2, modified.

Notes

Iyar v. Masami, 9 ROP 238, 240 (Tr. Div. 2002).
Anastacio v. Haruo, 8 ROP Intrm. 128, 129, 130, 131, 133 (2000).

Chapter 4
Recording of Land Transfers

§ 401. Copies; indexes.

The Clerk of Courts, upon payment of such fees, if any, as the President may fix, shall make and keep in a permanent record a copy of all documents submitted to him for recording which relate to title to real estate in the Republic and shall comply with regulations issued by the Supreme Court, and any law applicable thereto. He shall also keep an index or indexes of such records in such manner as the Supreme Court may direct.

Source
(Code 1966, § 1023(a); Code 1970, title 57, § 11201.) 57 TTC § 301, modified.

Notes
Llecholech v. Blau, 6 TTR 525 (1974).

§ 402. Effect of failure to record.

No transfer of or encumbrance upon title to real estate or any interest therein, other than a lease or use right for a term not exceeding one year, shall be valid against any subsequent purchaser or mortgagee of the same real estate or interest, or any part thereof, in good faith for a valuable consideration without notice of such transfer or encumbrance, or against any person claiming under them, if the transfer to the subsequent purchaser or mortgagee is first duly recorded. Nor shall any transfer of or encumbrance upon title to real estate or any interest therein, other than a lease for a term not exceeding one year, be valid as against any judgment affecting the title unless such transfer or encumbrance is duly recorded prior to the record of the notice of action in which the judgment is rendered.

Source
(Code 1966, § 1023(b); Code 1970, title 57, § 11202.) 57 TTC § 302. Amended by RPPL 4-43 § 14(b).

Notes
RPPL 4-43 added only the words "or use rights" appearing in the second line.

Rubasech v. Rechesengel, 2020 Palau 12 ¶¶ 3, 16.

Esuroi Clan v. Roman Tmetuchl Family Trust, 2019 Palau 31 ¶ 16.
Tucherur v. Rudimch, 21 ROP 84, 87, 89, 90 (2014).
Rechucher v. Ngiraked, 10 ROP 20, 24 (2002).
Estate of Rudimch v. Kayangel State Government, 9 ROP 275, 277 (Tr. Div. 2001).
Otobed v. Ongrung, 8 ROP Intrm. 26, 29 (1999).
Estate of Etpison v. Sukrad, 7 ROP Intrm. 173, 174 (1999).
Ongalek ra Teblak v. Santos, 7 ROP Intrm. 1, 4 (1998).
Estate of Olkeriil, 5 ROP Intrm. 260, 261 (1996).
Eberdong v. Bells, (Civil Action 60-90, Dec. 1993).
Estate of Olkeriil, 4 ROP Intrm. 43, 46 (1993).
Santos v. Kumangai (Civil Action 204-91, Aug. 1993).
Llecholech v. Blau, 6 TTR 525 (1974).
Ngirausui v. Etpison, (Civil Action 154-87, 1987).
Rengiil v. Ngirchokebai, 1 ROP Intrm. 197 (Tr. 1985).
Rudimch v. Chin, 3 TTR 323 (1967).
Iyar v. Sungiyama, 2 TTR 154 (1960).
Asanuma v. Flores, 1 TTR 458 (1958).

§ 403. Fee simple land transfers.

Land now held in fee simple or hereafter acquired by individuals may be transferred, devised, sold or otherwise disposed of at such time and in such manner as the owner alone may desire, regardless of established local customs which may control the disposition or inheritance of land through matrilineal lineages or clans.

(a) [Repealed]

(b) Lands held in fee simple by an individual may be devised by such individual by will made in accordance with the requirements of 25 PNC Chapter 1.

(c) All signatures made on or after the effective date of this section on every lease, deed, or other document purporting to convey an interest in land shall be notarized; provided, that wills purporting to convey an interest in land, being governed by 25 PNC Chapter 1, need not be notarized.

(d) The Clerk of Courts shall, forthwith upon presentation to him or her of any document establishing or purporting to be evidence of an interest in land, and without imposing any other requirement, record that document. This requirement shall also apply to all such documents executed or made prior to the effective date of this section.

Source

(Res. 28-57, 12-16-59; rescinds Res. 8-55.) PDC § 801, § 801(c) and (d) amended by PL 5-3S-2 § 1, modified.

Amended by RPPL 6-46 §§ 2, 3, 4, and 5.

Notes

Previously codified at 39 PNCA § 102(a) & (b). See 25 PNCA § 301 for former 39 PNCA § 102(c), (d) & (e). Section 1 of RPPL 6-46 repealing §§ 403(a)(1) and (2), amending § 403 (b) and adding subsections (c) and (d) reads:

"Section 1. Findings and purposes. The Olbiil Era Kelulau finds that 39 PNC 403 has been interpreted to mean that certain land documents may not be recorded unless they are signed in the presence of the Palau Clerk of Courts. Such a requirement imposes an unreasonable burden on Palauan citizens who reside outside of Palau and on our elderly and disabled citizens residing in Palau. This interpretation is also inconsistent with the purpose of recording statutes and could deprive a bonafide purchaser or mortgagee of the protection to which they are entitled. Accordingly, it is appropriate to require the Clerk of Courts to record forthwith upon presentation to him or her any document establishing or purporting to be evidence of an interest in land. In addition, it is appropriate to require that all signatures on documents purporting to convey an interest in land be notarized, except for wills, which are governed by 25 PNC Chapter 1.

The Olbiil Era Kelulau further finds that the 90-day recording requirement in 39 PNC 403(a) conflicts with 39 PNC 402. The purposes of this Act are: to repeal the unreasonable restrictions currently imposed under the law codified at 39 PNC 403; to ensure that land documents are recorded by the Clerk of Courts without restrictions; and to prevent the recording of fraudulent or forged documents. In addition, 39 PNC 403(b) needs to be amended to be consistent with 25 PNC Chapter, regarding wills.

Finally, we find that it is appropriate to criminalize the fraudulent conveyance of land, whereby a person who has already sold or leased land seeks to sell or lease the land a second time to a second purchaser or lessee."

Section 2 of RPPL 6-46 reads:

Section 2. Repealer. 39 PNC 403(a)(1) and (2) are repealed. This repealer shall not affect 25 PNC 301.

Robert v. Ngirngemeusch, 2023 Palau 5 ¶ 8.
Wertz v. Titiml, Ernest, & Taima, 2022 Palau 26 ¶ 10.
Robert v. Robert, 2021 Palau 34 ¶ 17.
Leleng Lineage v. Rekisiwang, 2020 Palau 5 ¶ 17.
Techur v. Telungalk ra Techur, 2018 Palau 12 ¶ 17 n.1.
In re Estate of Tellames, 22 ROP 218, 221 (Tr. Div. 2015).
Kee v. Ngiraingas, 20 ROP 277, 283, 284 (2013).
Marsil v. Telungalk ra Iterkerkill, 15 ROP 33, 36 (2008).
Bandarii v. Ngerusebek Lineage, 11 ROP 83, 88 (2004).
Diaz v. Children of Merep, 11 ROP 28, 29, 30 (2003).
Delbirt v. Ruluked, 10 ROP 41, 42, (2003).
Ysaol v. Eriu Family, 9 ROP 146, 148, 151 (2002).
Tangadik v. Bitlaol, 8 ROP Intrm. 204, 206 (2000).
Mokoll v. Ngirbedul, 8 ROP Intrm. 114 (2000).
Otobed v. Ongrung, 8 ROP Intrm. 26, 27, 28 (1999).
Anderson v. Masami, 6 ROP Intrm. 321, 323 (Tr. Div. 1996).
Estate of Ngirausui, 5 ROP Intrm. 339, 340, 341 (Tr. Div. 1996).
Morei v. Ngetchuang Lineage, 5 ROP Intrm. 292, 294 (Tr. Div. 1995).
Ngiradiluch v. Nabeyama, 5 ROP Intrm. 117, 117, 118, 119, 120 (1995).
Rebelkuul v. Techur, 5 ROP Intrm. 79, 80 (1995).
Ikeya v. Melaitau, 3 ROP Intrm. 386 (1993).
Kubarii v. Olkeriil, 3 ROP Intrm. 39 (1991).

Chapter 5
Statute of Frauds

§ 501. Creation or transfer of interest in real property.

(a) Except for a lease for a term not exceeding one year, no estate or interest in real property, and no trust or power over or concerning real property, or in any manner relating thereto, can be created, granted, assigned, transferred, or declared, otherwise than:

(1) By operation of law; or

(2) By a deed of conveyance or other instrument in writing signed by the person creating, granting, assigning, transferring, surrendering, or declaring the same, or by his lawful agent under written authority, and executed with such formalities as are required by law.

(b) This section does not affect the power of a testator in the disposition of his real property by will, or prevent a trust from arising or being extinguished by implication or operation of law.

Source
PL 6-3-2 § 1.

Notes
Secharmidal v. Ngiraikelau, 2019 Palau 35 ¶ 13.
Anderson v. Kim, 2018 Palau 23 ¶ 6.
Ngirakesau v. Ongelakel Lineage, 19 ROP 30, 36 (2011).
Tmarsel v. Ngerdelang Lineage, 10 ROP 13, 15 (2002).
Metes v. Airai St., 1 ROP Intrm. 261 (Tr. 1985).

§ 502. Contracts for lease or sale of lands.

Every contract for leasing for a longer period than one year from the making thereof, or the sale of any lands, or any interest in lands, shall be void unless the contract or some note or memorandum is in writing, and signed by the party to be charged, or by his lawful agent under written authority. Such contract, note or memorandum may be acknowledged and filed with the Clerk of Courts, who shall establish and maintain a filing system for contracts, notes, and memoranda required by this chapter. Such contracts, notes, and memoranda shall be open to public inspection during ordinary business hours each business day.

Source
PL 6-3-2 § 2.

Notes
Anderson v. Kim, 2018 Palau 23 ¶ 6.
Kanai v. ROP, 2016 Palau 29 ¶ 16.
Hanpa Indus. Dev. Corp. v. Asanuma, 10 ROP 4, 8 (2002).

§ 503. Grant or assignment or trust in real or personal property.

Every grant or assignment of any existing trust in lands, goods, or things in action, shall be void unless the same is in writing, subscribed by the party making the same, or by his lawful agent under written authority.

Source
PL 6-3-2 § 3.

§ 504. Agreements required to be in writing.

In the following cases every agreement shall be void unless such agreement or some note or memorandum thereof is in writing, and subscribed by the party to be charged therewith, or by his lawful agent under written authority:

(a) An agreement that by its terms is not to be performed within one year from the making thereof.

(b) A special promise to answer for the debt, default, or misdoings of another person.

(c) An agreement, promise, or undertaking made upon consideration of marriage, except mutual promises to marry.

(d) A special promise made by an executor or administrator to answer damages out of his own estate.

Source
PL 6-3-2 § 4.

Notes
Airai State Pub. Lands Auth. v. Baules II, 2020 Palau 6 ¶ 20.
Airai State Pub. Lands Auth. v. Baules, 2019 Palau 15 ¶ 5 n.2.
Rteai Chiefs of Ngarchelong v. Ongidobel, 19 ROP 204, 206 (Tr. Div. 2010).
Gibbons v. Cushnie, 8 ROP Intrm. 3, 8 (1999).
Jiangsu State Farms v. Frank Ho, 7 ROP Intrm. 268, 271 (Tr. Div. 1998).

§ 505. Representation as to credit, skill, or character.

No evidence is admissible to charge a person upon a representation as to the credit, skill, or character of a third person unless such representation or some memorandum thereof is in writing, and either subscribed by or in the handwriting of the party to be charged, or his lawful agent under written authority.

Source
PL 6-3-2 § 5.

§ 506. Specific performance.

Nothing in this chapter shall be construed to abridge the powers of a court to compel specific performance.

Source
PL 6-3-2 § 6.

Chapter 6
Mortgage

Subchapter I
General Provisions

§ 601. Short title.

This chapter may be cited as the "Mortgage Act of 1981."

Source
RPPL 1-41 § 1(a), modified.

Notes
Kotaro v. Ngirchechol, 11 ROP 235, 237 (2004).

§ 602. Legislative findings.

The Olbiil Era Kelulau hereby finds and declares the public policy of the Republic to be as follows:

(a) The laws relating to security interests in land located in the Republic are outdated and in need of revision.

(b) A lien theory mortgage act is required to encourage private home ownership and construction and to provide a constitutional means of financing real estate transactions.

Source
RPPL 1-41 § 1(b), modified.

Notes

Debkar Lineage v. Gibbons, 2017 Palau 23 ¶ 20.

§ 603. Purpose.

The purpose of this chapter is to establish a constitutional system of mortgage law in the Republic which will induce lenders to take realty as security for commercial and residential loans, while at the same time insuring that citizens of the Republic who execute mortgages will have a full comprehension of the nature and consequences thereof.

Source

RPPL 1-41 § 1(c), modified.

§ 604. Definitions.

In this chapter:

(a) "Default" means a failure of a mortgagor or mortgagee to perform an act or fulfill an obligation which he is legally bound to perform or fulfill.

(b) "Devisee" means a person to whom lands or other real property is given by will.

(c) "Encumbrance" means a claim, lien, charge or liability attached to and binding on real property.

(d) "Fixture" means any building, structure or artificial condition permanently attached or affixed to real property, and which cannot be removed from the realty without doing substantial injury to said property.

(e) "Heir" means one who inherits property, whether real or personal in the case of intestate succession.

(f) "Lien" means an encumbrance imposed upon specific property by which the property is made the security for the performance of an act, the fulfillment of an obligation, or the payment of a debt.

(g) "Mortgage" means a contract in which real property is made the security for the performance of an act, usually but not necessarily the payment of debt, without the necessity of a change of possession and without the transfer of title.

(h) "Mortgagee" means one who takes or receives a mortgage. This term also shall refer to any heir, personal representative, successor or assignee of the mortgagee to whom an interest in the mortgage has been transferred by any means whatsoever. A noncitizen of the Republic may be a mortgagee under the provisions of this chapter; provided, however, that nothing in this chapter shall be construed to mean that a noncitizen mortgagee is entitled to hold title to real property in the Republic.

(i) "Mortgagor" means one having all or part of the title to property who by written instrument and in accordance with the provisions of this chapter pledges that property as security for the performance of an act. This term also shall refer to any personal representative, successor, or assignee of the mortgagor to whom an interest in the mortgaged property has been transferred.

(j) "Property" means any interest in real property capable of being transferred, including a leasehold interest.

Source
RPPL 1-41 § 2, modified.

Notes
Debkar Lineage v. Gibbons, 2017 Palau 23 ¶ 15.
Ucherremasech v. Hiroichi, 17 ROP 182, 196, 197 (2010).

§ 605. Property mortgageable.

Any interest in real property capable of being transferred may be mortgaged. The exemption set forth in section 2110(c) of Title 14 of this Code shall not apply to any property which is mortgaged and properly recorded.

Source
RPPL 1-41 § 3(a), modified.

Notes
Ucherremasech v. Hiroichi, 17 ROP 182, 196 (2010).

§ 606. Acts or obligations secured.

A mortgage may secure the performance of past obligations, obligations incurred at the time the mortgage is executed, obligations to be incurred in the future, and/or the obligations of another.

Source
RPPL 1-41 § 3(b), modified.

§ 607. Right of possession.

Absent a provision in the mortgage or other agreement to the contrary, and subject to the provisions of this chapter, the Constitution of the Republic, and all applicable laws and regulations of the Republic, the mortgagor is entitled to the exclusive use and possession of the mortgaged property; provided, however, that after the execution of the mortgage the mortgagor may agree to deliver the possession and use of the property to the mortgagee without additional consideration.

Source
RPPL 1-41 § 4, modified.

§ 608. Waste.

The mortgagor shall not cause any waste or diminishing of the value of the property which would substantially impair the mortgagee's security. At any time, the mortgagee may apply to the Trial Division of the Supreme Court for the appointment of a receiver for the property. A receiver shall be appointed where it appears that the real property subject to the mortgage is in danger of substantial waste, or that the outcome therefrom is in danger of being lost.

Source
RPPL 1-41 § 5.

§ 609. Heirs and devisees.

Whenever real property which is subject to a mortgage passes by succession or devise, the successor or devisee is not entitled to have the decedent's personal representative satisfy the mortgage out of the decedent's estate unless there is an express provision in the decedent's will that his estate is to satisfy the mortgage. Unless the mortgage is so satisfied out of the decedent's estate, the heir or devisee takes the property subject to the mortgage.

Source
RPPL 1-41 § 6.

Subchapter II
Mortgage Creation and Recording

§ 621. Necessity of writing.

(a) A mortgage shall be created, amended, renewed or extended only by a writing signed by the mortgagor, which signature shall be acknowledged or proven.

(b) The mortgage instrument shall contain:

(1) A legal description of the property subject to the mortgage;

(2) A description of the obligations secured by the mortgage, including the principal thereon, the time and place of repayment, and the maturity date; and

(3) The names and addresses of each mortgagor and mortgagee.

Source
RPPL 1-41 § 7.

Notes
Ucherremasech v. Hiroichi, 17 ROP 182, 197 (2010).

§ 622. Requisites for recording.

(a) No mortgage shall be received for recordation unless it complies with the requirements of section 621 of this chapter.

(b) All mortgages and all amendments, renewals and extensions of mortgages shall be acknowledged or proven, and recorded with the Clerk of Courts, and with the senior commissioner or registrar. For the purposes of this chapter, proof or acknowledgment of an instrument affecting title to or any interest in real property shall be made by a person duly authorized to acknowledge instruments in the Republic.

Source
RPPL 1-41 § 8, modified.

§ 623. Failure to record.

No encumbrance on real estate created by a mortgage shall be valid against any subsequent purchaser in good faith for valuable consideration or mortgagee of the same real estate or interest, without notice of such mortgage, against any person claiming under them, if the transfer to the subsequent purchaser or mortgagee is first duly recorded. Nor shall any mortgage be valid as against any judgment affecting the title unless such mortgage is duly recorded prior to the record of the notice of action in which the judgment is rendered.

Source
RPPL 1-41 § 9.

§ 624. Waiver.

Any agreement made or entered into by a mortgagor at the time of or in connection with the making or renewing of any loan secured by a mortgage or other instrument creating a lien on property, whereby the mortgagor agrees to waive the rights or privileges conferred upon him by this chapter, shall be void and of no effect.

Source
RPPL 1-41 § 10.

Notes
Debkar Lineage v. Gibbons, 2017 Palau 23 ¶¶ 17, 18, 19.

§ 625. Notice.

Any notice by this chapter shall be deemed delivered if sent by registered or certified mail with proper postage thereon, to the mortgagor or other person to whom service is to be given, at the address set forth in the mortgage, or personally delivered to the mortgagor or to his agent, if any, designated in the mortgage, or to any other person to whom service is to be given. A certificate of service, as provided for in the Courts of Republic of Palau Rules of Civil Procedure shall be filed with the Clerk of Courts by the person serving the notice.

Source
RPPL 1-41 § 11, modified.

§ 626. Assignment.

Nothing in this chapter shall preclude the assignment, subordination, or waiver of a mortgage. Any right of assignment must be provided for in the mortgage instrument. To be effective, an assignment must meet the writing and recording requirements in sections 621 and 622 of this chapter. The recordation of any assignment, subordination, or waiver shall operate as notice to all persons from the date and time of recordation; provided, however, that when a mortgage is executed as security for money due or to become due on a promissory note, bond, or other instrument, the recordation of the assignment of the mortgage is not sufficient notice to the mortgagor so as to invalidate any payment made by the mortgagor to the person holding such note, bond or other instrument unless at the time of the assignment a notice is served upon the mortgagor pursuant to the provisions of section 625 of this chapter. The notice shall be in substantially the following form:

(a) "Your promissory note and mortgage of (date) to (payee-mortgage) has been assigned to (assignee). All payments shall hereinafter be made to (assignee), at (assignee's address).

The assignment of a debt secured by a mortgage carries with it the mortgage unless the assignment and notice are to the contrary.

Source
RPPL 1-41 § 12, modified.

Notes
Anderson v. Kim, 2018 Palau 23 ¶¶ 4, 6.

Subchapter III
Mortgage Discharge and Default

§ 641. Discharge.

When all mortgage has been satisfied, the mortgagee must execute, acknowledge, record and

deliver to the mortgagor a certificate of discharge. Any mortgagee who, after satisfaction of the mortgage and upon demand by the mortgagor, for a period of thirty (30) days wrongfully fails or refuses to deliver such certificate of discharge shall be liable for all damages which such mortgagor may sustain by reason of such refusal, from the date of satisfaction by the mortgagor. Upon satisfaction of the mortgage, the mortgagee shall also deliver to the mortgagor, the mortgage and the note so paid or satisfied with, if requested, satisfaction of the mortgage and note acknowledgement on the margin thereof.

Source
RPPL 1-41 § 13.

§ 642. Notice of default.

In the event of default by the mortgagor in the performance of his duties under the mortgage or underlying obligations, the mortgagee shall serve on the mortgagor a notice of default which shall contain: the legal description of the real property, the date of the mortgage, the amount due for principal and interest, separately stated, and a statement that if the amount due is not paid within thirty (30) days from the date of service proceedings shall be commenced pursuant to section 644 of this chapter.

Source
RPPL 1-41 § 14.

Notes
Debkar Lineage v. Gibbons, 2017 Palau 23 ¶ 15.
Ngirchehol v. Kotaro, et al., 14 ROP 173, 175, 176 (2007).

§ 643. Acceleration.

No acceleration of unpaid principal of the underlying obligation shall be effective until thirty (30) days after receipt of the notice of default provided for in section 642 of this chapter.

Source
RPPL 1-41 § 15.

§ 644. Mortgagee's remedies in the event of default.

In the event of default by the mortgagor in the performance of his obligations under the mortgage or note or any other instrument secured by the mortgage, the mortgagee may elect to do any or all of the following:

(a) Commence an action for specific performance or injunctive relief, or a common count or counts for payment of money by the mortgagor, guarantor and/or any other parties bound by the terms of the mortgage or any underlying obligation. In the event that the judgment rendered in such action orders full performance of the mortgagor's entire obligation, or payment of the entire sum for which the mortgagor is indebted, satisfaction by the mortgagor of the judgment shall act to discharge the mortgage.

(b) Bring an action to foreclose the mortgage in accordance with the provisions of this chapter.

Source
RPPL 1-41 § 16.

§ 645. Cure of default; payment of arrearages; costs and fees; effect upon acceleration.

Whenever there has been a failure by the mortgagor to pay obligations in accordance with the terms of a mortgage, including circumstances where all or a portion of the principal sum secured by the mortgage has, prior to the fixed maturity date become due or been declared due by reason of his default, the mortgagor or his successor in interest or any other person having a subordinate lien or encumbrance in the mortgaged property or any part thereof, may at any time prior to the foreclosure sale, pay to the mortgagee or his successor in interest, the entire amount then due under the terms of such mortgage, and reasonable attorney's fees actually incurred. Such payment shall cure the default, and all proceedings theretofore instituted shall be dismissed or discontinued. The obligations and mortgage shall then be reinstated and remain in full force and effect as if no default had occurred.

Source
RPPL 1-41 § 17.

Notes
Ngirchehol v. Kotaro, et al., 14 ROP 173, 175 (2007).

Subchapter IV
Judicial Foreclosure

§ 661. Judicial foreclosure.

A mortgagee may bring an action for judicial foreclosure, as authorized by section 644(b) of this chapter, by filing a complaint in the Trial Division of the Supreme Court on a date not earlier than thirty (30) days after serving the notice of default provided for in section 642 of this chapter.

Source
RPPL 1-41 § 18.

§ 662. Same; service of summons.

Service of summons in an action of foreclosure shall be made in accordance with the Courts of Republic of Palau Rules of Civil Procedure.

Source
RPPL 1-41 § 19, modified.

§ 663. Same; complaint in an action for foreclosure of a mortgage.

The complaint for foreclosure shall set forth the date of execution of the mortgage, its assignments if any, the name and residence of the mortgagor, a legal description of the mortgaged property, a statement of the date of the note or other obligation secured by the mortgage and the amount claimed to be unpaid thereon, and the names and residences of all persons having or claiming an interest in the property subordinate in right to that of the holder of the mortgage, all of whom shall be made defendants in the action. All persons having or

claiming an interest in the property prior in right to that of the holder of the mortgage, which interest appears of record at the time of the commencement of the action, shall be given notice of the action, but need not be made party thereto. No person holding a conveyance from or under the mortgagor of the property mortgaged, or having a lien thereon, which conveyance or lien does not appear of record at the time of the commencement of the action, need be made a party to such action, and the judgment thereon rendered, and the proceedings therein had, shall be conclusive against the party holding such unrecorded conveyance or lien as if he had been a party to the action.

Source
RPPL 1-41 § 20.

§ 664. Same; trial and judgment in foreclosure suits.

If, upon trial in a foreclosure action, the court shall find the facts set forth in the complaint to be true, the court shall ascertain the amount due to the plaintiff upon the underlying debt or obligation, including interest, costs, and attorney's fees, and shall render judgment for the sum so found due, and order that the same be paid into court within a period of three (3) months from and after the date on which the order is made.

Source
RPPL 1-41 § 21.

Notes
Dalton v. Bank of Guam, 11 ROP 212, 213, 214 (2004).

§ 665. Same; sale of the mortgaged property.

(a) When the mortgagor, after being ordered to do so, as provided in section 663 of this chapter, fails to pay the principal, interest, costs, and attorney's fees at the time directed in the order, the court shall order the property, or so much thereof as may be necessary to satisfy the judgment, to be sold; provided, however, that such sale shall not affect the right of persons holding prior recorded encumbrances upon the same property or part thereof. Any sale of property under a judgment of foreclosure shall be made by a person appointed by the court for that purpose and shall be made at a public place to be designated by the court, upon the notice and in the manner provided by the law covering sales under execution with such additional requirements, including but not limited to, the extension of the term of notice, and requirements of publication or announcement in a local newspaper or on radio or television, as may be prescribed by the court in an attempt to assure a reasonable return from the sale. Nothing in this chapter shall deny to the

mortgagee the right to purchase property at a foreclosure sale; provided, however, that the property may be sold only to a citizen of Palau or a corporation wholly owned by citizens of Palau.

(b) If, at the time of the sale, the property cannot be sold to a qualified purchaser for the fair market value of the property, or at a price acceptable to the court, the mortgagee shall have the right to enter, possess and use such property under such terms and conditions as may be set by the court; provided, however, that the mortgagee must continue to use its best efforts to sell such property and must use the property in such a way as will mitigate any monies owed by the mortgagor. All proceeds realized from the use of such property must be credited by the mortgagee to the unpaid interest and principal owed by the mortgagor in the same ratio as if the monies received were paid by the mortgagor.

Source
RPPL 1-41 § 22, modified.

Notes
Debkar Lineage v. Gibbons, 2017 Palau 23 ¶ 18.

§ 666. Same; certificate of sale and deed.

Whenever any real property shall be sold under judgment of foreclosure pursuant to the provisions of this chapter, the person making the sale must give to the purchaser a certificate of sale and properly record a duplicate thereof. The certificate shall state the date of judgment under which the sale was made, the names of the parties, a legal description of the real property sold, and the price which [was paid] for each distinct lot or parcel. The person making the sale, his successor in office, or some other officer appointed by the court, shall not later than thirteen (13) months nor earlier than twelve (12) months after the date of sale make to the purchaser, his heirs, or assigns, or to any person who has acquired the title of such purchaser, a deed or deeds to such property. Such deed shall vest in the grantee all the right, title and interest of the mortgagor in and to the property sold, at the time the mortgage was executed, or subsequently acquired by him, and shall constitute a bar to all claims, rights or equity of redemption in or to the property by the parties to such action, their heirs and personal representatives, and against all persons claiming under them.

Source
RPPL 1-41 § 23, modified.

Notes
The bracketed "[was paid]" does not appear in RPPL 1-41 § 23.

§ 667. Same; application of proceeds.

The proceeds of every judicial foreclosure sale must be applied first to the costs of sale, including attorney's fees adjudged by the court to be due; and then to the debt. If there is any surplus, it must be paid to the court for the use of the defendants or of the person entitled thereto, subject to the order of the court.

Source
RPPL 1-41 § 24.

Notes
Debkar Lineage v. Gibbons, 2017 Palau 23 ¶ 18.

§ 668. Same; disposition of proceeds in event debt not all due.

If the debt which the mortgage secured is not all due, as soon as sufficient property has been sold to pay the amount due, with costs, the sale shall cease; and afterwards, as often as more becomes due for principal or interest, the court may, upon motion, order more to be sold. If the property cannot be sold in portions without injury to the parties, the whole shall be ordered sold in the first instance, and the entire debt and costs paid, there being a rebate of interest where such rebate is proper.

Source
RPPL 1-41 § 25.

§ 669. Same; vacating sale.

Upon motion by an aggrieved party brought within one year of the date of sale, the court may vacate a foreclosure sale and order a new sale upon a finding that there has been fraud in the procurement of the foreclosure decree, that the same has been improperly, unfairly, or unlawfully conducted, or that the sale is so tainted by fraud that to allow it to stand would be [inequitable].

Source
RPPL 1-41 § 26.

Notes
The bracketed "[inequitable]" in the last line read "inevitable" in RPPL 1-41 § 26.

§ 670. Redemption.

All real property sold upon foreclosure of a mortgage by order, judgment, or a decree of court may be redeemed in the manner hereinafter provided at any time, within twelve (12) months after the date of such sale by the judgment debtor or his successor in interest; provided, however, that the judgment debtor or his successor in interest must redeem all of the property as sold.

Source
RPPL 1-41 § 27, modified.

§ 671. Redemption amount; time; payment; disagreement as to amount; proceedings for determination; notice and hearing; certificate.

The judgment debtor may redeem the property from the purchaser within twelve (12) months of the date of the sale, upon paying the purchaser the amount of his purchase, with interest at the legal rate thereon, up to the time of redemption. In addition, the judgment debtor shall pay the following:

(a) the amount of any assessment or taxes;

(b) any reasonable sum paid for fire insurance, maintenance, upkeep, or repair of improvements located upon the property;

(c) the fair market value of any improvements constructed upon the property; and

(d) any sum paid on a prior obligation secured by the property to the extent such payment was necessary for the protection of the purchaser's interest, which the purchaser may have paid thereon after purchase, and interest on such amount computed at the legal rate.

In the event of a disagreement between the purchaser and the judgment debtor as to whether any sum demanded by the purchaser is a proper charge to be added to the amount required for redemption, the judgment debtor shall thereupon pay to the clerk of the court which issued the execution or order authorizing the sale, the amounts the purchaser believes, in good faith, are the amounts allowed by this chapter, less the amount in dispute, and shall at the same time file with said court a petition in writing setting forth specifically the items demanded to which he objects, together with his reasons for such objections, and asking that such amount be determined by the court; said court shall thereupon fix a day, not fewer than ten (10) nor more than twenty (20) days from the date of such filing, for the hearing of said objection; a copy of said petition, together with a notice of hearing, giving the time and place thereof, shall be served by the judgment debtor seeking redemption, or his attorney, upon the purchaser not fewer than five days before

the day of hearing; upon the day fixed for the hearing, the court in which the order of sale or execution was originally issued shall determine, by order duly entered in the records of said court, the amount required for redemption, either upon affidavit or evidence which is satisfactory to the court; and when the amount has been so determined and in the event the amount has been so determined, and in the event the amount thereto deposited with the court shall be sufficient, the same shall be forthwith paid to the purchaser upon his execution of a proper certificate of redemption, said certificate stating the name of the purchaser and the redemptioner, and further stating the claim, instrument, or judgment under which the redemptioner derives the right to redeem, and further stating the date of the redemption and amount for which it was made, and particularly describing the redeemed property. In the event an additional amount to that theretofore paid to the court is required, the redemptioner shall pay such additional amount to the Clerk of Courts within ten (10) days. He shall then pay the whole amount necessary to the purchaser upon his execution of a proper certificate of redemption. The certificate of redemption so issued may be deposited with the Clerk of Courts for delivery to the redemptioner, or given to the redemptioner at the time of payment.

Source
RPPL 1-41 § 28, modified.

Notes
Debkar Lineage v. Gibbons, 2017 Palau 23 ¶ 18.

§ 672. Rents and profits; rights of purchaser and redemptioner; credit upon redemption; money to be paid; accounting.

The purchaser, from the time of the sale until a redemption, is entitled to receive, from the tenant in possession, the rents of the property sold, or the value of the use and occupation thereof. But when any rents or profits which have been received by the purchaser, or his assigns, from the property thus sold preceding such redemption, the amounts of such rents and profits, less reasonable expenses incurred in the production of such rents and profits, shall be a credit upon the redemption money to be paid; and if the redemptioner, before the expiration of the time allowed for such redemption, demands in writing of such purchaser a written and verified statement of the amount of such rents and profits thus received, the period for redemption is extended to five (5) days after such sworn statement is given by such purchaser or his assigns, to such redemptioner. If such purchaser or his assigns shall, for a period of one (1) month from and after such demand, fail or refuse to give such statement, the redemptioner may bring an action before the Supreme Court, to compel an accounting and disclosures of such rent and profits, and until fifteen (15) days from and after the final determination of such action, the right of redemption is extended to such redemptioner.

Source
RPPL 1-41 § 29, modified.

§ 673. Vacating of premises.

The mortgagor or its agents or person holding possession of the property by and through the mortgagor shall vacate the property and give up possession thereof at any time prior to the date of sale under section 665 of this chapter, subject to the right of redemption provided for in section 670 of this chapter.

Source
RPPL 1-41 § 30.

§ 674. Anti-deficiency.

No deficiency judgment shall lie against a mortgagor after any sale of real property under section 665 of this chapter for default by the mortgagor in the performance of his obligations under a mortgage given to a lender to secure payment of a loan which was in fact used to pay all or part of the purchase price of a dwelling occupied in whole or in part by the mortgagor.

Source
RPPL 1-41 § 31.

§ 675. Prospective effect.

The provisions of this chapter shall have prospective effect only and shall not apply to mortgages, deeds of trust or other contracts or conveyances entered into prior to the effective date of this chapter.

Source
RPPL 1-41 § 32.

Chapter 7
Deed of Trust

Subchapter I
Deed of Trust Act of 1979

§ 701. Short title.

This subchapter may be cited as the "Deed of Trust Act of 1979."

Source
PL 6-8-40 § 1, modified.

§ 702. Purposes.

To provide for a satisfactory method of securing the financing of real estate projects and other transactions by the United States of America acting through the Farmers Home Administration or other federal agencies, including but not limited to the Department of Housing and Urban Development Veterans Administration, Small Business Administration, and any commercial lending institutions and banks licensed to do business in the Republic, and/or other commercially recognized lenders.

Source
PL 6-8-40 § 2, as amended by RPPL 4-5, § 1(1), modified.

§ 703. Deed of Trust; defined.

A Deed of Trust is a conveyance of a fee simple interest, a freehold, or a leasehold interest in trust to secure an indebtedness or charge against real property conveyed, with or without a power of sale, vested in the trustee to sell according to the terms as set forth in the instrument. A Deed of Trust complying with the terms and conditions of this subchapter shall be deemed as a lien or encumbrance upon real property.

Source
PL 6-8-40 § 3, as amended by RPPL 3-26 § 1(1), modified.

§ 704. Definitions.

In this chapter:

(a) "Beneficiary" means the United States of America acting through the Farmers Home Administration or any other federal agency, including but not limited to the Department of Housing and Urban Development, Veterans Administration, Small Business Administration, and also means any commercial lending institution or bank licensed to do business in the Republic and other commercially recognized lenders, or other legal entity or person, who is the creditor to whom the trustor's obligation is owed.

(b) "Recordation" means any references to recordation or the filing of record shall mean the proper filing of such instrument with the Land Commission, and/or the Clerk of Court, whichever is applicable pursuant to the laws and statutes governing transfers

of interest in land.

(c) "Trustee" means the Palau Public Land Authority, anyone qualified to hold title or a leasehold interest to real property in the Republic, or other legal entity to whom the trustor has conveyed title or a leasehold interest to property to be held by the trustee according to the terms and conditions of the Deed of Trust instrument.

(d) "Trustor" means the debtor under a Deed of Trust or the owner of a fee simple, a freehold, or a leasehold interest who conveys the title to real property to a trustee under the terms of the Deed of Trust instrument.

Source
PL 6-8-40 § 4, as amended by RPPL 3-26 § 1(2) and RPPL 4-5, § 1(2), modified.

§ 705. Validity.

A Deed of Trust and instruments concerning the same shall not be valid against subsequent purchasers or persons taking an interest in the real estate in good faith and for valuable consideration without notice of such Deed of Trust or an interest in the same unless such Deed of Trust and any instrument relating to the same is first duly recorded.

Source
PL 6-8-40 § 5.

§ 706. No exemption from execution.

Any property conveyed hereunder shall not be exempted from execution as may be provided by any statute concerning any exemptions and homesteads, but such execution shall not affect the priority of the lien evidenced by the Deed of Trust.

Source
PL 6-8-40 § 6.

§ 707. Duties of trustee.

The duties of the trustee shall be as set forth in the Deed of Trust instrument provided such terms and conditions are not in conflict with the provisions of this subchapter.

Source
PL 6-8-40 § 7, modified.

§ 708. Foreclosure by judicial or nonjudicial process.

The Deed of Trust instrument may provide for foreclosure proceedings by judicial or nonjudicial process. If foreclosure is by judicial process, then the foreclosure proceedings shall be brought in a court of competent jurisdiction. If foreclosure is by nonjudicial process then such may be by private power of sale as set forth herein and the trustor shall not have any right of redemption after such sale.

Source
PL 6-8-40 § 8.

§ 709. Foreclosure by private power of sale.

Nonjudicial foreclosure of a Deed of Trust by the exercise of private power of sale shall be in accordance with the provisions of this subchapter.

(a) Power of sale--a power of sale shall mean a private power of sale conferred upon the trustee to sell the property at public auction after the breach of an obligation for which the property is transferred.

(b) Recordation and notice--the power of sale shall not be exercised until:

(1) A notice is sent by the trustee or beneficiary to the trustor setting forth his default, the amounts owed and for what periods, the method and amount to cure such default, the time in which to cure such which shall not be less than thirty (30) days after the date of the notice sent to the trustor, and the right to sell the property by power of sale and any other remedy which shall be taken by the trustee if such default is not cured in the method, manner, date, and time set forth in the notice.

(2) After the lapse of thirty (30) days as set forth in subparagraph (1) above, if the default has not been cured, then the trustee shall give to the trustor at least thirty (30) days notice of public sale of the property, stating the date, time and place thereof.

(3) Within ten (10) days after such notice has been sent to the trustor as set forth in subparagraph (2) above, the trustee or beneficiary shall file of record a notice of default, identifying the Deed of Trust by stating the names of the trustor, trustees and beneficiaries, and the description of property being affected, and setting forth the nature of the breach and the right to sell the property by power of sale and any

other remedies as set forth in the notice to the trustor, and the date, time, and place of sale.

Source
PL 6-8-40 § 9, modified.

§ 710. Power of sale - reinstatement.

The trustor shall have one right of reinstatement. At any time prior to the date of sale, the trustor or any other person having a subordinate lien or encumbrance on the property may pay to the trustee the entire installment amounts then due under the terms of the note and Deed of Trust up to the date of sale and other costs, such amounts being due and payable as though no acceleration, if any, of the principal due had occurred. Such payment shall then cure the default and the sale of proceedings shall then be discontinued and the obligations of the trustor under the Deed of Trust shall then be reinstated and remain in full force and effect as though no default had occurred; provided, however, that such right of reinstatement shall have no effect on the right of the trustee or beneficiary in the future to accelerate the debt due to the trustor's further or future default.

Source
PL 6-8-40 § 10, modified.

§ 711. Notice.

Any notice as required hereunder shall be deemed delivered if sent by registered or certified mail with proper postage thereon, to the trustor or his successor in interest, at the address as set forth in the Deed of Trust instrument, or personally delivered to the trustor or his successor in interest, or to his agent as may be designated in the Deed of Trust instrument.

Source
PL 6-8-40 § 11.

§ 712. Power of sale - publication.

Prior to the date of sale, the trustee shall:

(a) Publish a notice of sale by power of sale at least once a week for three weeks prior to the date of sale, in some newspaper of general circulation in the community or district where the property is located or situated;

(b) Post such notice for three weeks prior to the date of the sale in three public places in the community or district where the property is to be sold; and

(c) Post a copy of said notice in some conspicuous place on the property to be sold, at least twenty (20) days prior to the date of said sale.

Source
PL 6-8-40 § 12, modified.

§ 713. Postponement of public sale.

The trustee, at his discretion, may postpone the public sale by making a public declaration at the time and place of such sale. If the postponement is for more than ten (10) days from the date of sale, then the trustee shall, within ten (10) days after the date of sale as postponed:

(a) Publish a notice of such postponement, with a new date of sale at least once in some newspaper of general circulation in the community or district where the property is located or situated;

(b) Post such notice in three public places in the community or district where the property is to be sold;

(c) Post a copy of such notice in some conspicuous place on the property to be sold; and

(d) File a notice of postponement with the proper place of record.

Source
PL 6-8-40 § 13, modified.

§ 714. Power of sale - conveyance by trustee.

The trustee upon such public sale shall make, without warranty, and execute after due payment is made, a deed to such purchaser or purchasers of the property conveying all the title and interest of the trustee and trustor in the property.

Source
PL 6-8-40 § 14.

§ 715. Power of sale - proceeds.

The proceeds of sale shall then be first applied to the expenses of sale, together with the reasonable expenses of the trust, including reasonable attorney's fees, then to the interest owed on the debt secured by the Deed of Trust, then to the unpaid principal balance owed on that debt, including any advances made by the beneficiary, and then to any other lienholders of record in accordance with their lien property. Any balance or surplus of such proceeds of sale shall then be applied to any other interest and principal indebtedness owed to the beneficiary by the trustor. Any remaining balance of such proceeds of sale shall be paid to the trustor, his heirs, executors, administrators or assigns.

Source
PL 6-8-40 § 15.

§ 716. Power of sale - deficiency.

If there are insufficient proceeds from the sale to satisfy all amounts due to the beneficiary under the Deed of Trust instruments, then the trustee shall make up such deficiency of insufficient amounts to the beneficiary, and in such events the beneficiary shall assign all of its rights and interest in the Deed of Trust to the trustee. The trustor shall be liable for all such deficient amounts which shall include the expenses of sale, the expenses of the trust, reasonable attorney's fees, and the interest and principal due, and the trustee may bring an action against the trustor for the recovery of such deficient amounts. Nothing herein shall prevent the trustee from purchasing the property at such foreclosure sale as provided in this subchapter.

Source
PL 6-8-40 § 16, modified.

§ 717. Vacating of premises.

The trustor or its agents or persons holding possession of the property by and through the trustor shall vacate the property and give up possession thereof at any time prior to the date of sale, subject to any right of reinstatement as set forth in this subchapter. In the event of any postponement of the date of sale, the trustor shall not be entitled to repossession of the premises, unless any such postponement be over sixty (60) days from the date of sale.

Source
PL 6-8-40 § 17, modified.

§ 718. Recitals.

A recital in a deed, executed pursuant to the power of sale regarding the filing of notice, personal advice and mailing of copies of the notice of default shall constitute prima facie evidence of compliance with the requirements of this subchapter, and shall be conclusive evidence thereof in favor of bona fide purchasers for value and without notice.

Source
PL 6-8-40 § 18, modified.

§ 719. Power of sale - redemption rights.

A sale made hereunder by the exercise of the private power of sale shall divest the trustor of any equity or right of redemption in the property.

Source
PL 6-8-40 § 19.

§ 720. Purchase of property by trustee.

The trustee may be the purchaser at any public sale provided that there are no other purchasers at such sale.

Source
PL 6-8-40 § 20.

§ 721. Duties of trustee.

The trustee shall be in all respects a fiduciary with respect to the property, for the benefit of the beneficiary and shall be governed by the terms and conditions of the Deed of Trust instrument.

Source
PL 6-8-40 § 21.

§ 722. Discharge or release of Deed of Trust.

A Deed of Trust shall be discharged or released by recording an instrument signed by the trustee, and properly acknowledged, stating that the debt secured by the Deed of Trust has been fully paid and satisfied. Upon such discharge, the trustee shall execute a deed conveying full title to the

trustor.

Source
PL 6-8-40 § 22.

§ 723. Duties of trustor.

Trustor shall not cause any waste or the diminishing of the value of the property which would substantially impair the beneficiary's security.

Source
PL 6-8-40 § 23.

§ 724. Appointment of receiver.

At any time after the recordation of a notice of a default, the trustee or beneficiary may apply to a court of competent jurisdiction for the appointment of [a] receiver for the property. A receiver shall be appointed where it appears that the real property subject to the Deed of Trust is in danger of substantial waste, or that the income therefrom is in danger of being lost.

Source
PL 6-8-40 § 24.

Notes
The bracketed "[a]" in the second line read "the" in the previous PNC codification.

§ 725. Assignment of beneficial interest.

The beneficiary may assign his benefits under the Deed of Trust without the consent or knowledge of the trustor unless the Deed of Trust instrument provides to the contrary. The recordation of such assignment shall be deemed notice to all persons as of the date of such recordation.

Source
PL 6-8-40 § 25.

§ 726. Ownership.

The purchaser at any foreclosure or public sale shall be only those entitled to own property in the

Republic.

Source
PL 6-8-40 § 26, modified.

§ 727. Conflict with other laws.

If the provisions of this subchapter are in conflict or inconsistent with the provisions of any other law, then the provisions of this subchapter shall control.

Source
PL 6-8-40 § 27, modified.

§ 728. Applicable laws.

American caselaw shall be used for the interpretation of the provisions of this subchapter and its application thereof and the customs of the community shall not be used if in conflict with American caselaw.

Source
PL 6-8-40 § 28, modified.

§ 729. Compliance with building codes.

(a) Any United States Department of Agriculture Farmers Home Administration loan of which indebtedness is secured by a Deed of Trust or any other legal instrument creating such security for the loan, shall be required to comply with the provisions of

(1) the CABO One-and Two-Family Dwelling Code, 1986 Edition, published by the Council of American Building Officials, including all states/national amendments, but excluding Part I, Except R-114 and Part VII, and

(2) the Electrical Code for One- and Two-Family Dwellings (NFPA 70A-1984) excerpted from the 1984 National Electrical Code (NFPA 70-1984) as published by the National Fire Protection Association.

(b) The Ministry of Natural Resources or designated sub-agency thereof is hereby designated as the enforcement agency to insure compliance with subsection (a) hereof and shall be responsible for the promulgation of rules and regulations for enforcement thereof

and providing for inspections of construction in progress to insure further compliance of such constructions on projects financed in whole or in part by a United States Department of Agriculture Farmers Home Administration loan within the Republic.

Source
RPPL 3-47 § 1, modified.

Notes
Specific loan program in subsection (a) references the USDA "Farmers Home Administration" that ceased to exist in 2006. The Code Commission recommended leaving reference to the Ministry of Natural Resources in subsection (b) as is until further amendments by the OEK.

Subchapter II
Loan Guarantee Escrow Account Act of 1993

§ 751. Short title.

This subchapter is known and may be cited as the "Loan Guarantee Escrow Account Act of 1993."

Source
RPPL 4-20 § 1, modified.

§ 752. Purpose.

Establishment of a Loan Guarantee Escrow Account (LGEA) will allow Farmers Home Administration (FmHA) to expand its program in the Republic of Palau. The account will be used as a reserve to partially back-up the Trustee's obligations under each agreement with the Beneficiary.

Source
RPPL 4-20 § 2.

§ 753. Loan Guarantee Escrow Account.

The Trustee shall establish and maintain a Loan Guarantee Escrow Account in an amount to be agreed upon between the Trustee and Farmers Home Administration ("the Beneficiary"). Such account is to be deposited in a financial institution in the Republic of Palau which has Federal Deposit Insurance Corporation (FDIC) or Federal Savings and Loan Insurance Corporation (FSLIC) coverage, and any interest earned from the account shall be redeposited into the account on a continuous basis. The use of funds from the account shall be for the sole purpose of servicing loans made by the Beneficiary, in the event a Trustor defaults on an obligation under the terms of the promissory note and the deed of trust security instrument securing such note and for which such note is guaranteed by the Loan Guarantee Escrow Account through the Trustee. The Trustee and the Beneficiary shall be directed by a Memorandum of Understanding to be agreed upon concerning the use of funds from the Loan Guarantee Escrow Account shall not be terminated without the written consent of the Trustee and the Administrator of the Farmers Home Administration.

Source
RPPL 4-20 § 3.

Chapter 8
Intellectual Property

Subchapter I
Copyright

Part A
General Provisions

§ 801. Definitions.

As used in this chapter:

(a) "Anonymous work" means a work for which no natural person is identified as the author.

(b) "Audiovisual work" means a work that consists of a series of related images which are intrinsically intended to be shown by the use of machines or devices such as projectors, viewers, or electronic equipment, together with accompanying sounds, if any, regardless of the nature of the material objects, such as films or tapes, in which the work is embodied.

(c) "Author" means the natural person who created the work.

(d) "Broadcast" means to transmit or make public by means of radio, television, satellite, cable, or streaming video or audio.

(e) "Collective work" means a work, such as a periodical, anthology, or encyclopedia, in which a number of contributions, constituting separate and independent works in themselves, are assembled into a collective whole.

(f) "Compilation" means a work formed by the collection and assembling of preexisting materials or of data that are selected, coordinated, or arranged in such a way that the resulting work as a whole constitutes an original work of authorship. "Compilation" includes collective works.

(g) "Copy" means material objects, including but not limited to phonorecords, in which a work is fixed by any method and from which a work can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a device. The term "copy" includes the material object in which the work is first fixed.

(h) "Copyright owner" with respect to any one of the exclusive rights comprised in a copyright, means the owner of that particular right.

(i) "Created" means fixed in a copy or phonorecord for the first time. Where a work is prepared over a period of time, the portion of it that has been fixed at any particular time constitutes the work as of that time, and where the work has been prepared in different versions, each version constitutes a separate work.

(j) "Derivative work" means a work based upon one or more preexisting works, such as a translation, musical arrangement, dramatization, fictionalization, motion picture version, sound recording, art reproduction, abridgement, condensation, or any other form in which a work may be recast, transformed, or adapted. A work consisting of editorial revisions, annotations, elaborations, or other modifications which, as a whole, represent an original work of authorship, is a derivative work.

(k) "Display" means to show a copy of a work, either directly or by means of a film, slide, television image, or any other device.

(l) "Fixed": A work is "fixed" in a tangible medium of expression when its embodiment in a copy or phonorecord is sufficiently permanent or stable to permit it to be perceived, reproduced, or otherwise communicated for a period of more than transitory duration.

(m) "Joint work" means a work that is prepared by two or more authors whose contributions are merged into inseparable or interdependent parts of a unitary whole.

(n) "Literary work" means a work, other than an audiovisual work, that is expressed in words, numbers, or other verbal or numerical symbols or indicia, regardless of the nature of the material object, such as a book, periodical, manuscript, phonorecord, film, tape, or card, in which it is embodied.

(o) "Minister" means the Minister of Human Resources, Culture, Tourism, and Development of the Republic of Palau.

(p) To "perform" or "display" a work "publicly" means to recite, render, play, dance, or

act, either directly or through the means of any device or, in the case of a motion picture or other audiovisual work, to show its images in any sequence or to make the sounds accompanying it audible, at a place open to the public or at any place where a substantial number of persons outside of a normal circle of a family and its social acquaintances is gathered; or to transmit or otherwise communicate a performance or display of the work to a place specified in the foregoing or to the public, by means of any device or process, whether the members of the public capable of receiving the performance or display receive it in the same place or in separate places and at the same time or at different times.

(q) "Phonorecord" means a material object in which the sounds, other than those accompanying an audiovisual work, are fixed by any method, and from which the sounds can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device. A phonorecord includes the material object in which the sounds are first fixed.

(r) "Pictorial, graphic, and sculptural works" mean two-dimensional and three-dimensional works of fine, graphic, and applied art, photographs, prints and art reproductions, maps, globes, charts, technical drawings, diagrams, and models.

(s) "Pseudonymous work" means a work for which the author is identified under a fictitious name.

(t) "Publish" means to legally distribute copies or phonorecords of a work to the public by sale or other transfer of ownership or by rental or lease. Publishing includes the distribution of copies or phonorecords to a person or group of persons for public performance or public display.

(u) "Republic of Palau" means the constitutional territory of the Republic of Palau.

(v) "Residence" means the legal residence of a natural person and the domicile or jurisdiction of incorporation of a legal entity.

(w) "Sound recording" means a work that results from the fixation of a series of musical, spoken, or other sounds, but not including the sounds accompanying a motion picture or other audiovisual work, regardless of the nature of the material object, such as a disk, tape, or other phonorecord, in which the sounds are embodied.

(x) "Transfer of copyright ownership" means an assignment, mortgage, license, or any other conveyance, alienation, or hypothecation of a copyright or of any of the exclusive rights comprised in copyright, whether or not it is limited in time or place or effect.

(y) "Work" means any form of creative expression.

(z) "Work made for hire" means (1) a work prepared by an employee within the scope of his or her employment; or (2) a work specially ordered or commissioned for a particular use if the parties expressly agree in a written instrument signed by them that the work shall be considered a work made for hire.

Source

RPPL 6-38 § 2, modified. Subsections (d), (g), (t), and (x) added or amended by RPPL 6-53 § 2, modified. All subsection lettering after (c) were renumbered by RPPL 6-53 § 2.

Notes

Chapter 8 is renamed "Intellectual Property" by RPPL 11-21 § 3. To conform to the standard format used in the code "Part 1: Copyright" in RPPL 11-21 § 3 is renamed "Subchapter I: Copyright" and former subchapters I thur V will be renamed Part A thru E, modified.

RPPL 6-38 § 1 reads: "Purpose; short title. The purpose of this Act is to protect the owners and creators of original works, including literary works, musical works, dramatic works, choreographic works, graphic works, architectural works, audiovisual works, computer programs, and sound recordings. This Act has the further purpose of protecting the rights of performers in their performances. This shall be known as the 'Republic of Palau Copyright Act of 2003.'"

Roll'Em Productions, Inc., v. Diaz Broadcasting Co., 19 ROP 148, 150, 151 (2012).

Part B
Works and Rights

§ 811. Subject matter of copyright.

(a) Copyright protection arises, in accordance with this chapter, in original works of authorship fixed in any tangible medium of expression from which those works can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a device including:

(1) literary works;

(2) musical works, including any accompanying words;

(3) dramatic works, including any accompanying music;

(4) pantomimes and choreographic works;

(5) pictorial, graphic, and sculptural works;

(6) architectural works;

(7) motion pictures and other audiovisual works;

(8) computer programs;

(9) sound recordings;

(10) speeches, lectures, addresses, and other oral works;

(11) illustrations, maps, plans, sketches, and three-dimensional works relative to geography, topography, architecture, or science; and

(12) works of applied art.

(b) In no case does copyright protection for an original work of authorship extend to the following:

(1) any idea, procedure, process, system, method of operation, concept, principle, or discovery, regardless of the form in which it is described, explained, illustrated, or embodied in such work;

(2) official public legislative, administrative or legal texts, or any official translations thereof; and

(3) speeches, lectures, addresses, and other oral works given by a government official in his or her official capacity.

Source
RPPL 6-38 § 3, modified.

Notes
Roll'Em Productions, Inc., v. Diaz Broadcasting Co., 19 ROP 148, 149 (2012).

§ 812. Compilations and derivative works.

(a) The subject matter of copyright as specified by section 811 includes compilations and derivative works, but protection for a work employing preexisting material in which copyright exists does not extend to any part of the work in which such material has been used unlawfully.

(b) The copyright in a compilation or derivative work extends only to the material contributed by the author of such work, as distinguished from the preexisting material employed in the work, and does not imply any exclusive right in the preexisting material. The copyright in such work is independent of, and does not affect or enlarge the scope, duration, ownership, or existence of any copyright protection in the preexisting material.

Source
RPPL 6-38 § 4, modified.

§ 813. National origin.

(a) Unpublished works. The works specified by sections 811 and 812, while unpublished, are subject to protection under this chapter without regard to the nationality or citizenship of the author.

(b) Published works. The works specified by sections 811 and 812, when published, are subject to protection under chapter 8 of Title 39 if:

(1) one or more of the authors is or was on the date of first publication a national or resident of the United Nations Trust Territory of the Pacific Islands, Palau District, or the Republic of Palau;

(2) the work is or was initially published in the Republic of Palau;

(3) the work is or was initially published in another country and also published in the Republic of Palau within thirty (30) days thereafter, irrespective of the nationality or residence of the author;

(4) the work is an audiovisual work, the author of which is a resident of Palau; or

(5) the work is an architectural work erected in the Republic of Palau or is an artistic work incorporated into a building or other structure located in Palau.

(c) Any work which is not subject to the protections and limitations of section 813(b) herein shall be subject to the same protections provided in section 813(b) provided the work is registered with the Office of the Attorney General and the requisite fee is paid. The Attorney General shall charge a fee of forty-five dollars ($45) per work registered, or a flat fee of one thousand and three hundred dollars ($1,300) will be payable for registration of thirty-one (31) to fifty (50) works, and a flat fee of two thousand and five hundred dollars ($2,500) will be payable for registration of fifty-one (51) or more works, additional works over fifty-one (51) may be added at no charge during the same calendar year. For registration of new copyrights in future calendar years, the same fees shall apply. The Attorney General shall promulgate rules and regulations pursuant to the Administrative Procedure Act, 6 PNC chapter 1, for the administration of this subsection. The fees for registration under this subsection (c) shall not apply to registrations pursuant to section 853.

(d) Protection under this chapter shall also apply to works that are eligible for protection in the Republic of Palau by virtue of and in accordance with any international convention or other international agreement to which the Republic of Palau is a party.

(e) The works specified by sections 811 and 812, where legally broadcast into or within the Republic of Palau, are subject to automatic protection under this chapter.

(f) The Office of the Attorney General may issue such regulations pursuant to the Administrative Procedure Act, 6 PNC chapter 1, as necessary to establish a voluntary registration process for works protected under section 813(b) and may establish such fees as necessary.

Source

RPPL 6-38 § 5, modified. RPPL 6-53 § 3, modified, amended subsections (b), (c) and (d) added subsections (e) and (f). Subsection (c) amended by RPPL 11-21 § 3.

Notes

RPPL 6-38 subsection (c) reference to 801(v) read "(2)(w) of this Act." RPPL 6-38 section 2(w) defines "work" and section 2(v) defines "Transfer of copyright ownership". RPPL 6-53 § 3(c) did not specify how many works had to be registered before additional works could be added at no charge.

§ 814. Exclusive rights in copyrighted works.

(a) Economic rights. Subject to the provisions of this chapter, the owner of a copyright under this chapter has the exclusive right to do, and to authorize another or others to do, any of the following:

(1) reproduce the copyrighted work;

(2) prepare derivative works based upon the copyrighted work;

(3) distribute copies or phonorecords of the copyrighted work to the public by sale or other transfer of ownership, or by rental or lease;

(4) perform the copyrighted work publicly;

(5) display the copyrighted work publicly;

(6) have the copyrighted work translated;

(7) adapt, arrange, or otherwise transform the copyrighted work; and

(8) broadcast the copyrighted work and otherwise communicate the copyrighted work to the public.

(b) Moral rights. Independent of economic rights, and even where the author is no longer the owner of the economic rights to a copyrighted work, the author of the work shall have

the right:

(1) to have his or her name indicated prominently on the copies and in connection with any public use of the work, as far as practicable;

(2) to not have his or her name indicated on the copies and in connection with any public use of the work, and the right to use a pseudonym; and

(3) to object to any distortion, mutilation, or other modification of, or other derogatory action in relation to, the work which would be prejudicial to his or her honor or reputation.

None of the foregoing moral rights shall be transferrable during the life of the author, but shall be transferrable by testamentary disposition or by operation of law following the death of the author. The author may waive any of the moral rights enumerated in this section.

Source
RPPL 6-38 § 6, modified.

§ 815. Private reproduction for personal purposes.

(a) Notwithstanding the provisions of section 814, the private reproduction of a single copy of a published work shall be permitted without the authorization of the author or copyright owner, where the reproduction is made by a natural person for his or her own personal purposes.

(b) The permission provided in subsection (a) shall not extend to reproduction:

(1) of a work of architecture in the form of a building or other construction;

(2) in the form of reprography of the whole or a substantial part of a book or of a musical work in the form of notation;

(3) of the whole or a substantial part of a database in digital form;

(4) of a computer program, except as otherwise provided in this chapter; and

(5) of any work in cases where reproduction would conflict with a normal

exploitation of the work or would otherwise unreasonably prejudice the legitimate interests of the author or owner of the copyright.

Source
RPPL 6-38 § 7, modified.

§ 816. Quotation.

Notwithstanding the provisions of section 814, the reproduction, in the form of quotation, of a short part of a published work shall be permitted without authorization of the author or copyright owner; provided, that the reproduction is compatible with fair practice and does not exceed the extent justified by the purpose. The quotation shall be accompanied by an indication of the source and name of the author, if his or her name appears in the work from which the quotation is taken.

Source
RPPL 6-38 § 8, modified.

§ 817. Reproduction for teaching.

Notwithstanding the provisions of section 814, the following acts shall be permitted without authorization of the author or copyright owner:

(a) the reproduction of a short part of a published work for teaching purposes by way of illustration, in writings or sound or visual recordings, provided that such reproduction is compatible with fair practice and does not exceed the extent justified by the purpose;

(b) the reprographic reproduction, for face-to-face teaching in educational institutions, the activities of which do not serve direct or indirect commercial gain, of published articles, other short works or short extracts of works, to the extent justified by the purpose, provided that:

(1) the act of reproduction is an isolated act occurring, if repeated, on separate and unrelated occasions, and

(2) there is no collective license offered by a collective copyright management organization of which the education institution is or should be aware, under which such reproduction can be authorized.

(c) The source of the work reproduced and the name of the author shall be indicated as far as practicable on all copies made under this section.

Source
RPPL 6-38 § 9, modified.

§ 818. Reprograraphic reproduction by libraries and archives.

Notwithstanding the provisions of section 814, any library or archive whose activities are not for commercial gain may, without the authorization of the author or copyright owner, make a single copy of a work by reprographic reproduction under the following circumstances:

(a) where the work reproduced is a published article, other short work, or a short extract of a work, and where the purpose of the reproduction is to satisfy the request of a natural person, provided that:

(1) the director of the library or archive, or his or her authorized agent, is satisfied that the copy will be used solely for the purposes of study, scholarship, or private research;

(2) the act of reproduction is an isolated act occurring, if repeated, on separate and unrelated occasions; and

(3) there is no collective license offered by a collective administrative organization of which the management of the library or archive is or should be aware, under which such reproduction can be authorized; or

(b) where the copy is made in order to preserve and, if necessary, to replace a copy that has been lost, destroyed, or rendered unusable in the permanent collection of another similar library or archive, provided that it is impossible to obtain such a copy under reasonable conditions, and provided further that the act of reprographic reproduction is an isolated case occurring, if repeated, on separate and unrelated occasions.

Source
RPPL 6-38 § 10, modified.

§ 819. Reproduction, broadcasting, and other communication to the public for information purposes.

Notwithstanding the provisions of section 814, the following acts shall be permitted in respect to a work without the authorization of the author or copyright owner, subject to the obligation to indicate the source and the name of the author so far as practicable:

(a) the reproduction in a newspaper or periodical, or the broadcasting or other communication to the public, of an article published in a newspaper or periodical on current economic, political, or religious topics or of a broadcast work of the same character; this permission shall not apply where the right to authorize reproduction, broadcasting, or other communication to the public is expressly reserved on the copies by the author or copyright owner, or in connection with broadcasting or other communication to the public of the work;

(b) for the purpose of reporting current events, the reproduction and the broadcasting or other communication to the public of short excerpts of a work seen or heard in the course of such events, to the extent justified by the purpose; and

(c) the reproduction in a newspaper or periodical, the broadcasting, or other communication to the public of a political speech, a lecture, address, sermon, or other work of a similar nature delivered in public, or a speech delivered during legal proceedings, to the extent justified by the purpose of providing current information.

Source
RPPL 6-38 § 11, modified.

§ 820. Reproduction and adaptation of computer programs.

(a) Notwithstanding the provisions of section 814, the reproduction, in a single copy, or the adaptation of a computer program by the lawful owner of a copy of that computer program shall be permitted without the authorization of the author or copyright owner, provided that the copy or adaptation is necessary:

(1) for use of the computer program with a computer for the purpose and extent for which the computer program has been obtained; or

(2) for archival purposes and for the replacement of the lawfully owned copy of the computer program if the lawfully owned copy of the computer program is lost,

destroyed, or otherwise rendered unusable.

(b) No copy or adaptation of a computer program may be used for any purpose other than those specified in subsection (a), and any such copy or adaptation shall be destroyed if continued possession of the copy of the computer program ceases to be lawful.

Source
RPPL 6-38 § 12, modified.

§ 821. Display of works.

Notwithstanding the provisions of section 814, the public display of originals or copies of works shall be permitted without the authorization of the author or copyright owner, provided that the display is made other than by means of a film, slide, television image or otherwise on screen and provided further that the work has been published or the original or the copy displayed has been sold, given away, or otherwise transferred to another person by the author, copyright owner, or their successors in title.

Source
RPPL 6-38 § 13, modified.

§ 822. Ownership of copyright.

(a) Initial ownership. Copyright in a work protected under this chapter vests initially in the author or authors of the work. The authors of a joint work are co-owners of copyright in the work.

(b) Works made for hire. In the case of a work made for hire, the employer is the author for purposes of this chapter and, unless the parties have expressly agreed otherwise in a written instrument signed by them, the employer owns all of the rights comprised in the copyright. In the case considered in section [801(z)(2)], the person who has ordered or commissioned the work is the copyright owner.

(c) Contributions to compilations. Copyright in each separate contribution to a compilation is distinct from copyright in the compilation as a whole, and vests initially in the author of the contribution. In the absence of an express transfer of the copyright or of any rights under it, the owner of copyright in the compilation is presumed to have acquired only the privilege of reproducing, distributing, or communicating to the public the contribution as part of that particular compilation, any revision of that compilation,

and any later compilation in the same series.

(d) Audiovisual works and sound recordings. Copyright in an audiovisual work or sound recording vests initially in the producer of such work, unless otherwise specified by contract. The co-producers of an audiovisual work or sound recording and the authors of the preexisting works included in or adapted for the audiovisual work or sound recording shall maintain their copyrights in the contributions or preexisting works, to the extent those contributions or preexisting works can be subject to copyright protection separately from the audiovisual work or sound recording.

(e) Anonymous and pseudonymous works. Copyright in an anonymous or pseudonymous work vests initially in the publisher whose name appears on the work, who shall be presumed to represent the author. This presumption ceases to apply when the author reveals his or her identity.

(f) Transfer of ownership.

(1) The ownership of a copyright may be transferred in whole or in part by any means of conveyance or by operation of law or may be bequeathed by will; provided, that in the absence of the foregoing means of transfer, ownership of a copyright shall pass as personal property under the laws and customs of the jurisdiction where the owner resides.

(2) Any of the exclusive rights comprised in a copyright, including any subdivision of any of the rights specified by section 814 of this chapter, may be transferred as provided by paragraph (1) of this subsection and owned separately. The owner of any particular exclusive right is entitled, to the extent of that right, to all of the protection and remedies accorded to the copyright owner by this chapter.

(g) The natural person whose name is indicated as the author on a work in the usual manner shall, in the absence of proof to the contrary, be presumed to be the author of the work. This provision shall be applicable even if the name is a pseudonym, where the pseudonym leaves no doubt as to the identity of the author.

Source

RPPL 6-38 § 14, modified. RPPL 6-53 § 4 amended the reference to 811(z)(2) in subsection (b) above.

Notes

The bracketed [801(z)(2)] in subsection (b) replaced "811(z)(2)", modified. The reference to section 811(x)(2) reads "section 2(y)(2)" in RPPL 6-38 § 14. The reference to section 811(z)(2) in section 822(b) above was amended

to read "section (2)(z)(2)" by RPPL 6-53 § 4.

Roll'Em Productions, Inc., v. Diaz Broadcasting Co., 19 ROP 148, 150, 151 (2012).

§ 823. Ownership of copyright as distinct from ownership of material object.

Ownership of a copyright, or of any of the exclusive rights under a copyright, is distinct from ownership of any material object in which the work is embodied. Transfer of ownership of any material object, including the copy or phonorecord in which the work is first fixed, does not of itself convey any rights in the copyrighted work embodied in the object; nor, in the absence of an agreement, does transfer of ownership of a copyright or of any exclusive rights under a copyright convey property rights in any material object.

Source
RPPL 6-38 § 15.

§ 824. Duration of copyright.

(a) Copyright in a work created on or after the effective date of this chapter exists from its creation and, except as provided by the following subsections, endures for a term consisting of the life of the author and fifty (50) years after the author's death. Copyright in a work created before the effective date of this chapter shall begin on the effective date of this chapter and, except as provided by the following subsections, endures for a term consisting of the life of the author and fifty (50) years after the author's death.

(b) In the case of a joint work prepared by two or more authors who did not work for hire, the copyright endures for a term consisting of the life of the last surviving author and fifty (50) years after such last surviving author's death.

(c) In the case of an anonymous work, a pseudonymous work, or a work made for hire, the copyright endures for a term of seventy five (75) years from the year of its first publication, or a term of hundred (100) years from the year of its creation, whichever expires first. If, before the end of such term, the identity of one or more of the authors of an anonymous or pseudonymous work is revealed the copyright in the work endures for the term specified by subsections (a) and (b) of this section.

(d) In the case of an audiovisual work or collective work, the copyright endures for a term of seventy five (75) years from the year of its first publication, or hundred (100) years from the year of its creation, whichever expires first.

Source
RPPL 6-38 § 16, modified.

Part C
Protection of Performers

§ 831. Scope of application.

(a) The provisions of this subchapter shall apply to:

(1) performers who are nationals or residents of the Republic of Palau; and

(2) performers whose performances take place in the territory of the Republic of Palau or are incorporated in sound recordings that are protected under this chapter.

(b) The provisions of this subchapter shall also apply to performers that are eligible for protection by virtue of and in accordance with any international convention or other international agreement to which the Republic of Palau is a party.

Source
RPPL 6-38 § 17, modified.

§ 832. Acts requiring authorization of performers.

(a) Subject to the provisions of subsection (e), a performer shall have the exclusive right to carry out or to authorize any of the following acts:

(1) the broadcasting or other communication to the public of his or her performance, except where the broadcasting or the other communication is made from a fixation of the performance or is a rebroadcasting made or authorized by the organization initially broadcasting the performance; provided, that a fixation made pursuant to subsection (e) or otherwise made without the authorization of the performer may not be broadcast or communicated to the public without the express authorization of the performer;

(2) the fixation of his or her unfixed performance;

(3) the direct or indirect reproduction of a fixation of his or her performance;

(4) the distribution to the public by sale or other transfer of ownership, of a fixation of his or her performance, or copies thereof, that have not already been subject to a distribution authorized by the performer;

(5) the rental to the public of a fixation of his or her performance, or copies thereof, irrespective of the ownership of the copy rented or lent; and

(6) the making available to the public of his or her fixed performance, by wire or wireless means, in such a way that members of the public may access them from a place or at a time individually chosen by them.

(b) Independently of the performer's economic rights, and even after the transfer of those rights, the performer shall, as regards his or her performance, have the right to be identified as the performer of his or her performances, except where omission is dictated by the manner of the use of the performance, and to object to any distortion, mutilation, or other modification of his or her performance that would be prejudicial to his or her reputation. The provisions of subsection 814(b) shall apply to the rights granted under this subsection.

(c) Nothing in this section shall be construed to deprive performers of the right to agree by contract on terms and conditions more favorable for them with respect to their performances.

(d) The rights under this section shall be protected until the end of the 50th calender year following the year in which the performance was fixed in an audiovisual work or phonorecord, or in the absence of such fixation, from the end of the year in which the performance took place.

(e) Subsection (a) shall not apply in cases where, under subchapter I of this chapter, a work can be used without the authorization of the author or copyright holder.

(f) Once the performer has authorized the incorporation of his or her performance in an audiovisual fixation, the provisions concerning his exclusive rights shall have no further application.

Source
RPPL 6-38 § 18, modified. Subsection (d) amended by RPPL 6-53 § 5.

Notes
The reference to subchapter I in subsection (e) reads "Part I" in RPPL 6-38 § 18. There is no Part I designated in RPPL 6-38. The RPPL 6-53 amendment of subsection (d) changed reference to "phonogram" to "audiovisual work or phonorecord".

Part D
Enforcement of Rights

§ 841. Infringement; civil remedies.

Anyone who violates any of the exclusive rights of the copyright or the rights of performers provided under this chapter is an infringer of copyright or performers' rights, as the case may be, and shall be liable:

(a) to an injunction restraining such infringement;

(b) to pay the copyright owner or performer the greater of:

(1) statutory damages of one thousand dollars ($1,000); or

(2) the actual damages suffered by the owner or performer and any profits of the infringer that are attributable to the infringement and are not taken into account in computing the actual damages;

(c) to pay the copyright owner or performer punitive damages, if imposed by the court;

(d) to be subject to a court order for the disposal or destruction of the infringing goods; and

(e) to pay the copyright owner or performer reasonable costs associated with enforcement, including attorneys' fees.

Source
RPPL 6-38 § 19, modified.

Notes
Roll'em Prods., Inc. v. Diaz Broad. Co., 21 ROP 96, 97, 98 (2014).

§ 842. Infringement; criminal offense; fraud.

(a) Every person who intentionally or recklessly infringes a copyright or the rights of a performer for the purpose of commercial advantage or private financial gain shall be fined not less than five thousand dollars ($5,000) nor more than twenty five thousand dollars ($25,000).

(b) When any person is convicted of any violation under subsection (a) the court in its judgment of conviction, in addition to the penalty therein prescribed, may order the forfeiture and destruction or other disposition of all infringing copies or phonorecords and devices used in the manufacture of such infringing copies or phonorecords.

(c) Every person who, with fraudulent intent, places on any article a notice of copyright or words of the same purpose that such person knows to be false, or who, with fraudulent intent, publicly distributes or imports for public distribution any article bearing such notice or works that such person knows to be false, shall be fined not more than two thousand five hundred dollars ($2,500).

(d) Every person who, with fraudulent intent, removes or alters any notice of copyright appearing on a copy of a copyrighted work shall be fined not more than two thousand five hundred dollars ($2,500).

(e) Every person who is convicted of violating any of the provisions of this section for a second time shall be fined not more than thirty thousand dollars ($30,000), imprisoned for not more than one (1) year, or both. Any subsequent conviction shall subject the violator to a fine of not more than fifty thousand dollars ($50,000), imprisonment for not more than two (2) years, or both, for each subsequent offense.

Source
RPPL 6-38 § 20, modified.

§ 843. Infringement; provisional and preventative measures.

In addition to any other penalty or remedy provided by this chapter, the Supreme Court shall have the authority, in accordance with applicable laws, regulations, and rules of the Republic, and on such terms as it may deem reasonable:

(a) to grant injunctions to prohibit the committing, or continuation of committing, of infringement of any right protected under this chapter; and

(b) to order the impounding of copies of works or sound recordings upon a showing that the copies were made or imported without the authorization of the owner of any right protected under this chapter where the making or importation of copies is subject to such authorization, as well as the impounding of the packaging of, the implements that could be used for the making of, and the documents, accounts, or business papers referring to such copies.

Source
RPPL 6-38 § 21, modified.

§ 844. Infringement; circumvention of copyright protection devices.

(a) The following acts shall be unlawful and, in the application of sections 801 through 843 of this chapter, shall be considered infringements of the rights protected under this chapter:

(1) the manufacture or importation for sale or rental of any device or means designed or adapted to circumvent any device or means intended to prevent or restrict reproduction of a work or performance or to impair the quality of the copies made;

(2) the manufacture or importation for sale or rental of any device or means that enables or assists in the reception of any encrypted program, which is broadcast or otherwise communicated to the public, including by satellite, by those who are not entitled to receive the program;

(3) the removal or alteration of any electronic rights management information without authority; and

(4) the distribution, import for distribution, broadcasting, communication to the public or making available to the public, without authority, of works,

performances, knowing or having reason to know that electronic rights management information has been removed or altered without authority.

(b) In the application of sections 801 through 843, any illicit device or means mentioned in subsection (a) and any copy from which rights management information has been removed, or in which such information has been altered, shall be considered infringing copies of works, and any illicit act referred to in subsection (a) shall be treated as an infringement of copyright or neighboring rights to which the civil and criminal sanctions provided under this chapter are applicable.

Source
RPPL 6-38 § 22, modified.

Notes
The reference to "sections 801 through 843" in subsections (a) and (b) reads "sections through 21"in RPPL 6-38 § 22.

Part E
Transitional and Final Provisions

§ 851. Regulations.

The Intellectual Property Office under the supervision of the Attorney General shall promulgate regulations pursuant to the Administrative Procedure Act, 6 PNC Chapter 1, to carry out the purposes of this chapter.

Source
RPPL 6-38 § 23, modified. Amended by RPPL 11-21 § 3.

§ 852. Public education and awareness.

Within one hundred eighty (180) days from the effective date of this chapter, the Ministry of Human Resources, Culture, Tourism, and Development, in conjunction with the Attorney General, shall, through a combination of written materials and oral presentations, educate the public about the requirements and restrictions of this chapter.

Source
RPPL 6-38 § 24, modified.

§ 853. Registration of prior works and performances.

Any work or performance first fixed or published in the Republic of Palau, by a national or Palauan resident of the United Nations Trust Territory of the Pacific Islands, Palau District, or the Republic of Palau prior to November 26, 2003, may receive protection under this chapter if the work is registered with the Office of the Attorney General under regulations promulgated pursuant to section 813(f). Copyright protection for works registered pursuant to this section shall be effective prospectively from the date of registration. This chapter shall not affect contracts on works and performances entered into before the effective date of this chapter.

Source
RPPL 6-38 § 25, modified. This section was amended in its entirety by RPPL 6-53 § 6, modified.

Notes
This section read as follows prior to its amendment by RPPL 6-53 with an effective date of December 29, 2004.

> **"§ 853. Existing subject matter of protection.**
>
> The provisions of this chapter shall not apply to works created and first published and performances first fixed before the effective date of this chapter. The chapter shall not affect contracts on works and performances concluded before the effective date of this chapter."

Subchapter II
Patents

Part A
Preliminary Provisions

§ 861. Definitions.

When used in this chapter unless the context otherwise indicates:

(a) "claimed invention" means the subject matter defined by a claim in a patent or an application for a patent.

(b) "Director" means the Director of the Intellectual Property Office.

(c) "inventor" means the individual or, if a joint invention, the individuals collectively who invented or discovered the subject matter of the invention.

(d) "joint inventor" means any one of the individuals who invented or discovered the subject matter of a joint invention.

(e) "invention" means invention or discovery.

(f) "Minister" means the Minister of State.

(g) "Intellectual Property Office" means the Intellectual Property Office of the Republic of Palau.

(h) "patentee" means the owner of a patent

(i) "Prior art" means all information that has been made available to the public in any form before a given date that might be relevant to a patent's claims of originality.

(j) "process" means process, art, or method, and includes a new use of a known process, machine, manufacture, composition of matter, or material.

(k) "Public disclosure" means written publications, sales, public oral disclosures and public demonstrations or use.

(l) "Republic" means the Republic of Palau.

(m) "Traditional Knowledge means any knowledge (1) that is created, acquired, or inspired from traditional economic, spiritual, ritual, narrative, decorative, or recreational purposes; and (2) whose nature or use has been transmitted from generation to generation; and (3) that is regarded as pertaining to a particular traditional person or people in Palau.

Source
RPPL 11-21 § 4, modified.

Notes
Section numbers 8001 thru 8022 in the original legislation are renumbered sections 861 thru 888 to conform to the standard numbering format used in the Code. "Part 2: Patents" in RPPL 11-21 § 4 is renamed "Subchapter II: Patents" and former subchapters I thur IV will be renamed Part A thru Part D modified.

Part B
Republic of Palau Intellectual Property Office

§ 863. Establishment, Director, and Attorney General.

(a) Establishment. The Intellectual Property Office is hereby established within the Office of the Attorney General.

(b) Powers and duties. The Intellectual Property Office, subject to the policy direction of the Minister and the Attorney General, shall:

(1) be responsible for the granting and issuing of patents;

(2) be responsible for disseminating information to the public with respect to patents;

(3) develop programs and policies to incentivize and fund invention in the

Republic;

(4) establish regulations, not inconsistent with law; and

(5) advise the President on national and international intellectual property policy issues and actively seek out opportunities for membership in international organizations and recommend to the President accession to relevant international treaties on intellectual property;

(c) Director. The powers and duties of the Intellectual Property Office are hereby vested in the Director of the Intellectual Property Office.

(1) Appointment. The Director shall be hired by the Attorney General and report thereto. The Director shall be a person who has a professional background and experience in patent law.

(2) Removal. The Director may be dismissed by the Attorney General. The Attorney General shall provide notification of any such removal to both houses of the Olbiil Era Kelulau.

(3) Interim Director. The Attorney General may hire an Interim Director in the case of a vacancy who may serve for no longer than one (1) year until another Director is hired subject to the requirements of paragraph (1). The Interim Director shall have some professional background and experience in the area of patents, fabrication, design, or engineering.

(4) Duties. The Director shall be responsible for providing policy direction and management supervision for the Office and for the issuance of patents. The Director shall perform these duties in a fair, impartial, and equitable manner.

(5) Staff. The Director shall maintain a staff of patent examiners and any other staff necessary to carry out the duties of the Office. The Director shall adequately train patent examiners and other staff.

(6) Restriction on interest in patents. The Director and staff of the Office may not during the period of their employment and one year thereafter apply for or acquire, directly or indirectly, a patent or any interest in a patent except by inheritance or bequest.

(7) Records and publications. The Director shall create a Registry of all patents in the Republic, new and existing, for the benefit of patent examiners and those interested in making a patent application. The Director shall publish in printed, typewritten, or electronic form published applications for patents, including specifications and drawings. The Director may create pamphlets informing the public of patent application procedures and noteworthy decisions in patent cases. The Director may omit from publication any matter that in the Director's opinion is likely to damage a person or whose publication or exploitation would in the Director's opinion be generally expected to encourage offensive, immoral, or anti-social behavior or that might be prejudicial to the defense of Palau or the safety of the public.

(8) In recording in the Registry such patents as required by this section the Director shall specify:

(A) the patent number;

(B) the name and address of the owner;

(C) the citizenship and country of residence of the patent owner;

(D) the effective filing date and date of the patent grant;

(E) any change in ownership of the patent application or patent;

(F) any changes to the application;

(G) any transfer of the patent application or patent;

(H) any claim to the patent;

(I) any surrender, abandonment, or revocation of the patent; and

(J) any other matter required by regulation.

(9) Annual report to the Olbiil Era Kelulau. The Director shall make a report at the end of each fiscal year to the Olbiil Era Kelulau and the President describing generally all published patent applications, patents granted, appeals made, and other pertinent information regarding the Office in the previous year.

(10) Exchange of copies of patents and applications with foreign countries. The Director may exchange copies of specifications and drawings of Republic of Palau patents and published applications for those of foreign countries. The Director may not enter into an agreement to provide such copies of specifications and drawings of Republic of Palau patents and applications to a foreign country without the express authorization of the President.

(d) Attorney General. The Attorney General shall:

(1) be the first body to hear appeals of decisions of the Director, after which appeals of the Attorney General's decision shall be made to the Supreme Court, pursuant to section [875] of this chapter;

(2) solicit and receive public input concerning patent law in the Republic;

(3) develop the policy of the Intellectual Property Office in cooperation with the Minster of State; and

(4) assist the Director in promulgating regulations.

(e) The Minister shall consult with professionals and organizations with expertise in patent law and direct the policy of the Intellectual Property Office.

Source
RPPL 11-21 § 4, modified.

Notes
The bracketed [875] in subsection (d)(1) replaced section "1010" in the original legislation, modified.

§ 864. Proceedings in Intellectual Property Office and before the Attorney General.

(a) Date for filing and taking action. Any paper or fee required to be filed in the Intellectual Property Office will be considered filed on either the date that it was deposited with the Republic of Palau Postal Service or that it was physically delivered to the office of the Director or Ministry of State. When the day, or the last day, for taking any action or paying any fee in the Intellectual Property Office falls on a Saturday, Sunday, or National holiday, the action may be taken, or fee paid, on the next succeeding business day.

(b) Printing of papers filed. The Director may require papers filed in the Intellectual Property Office to be printed, typewritten, or on an electronic medium.

(c) Procedures before the Attorney General and practice of patent law. The Attorney General may establish procedures for appeals before it, including rules on depositions, affidavits, testimony, subpoenas, and witnesses. They may establish rules regarding qualifications for practitioners of law who may practice patent matters. Along with Palau Bar Association membership, qualifications for patent law practitioners may include membership in a foreign patent bar, experience practicing patent law, or a degree in science or engineering.

Source
RPPL 11-21 § 4.

§ 865. Patent fees, fee waiver, and patent search.

(a) General fees. The Director shall promulgate a fee schedule for patent applications and applications for reissuance. He may take into consideration whether the applicant is a citizen of the Republic, whether the applicant has already applied for or received a foreign patent for the same invention, and the amount of expertise required for the examination of the application. He shall revise the fee schedule not less than every five (5) years.

(b) Fee waiver or reduction. The Director shall institute a fee waiver and reduction program taking into consideration the applicant's financial resources and the public benefit of the invention. An applicant may appeal a Director's fee determination for his application to the Attorney General.

(c) Patent search. The Director shall provide to an applicant the service of performing a patent search within the Republic. Unless there are existing patents through which the Director must search, the Director may not charge an applicant a fee for patent searches for five (5) years after the effective date of this Act. After the initial five-year period the applicant must pay the prescribed fee required for search within a period to be determined by regulation or the application shall be considered abandoned.

Source
RPPL 11-21 § 4.

Part C
Patentability of Inventions and Grant of Patents

§ 867. Patentability of inventions.

(a) Inventions patentable. Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

(b) Conditions for patentability.

(1) Novelty. An inventor shall be entitled to a patent unless:

(A) the claimed invention has been subject to public disclosure or has otherwise been available to the public before the effective filing date of the claimed invention, except as provided in subsection [(c)]; or

(B) the claimed invention was described in a patent already issued by the Intellectual Property Office, or in an already published patent application.

(2) Non-obvious subject matter. A patent for a claimed invention may not be obtained, notwithstanding that the claimed invention is not publicly disclosed as set forth in subsection (1), if the differences between the claimed invention and the prior art are such that the claimed invention as a whole would have been obvious before the effective filing date of the claimed invention to a person having ordinary skill in the art or science to which the claimed invention pertains.

Patentability shall not be negated by the manner in which the invention was made.

(3) Industrial Application. An invention is capable of industrial application if it can be made or used in any kind of industry.

(4) Invented in the Republic. The iteration of an alleged invention for which the applicant seeks a patent must have been first used in the Republic in order to receive a patent in the Republic. Any invention made, used, or sold within the territorial lands, waters, or airspace of the Republic shall be considered to be made, used or sold within the Republic for the purposes of this Act. Any invention made, used, or sold in outer space on a space object or component thereof under the jurisdiction or control of the Republic shall be considered to be made, used or sold within the Republic for the purposes of this Act.

[(c)] One-year grace period for novelty. In order to receive a patent, an inventor shall file an application for a patent within one (1) year of the date of invention. After one year of the date of invention, the sale or public disclosure of the invention or its specifications, drawings, plans, or models makes the invention ineligible for a patent. For the purposes of this subsection, "date of invention means the first use of the iteration of the invention for which the inventor intends to apply for a patent.

Source
RPPL 11-21 § 4, modified.

Notes
The bracketed [(c)] above and in subsection (b)(1)(A) replaced "(d)" in the original legislation, modified.

§ 868. Effective filing date.

(a) Unless otherwise specified in this section the effective filing date of the invention is the date that all conditions for filing under section [871] in this chapter [are met].

(b) An alternate effective filing date may apply if:

(1) an applicant for a patent relies on one or more earlier relevant applications made by the applicant or a predecessor in title of the applicant; and

(2) the relevant earlier application was filed during the twelve (12) months before the filing date of the current patent application.

(c) If the invention to which the current patent application relates is supported by a matter disclosed in an earlier application, the priority date of the invention is:

(1) the filing date of the earlier relevant application; or

(2) if the matter was disclosed in more than one relevant application, the filing date of the earliest application.

(d) If any matter contained in the current patent application was also included in an earlier relevant application, the effective filing date of the matter is:

(1) the effective filing date of the earlier relevant application; or

(2) if the matter was included in more than one relevant application, the effective filing date of the earliest application.

Source
RPPL 11-21 § 4, modified.

Notes
The bracketed [are met] in subsection (a) added by the Code Commision and the bracketed [871] replaced "§ 1009" in the original legislation, modified.

§ 869. Inventions not patentable.

The following are not patentable in the Republic:

(a) An invention, that is frivolous or that claims anything obviously contrary to well established natural laws.

(b) An invention, the primary or intended use of which would be contrary to law or morality or injurious to public health.

(c) The mere discovery of a scientific principle or the formulation of an abstract theory.

(d) The mere discovery of any new property or new use for a known substance or of the mere use of a known process, machine or apparatus unless such known process results in a new product or employs at least one new reactant.

(e) A substance obtained by a mere admixture resulting only in the aggregation of the

properties of the components thereof or a process for producing such substance.

(f) The mere arrangement or rearrangement or duplication of known devices, each functioning independently of one another in a known way.

(g) A method of agriculture or horticulture.

(h) Inventions relating to atomic energy.

(i) Any process for the medicinal, surgical, curative, prophylactic, or other treatment of human beings or animals.

(j) Plants and animals in whole or any part thereof other than microorganisms.

(k) Naturally occurring DNA sequences.

(l) Mathematical or business method or algorithms.

(m) Literary, dramatic, musical or artistic works, cinematographic works, television productions, and any other aesthetic creations.

(n) Mere scheme or rule or method of performing mental act or playing game.

(o) Presentation of information.

(p) Topography of integrated circuits.

(q) An invention which in effect, is traditional knowledge or is based on the properties of traditional knowledge.

Source
RPPL 11-21 § 4, modified.

Notes
Subsections relettered, modified.

§ 870. First inventor to file and merging of applications.

(a) First inventor to file. In the course of patent application examination and in the event of a dispute between applicants, there is a rebuttable presumption that the applicant who

filed first an application for a patent pursuant to section [871] was the original inventor of the alleged invention; however, the Director, the Attorney General, and the Supreme Court may consider evidence such as notes, logbooks, and any other pertinent materials to uphold a claim that the applicant who filed later was actually the original inventor of the invention.

(b) Merging of applications. If evidence submitted under subsection (a) indicates that the applicants were in fact joint inventors, the Attorney General, by and with the advice and consent of the Director, shall merge the applications into one. The Attorney General's decision to merge applications may be appealed to the Supreme Court.

Source
RPPL 11-21 § 4, modified.

Notes
The bracketed [871] in subsection (a) replaced "1008" in the original legislation, modified.

§ 871. Application for patent.

(a) Application. An application for patent shall be made, or authorized to be made, by the inventor, except as otherwise provided in this chapter, in writing to the Director.

(1) Such application shall include:

(A) a specification as prescribed by subsection (b);

(B) a drawing as prescribed by subsection (c);

(C) an oath or declaration as prescribed by subsection (e); and

(D) payment of the application fee, if any.

(2) Abandonment. An applicant may abandon his application by making a request in writing to the Director. If an applicant requests to abandon his application prior to the Office's review of the application, the Director shall refund the application fee less any administrative costs incurred by receiving the application. If an applicant files an application and does not respond within two months to any request or inquiry of the Director, the Director may deem the application abandoned and may not refund the application fee unless exceptional circumstances exist.

(3) Incomplete application. An incomplete or incorrect application satisfies the first-inventor-to-file requirement of section [870] unless evidence is presented that the insufficiency was a result of bad faith.

(4) English language requirement. All materials submitted in an application for a patent must be in English or translated into English. For any supporting materials submitted in a Palauan language including drawings, notes, or logbooks, the Director shall assist the applicant in translating the materials or contracting a translator. For application materials not in English or a Palauan language, the applicant shall incur costs of translation and reproduction.

(b) Specification. The specification shall contain:

(1) a written description of the invention, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art to which it pertains, or with which it is most nearly connected, to make and use the same, and shall set forth the best mode contemplated by the inventor or joint inventor of carrying out the invention; and

(2) a conclusion with one or more claims particularly pointing out and distinctly claiming the subject matter which the inventor or a joint inventor regards as the invention.

(c) Drawings. The applicant shall furnish a drawing where necessary for the understanding of the subject matter sought to be patented. When the nature of such subject matter admits of illustration by a drawing and the applicant has not furnished such a drawing, the Director may require its submission within a time period of not less than two months from the sending of a notice thereof.

(d) Models, specimens. The Director may require the applicant to furnish a model of convenient size to exhibit advantageously the several parts of his invention. When the invention relates to a composition of matter, the Director may require the applicant to furnish specimens or ingredients for the purpose of inspection or experiment.

(e) Oath or declaration. An oath or declaration shall contain statements that (1) the application was made or was authorized to be made by the affiant or declarant; and (2) such individual believes himself or herself to be the original inventor or an original joint inventor of a claimed invention in the application. The Director may specify additional information relating to the inventor and the invention that is required to be included in an

oath or declaration. A patent shall not be invalid or unenforceable based upon the failure to comply with a requirement under this subsection.

(f) Third party submissions. Any third party may submit for consideration and inclusion in the record of a patent application, any patent, published patent application, or other printed publication or material of potential relevance to the examination of the application. A third party may submit for consideration a letter of opposition to the patent application.

(g) Death or incapacity of inventor; authorized agent Legal representatives of deceased inventors and of those under legal incapacity may make application for patent upon compliance with the requirements and on the same terms and conditions applicable to the inventor. An inventor may authorize an agent to make an application for a patent on his behalf.

(h) Foreign patent applications. An applicant may use application materials from a foreign patent application in his application to the Intellectual Property Office. All materials from foreign applications must be submitted in English. The Director may consider these materials and the decisions of the foreign patent office.

(i) Confidentiality. For eighteen (18) months following the filing of an application for a patent, the Intellectual Property Office shall keep the application and its contents in confidence and shall not release any information regarding the same without authority of the applicant for the purposes of examining the patent. If the Director determines that there are special circumstances, for example concerns of public health and safety or national security, he may release information from the application only after receiving authorization from the Minister and only as necessary to address the concerns.

(j) Publication. Eighteen (18) months after the filing date of the application, the Director shall publish the application by making a copy publicly available at the Intellectual Property Office and by any other means he deems advisable to allow public access to the application including Internet or library publication. Abandoned applications may not be published.

Source

RPPL 11-21 § 4, modified.

Notes

The bracketed [870] in subsection (a)(3) replaced “1007" in the original legislation, modified.

§ 872. Eligibility to obtain a patent.

(a) Patents may only be granted to:

(1) the inventor,

(2) a person entitled to the whole of the property in the invention (other than the equitable interest) in Palau, [or]

(3) the successor in title of a person mentioned in [paragraphs] (1) or (2).

(b) If two (2) or more persons have jointly made an invention, the right to patent the invention belongs to them jointly.

Source

RPPL 11-21 § 4, modified.

Notes

The bracketed [or] inserted in paragraph (2) and [paragraphs] in subsection (a)(3) replaced the term "subsections", modified.

§ 873. Inventor's Rights.

(a) An inventor of an invention has a right to be mentioned as the inventor:

(1) in a patent granted for the invention; and

(2) in an application for a patent for the invention, if known to the applicant.

(b) An applicant for a patent must, not later than one month after filing the application, file with the Director a statement:

(1) identifying the person whom the applicant believes to be the inventor; and

(2) if the applicant is not the sole inventor, showing why the applicant has the right to be granted the patent.

(c) If a person ("the inventor") has been mentioned as an inventor, another person who alleges that the inventor should not have been so mentioned may apply to the Director for a certificate to that effect.

Source
RPPL 11-21 § 4.

§ 874. Examination of application.

(a) Examination of application. The Director shall cause an examination to be made of the application and the alleged new invention; and if on such examination it appears that the applicant is entitled to a patent under the law, the Director shall issue a patent therefor.

(b) Notice of rejection. Whenever, on examination, any claim for a patent is rejected, or any objection or requirement made, the Director shall notify the applicant thereof, stating the reasons for such rejection, or objection or requirement, together with such information and references as may be useful in judging of the propriety of continuing the prosecution of his application.

(c) Continued examination. If within sixty (60) days of receiving the notice of rejection the applicant files a written request with the director for continued examination, the application shall be reexamined. The applicant may submit amendments to his application. An application that has neither been subject to a request for reexamination nor had additional documents or correspondence submitted to it within six (6) months of a notice or rejection shall be considered abandoned. The Director may charge additional fees for reexamination at the request of the applicant.

Source
RPPL 11-21 § 4.

§ 875. Review of Intellectual Property Office decisions.

(a) Appeal to the Attorney General. An applicant may appeal to the Attorney General a decision by the Director to reject an application. The Attorney General shall create rules for reviewing the Director's decisions and shall review and dispose of appeals by agreement of no less than three members. The Attorney General may charge a fee for an appeal only to cover reasonable expenses of reviewing the matter and shall offer a fee waiver or reduction based on income of the applicant and public benefit of the alleged invention.

(b) Appeal to the Supreme Court Decisions by the Attorney General to uphold the Director's rejection of an application may be appealed by the applicant to the Supreme

Court subject to the rules and procedures of the tribunal.

(c) Ex parte opposition prohibited. A person who is not the applicant may not appeal a Director's decision to the Attorney General or the Supreme Court A third party may submit documentation to the Director during the examination process and this documentation may be considered by the Attorney General and the Supreme Court in deciding appeals.

Source
RPPL 11-21 § 4.

§ 876. Issue of patent.

(a) Issue of patent. If it appears that an applicant is entitled to a patent under the law, a written notice shall be given or mailed to the applicant. The applicant may pick up the patent at the Intellectual Property Office or may arrange with the Director or his staff an alternative means of receiving the patent such as hand or mail delivery.

(b) How issued. Patents shall be issued in the name of the Republic of Palau, under the seal of the National Government, and shall be signed by the Director or have his signature placed thereon and shall be recorded in the Intellectual Property Office.

(c) Contents. Every patent shall contain a short title of the invention and a grant to the patentee, his heirs or assigns, of the right to exclude others from making, using, offering for sale, or selling the invention throughout the Republic of Palau or importing the invention into the Republic and, if the invention is a process, of the right to exclude others from using, offering for sale or selling throughout the Republic, or importing into the Republic, products made by that process, referring to the specification for the particulars thereof.

(d) Term. A patent shall be granted for a period of twenty (20) years unless the Attorney General determines that it is in the interest of the Republic or for some public benefit that a patent be granted for a longer term, subject to the approval of the Minister.

Source
RPPL 11-21 § 4.

Part D
Patents and Protection of Patent Rights

§ 881. Reissue of patents upon correction.

(a) Reissue of defective patents. Whenever the Director discovers a material error in an application for a patent already issued or a patent, he shall notify the patentee and reexamine the application to correct the error and reissue a corrected patent unless the patentee consents to forfeit the patent and all rights therefrom. Whenever a patentee discovers a material error in his patent, he may submit a written request to the Director for reexamination and shall surrender the original patent in exchange for a corrected patent. A material error is one which affects the requirements under section [867] or the specifications or drawings submitted with the application. The Director may charge a fee for reexamination under this subsection. The scope of the original patent may not be expanded by this subsection.

(b) Reissue for technical errors. The Director upon his own determination or at request of the patentee may correct a patent for one or more technical or clerical errors and reissue the patent. If the Director determines that a correction is necessary, he shall provide notice to the patentee who shall have sixty (60) days to surrender the patent or to appeal the Director's decision to the Attorney General. The Director may not charge a fee for a reissue under this subsection.

Source
RPPL 11-21 § 4, modified.

Notes
The bracketed section referenced [867] in subsection (a) replaced "1005" in the original legislation, modified.

§ 882. Revocation of patents.

The Attorney General may revoke a patent subject to authorization by the Minister if it determines after issuance of the patent that the requirements of this Act were not met and there is no possibility of correction and reissue or that there are concerns of public health and safety or national security. The Director shall provide notice to the patentee by mail and any other means deemed necessary to notify him of the revocation, and he shall provide public notice of the revocation in a periodical of regular circulation unless contrary to public health and safety or national security. A decision by the Attorney General to revoke a patent may be appealed to the Supreme Court.

Source
RPPL 11-21 § 4.

§ 883. Surrender of Patents.

(a) The owner of a patent may at any time by notice given to the Director offer to surrender his or her patent.

(b) A person may give notice to the Director of the person's opposition to the surrender of a patent, and if the person does so the Director must tell the owner of the patent in writing.

(c) If the Director is satisfied that there is no reason why the patent should not be surrendered, the Director must:

(1) accept the offer; and

(2) record it in the Register; and

(3) publish details of the surrender in at least one (1) local newspaper.

(d) A surrender takes effect from the date that Director accepts the offer.

(e) An action for infringement does not lie for any act done after the date of acceptance.

(f) A right to compensation does not accrue for any use of a patented invention after that date for the services of the national government.

Source
RPPL 11-21 § 4.

§ 884. Ownership and assignment.

(a) Ownership. Subject to the provisions of this title, patents shall have the attributes of personal property. The Intellectual Property Office shall maintain in the Registry, all interests in patents and applications for patents and shall record any document related thereto upon request, and may require a fee therefor.

(b) Assignment. Applications for patent, patents, or any interest therein, shall be assignable in law by an instrument in writing. The applicant, patentee, or his assigns or legal representatives may in like manner grant and convey an exclusive right under his application for patent, or patents, to the National Government, a state, or any part thereof.

(c) Recording requirement. An interest that constitutes an assignment, grant or conveyance shall be void as against any subsequent purchaser or mortgagee for a valuable consideration, without notice, unless it is recorded in the Intellectual Property Office within six (6) months from its date or prior to the date of such subsequent purchase or mortgage.

Source
RPPL 11-21 § 4.

§ 885. Licenses.

(a) License of Right.

(1) The owner of a patent may apply to the Director for an entry to be made in the Registry stating that licenses under the patent are to be available as of right.

(2) The Director must:

(A) notify any person registered as having a right in the patent of the application; and

(B) make the entry in the Register, as long as the Director is not aware of an existing agreement that would prevent the owner from granting licenses.

(3) After an entry under subsection [(a)(2)(B)] is made, any person is at any time entitled as of right to a license under the patent.

(4) The terms of the license:

(A) may be agreed between the owner and the licensee; or

(B) if there is no agreement, may be determined by the Director.

(5) The Director may, on the application of the holder of a license granted under the patent before the entry was made, order the license to be exchanged for a license of right.

(b) Cancellation of Entry.

(1) At any time after an entry has been made that licenses of right are available for a patent, the owner of the patent may apply to the Director for cancellation of the entry.

(2) The Director may cancel the entry if satisfied that:

(A) there is no existing license under the patent; or

(B) all licensees under the patent consent to the application.

(3) Once an entry is cancelled, the rights and liabilities of the owner of the patent are the same as if the entry had not been made.

(c) Compulsory Licenses.

(1) At any time after the end of:

(A) three (3) years from the date of the grant of a patent; or

(B) four (4) years from the filing date of the patent application;

whichever is the later, a person may apply to the court for the grant of a license under the patent.

(2) The grounds on which a license may be granted are that in Palau a market for the patented invention is:

(A) not being supplied; or

(B) not being supplied on reasonable terms.

(3) If the court is satisfied that one of those grounds is established, the court may order the grant of a license to the applicant on the terms the court thinks fit.

(4) A license granted under this section:

(A) is not exclusive; and

(B) must not be assigned unless with the goodwill of the business in which the patented invention is used; and

(C) is limited to the supply of the patented invention in Palau; and

(D) may be cancelled by the court if the court is satisfied that the ground upon which the license was granted no longer exists.

Source
RPPL 11-21 § 4, modified.

Notes
In subsection (a)(3) the bracketed subsection referenced [(a)(2)(B)] replaced "subsection (b)" in the original legislation and subsections re-lettered.

§ 886. Actions for infringement of patent.

(a) Civil liability.

(1) Infringement. Except as otherwise provided in this title, whoever without authority makes, uses, offers to sell, or sells any patented invention, within the Republic, or imports into the Republic any patented invention during the term of the patent therefor, infringes the patent.

(2) Inducing infringement. Whoever actively induces infringement of a patent shall be liable as an infringer.

(3) Contributory infringer. Whoever offers to sell or sells within the Republic or imports into the Republic a component of a patented machine, manufacture, combination, or composition, or a material or apparatus for use in practicing a patented process, constituting a material part of the invention, knowing the same to be especially made or especially adapted for use in an infringement of such patent, and not a staple article or commodity of commerce suitable for substantial non-infringing use, shall be liable as a contributory infringer.

(b) Invalidity of patent as a defense. There is a rebuttable presumption that a patent is valid. Invalidity of a patent is a defense to an action for infringement of patent and the party asserting the defense has the burden to prove the invalidity of the patent by a standard of clear and convincing evidence. An invalid patent is one whose application failed to comply with section 869 or contained material misrepresentations or a patent that is forged or otherwise fraudulent.

(c) Remedies. Upon finding for the claimant the court shall award the claimant damages adequate to compensate for the infringement but in no event less than a reasonable royalty for the use made of the invention by the infringer, together with interest and costs as fixed by the court. The court may receive expert testimony as an aid to the determination of damages or of what royalty would be reasonable under the circumstances.

(d) Statute of limitations. Except as otherwise provided by law, no recovery shall be had for any infringement committed within six (6) years prior to the filing of the complaint or counterclaim for infringement in the action.

(e) Actions against the government prohibited. An action for infringement of patent may not be made against the National Government, any state government, or government entity thereof. The national government, and any person authorized in writing by the national government, may make, use, exercise and sell any patented invention for the services of the national government. The government must inform the owner in writing about the use and pay the owner for the use an amount agreed upon or determined by a method agreed upon between the national government and the patent owner.

(f) Tribunal. Actions for infringement of patent shall be filed in the Trial Court of the Republic of Palau.

Source
RPPL 11-21 § 4, modified.

Notes

The bracketed section referenced [869] in subsection (b) replaced "1006" in the original legislation, modified.

§ 887. Falsification of Register.

If a person:

(a) makes a false entry in the Register, or causes a false entry to be made; or

(b) makes a written statement purporting to be a copy or reproduction of an entry in the Register, or causes a statement of that kind to be made; or

(c) produces or tenders or causes to be produced or tendered in evidence a written statement of that kind;

knowing the entry or statement to be false, the person is guilty of a misdemeanor punishable on conviction by a fine of not more than five thousand dollars ($5,000) or imprisonment for not more than one (1) year, or both.

Source

RPPL 11-21 § 4, modified.

§ 888. Unauthorized Claim of Patent Rights.

(a) If a person falsely represents that anything disposed of by the person for value is a patented product, the person is guilty of a misdemeanor punishable on conviction by a fine of not more than five thousand dollars ($5,000) or imprisonment for not more than one (1) year, or both.

(b) A person who for value disposes of an article that has stamped, engraved or impressed on it, or otherwise applied to it:

(1) the word 'patent' or 'patented'; or

(2) anything expressing or implying that the article is a patented product;

is taken to represent that the article is a patented product.

(c) Subsection (a) does not apply if the representation is made about a product after the

patent for the product, or the process in question, as the case requires, has expired or been revoked.

(d) In proceedings for an offense under this section, it is a defense for a person to prove that the person used due diligence to prevent the commission of the offence.

Source
RPPL 11-21 § 4, modified.

Chapter 9
Condominiums

Subchapter I
General Provisions

§ 901. Definitions.

As used in this chapter, the term:

(a) "Assessment" means a share of the funds which are required for the payment of common expenses, which from time to time is assessed against the unit owner.

(b) "Association" means, in addition to any entity responsible for the operation of common elements owned in undivided shares by unit owners, any entity which operates or maintains other real property in which unit owners have use rights, where membership in the entity is composed exclusively of unit owners or their elected or appointed representatives and is a required condition of unit ownership.

(c) "Association property" means that property, real and personal, which is owned or leased by, or is dedicated by a recorded plat to, the association for the use and benefit of its members.

(d) "Board of administration" or "board" means the board of directors or other representative body which is responsible for administration of the association.

(e) "Buyer" means a person who purchases a condominium unit. The term "purchaser" may be used interchangeably with the term "buyer."

(f) "Bylaws" means the bylaws of the association as they are amended from time to time.

(g) "Committee" means a group of board members, unit owners, or board members and unit owners appointed by the board or a member of the board to make recommendations to the board regarding the proposed annual budget or to take action on behalf of the board.

(h) "Common elements" means the portions of the condominium property not included in the units.

(i) "Common expenses" means all expenses properly incurred by the association in the performance of its duties, including expenses specified in section 914.

(j) "Common surplus" means the amount of all receipts or revenues, including assessments, rents, or profits, collected by a condominium association which exceeds common expenses.

(k) "Condominium" means that form of ownership of real property created pursuant to this chapter, which is comprised entirely of units that may be owned by one or more persons, and in which there is, appurtenant to each unit, an undivided share in common elements.

(l) "Condominium parcel" means a unit, together with the undivided share in the common elements appurtenant to the unit.

(m) "Condominium property" means the lands, leaseholds, and personal property that are subjected to condominium ownership, whether or not contiguous, and all improvements thereon and all easements and rights appurtenant thereto intended for use in connection with the condominium.

(n) "Conspicuous type" means bold type in capital letters no smaller than the largest type, exclusive of headings, on the page on which it appears and, in all cases, at least 10-point type. Where conspicuous type is required, it must be separated on all sides from other type and print. Conspicuous type may be used in a contract for purchase and sale of a unit, a lease of a unit for more than five (5) years, or a prospectus or offering circular only where required by law.

(o) "Declaration," "declaration of condominium," or "declaration of a horizontal property regime (HPR)" means the instrument or instruments by which a condominium is created, as they are from time to time amended.

(p) "Developer" means a person who creates a condominium or offers condominium parcels for sale or lease in the ordinary course of business, but does not include an owner or lessee of a condominium or cooperative unit who has acquired the unit for his or her own occupancy, nor does it include a cooperative association which creates a condominium by conversion of an existing residential cooperative after control of the association has been transferred to the unit owners if, following the conversion, the unit owners will be the same persons who were unit owners of the cooperative and no units are offered for sale or lease to the public as part of the plan of conversion.

(q) "Developer control period" means the period during which the developer has the right to appoint a majority of the board members. The developer control period ends when a majority of the unit owners other than the developer elect a majority of the members of the board of an association in accordance with subsection (d) of section 940 below.

(r) "Bureau" means the Bureau of Commercial Development.

(s) "Land" means the surface of a legally described parcel of real property and includes, unless otherwise specified in the declaration and whether separate from or including such surface, airspace lying above and subterranean space lying below such surface. However, if so defined in the declaration, the term "land" may mean all or any portion of the airspace or subterranean space between two legally identifiable elevations and may exclude the surface of a parcel of real property and may mean any combination of the foregoing, whether or not contiguous.

(t) "Limited common elements" means those common elements which are reserved for the use of a certain unit or units to the exclusion of all other units, as specified in the declaration.

(u) "Multicondominium" means a real estate development containing two or more condominiums, all of which are operated by the same association.

(v) "Operation" or "operation of the condominium" includes the administration and management of the condominium property.

(w) "Rental agreement" means any written agreement, or oral agreement if for less duration than one year, providing for use and occupancy of premises.

(x) "Residential condominium" means a condominium consisting of two or more units, any of which are intended for use as a private temporary or permanent residence, except that a condominium is not a residential condominium if the use for which the units are intended is primarily commercial or industrial and not more than three units are intended to be used for private residence, and are intended to be used as housing for maintenance, managerial, janitorial, or other operational staff of the condominium. A residential unit includes a unit intended as a private temporary or permanent residence as well as a unit not intended for commercial or industrial use. If a condominium is a residential condominium but contains units intended to be used for commercial or industrial purposes, then, with respect to those units which are not intended for or used as private residences, the condominium is not a residential condominium. A condominium which contains both commercial and residential units is a mixed-use condominium and is subject to the requirements of section 954 below. A hotel unit or a unit for transient occupancy (intended to be occupied for not more than twenty eight (28) days) shall be considered to be for commercial use and not residential use. A project containing these units as well as residential units shall be a mixed use condominium for the purposes of this Act.

(y) "Special assessment" means any assessment levied against a unit owner other than the assessment required by a budget adopted annually.

(z) "Unit" means a part of the condominium property which is subject to exclusive ownership. A unit may be in improvements, land, or land and improvements together, as specified in the declaration.

(aa) "Unit owner" or "owner of a unit" means a record owner of legal title to a condominium parcel.

(bb) "Voting certificate" means a document which designates one of the record title

owners, or the corporate, partnership, or entity representative, who is authorized to vote on behalf of a condominium unit that is owned by more than one owner or by any entity.

(cc) "Voting interests" means the voting rights distributed to the association members pursuant to this chapter. In a multicondominium association, the voting interests of the association are the voting rights distributed to the unit owners in all condominiums operated by the association. On matters related to a specific condominium in a multicondominium association, the voting interests of the condominium are the voting rights distributed to the unit owners in that condominium.

Source
RPPL 8-19 § 3[901], modified.

Notes
Subsections in the original legislation are re-lettered to conform with the code format.

RPPL 8-19 § 1 reads: Short Title. This Act shall be known and may be cited as the "Palau Condominium Property Act of 2010."
RPPL 8-19 § 2 reads: Legislative Findings. The Olbiil Era Kelulau finds substantial potential for condominium development in the Republic of Palau, and finds the need for a legal framework that encourages that development. It is sound public policy for such a framework to protect condominium ownership rights, define the legal relationship among the various parties involved in condominium development and ownership, and establish a set of guidelines by which owners make collective decisions and resolve conflicts. Consistent with this policy, this Bill creates a condominium property right - called a horizontal property regime - and establishes the process by which a developer declares that right; it establishes the law governing condominium associations; it defines the rights and remedies of owners and lessees; it defines the rights and obligations of condominium developers; and it governs the legal relationship between condominium developers and the unit owners. The Olbiil Era Kelulau finds this Bill will establish the necessary rights and legal processes that will create a stable, predictable system for condominium ownership and management, and will thus encourage the development of condominiums in the Republic.

§ 902. Power of attorney; compliance with chapter.

The use of a power of attorney that affects any aspect of the operation of a condominium shall be subject to and in compliance with the provisions of this chapter and all condominium documents, association rules and other rules adopted pursuant to this chapter, and all other covenants, conditions, and restrictions in force at the time of the execution of the power of attorney.

Source
RPPL 8-19 § 3[902].

§ 903. Creation of condominiums; contents of declaration.

Every condominium created in the Republic of Palau shall be created pursuant to this chapter.

(a) A condominium may be created on land owned in fee simple or held under a lease complying with the provisions of section 950 below and 39 PNC § 302.

(b) A condominium is created by recording a declaration in the public records where the land is located, executed and acknowledged with the requirements for a deed. All persons who have record title to the interest in the land being submitted to condominium ownership, or their lawfully authorized agents, must join in the execution of the declaration. Upon the recording of the declaration, or an amendment adding a phase to the condominium under section 953(f) below, all units described in the declaration or phase amendment as being located in or on the land then being submitted to condominium ownership shall come into existence, regardless of the state of completion of planned improvements in which the units may be located. Upon recording the declaration of condominium pursuant to this section, the developer shall file the recording information with the Bureau within one hundred twenty (120) calendar days on a form prescribed by the Bureau.

(c) All persons who have any record interest in any mortgage encumbering the interest in the land being submitted to condominium ownership must either join in the execution of the declaration or execute, with the requirements for deed, and record, a consent to the declaration or an agreement subordinating their mortgage interest to the declaration.

(d) The declaration must contain or provide for the following matters:

(1) A statement submitting the property to condominium ownership.

(2) The name by which the condominium property is to be identified, which shall include the word “condominium” or be followed by the words “a condominium.”

(3) The legal description of the land and, if a leasehold estate is submitted to condominium, an identification of the lease.

(4) An identification of each unit by letter, name, or number, or combination thereof, so that no unit bears the same designation as any other unit.

(5) A survey of the land which meets the minimum technical standards

established by the Division of Lands and Surveys, and a graphic description of the improvements in which units are located and a plot plan thereof that, together with the declaration, are in sufficient detail to identify the common elements and each unit and their relative locations and approximate dimensions. Failure of the survey to meet minimum technical standards shall not invalidate an otherwise validly created condominium. The survey, graphic description, and plot plan may be in the form of exhibits consisting of building plans, floor plans, maps, surveys, or sketches. If the construction of the condominium is not substantially completed, there shall be a statement to that effect, and, upon substantial completion of construction, the developer or the association shall amend the declaration to include the certificate described below. The amendment may be accomplished by referring to the recording data of a survey of the condominium that complies with the certificate. A certificate of a surveyor and mapper licensed or authorized to practice in the Republic of Palau shall be included in or attached to the declaration or the survey or graphic description as recorded under section 904 below that the construction of the improvements is substantially complete so that the material, together with the provisions of the declaration describing the condominium property, is an accurate representation of the location and dimensions of the improvements and so that the identification, location, and dimensions of the common elements and of each unit can be determined from these materials. Completed units within each substantially completed building in a condominium development may be conveyed to purchasers, notwithstanding that other buildings in the condominium are not substantially completed, provided that all planned improvements, including, but not limited to, landscaping, utility services and access to the unit, and common-element facilities serving such building, as set forth in the declaration, are first completed and the declaration of condominium is first recorded and provided that as to the units being conveyed there is a certificate of a surveyor and mapper as required above, including certification that all planned improvements, including, but not limited to, landscaping, utility services and access to the unit, and common-element facilities serving the building in which the units to be conveyed are located have been substantially completed, and such certificate is recorded with the original declaration or as an amendment to such declaration. This section shall not, however, operate to require development of improvements and amenities declared to be included in future phases pursuant to section 953 below prior to conveying a unit as provided herein. For the purposes of this section, a "certificate of a surveyor and mapper" means certification by a surveyor and mapper in the form provided herein and may include, along with certification by a surveyor and mapper, when appropriate, certification by an architect or engineer authorized to

practice in the Republic of Palau. Notwithstanding the requirements of substantial completion provided in this section, nothing contained herein shall prohibit or impair the validity of a mortgage encumbering units together with an undivided interest in the common elements as described in a declaration of condominium recorded prior to the recording of a certificate of a surveyor and mapper as provided herein.

(6) The undivided share of ownership of the common elements and common surplus of the condominium that is appurtenant to each unit stated as a percentage or a fraction of the whole. In the declaration of condominium for residential condominiums, the ownership share of the common elements assigned to each residential unit shall be either an equal, undivided share of the common elements or based upon the total square footage of each residential unit in uniform relationship to the total square footage of each other residential unit in the condominium.

(7) The percentage or fractional shares of liability for common expenses of the condominium, which, for all residential units, must be the same as the undivided shares of ownership of the common elements and common surplus appurtenant to each unit as provided for in paragraph (6).

(8) If a developer reserves the right, in a declaration recorded after the effective date of the Act, to create a multicondominium, the declaration must state, or provide a specific formula for determining, the fractional or percentage shares of liability for the common expenses of the association and of ownership of the common surplus of the association to be allocated to the units in each condominium to be operated by the association. If the declaration as originally recorded fails to so provide, the share of liability for the common expenses of the association and of ownership of the common surplus of the association allocated to each unit in each condominium operated by the association shall be a fraction of the whole, the numerator of which is the number "one" and the denominator of which is the total number of units in all condominiums operated by the association.

(9) The name of the association, which must be a corporation for profit.

(10) Unit owners' membership and voting rights in the association.

(11) The document or documents creating the association, which may be attached as an exhibit.

(12) A copy of the bylaws, which shall be attached as an exhibit. Defects or omissions in the bylaws shall not affect the validity of the condominium or title to the condominium parcels.

(13) Other desired provisions not inconsistent with this chapter.

(14) The creation of a nonexclusive easement for ingress and egress over streets, walks, and other rights-of-way serving the units of a condominium, as part of the common elements necessary to provide reasonable access to the public ways, or a dedication of the streets, walks, and other rights-of-way to the public. All easements for ingress and egress shall not be encumbered by any leasehold or lien other than those on the condominium parcels, unless:

(A) Any such lien is subordinate to the rights of unit owners, or

(B) The holder of any encumbrance or leasehold of any easement has executed and recorded an agreement that the use-rights of each unit owner will not be terminated as long as the unit owner has not been evicted because of a default under the encumbrance or lease, and the use-rights of any mortgagee of a unit who has acquired title to a unit may not be terminated.

(e) The declaration may include covenants and restrictions concerning the use, occupancy, and transfer of the units permitted by law with reference to real property. However, the rule against perpetuities shall not defeat a right given any person or entity by the declaration for the purpose of allowing unit owners to retain reasonable control over the use, occupancy, and transfer of units.

(f) A person who joins in, or consents to the execution of, a declaration subjects his or her interest in the condominium property to the provisions of the declaration.

(g) All provisions of the declaration are enforceable equitable servitudes, run with the land, and are effective until the condominium is terminated.

Source
RPPL 8-19 § 3[903], modified.

Notes
Subsections in the original legislation are re-lettered to conform with the code format.

§ 904. Recording of declaration.

(a) (1) When executed as required by section 903 above and upon payment of such fees, if any, as the President may fix, a declaration together with all exhibits and all amendments is entitled to recordation by the Clerk of Courts as an agreement relating to the conveyance of land.

(2) The Clerk of Courts shall maintain an index or indexes in which:

(A) the record of each declaration contains a reference to the record of each transfer of land, maintained pursuant to 39 PNC § 401, that is affected by the declaration;

(B) the record of each transfer of a unit contains a reference to the declaration of the condominium of which the unit is a part; and

(C) the record of each transfer of land affected by a declaration, maintained pursuant to 39 PNC § 401, contains a reference to the declaration that affects that land.

(b) In addition to the declaration, the developer shall provide the Clerk of Courts a certification from the state and national government that the proposed condominium project complies with all relevant environmental, zoning, and other land use laws and regulations. These certifications shall be recorded with the declaration.

(c) Graphic descriptions of improvements constituting exhibits to a declaration, when accompanied by the certificate of a surveyor required by section 903 above, may be recorded as a part of a declaration without approval of any public body or officer.

(d) The Clerk of Courts recording the declaration may, for his or her convenience, file the exhibits of a declaration which contains graphic descriptions of improvements in a separate book, and shall indicate the place of filing upon the margin of the record of the declaration.

(e) (1) If the declaration does not have the certificate or the survey or graphic description of the improvements required under section 903(d)(5) above, the developer shall deliver therewith to the Clerk an estimate, signed by a surveyor authorized to practice in the Republic of Palau, of the cost of a final survey or graphic description providing the certificate prescribed by section 903(d)(5)above, and shall deposit with the Clerk the sum of money specified in the estimate. The

final survey or graphic description required under section 903(d)(5) above shall be finalized prior to the final creation of the condominium under section 903(b) above.

(2) The Clerk shall hold the money until an amendment to the declaration is recorded that complies with the certificate requirements of section 903(d)(5). At that time, the Clerk shall pay to the person presenting the amendment to the declaration the sum of money deposited, without making any charge for holding the sum, receiving it, or paying out, other than the fees required for recording the condominium documents.

(3) If the sum of money held by the Clerk has not been paid to the developer or association as provided in paragraph (2) by three (3) years after the date the declaration was originally recorded, the Clerk in his or her discretion may notify, in writing, the registered agent of the association that the sum is still available and the purpose for which it was deposited. If the association does not record the certificate within ninety (90) days after the Clerk has given the notice, the Clerk may disburse the money to the developer. If the developer cannot be located, the Clerk shall disburse the money to the Bureau.

(f) When a declaration of condominium is recorded pursuant to this section, a certificate or receipted bill shall be filed with the Clerk of Court showing that all taxes due and owing on the property have been paid in full as of the date of recordation.

Source
RPPL 8-19 § 3[904], modified.

Notes
Subsections in the original legislation are re-lettered to conform with the code format.

§ 905. Condominium parcels; appurtenances; possession and enjoyment.

(a) A condominium parcel created by the declaration is a separate parcel of real property, even though the condominium is created on a leasehold.

(b) There shall pass with a unit, as appurtenances thereto:

(1) An undivided share in the common elements and common surplus appurtenant to the unit as provided in the declaration.

(2) The exclusive right to use such portion of the common elements as may be provided by the declaration, including the right to transfer such right to other units or unit owners to the extent authorized by the declaration as originally recorded.

(3) An exclusive easement for the use of the airspace occupied by the unit as it exists at any particular time and as the unit may lawfully be altered or reconstructed from time to time. An easement in airspace which is vacated shall be terminated automatically, but may be temporarily reinstated in order to perform permitted alteration or reconstruction to the unit.

(4) Membership in the association designated in the declaration, with the full voting rights appertaining to the association.

(5) Other appurtenances as may be provided in the declaration.

(c) A unit owner is entitled to the exclusive possession of his or her unit, subject to the provisions of section 909(e) below. He or she is entitled to use the common elements in accordance with the purposes for which they are intended, but no use may hinder or encroach upon the lawful rights of other unit owners.

(d) When a unit is leased, a tenant shall have all use rights in the association property and those common elements otherwise readily available for use generally by unit owners and the unit owner shall not have such rights except as a guest, unless such rights are waived in writing by the tenant. Nothing in this subsection shall interfere with the access rights of the unit owner as a landlord pursuant to any agreement or applicable law. The association shall have the right to adopt rules to prohibit dual usage by a unit owner and a tenant of association property and common elements otherwise readily available for use generally by unit owners.

Source
RPPL 8-19 § 3[905], modified.

Notes
Subsections in the original legislation are re-lettered to conform with the code format.

§ 905A. Restraint upon separation and partition of common elements.

(a) The undivided share in the common elements which is appurtenant to a unit shall not be separated from it and shall pass with the title to the unit, whether or not separately described.

(b) The share in the common elements appurtenant to a unit cannot be conveyed or encumbered except together with the unit.

(c) The shares in the common elements appurtenant to units are undivided, and no action for partition of the common elements shall lie.

Source
RPPL 8-19 § 3[905A], modified.

Notes
Subsections in the original legislation are re-lettered to conform with the code format.

§ 906. Common elements.

(a) "Common elements" includes:

(1) The condominium property which is not included within the units.

(2) Easements through units for conduits, ducts, plumbing, wiring, and other facilities for the furnishing of utility services to units and the common elements.

(3) An easement of support in every portion of a unit which contributes to the support of a building.

(4) The property and installations required for the furnishing of utilities and other services to more than one unit or to the common elements.

(b) The declaration may designate other parts of the condominium property as common elements.

Source
RPPL 8-19 § 3[906], modified.

Notes
Subsections in the original legislation are re-lettered to conform with the code format.

§ 907. Legal description of condominium parcels.

Following the recording of the declaration, a description of a condominium parcel by the number

or other designation by which the unit is identified in the declaration, together with the recording data identifying the declaration, shall be a sufficient legal description for all purposes. The description includes all appurtenances to the unit concerned, whether or not separately described, including, but not limited to, the undivided share in the common elements appurtenant to the unit.

Source
RPPL 8-19 § 3[907], modified.

Notes
Subsections in the original legislation are re-lettered to conform with the code format.

§ 908. Amendment of declaration; correction of error or omission in declaration by the court.

(a) (1) If the declaration fails to provide a method of amendment, the declaration may be amended as to all matters except those described in subsection (d) or subsection (h) if the amendment is approved by the owners of not less than two-thirds of the units. Except as to those matters described in subsection (d) or subsection (h), no declaration shall require that amendments be approved by more than four-fifths of the voting interests.

(2) Nonmaterial errors or omissions in the amendment process will not invalidate an otherwise properly promulgated amendment.

(b) An amendment, other than amendments made by the developer pursuant to sections 903, 953, and 963(f), (g), and (i) of this chapter without a vote of the unit owners and any rights the developer may have in the declaration to amend without consent of the unit owners which shall be limited to matters other than those under subsections (d) and (h), shall be evidenced by a certificate of the association which shall include the recording data identifying the declaration and shall be executed in the form required for the execution of a deed. An amendment by the developer must be evidenced in writing, but a certificate of the association is not required.

(c) An amendment of a declaration is effective when properly recorded in the public records where the declaration is recorded.

(d) Unless otherwise provided in the declaration as originally recorded, or as amended with the consent of the owner of the unit, whether or not that owner is the developer, no amendment may change the configuration or size of any unit in any material fashion,

materially alter or modify the appurtenances to the unit, or change the proportion or percentage by which the unit owner shares the common expenses of the condominium and owns the common surplus of the condominium unless the record owner of the unit and all record owners of liens on the unit join in the execution of the amendment and unless all the record owners of all other units in the same condominium approve the amendment. The acquisition of property by the association, and material alterations or substantial additions to such property or the common elements by the association in accordance with section 909(g) or section 912 below, shall not be deemed to constitute a material alteration or modification of the appurtenances to the units. A declaration may not require the approval of less than a majority of total voting interests of the condominium for amendments under this subsection, unless otherwise required by a governmental entity. However, the majority voting requirement of this subsection does not impinge on the developer's right to unilaterally alter one or more units if the developer has previously reserved that right and has, in advance of the alteration, disclosed that right to the unit owners.

(e) If it appears that through a scrivener's error a unit has not been designated as owning an appropriate undivided share of the common elements or does not bear an appropriate share of the common expenses or that all the common expenses or interest in the common surplus or all of the common elements in the condominium have not been distributed in the declaration, so that the sum total of the shares of common elements which have been distributed or the sum total of the shares of the common expenses or ownership of common surplus fails to equal one hundred percent (100%), or if it appears that more than one hundred percent (100%) of common elements or common expenses or ownership of the common surplus have been distributed, the error may be corrected by filing an amendment to the declaration approved by the board of administration, a majority of the unit owners, or by the developer if that right is reserved in the declaration.

(f) The common elements designated by the declaration may be enlarged by an amendment to the declaration. The amendment must describe the interest in the property and must submit the property to the terms of the declaration. The amendment must be approved and executed as provided in this section. The amendment divests the association of title to the land and vests title in the unit owners as part of the common elements, without naming them and without further conveyance, in the same proportion as the undivided shares in the common elements that are appurtenant to the unit owned by them.

(g) The declarations, bylaws, and common elements of two or more independent condominiums of a single complex may be merged to form a single condominium, upon

the approval of such voting interest of each condominium as is required by the declaration for modifying the appurtenances to the units or changing the proportion or percentages by which the owners of the parcel share the common expenses and own the common surplus; upon the approval of all record owners of liens; and upon the recording of new or amended articles of incorporation, declarations, and bylaws.

(h) If there is an omission or error in a declaration, or in any other document required by law to establish the condominium, the association may correct the error or omission by an amendment to the declaration or to the other document required to create a condominium in the manner provided in the declaration to amend the declaration or, if none is provided, by vote of a majority of the voting interests of the condominium. The amendment is effective when passed and approved and a certificate of amendment is executed and recorded as provided in subsections (b) and (c). This procedure for amendment cannot be used if such an amendment would materially or adversely affect property rights of unit owners, unless the affected unit owners consent in writing. This subsection does not restrict the powers of the association to otherwise amend the declaration, or other documentation, but authorizes a simple process of amendment requiring a lesser vote for the purpose of curing defects, errors, or omissions when the property rights of unit owners are not materially or adversely affected.

(i) If there is an omission or error in a declaration of condominium, or any other document required to establish the condominium, which omission or error would affect the valid existence of the condominium, the Supreme Court has jurisdiction to entertain a petition of one or more of the unit owners in the condominium, or of the association, to correct the error or omission, and the action may be a class action. The court may require that one or more methods of correcting the error or omission be submitted to the unit owners to determine the most acceptable correction. All unit owners, the association, and the mortgagees of a first mortgage of record must be joined as parties to the action. Service of process on unit owners may be by publication, but the plaintiff must furnish every unit owner not personally served with process with a copy of the petition and final decree of the court by certified mail, return receipt requested, at the unit owner's last known residence address. If an action to determine whether the declaration or another condominium document complies with the mandatory requirements for the formation of a condominium is not brought within three years of the recording of the declaration, the declaration and other documents shall be effective under this chapter to create a condominium, as of the date the declaration was recorded, whether or not the documents substantially comply with the mandatory requirements of law. However, both before and after the expiration of this three-year period, the Supreme Court has jurisdiction to entertain a petition permitted under this subsection for the correction of the

documentation, and other methods of amendment may be utilized to correct the errors or omissions at any time.

(j) Notwithstanding any provision to the contrary contained in this section, a declaration may not require the consent or joinder of some or all mortgagees of units to or in amendments to the declaration, unless the requirement is limited to amendments materially affecting the rights or interests of the mortgagees, and unless the requirement provides that such consent may not be unreasonably withheld. It shall be presumed that, except as to those matters described in subsections (d) and (h), amendments to the declaration do not materially affect the rights or interests of mortgagees. In the event mortgagee consent is provided other than by properly recorded joinder, such consent shall be evidenced by affidavit of the association recorded in the public records where the declaration is recorded.

(k) (1) With respect to an existing multicondominium association, any amendment to change the fractional or percentage share of liability for the common expenses of the association and ownership of the common surplus of the association must be approved by at least a majority of the total voting interests of each condominium operated by the association unless the declarations of all condominiums operated by the association uniformly require approval by a greater percentage of the voting interests of each condominium.

(2) Unless approval by a greater percentage of the voting interests of an existing multicondominium association is expressly required in the declaration of an existing condominium, the declaration may be amended upon approval of at least a majority of the total voting interests of each condominium operated by the multicondominium association for the purpose of:

(A) Setting forth in the declaration the formula currently utilized, but not previously stated in the declaration, for determining the percentage or fractional shares of liability for the common expenses of the multicondominium association and ownership of the common surplus of the multicondominium association.

(B) Providing for the creation or enlargement of a multicondominium association by the merger or consolidation of two or more associations and changing the name of the association, as appropriate.

Source
RPPL 8-19 § 3[908], modified.

Notes
Subsections in the original legislation are re-lettered to conform with the code format.

§ 909. The Association.

(a) CORPORATE ENTITY.

(1) The operation of the condominium shall be by the association, which must be a Palau corporation for profit. The owners of units shall be shareholders or members of the association. The officers and directors of the association have a fiduciary relationship to the unit owners. It is the intent of the Legislature that nothing in this paragraph shall be construed as providing for or removing a requirement of a fiduciary relationship between any manager employed by the association and the unit owners. An officer, director, or manager may not solicit, offer to accept, or accept any thing or service of value for which consideration has not been provided for his or her own benefit or that of his or her immediate family, from any person providing or proposing to provide goods or services to the association. Any such officer, director, or manager who knowingly so solicits, offers to accept, or accepts any thing or service of value is subject to a civil penalty pursuant to section 960(a)(4) below. However, this paragraph does not prohibit an officer, director, or manager from accepting services or items received in connection with trade fairs or education programs. An association may operate more than one condominium.

(2) A director of the association who is present at a meeting of its board at which action on any corporate matter is taken shall be presumed to have assented to the action taken unless he or she votes against such action or abstains from voting in respect thereto because of an asserted conflict of interest. Directors may not vote by proxy or by secret ballot at board meetings, except that officers may be elected by secret ballot. A vote or abstention for each member present shall be recorded in the minutes.

(3) A unit owner does not have any authority to act for the association by reason of being a unit owner.

(b) POWERS AND DUTIES. The powers and duties of the association include those set forth in this section and, except as expressly limited or restricted in this chapter, those set forth in the code and regulations governing Palau business associations.

(c) POWER TO MANAGE CONDOMINIUM PROPERTY AND TO CONTRACT, SUE, AND BE SUED. The association may contract, sue, or be sued with respect to the exercise or nonexercise of its powers. For these purposes, the powers of the association include, but are not limited to, the maintenance, management, and operation of the condominium property. After control of the association is obtained by unit owners other than the developer, the association may institute, maintain, settle, or appeal actions or hearings in its name on behalf of all unit owners concerning matters of common interest to most or all unit owners, including, but not limited to, the common elements; the roof and structural components of a building or other improvements; mechanical, electrical, and plumbing elements serving an improvement or a building; representations of the developer pertaining to any existing or proposed commonly used facilities; and protesting ad valorem taxes on units and on the common elements; and may defend actions in eminent domain or bring inverse condemnation actions. If the association has the authority to maintain a class action, the association may be joined in an action as representative of that class with reference to litigation and disputes involving the matters for which the association could bring a class action. Nothing herein limits any statutory or common-law right of any individual unit owner or class of unit owners to bring any action without participation by the association which may otherwise be available.

(d) ASSESSMENTS; MANAGEMENT OF COMMON ELEMENTS. The association has the power to make and collect assessments and to lease, maintain, repair, and replace the common elements; however, the association may not charge a use fee against a unit owner for the use of common elements or association property unless otherwise provided for in the declaration of condominium or by a majority vote of the association or unless the charges relate to expenses incurred by an owner having exclusive use of the common elements or association property.

(e) RIGHT OF ACCESS TO UNITS. The association has the irrevocable right of access to each unit during reasonable hours, when necessary for the maintenance, repair, or replacement of any common elements or of any portion of a unit to be maintained by the association pursuant to the declaration or as necessary to prevent damage to the common elements or to a unit or units. This right of access by the association shall be subject to reasonable notice to the unit owner, except in the case of emergency.

(f) TITLE TO PROPERTY.

(1) The association has the power to acquire title to property or otherwise hold, convey, lease, and mortgage association property for the use and benefit of its members. The power to acquire personal property shall be exercised by the board

of administration. Except as otherwise permitted in subsections (g) and (h) and in section 913 below, no association may acquire, convey, lease, or mortgage association real property except in the manner provided in the declaration, and if the declaration does not specify the procedure, then approval of seventy five percent (75%) of the total voting interests shall be required.

(2) Subject to the provisions of section 910(b)(11)below, the association, through its board, has the limited power to convey a portion of the common elements to a condemning authority for the purposes of providing utility easements, right-of-way expansion, or other public purposes, whether negotiated or as a result of eminent domain proceedings.

(g) PURCHASE OF LEASES. The association has the power to purchase any land or recreation lease upon the approval of such voting interest as is required by the declaration. If the declaration makes no provision for acquisition of the land or recreation lease, the vote required shall be that required to amend the declaration to permit the acquisition.

(h) PURCHASE OF UNITS. The association has the power, unless prohibited by the declaration, articles of incorporation, or bylaws of the association, to purchase units in the condominium and to acquire and hold, lease, mortgage, and convey them. There shall be no limitation on the association's right to purchase a unit at a foreclosure sale resulting from the association's foreclosure of its lien for unpaid assessments, or to take title by deed in lieu of foreclosure.

(i) EASEMENTS. Unless prohibited by the declaration, the board of administration has the authority, without the joinder of any unit owner, to grant, modify, or move any easement if the easement constitutes part of or crosses the common elements or association property. This subsection does not authorize the board of administration to modify, move, or vacate any easement created in whole or in part for the use or benefit of anyone other than the unit owners, or crossing the property of anyone other than the unit owners, without the consent or approval of those other persons having the use or benefit of the easement, as required by law or by the instrument creating the easement. Nothing in this subsection affects the minimum requirements of section 903(d)(13) or the powers enumerated in subsection (c).

(j) INSURANCE.

(1) A unit-owner controlled association shall use its best efforts to obtain and

maintain adequate insurance to protect the association, the association property, the common elements, and the condominium property required to be insured by the association pursuant to paragraph (2). If the association is developer-controlled, the association shall exercise due diligence to obtain and maintain such insurance. Failure to obtain and maintain adequate insurance during any period of developer control shall constitute a breach of fiduciary responsibility by the developer-appointed members of the board of directors of the association, unless said members can show that despite such failure, they have exercised due diligence. An association may also obtain and maintain liability insurance for directors and officers, insurance for the benefit of association employees, and flood insurance for common elements, association property, and units. An association or group of associations may selfinsure against claims against the association, the association property, and the condominium property required to be insured by an association, in accordance with law. A copy of each policy of insurance in effect shall be made available for inspection by unit owners at reasonable times.

(2) Every hazard policy which is issued to protect a condominium building shall provide that the word "building" wherever used in the policy include, but not necessarily be limited to, fixtures, installations, or additions comprising that part of the building within the unfinished interior surfaces of the perimeter walls, floors, and ceilings of the individual units initially installed, or replacements thereof of like kind or quality, in accordance with the original plans and specifications, or as they existed at the time the unit was initially conveyed if the original plans and specifications are not available. However, the word "building" does not include unit floor coverings, wall coverings, or ceiling coverings, and, does not include the following equipment if it is located within a unit and the unit owner is required to repair or replace such equipment: electrical fixtures, appliances, air conditioner or heating equipment, water heaters, or built-in cabinets. With respect to the coverage provided for by this paragraph, the unit owners shall be considered additional insurers under the policy.

(3) Every insurance policy issued to an individual unit owner shall provide that the coverage afforded by such policy is excess over the amount recoverable under any other policy covering the same property without rights of subrogation against the association.

(4) The association shall obtain and maintain adequate insurance or fidelity bonding of all persons who control or disburse funds of the association. The

insurance policy or fidelity bond must cover the maximum funds that will be in the custody of the association or its management agent at any one time. As used in this paragraph, the term "persons who control or disburse funds of the association" includes, but is not limited to, those individuals authorized to sign checks and the president, secretary, and treasurer of the association. The association shall bear the cost of bonding.

(k) OFFICIAL RECORDS.

(1) From the inception of the association, the association shall maintain each of the following items, when applicable, which shall constitute the official records of the association:

(A) A copy of the plans, permits, warranties, and other items provided by the developer pursuant to section 940(d) below.

(B) A photocopy of the recorded declaration of condominium of each condominium operated by the association and of each amendment to each declaration.

(C) A photocopy of the recorded bylaws of the association and of each amendment to the bylaws.

(D) A certified copy of the articles of incorporation of the association, or other documents creating the association, and of each amendment thereto.

(E) A copy of the current rules of the association.

(F) A book or books which contain the minutes of all meetings of the association, of the board of directors, and of unit owners, which minutes shall be retained for a period of not less than seven (7) years.

(G) A current roster of all unit owners and their mailing addresses, unit identifications, voting certifications, and, if known, telephone numbers.

(H) A current roster of unit owners residing outside the Republic of Palau, which shall include the names and contact information for the local agent appointed by the unit owner to receive notices, service of process, and other documents.

(I) All current insurance policies of the association and condominiums operated by the association.

(J) A current copy of any management agreement, lease, or other contract to which the association is a party or under which the association or the unit owners have an obligation or responsibility.

(K) Bills of sale or transfer for all property owned by the association.

(L) Accounting records for the association and separate accounting records for each condominium which the association operates. All accounting records shall be maintained for a period of not less than seven years. The accounting records shall include, but are not limited to:

(i) Accurate, itemized, and detailed records of all receipts and expenditures.

(ii) A current account and a monthly, bimonthly, or quarterly statement of the account for each unit designating the name of the unit owner, the due date and amount of each assessment, the amount paid upon the account, and the balance due.

(iii) All audits, reviews, accounting statements, and financial reports of the association or condominium.

(iv) All contracts for work to be performed. Bids for work to be performed shall also be considered official records and shall be maintained for a period of one (1) year.

(M) Ballots, sign-in sheets, voting proxies, and all other papers relating to voting by unit owners, which shall be maintained for a period of one (1) year from the date of the election, vote, or meeting to which the document relates.

(N) All rental records, when the association is acting as agent for the rental of condominium units.

(O) A copy of the current question and answer sheet as described by section 963.

(P) All other records of the association not specifically included in the foregoing which are related to the operation of the association.

(2) The official records of the association shall be maintained within the Republic of Palau. The records of the association shall be made available to a unit owner within five (5) working days after receipt of written request by the board or its designee. This paragraph may be complied with by having a copy of the official records of the association available for inspection or copying on the condominium property or association property.

(3) The official records of the association are open to inspection by any association member or the authorized representative of such member at all reasonable times. The right to inspect the records includes the right to make or obtain copies, at the reasonable expense, if any, of the association member. The association may adopt reasonable rules regarding the frequency, time, location, notice, and manner of record inspections and copying. The failure of an association to provide the records within ten (10) working days after receipt of a written request shall create a rebuttable presumption that the association willfully failed to comply with this paragraph. A unit owner who is denied access to official records is entitled to the actual damages or minimum damages for the association's willful failure to comply with this paragraph. The minimum damages shall be fifty dollars ($50) per calendar day up to ten (10) days, the calculation to begin on the eleventh (11th) working day after receipt of the written request. The failure to permit inspection of the association records as provided herein entitles any person prevailing in an enforcement action to recover reasonable attorney's fees from the person in control of the records who, directly or indirectly, knowingly denied access to the records for inspection. The association shall maintain an adequate number of copies of the declaration, articles of incorporation, bylaws, and rules, and all amendments to each of the foregoing, as well as the question and answer sheet provided for in section 963 and year-end financial information required in this section on the condominium property to ensure their availability to unit owners and prospective purchasers, and may charge its actual costs for preparing and furnishing these documents to those requesting the same. Notwithstanding the provisions of this paragraph, the following records shall not be accessible to unit owners:

(A) Any record protected by the lawyer-client privilege; and any record protected by the work-product privilege, including any record prepared by an association attorney or prepared at the attorney's express direction;

which reflects a mental impression, conclusion, litigation strategy, or legal theory of the attorney or the association, and which was prepared exclusively for civil or criminal litigation or for adversarial administrative proceedings, or which was prepared in anticipation of imminent civil or criminal litigation or imminent adversarial administrative proceedings until the conclusion of the litigation or adversarial administrative proceedings.

(B) Information obtained by an association in connection with the approval of the lease, sale, or other transfer of a unit.

(C) Medical records of unit owners.

(4) The association shall prepare a question and answer sheet as described in section 963 below, and shall update it annually.

(l) FINANCIAL REPORTING. Within ninety (90) days after the end of the fiscal year, or annually on a date provided in the bylaws, the association shall prepare and complete, or cause to be prepared and completed by a third party, a financial report for the preceding fiscal year. Within twenty-one (21) days after the financial report is completed or received by the association from the third party, the association shall mail to each unit owner at the address last furnished to the association by the unit owner, or hand deliver to each unit owner, a copy of the financial report or a notice that a copy of the financial report will be mailed, emailed, faxed, or hand delivered to the unit owner, without charge, upon receipt of a written request from the unit owner. The Bureau shall adopt rules setting forth uniform accounting principles and standards to be used by all associations and shall adopt rules addressing financial reporting requirements for multicondominium associations. In adopting such rates, the Bureau shall consider the number of members and annual revenues of an association. The Bureau shall adopt rules governing the financial reporting of condominium associations, including:

(1) The financial reports or other financial information condominium associations shall produce or cause to be produced, based on the annual revenues.

(2) The financial reports or other compiled financial information an association may prepare or cause to be prepared, without a meeting of or approval by the unit owners.

(3) The financial reports or other compiled financial information an association

may prepare or cause to be prepared, if approved by a majority of the voting interests present at a properly called meeting of the association.

Such meeting and approval must occur prior to the end of the fiscal year and is effective only for the fiscal year in which the vote is taken. With respect to an association to which the developer has not turned over control of the association, all unit owners, including the developer, may vote on issues related to the preparation of financial reports for the first two fiscal years of the association's operation, beginning with the fiscal year in which the declaration is recorded. Thereafter, all unit owners except the developer may vote on such issues until control is turned over to the association by the developer.

(m) COMMINGLING. All funds collected by an association shall be maintained separately in the association's name. For investment purposes only, reserve funds may be commingled with operating funds of the association. Commingled operating and reserve funds shall be accounted for separately, and a commingled account shall not, at any time, be less than the amount identified as reserve funds. This subsection does not prohibit a multicondominium association from commingling the operating funds of separate condominiums or the reserve funds of separate condominiums. Furthermore, for investment purposes only, a multicondominium association may commingle the operating funds of separate condominiums with the reserve funds of separate condominiums. A manager or business entity, or an agent, employee, officer, or director of an association, shall not commingle any association funds with his or her funds or with the funds of any other condominium association or the funds of a community association.

Source

RPPL 8-19 § 3[909], modified.

Notes

Subsections in RPPL 8-19 § 3(909) are numbered as 1 thru 6, skip 7, and 8 thru 14. This error is corrected by the Code Commission and numbering subsections are re-lettered accordingly, modified.

§ 910. Bylaws.

(a) GENERALLY.

(1) The operation of the association shall be governed by the articles of incorporation if the association is incorporated, and the bylaws of the association, which shall be included as exhibits to the recorded declaration. If one association operates more than one condominium, it shall not be necessary to rerecord the same articles of incorporation and bylaws as exhibits to each declaration after the

first, provided that in each case where the articles and bylaws are not so recorded, the declaration expressly incorporates them by reference as exhibits and identifies the book and page of the public records where the first declaration to which they were attached is recorded.

(2) No amendment to the articles of incorporation or bylaws is valid unless recorded with identification on the first page thereof of the book and page of the public records where the declaration of each condominium operated by the association is recorded.

(b) REQUIRED PROVISIONS.

The Bureau shall adopt rules governing the required provisions within all associations' bylaws. These provisions shall address the following:

(1) Administration of the association, including the titles, duties, and powers of officers. Rules adopted under this subdivision shall provide for the hiring or retention of a property manager who is a resident of the Republic of Palau.

(2) Quorum and voting requirements for association meetings, as well as rules for voting by proxy.

(3) Board of Administration meetings.

(4) Unit owner meetings.

(5) Budget meetings.

(6) Structure and content of associations' annual budget.

(7) Assessments of the unit owners by the board of administration.

(8) Amendment of the bylaws.

(9) Transfer fees assessed against a unit owner in connection with the sale, lease, sublease, or other transfer of a unit.

(10) Recall of Board members.

(11) The association's power to convey common elements of a condominium. The association's authority to convey these elements shall be limited to the conveyance to a condemning authority for the purpose of providing utility easements, right-of-way expansion, or other public purposes, whether negotiated or as the result of eminent domain proceedings.

(c) OPTIONAL PROVISIONS. The bylaws may provide for the following:

(1) A method of adopting and amending administrative rules and regulations governing the details of the operation and use of the common elements.

(2) Restrictions on and requirements for the use, maintenance, and appearance of the units and the use of the common elements.

(3) Other provisions which are not inconsistent with this chapter or with the declaration, as may be desired.

Source
RPPL 8-19 § 3[910], modified.

Notes
Subsections in the original legislation are re-lettered to conform with the code format.

§ 911. Failure to fill vacancies on board of administration sufficient to constitute a quorum; appointment of receiver upon petition of unit owner.

If an association fails to fill vacancies on the board of administration sufficient to constitute a quorum in accordance with the bylaws, any unit owner may apply to the circuit court within whose jurisdiction the condominium lies for the appointment of a receiver to manage the affairs of the association. At least thirty (30) days prior to applying to the circuit court, the unit owner shall mail to the association and post in a conspicuous place on the condominium property a notice describing the intended action, giving the association the opportunity to fill the vacancies. If during such time the association fails to fill the vacancies, the unit owner may proceed with the petition. If a receiver is appointed, the association shall be responsible for the salary of the receiver, court costs, and attorney's fees. The receiver shall have all powers and duties of a duly constituted board of administration and shall serve until the association fills vacancies on the board sufficient to constitute a quorum.

Source
RPPL 8-19 § 3[911], modified.

§ 912. Maintenance; limitation upon.

(a) Maintenance of the common elements is the responsibility of the association. The declaration may provide that certain limited common elements shall be maintained by those entitled to use the limited common elements or that the association shall provide the maintenance, either as a common expense or with the cost shared only by those entitled to use the limited common elements. If the maintenance is to be by the association at the expense of only those entitled to use the limited common elements, the declaration shall describe in detail the method of apportioning such costs among those entitled to use the limited common elements, and the association may use the provisions of section 915 below to enforce payment of the shares of such costs by the unit owners entitled to use the limited common elements.

(b) (1) Except as otherwise provided in this section, there shall be no material alteration or substantial additions to the common elements or to real property which is association property, except in a manner provided in the declaration. If the declaration does not specify the procedure for approval of material alterations or substantial additions, sixty seven percent (67%) of the total voting interests of the association must approve the alterations or additions.

(2) There shall not be any material alteration of, or substantial addition to, the common elements of any condominium operated by a multicondominium association unless approved in the manner provided in the declaration of the affected condominium or condominiums. If a declaration does not specify a procedure for approving such an alteration or addition, the approval of sixty seven percent (67%) of the total voting interests of each affected condominium is required. This subsection does not prohibit a provision in any declaration, articles of incorporation, or bylaws requiring the approval of unit owners in any condominium operated by the same association or requiring board approval before a material alteration or substantial addition to the common elements is permitted.

(3) There shall not be any material alteration or substantial addition made to association real property operated by a multicondominium association, except as provided in the declaration, articles of incorporation, or bylaws. If the declaration, articles of incorporation, or bylaws do not specify the procedure for approving an alteration or addition to association real property, the approval of sixty seven percent (67%) of the total voting interests of the association is required.

(c) A unit owner shall not do anything within his or her unit or on the common elements

which would adversely affect the safety or soundness of the common elements or any portion of the association property or condominium property which is to be maintained by the association.

Source
RPPL 8-19 § 3[912], modified.

Notes
Subsections in the original legislation are re-lettered to conform with the code format.

§ 913. Association powers.

An association has the power to enter into agreements to acquire leaseholds, memberships, and other possessory or use interests in lands or facilities such as country clubs, golf courses, marinas, and other recreational facilities. It has this power whether or not the lands or facilities are contiguous to the lands of the condominium, if they are intended to provide enjoyment, recreation, or other use or benefit to the unit owners. All of these leaseholds, memberships, and other possessory or use interests existing or created at the time of recording the declaration must be stated and fully described in the declaration. Subsequent to the recording of the declaration, the association may not acquire or enter into agreements acquiring these leaseholds, memberships, or other possessory or use interests except as authorized by the declaration. The declaration may provide that the rental, membership fees, operations, replacements, and other expenses are common expenses and may impose covenants and restrictions concerning their use and may contain other provisions not inconsistent with this chapter.

Source
RPPL 8-19 § 3[913].

§ 914. Common expenses and common surplus.

(a) (1) Common expenses include the expenses of the operation, maintenance, repair, replacement, or protection of the common elements and association property, costs of carrying out the powers and duties of the association, and any other expense, whether or not included in the foregoing, designated as common expense by this chapter, the declaration, the documents creating the association, or the bylaws. Common expenses also include reasonable transportation services, insurance for directors and officers, road maintenance and operation expenses, in-house communications, and security services, which are reasonably related to the general benefit of the unit owners even if such expenses do not attach to the

common elements or property of the condominium. However, such common expenses must either have been services or items provided on or after the date control of the association is transferred from the developer to the unit owners or must be services or items provided for in the condominium documents or bylaws.

(2) The common expenses of a condominium within a multicondominium are the common expenses directly attributable to the operation of that condominium. The common expenses of a multicondominium association do not include the common expenses directly attributable to the operation of any specific condominium or condominiums within the multicondominium.

(3) The common expenses of a multicondominium association may include categories of expenses related to the property or common elements within a specific condominium in the multicondominium if such property or common elements are areas in which all members of the multicondominium association have use rights or from which all members receive tangible economic benefits. Such common expenses of the association shall be identified in the declaration or bylaws of each condominium within the multicondominium association.

(4) If so provided in the declaration, the cost of a master antenna television system or duly franchised cable television service obtained pursuant to a bulk contract shall be deemed a common expense. If the declaration does not provide for the cost of a master antenna television system or duly franchised cable television service obtained under a bulk contract as a common expense, the board may enter into such a contract, and the cost of the service will be a common expense but allocated on a per-unit basis rather than a percentage basis if the declaration provides for other than an equal sharing of common expenses, and any contract in which the cost of the service is not equally divided among all unit owners, may be changed by vote of a majority of the voting interests present at a regular or special meeting of the association, to allocate the cost equally among all units. The contract shall be for a term of not less than two (2) years.

(A) Any contract made by the board for a community antenna system or duly franchised cable television service may be canceled by a majority of the voting interests present at the next regular or special meeting of the association. Any member may make a motion to cancel said contract, but if no motion is made or if such motion fails to obtain the required majority at the next regular or special meeting, whichever is sooner, following the making of the contract, then such contract shall be deemed ratified for the

term therein expressed.

(B) Any such contract shall provide, and shall be deemed to provide if not expressly set forth, that any hearing-impaired or legally blind unit owner who does not occupy the unit with a non-hearing-impaired or sighted person, may discontinue the service without incurring disconnect fees, penalties, or subsequent service charges, and, as to such units, the owners shall not be required to pay any common expenses charge related to such service. If less than all members of an association share the expenses of cable television, the expense shall be shared equally by all participating unit owners. The association may use the provisions of section 915 below to enforce payment of the shares of such costs by the unit owners receiving cable television.

(5) If any unpaid share of common expenses or assessments is extinguished by foreclosure of a superior lien or by a deed in lieu of foreclosure thereof, the unpaid share of common expenses or assessments are common expenses collectible from all the unit owners in the condominium in which the unit is located.

(b) Except as otherwise provided by this chapter, funds for payment of the common expenses of a condominium shall be collected by assessments against the units in that condominium in the proportions or percentages provided in that condominium's declaration. In a residential or mixed-use condominium, each unit's share of the common expenses of the condominium and common surplus of the condominium shall be the same as the unit's appurtenant ownership interest in the common elements.

(c) Common surplus is owned by unit owners in the same shares as their ownership interest in the common elements.

(d) (1) Funds for payment of the common expenses of a condominium within a multicondominium shall be collected as provided in subsection (b). Common expenses of a multicondominium association shall be funded by assessments against all unit owners in the association in the proportion or percentage set forth in the declaration as required by section 903(d)(8) below, as applicable.

(2) In a multicondominium association, the total common surplus owned by a unit owner consists of that owner's share of the common surplus of the association plus that owner's share of the common surplus of the condominium in which the owner's unit is located, in the proportion or percentage set forth in the

declaration as required by section 903(d)(8) below, as applicable.

Source
RPPL 8-19 § 3[914], modified.

Notes
Subsections in the original legislation are re-lettered to conform with the code format.

§ 915. Assessments; liability; lien and priority; interest; collection.

(a) (1) A unit owner, regardless of how his or her title has been acquired, including by purchase at a foreclosure sale or by deed in lieu of foreclosure, is liable for all assessments which come due while he or she is the unit owner. Additionally, a unit owner is jointly and severally liable with the previous owner for all unpaid assessments that came due up to the time of transfer of title. This liability is without prejudice to any right the owner may have to recover from the previous owner the amounts paid by the owner.

(2) The liability of a first mortgagee or its successor or assignees who acquire title to a unit by foreclosure or by deed in lieu of foreclosure for the unpaid assessments that became due prior to the mortgagee's acquisition of title is limited to the lesser of:

(A) The unit's unpaid common expenses and regular periodic assessments which accrued or came due during the six months immediately preceding the acquisition of title and for which payment in full has not been received by the association; or

(B) One percent of the original mortgage debt. The provisions of this paragraph apply only if the first mortgagee joined the association as a defendant in the foreclosure action. Joinder of the association is not required if, on the date the complaint is filed, the association was dissolved or did not maintain an office or agent for service of process at a location which was known to or reasonably discoverable by the mortgagee.

(3) The person acquiring title shall pay the amount owed to the association within thirty (30) days after transfer of title. Failure to pay the full amount when due shall entitle the association to record a claim of lien against the parcel and proceed in the same manner as provided in this section for the collection of unpaid assessments.

(4) Notwithstanding the provisions of paragraph (2), a first mortgagee or its successor or assignees who acquire title to a condominium unit as a result of the foreclosure of the mortgage or by deed in lieu of foreclosure of the mortgage shall be exempt from liability for all unpaid assessments attributable to the parcel or chargeable to the previous owner which came due prior to acquisition of title.

(5) The provisions of this subsection shall not be available in any case where the unpaid assessments sought to be recovered by the association are secured by a lien recorded prior to the recording of the mortgage. The association shall be a proper party to intervene in any foreclosure proceeding to seek equitable relief.

(6) For purposes of this subsection, the term "successor or assignee" as used with respect to a first mortgagee includes only a subsequent holder of the first mortgage.

(b) The liability for assessments may not be avoided by waiver of the use or enjoyment of any common element or by abandonment of the unit for which the assessments are made.

(c) Assessments and installments on them which are not paid when due bear interest at the rate provided in the declaration, from the due date until paid. This rate may not exceed the rate allowed by law, and, if no rate is provided in the declaration, interest shall accrue at the rate of eighteen percent (18%) per year. Also, if the declaration or bylaws so provide, the association may charge an administrative late fee in addition to such interest, in an amount not to exceed the greater of twenty five dollars ($25) or five percent (5%) of each installment of the assessment for each delinquent installment that the payment is late. Any payment received by an association shall be applied first to any interest accrued by the association, then to any administrative late fee, then to any costs and reasonable attorney's fees incurred in collection, and then to the delinquent assessment. The foregoing shall be applicable notwithstanding any restrictive endorsement, designation, or instruction placed on or accompanying a payment. A late fee shall not be subject to the provisions in section 944(c) below.

(d) If the association is authorized by the declaration or bylaws to approve or disapprove a proposed lease of a unit, the grounds for disapproval may include, but are not limited to, a unit owner being delinquent in the payment of an assessment at the time approval is sought.

(e) (1) The association has a lien on each condominium parcel to secure the payment

of assessments. Except as otherwise provided in subsection (a) and as set forth below, the lien is effective from and shall relate back to the recording of the original declaration of condominium, or, in the case of lien on a parcel located in a phase condominium, the last to occur of the recording of the original declaration or amendment thereto creating the parcel. However, as to first mortgages of record, the lien is effective from and after recording of a claim of lien in the public records where the condominium parcel is located. Nothing in this subsection shall be construed to bestow upon any lien, mortgage, or certified judgment of record, including the lien for unpaid assessments created herein, a priority which, by law, the lien, mortgage, or judgment did not have before that date.

(2) To be valid, a claim of lien must state the description of the condominium parcel, the name of the record owner, the name and address of the association, the amount due, and the due dates. It must be executed and acknowledged by an officer or authorized agent of the association. No such lien shall be effective longer than one year after the claim of lien was recorded unless, within that time, an action to enforce the lien is commenced. The one-year period shall automatically be extended for any length of time during which the association is prevented from filing a foreclosure action by an automatic stay resulting from a bankruptcy petition filed by the parcel owner or any other person claiming an interest in the parcel. The claim of lien shall secure all unpaid assessments which are due and which may accrue subsequent to the recording of the claim of lien and prior to the entry of a certificate of title, as well as interest and all reasonable costs and attorney's fees incurred by the association incident to the collection process. Upon payment in full, the person making the payment is entitled to a satisfaction of the lien.

(3) By recording a notice, a unit owner or the unit owner's agent or attorney may require the association to enforce a recorded claim of lien against his or her condominium parcel. After notice of contest of lien has been recorded, the Clerk of Court shall mail a copy of the recorded notice to the association by certified mail, return receipt requested, at the address shown in the claim of lien or most recent amendment to it and shall certify to the service on the face of the notice. Service is complete upon depositing the mail with the post office. After service, the association has ninety (90) days in which to file an action to enforce the lien; and, if the action is not filed within the ninety (90)-day period, the lien is void. This ninety (90)-day period may be extended by the court for good cause shown.

(f) (1) The association may bring an action in its name to foreclose a lien for

assessments in the manner a mortgage of real property is foreclosed and may also bring an action to recover a money judgment for the unpaid assessments without waiving any claim of lien. The association is entitled to recover its reasonable attorney's fees incurred in either a lien foreclosure action or an action to recover a money judgment for unpaid assessments.

(2) No foreclosure judgment may be entered until at least thirty (30) days after the association gives written notice to the unit owner of its intention to foreclose its lien to collect the unpaid assessments. If this notice is not given at least thirty (30) days before the foreclosure action is filed, and if the unpaid assessments, including those coming due after the claim of lien is recorded, are paid before the entry of a final judgment of foreclosure, the association shall not recover attorneys fees or costs. The notice must be given by delivery of a copy of it to the unit owner or by certified or registered mail, return receipt requested, addressed to the unit owner at his or her last known address; and, upon such mailing, the notice shall be deemed to have been given, and the court shall proceed with the foreclosure action and may award attorney's fees and costs as permitted by law. The notice requirements of this subsection are satisfied if the unit owner records a notice of contest of lien as provided in subsection (e). The notice requirements of this subsection do not apply if an action to foreclose a mortgage on the condominium unit is pending before any court; if the rights of the association would be affected by such foreclosure; and if actual, constructive, or substitute service of process has been made on the unit owner.

(3) If the unit owner remains in possession of the unit after a foreclosure judgment has been entered, the court, in its discretion, may require the unit owner to pay a reasonable rental for the unit. If the unit is rented or leased during the pendency of the foreclosure action, the association is entitled to the appointment of a receiver to collect the rent. The expenses of the receiver shall be paid by the party which does not prevail in the foreclosure action.

(4) The association has the power to purchase the condominium parcel at the foreclosure sale and to hold, lease, mortgage, or convey it.

(g) A first mortgagee acquiring title to a condominium parcel as a result of foreclosure, or a deed in lieu of foreclosure, may not, during the period of its ownership of such parcel, whether or not such parcel is unoccupied, be excused from the payment of some or all of the common expenses coming due during the period of such ownership.

(h) Within fifteen (15) days after receiving a written request therefor from a unit owner purchaser, or mortgagee, the association shall provide a certificate signed by an officer or agent of the association stating all assessments and other moneys owed to the association by the unit owner with respect to the condominium parcel. Any person other than the owner who relies upon such certificate shall be protected thereby. Compliance with this subsection may be compelled by court action, and in any such action the prevailing party is entitled to recover reasonable attorney's fees.

(i) (1) A unit owner may not be excused from payment of the unit owner's share of common expenses unless all other unit owners are likewise proportionately excused from payment, except as provided in subsection (1) and in the following cases:

(A) If authorized by the declaration, a developer who is offering units for sale may elect to be excused from payment of assessments against those unsold units for a stated period of time after the declaration is recorded. However, the developer must pay common expenses incurred during such period which exceed regular periodic assessments against other unit owners in the same condominium. The stated period must terminate no later than the first day of the fourth calendar month following the month in which the first closing occurs of a purchase contract for a unit in that condominium. If a developer-controlled association has maintained all insurance coverage required by section 909(j)(1) above, common expenses incurred during the stated period resulting from a natural disaster or an act of God occurring during the stated period, which are not covered by proceeds from insurance maintained by the association, may be assessed against all unit owners owning units on the date of such natural disaster or act of God, and their respective successors and assigns, including the developer with respect to units owned by the developer. In the event of such an assessment, all units shall be assessed in accordance with section 914(b) above.

(B) A developer who owns condominium units, and who is offering the units for sale, may be excused from payment of assessments against those unsold units for the period of time the developer has guaranteed to all purchasers or other unit owners in the same condominium that assessments will not exceed a stated dollar amount and that the developer will pay any common expenses that exceed the guaranteed amount. Such guarantee may be stated in the purchase contract, declaration, prospectus,

or written agreement between the developer and a majority of the unit owners other than the developer and may provide that, after the initial guarantee period, the developer may extend the guarantee for one or more stated periods. If a developer-controlled association has maintained all insurance coverage required by section 909(j)(1) above, common expenses incurred during a guarantee period, as a result of a natural disaster or an act of God occurring during the same guarantee period, which are not covered by the proceeds from such insurance, may be assessed against all unit owners owning units on the date of such natural disaster or act of God, and their successors and assigns, including the developer with respect to units owned by the developer. Any such assessment shall be in accordance with section 914(b) or (d) above, as applicable.

(2) If the purchase contract, declaration, prospectus, or written agreement between the developer and a majority of unit owners other than the developer provides for the developer to be excused from payment of assessments under paragraph (1), only regular periodic assessments for common expenses as provided for in the declaration and prospectus and disclosed in the estimated operating budget shall be used for payment of common expenses during any period in which the developer is excused. Accordingly, no funds which are receivable from unit purchasers or unit owners and payable to the association, including capital contributions or startup funds collected from unit purchasers at closing, may be used for payment of such common expenses.

(3) If a developer of a multicondominium is excused from payment of assessments under paragraph (1), the developer's financial obligation to the multicondominium association during any period in which the developer is excused from payment of assessments is as follows:

(A) The developer shall pay the common expenses of a condominium affected by a guarantee, including the funding of reserves as provided in the adopted annual budget of that condominium, which exceed the regular periodic assessments at the guaranteed level against all other unit owners within that condominium.

(B) The developer shall pay the common expenses of a multicondominium association, including the funding of reserves as provided in the adopted annual budget of the association, which are allocated to units within a condominium affected by a guarantee and which

exceed the regular periodic assessments against all other unit owners within that condominium.

(j) The specific purpose or purposes of any special assessment approved in accordance with the condominium documents shall be set forth in a written notice of such assessment sent or delivered to each unit owner. The funds collected pursuant to a special assessment shall be used only for the specific purpose or purposes set forth in such notice. However, upon completion of such specific purpose or purposes, any excess funds will be considered common surplus, and may, at the discretion of the board, either be returned to the unit owners or applied as a credit toward future assessments.

Source
RPPL 8-19 § 3[915], modified.

Notes
Subsections in the original legislation are re-lettered to conform with the code format.

§ 916. Termination.

(a) Unless otherwise provided in the declaration, the condominium property may be removed from the provisions of this chapter only by consent of all of the unit owners, evidenced by a recorded instrument to that effect, and upon the written consent by all of the holders of recorded liens affecting any of the condominium parcels. When the board of directors intends to terminate or merge the condominium, or dissolve or merge the association, the board shall so notify the Bureau before taking any action to terminate or merge the condominium or the association. Upon recordation of the instrument evidencing consent of all of the unit owners to terminate the condominium, the association within thirty (30) business days shall notify the Bureau of the termination and the date the document was recorded, and the book and page number of the public records where the document was recorded, and shall provide the Bureau a copy of the recorded termination notice certified by the Clerk of Court.

(b) Notwithstanding any contrary provision in the declaration or the bylaws, the powers and duties of the directors, or other person or persons appointed by the court pursuant to subsection (d), after the commencement of a termination proceeding include, but are not limited to, the following acts in the name and on behalf of the association:

(1) To employ directors, agents, and attorneys to liquidate or wind up its affairs.

(2) To continue the conduct of the affairs of the association insofar as necessary

for the disposal or winding up thereof.

(3) To carry out contracts and collect, pay, compromise, and settle debts and claims for and against the association.

(4) To defend suits brought against the association.

(5) To sue in the name of the association, for all sums due or owing to the association or to recover any of its property.

(6) To perform any act necessary to maintain, repair, or demolish unsafe and uninhabitable structures, or other condominium property in compliance with applicable codes.

(7) To sell at public or private sale, exchange, convey, or otherwise dispose of all or any part of the assets of the association for an amount deemed in the best interest of the association, and to execute bills of sale and deeds of conveyance in the name of the association.

(8) To collect and receive any and all rents, profits, accounts receivable, income, maintenance fees, special assessments, and insurance proceeds for the association.

(9) In general, to make contracts and to do any and all things in the name of the association which may be proper or convenient for the purposes of winding up, selling, and liquidating the affairs of the association.

(c) Unless the declaration or the bylaws provide otherwise, a vacancy in the board during a winding up proceeding, resulting from the resignation or expiration of term of any director, may be filled by a majority vote of the unit owners.

(d) If, after a natural disaster, the identity of the directors or their right to hold office is in doubt, or if they are dead or unable to act, or if they fail or refuse to act, or their whereabouts cannot be ascertained, any interested person may petition the Supreme Court to determine the identity of the directors, or, if determined to be in the best interest of the unit owners, to appoint a receiver to wind up the affairs of the association after hearing upon such notice to such persons as the court may direct. The receiver shall be vested with those powers as are given to the board of directors pursuant to the declaration and bylaws and subsection (b) and such others which may be necessary to wind up the affairs of the association and set forth in the order of appointment. The appointment of the

receiver shall be subject to such bonding requirements as the court may direct in the order of appointment. The order shall also provide for the payment of a reasonable fee for the services of the receiver from the sources identified in the order, which may include rents, profits, incomes, maintenance fees, or special assessments collected from the condominium property.

(e) After determining that all known debts and liabilities of an association in the process of winding up have been paid or adequately provided for, the board, or other person or persons appointed by the court, pursuant to subsection (d), shall distribute all the remaining assets in the manner set forth in subsection (f). If the winding up is by court proceeding or subject to court supervision, the distribution shall not be made until after the expiration of any period for the presentation of claims that has been prescribed by order of the court.

(f) Assets held by an association upon a valid condition requiring return, transfer, or conveyance, which condition has occurred or will occur, shall be returned, transferred, or conveyed in accordance with the condition. The remaining assets of an association shall be distributed as follows:

(1) If the declaration or bylaws provides the manner of disposition the assets shall be disposed in that manner.

(2) If the declaration or bylaws do not provide the manner of disposition, the assets shall be distributed among the unit owners in accordance with their respective rights therein, as set forth in subsection (g).

(g) Unless otherwise provided in the declaration as originally recorded, upon removal of the condominium property from the provisions of this chapter, the condominium property is owned by the unit owners in the same shares as each owner previously owned in the common elements. All liens shall be transferred to the share in the condominium property attributable to the unit originally encumbered by the lien in its same priority.

(h) Distribution may be made either in money or in property or securities and either in installments from time to time or as a whole, if this can be done fairly and ratably and in conformity with the declaration and shall be made as soon as reasonably consistent with the beneficial liquidation of the assets.

(i) An association that has been terminated nevertheless continues to exist for the purpose of winding up its affairs, prosecuting and defending actions by or against it, and

enabling it to collect and discharge obligations, dispose of and convey its property, and collect and divide its assets, but not for the purpose of conducting its activities except so far as necessary for the winding up thereof.

(j) The termination of a condominium does not bar the creation of another condominium affecting all or any portion of the same property.

Source
RPPL 8-19 § 3[916], modified.

Notes
Subsections in the original legislation are re-lettered to conform with the code format.

Subchapter II
Rights and Remedies of Owners and Lessees

§ 920. Equitable relief.

In the event of substantial damage to or destruction of all or a substantial part of the condominium property, and if the property is not repaired, reconstructed, or rebuilt within a reasonable period of time, any unit owner may petition a court for equitable relief, which may include a termination of the condominium and a partition.

Source
RPPL 8-19 § 3[920].

§ 921. Limitation of liability.

(a) The liability of the owner of a unit for common expenses is limited to the amounts for which he or she is assessed for common expenses from time to time in accordance with this chapter, the declaration, and bylaws.

(b) The owner of a unit may be personally liable for the acts or omissions of the association in relation to the use of the common elements, but only to the extent of his or her pro rata share of that liability in the same percentage as his or her interest in the common elements, and then in no case shall that liability exceed the value of his or her unit.

(c) In any legal action in which the association may be exposed to liability in excess of insurance coverage protecting it and the unit owners, the association shall give notice of the exposure within a reasonable time to all unit owners, and they shall have the right to intervene and defend.

Source
RPPL 8-19 § 3[921], modified.

Notes
Subsections in the original legislation are re-lettered to conform with the code format.

§ 922. Liens.

(a) Subsequent to recording the declaration and while the property remains subject to the declaration, no liens of any nature are valid against the condominium property as a whole except with the unanimous consent of the unit owners. During this period, liens may arise or be created only against individual condominium parcels.

(b) Labor performed on or materials furnished to a unit shall not be the basis for the filing of a lien against the unit or condominium parcel of any unit owner not expressly consenting to or requesting the labor or materials. Labor performed on or materials furnished to the common elements are not the basis for a lien on the common elements, but if authorized by the association, the labor or materials are deemed to be performed or famished with the express consent of each unit owner and may be the basis for the filing of a lien against all condominium parcels in the proportions for which the owners are liable for common expenses.

(c) If a lien against two or more condominium parcels becomes effective, each owner

may relieve his or her condominium parcel of the lien by payment of the proportionate amount attributable to his or her condominium parcel. Upon the payment, the lienor shall release the lien of record for that condominium parcel.

Source
RPPL 8-19 § 3[922], modified.

Notes
Subsections in the original legislation are re-lettered to conform with the code format.

§923. Right to rescind unconscionable lease; unconscionability of certain leases; rebuttable presumption.

(a) A lease pertaining to use by condominium unit owners of recreational or other common facilities, irrespective of the date on which such lease was entered into, is presumptively unconscionable and an action may be brought to rescind the lease if all of the following elements exist:

(1) The lease was executed by persons none of whom at the time of the execution of the lease were elected by condominium unit owners, other than the developer, to represent their interests;

(2) The lease requires either the condominium association or the condominium unit owners to insure buildings or other facilities on the subject real property against fire or any other hazard;

(3) The lease requires either the condominium association or the condominium unit owners to perform some or all maintenance obligations pertaining to the subject real property or facilities located upon the subject real property;

(4) The lease requires either the condominium association or the condominium unit owners to pay rents to the lessor for a period of twenty one (21) years or more;

(5) The lease provides that failure of the lessee to make payments of rents due under the lease either creates, establishes, or permits establishment of a lien upon individual condominium units of the condominium to secure claims for rent;

(6) The lease requires an annual rental which exceeds twenty five percent (25%)

of the appraised value of the leased property as improved, provided that, for purposes of this paragraph, "annual rental" means the amount due during the first twelve months of the lease for all units, regardless of whether such units were in fact occupied or sold during that period, and "appraised value" means the appraised value placed upon the leased property the first tax year after the sale of a unit in the condominium;

(7) The lease provides for a periodic rental increase; and

(8) The lease or other condominium documents require that every transferee of a condominium unit must assume obligations under the lease.

(b) The presumption may be rebutted by a lessor upon the showing of additional facts and circumstances to justify and validate what otherwise appears to be an unconscionable lease under this section. Failure of a lease to contain all the enumerated elements shall neither preclude a determination of unconscionability of the lease nor raise a presumption as to its conscionability. This section does not create any new cause of action to invalidate any condominium lease, but shall operate as a statutory prescription on procedural matters in actions brought on one or more causes of action existing at the time of the execution of such lease.

(c) Any provision of the Palau National Code to the contrary notwithstanding, neither the statute of limitations nor laches shall prohibit unit owners from maintaining a cause of action under the provisions of this section.

Source
RPPL 8-19 § 3[923], modified.

Notes
Subsections in the original legislation are re-lettered to conform with the code format.

§ 924. Right of owners to peaceably assemble.

(a) All common elements, common areas, and recreational facilities serving any condominium shall be available to unit owners in the condominium or condominiums served thereby and their invited guests for the use intended for such common elements, common areas, and recreational facilities, subject to the provisions of section 905(d) above. The entity or entities responsible for the operation of the common elements, common areas, and recreational facilities may adopt reasonable rules and regulations pertaining to the use of such common elements, common areas, and recreational facilities.

No entity or entities shall unreasonably restrict any unit owner's right to peaceably assemble or right to invite public officers or candidates for public office to appear and speak in common elements, common areas, and recreational facilities.

(b) Any owner prevented from exercising rights guaranteed by subsection (a) may bring a court action, and, upon favorable adjudication, the court shall enjoin the enforcement of any provision contained in any condominium document or rule which operates to deprive the owner of such rights.

Source
RPPL 8-19 § 3[924], modified.

Notes
Subsections in the original legislation are re-lettered to conform with the code format.

§ 925. Cable television service; resident's right to access without extra charge.

No resident of any condominium dwelling unit, whether tenant or owner, shall be denied access to any available franchised or licensed cable television service, nor shall such resident or cable television service be required to pay anything of value in order to obtain or provide such service except those charges normally paid for like services by residents of, or providers of such services to, single-family homes within the same franchised or licensed area and except for installation charges as such charges may be agreed to between such resident and the provider of such services.

Source
RPPL 8-19 § 3[925].

§ 926. Limitation on actions by association.

The statute of limitations for any actions in law or equity which a condominium association or a cooperative association may have shall not begin to run until the unit owners have elected a majority of the members of the board of administration.

Source
RPPL 8-19 § 3[926].

§ 927. Attorney's fees.

If a contract or lease between a condominium unit owner or association and a developer contains a provision allowing attorney's fees to the developer, should any litigation arise under the provisions of the contract or lease, the court shall also allow reasonable attorney's fees to the unit owner or association when the unit owner or association prevails in any action by or against the unit owner or association with respect to the contract or lease.

Source
RPPL 8-19 § 3[927].

§ 928. Condominiums as residential property.

For the purpose of property and casualty insurance risk classification, condominiums shall be classed as residential property.

Source
RPPL 8-19 § 3[928].

Subchapter III
Rights and Obligations of Developers

§ 930. Sales or reservation deposits prior to closing.

(a) If a developer contracts to sell a condominium parcel and the construction, furnishing, and landscaping of the property submitted or proposed to be submitted to condominium ownership has not been substantially completed in accordance with the plans and specifications and representations made by the developer in the disclosures required by this chapter, the developer shall pay into an escrow account all payments up to ten percent (10%) of the sale price received by the developer from the buyer towards the sale price. The escrow agent shall give to the purchaser a receipt for the deposit, upon request. In lieu of the foregoing, the Bureau director has the discretion to accept other assurances, including, but not limited to, a surety bond or an irrevocable letter of credit in an amount equal to the escrow requirements of this section. Default determinations and

refund of deposits shall be governed by the escrow release provision of this subsection. Funds shall be released from escrow as follows:

(1) If a buyer properly terminates the contract pursuant to its terms or pursuant to this chapter, the funds shall be paid to the buyer together with any interest earned.

(2) If the buyer defaults in the performance of his or her obligations under the contract of purchase and sale, the funds shall be paid to the developer together with any interest eared.

(3) If the contract does not provide for the payment of any interest earned on the escrowed funds, interest shall be paid to the developer at the closing of the transaction.

(4) If the funds of a buyer have not been previously disbursed in accordance with the provisions of this subsection, they may be disbursed to the developer by the escrow agent at the closing of the transaction, unless prior to the disbursement and the conveyance of the property to the buyer the escrow agent receives from the buyer written notice of a dispute between the buyer and developer.

(b) All payments which are in excess of the ten percent of the sale price described in subsection (a) and which have been received prior to completion of construction by the developer from the buyer on a contract for purchase of a condominium parcel shall be held in a special escrow account established as provided in subsection (a) and controlled by an attorney who is licensed to practice in the Republic and may not be used by the developer prior to closing the transaction, except as provided in subsection (c) or except for refund to the buyer. If the money remains in this special account for more than three months and earns interest, the interest shall be paid as provided in subsection (a).

(c) If the contract for sale of the condominium unit so provides, the developer may withdraw escrow funds in excess of ten percent of the purchase price from the special account required by subsection (b) when the construction of improvements has begun. He or she may use the funds in the actual construction and development of the condominium property in which the unit to be sold is located, including payment for improvements, appliances, furniture, furnishings, equipment, other personal property for the condominium, surveyors, architects, landscape architects, engineers, and other design professionals, and interest and finance charges under any construction loan. However, no part of these funds may be used for salaries, commissions, or expenses of salespersons or for advertising purposes. Additionally, prior to the developer utilizing escrow funds for

construction, the developer shall obtain a separate construction contract and a budget for the construction project. A contract which permits use of the advance payments for these purposes shall include the following legend conspicuously printed or stamped in boldfaced type on the first page of the contract and immediately above the place for the signature of the buyer: ANY PAYMENT IN EXCESS OF TEN PERCENT OF THE PURCHASE PRICE MADE TO DEVELOPER PRIOR TO CLOSING PURSUANT TO THIS CONTRACT MAY BE USED FOR CONSTRUCTION PURPOSES BY THE DEVELOPER.

(d) The term "completion of construction" means issuance of a certificate of occupancy for the entire building or improvement, or the equivalent authorization issued by the governmental body having jurisdiction, and, in a jurisdiction where no certificate of occupancy or equivalent authorization is issued, it means substantial completion of construction, finishing, and equipping of the building or improvements according to the plans and specifications.

(e) The failure to comply with the provisions of this section renders the contract voidable by the buyer, and, if voided, all sums deposited or advanced under the contract shall be refunded with interest at the highest rate then being paid on savings accounts, excluding certificates of deposit, by savings and loan associations in the area in which the condominium property is located.

(f) If a developer enters into a reservation agreement, the developer shall pay into an escrow account all reservation deposit payments. Reservation deposits shall be payable to the escrow agent, who shall give to the prospective purchaser a receipt for the deposit, acknowledging that the deposit is being held pursuant to the requirements of this subsection. The funds may be placed in either interest-bearing or non-interest-bearing accounts, provided that the funds shall at all reasonable times be available for withdrawal in full by the escrow agent. The developer shall maintain separate records for each condominium or proposed condominium for which deposits are being accepted. Upon written request to the escrow agent by the prospective purchaser or developer, the funds shall be immediately and without qualification refunded in full to the prospective purchaser. Upon such refund, any interest shall be paid to the prospective purchaser, unless otherwise provided in the reservation agreement. A reservation deposit shall not be released directly to the developer. In cases where the reservation deposit is to be used as a down payment on the purchase price simultaneously with or subsequent to the execution of a contract, the deposit shall be transferred directly to the escrow account for the purchase contract. Upon the execution of a purchase agreement for a unit, any funds paid by the purchaser as a deposit to reserve the unit pursuant to a reservation agreement,

and any interest thereon, shall cease to be subject to the provisions of this subsection and shall instead be subject to the provisions of subsections (a)-(e).

(g) Any developer who willfully fails to comply with the provisions of this section concerning establishment of an escrow account, deposits of funds into escrow, and withdrawal of funds from escrow is guilty of a felony. The failure to establish an escrow account or to place funds in an escrow account is prima facie evidence of an intentional and purposeful violation of this section.

(h) Every escrow account required by this section shall be established with a financial institution having a net worth in excess of five million dollars ($5,000,000) or insured by the United States Federal Deposit Insurance Corporation. The escrow agent shall not be located outside the Republic of Palau unless, pursuant to the escrow agreement, the escrow agent submits to the jurisdiction of the Bureau and the courts of the Republic of Palau for any cause of action arising from the escrow. Every escrow agent shall be independent of the developer, and no developer or any officer, director, affiliate, subsidiary, or employee of a developer may serve as escrow agent. Escrow funds may be invested only in institutions the deposits of which are insured by the Federal Deposit Insurance Corporation.

(i) Nothing in this section shall be construed to require any filing with the Bureau in the case of condominiums other than residential condominiums.

Source
RPPL 8-19 § 3[930], modified.

Notes
Subsections in the original legislation are re-lettered to conform with the code format.

§ 931. Warranties.

(a) The developer shall be deemed to have granted to the purchaser of each unit an implied warranty of fitness and merchantability for the purposes or uses intended as follows:

(1) As to each unit, a warranty for three years commencing with the initial occupancy of the unit.

(2) As to the personal property that is transferred with, or appurtenant to, each

unit, a warranty which is for the same period as that provided by the manufacturer of the personal property, commencing with the date of closing of the purchase or the date of possession of the unit, whichever is earlier.

(3) As to all other improvements for the use of unit owners, a three-year warranty commencing with the date of completion of the improvements.

(4) As to all other personal property for the use of unit owners, a warranty which shall be the same as that provided by the manufacturer of the personal property.

(5) As to the roof and structural components of a building or other improvements and as to mechanical, electrical, and plumbing elements serving improvements or a building, except mechanical elements serving only one unit, a warranty for a period beginning with the completion of construction of each building or improvement and continuing for three years thereafter or one year after owners other than the developer obtain control of the association, whichever occurs last, but in no event more than five (5) years.

(6) As to all other property which is conveyed with a unit, a warranty to the initial purchaser of each unit for a period of one year from the date of closing of the purchase or the date of possession, whichever occurs first.

(b) The contractor, and all subcontractors and suppliers, grant to the developer and to the purchaser of each unit implied warranties of fitness as to the work performed or materials supplied by them as follows:

(1) For a period of three years from the date of completion of construction of a building or improvement, a warranty as to the roof and structural components of the building or improvement and mechanical and plumbing elements serving a building or an improvement, except mechanical elements serving only one unit.

(2) For a period of one year after completion of all construction, a warranty as to all other improvements and materials.

(c) "Completion of a building or improvement" means substantial completion of construction, finishing, and equipping of the building or improvement according to the plans and specifications.

(d) These warranties are conditioned upon routine maintenance being performed, unless

the maintenance is an obligation of the developer or a developer-controlled association.

(e) The warranties provided by this section shall inure to the benefit of each owner and his or her successor owners and to the benefit of the developer.

(f) Residential condominiums maybe covered by an insured warranty program underwritten by a licensed insurance company, provided that such warranty program meets the minimum requirements of this chapter; to the degree that such warranty program does not meet the minimum requirements of this chapter, such requirements shall apply.

Source
RPPL 8-19 § 3[931], modified.

Notes
Subsections in the original legislation are re-lettered to conform with the code format.

Subchapter IV
Rights and Obligations of Association

§ 940. Transfer of association control.

(a) When unit owners other than the developer own fifteen percent (15%) or more of the units in a condominium that will be operated ultimately by an association, the unit owners other than the developer shall be entitled to elect no less than one-third of the members of the board of administration of the association. Unit owners other than the developer are entitled to elect not less than a majority of the members of the board of administration of an association:

(1) Three years after fifty percent (50%) of the units that will be operated ultimately by the association have been conveyed to purchasers;

(2) Three months after ninety percent (90%) of the units that will be operated ultimately by the association have been conveyed to purchasers;

(3) When all the units that will be operated ultimately by the association have been completed, some of them have been conveyed to purchasers, and none of the others are being offered for sale by the developer in the ordinary course of business;

(4) When some of the units have been conveyed to purchasers and none of the others are being constructed or offered for sale by the developer in the ordinary course of business; or

(5) Seven years after recordation of the declaration of condominium; or, in the case of an association which may ultimately operate more than one condominium, seven years after recordation of the declaration for the first condominium it operates; or, in the case of an association operating a phase condominium created pursuant to section 953 below, seven (7) years after recordation of the declaration creating the initial phase, whichever occurs first. The developer is entitled to elect at least one member of the board of administration of an association as long as the developer holds for sale in the ordinary course of business at least five percent, in condominiums with fewer than two hundred (200) units, and two percent (2%), in condominiums with more than two hundred (200) units, of the units in a condominium operated by the association. Following the time the developer relinquishes control of the association, the developer may exercise the right to vote any developer-owned units in the same manner as any other unit owner except for purposes of reacquiring control of the association or selecting the majority members of the board of administration.

(b) Within seventy five (75) days after the unit owners other than the developer are entitled to elect a member or members of the board of administration of an association, or in the event the developer gives written notice to the association that the developer elects to terminate the developer control period, within seventy five (75) days after the receipt of the notice, the association shall call, and give not less than sixty (60) days' notice of an election for the members of the board of administration. The election shall proceed as provided in section 910(b)(4) above. The notice may be given by any unit owner if the association fails to do so. Upon election of the first unit owner other than the developer to the board of administration, the developer shall forward to the Bureau the name and mailing address of the unit owner board member.

(c) If a developer holds units for sale in the ordinary course of business, none of the following actions may be taken without approval in writing by the developer:

(1) Assessment of the developer as a unit owner for capital improvements.

(2) Any action by the association that would be detrimental to the sales of units by the developer. However, an increase in assessments for common expenses without discrimination against the developer shall not be deemed to be detrimental to the sales of units.

(d) At the time that unit owners other than the developer elect a majority of the members of the board of administration of an association, the developer shall relinquish control of the association, the unit owners shall accept control, and the developer control period shall end. Simultaneously, or for the purposes of paragraph (3) not more than ninety (90) days thereafter, the developer shall deliver to the association, at the developer's expense, all property of the unit owners and of the association which is held or controlled by the developer, including, but not limited to, the following items, if applicable, as to each condominium operated by the association:

(1) (A) The original or a photocopy of the recorded declaration of condominium and all amendments thereto. If a photocopy is provided, it shall be certified by affidavit of the developer or an officer or agent of the developer as being a complete copy of the actual recorded declaration.

(B) A certified copy of the articles of incorporation of the association or, if the association was created prior to the effective date of this act and it is not incorporated, copies of the documents creating the association.

(C) A certified copy of the bylaws.

(D) The minute books, including all minutes, and other books and records of the association, if any.

(E) Any house rules and regulations which have been promulgated.

(2) Resignations of officers and members of the board of administration who are required to resign because the developer is required to relinquish control of the association.

(3) The financial records, including financial statements of the association, and source documents from the incorporation of the association through the date of turnover. The records shall be audited for the period from the incorporation of the association or from the period covered by the last audit, if an audit has been performed for each fiscal year since incorporation, by an independent certified public accountant. All financial statements shall be prepared in accordance with generally accepted accounting principles and shall be audited in accordance with generally accepted auditing standards. The accountant performing the audit shall examine to the extent necessary supporting documents and records, including the cash disbursements and related paid invoices to determine if expenditures were for association purposes and the billings, cash receipts, and related records to determine that the developer was charged and paid the proper amounts of assessments.

(4) Association funds or control thereof.

(5) All tangible personal property that is property of the association, which is represented by the developer to be part of the common elements or which is ostensibly part of the common elements, and an inventory of that property.

(6) A copy of the plans and specifications utilized in the construction or remodeling of improvements and the supplying of equipment to the condominium and in the construction and installation of all mechanical components serving the improvements and the site with a certificate in affidavit form of the developer or the developer's agent or an architect or engineer authorized to practice in the Republic of Palau that such plans and specifications represent, to the best of his or her knowledge and belief, the actual plans and specifications utilized in the construction and improvement of the condominium property and for the construction and installation of the mechanical components serving the improvements. If the condominium property has been declared a condominium more than three (3) years after the completion of construction or remodeling of the improvements, the requirements of this paragraph do not apply.

(7) A list of the names and addresses, of which the developer had knowledge at any time in the development of the condominium, of all contractors, subcontractors, and suppliers utilized in the construction or remodeling of the improvements and in the landscaping of the condominium or association property.

(8) Insurance policies.

(9) Copies of any certificates of occupancy which may have been issued for the condominium property.

(10) Any other permits applicable to the condominium property which have been issued by governmental bodies and are in force or were issued within one year prior to the date the unit owners other than the developer take control of the association.

(11) All written warranties of the contractor, subcontractors, suppliers, and manufacturers, if any, that are still effective.

(12) A roster of unit owners and their addresses and telephone numbers, if known, as shown on the developer's records.

(13) Leases of the common elements and other leases to which the association is a party.

(14) Employment contracts or service contracts in which the association is one of the contracting parties or service contracts in which the association or the unit owners have an obligation or responsibility, directly or indirectly, to pay some or all of the fee or charge of the person or persons performing the service.

(15) All other contracts to which the association is a party.

(e) If, during the period prior to the time that the developer relinquishes control of the association pursuant to subsection (d), any provision of the this chapter or any rate promulgated hereunder is violated by the association, the developer is responsible for such violation and is subject to the administrative action provided in this chapter for such violation or violations and is liable for such violation or violations to third parties.

(f) The Bureau shall adopt rules pursuant to the Administrative Procedure Act to ensure the efficient and effective transition from developer control of a condominium to the establishment of a unit-owner controlled association.

Source
RPPL 8-19 § 3[940], modified.

Notes
Subsections in the original legislation are re-lettered to conform with the code format.

§ 941. Agreements entered into by the association.

(a) Any grant or reservation made by a declaration, lease, or other document, and any contract made by an association prior to assumption of control of the association by unit owners other than the developer, that provides for operation, maintenance, or management of a condominium association or property serving the unit owners of a condominium shall be fair and reasonable, and such grant, reservation, or contract may be canceled by unit owners other than the developer:

(1) If the association operates only one condominium and the unit owners other than the developer have assumed control of the association, or if unit owners other than the developer own not less than seventy five percent (75%) of the voting interests in the condominium, the cancellation shall be by concurrence of the owners of not less than seventy five percent (75%) of the voting interests other than the voting interests owned by the developer. If a grant, reservation, or contract is so canceled and the unit owners other than the developer have not assumed control of the association, the association shall make a new contract or otherwise provide for maintenance, management, or operation in lieu of the canceled obligation, at the direction of the owners of not less than a majority of the voting interests in the condominium other than the voting interests owned by the developer.

(2) If the association operates more than one condominium and the unit owners other than the developer have not assumed control of the association, and if unit owners other than the developer own at least seventy five percent (75%) of the voting interests in a condominium operated by the association, any grant, reservation, or contract for maintenance, management, or operation of buildings containing the units in that condominium or of improvements used only by unit owners of that condominium may be canceled by concurrence of the owners of at least seventy five percent (75%) of the voting interests in the condominium other than the voting interests owned by the developer. No grant, reservation, or contract for maintenance, management, or operation of recreational areas or any other property serving more than one condominium, and operated by more than one association, may be canceled except pursuant to paragraph (4).

(3) If the association operates more than one condominium and the unit owners other than the developer have assumed control of the association, the cancellation shall be by concurrence of the owners of not less than seventy five percent (75%) of the total number of voting interests in all condominiums operated by the

association other than the voting interests owned by the developer.

(4) If the owners of units in a condominium have the right to use property in common with owners of units in other condominiums and those condominiums are operated by more than one association, no grant, reservation, or contract for maintenance, management, or operation of the property serving more than one condominium may be canceled until unit owners other than the developer have assumed control of all of the associations operating the condominiums that are to be served by the recreational area or other property, after which cancellation may be effected by concurrence of the owners of not less than seventy five percent (75%) of the total number of voting interests in those condominiums other than voting interests owned by the developer.

(b) Any grant or reservation made by a declaration, lease, or other document, or any contract made by the developer or association prior to the time when unit owners other than the developer elect a majority of the board of administration, which grant, reservation, or contract requires the association to purchase condominium property or to lease condominium property to another party, shall be deemed ratified unless rejected by a majority of the voting interests of unit owners other than the developer within eighteen (18) months after unit owners other than the developer elect a majority of the board of administration. This subsection does not apply to any grant or reservation made by a declaration whereby persons other than the developer or the developer's heirs, assigns, affiliates, directors, officers, or employees are granted the right to use the condominium property, so long as such persons are obligated to pay, at a minimum, a proportionate share of the cost associated with such property.

(c) Any grant or reservation made by a declaration, lease, or other document, and any contract made by an association, whether before or after assumption of control of the association by unit owners other than the developer, that provides for operation, maintenance, or management of a condominium association or property serving the unit owners of a condominium shall not be in conflict with the powers and duties of the association or the rights of the unit owners as provided in this chapter.

(d) Any grant or reservation made by a declaration, lease, or other document, and any contract made by an association prior to assumption of control of the association by unit owners other than the developer, shall be fair and reasonable.

(e) It is declared that the public policy of the Republic of Palau prohibits the inclusion or enforcement of escalation clauses in management contracts for condominiums, and such

clauses are hereby declared void for public policy. For the purposes of this section, an escalation clause is any clause in a condominium management contract which provides that the fee under the contract shall increase at the same percentage rate as any recognized and conveniently available commodity or consumer price index.

(f) Any action to compel compliance with the provisions of this section or of section 940 above maybe brought pursuant to court action. In any such action brought to compel compliance with the provisions of section 940, the prevailing party is entitled to recover reasonable attorney's fees.

Source
RPPL 8-19 § 3[941], modified.

Notes
Subsections in the original legislation are re-lettered to conform with the code format.

§ 942. Agreements for operation, maintenance, or management of condominiums; specific requirements.

(a) No written contract between a party contracting to provide maintenance or management services and an association which contract provides for operation, maintenance, or management of a condominium association or property serving the unit owners of a condominium shall be valid or enforceable unless the contract:

(1) Specifies the services, obligations, and responsibilities of the party contracting to provide maintenance or management services to the unit owners.

(2) Specifies those costs incurred in the performance of those services, obligations, or responsibilities which are to be reimbursed by the association to the party contracting to provide maintenance or management services.

(3) Provides an indication of how often each service, obligation, or responsibility is to be performed, whether stated for each service, obligation, or responsibility or in categories thereof.

(4) Specifies a minimum number of personnel to be employed by the party contracting to provide maintenance or management services for the purpose of providing service to the association.

(5) Discloses any financial or ownership interest which the developer, if the developer is in control of the association, holds with regard to the party contracting to provide maintenance or management services.

(b) In any case in which the party contracting to provide maintenance or management services fails to provide such services in accordance with the contract, the association is authorized to procure such services from some other party and shall be entitled to collect any fees or charges paid for service performed by another party from the party contracting to provide maintenance or management services.

(c) Any services or obligations not stated on the face of the contract shall be unenforceable.

(d) Notwithstanding the fact that certain vendors contract with associations to maintain equipment or property which is made available to serve unit owners, it is the intent of the Olbiil Era Kelulau that this section applies to contracts for maintenance or management services for which the association pays compensation. This section does not apply to contracts for services or property made available for the convenience of unit owners by lessees or licensees of the association, such as coin-operated laundry, food, soft drink, or telephone vendors; cable television operators; retail store operators; businesses; restaurants; or similar vendors.

Source
RPPL 8-19 § 3[942], modified.

Notes
Subsections in the original legislation are re-lettered to conform with the code format.

§ 943. Contracts for products and services; in writing; bids; exceptions.

Associations with less than fifty (50) units may opt out of the provisions of this section if two-thirds of the unit owners vote to do so, which opt-out may be accomplished by a proxy specifically setting forth the exception from this section.

(a) All contracts as further described herein or any contract that is not to be fully performed within one year after the making thereof, for the purchase, lease, or renting of materials or equipment to be used by the association in accomplishing its purposes under this chapter, and all contracts for the provision of services, shall be in writing. If a contract for the purchase, lease, or renting of materials or equipment, or for the provision

of services, requires payment by the association on behalf of any condominium operated by the association in the aggregate that exceeds five percent of the total annual budget of the association, including reserves, the association shall obtain competitive bids for the materials, equipment, or services. Nothing contained herein shall be construed to require the association to accept the lowest bid.

(b) (1) (A) Notwithstanding the foregoing, contracts with employees of the association, and contracts for attorney, accountant, architect, community association manager, engineering, and landscape architect services are not subject to the provisions of this section.

(B) If a contract was awarded under the competitive bid procedures of this section, any renewal of that contract is not subject to such competitive bid requirements if the contract contains a provision that allows the board to cancel the contract on thirty (30) days' notice. A contract with a manager, if made by a competitive bid, may be made for up to three years. A condominium whose declaration or bylaws provides for competitive bidding for services may operate under the provisions of that declaration or bylaws in lieu of this section if those provisions are not less stringent than the requirements of this section.

(2) Nothing contained herein is intended to limit the ability of an association to obtain needed products and services in an emergency.

(3) This section shall not apply if the business entity with which the association desires to enter into a contract is the only source of supply within the Republic.

(4) Nothing contained herein shall excuse a party contracting to provide maintenance or management services from compliance with section 942 above.

Source
RPPL 8-19 § 3[943], modified.

Notes
Subsections in the original legislation are re-lettered to conform with the code format.

§ 944. Obligations of owners; waiver; levy of fine against unit by association.

(a) Each unit owner, each tenant and other invitee, and each association shall be governed by, and shall comply with the provisions of, this chapter, the declaration, the

documents creating the association, and the association bylaws and the provisions thereof shall be deemed expressly incorporated into any lease of a unit. Actions for damages or for injunctive relief, or both, for failure to comply with these provisions may be brought by the association or by a unit owner against:

(1) The association.

(2) A unit owner.

(3) Directors designated by the developer, for actions taken by them prior to the time control of the association is assumed by unit owners other than the developer.

(4) Any director who willfully and knowingly fails to comply with these provisions.

(5) Any tenant leasing a unit, and any other invitee occupying a unit.

The prevailing party in any such action or in any action in which the purchaser claims a right of voidability based upon contractual provisions as required in section 962(a)(1) below is entitled to recover reasonable attorney's fees. A unit owner prevailing in an action between the association and the unit owner under this section, in addition to recovering his or her reasonable attorney's fees, may recover additional amounts as determined by the court to be necessary to reimburse the unit owner for his or her share of assessments levied by the association to fund its expenses of the litigation. This relief does not exclude other remedies provided by law.

(b) A provision of this chapter may not be waived if the waiver would adversely affect the rights of a unit owner or the purpose of the provision, except that unit owners or members of a board of administration may waive notice of specific meetings in writing if provided by the bylaws. Any instruction given in writing by a unit owner or purchaser to an escrow agent may be relied upon by an escrow agent, whether or not such instruction and the payment of funds thereunder might constitute a waiver of any provision of this chapter.

(c) If the declaration or bylaws so provide, the association may levy reasonable fines against a unit for the failure of the owner of the unit, or its occupant, licensee, or invitee, to comply with any provision of the declaration, the association bylaws, or reasonable rules of the association. No fine will become a lien against a unit. No fine may exceed

one hundred dollars ($100) per violation. However, a fine may be levied on the basis of each day of a continuing violation, with a single notice and opportunity for hearing, provided that no such fine shall in the aggregate exceed one thousand dollars ($1,000). No fine may be levied except after giving reasonable notice and opportunity for a hearing to the unit owner and, if applicable, its licensee or invitee. The hearing must beheld before a committee of other unit owners. If the committee does not agree with the fine, the fine may not be levied. The provisions of this subsection do not apply to unoccupied units.

Source
RPPL 8-19 § 3[944], modified.

Notes
Subsections in the original legislation are re-lettered to conform with the code format.

Subchapter V
Special Types of Condominiums

§ 950. Leaseholds.

(a) A condominium may be created on lands held under lease or may include recreational facilities or other common elements or commonly used facilities on a leasehold if, on the date the first unit is conveyed by the developer to a bona fide purchaser, the lease has an unexpired term of at least fifty (50) years. However, if the condominium constitutes a nonresidential condominium or commercial condominium, the lease shall have an unexpired term of at least thirty (30) years. If rent under the lease is payable by the association or by the unit owners, the lease shall include the following requirements:

(1) The leased land must be identified by a description that is sufficient to pass title, and the leased personal property must be identified by a general description of the items of personal property and the approximate number of each item of

personal property that the developer is committing to furnish for each room or other facility. In the alternative, the personal property may be identified by a representation as to the minimum amount of expenditure that will be made to purchase the personal property for the facility. Unless the lease is of a unit, the identification of the land shall be supplemented by a survey showing the relation of the leased land to the land included in the common elements. This provision shall not prohibit adding additional land or personal property in accordance with the terms of the lease, provided there is no increase in rent or material increase in maintenance costs to the individual unit owner.

(2) The lease shall not contain a reservation of the right of possession or control of the leased property by the lessor or any person other than unit owners or the association and shall not create rights to possession or use of the leased property in any parties other than the association or unit owners of the condominium to be served by the leased property, unless the reservations and rights created are conspicuously disclosed. Any provision for use of the leased property by anyone other than unit owners of the condominium to be served by the leased property shall require the other users to pay a fair and reasonable share of the maintenance and repair obligations and other exactions due from users of the leased property.

(3) The lease shall state the minimum number of unit owners that will be required, directly or indirectly, to pay the rent under the lease and the maximum number of units that will be served by the leased property. The limitation of the number of units to be served shall not preclude enlargement of the facilities leased and an increase in their capacity, if approved by the association operating the leased property after unit owners other than the developer have assumed control of the association. The provisions of this paragraph do not apply if the lessor is the Government of the Republic of Palau or any political subdivision thereof or any agency of any political subdivision thereof.

(4) (A) In any action by the lessor to enforce a lien for rent payable or in any action by the association or a unit owner with respect to the obligations of the lessee or the lessor under the lease, the unit owner or the association may raise any issue or interpose any defense, legal or equitable, that he or she or it may have with respect to the lessor's obligations under the lease. If the unit owner or the association initiates any action or interposes any defense other than payment of rent under the lease, the unit owner or the association shall, upon service of process upon the lessor, pay into the registry of the court any allegedly accrued rent and the rent which accrues

during the pendency of the proceeding, when due. If the unit owner or the association fails to pay the rent into the registry of the court, the failure constitutes an absolute waiver of the unit owner's or association's defenses other than payment, and the lessor is entitled to default. The unit owner or the association shall notify the lessor of any deposits. When the unit owner or the association has deposited the required funds into the registry of the court, the lessor may apply to the court for disbursement of all or part of the funds shown to be necessary for the payment of taxes, mortgage payments, maintenance and operating expenses, and other necessary expenses incident to maintaining and equipping the leased facilities or necessary for the payment of other expenses arising out of personal hardship resulting from the loss of rental income from the leased facilities. The court, after an evidentiary hearing, may award all or part of the funds on deposit to the lessor for such purpose. The court shall require the lessor to post bond or other security, as a condition to the release of funds from the registry, when the value of the leased land and improvements, apart from the lease itself, is inadequate to fully secure the sum of existing encumbrances on the leased property and the amounts released from the court registry.

(B) When the association or unit owners have deposited funds into the registry of the court pursuant to this subsection and the unit owners and association have otherwise complied with their obligations under the lease or agreement, other than paying rent into the registry of the court rather than to the lessor, the lessor cannot hold the association or unit owners in default on their rental payments nor may the lessor file liens or initiate foreclosure proceedings against unit owners. If the lessor, in violation of this subsection, attempts such liens or foreclosures, then the lessor may be liable for damages plus attorney's fees and costs that the association or unit owners incurred in satisfying those liens or foreclosures.

(5) If the lease is of recreational facilities or other commonly used facilities that are not completed, rent shall not commence until some of the facilities are completed. Until all of the facilities leased are completed, rent shall be prorated and paid only for the completed facilities in the proportion that the value of the completed facilities bears to the estimated value, when completed, of all of the facilities that are leased. The facilities shall be complete when they have been constructed, finished, and equipped and are available for use.

(6) (A) A lease of recreational or other commonly used facilities entered into by the association or unit owners prior to the time when the control of the association is turned over to unit owners other than the developer shall grant to the lessee an option to purchase the leased property, payable in cash, on any anniversary date of the beginning of the lease term after the tenth anniversary, at a price then determined by agreement.

(B) If the lessor wishes to sell his or her interest and has received a bona fide offer to purchase it, the lessor shall send the association and each unit owner a copy of the executed offer. For ninety (90) days following receipt of the offer by the association or unit owners, the association or unit owners have the option to purchase the interest on the terms and conditions in the offer. The option shall be exercised, if at all, by notice in writing given to the lessor within the ninety (90) day period. If the association or unit owners do not exercise the option, the lessor shall have the right, for a period of ninety (90) days after the ninety (90) day period has expired, to complete the transaction described in the offer to purchase. If for any reason such transaction is not concluded within the ninety (90) days, the offer shall have been abandoned, and the provisions of this subsection shall be reimposed.

(C) The option shall be exercised upon approval by owners of two-thirds of the units served by the leased property.

(D) The provisions of this paragraph do not apply to a nonresidential condominium and do not apply if the lessor is the Republic of Palau or any political subdivision thereof or, in the case of an underlying land lease, a person or entity which is not the developer or directly or indirectly owned or controlled by the developer and did not obtain, directly or indirectly, ownership of the leased property from the developer.

(7) The lease or a subordination agreement executed by the lessor must provide either:

(A) That any lien which encumbers a unit for rent or other moneys or exactions payable is subordinate to any mortgage held by an institutional lender, or

(B) That, upon the foreclosure of any mortgage held by an institutional

lender or upon delivery of a deed in lieu of foreclosure, the lien for the unit owner's share of the rent or other exactions shall not be extinguished but shall be foreclosed and unenforceable against the mortgagee with respect to that unit's share of the rent and other exactions which mature or become due and payable on or before the date of the final judgment of foreclosure, in the event of foreclosure, or on or before the date of delivery of the deed in lieu of foreclosure. The lien may, however, automatically and by operation of the lease or other instrument, reattach to the unit and secure the payment of the unit's proportionate share of the rent or other exactions coming due subsequent to the date of final decree of foreclosure or the date of delivery of the deed in lieu of foreclosure.

The provisions of this paragraph do not apply if the lessor is the Government of the Republic of Palau or any political subdivision thereof or any agency of any political subdivision thereof.

(b) If rent under the lease is a fixed amount for the full duration of the lease, and the rent thereunder is payable by a person or persons other than the association or the unit owners, the Bureau director has the discretion to accept alternative assurances which are sufficient to secure the payment of rent, including, but not limited to, annuities with an insurance company authorized to do business in the Republic of Palau, the beneficiary of which shall be the association, or cash deposits in trust, the beneficiary of which shall be the association, which deposit shall be in an amount sufficient to generate interest sufficient to meet lease payments as they occur. If alternative assurances are accepted by the Bureau director, the following provisions are applicable:

(1) Disclosures contemplated by paragraph (a)(2), if not contained within the lease, may be made by the developer.

(2) Disclosures as to the minimum number of unit owners that will be required, directly or indirectly, to pay the rent under the lease and the maximum number of units that will be served by the leased property, if not contained in the lease, may be stated by the developer.

(3) The provisions of paragraphs (a)(4) and (5) apply but are not required to be stated in the lease.

(4) The provisions of paragraph (a)(7) do not apply.

Source
RPPL 8-19 § 3[950], modified.

Notes
Subsections in the original legislation are re-lettered to conform with the code format.

§ 951. Condominium leases; escalation clauses.

(a) It is declared that the public policy of the Republic of Palau prohibits the inclusion or enforcement of escalation clauses in land leases or other leases or agreements for recreational facilities, land, or other commonly used facilities serving residential condominiums, and such clauses are hereby declared void for public policy. For the purposes of this section, an escalation clause is any clause in a condominium lease or agreement which provides that the rental under the lease or agreement shall increase at the same percentage rate as any recognized and conveniently available commodity or consumer price index.

(b) The provisions of this section do not apply if the lessor is the Government of the Republic of Palau or any political subdivision thereof or any agency of any political subdivision thereof.

Source
RPPL 8-19 § 3[951], modified.

Notes
Subsections in the original legislation are re-lettered to conform with the code format.

§ 952. Conversion of existing improvements to condominium.

A developer may create a condominium by converting existing, previously occupied improvements to such ownership by complying with subchapter I of this chapter.

Source
RPPL 8-19 § 3[952], modified.

§ 953. Phase condominiums.

(a) A developer may develop a condominium in phases, if the original declaration of condominium submitting the initial phase to condominium ownership or an amendment

to the declaration which has been approved by all of the unit owners and unit mortgagees provides for and describes in detail all anticipated phases; the impact, if any, which the completion of subsequent phases would have upon the initial phase; and the time period (which may not exceed seven years from the date of recording the declaration of condominium) within which all phases must be added to the condominium and comply with the requirements of this section and at the end of which the right to add additional phases expires.

(b) The original declaration of condominium, or an amendment to the declaration, which amendment has been approved by all unit owners and unit mortgagees and the developer, shall describe:

(1) The land which may become part of the condominium and the land on which each phase is to be built. The descriptions shall include metes and bounds or other legal descriptions of the land for each phase, plot plans, and surveys. Plot plans, attached as an exhibit, must show the approximate location of all existing and proposed buildings and improvements that may ultimately be contained within the condominium. The plot plan may be modified by the developer as to unit or building types to the extent that such changes are described in the declaration. If provided in the declaration, the developer may make nonmaterial changes in the legal description of a phase.

(2) The minimum and maximum numbers and general size of units to be included in each phase. The general size may be expressed in terms of minimum and maximum square feet. In stating the minimum and maximum numbers of units, the difference between the minimum and maximum numbers shall not be greater than twenty percent (20%) of the maximum.

(3) Each unit's percentage of ownership in the common elements as each phase is added. In lieu of describing specific percentages, the declaration or amendment may describe a formula for reallocating each unit's proportion or percentage of ownership in the common elements and manner of sharing common expenses and owning common surplus as additional units are added to the condominium by the addition of any land. The basis for allocating percentage of ownership among units in added phases shall be consistent with the basis for allocation made among the units originally in the condominium.

(4) The recreational areas and facilities which will be owned as common elements by all unit owners and all personal property to be provided as each phase

is added to the condominium and those facilities or areas which may not be built or provided if any phase or phases are not developed and added as a part of the condominium. The developer may reserve the right to add additional common-element recreational facilities if the original declaration contains a description of each type of facility and its proposed location. The declaration shall set forth the circumstances under which such facilities will be added.

(5) The membership vote and ownership in the association attributable to each unit in each phase and the results if any phase or phases are not developed and added as a part of the condominium.

(c) The developer shall notify owners of existing units of the decision not to add one or more additional phases. Notice shall be by first-class mail addressed to each owner at the address of his or her unit or at his or her last known address.

(d) If one or more phases are not built, the units which are built are entitled to one hundred percent (100%) percent ownership of all common elements within the phases actually developed and added as a part of the condominium.

(e) If the declaration requires the developer to convey any additional lands or facilities to the condominium after the completion of the first phase and he or she fails to do so within the time specified, or within a reasonable time if none is specified, then any owner of a unit or the association may enforce such obligations against the developer or bring an action against the developer for damages caused by the developer's failure to convey to the association such additional lands or facilities.

(f) Notwithstanding other provisions of this chapter, any amendment by the developer which adds any land to the condominium shall be consistent with the provisions of the declaration granting such right and shall contain or provide for the following matters:

(1) A statement submitting the additional land to condominium ownership as an addition to the condominium.

(2) The legal description of the land being added to the condominium.

(3) An identification by letter, name, or number, or a combination thereof, of each unit within the land added to the condominium, to ensure that no unit in the condominium, including the additional land, will bear the same designation as any other unit.

(4) A survey of the additional land and a graphic description of the improvements in which any units are located and a plot plan thereof and a certificate of a surveyor.

(5) The undivided share in the common elements appurtenant to each unit in the condominium, stated as a percentage or fraction which, in the aggregate, must equal the whole and must be determined in conformance with the manner of allocation set forth in the original declaration of condominium.

(6) The proportion or percentage of, and the manner of sharing, common expenses and owning common surplus, which for a residential unit must be the same as the undivided share in the common elements.

An amendment which adds phases to a condominium does not require the execution of such amendment or consent thereto by unit owners other than the developer.

(g) An amendment to the declaration of condominium which adds land to the condominium shall be recorded in the public records where the land is located and shall be executed and acknowledged in compliance with the same requirements as for a deed. All persons who have record title to the interest in the land submitted to condominium ownership, or their lawfully authorized agents, must join in the execution of the amendment.

(h) Upon recording the declaration of condominium or amendments adding phases pursuant to this section, the developer shall file the recording information with the Bureau within one hundred twenty (120) calendar days on a form prescribed by the Bureau.

Source
RPPL 8-19 § 3[953], modified.

Notes
Subsections in the original legislation are re-lettered to conform with the code format.

§ 954. Mixed-use condominiums.

When a condominium consists of both residential and commercial units, the following provisions shall apply:

(a) The condominium documents shall not provide that the owner of any commercial unit

shall have the authority to veto amendments to the declaration, articles of incorporation, bylaws, or rules or regulations of the association.

(b) Subject to section 940 above, where the number of residential units in the condominium equals or exceeds fifty percent (50%) of the total units operated by the association, owners of the residential units shall be entitled to vote for a majority of the seats on the board of administration.

(c) In the declaration of condominium for mixed-use condominiums, the ownership share of the common elements assigned to each unit shall be based either on the total square footage of each unit in uniform relationship to the total square footage of each other unit in the condominium or on an equal fractional basis.

Source
RPPL 8-19 § 3[954], modified.

Notes
Subsections in the original legislation are re-lettered to conform with the code format.

§ 955. Multicondominiums; multicondominium associations.

(a) An association may operate more than one condominium if the declaration for each condominium to be operated by that association provides for participation in a multicondominium, in conformity with this section, and discloses or describes:

(1) The manner or formula by which the assets, liabilities, common surplus, and common expenses of the association will be apportioned among the units within the condominiums operated by the association.

(2) Whether unit owners in any other condominium, or any other persons, will or may have the right to use recreational areas or any other facilities or amenities that are common elements of the condominium, and, if so, the specific formula by which the other users will share the common expenses related to those facilities or amenities.

(3) Recreational and other commonly used facilities or amenities which the developer has committed to provide that will be owned, leased by, or dedicated by a recorded plat to the association but which are not included within any condominium operated by the association. The developer may reserve the right to

add additional facilities or amenities if the declaration and prospectus for each condominium to be operated by the association contains the following statement in conspicuous type and in substantially the following form: RECREATIONAL FACILITIES MAY BE EXPANDED OR ADDED WITHOUT CONSENT OF UNIT OWNERS OR THE ASSOCIATION.

(4) The voting rights of the unit owners in the election of directors and in other multicondominium association affairs when a vote of the owners is taken, including, but not limited to, a statement as to whether each unit owner will have a right to personally cast his or her own vote in all matters voted upon.

(b) If any declaration requires a developer to convey additional lands or facilities to a multicondominium association and the developer fails to do so within the time specified, or within a reasonable time if none is specified in the declaration, any unit owner or the association may enforce that obligation against the developer or bring an action against the developer for specific performance or for damages that result from the developer's failure or refusal to convey the additional lands or facilities.

(c) The declaration for each condominium to be operated by a multicondominium association may not, at the time of the initial recording of the declaration, contain any provision with respect to allocation of the association's assets, liabilities, common surplus, or common expenses which is inconsistent with this chapter or the provisions of a declaration for any other condominium then being operated by the multicondominium association.

(d) This section does not prevent or restrict the formation of a multicondominium by the merger or consolidation of two or more condominium associations. Mergers or consolidations of associations shall be accomplished in accordance with this chapter and the declarations of the condominiums being merged or consolidated.

Source
RPPL 8-19 § 3[955], modified.

Notes
Subsections in the original legislation are re-lettered to conform with the code format.

Subchapter VI
Regulation and Disclosure Prior to Sale of Residential Condominiums

§ 960. Powers and duties of Bureau of Commercial Development.

(a) The Bureau of Commercial Development, referred to as the "Bureau" in this part, has the power to enforce and ensure compliance with the provisions of this chapter and rules promulgated pursuant hereto relating to the development, construction, sale, lease, ownership, operation, and management of residential condominium units. In performing its duties, the division has the following powers and duties:

(1) The Bureau may make necessary public or private investigations to determine whether any person has violated this chapter or any rule or order hereunder, to aid in the enforcement of this chapter, or to aid in the adoption of rules or forms hereunder.

(2) The Bureau may require or permit any person to file a statement in writing, under oath or otherwise, as the Bureau determines, as to the facts and circumstances concerning a matter to be investigated.

(3) For the purpose of any investigation under this chapter, the Bureau director or any officer or employee designated by the Bureau director may administer oaths or affirmations, subpoena witnesses and compel their attendance, take evidence, and require the production of any matter which is relevant to the investigation, including the existence, description, nature, custody, condition, and location of any books, documents, or other tangible things and the identity and location of persons having knowledge of relevant facts or any other matter reasonably calculated to lead to the discovery of material evidence. Upon the failure by a person to obey a subpoena or to answer questions propounded by the investigating

officer and upon reasonable notice to all persons affected thereby, the division may apply to the circuit court for an order compelling compliance.

(4) Notwithstanding any remedies available to unit owners and associations, if the Bureau has reasonable cause to believe that a violation of any provision of this chapter or rule promulgated pursuant hereto has occurred, the Bureau may institute enforcement proceedings in its own name against any developer, association, officer, or member of the board of administration, or its assignees or agents, as follows:

(A) The Bureau may permit a person whose conduct or actions may be under investigation to waive formal proceedings and enter into a consent proceeding whereby orders, rules, or letters of censure or warning, whether formal or informal, may be entered against the person.

(B) The Bureau may issue an order requiring the developer, association, officer, or member of the board of administration, or its assignees or agents, to cease and desist from the unlawful practice and take such affirmative action as in the judgment of the Bureau will carry out the purposes of this chapter. Such affirmative action may include, but is not limited to, an order requiring a developer to pay moneys determined to be owed to a condominium association.

(C) The Bureau may bring an action in court on behalf of a class of unit owners, lessees, or purchasers for declaratory relief, injunctive relief, or restitution.

(D) The Bureau may impose a civil penalty against a developer or association, or its assignee or agent, for any violation of this chapter or a rule promulgated pursuant hereto. The Bureau may impose a civil penalty individually against any officer or board member who willfully and knowingly violates a provision of this chapter, a rule adopted pursuant hereto, or a final order of the division. The term "willfully and knowingly" means that the Bureau informed the officer or board member that his or her action or intended action violates this chapter, a rule adopted under this chapter, or a final order of the bureau and that the officer or board member refused to comply with the requirements of this chapter, a rule adopted under this chapter, or a final order of the division. The Bureau, prior to initiating formal agency action, shall afford the

officer or board member an opportunity to voluntarily comply with this chapter, a rule adopted under this chapter, or a final order of the Bureau. An officer or board member who complies within ten days is not subject to a civil penalty. A penalty may be imposed on the basis of each day of continuing violation, but in no event shall the penalty for any offense exceed five thousand dollars ($5,000). By January 1, 2011, the Bureau shall adopt, by rule, penalty guidelines applicable to possible violations or to categories of violations of this chapter or rules adopted by the division. The guidelines must specify a meaningful range of civil penalties for each such violation of the statute and rules and must be based upon the harm caused by the violation, the repetition of the violation, and upon such other factors deemed relevant by the division. For example, the Bureau may consider whether the violations were committed by a developer or owner-controlled association, the size of the association, and other factors. The guidelines must designate the possible mitigating or aggravating circumstances that justify a departure from the range of penalties provided by the rules. It is the legislative intent that minor violations be distinguished from those which endanger the health, safety, or welfare of the condominium residents or other persons and that such guidelines provide reasonable and meaningful notice to the public of likely penalties that may be imposed for proscribed conduct. This subsection does not limit the ability of the Bureau to informally dispose of administrative actions or complaints by stipulation, agreed settlement, or consent order. All amounts collected shall be deposited with the Bureau of Commercial Development. If a developer fails to pay the civil penalty, the Bureau shall thereupon issue an order directing that such developer cease and desist from further operation until such time as the civil penalty is paid or may pursue enforcement of the penalty in a court of competent jurisdiction. If an association fails to pay the civil penalty, the Bureau shall thereupon pursue enforcement in a court of competent jurisdiction, and the order imposing the civil penalty or the cease and desist order will not become effective until twenty (20) days after the date of such order.

(5) The Bureau is authorized to prepare and disseminate a prospectus and other information to assist prospective owners, purchasers, lessees, and developers of residential condominiums in assessing the rights, privileges, and duties pertaining thereto.

(6) Within one hundred eighty (180) days of the effective date of this chapter, the

Bureau shall adopt rules and regulations pursuant to the Administrative Procedure Act to implement and enforce the provisions of this chapter.

(7) The Bureau shall establish procedures for providing notice to an association when the Bureau is considering the issuance of a declaratory statement with respect to the declaration of condominium or any related document governing in such condominium community.

(8) When a complaint is made, the Bureau shall conduct its inquiry with due regard to the interests of the affected parties. Within thirty (30) days after receipt of a complaint, the Bureau shall acknowledge the complaint in writing and notify the complainant whether the complaint is within the jurisdiction of the Bureau and whether additional information is needed by the Bureau from the complainant. The division shall conduct its investigation and shall, within ninety (90) days after receipt of the original complaint or of timely requested additional information, take action upon the complaint. However, the failure to complete the investigation within ninety (90) days does not prevent the Bureau from continuing the investigation, accepting or considering evidence obtained or received after ninety (90) days, or taking administrative action if reasonable cause exists to believe that a violation of this chapter or a rule of the Bureau has occurred. If an investigation is not completed within the time limits established in this paragraph, the Bureau shall, on a monthly basis, notify the complainant in writing of the status of the investigation. When reporting its action to the complainant, the division shall inform the complainant of any right to a hearing pursuant to law.

(b) (1) Each condominium association which operates more than two units shall pay to the Bureau an annual fee, which is not a property tax, in the amount of four dollars ($4) for each residential unit in condominiums operated by the association. If the fee is not paid by March 1, then the association shall be assessed a penalty of ten percent of the amount due, and the association will not have standing to maintain or defend any action in the courts of the Republic of Palau until the amount due, plus any penalty, is paid.

(2) All fees shall be deposited with the Bureau of Commercial Development as provided by law.

Source
RPPL 8-19 § 3[960], modified.

Notes
Subsections in the original legislation are re-lettered to conform with the code format.

§ 961. Filing prior to sale or lease.

(a) (1) A developer of a residential condominium or mixed-use condominium shall file with the Bureau one copy of each of the documents and items required to be furnished to a buyer or lessee by section 962 and section 963 below, if applicable. Until the developer has so filed, a contract for sale of a unit or lease of a unit for more than five years shall be voidable by the purchaser or lessee prior to the closing of his or her purchase or lease of a unit.

(2) A developer may not close on any contract for sale or contract for a lease period of more than five years until the developer prepares and files with the Bureau documents complying with the requirements of this chapter and the rules adopted by the Bureau and until the Bureau notifies the developer that the filing is proper and the developer prepares and delivers all documents required by section 962(a)(2) below to the prospective buyer.

(3) The Bureau by rule may develop filing, review, and examination requirements and relevant timetables to ensure compliance with the notice and disclosure provisions of this section.

(b) (1) Prior to filing as required by subsection (a), and prior to acquiring an ownership, leasehold, or contractual interest in the land upon which the condominium is to be developed, a developer shall not offer a contract for purchase of a unit or lease of a unit for more than five years. However, the developer may accept deposits for reservations upon the approval of a fully executed escrow agreement and reservation agreement form properly filed with the Bureau of Commercial Development. Each filing of a proposed reservation program shall be accompanied by a filing fee of two hundred fifty dollars ($250). Reservations shall not be taken on a proposed condominium unless the developer has an ownership, leasehold, or contractual interest in the land upon which the condominium is to be developed. The Bureau shall notify the developer within twenty (20) days of receipt of the reservation filing of any deficiencies contained therein. Such notification shall not preclude the determination of reservation filing deficiencies at a later date, nor shall it relieve the developer of any responsibility under the law. The escrow agreement and the reservation agreement form shall include a statement of the right of the prospective purchaser

to an immediate unqualified refund of the reservation deposit moneys upon written request to the escrow agent by the prospective purchaser or the developer.

(2) The executed escrow agreement signed by the developer and the escrow agent shall contain the following information:

(A) A statement that the escrow agent will grant a prospective purchaser an immediate, unqualified refund of the reservation deposit moneys upon written request either directly to the escrow agent or to the developer.

(B) A statement that the escrow agent is responsible for not releasing moneys directly to the developer except as a down payment on the purchase price at the time a contract is signed by the purchaser if provided in the contract.

(3) The reservation agreement form shall include the following:

(A) A statement of the obligation of the developer to file condominium documents with the Bureau prior to entering into a binding purchase agreement or binding agreement for a lease of more than five years.

(B) A statement of the right of the prospective purchaser to receive all condominium documents as required by this chapter.

(C) The name and address of the escrow agent.

(D) A statement as to whether the developer assures that the purchase price represented in or pursuant to the reservation agreement will be the price in the contract for purchase and sale or that the price represented may be exceeded within a stated amount or percentage or that no assurance is given as to the price in the contract for purchase or sale.

(E) A statement that the deposit must be payable to the escrow agent and that the escrow agent must provide a receipt to the prospective purchaser.

(c) Upon filing as required by subsection (a), the developer shall pay to the Bureau a filing fee of twenty dollars ($20) for each residential unit to be sold by the developer which is described in the documents filed. If the condominium is to be built or sold in phases, the fee shall be paid prior to offering for sale units in any subsequent phase.

Every developer who holds a unit or units for sale in a condominium shall submit to the Bureau any amendments to documents or items on file with the Bureau and deliver to purchasers all amendments prior to closing, but in no event, later than ten days after the amendment. Upon filing of amendments to documents currently on file with the Bureau, the developer shall pay to the Bureau a filing fee of up to one hundred dollars ($100) per filing, with the exact fee to be set by Bureau rate.

(d) Any developer who complies with this section is not required to file with any other agency for approval to sell the units in the condominium, the information for the condominium for which he or she filed.

(e) In addition to those disclosures described by section 962 and section 963 below, the Bureau is authorized to require such other disclosure as deemed necessary to fully or fairly disclose all aspects of the offering.

Source
RPPL 8-19 § 3[961], modified.

Notes
Subsections in the original legislation are re-lettered to conform with the code format.

§ 962. Developer disclosure prior to sale; nondeveloper unit owner disclosure prior to sale; voidability.

(a) DEVELOPER DISCLOSURE.

(1) Contents of contracts. Any contract for the sale of a residential unit or a lease thereof for an unexpired term of more than five years shall:

(A) Contain the following legend in conspicuous type: THIS AGREEMENT IS VOIDABLE BY BUYER BY DELIVERING WRITTEN NOTICE OF THE BUYER'S INTENTION TO CANCEL WITHIN FIFTEEN (15) DAYS AFTER THE DATE OF EXECUTION OF THIS AGREEMENT BY THE BUYER, AND RECEIPT BY BUYER OF ALL OF THE ITEMS REQUIRED TO BE DELIVERED TO HIM OR HER BY THE DEVELOPER UNDER SECTION 962, OF TITLE 39 PALAU NATIONAL CODE. THIS AGREEMENT IS ALSO VOIDABLE BY BUYER BY DELIVERING WRITTEN NOTICE OF THE BUYER'S INTENTION TO CANCEL WITHIN FIFTEEN (15)

DAYS AFTER THE DATE OF RECEIPT FROM THE DEVELOPER OF ANY AMENDMENT WHICH MATERIALLY ALTERS OR MODIFIES THE OFFERING IN A MANNER THAT IS ADVERSE TO THE BUYER. ANY PURPORTED WAIVER OF THESE VOIDABILITY RIGHTS SHALL BE OF NO EFFECT. BUYER MAY EXTEND THE TIME FOR CLOSING FOR A PERIOD OF NOT MORE THAN FIFTEEN (15) DAYS AFTER THE BUYER HAS RECEIVED ALL OF THE ITEMS REQUIRED. BUYER'S RIGHT TO VOID THIS AGREEMENT SHALL TERMINATE AT CLOSING.

(B) Contain the following caveat in conspicuous type on the first page of the contract: ORAL REPRESENTATIONS CANNOT BE RELIED UPON AS CORRECTLY STATING THE REPRESENTATIONS OF THE DEVELOPER. FOR CORRECT REPRESENTATIONS, REFERENCE SHOULD BE MADE TO THIS CONTRACT AND THE DOCUMENTS REQUIRED BY SECTION 962 OF TITLE 39, PALAU NATIONAL CODE, TO BE FURNISHED BY A DEVELOPER TO A BUYER OR LESSEE.

(C) If the unit has been occupied by someone other than the buyer, contain a statement that the unit has been occupied.

(D) If the contract is for the sale or transfer of a unit subject to a lease, include as an exhibit a copy of the executed lease and shall contain within the text in conspicuous type: THE UNIT IS SUBJECT TO A LEASE (OR SUBLEASE).

(E) If the contract is for the lease of a unit for a term of five (5) years or more, include as an exhibit a copy of the proposed lease.

(F) If the contract is for the sale or lease of a unit that is subject to a lien for rent payable under a lease of a recreational facility or other commonly used facility, contain within the text the following statement in conspicuous type: THIS CONTRACT IS FOR THE TRANSFER OF A UNIT THAT IS SUBJECT TO A LIEN FOR RENT PAYABLE UNDER A LEASE OF COMMONLY USED FACILITIES. FAILURE TO PAY RENT MAY RESULT IN FORECLOSURE OF THE LIEN.

(G) State the name and address of the escrow agent required by section

930 above and state that the purchaser may obtain a receipt for his or her deposit from the escrow agent upon request.

(2) Copies of documents to be furnished to prospective buyer or lessee. Until such time as the developer has furnished the documents listed below to a person who has entered into a contract to purchase a residential unit or lease it for more than five years, the contract may be voided by that person, entitling the person to a refund of any deposit together with interest thereon as provided in section 930 above. The contract may be terminated by written notice from the proposed buyer or lessee delivered to the developer within fifteen (15) days after the buyer or lessee receives all of the documents required by this section. The developer may not close for fifteen (15) days following the execution of the agreement and delivery of the documents to the buyer as evidenced by a signed receipt for documents unless the buyer is informed in the fifteen (15) day voidability period and agrees to close prior to the expiration of the fifteen (15) days. The developer shall retain in his or her records a separate agreement signed by the buyer as proof of the buyer's agreement to close prior to the expiration of said voidability period. Said proof shall be retained for a period of five (5) years after the date of the closing of the transaction. The documents to be delivered to the prospective buyer are the prospectus or disclosure statement with all exhibits, if the development is subject to the provisions of section 963 below, or, if not, then copies of the following which are applicable:

(A) The question and answer sheet described in section 963, and declaration of condominium, or the proposed declaration if the declaration has not been recorded, which shall include the certificate of a surveyor approximately representing the locations required by section 903 above.

(B) The documents creating the association.

(C) The bylaws.

(D) The ground lease or other underlying lease of the condominium.

(E) The management contract, maintenance contract, and other contracts for management of the association and operation of the condominium and facilities used by the unit owners having a service term in excess of one year, and any management contracts that are renewable.

(F) The estimated operating budget for the condominium and a schedule of expenses for each type of unit, including fees assessed pursuant to section 912(a) above for the maintenance of limited common elements where such costs are shared only by those entitled to use the limited common elements.

(G) The lease of recreational and other facilities that will be used only by unit owners of the subject condominium.

(H) The lease of recreational and other common facilities that will be used by unit owners in common with unit owners of other condominiums.

(I) The form of unit lease if the offer is of a leasehold.

(J) Any declaration of servitude of properties serving the condominium but not owned by unit owners or leased to them or the association.

(K) If the development is to be built in phases or if the association is to manage more than one condominium, a description of the plan of phase development or the arrangements for the association to manage two or more condominiums.

(L) The form of agreement for sale or lease of units.

(M) A copy of the floor plan of the unit and the plot plan showing the location of the residential buildings and the recreation and other common areas.

(N) A copy of all covenants and restrictions which will affect the use of the property and which are not contained in the foregoing.

(O) If the developer is required by law to obtain acceptance or approval of any dock or marina facilities intended to serve the condominium, a copy of any such acceptance or approval acquired by the time of filing with the Bureau under section 961(a), or a statement that such acceptance or approval has not been acquired or received.

(P) Evidence demonstrating that the developer has an ownership, leasehold, or contractual interest in the land upon which the condominium

is to be developed.

(b) NONDEVELOPER DISCLOSURE.

(1) Each unit owner who is not a developer as defined by this chapter shall comply with the provisions of this subsection prior to the sale of his or her unit. Each prospective purchaser who has entered into a contract for the purchase of a condominium unit is entitled, at the seller's expense, to a current copy of the declaration of condominium, articles of incorporation of the association, bylaws, and rules of the association, as well as a copy of the question and answer sheet provided for by section 963 below and a copy of the financial information required by section 909 above.

(2) If a real estate broker provides to or otherwise obtains for a prospective purchaser the documents described in this subsection, the person is not liable for any error or inaccuracy contained in the documents.

(3) Each contract entered into for the resale of a residential unit shall contain in conspicuous type either:

(A) A clause which states: THE BUYER HEREBY ACKNOWLEDGES THAT BUYER HAS BEEN PROVIDED A CURRENT COPY OF THE DECLARATION OF CONDOMINIUM, ARTICLES OF INCORPORATION OF THE ASSOCIATION, BYLAWS, RULES OF THE ASSOCIATION, A COPY OF THE MOST RECENT YEAR-END FINANCIAL INFORMATION AND THE QUESTION AND ANSWER SHEET MORE THAN THREE (3) DAYS, EXCLUDING SATURDAYS, SUNDAYS, AND LEGAL HOLIDAYS, PRIOR TO EXECUTION OF THIS CONTRACT; or

(B) A clause which states: THIS AGREEMENT IS VOIDABLE BY BUYER BY DELIVERING WRITTEN NOTICE OF THE BUYER'S INTENTION TO CANCEL WITHIN THREE (3) DAYS, EXCLUDING SATURDAYS, SUNDAYS, AND LEGAL HOLIDAYS, AFTER THE DATE OF EXECUTION OF THIS AGREEMENT BY THE BUYER AND RECEIPT BY BUYER OF A CURRENT COPY OF THE DECLARATION OF CONDOMINIUM, ARTICLES OF INCORPORATION, BYLAWS, AND RULES OF THE ASSOCIATION, A COPY OF THE MOST RECENT YEAR-END FINANCIAL

INFORMATION AND QUESTION AND ANSWER SHEET IF SO REQUESTED IN WRITING. ANY PURPORTED WAIVER OF THESE VOIDABILITY RIGHTS SHALL BE OF NO EFFECT. THE BUYER MAY EXTEND THE TIME FOR CLOSING FOR A PERIOD OF NOT MORE THAN THREE (3) DAYS, EXCLUDING SATURDAYS, SUNDAYS, AND LEGAL HOLIDAYS, AFTER THE BUYER RECEIVES THE DECLARATION, ARTICLES OF INCORPORATION, BYLAWS, RULES, AND QUESTION AND ANSWER SHEET IF REQUESTED IN WRITING. BUYER'S RIGHT TO VOID THIS AGREEMENT SHALL TERMINATE AT CLOSING.

A contract that does not conform to the requirements of this paragraph is voidable at the option of the purchaser prior to closing.

(c) OTHER DISCLOSURE.

(1) If residential condominium parcels are offered for sale or lease prior to completion of construction of the units and of improvements to the common elements, or prior to completion of remodeling of previously occupied buildings, the developer shall make available to each prospective purchaser or lessee, for his or her inspection at a place convenient to the site, a copy of the complete plans and specifications for the construction or remodeling of the unit offered to him or her and of the improvements to the common elements appurtenant to the unit.

(2) Sales brochures, if any, shall be provided to each purchaser, and the following caveat in conspicuous type shall be placed on the inside front cover or on the first page containing text material of the sales brochure, or otherwise conspicuously displayed: ORAL REPRESENTATIONS CANNOT BE RELIED UPON AS CORRECTLY STATING REPRESENTATIONS OF THE DEVELOPER. FOR CORRECT REPRESENTATIONS, MAKE REFERENCE TO THIS BROCHURE AND TO THE DOCUMENTS REQUIRED BY THIS CHAPTER TO BE FURNISHED BY A DEVELOPER TO A BUYER OR LESSEE.

Source
RPPL 8-19 § 3[962], modified.

Notes
Subsections in the original legislation are re-lettered to conform with the code format.

§ 963. Prospectus or offering circular.

Every developer of a residential condominium which contains more than twenty (20) residential units, or which is part of a group of residential condominiums which will be served by property to be used in common by unit owners of more than twenty (20) residential units, shall prepare a prospectus or offering circular and file it with the Bureau of Commercial Development prior to entering into an enforceable contract of purchase and sale of any unit or lease of a unit for more than five years and shall furnish a copy of the prospectus or offering circular to each buyer. In addition to the prospectus or offering circular, each buyer shall be furnished a separate page entitled "Frequently Asked Questions and Answers," which shall be in accordance with a format approved by the Bureau and a copy of the financial information required by section 909 above. This page shall, in readable language, inform prospective purchasers regarding their voting rights and unit use restrictions, including restrictions on the leasing of a unit; shall indicate whether and in what amount the unit owners or the association is obligated to pay rent or land use fees for recreational or other commonly used facilities; shall contain a statement identifying that amount of assessment which, pursuant to the budget, would be levied upon each unit type, exclusive of any special assessments, and which shall further identify the basis upon which assessments are levied, whether monthly, quarterly, or otherwise; shall state and identify any court cases in which the association is currently a party of record in which the association may face liability in excess of one hundred thousand dollars ($100,000); and which shall further state whether membership in a recreational facilities association is mandatory, and if so, shall identify the fees currently charged per unit type. The Bureau shall by rate require such other disclosure as in its judgment will assist prospective purchasers. The prospectus or offering circular may include more than one condominium, although not all such units are being offered for sale as of the date of the prospectus or offering circular. The prospectus or offering circular must contain the following information:

(a) The front cover or the first page must contain only:

(1) The name of the condominium.

(2) The following statements in conspicuous type:

(A) THIS PROSPECTUS (OFFERING CIRCULAR) CONTAINS IMPORTANT MATTERS TO BE CONSIDERED IN ACQUIRING A CONDOMINIUM UNIT.

(B) THE STATEMENTS CONTAINED HEREIN ARE ONLY SUMMARY IN NATURE. A PROSPECTIVE PURCHASER SHOULD

REFER TO ALL REFERENCES, ALL EXHIBITS HERETO, THE CONTRACT DOCUMENTS, AND SALES MATERIALS.

(C) ORAL REPRESENTATIONS CANNOT BE RELIED UPON AS CORRECTLY STATING THE REPRESENTATIONS OF THE DEVELOPER. REFER TO THIS PROSPECTUS (OFFERING CIRCULAR) AND ITS EXHIBITS FOR CORRECT REPRESENTATIONS.

(b) Summary: The next page must contain all statements required to be in conspicuous type in the prospectus or offering circular.

(c) A separate index of the contents and exhibits of the prospectus.

(d) Beginning on the first page of the text (not including the summary and index), a description of the condominium, including, but not limited to, the following information:

(1) Its name and location.

(2) A description of the condominium property, including, without limitation:

(A) The number of buildings, the number of units in each building, the number of bathrooms and bedrooms in each unit, and the total number of units, if the condominium is not a phase condominium, or the maximum number of buildings that may be contained within the condominium, the minimum and maximum numbers of units in each building, the minimum and maximum numbers of bathrooms and bedrooms that may be contained in each unit, and the maximum number of units that may be contained within the condominium, if the condominium is a phase condominium.

(B) The page in the condominium documents where a copy of the plot plan and survey of the condominium is located.

(C) The estimated latest date of completion of constructing, finishing, and equipping. In lieu of a date, the description shall include a statement that the estimated date of completion of the condominium is in the purchase agreement and a reference to the article or paragraph containing that information.

(3) The maximum number of units that will use facilities in common with the condominium. If the maximum number of units will vary, a description of the basis for variation and the minimum amount of dollars per unit to be spent for additional recreational facilities or enlargement of such facilities. If the addition or enlargement of facilities will result in a material increase of a unit owner's maintenance expense or rental expense, if any, the maximum increase and limitations thereon shall be stated.

(e) A statement in conspicuous type describing whether the condominium is created and being sold as fee simple interests or as leasehold interests. If the condominium is created or being sold on a leasehold, the location of the lease in the disclosure materials shall be stated.

(f) A description of the recreational and other commonly used facilities that will be used only by unit owners of the condominium, including, but not limited to, the following:

(1) Each room and its intended purposes, location, approximate floor area, and capacity in numbers of people.

(2) Each swimming pool, as to its general location, approximate size and depths, approximate deck size and capacity, and whether heated.

(3) Additional facilities, as to the number of each facility, its approximate location, approximate size, and approximate capacity.

(4) A general description of the items of personal property and the approximate number of each item of personal property that the developer is committing to furnish for each room or other facility or, in the alternative, a representation as to the minimum amount of expenditure that will be made to purchase the personal property for the facility.

(5) The estimated date when each room or other facility will be available for use by the unit owners.

(6) (A) An identification of each room or other facility to be used by unit owners that will not be owned by the unit owners or the association;

(B) A reference to the location in the disclosure materials of the lease or other agreements providing for the use of those facilities; and

(C) A description of the terms of the lease or other agreements, including the length of the term; the rent payable, directly or indirectly, by each unit owner, and the total rent payable to the lessor, stated in monthly and annual amounts for the entire term of the lease; and a description of any option to purchase the property leased under any such lease, including the time the option may be exercised, the purchase price or how it is to be determined, the manner of payment, and whether the option may be exercised for a unit owner's share or only as to the entire leased property.

(7) A statement as to whether the developer may provide additional facilities not described above; their general locations and types; improvements or changes that may be made; the approximate dollar amount to be expended; and the maximum additional common expense or cost to the individual unit owners that may be charged during the first annual period of operation of the modified or added facilities.

Descriptions as to locations, areas, capacities, numbers, volumes, or sizes may be stated as approximations or minimums.

(g) A description of the recreational and other facilities that will be used in common with other condominiums, community associations, or planned developments which require the payment of the maintenance and expenses of such facilities, either directly or indirectly, by the unit owners. The description shall include, but not be limited to, the following:

(1) Each building and facility committed to be built.

(2) Facilities not committed to be built except under certain conditions, and a statement of those conditions or contingencies.

(3) As to each facility committed to be built, or which will be committed to be built upon the happening of one of the conditions in paragraph (2), a statement of whether it will be owned by the unit owners having the use thereof or by an association or other entity which will be controlled by them, or others, and the location in the exhibits of the lease or other document providing for use of those facilities.

(4) An estimate of the year in which each facility will be available for use by the unit owners or, in the alternative, the maximum number of unit owners in the

project at the time each of all of the facilities is committed to be completed.

(5) A general description of the items of personal property, and the approximate number of each item of personal property, that the developer is committing to furnish for each room or other facility or, in the alternative, a representation as to the minimum amount of expenditure that will be made to purchase the personal property for the facility.

(6) If there are leases, a description thereof, including the length of the term, the rent payable, and a description of any option to purchase.

Descriptions shall include location, areas, capacities, numbers, volumes, or sizes and may be stated as approximations or minimums.

(h) Recreation lease or associated club membership:

(1) If any recreational facilities or other facilities offered by the developer and available to, or to be used by, unit owners are to be leased or have club membership associated, the following statement in conspicuous type shall be included: THERE IS A RECREATIONAL FACILITIES LEASE ASSOCIATED WITH THIS CONDOMINIUM; or, THERE IS A CLUB MEMBERSHIP ASSOCIATED WITH THIS CONDOMINIUM. There shall be a reference to the location in the disclosure materials where the recreation lease or club membership is described in detail.

(2) If it is mandatory that unit owners pay a fee, rent, dues, or other charges under a recreational facilities lease or club membership for the use of facilities, there shall be in conspicuous type the applicable statement:

(A) MEMBERSHIP IN THE RECREATIONAL FACILITIES CLUB IS MANDATORY FOR UNIT OWNERS; or

(B) UNIT OWNERS ARE REQUIRED, AS A CONDITION OF OWNERSHIP, TO BE LESSEES UNDER THE RECREATIONAL FACILITIES LEASE; or

(C) UNIT OWNERS ARE REQUIRED TO PAY THEIR SHARE OF THE COSTS AND EXPENSES OF MAINTENANCE, MANAGEMENT, UPKEEP, REPLACEMENT, RENT, AND FEES UNDER THE

RECREATIONAL FACILITIES LEASE (OR THE OTHER INSTRUMENTS PROVIDING THE FACILITIES); or

(D) A similar statement of the nature of the organization or the manner in which the use rights are created, and that unit owners are required to pay.

Immediately following the applicable statement, the location in the disclosure materials where the development is described in detail shall be stated.

(3) If the developer, or any other person other than the unit owners and other persons having use rights in the facilities, reserves, or is entitled to receive, any rent, fee, or other payment for the use of the facilities, then there shall be the following statement in conspicuous type: THE UNIT OWNERS OR THE ASSOCIATION(S) MUST PAY RENT OR LAND USE FEES FOR RECREATIONAL OR OTHER COMMONLY USED FACILITIES.

Immediately following this statement, the location in the disclosure materials where the rent or land use fees are described in detail shall be stated.

(4) If, in any recreation format, whether leasehold, club, or other, any person other than the association has the right to a lien on the units to secure the payment of assessments, rent, or other exactions, there shall appear a statement in conspicuous type in substantially the following form:

(A) THERE IS A LIEN OR LIEN RIGHT AGAINST EACH UNIT TO SECURE THE PAYMENT OF RENT AND OTHER EXACTIONS UNDER THE RECREATION LEASE. THE UNIT OWNER'S FAILURE TO MAKE THESE PAYMENTS MAY RESULT IN FORECLOSURE OF THE LIEN; or

(B) THERE IS A LIEN OR LIEN RIGHT AGAINST EACH UNIT TO SECURE THE PAYMENT OF ASSESSMENTS OR OTHER EXACTIONS COMING DUE FOR THE USE, MAINTENANCE, UPKEEP, OR REPAIR OF THE RECREATIONAL OR COMMONLY USED FACILITIES. THE UNIT OWNER'S FAILURE TO MAKE THESE PAYMENTS MAY RESULT IN FORECLOSURE OF THE LIEN.

Immediately following the applicable statement, the location in the disclosure materials

where the lien or lien right is described in detail shall be stated.

(i) If the developer or any other person has the right to increase or add to the recreational facilities at any time after the establishment of the condominium whose unit owners have use rights therein, without the consent of the unit owners or associations being required, there shall appear a statement in conspicuous type in substantially the following form: RECREATIONAL FACILITIES MAY BE EXPANDED OR ADDED WITHOUT CONSENT OF UNIT OWNERS OR THE ASSOCIATION(S). Immediately following this statement, the location in the disclosure materials where such reserved rights are described shall be stated.

(j) A statement of whether the developer's plan includes a program of leasing units rather than selling them, or leasing units and selling them subject to such leases. If so, there shall be a description of the plan, including the number and identification of the units and the provisions and term of the proposed leases, and a statement in boldfaced type that: THE UNITS MAY BE TRANSFERRED SUBJECT TO A LEASE.

(k) The arrangements for management of the association and maintenance and operation of the condominium property and of other property that will serve the unit owners of the condominium property, and a description of the management contract and all other contracts for these purposes having a term in excess of one year, including the following:

(1) The names of contracting parties.

(2) The term of the contract.

(3) The nature of the services included.

(4) The compensation, stated on a monthly and annual basis, and provisions for increases in the compensation.

(5) A reference to the volumes and pages of the condominium documents and of the exhibits containing copies of such contracts.

Copies of all described contracts shall be attached as exhibits. If there is a contract for the management of the condominium property, then a statement in conspicuous type in substantially the following form shall appear, identifying the proposed or existing contract manager: THERE IS (IS TO BE) A CONTRACT FOR THE MANAGEMENT OF THE CONDOMINIUM PROPERTY WITH (NAME OF THE CONTRACT

MANAGER). Immediately following this statement, the location in the disclosure materials of the contract for management of the condominium property shall be stated.

(l) If the developer or any other person or persons other than the unit owners has the right to retain control of the board of administration of the association for a period of time which can exceed one year after the closing of the sale of a majority of the units in that condominium to persons other than successors or alternate developers, then a statement in conspicuous type in substantially the following form shall be included: THE DEVELOPER (OR OTHER PERSON) HAS THE RIGHT TO RETAIN CONTROL OF THE ASSOCIATION AFTER A MAJORITY OF THE UNITS HAVE BEEN SOLD. Immediately following this statement, the location in the disclosure materials where this right to control is described in detail shall be stated.

(m) If there are any restrictions upon the sale, transfer, conveyance, or leasing of a unit, then a statement in conspicuous type in substantially the following form shall be included: THE SALE, LEASE, OR TRANSFER OF UNITS IS RESTRICTED OR CONTROLLED. Immediately following this statement, the location in the disclosure materials where the restriction, limitation, or control on the sale, lease, or transfer of units is described in detail shall be stated.

(n) If the condominium is part of a phase project, the following information shall be stated:

(1) A statement in conspicuous type in substantially the following form: THIS IS A PHASE CONDOMINIUM. ADDITIONAL LAND AND UNITS MAY BE ADDED TO THIS CONDOMINIUM. Immediately following this statement, the location in the disclosure materials where the phasing is described shall be stated.

(2) A summary of the provisions of the declaration which provide for the phasing.

(3) A statement as to whether or not residential buildings and units which are added to the condominium may be substantially different from the residential buildings and units originally in the condominium. If the added residential buildings and units may be substantially different, there shall be a general description of the extent to which such added residential buildings and units may differ, and a statement in conspicuous type in substantially the following form shall be included: BUILDINGS AND UNITS WHICH ARE ADDED TO THE CONDOMINIUM MAY BE SUBSTANTIALLY DIFFERENT FROM THE OTHER BUILDINGS AND UNITS IN THE CONDOMINIUM. Immediately

following this statement, the location in the disclosure materials where the extent to which added residential buildings and units may substantially differ is described shall be stated.

(4) A statement of the maximum number of buildings containing units, the maximum and minimum numbers of units in each building, the maximum number of units, and the minimum and maximum square footage of the units that may be contained within each parcel of land which may be added to the condominium.

(o) If the condominium is or may become part of a multicondominium, the following information must be provided:

(1) A statement in conspicuous type in substantially the following form: THIS CONDOMINIUM IS (MAY BE) PART OF A MULTICONDOMINIUM DEVELOPMENT IN WHICH OTHER CONDOMINIUMS WILL (MAY) BE OPERATED BY THE SAME ASSOCIATION. Immediately following this statement, the location in the prospectus or offering circular and its exhibits where the multicondominium aspects of the offering are described must be stated.

(2) A summary of the provisions in the declaration, articles of incorporation, and bylaws which establish and provide for the operation of the multicondominium, including a statement as to whether unit owners in the condominium will have the right to use recreational or other facilities located or planned to be located in other condominiums operated by the same association, and the manner of sharing the common expenses related to such facilities.

(3) A statement of the minimum and maximum number of condominiums, and the minimum and maximum number of units in each of those condominiums, which will or may be operated by the association, and the latest date by which the exact number will be finally determined.

(4) A statement as to whether any of the condominiums in the multicondominium may include units intended to be used for nonresidential purposes and the purpose or purposes permitted for such use.

(5) A general description of the location and approximate acreage of any land on which any additional condominiums to be operated by the association may be located.

(p) A summary of the restrictions, if any, to be imposed on units concerning the use of any of the condominium property, including statements as to whether there are restrictions upon children and pets, and reference to the volumes and pages of the condominium documents where such restrictions are found, or if such restrictions are contained elsewhere, then a copy of the documents containing the restrictions shall be attached as an exhibit.

(q) If there is any land that is offered by the developer for use by the unit owners and that is neither owned by them nor leased to them, the association, or any entity controlled by unit owners and other persons having the use rights to such land, a statement shall be made as to how such land will serve the condominium. If any part of such land will serve the condominium, the statement shall describe the land and the nature and term of service, and the declaration or other instrument creating such servitude shall be included as an exhibit.

(r) The manner in which utility and other services, including, but not limited to, sewage and waste disposal, water supply, and storm drainage, will be provided and the person or entity furnishing them.

(s) An explanation of the manner in which the apportionment of common expenses and ownership of the common elements has been determined.

(t) An estimated operating budget for the condominium and the association, and a schedule of the unit owner's expenses shall be attached as an exhibit and shall contain the following information:

(1) The estimated monthly and annual expenses of the condominium and the association that are collected from unit owners by assessments.

(2) The estimated monthly and annual expenses of each unit owner for a unit, other than common expenses paid by all unit owners, payable by the unit owner to persons or entities other than the association, as well as to the association, including fees assessed pursuant to section 912(a) above for maintenance of limited common elements where such costs are shared only by those entitled to use the limited common element, and the total estimated monthly and annual expense. There may be excluded from this estimate expenses which are not provided for or contemplated by the condominium documents, including, but not limited to, the costs of private telephone; maintenance of the interior of condominium units, which is not the obligation of the association; maid or

janitorial services privately contracted for by the unit owners; utility bills billed directly to each unit owner for utility services to his or her unit; insurance premiums other than those incurred for policies obtained by the condominium; and similar personal expenses of the unit owner. A unit owner's estimated payments for assessments shall also be stated in the estimated amounts for the times when they will be due.

(3) The estimated items of expenses of the condominium and the association, except as excluded under paragraph (2).

(4) The estimated amounts shall be stated for a period of at least twelve months and may distinguish between the period prior to the time unit owners other than the developer elect a majority of the board of administration and the period after that date.

(u) A schedule of estimated closing expenses to be paid by a buyer or lessee of a unit and a statement of whether title opinion or title insurance policy is available to the buyer and, if so, at whose expense.

(v) The identity of the developer and the chief operating officer or principal directing the creation and sale of the condominium and a statement of its and his or her experience in this field.

(w) Copies of the following, to the extent they are applicable, shall be included as exhibits:

(1) The declaration of condominium, or the proposed declaration if the declaration has not been recorded.

(2) The articles of incorporation creating the association.

(3) The bylaws of the association.

(4) The ground lease or other underlying lease of the condominium.

(5) The management agreement and all maintenance and other contracts for management of the association and operation of the condominium and facilities used by the unit owners having a service term in excess of one (1) year.

(6) The estimated operating budget for the condominium and the required schedule of unit owners' expenses.

(7) A copy of the floor plan of the unit and the plot plan showing the location of the residential buildings and the recreation and other common areas.

(8) The lease of recreational and other facilities that will be used only by unit owners of the subject condominium.

(9) The lease of facilities used by owners and others.

(10) The form of unit lease, if the offer is of a leasehold or the form of deed, if the sale is fee simple.

(11) A declaration of servitude of properties serving the condominium but not owned by unit owners or leased to them or the association.

(12) The statement of condition of the existing building or buildings, if the offering is of units in an operation being converted to condominium ownership.

(13) The statement of inspection for termite damage and treatment of the existing improvements, if the condominium is a conversion.

(14) The form of agreement for sale or lease of units.

(15) A copy of the agreement for escrow of payments made to the developer prior to closing.

(16) A copy of the documents containing any restrictions on use of the property required by subsection (p).

(x) A brief narrative description of the location and effect of all existing and intended easements located or to be located on the condominium property other than those described in the declaration.

(y) If the developer is required by state or local authorities to obtain acceptance or approval of any dock or marina facilities intended to serve the condominium, a copy of any such acceptance or approval acquired by the time of filing with the Bureau under section 961(a) above or a statement that such acceptance or approval has not been

acquired or received.

(z) Evidence demonstrating that the developer has an ownership, leasehold, or contractual interest in the land upon which the condominium is to be developed.

Source
RPPL 8-19 § 3[963], modified.

Notes
Subsections in RPPL 8-19 § 963 are numbered 1 thru 20, skip 21, and 22 thru 27. The numbering sections are re-lettered to conform with the code format.

§ 964. Good faith effort to comply.

If a developer, in good faith, has attempted to comply with the requirements of this part, and if, in fact, he or she has substantially complied with the disclosure requirements of this chapter, nonmaterial errors or omissions in the disclosure materials shall not be actionable.

Source
RPPL 8-19 § 3[964].

§ 965. Publication of false and misleading information.

(a) Any person who, in reasonable reliance upon any material statement or information that is false or misleading and published by or under authority from the developer in advertising and promotional materials, including, but not limited to, a prospectus, the items required as exhibits to a prospectus, brochures, and newspaper advertising, pays anything of value toward the purchase of a condominium parcel located in the Republic of Palau shall have a cause of action to rescind the contract or collect damages from the developer for his or her loss prior to the closing of the transaction. After the closing of the transaction, the purchaser shall have a cause of action against the developer for damages under this section from the time of closing until one (1) year after the date upon which the last of the events described in paragraphs (1) through (4) shall occur:

(1) The closing of the transaction;

(2) The first issuance by the applicable governmental authority of a certificate of occupancy or other evidence of sufficient completion of construction of the building containing the unit to allow lawful occupancy of the unit;

(3) The completion by the developer of the common elements and such recreational facilities, whether or not the same are common elements, which the developer is obligated to complete or provide under the terms of the written contract or written agreement for purchase or lease of the unit; or

(4) In the event there shall not be a written contract or agreement for sale or lease of the unit, then the completion by the developer of the common elements and such recreational facilities, whether or not the same are common elements, which the developer would be obligated to complete under any rule of law applicable to the developer's obligation.

Under no circumstances shall a cause of action created or recognized under this section survive for a period of more than five years after the closing of the transaction.

(b) In any action for relief under this section or under section 962, the prevailing party shall be entitled to recover reasonable attorney's fees.

Source
RPPL 8-19 § 3[965], modified.

Notes
Subsections in the original legislation are re-lettered to conform with the code format.

§ 966. Bureau of Commercial Development.

All funds collected under this chapter and any amount paid for a fee or penalty under this chapter shall be deposited in the National Treasury to the credit of the Bureau of Commercial Development Trust in a separate, segregated account.

Source
RPPL 8-19 § 3[966].