

**SUNSET VIEW CONDOMINIUM CORPORATION, PETITIONER, VS. THE
HON. JOSE C. CAMPOS, JR. OF THE COURT OF FIRST INSTANCE,
BRANCH XXX, PASAY CITY AND AGUILAR-BERNARES REALTY,
RESPONDENTS.**

G.R. No. 52361. April 27, 1981

Ponente: FERNANDEZ, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-52361/>

FERNANDEZ, J.:

These two cases which involve similar facts and raise identical questions of law were ordered consolidated by resolution of this Court dated March 17, 1980.[1]

The petitioner, Sunset View Condominium Corporation, in both cases, is a condominium corporation within the meaning of Republic Act No. 4726 in relation to a duly registered Amended Master Deed with Declaration of Restrictions of the Sunset View Condominium Project located at 2230 Roxas Boulevard, Pasay City of which said petitioner is the Management Body holding title to all the common and limited common areas.[2]

G.R. NO. 52361

The private respondent, Aguilar-Bernares Realty, a sole proprietorship with business name registered with the Bureau of Commerce, owned and operated by the spouses Emmanuel G. Aguilar and Zenaida B. Aguilar, is the assignee of a unit, "Solana", in the Sunset View Condominium Project with La Perla Commercial, Incorporated, as assignor.[3] The La Perla Commercial, Incorporated bought the "Solana" unit on installment from the Tower Builders, Inc.[4] The petitioner, Sunset View Condominium Corporation, filed for the collection of assessments levied on the unit against Aguilar-Bernares Realty, private respondent herein, a complaint dated June 22, 1979 docketed as Civil Case No. 7303-P of the Court of First Instance of Pasay City, Branch XXX. The private respondent filed a Motion to Dismiss the complaint on the grounds (1) that the complaint does not state a cause of action; (2) that the court has no jurisdiction over the subject or nature of the action; and (3) that there is another action pending between the same parties for the same cause. The petitioner filed its opposition thereto. The motion to dismiss was granted on December 11, 1979 by the respondent Judge who opined that the private respondent is, pursuant to Section 2 of Republic Act No. 4726, a "holder of a separate interest" and consequently, a shareholder of the plaintiff condominium corporation; and that "the case should be properly filed with the Securities & Exchange Commission which has exclusive original jurisdiction on controversies arising between shareholders of the corporation." The motion for reconsideration thereof having been denied, the petitioner, alleging grave abuse of discretion on the part of respondent Judge, filed the instant petition for certiorari praying that the said orders be set aside.

G.R. NO. 52524

The petitioner filed its amended complaint dated July 16, 1979 docketed as Civil Case No. 14127 of Branch I of the City Court of Pasay City for the collection of overdue accounts on assessments and insurance premiums and the interest thereon amounting to P6,168.06 as of March 31, 1979 against the private respondent Lim Siu Leng[5] to whom was assigned on July 11, 1977 a unit called "Alegria" of the Sunset View Condominium Project by Alfonso Uy[6] who had entered into a "Contract to Buy and Sell" with Tower Builders, Inc. over the said unit on installment basis.[7]

The private respondent filed a motion to dismiss on the ground of lack of jurisdiction, alleging that the amount sought to be collected is an assessment, the correctness and validity of which is certain to involve a dispute between her and the petitioner corporation; that she has automatically become, as a purchaser of the condominium unit, a stockholder of the petitioner pursuant to Section 2 of the Condominium Act, Republic Act No. 4726; that the dispute is intra-corporate and is consequently under the exclusive jurisdiction of the Securities & Exchange Commission as provided in Section 5 of P.D. No. 902-A.[8]

The petitioner filed its opposition thereto, alleging that the private respondent who had not fully paid for the unit was not the owner thereof, consequently was not the holder of a separate interest which would make her a stockholder, and that hence the case was not an intra-corporate dispute.[9]

After the private respondent had filed her answer to the opposition to the motion to dismiss[10] of the petitioner, the trial court issued an order dated August 13, 1979 denying the motion to dismiss.[11] The private respondent's motion for reconsideration thereof was denied by the trial court in its Order dated September 19, 1979.[12]

The private respondent then appealed pursuant to Section 10 of Rule 40 of the Rules of Court to the Court of First Instance, where the appeal was docketed as Civil Case No. 7530-P. The petitioner filed its "Motion to Dismiss Appeal" on the ground that the order of the trial court appealed from is interlocutory.[13]

The motion to dismiss the appeal was denied and the parties were ordered to submit their respective memorandum on the issue raised before the trial court and on the disputed order of the trial judge.[14] After the parties had submitted their respective memoranda on the matter, the respondent Judge issued an order dated December 14, 1979 in which he directed that "the appeal is hereby dismissed and the judgment of the lower court is reversed. The case is dismissed and the parties are directed to ventilate their controversy with the Securities & Exchange Commission." [15] The petitioner's motion for reconsideration thereof was denied in an order dated January 14, 1980.[16] Hence this petition for certiorari, alleging grave abuse of discretion on the part of the respondent Judge.

Issues Common to Both Cases

It is admitted that the private respondents in both cases have not yet fully paid the purchase price of their units.

The identical issues raised in both petitions are the following:

1. Is a purchaser of a condominium unit in the condominium project managed by the petitioner, who has not yet fully paid the purchase price thereof, automatically a stockholder of the petitioner Condominium Corporation?
2. Is it the regular court or the Securities & Exchange Commission that has jurisdiction over cases for collection of assessments assessed by the Condominium Corporation on condominium units the full purchase price of which has not been paid?

The private respondents in both cases argue that every purchaser of a condominium unit, regardless of whether or not he has fully paid the purchase price, is a "holder of a separate interest" mentioned in Section 2 of Republic Act

No. 4726, otherwise known as "The Condominium Act" and is automatically a shareholder of the condominium corporation.

The contention has no merit. Section 5 of the Condominium Act expressly provides that the shareholding in the Condominium Corporation will be conveyed only in a proper case. Said Section 5 provides:

"Any transfer or conveyance of a unit or an apartment, office or other space therein, shall include the transfer or conveyance of the undivided interests in the common areas or, in a proper case, the membership or shareholding in the condominium corporation x x x."

It is clear then that not every purchaser of a condominium unit is a shareholder of the condominium corporation. The Condominium Act leaves to the Master Deed the determination of when the shareholding will be transferred to the purchaser of a unit. Thus, Section 4 of said Act provides:

"The provisions of this Act shall apply to property divided or to be divided into condominium only if there shall be recorded in the Register of Deeds of the province or city in which the property lies and duly annotated in the corresponding certificate of title of the land x x x an enabling or master deed which shall contain, among others, the following:

x x x

"(d) A statement of the exact nature of the interest acquired or to be acquired by the purchaser in the separate units and in the common areas of the condominium project x x x."

The Amended Master Deeds in these cases, which were duly registered in the Register of Deeds, and which contain, by mandate of Section 4, a statement of the exact nature of the interest acquired by a purchaser of a unit, provide in Section 6 of Part I:

"(d) Each Unit owner shall, as an essential condition to such ownership, acquire stockholding in the Condominium Corporation hereinbelow provided x x x." [17]

The Amended Master Deeds likewise provide in Section 7(b), thus:

"(b) All unit owners shall of necessity become stockholders of the Condominium Corporation. TOWER shall acquire all the shares of stock of SUNSET VIEW and shall allocate the said shares to the units in proportion to the appurtenant interest in the COMMON AREAS and LIMITED COMMON AREAS as provided in Section 6(b) above. Said shares allocated are mere appurtenances of each unit, and, therefore, the same cannot be transferred, conveyed, encumbered or otherwise disposed of separately from the Unit x x x." [18]

It is clear from the above-quoted provisions of the Master Deeds that the shareholding in the Condominium Corporation is inseparable from the unit to which it is only an appurtenant, and that only the owner of a unit is a shareholder in the Condominium Corporation.

Subparagraph (a) of Part I, Section 6, of the Master Deeds determines when and under what conditions ownership of a unit is acquired by a purchaser thus:

"(a) The purchaser of a unit shall acquire title or ownership of such Unit, subject to the terms and conditions of the instrument conveying the unit to such purchaser and to the terms and conditions of any subsequent conveyance under which the purchaser takes title to the Unit, and subject further to this MASTER DEED x x x." [19]

The instrument conveying the unit "Solana" in G.R. NO. 52361 is the "Contract to Buy and Sell" dated September 13, 1977, Annex "D", while that conveying the unit "Alegria" in G.R. NO. 52524 is the "Contract to Buy and Sell" dated May 12, 1976, Annex "C". In both deeds of conveyance, it is provided:

"4. Upon full payment by the BUYER of the total purchase price and full compliance by the BUYER of all its obligations herein, the SELLER will convey unto the BUYER, as soon as practicable after completion of the construction, full and absolute title in and to the subject unit, to the shares of stock pertaining thereto and to all rights and interests in connection therewith x x x." [20]

The share of stock appurtenant to the unit will be transferred accordingly to the purchaser of the unit only upon full payment of the purchase price at which time he will also become the owner of the unit. Consequently, even under the contract, it is only the owner of a unit who is a shareholder of the Condominium Corporation. Inasmuch as ownership is conveyed only upon full payment of the purchase price, it necessarily follows that a purchaser of a unit who has not paid the full purchase price thereof is not the owner of the unit and consequently is not a shareholder of the Condominium Corporation.

That only the owner of a unit is a stockholder of the Condominium Corporation is inferred from Section 10 of the Condominium Act which reads:

"SEC. 10. x x x Membership in a condominium corporation, regardless of whether it is a stock or non-stock corporation, shall not be transferable separately from the condominium unit of which it is an appurtenance. When a member or stockholder ceases to own a unit in the project in which the condominium corporation owns or holds the common areas, he shall automatically cease to be a member or stockholder of the condominium corporation."

Pursuant to the above statutory provision, ownership of a unit is a condition sine qua non to being a shareholder in the condominium corporation. It follows that a purchaser of a unit who is not yet the owner thereof for not having fully paid the full purchase price, is not a shareholder. By necessary implication, the "separate interest" in a condominium, which entitles the holder to become automatically a shareholder in the condominium corporation, as provided in Section 2 of the Condominium Act, can be no other than ownership of a unit. This is so because nobody can be a shareholder unless he is the owner of a unit and when he ceases to be the owner, he also ceases automatically to be a shareholder.

The private respondents, therefore, who have not fully paid the purchase price of their units and are consequently not owners of their units are not members or shareholders of the petitioner condominium corporation.

Inasmuch as the private respondents are not shareholders of the petitioner condominium corporation, the instant cases for collection cannot be a "controversy arising out of intra-corporate or partnership relations between and among stockholders, members or associates; between any or all of them and the corporation, partnership or association of which they are stockholders, members or associates, respectively" which controversies are under the original and exclusive jurisdiction of the Securities & Exchange Commission, pursuant to Section 5(b) of P.D. No. 902-A. The subject matters of the instant cases according to the allegations of the complaints are under the jurisdiction of the regular courts: that of G.R. NO. 52361, which is for the collection of P8,335.38 with interest plus attorney's fees equivalent to the principal or a total of more than P10,000.00 is under the jurisdiction of the Court of First Instance; and that of G.R. NO. 52524, which is for the collection of P6,168.06 is within the jurisdiction of the City Court.

In view of the foregoing, it is no longer necessary to resolve the issue raised in G.R. NO. 52524 of whether an order of the City Court denying a motion to dismiss on the ground of lack of jurisdiction can be appealed to the Court of First Instance.

WHEREFORE, the questioned orders of the respondent Judge dated December 11, 1979 and January 4, 1980 in Civil Case No. 7303-P, subject matter of the Petition in G.R. NO. 52361, are set aside and said Judge is ordered to try the case on the merits. The orders dated December 14, 1979 and January 14, 1980 in Civil Case No. 7530-P,

subject matter of the petition in G.R. NO. 52524 are set aside and the case is ordered remanded to the court a quo, City Court of Pasay City, for trial on the merits, with costs against the private respondents.

SO ORDERED.

Teehankee, (Chairman), Makasiar, Guerrero, and Melencio-Herrera, JJ., concur.

- [1] Rollo of G.R. NO. 52524, p. 170.
- [2] Petition, G.R. NO. 52361, Rollo, p. 2.
- [3] Deed of Assignment, Rollo of G.R. NO. 52361, pp. 28-29.
- [4] Contract to Buy and Sell, *Idem.*, Rollo, pp. 30-33.
- [5] Annex "F", Rollo, pp. 60-62.
- [6] Annex "D", Rollo, pp. 52-54.
- [7] Annex "C", Rollo, pp. 45-50.
- [8] Annex "G", Rollo, pp. 63-66.
- [9] Annex "H", Rollo, pp. 67-70.
- [10] Annex "I", Rollo, pp. 71-76.
- [11] Annex "J", Rollo, p. 77.
- [12] Annex "M", Rollo, p. 84.
- [13] Annex "O", Rollo, pp. 87-89.
- [14] Annex "R", Rollo, p. 102.
- [15] Annex "A", Rollo, pp. 42-43.
- [16] Annex "B", Rollo, p. 44.
- [17] Petition, G.R. NO. 52361, Rollo, p. 11.
- [18] *Idem.*, Rollo, pp. 11-12.
- [19] *Idem.*, Rollo, p. 11.
- [20] Annex "C", G.R. NO. 52524, Rollo, p. 47.

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.