

**EDNA EUGENIO, MARY JEAN GREGORIO, RENATO PAJARILLO,
ROGELIO VILLAMOR, PETITIONERS, VS. STA. MONICA RIVERSIDE
HOMEOWNERS ASSOCIATION, RESPONDENT.**

G.R. No. 187751. November 22, 2010

Ponente: CARPIO MORALES, J.

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CARPIO MORALES, J.:

The residents of a parcel of land owned by Hi-Marketing Corporation situated in Magnolia Extension Street, Barangay Sta. Monica, Novaliches, Quezon City, organized themselves into a community association, the Sta. Monica Riverside Homeowners Association (respondent), registered with the Housing and Land Use Regulatory Board (HLURB) for the purpose of acquiring land under the Community Mortgage Program (CMP) of the Social Housing Finance Corporation (SHFC).

CMP, as a mode of land acquisition was introduced by Republic Act No. 7279, "An Act to Provide for a Comprehensive and Continuing Urban Development and Housing Program, Establish the Mechanism and for its Implementation and other purposes." Section 33 of the Act specifies that "beneficiaries of the Program shall be responsible for their organization into associations to manage their subdivisions or places of residence, to secure housing loans under existing Community Mortgage Program and such other projects beneficial to them."

The mortgage financing program of the National Home Mortgage Finance Corporation (NHMFC) assists legally organized associations of underprivileged and homeless citizens to purchase and develop a tract of land under the concept of community ownership.[1]

Under the CMP, the landowner executes a contract to sell the property in favor of the community association. In turn, the community association executes an agreement with the SHFC for the collection and remittance of shares in monthly amortization from its member-borrowers, and is under obligation to keep tab of paid and unpaid amortization of its member-borrowers. In the event a member-borrower defaults, the community association has the responsibility to find a qualified substitute who shall assume the obligations of the member-borrower in default.

When respondent commenced negotiations with Hi-Marketing Corporation for purchase of the land, it invited Edna Eugenio,[2] Mary Jean Gregorio, Renato Pajarillo and Rogelio Villamor (petitioners) who are occupying a portion of the land to become its members (respondent's) but that they refused, having formed another organization which was not accredited, however, by the HLURB for lack of a Memorandum of Agreement with Hi-Marketing Corporation.

Hi-Marketing Corporation agreed to sell the land, and respondent complied with all the necessary requirements under the CMP implementing rules and regulations. The Quezon City Council in fact passed Ordinance No. SP-1303 approving respondent's subdivision plan.

Since only members of an association are allowed to avail of the benefits under the CMP, respondent invited

petitioners anew to join but petitioners declined, prompting respondent to issue a formal demand for petitioners to leave their respective premises.

Petitioners ignored respondent's demand to leave, hence, respondent filed a complaint for ejectment/eviction against them before the HLURB.

Petitioners denied refusing to join the association. They questioned respondent's membership as composed of non-residents which is contrary to the CMP guidelines. They also questioned the leadership, and alleged illegal activities of respondent's president Erlinda Manalo, as well as the propriety of HLURB's cognizance of the complaint and prayed for its dismissal for lack of jurisdiction.

By Decision of July 14, 2005, Housing and Land Use Arbiter Joselito F. Melchor ordered petitioners' exclusion from the benefits of the CMP and consequently to surrender them and vacate the premises. On the issue of jurisdiction, Arbiter Melchor ruled:

x x x The law vested HLURB the power to regulate and supervise the activities and operations of homeowners association. Beyond cavil, HLURB exercises principal jurisdiction on issues affecting the homeowners association. Consequently, complainant's [respondent] present causes of action against respondents are incidental or collateral to the enforcement of interests of the members of the complainant which matters clearly fall under the primary jurisdiction of HLURB. In other words, HLURB's greater power of regulation and control over homeowners associations carries with it incidental powers such as the power of exclusion from benefits of CMP non members like respondents here.[3]

x x x (emphasis and underscoring supplied)

On appeal, the Board of Commissioners affirmed the Arbiter's Decision. Petitioners elevated the case to the Office of the President which, by Decision of July 2, 2007, affirmed the Decision of the Board of Commissioners in this wise:

The following factual findings of the ENCRFO which were adopted and affirmed by the HLURB should, likewise, be given respect in the absence of any clear showing that it overlooked, misunderstood and misapplied some facts or circumstances of weight and substance which would alter the result, namely:

- The HLURB exercises principal jurisdiction on issues affecting homeowners association;
- Such exercise of jurisdiction carries with it the incidental power of excluding non-members of the association from the benefits of the CMP;
- In order to facilitate the CMP services on the project site, appellants may be evicted and dispossessed of their present occupancy, and the SMRHOA through its Board of Directors may evict appellants therein;
- Questions of policy and management are left to the honest decision of the association's officers and board of directors and the courts, under the business judgment rule, is without authority to substitute its judgment of the said Board. (Citing PSE vs. Court of Appeals, 281 SCRA 232); and,
- Appellants have not established any real right or interest over the property in question, thus for lack of legal personality, appellants have no right to question SMRHOA's prerogative.[4]

On petitioners' petition for review, the Court of Appeals, by Decision of October 24, 2008[5] denied the petition for lack of merit as it did deny their Motion for Reconsideration by Resolution of April 28, 2009. Hence, the present petition.

In the main, petitioners assail the jurisdiction of the HLURB, inviting attention to Rule II of the Disputes triable by HIGC[6]/Nature of Proceedings:

Section 1. Types of Disputes. - The HIGC or any person, officer, body, board or committee duly designated or created by it shall have jurisdiction to hear and decide cases involving the following:

x x x x

(9) Controversies arising out of intra-corporate relations between and among members of the association of which they are members; and between such association and the state/general public or other entity insofar as it concerns its right to exist as a corporate entity. (underscoring supplied)

Petitioners argue that the HLURB does not have jurisdiction over the case as it does not fall under the category of an intra-corporate controversy, their being non-members having been established and acknowledged by respondent. Likewise, they argue that the case cannot be deemed a controversy between the association and the general public since the main issue does not pertain to respondent's juridical personality.

Petitioners add that Batas Pambansa Blg. 129,[7] as amended, vests exclusive jurisdiction over cases of forcible entry and unlawful detainer on first level courts, such as the Metropolitan Trial Courts, Municipal Trial Courts and Municipal Circuit Trial Courts.

The petition is bereft of merit.

Upon conferment of quasi-judicial functions to an administrative agency, all controversies relating to the subject matter which pertain to its specialization are deemed included within its jurisdiction.[8] Since the HLURB is vested by law with jurisdiction to regulate and supervise homeowner associations, respondent correctly lodged their complaint with the HLURB. Republic Act No. 8763[9] provides:

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). (underscoring supplied)

Petitioners in fact, in their reply to the complaint, acknowledged the HLURB's jurisdiction when they challenged respondent's right to exist as a corporate entity, viz:

(5) That complainant's statements from number 6-12 in reference to that of the respondents are already terminated and non members and non program beneficiaries of the CMP would not hold water. At this point, respondent in this instance, would like to emphasize that they are not opposing the implementation of the Community Mortgage Program. They are only questioning the legitimacy and the illegal activities of Erlinda Manalo, highlighted hereunder, to wit:

- Complainant have been collecting money since year 2000 from actual occupants and occupants not covered by the Community Mortgage Program. This is illegal for the simple reason that she has no juridical personality in the absence of a SEC registration. Please take note of their half hazard (sic) registration with HLURB dated only September 25, 2003 (please refer to the receipts of collection marked as Annex "B")

- No election to legitimize her presidency.

- Non-consultation of the majority actual occupants on which she used the names in her intent of registering with HLURB the so called Sta. Monica Riverside Homeowners Association.

- Harassment of the child (child abuse) of one of the actual occupant who was deleted from the beneficiaries. (please refer to the medical certificate marked as Annex "C")

- Majority of the names of officers and members as submitted to HLURB are not the actual occupants (please refer to the master list submitted to the City Government Planning Office marked as Annex "D")[11]

(underscoring supplied)

If petitioners refuse to recognize respondent's legitimacy, respondent will not be able to fulfill its obligation to collect and account for the monthly amortizations with SHFC. Individual titling would not thus be completed and the laudable objectives of the CMP would not be fully attained.

Undoubtedly, the case is within the competence of HLURB to decide. While the SHFC is the main government agency tasked to administer the CMP, its authority pertains only to the administrative and financing aspects of the State's social housing program schemes, i.e., evaluation of the community association and originator based on the submitted documents, site inspection, releasing of funds for land acquisition, site development and housing assistance, collection of monthly amortizations from community associations and foreclosure of mortgages.

While a complaint for ejectment, which raises the issue of who has a better right of possession, falls within the exclusive and original jurisdiction of first level courts, the right of possession in the present case is, however, necessarily intertwined with a determination of rights and privileges under a distinctive social housing concept such as CMP, which falls within the expertise of the HLURB.

The foregoing discussions leave it unnecessary to delve on petitioners' assigned error respecting their extrajudicial and summary eviction from the lots they occupy. It is settled that eviction is a necessary consequence of petitioners' exclusion from the benefits of the CMP.

WHEREFORE, the petition is hereby DENIED.

SO ORDERED.

Brion, Bersamin, Villarama, Jr., and Sereno, JJ., concur.

[1] Sec. 31, R.A. 7279.

[2] Edna Eugenio passed away during the pendency of the petition for review as evidenced by Manifestation dated January 8, 2010. She is substituted by Emily Gulandrino, who presently occupies the house of Eugenio. A Waiver of Rights in favor of Gulandrino was executed by Eugenio's heir, Myrna Eugenio-General, vide Manifestation dated April 26, 2010, rollo, pp. 99-102.

[3] Rollo, pp. 23-24.

[4] Id. at 28-29.

[5] Penned by Associate Justice Portia Aliño-Hormachuelos with the concurrence of Associate Justices Hakim S. Abdulwahid and Teresita Dy-Liacco Flores, id. at 38-49.

[6] The Home Insurance Guaranty Corporation (HIGC) is the predecessor of HLURB.

[7] Otherwise known as "THE JUDICIARY REORGANIZATION ACT OF 1980."

[8] *Badillo v. Court of Appeals*, G.R. No. 131903, June 26, 2008, 555 SCRA 435, citing *Peña v. GSIS*, G.R. No. 159520, September 19, 2006, 502 SCRA 383, 402.

[9] Otherwise known as "AN ACT CONSOLIDATING AND AMENDING REPUBLIC ACT NOS. 580, 1557, 5488, AND 7835 AND EXECUTIVE ORDER NOS. 535 AND 90, AS THEY APPLY TO THE HOME INSURANCE AND GUARANTY CORPORATION WHICH SHALL BE RENAMED AS HOME GUARANTY CORPORATION, AND FOR OTHER PURPOSES."

[10] "2. In addition to the powers and functions vested under the Home Financing Act, the Corporation, shall have among others, the following additional powers:

(a) x x x; and exercise all the powers, authorities and responsibilities that are vested in the Securities and Exchange Commission with respect to home owners associations, the provision of Act 1459, as amended by P.D. 902-A, to the contrary notwithstanding;

(b) To regulate and supervise the activities and operations of all homeowners associations registered in accordance therewith."

[11] CA rollo, p. 35.

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