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*Wilfredo V. Labitan*  
WILFREDO V. LABITAN  
Division Clerk of Court  
Third Division

JUL 16 2019



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Republic of the Philippines  
Supreme Court  
Baguio City

THIRD DIVISION

**JAKA INVESTMENTS G.R. Nos. 204187 and 206606**  
**CORPORATION,**

Petitioner,

Present:

PERALTA, J., *Chairperson*,  
LEONEN,  
REYES, A., JR.,  
HERNANDO,\* and  
CARANDANG,\*\* JJ.

-versus-

**URDANETA VILLAGE**  
**ASSOCIATION, INC. and AYALA**  
**LAND, INC. (as successor-in-**  
**interest of Makati Development**  
**Corporation),**

Respondents.

Promulgated:  
April 17, 2019

*Wilfredo V. Labitan*

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DECISION

LEONEN, J.:

Cases involving intra-association controversies fall under the jurisdiction of the Housing and Land Use Regulatory Board, the government agency with the technical expertise on the matter.

This resolves a Petition for Review on Certiorari<sup>1</sup> assailing the June 13, 2012 Decision<sup>2</sup> and October 15, 2012 Resolution<sup>3</sup> of the Court of

\* On leave.

\*\* Designated additional Member per Special Order No. 2624 dated November 28, 2018.

<sup>1</sup> *Rollo*, pp. 17-48.

<sup>2</sup> *Id.* at 49-57. The Decision was penned by Associate Justice Juan Q. Enriquez, Jr., and concurred in by

*[Handwritten mark]*

Appeals in CA-G.R. SP Nos. 121443 and 121676. The Court of Appeals reversed and set aside the July 19, 2010<sup>4</sup> and July 13, 2011<sup>5</sup> orders of the Regional Trial Court, which ruled that it had jurisdiction over the case filed by Jaka Investments Corporation (Jaka Investments) despite allegations that the case involved an intra-association dispute.<sup>6</sup>

Ayala Land, Inc. (Ayala Land), the successor-in-interest of Makati Development Corporation, is the developer and seller of lots in Urdaneta Village, Makati City.<sup>7</sup> The Urdaneta Village Association, Inc. (the Association) is its duly organized homeowners' association.<sup>8</sup>

All parcels of land sold by Ayala Land in Urdaneta Village are subject to uniform restrictions, which are annotated on the transfer certificates of title covering the lots.<sup>9</sup> The uniform restrictions read:

The property described in this certificate of title is subject to the restrictions enumerated in Annex A of the sale executed by Makati Development Corporation in favor of the registered owner which shall remain in force for fifty years from June 1, 1958. Among the restrictions are as follows:

The owners of this lot or his successor in interest is required to be and is automatically a member of the [Urdaneta] Village Ass[ociation]. This lot may not be subdivided/ This lot shall only be used for residential purposes. Only on[e] single family house may be constructed on a single lot, although (*sic*) separate servant's quarters or garage may be built. The property is subject to an easement of two meters within the lot and adjacent to the rear and sides thereof not fronting a street for the purpose of drainage, sewage, water and other public facilities as may be necessary and desirable.

All building[s] on this lot must be of strong materials. Buildings shall not be higher than 9 meters above the ground directly beneath the point in question. All building plans must be approved by the Ass[ociation] before construction begins. All buildings, including garage, servant's quarters or parts thereof. (covered terraces, porte cocheres) must be constructed at a distance

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Associate Justices Marlene Gonzales-Sison and Danton Q. Bueser of the Special Fourth Division, Court of Appeals, Manila.

<sup>3</sup> Id. at 58–59. The Resolution was penned by Associate Justice Marlene Gonzales-Sison, and concurred in by Associate Justices Danton Q. Bueser and Nina G. Antonio-Valenzuela of the Former Special Fourth Division, Court of Appeals, Manila.

<sup>4</sup> Id. at 60–64. The Order, in LRC Case No. M-5124, was issued by Presiding Judge Dina Pestaño Teves of Branch 142, Regional Trial Court, Makati City.

<sup>5</sup> Id. at 65–66. The Order, in LRC Case No. M-5124, was issued by Presiding Judge Dina Pestaño Teves of Branch 142, Regional Trial Court, Makati City.

<sup>6</sup> Id. at 61–64.

<sup>7</sup> Id. at 51.

<sup>8</sup> Id. at 50 and 115.

<sup>9</sup> Id. at 51 and 707–708.

of not less than 3 meters from the boundary fronting a street, not less than 4 meters fronting the drainage creek or underground culvert, and not less than 2 meters from the other boundaries of this lot. Sewage disposal must be into a sewage system.

Walls on the perimeter of this property shall not exceed 2 meters in height, except that no restriction as to height applies to walls made . . . of live vegetation[.]<sup>10</sup>

Jaka Investments bought three (3) lots in Urdaneta Village, which were covered by Transfer Certificate of Title Nos. S-10603, S-10604, and S-74957.<sup>11</sup>

On March 15, 2007, the Association's Board of Governors held a meeting, where it approved the extension of the Association's corporate life and the term of the Deed Restrictions, both for another 25 years:<sup>12</sup>

A. Amendment of the Articles of Incorporation (extension of corporate life):

"Fourth – The term for which this Corporation is to exist is extended for another twenty-five (25) years after its expiration on August 13, 2008".

B. Extension and revision of Deed Restrictions:

....

#### VII – TERMS OF RESTRICTIONS

The foregoing restrictions shall remain in force for twenty-five years from June 1, 2008. However, the Association may, by majority rule, from time to time, add new ones, amend or abolish building and architectural restrictions specified in Part III. These restrictions may be reviewed every ten years or more often, if necessary.<sup>13</sup> (Emphasis in the original)

On September 6, 2007, the Association held a general membership meeting to vote on the changes. Of its 331 members, 267 approved the corporate life extension while 257 approved the Deed Restrictions' term extension. Jaka Investments, represented through proxy Estela Malabanan (Malabanan), voted in favor of both extensions.<sup>14</sup>

<sup>10</sup> Id. at 73, Transfer Certificate of Title No. S-10603.

<sup>11</sup> Id. at 72–85.

<sup>12</sup> Id. at 51 and 106–108.

<sup>13</sup> Id. at 106–108, Urdaneta Village Association, Inc.'s Board Resolution.

<sup>14</sup> Id. at 51 and 776.

On April 8, 2008, the Housing and Land Use Regulatory Board issued a certificate of the Association's amended Articles of Incorporation.<sup>15</sup>

On July 30, 2008, Jaka Investments filed before the Regional Trial Court a Petition<sup>16</sup> for the cancellation of restrictions annotated in Transfer Certificate of Title Nos. S-10603, S-10604, and S-74957. The case was docketed as LRC Case No. M-5124.<sup>17</sup>

Jaka Investments claimed that upon the expiration of the term of restrictions on June 1, 2008, the legal or contractual basis for the restrictions ceased. Since the annotations became unlawful limitations on petitioner's rights as the lots' owner, they should be canceled under Section 108<sup>18</sup> of Presidential Decree No. 1529, or the Property Registration Decree.<sup>19</sup>

On December 16, 2008, the Association filed its Opposition to the Petition with Motion to Dismiss.<sup>20</sup> Maintaining that this was an intra-corporate dispute on the validity of the uniform restrictions' term extension, the Association argued that the Housing and Land Use Regulatory Board, not the trial court, had exclusive and original jurisdiction over the case.<sup>21</sup> Moreover, even if the trial court had jurisdiction, Jaka Investments was still estopped from questioning the term extension since it had already voted in favor of it via proxy in the general membership meeting.<sup>22</sup>

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<sup>15</sup> Id. at 51.

<sup>16</sup> Id. at 67-71.

<sup>17</sup> Id. at 67.

<sup>18</sup> Pres. Decree No. 1529 (1978), ch. X, sec. 108 provides:

SECTION 108. *Amendment and Alteration of Certificates.* — No erasure, alteration, or amendment shall be made upon the registration book after the entry of a certificate of title or of a memorandum thereon and the attestation of the same by the Register of Deeds, except by order of the proper Court of First Instance. A registered owner or other person having an interest in registered property, or, in proper cases, the Register of Deeds with the approval of the Commissioner of Land Registration, may apply by petition to the court upon the ground that the registered interests of any description, whether vested, contingent, expectant or inchoate appearing on the certificate, have terminated and ceased; or that new interest not appearing upon the certificate have arisen or been created; or that an omission or error was made in entering a certificate or any memorandum thereon, or on any duplicate certificate; or that the same or any person on the certificate has been changed; or that the registered owner has married, or, if registered as married, that the marriage has been terminated and no right or interests of heirs or creditors will thereby be affected; or that a corporation which owned registered land and has been dissolved has not conveyed the same within three years after its dissolution; or upon any other reasonable ground; and the court may hear and determine the petition after notice to all parties in interest, and may order the entry or cancellation of a new certificate, the entry or cancellation of a memorandum upon a certificate, or grant any other relief upon such terms and conditions, requiring security or bond if necessary, as it may consider proper; *Provided, however,* That this section shall not be construed to give the court authority to reopen the judgment or decree of registration, and that nothing shall be done or ordered by the court which shall impair the title or other interest of a purchaser holding a certificate for value and in good faith, or his heirs and assigns, without his or their written consent. Where the owner's duplicate certificate is not presented, a similar petition may be filed as provided in the preceding section.

All petitions or motions filed under this Section as well as under any other provision of this Decree after original registration shall be filed and entitled in the original case in which the decree or registration was entered. (Emphasis in the original)

<sup>19</sup> *Rollo*, pp. 68-69.

<sup>20</sup> Id. at 88-105.

<sup>21</sup> Id. at 93-97.

<sup>22</sup> Id. at 97-98.

On January 8, 2009, Ayala Land filed its Opposition to the Petition.<sup>23</sup> It argued that the uniform restrictions had already been validly extended by a majority vote of the Association's members.<sup>24</sup>

In its July 19, 2010 Order,<sup>25</sup> the Regional Trial Court ruled against the Association's and Ayala Land's oppositions.<sup>26</sup> Despite agreeing that the issue was intra-corporate, the trial court still held that it had jurisdiction over the case. It took judicial notice of the Office of the President's Decision in *Cezar Yatco Real Estate Services, Inc. v. Bel-Air Village Association, Inc.*<sup>27</sup> and applied it in Jaka Investments' Petition.<sup>28</sup>

In *Cezar Yatco*, the Deed Restrictions' term read:

#### IV – Term of Restrictions

The foregoing restrictions shall remain in force for fifty years from January 15, 1957, unless sooner cancelled in its entirety by two-thirds vote of members in good standing of the Bel-Air Association. However, the Association may, from time to time, add new ones, amend or abolish particular restrictions or parts thereof by majority rule.<sup>29</sup>

The trial court noted that in *Cezar Yatco*, the Office of the President held that the word "however" in the second sentence of the term only meant that the restrictions may be amended, increased, or abolished within the 50-year period. It, however, did not imply that the term of restrictions may be extended.<sup>30</sup>

As such, the trial court ruled that the term of restrictions in Jaka Investments' case had already expired. Thus, the matter would already fall under the jurisdiction of the regional trial courts, which may act as land registration courts.<sup>31</sup>

The dispositive portion of the trial court Order read:

WHEREFORE, the foregoing considered, the oppositions filed by Oppositor Urdaneta Village Association, Inc., and Ayala Land, Inc., are both acted with disfavor.

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<sup>23</sup> Id. at 124–127.

<sup>24</sup> Id. at 126.

<sup>25</sup> Id. at 60–64.

<sup>26</sup> Id. at 64.

<sup>27</sup> The case was docketed as O.P. Case No. 09-B-088.

<sup>28</sup> *Rollo*, pp. 61–63.

<sup>29</sup> Id. at 61–62.

<sup>30</sup> Id. at 62.

<sup>31</sup> Id. at 63.

This Petition is therefore set for hearing on September 27, 2010 at 8:30 o'clock in the morning (*sic*).

Let copies of this Order be furnished [to] all the parties concerned.

SO ORDERED.<sup>32</sup>

The Association<sup>33</sup> and Ayala Land<sup>34</sup> separately moved for reconsideration, but both their motions were denied by the trial court in its July 13, 2011 Order.<sup>35</sup>

Thus, the Association<sup>36</sup> and Ayala Land<sup>37</sup> separately filed before the Court of Appeals petitions for certiorari assailing the trial court's July 19, 2010 and July 13, 2011 orders.<sup>38</sup>

In its June 13, 2012 Decision,<sup>39</sup> the Court of Appeals reversed and set aside the trial court's rulings and dismissed Jaka Investments' Petition for lack of jurisdiction.<sup>40</sup> It held that the trial court should have dismissed Jaka Investments' Petition since it had already found that the issue raised in it was an intra-corporate controversy. Since the case's controversy is between the homeowners' association and its member, Jaka Investments, its jurisdiction lies with the Housing and Land Use Regulatory Board.<sup>41</sup> The Court of Appeals elaborated:

Respondent Jaka admits that the case is intra-corporate in nature but asserts that it is the RTC who has jurisdiction over the petition since what is being questioned is the cancellation of the annotation on the titles, not the validity of the restrictions. However, respondent Jaka's (*sic*) reveals that it is disregarding the valid extension of the term of the restrictions by filing the petition for cancellation of the annotation. Thus, an intra-corporate issue.<sup>42</sup>

Moreover, the Court of Appeals held that even if the trial court had jurisdiction, it still erred in ruling that the Deed Restrictions could no longer be extended. It found that in the Office of the President's May 19, 2011 Resolution, it reversed and set aside its December 29, 2009 Decision, the basis of the trial court's Decision. In its latter ruling, the Office of the President also reinstated the Decision of the Housing and Land Use

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<sup>32</sup> Id. at 64.

<sup>33</sup> Id. at 174–180.

<sup>34</sup> Id. at 181–185.

<sup>35</sup> Id. at 65–66.

<sup>36</sup> Id. at 197–226.

<sup>37</sup> Id. at 365–392.

<sup>38</sup> Id. at 222 and 385.

<sup>39</sup> Id. at 49–57.

<sup>40</sup> Id. at 57.

<sup>41</sup> Id. at 54–55.

<sup>42</sup> Id. at 56.

Regulatory Board. Thus, the trial court's decision became ineffective and its orders should be disregarded.<sup>43</sup>

The Court of Appeals held that Jaka Investments is estopped from questioning the extension's validity. It pointed out that the Deed Restrictions' extension was valid as more than two-thirds (2/3) of the homeowners, including Jaka Investments through its proxy, voted for it in their general membership meeting. Jaka Investments could not put in issue its proxy's lack of special power of attorney since it is not required for proxy voting.<sup>44</sup>

Jaka Investments filed a Motion for Reconsideration,<sup>45</sup> which the Court of Appeals denied in its October 15, 2012 Resolution.<sup>46</sup>

On December 12, 2012, Jaka Investments filed before this Court a Petition for Review on Certiorari<sup>47</sup> against the Association and Ayala Land. It prays that the Court of Appeals June 13, 2012 Decision and October 15, 2012 Resolution be reversed and set aside, and that the trial court's July 19, 2010 and July 13, 2011 Orders be reinstated.<sup>48</sup> Respondents filed their comments on June 17, 2013<sup>49</sup> and July 19, 2013,<sup>50</sup> respectively. In turn, petitioner filed its Consolidated Reply<sup>51</sup> on November 19, 2013.

In its January 13, 2014 Resolution,<sup>52</sup> this Court gave due course to the Petition and required the parties to submit their respective memoranda. Respondents filed their memoranda on March 18, 2014<sup>53</sup> and March 31, 2014,<sup>54</sup> respectively, while petitioner filed its Memorandum<sup>55</sup> on April 2, 2014.

Petitioner denies admitting that the case is intra-corporate. It insists that the Regional Trial Court, acting as a land registration court, correctly assumed jurisdiction over the case since what it prayed for in its Petition was the cancellation of the title's annotation. Moreover, it filed the Petition in the exercise of its proprietary right as the property owner, not as member of respondent Association.<sup>56</sup> Petitioner argues:

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<sup>43</sup> Id.

<sup>44</sup> Id.

<sup>45</sup> Id. at 615–636.

<sup>46</sup> Id. at 58–59.

<sup>47</sup> Id. at 17–48.

<sup>48</sup> Id. at 43.

<sup>49</sup> Id. at 641–656, the Ayala Land's Comment.

<sup>50</sup> Id. at 663–684, the Association's Comment.

<sup>51</sup> Id. at 692–704.

<sup>52</sup> Id. at 706.

<sup>53</sup> Id. at 707–729, the Ayala Land's Memorandum.

<sup>54</sup> Id. at 730–760, the Association's Memorandum.

<sup>55</sup> Id. at 764–786.

<sup>56</sup> Id. at 769–774.

Thus, the Petition for Cancellation, as filed, sufficiently establishes a cause of action for cancellation of the restrictions annotated in the Certificates of Title, to wit: (1) that petitioner is the registered owner of three (3) parcels of land with improvements situated inside Urdaneta Village, Makati City as evidenced by Transfer Certificate of Titles (*sic*) Nos. S-10603, S-10604 and S-74957, (2) that there appears in all three (3) titles a uniform entry for restrictions which has already expired on 1 June 2008, and (3) that said annotations now appear to be unlawful limitations on the rights of petitioner and must therefore be cancelled in accordance with Section 108 of P.D. 1529.

Consequently, on the basis of the facts alleged, the RTC, in the exercise of its original and exclusive jurisdiction, could validly render judgment over the petition for cancellation[.]<sup>57</sup>

Petitioner maintains that it is not estopped from assailing both the validity of the Deed Restrictions' extension and the authority of its proxy who voted in its favor.<sup>58</sup> It claims that since its proxy is "an agent for a special purpose,"<sup>59</sup> the general rules on agency should apply. Under Article 1878 of the Civil Code, a special power of attorney is required "to create or convey real rights over immovable and for any other act of strict dominion."<sup>60</sup> Since the extension of the Deed Restrictions is an act of strict dominion or ownership, the proxy should have been issued a special power of attorney to bind petitioner. Malabanan's vote, then, cannot be enforced against petitioner.<sup>61</sup>

Additionally, petitioner did not ratify Malabanan's act. Neither was there any indication that its Board of Directors authorized its vice president and general manager, Persiverando M. Lukban, to appoint Malabanan as its proxy.<sup>62</sup>

Petitioner contends that respondent Association's extension of its corporate life and the Deed Restrictions violated the Deed of Absolute Sale between the original lot buyers and the seller.<sup>63</sup> It alleges that the original buyers "could not have envisioned nor intended to be bound by the restrictions indefinitely, nor the same be extended, especially when the terms of the restrictions clearly [show] otherwise."<sup>64</sup> The contract allows for the "addition, amendment[,] or abolition of particular or specific parts of the restrictions . . . and not to the period of effectivity."<sup>65</sup>

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<sup>57</sup> Id. at 772.

<sup>58</sup> Id. at 775-779.

<sup>59</sup> Id. at 775.

<sup>60</sup> Id.

<sup>61</sup> Id. at 776.

<sup>62</sup> Id.

<sup>63</sup> Id. at 779.

<sup>64</sup> Id.

<sup>65</sup> Id. at 780.



Finally, petitioner claims that the Deed Restrictions' extension violated the doctrine of mutuality of contracts:<sup>66</sup>

While it is not expressly found in the contract, it would be safe to assume that when they entered in the deed of sale over the Urdaneta lots, the original buyers and their assignees, including herein petitioner, individually and voluntarily, accepted the Deed of Restrictions as a prerequisite to the purchase of the properties. Hence, when the restriction automatically expired fifty (50) years from 1 June 1958, the same restriction may no longer be extended, without the express and valid consent of the individual owners of the properties even if more than 2/3 of the members of the association voted in its favor. To do so otherwise is a violation of the principle of mutuality of contracts under Article 1308 of the Civil Code, which provides that "the contract must bind both contracting parties; its validity or compliance cannot be left to the will of one of them."<sup>67</sup>

Respondent Ayala Land counters that the Housing and Land Use Regulatory Board, not the trial court, should take cognizance of the case. It notes that the trial court itself admitted that the controversy is intra-corporate, and that petitioner did not deny being a member of respondent Association. Moreover, it points out that the Office of the President later reversed its ruling in *Cezar Yatco*, the trial court's basis for holding that it had jurisdiction. It then reiterates that petitioner is estopped from assailing the extension's validity.<sup>68</sup>

In addition, respondent Ayala Land argues that the restrictions were "reasonable liens and encumbrances intended for the general welfare of the community."<sup>69</sup>

For its part, respondent Association asserts that the Petition should be dismissed because: (1) petitioner failed to pay the docket and other lawful fees, rendering the Court of Appeals Decision final and executory;<sup>70</sup> and (2) it mainly assails the validity of both the Deed Restrictions' extension and proxy votes, which are questions of fact improper in a Rule 45 petition.<sup>71</sup>

Respondent Association further argues that the Housing and Land Use Regulatory Board has jurisdiction over the case as it involves an intra-association dispute.<sup>72</sup> Moreover, it asserts that petitioner is estopped from assailing the validity of the term extension and proxy votes. This is because

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<sup>66</sup> Id. at 781.

<sup>67</sup> Id.

<sup>68</sup> Id. at 715-725.

<sup>69</sup> Id. at 725.

<sup>70</sup> Id. at 738-742.

<sup>71</sup> Id. at 743-744.

<sup>72</sup> Id. at 744.

its proxy had already voted in its favor, and its Petition for Cancellation was only filed 10 months after the September 6, 2007 general membership meeting. Further, even if the proxy vote was not valid, it will not affect the decision to extend the Deed Restrictions since two-thirds (2/3) of all respondent's members voted in its favor.<sup>73</sup>

Lastly, respondent Association ascribes bad faith to petitioner for not disclosing that the Deed Restrictions had already been extended by the time it filed its Petition before the trial court.<sup>74</sup>

The three (3) issues for this Court's resolution are:

First, whether or not the Regional Trial Court has jurisdiction over the case;

Second, whether or not the extension of the Deed Restrictions is valid; and

Finally, whether or not petitioner Jaka Investments Corporation is estopped from assailing the validity of the Deed Restrictions' extension.

## I

In *Maria Luisa Park Association, Inc. v. Almendras*,<sup>75</sup> this Court discussed the scope of the Housing and Land Use Regulatory Board's jurisdiction at length:

We agree with the trial court that the instant controversy falls squarely within the exclusive and original jurisdiction of the Home Insurance and Guaranty Corporation (HIGC), now HLURB.

Originally, administrative supervision over homeowners' associations was vested by law with the Securities and Exchange Commission (SEC). However, pursuant to Executive Order No. 535, the HIGC assumed the regulatory and adjudicative functions of the SEC over homeowners' associations. Section 2 of E.O. No. 535 provides:

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) . . . and exercise all the powers, authorities and responsibilities that are

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<sup>73</sup> Id. at 751–755.

<sup>74</sup> Id. at 757–758.

<sup>75</sup> 606 Phil. 670 (2009) [Per J. Quisumbing, Second Division].



vested on the Securities and Exchange Commission with respect to homeowners 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;

....

Moreover, by virtue of this amendatory law, the HIGC also assumed the SEC's original and exclusive jurisdiction under Section 5 of Presidential Decree No. 902-A to hear and decide cases involving:

b) Controversies arising out of intra-corporate or partnership relations, between and among stockholders, members, or associates; **between any and/or all of them and the corporation, partnership or association of which they are stockholders, members or associates,** respectively; and between such corporation, partnership or association and the state insofar as it concerns their individual franchise or right to exist as such entity;

....

Consequently, in *Sta. Clara Homeowners' Association v. Gaston and Metro Properties, Inc. v. Magallanes Village Association, Inc.*, the Court recognized HIGC's "Revised Rules of Procedure in the Hearing of Home Owner's Disputes," pertinent portions of which are reproduced below:

## RULE II

### Disputes Triable by HIGC/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:

....

(b) Controversies arising out of intra-corporate relations between and among members of the association, **between any or all of them and the association of which they are members,** and between such association and the state/general public or other entity in so far as it concerns its right to exist as a corporate entity.

....

Later on, the above-mentioned powers and responsibilities, which had been vested in the HIGC with respect to homeowners' associations,

were transferred to the HLURB pursuant to Republic Act No. 8763, entitled "Home Guaranty Corporation Act of 2000."

....

Indeed, in *Sta. Clara Homeowners' Association v. Gaston*, we held:

... the HIGC exercises limited jurisdiction over homeowners' disputes. The law confines its authority to controversies that arise from any of the following intra-corporate relations: (1) between and among members of the association; (2) between any and/or all of them and the association of which they are members; and (3) between the association and the state insofar as the controversy concerns its right to exist as a corporate entity.<sup>76</sup> (Emphasis in the original, citations omitted)

To determine if this case falls under the agency's jurisdiction, it is necessary to examine whether the controversy arose "from any of the following intra-corporate relations: (1) between and among members of the association; (2) between any and/or all of them and the association of which they are members; and (3) between the association and the state insofar as the controversy concerns its right to exist as a corporate entity."<sup>77</sup>

This Court first resolves whether petitioner is a member of respondent Association.

Petitioner did not deny its membership in the Association. Despite its non-disclosure of its membership status in its Petition for Cancellation before the Regional Trial Court, it impliedly admitted the same when it mentioned in its later pleadings that it was filing its Petition for Cancellation as an owner, and *not as a member of respondent Association*. Hence, this Court finds that petitioner is its member.

Second, this Court resolves whether the controversy arose from the parties' intra-corporate relation.

In its Petition before the trial court, petitioner sought for the cancellation of the Deed Restrictions annotated in its lot titles. Petitioner claimed that with the Deed Restrictions' term expiration, its legal or contractual basis no longer existed.

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<sup>76</sup> Id. at 678-681.

<sup>77</sup> *Sta. Clara Homeowners' Association v. Spouses Gaston*, 425 Phil. 221, 239 (2002) [Per J. Panganiban, Third Division].

However, petitioner failed to disclose that the same Deed Restrictions had already been extended by a vote of more than two-thirds (2/3) of respondent Association's members on September 6, 2007, or 10 months before it filed its Petition. Petitioner, then, cannot have the restrictions canceled without first invalidating the act of respondent Association in extending the Deed Restrictions' term.

Here, respondent Association maintains that the extension is valid, while petitioner insists on its invalidity. Clearly, the controversy arose from an intra-corporate relation between an association and its member.

Even the Regional Trial Court, despite proceeding with the case, acknowledged in its July 19, 2010 Order that the Housing and Land Use Regulatory Board had jurisdiction over the controversy:

*Although this Court agrees on the contention of the oppositor [respondent UVAI] that the issue is intra corporate, thus, the jurisdiction is lodged in the HLURB, such issue is now deemed mooted by the fact that the Office of the President rendered a Decision dated December 29, 2009 in the case of Cesar (sic) Yatco Real Estate Services, Inc., et al., Vs. Bel-Air Village Asso. Inc. . . . which settled the issue and resolved that the Deed of Restrictions had already lapsed on January 15, 2007.<sup>78</sup> (Emphasis supplied)*

Moreover, the Office of the President later reversed its Decision in *Cezar Yatco*. As the Court of Appeals found:

*Assuming arguendo that the RTC has jurisdiction over the case, it still erred when it ruled that the Deed Restrictions cannot be extended by virtue of the Bel-Air case. The Office of the President on December 29, 2009 reversed and set aside the decision of the HLURB and ruled that Bel-Air's Deed Restrictions cannot be extended by amendment under Article VI of the Deed Restrictions. However, on May 19, 2011, the said office issued a Resolution reversing and setting aside its December 29, 2009 decision and reinstated the decision of the HLURB. Hence, the basis of the decision by the RTC has now become ineffective and the Orders of the RTC should be disregarded.<sup>79</sup> (Emphasis supplied)*

Accordingly, it is the Housing and Land Use Regulatory Board, not the Regional Trial Court, which has jurisdiction over the case.

## II

As for the second and third issues, their resolution would necessarily involve an examination of evidence presented by the parties. These are

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<sup>78</sup> *Rollo*, p. 61.

<sup>79</sup> *Id.* at 56.

questions of facts, which cannot be raised in a petition for review under Rule 45 of the Rules of Court. In *Heirs of Pedro Mendoza v. Valte*.<sup>80</sup>

Resolving questions of fact is a function of the lower courts. This court is a collegiate body. It does not receive evidence nor conduct trial procedures that involve the marking of documentary evidence by the parties and hearing the direct and cross-examination of each and every witness presented for testimonial evidence. This court does not deal with matters such as whether evidence presented deserve probative weight or must be rejected as spurious; whether the two sides presented evidence adequate to establish their proposition; whether evidence presented by one party can be considered as strong, clear, and convincing when weighed and analyzed against the other party's evidence; whether the documents presented by one party can be accorded full faith and credit considering the other party's protests; or whether certain inconsistencies in the party's body of proofs can justify not giving these evidence weight.

The doctrine on hierarchy of courts ensures that the different levels of the judiciary can perform its designated roles in an effective and efficient manner. As the court of last resort, this court should not be burdened with functions falling within the causes in the first instance so that it can focus on its fundamental tasks under the Constitution. This court leads the judiciary by breaking new ground or further reiterating precedents in light of new circumstances or confusion in the bench and bar. Thus, "[r]ather than a court of first instance or as a repetition of the actions of the Court of Appeals, this court promulgates these doctrinal devices in order that it truly performs that role."<sup>81</sup> (Citations omitted)

The Housing and Land Use Regulatory Board is the appropriate government agency to resolve whether the extension of the Deed Restrictions is valid, and whether petitioner is estopped to question it. It has the technical expertise to analyze contracts between petitioner and respondent Association. In *Spouses Chua v. Ang*,<sup>82</sup> this Court declared that the agency, "[i]n the exercise of its powers, . . . is empowered to interpret and apply contracts, and determine the rights of private parties under these contracts."<sup>83</sup>

This Court reminds litigants, counsels, and judges alike on the doctrine of primary administrative jurisdiction. *Maria Luisa Park Association, Inc.* instructs:

[U]nder the doctrine of primary administrative jurisdiction, courts cannot or will not determine a controversy where the issues for resolution demand the exercise of sound administrative discretion requiring the special

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<sup>80</sup> 768 Phil. 539 (2015) [Per J. Leonen, Second Division].

<sup>81</sup> Id. at 562–563.

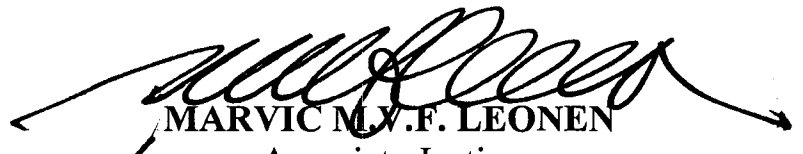
<sup>82</sup> 614 Phil. 416 (2009) [Per J. Brion, Second Division].

<sup>83</sup> Id. at 429.


knowledge, experience, and services of the administrative tribunal to determine technical and intricate matters of fact.<sup>84</sup> (Citation omitted)

**WHEREFORE**, the Petition is **DENIED**. The June 13, 2012 Decision and October 15, 2012 Resolution of the Court of Appeals in CA-G.R. SP Nos. 121443 and 121676 are **AFFIRMED**.

**SO ORDERED.**

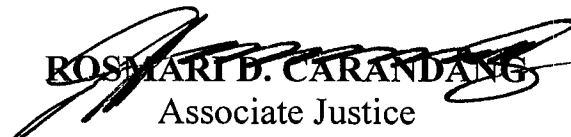
  
**MARVIC M.V.F. LEONEN**  
Associate Justice

WE CONCUR:

  
**DIOSDADO M. PERALTA**  
Associate Justice  
Chairperson

  
**ANDRES B. REYES, JR.**  
Associate Justice


On leave  
**RAMON PAUL L. HERNANDO**  
Associate Justice

  
**ROSMARI B. CARANDANG**  
Associate Justice

<sup>84</sup> *Maria Luisa Park Association, Inc. v. Almendras*, 606 Phil. 670, 683 (2009) [Per J. Quisumbing, Second Division].

**ATTESTATION**

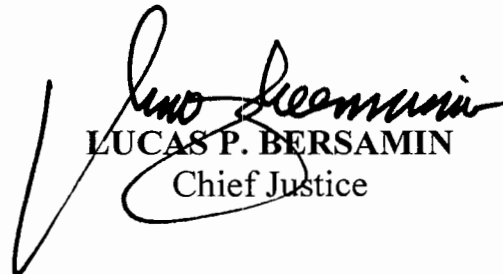
I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.



**DIOSDADO M. PERALTA**  
Associate Justice  
Chairperson

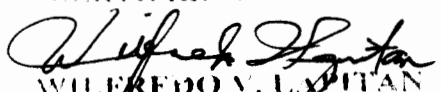
**CERTIFICATION**

Pursuant to Section 13, Article VIII of the Constitution and the Division Chairperson's Attestation, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.



**LUCAS P. BERSAMIN**  
Chief Justice

CERTIFIED TRUE COPY



**WILFREDO V. LUYITAN**  
Division Clerk of Court  
Third Division

JUL 16 2019