

**BIENVENIDO BENITEZ AND REGINA BENITEZ,
PLAINTIFFS-APPELLEES, VS. EDUARDO V. SABDAO, FRANCISCO S.
MONZON, ANTONIO DELA CRUZ, SABRINA S. MEDINA, DANILO
AVINON, FACUNDO PUROL, ROGE...**

Ponente: SORONGON, J.

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SORONGON, J.:

This case is an appeal from the Decision[1] dated February 27, 2009 of the Regional Trial Court of Las Piñas City, Branch 202 in Civil Case No. 06-0176.

The factual antecedents of the case are as follows:

Bienvenido Benitez and Regina Benitez (plaintiffs-appellees) are the registered owners pro indiviso of a parcel of land with a total area of 4,460 square meters and covered by Transfer Certificate of Title (TCT) No. 358493 located in Sta. Rita Compound, Talon 1, Las Piñas City. For the purpose of acquiring ownership of the said property, the then occupants, including Eduardo V. Sabdao, Francisco S. Monzon, Antonio Dela Cruz, Sabrina S. Medina, Danilo Avinon, Facundo Purol, Rogelio Calimlim and Salvador Valenzuela (defendants-appellants) organized the Sta. Rita Homeowners Association, Inc. (Association).

On April 26, 2004, plaintiffs-appellees manifested their intention to sell the subject property through a Letter of Intent to Sell in favor of the Association. Pursuant thereto, the Association entered into a "Kalatas Ng Kasunduan" with the Foundation for Development Alternatives, Incorporated for the latter to help the Association in the distribution and selling out of the subject property through the Community Mortgage Program (CMP) of the National Home Mortgage Finance Corporation (NHMFC).

Notwithstanding the aid of the Association, herein defendants-appellants refused to comply with their obligations as members thereof and failed to cooperate with the latter in the implementation of the CMP. Hence, plaintiffs-appellees were constrained to demand from them the repossession of the portion of the subject property they occupied and to immediately vacate the same. However, defendants-appellants remained unyielding and continued to occupy the premises without paying their membership dues and other association fees which resulted to their removal as members of the Association by the Board of Directors. As a consequence thereof, they ceased to become beneficiaries of the CMP. Thus, plaintiffs-appellees instituted a complaint against defendants-appellants for recovery of ownership and the payment of rentals for the use and occupation of the property from the date of demand until they actually vacate the premises.

For their part, defendants-appellants gave an opposing version of the facts alleging that defendants-appellants Rogelio Calimlim, Antonio Dela Cruz and the deceased husband of Sabrina Medina were the incorporators of the Association. In 1987, they were able to trace the legal owners of the subject property to plaintiffs-appellees. Immediately, they informed plaintiffs-appellees of their intention to buy their property. On December 12, 2000, plaintiffs-appellees agreed[2] to sell the entire portion of the subject property. Upon the death of Regina Ordoñez vda. de Benitez, her children (herein plaintiffs-appellees) succeeded her and thereupon extrajudicially settled her

estate.

Sometime in 2001, the Association was renamed Sta. Rita Homeowners Association and registered with the Housing and Land Use Regulatory Board (HLURB). On April 26, 2004, plaintiffs-appellees executed another Letter of Intent to Sell in favor of the Association over a portion of the subject land for an area of 3,860 square meters retaining for their personal use the remaining 600 square meters.

Defendant-appellant Sabdao requested from Salvio de Leon, the then President of the Association, copies of the yearly financial reports but failed to be given any. This prompted him to go over the records of the Association in the HLURB Field Office in Quezon City where he discovered that there were no financial reports submitted thereat.

On January 24, 2005, defendants-appellants Sabdao, Calimlim, Monzon and Avinor requested in writing copies of the financial reports from De Leon considering that the Association had two income generating projects donated by the LGU. When De Leon failed anew to respond to their requests, defendants-appellants lodged a complaint on February 21, 2005 before the HLURB against the members of the Board for their failure to submit the annual financial reports of the Association. As a consequence thereof, defendants-appellants started experiencing the ire of the members of the Board by filing unsubstantiated charges of libel and slander against them.

On February 19, 2006, in the election held by the Association, defendants-appellants Sabdao and Calimlim were elected members of the Board of Directors with Sabdao being designated as Chairman. During his stint, he filed two board resolutions for General Audit Funds and Distribution of the copies of By-laws of the Association to its members. These resolutions were then ratified by the other members of the Board and the collection of monthly dues were then resumed.

Unknown to herein defendants-appellants Sabdao and Calimlim, the other members of the board were clandestinely holding meetings of their own to their exclusion. They were also not invited to the activities of the officers of the association notwithstanding their being members thereof. Worse, the Board maliciously failed to collect monthly dues from them to make it appear that they were neglectful of their obligation as members of the Association and officers of the Board.

In June 2006, plaintiffs-appellees executed a Deed of Absolute Sale^[3] in favor of the Association, then represented by Ramon Aquitania, Jr., former president of the Association, for the sale of the 3,860 square meter portion of land occupied by the members of the Association.

Meanwhile, a Judgment by Default on June 20, 2006 was rendered by the HLURB directing De Leon to provide copies of the audited financial report to Sabdao and the other complainants therein and that he was likewise ordered to pay the sum of Php300,000.00 as penalty.

In August 2006 defendants-appellants received a demand letter from herein plaintiffs-appellees ordering them to vacate the subject property to the extent of the portion they occupy and remove whatever structures they have built therein but they failed to heed. Thus, on September 4, 2006, defendants-appellants received a complaint for recovery of ownership and possession with damages filed by herein plaintiffs-appellees. Defendants-appellants were also removed as members of the Board and ultimately as members of the Association per Board Resolution No. 03, 04 and 05 dated August 3, 2006.

On July 30, 2008, defendants-appellants filed a complaint before the HLURB against the incumbent members of the Board regarding their illegal removal as members and officers of the Association.

Meantime, a decision dated February 27, 2009 was rendered by the RTC of Las Piñas in Civil Case No. 06-0176,

directing herein defendants-appellants to vacate the subject property and restore possession thereof to plaintiffs-appellees, the dispositive portion of which reads:

"WHEREFORE, premises considered, the instant Complaint for Recovery of Ownership and Possession with Damages filed by plaintiffs Bienvenido and Regina O. Benitez is hereby GRANTED.

Accordingly, judgment is hereby rendered as follows:

- a) Ordering all the herein named defendants and all other persons claiming under them to forthwith vacate the subject parcel of land, to the extent of the portions occupied by them, situated in Sta. Rita Compound, Talon 1, Las Piñas City and covered by Transfer Certificate of Title No. 358493 and to immediately turn-over possession thereof to the plaintiffs;
- b) To pay plaintiffs the sum of P2,000.00 per month as reasonable rental value for defendants' illegal occupation of the said property effective July 28, 2006 and every month thereafter until they vacate the premises;
- c) To pay plaintiffs attorney's fees in the amount of P100,000.00;
- d) To pay the costs of suit.

SO ORDERED."

Not quite long or on May 25, 2009, the HLURB nullified Resolutions Nos. 03, 04, and 05 which removed herein defendants-appellants as members of the Association and accordingly restore their membership therein.

Aggrieved with the way the RTC disposed of the case in Civil Case No. 06-0176, defendants-appellants via this appeal allege:

I. WITH DUE RESPECT, THE HONORABLE REGIONAL TRIAL COURT SERIOUSLY ERRED IN GRANTING THE CLAIMS DESPITE THAT THE PLAINTIFFS-APPELLEES HAVE NO LEGAL PERSONALITY TO FILE THE COMPLAINT;

II. WITH DUE RESPECT THE HONORABLE REGIONAL TRIAL COURT SERIOUSLY ERRED IN -

A. NOT CONSIDERING THE FACTS AND EVIDENCE THAT AT THE TIME OF THE FILING OF THE COMPLAINT; PLAINTIFFS-APPELLEES ARE NO LONGER THE OWNERS OF THE 3,860 SQUARE METERS LOT SUBJECT MATTER OF THIS INSTANT CASE BUT THE STA. RITA HOMEOWNERS ASSOCIATION, INC. BY VIRTUE OF A DEED OF ABSOLUTE SALE EXECUTED IN JUNE 2006;

B. NOT CONSIDERING THE FACT THAT PLAINTIFFS-APPELLEES WERE USED BY THE OFFICERS OF THE ASSOCIATION WHO IN BAD FAITH AND WITHOUT LEGAL BASIS DELIBERATELY REMOVED DEFENDANTS-APPELLANTS FRANCISCO MONZON, DANILO AVINON, ANTONIO DELA CRUZ, FACUNDO PUROL, SALVADOR VALENZUELA AND SABRINA MEDINA AS BONA FIDE MEMBERS AND DIRECTORS OF THE ASSOCIATION THAT RESULTED IN DEPRIVING THEM TO BECOME BENEFICIARIES OF THE COMMUNITY MORTGAGE PROGRAM;

C. NOT CONSIDERING THE FACT THAT THE BOARD RESOLUTION NOS. 03, 04 AND 05 WERE CONTRARY TO LAW AND THE BY-LAWS OF THE ASSOCIATION AND THE GROUNDS CONTAIN THEREIN WERE NOT TRUE.

We filter the foregoing submissions into two (2) issues, which we think are the highlights of this case, viz: (1) Whether or not the trial court correctly ruled that plaintiffs-appellees are the lawful owners of the subject property; and (2) granting that such is the case, whether or not defendants-appellants are entitled to own and possess the subject property.

On the first issue, the trial court correctly held that the plaintiffs-appellees are the rightful owners of the subject property. The transfer certificate of title under their names is the best evidence to prove their ownership and the presumption of its authenticity and genuineness is in their favor, hence, the same cannot be collaterally attacked in an action not brought for that purpose.

On the second issue, yes, defendants-appellants are entitled to ownership and possession of the subject property.

As established by the trial court, the primary reason of the plaintiffs-appellees in filing the instant case is due to defendants-appellants' alleged default in the payment of their membership dues which led to their removal from the Association because membership in the said Association is a condition sine qua non for them to be entitled to the Community Mortgage Program. Basically, the complaint for recovery of ownership and possession against them is grounded on their removal from the association for not being members of good standing. But their expulsion from the Association has been settled by the HLURB in its Decision dated May 25, 2009, where it found defendants-appellants to have been illegally expelled as members of the Association. The HLURB thus held and we quote:

"xxx. As to the first issue, we rule that complainants were illegally removed/expelled and/or terminated as members of the Association in accordance with its Articles of Incorporation and By-laws and the existing laws, rules and regulations being implemented by this Office. On the ground of the immutable principle of due process alone, we hold that the expulsion and/or termination of the complainants' membership in question are of no force and effect. There is no showing that the respondents as officers of the Association had conducted an investigation, and whether or not the complainants had been heard in their defense, assuming that there was an investigation, to otherwise give the opportunity to do so. Xxx"[4]

In holding so, the HLURB found basis to reinstate and restore herein defendants-appellants to their membership in the Association but with directive to pay their past due membership arrears. Thus:

Republic Act No. 8763 vest upon the HLURB the power to regulate and supervise the activities and operations of homeowners association.

Section 26. Powers over Homeowners Associations. — The powers authorities and responsibilities vested in the Corporation (formerly Home Insurance Guaranty Corporation) with respect to homeowners association under Republic Act No. 580, as amended by Executive Order No. 535 10 is hereby transferred to the Housing and Land Use Regulatory Board (HLURB).

It is beyond cavil that HLURB exercises principal jurisdiction on issues affecting the homeowners association and its members. Consequently, plaintiffs-appellees' cause of action against defendants-appellants are matters which clearly fall under the jurisdiction of the HLURB, such being a part of its greater power of regulation and control over homeowners association and its members which carries with it such incidental power to reinstate and restore in the association.

In light of the foregoing pronouncements by the HLURB and their consequent reinstatement of defendants-appellants as members of the Association, there is no more impediment for them to become beneficiaries of the CMP. It is already held that where a related case had resolved all the varied issues raised between the parties, the same should be dismissed for being moot and academic. Here, since the complaint for recovery of ownership and possession hinges on defendants-appellants' alleged non-members of good standing and such impediment now being non-existent, the present issues are said to have been mooted by this supervening event. Such being the case, our disposition on whether or not defendants-appellants are entitled to become beneficiaries of the CMP and all the other issues raised by them will no longer serve a useful purpose since these matters have ceased to be justiciable.

Be that as it may, worthy of notice is the fact that defendants-appellants were already occupying the subject property for quite a long period of time. Moreover, the same defendants-appellants had endeavored to look for the legal owner thereof and intimated their willingness to purchase the said lot from them. It would be unimaginable to think that these individuals (defendants-appellants) who expressed their earnest interest in purchasing the lot in question early on, would themselves remiss on their obligation to pay their monthly dues and other association fees. Indeed, it would be the height of injustice if they will be evicted from their respective houses which they have long considered home if only to accommodate the baseless accusations of the other members of the Association.

WHEREFORE, the Court appeal is GRANTED. The Decision dated February 27, 2009 of the Regional Trial Court of Las Piñas City, Branch 202 is REVERSED and SET ASIDE. Accordingly, the complaint is DISMISSED on ground of MOOTNESS.

SO ORDERED.

[*]Gonzales-Sison, (Acting Chairperson), and [**]Ybañez, JJ., concur.

[*] Acting Chairperson per Office Order No. 485-14 -RSF dated November 24, 2014

[**] Acting Senior Member per Office Order No. 485-14 -RSF dated November 24, 2014

[1] Rollo, pp. 11-24.

[2] Letter of Intent to Sell dated December 12, 2000, Records p. 260.

[3] Id., pp. 239-240.

[4] Rollo, p. 170 Page 2 of Annex "3"- Brief for Defendants-Appellants.

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