

Title:

****Enedina Presley v. Bel-Air Village Association, Inc.****

Facts:

The case revolves around a legal dispute over the use of property in Bel-Air Village, Makati, Metro Manila. Initially, Teofilo and Rosario Almendras were the registered owners of a house and lot located at 102 Jupiter Street, Bel-Air Village. Enedina Presley leased the property and operated a 'Hot Pan de Sal Store' there. The property's title had deed restrictions, indicating its use was limited to residential purposes. Despite this, Presley continued to run her store.

****Timeline of Events:****

- **Complaint Filed:**** Bel-Air Village Association (BAVA) filed a complaint for specific performance and damages against the Almendrases, citing a breach of deed restrictions and failure to pay association dues amounting to P3,803.55. The restriction was that the property should be used solely for residential purposes.
- **Trial Court Decision:**** The Regional Trial Court (RTC) ruled in BAVA's favor, permanently enjoining the use of the property for commercial purposes, ordering the payment of the association dues plus legal interest, and awarding P4,500.00 for attorney's fees.
- **Court of Appeals:**** The Almendrases appealed the RTC decision to the Court of Appeals, which affirmed the RTC's decision in toto.
- **Motion for Reconsideration:**** The Almendrases and Presley filed a Motion for Reconsideration, which was subsequently denied by the Court of Appeals on January 20, 1989.
- **Petition for Review:**** Presley and the new substituted heirs (her daughters, Olivia V. Pizzaro and Consuelo V. Lacson after Presley's death on January 4, 1991) filed a Petition for Review with the Supreme Court.

Issues:

- **Interpretation of Deed Restrictions:**** Whether or not the property's use for commercial purposes (Hot Pan de Sal Store) violates the deed restrictions.
- **Application of Sangalang Doctrine:**** Whether the precedent set in the Sangalang case applies to this situation, affecting the enforceability of the deed restrictions due to

reclassification under Ordinance No. 81-01.

3. **Liability for Association Dues:** Whether Presley and/or the Almendrases should be held liable for the unpaid association dues.

4. **Attorney's Fees:** Whether the award for attorney's fees based on the earlier decisions was justified.

Court's Decision:

1. Deed Restrictions and Commercial Use:

The Supreme Court acknowledged the presence of deed restrictions but found these restrictions to be subject to public regulation under police power. The Court reiterated that deed restrictions are valid contractually but can be overridden by legitimate police power for public interest. Given that Jupiter Street had been reclassified by Metro Manila Commission Ordinance No. 81-01 as a high-density commercial zone, the restrictions on usage for purely residential purposes could not stand.

2. Application of Sangalang Doctrine:

The Court held that the Sangalang decision applied directly. It ruled that since the property in question was situated on Jupiter Street, which had been reclassified as a commercial zone, the deed restrictions were impaired by the overriding designation of the area for commercial use, consistent with the findings in *Sangalang v. Intermediate Appellate Court*.

3. Liability for Association Dues:

The claim for association dues became moot as these were settled upon the purchase of the property by Presley from the Almendrases.

4. Attorney's Fees:

Similarly, the Court ruled that there was no legal basis for the award of attorney's fees, effectively dismissing this claim.

Doctrine:

1. Contractual Stipulations vs. Police Power:

- Contractual agreements, such as deed restrictions, while binding, are subject to the overarching power of the State to regulate for the public good under its police powers. This principle was reiterated from *Ortigas & Co. Limited Partnership v. Feati Bank and Trust Co.*

2. Sanctity of Contract Vis-a-vis Public Policy:

- Contracts cannot contravene public policy and public order. This principle is best encapsulated under Civil Code, Art. 1306 and Art. 1159, which were discussed in light of

their susceptibility to modification under State action for public welfare.

Class Notes:

****Key Elements/Central Concepts:****

1. ****Deed Restrictions:****

- Generally valid but subject to supersession by regulatory state action (Police Power).

2. ****Police Power:****

- The inherent power of the state to regulate or intervene for the public good overrides private contractual agreements.

3. ****Sangalang Doctrine:****

- The application of police power can lead to reclassification of areas, rendering prior restrictions on use irrelevant.

4. ****Art. 1159 of Civil Code:****

- "Obligations arising from contracts have the force of law between the contracting parties and should be complied with in good faith."

5. ****Art. 1306 of Civil Code:****

- "The contracting parties may establish such stipulations, clauses, terms, and conditions as they may deem convenient, provided they are not contrary to law, morals, good customs, public order, or public policy."

Historical Background:

The case arose during a period of rapid urban expansion and commercial development in Metro Manila, particularly in the aftermath of Martial Law and during the subsequent economic liberalization in the 1980s. The need to balance private residential zones with the growing demand for commercial space led to legislative interventions such as Ordinance No. 81-01 by the Metro Manila Commission, reclassifying areas like Jupiter Street for commercial use. This reclassification often brought legal challenges regarding the enforcement of pre-existing deed restrictions and the extent of local government reclassification powers under police power.