

Title: LPL Greenhills Condominium Corporation vs. Brouwer (G.R. No. 235260)

Facts:

Catharina Brouwer owned two condominium units, Units 16-I and 16-J, at LPL Greenhills Condominium. She failed to pay her condominium association dues, resulting in outstanding obligations amounting to P252,983.19 for Unit 16-I and P227,168.58 for Unit 16-J by August 2008. Consequently, LPL Greenhills Condominium Corporation initiated extrajudicial foreclosure proceedings on August 20, 2008, to recover the debts pursuant to Section 20 of the Condominium Act and LPL's Master Deed of Restrictions. The notices of the foreclosure sale were posted publicly and published in newspapers.

The foreclosure auction took place at San Juan City Hall on October 15, 2008. Unit 16-I was sold to Mario Antoni Salazar and Lauro S. Leviste II for P500,000.00, and Unit 16-J was sold to the Spouses Arboleda for P500,000.00. The sales were documented and registered with the Registry of Deeds on November 28, 2008.

Brouwer, represented by attorney-in-fact Manfred De Koning, filed a complaint due to the alleged nullity of the foreclosure proceedings. She claimed that the Master Deed of Restrictions did not authorize LPL to act as an attorney-in-fact required by Act No. 3135, and no board resolution was authorizing such foreclosure.

The Regional Trial Court (RTC) of Pasig City declared the foreclosure void because LPL lacked a special power of attorney to foreclose. LPL's master deed and by-laws did not explicitly designate LPL as an attorney-in-fact for Brouwer to foreclose and sell the properties extrajudicially. Petitioners filed an omnibus motion for reconsideration or remand, denied by the RTC, prompting an appeal to the Court of Appeals (CA).

The CA affirmed the RTC's decision with modification deleting the attorney's fees, agreeing LPL lacked special authority to foreclose. Petitions for reconsideration were denied, resulting in an appeal to the Supreme Court.

Issues:

1. Whether the CA erred in ruling that LPL lacked authority to foreclose extrajudicially.
2. Whether the death of Manfred De Koning affected the legal representation of Brouwer.

Court's Decision:

1. The Supreme Court denied the petition, emphasizing the requirement for a special power of attorney in extrajudicial foreclosure proceedings, not altered by Section 20 of the

Condominium Act. Underpinning this was the doctrine in *First Marbella Condominium Association, Inc. v. Gatmaytan*, necessitating a special authority or power to sell. This was not demonstrated in LPL's master deed or by-laws; thus, the foreclosure was void.

2. The Court held that Manfred's death did not affect Gutierrez, Cortez & Partners' right to represent Brouwer legally. The attorney-in-fact is not the real party-in-interest; hence the law firm maintained its attorney-client relationship with Brouwer.

#### Doctrine:

1. Evidence of a special power of attorney is required for extrajudicial foreclosure under Act No. 3135 and Supreme Court Circular 7-2002.
2. A condominium corporation's by-laws must explicitly assign foreclosure power for nonpayment of dues; otherwise, the foreclosure is void.
3. Death of an attorney-in-fact does not terminate an attorney-client relationship; legal representation remains unaffected.

#### Class Notes:

- Extrajudicial Foreclosure must be supported by a special power of attorney under Act No. 3135.
- Section 20 of the Condominium Act allows for foreclosure to satisfy lien but does not confer authority to foreclose without a granted power.
- Legal personality after death: Attorney-in-fact's role vs. Counsel's stand-in representing the beneficiary.

#### Historical Background:

This case reflects evolving jurisprudence on the powers and limitations of condominium corporations in the Philippines, underscoring the significance of statutory requirements designed to protect property owners' rights in the real estate context. The stringent procedural compliance for foreclosure without explicit condominium provisions exemplifies the judiciary's balancing interests between property management entities and individual property rights.