

SPECIAL FOURTH DIVISION

[CA-G.R. CV NO. 93698, November 27, 2014]

BIENVENIDO BENITEZ AND REGINA BENITEZ, PLAINTIFFS-APPELLEES, VS. EDUARDO V. SABDAO, FRANCISCO S. MONZON, ANTONIO DELA CRUZ, SABRINA S. MEDINA, DANILO AVINON, FACUNDO PUROL, ROGELIO CALIMLIM AND SALVADOR VALENZUELA, DEFENDANTS-APPELLANTS.

DECISION

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."