



Republic of the Philippines  
 Supreme Court  
 Manila

FIRST DIVISION

STO. NIÑO VILLAGE  
 HOMEOWNERS'  
 ASSOCIATION, INC.,  
 MEMBERS OF THE BOARD  
 OF DIRECTORS NAMELY,  
 JACINTO L. JAMERO,  
 FERNANDO B. YU,  
 ANNABELLE T. AMOR,  
 VINCE JEROME C. YAP,  
 OFELIA C. FRUELDA,  
 BRENDA U. ROLIDA, LIGAYA  
 L. BATACLAN, VICTOR V.  
 GARCIA, CARMENCITA G.  
 LEYCO, REYNALDO A. LIM,  
 ANTONIO D. OCAMPO,  
 ERNESTO C. RIÑA,\*\* PERRI P.  
 SIA, ROBERTO S. SIGUAN,\*\*  
 And MARIA LOURDES  
 "MALOU" P. CASTRO,  
 Petitioners,

G.R. No. 228135  
 (Formerly UDK-15706)

Present:

GESMUNDO, C.J., Chairperson,  
 CAGUIOA,  
 CARANDANG,  
 ZALAMEDA and  
 GAERLAN, JJ.

Promulgated:

JUN 16 2021

- versus -

AMADO Y. LINTAG,\*\*\*\*  
 Respondent.

X -----X

DECISION

CAGUIOA, J.:

This is a Petition for Review on *Certiorari*<sup>1</sup> (Petition) filed under Rule 45 of the 1997 Rules of Court (1997 Rules) against the Decision<sup>2</sup> dated July

\* Also appears as Sto. Nino Village Homeowners' Association, Inc. in some parts of the *rollo*.

\*\* Also appears as Ernesto C. Rina in some parts of the *rollo*.

\*\*\* Also appears as Robert S. Siguan in some parts of the *rollo*.

\*\*\*\* Also appears as Amado G. Lintag in some parts of the *rollo*. Represented herein by his heirs namely, Leonida B. Lintag, Juanita B. Lintag, Victor B. Lintag, Amado B. Lintag, Perpetuo B. Lintag, and Leonora L. Upham. See *rollo*, pp. 525-526.

<sup>1</sup> *Rollo*, pp. 2-31, excluding Annexes.

<sup>2</sup> Id. at 32-41. Penned by Associate Justice Germano Francisco D. Legaspi, with the concurrence of Associate Justices Gabriel T. Ingles and Marilyn B. Lagura-Yap.

29, 2016 (assailed Decision) and Resolution<sup>3</sup> dated October 5, 2016 (assailed Resolution) rendered by the Court of Appeals Eighteenth (18<sup>th</sup>) Division (CA) in CA-G.R. CEB-SP No. 08807.

The assailed Decision and Resolution vacated the Decision<sup>4</sup> dated August 15, 2014 issued by the Board of Commissioners (BOC) of the Housing and Land Use Regulatory Board (HLURB) in HLURB Case No. HOA-CVR-120211-0688 (HLURB-BOC Decision) concerning the following resolutions issued by the members of the Board of Directors (collectively, petitioner-directors) of Sto. Niño Village Homeowners' Association, Inc. (SNVHAI) challenged by respondent Amado Lintag (Lintag): (i) Resolution No. 3 dated August 23, 2010 imposing new parking regulations; (ii) Resolution No. 5 dated September 4, 2010 imposing increased water rates; and (iii) Resolution No. 6 dated September 20, 2010 imposing a special assessment for the constitution of a drainage fund (collectively, disputed board resolutions).

### *The Facts*

The CA narrated the facts, as follows:

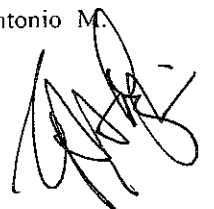
x x x The crux of the controversy started when, on [August 23, 2010], [petitioner-directors, as Board of Directors of SNVHAI] passed Resolution No. 3 declaring all streets inside the Sto. Niño Village as a no parking zone, subject to exceptions, and imposed fines for the violation thereof. [Lintag] was affected by said Resolution because his son owned a fleet of taxicabs which [he parks] along Eagle and Maya streets within Sto. Niño Village. [Lintag] refused to pay the parking fine imposed by [SNVHAI] as he found it unreasonable. Moreover, he asserted that he was authorized by Anastacio Antonio O. Arias, Jr. to park the vehicles on the roads adjoining their property. Anastacio is an heir of the registered owner of the property traversed by the subdivision roads where [the taxicabs] were parked. [Lintag] stressed that [these] roads are not owned by [SNVHAI] as the title to [these roads] still belonged to the Arias, Ouano and Cusi [families].

Likewise, [Lintag] assailed the validity of Resolution No. 5, moving for the increase of water rates, and Resolution No. 6 imposing a special assessment for a drainage fund. [Lintag] claimed that [these resolutions] were issued without consultation [and approval of] the majority of the association members in violation of Section 12(b) of Republic Act [No. (RA)] 9904 or the Magna Carta for Homeowners and Homeowner[s'] Associations.

**In view of [Lintag's] obstinate refusal to pay the parking fines and special assessment, his payment for association monthly dues, water and electricity for the month of April 2011 was not accepted by [SNVHAI]. This prompted [Lintag] to consign his payment with the Clerk of Court of the Regional Trial Court of Cebu City [(RTC)]. On [April 12, 2011], the water supply of [Lintag] was [cut off] notwithstanding his**

<sup>3</sup> Id. at 42-44.

<sup>4</sup> Penned by Commissioners Emmanuel F. Esguerra, Linda L. Malenab-Hornilla and Antonio M. Bernardo. See id. at 33, 40.



payment of the corresponding water fees. Thus, [Lintag] filed a Complaint dated [November 25, 2011] for annulment of resolutions, illegal assessments with application for cease and desist order [(HLURB Complaint)] against x x x [SNVHAI] and [petitioner-directors], which was docketed as HLURB Case No. HOA-CVR-120211-0688.

In their defense, [petitioner-directors] admitted passing the [disputed board resolutions] but claimed that these were duly ratified by [SNVHAI's members] during the General Membership Meeting held on [December 12, 2011]. [They] contended that under [SNVHAI's by-laws], every member must pay membership fees, dues and special assessments. Further, every member must abide with the circulars and issuances promulgated by the governing [B]oard of [D]irectors. When [Lintag] failed to pay the parking fines and special assessment and continued to violate the association rules, [petitioner-directors] were forced to declare him as a delinquent member. Consequently, as a sanction for [Lintag's] continuous defiance to the association's rules and regulations, [SNVHAI] sent him a Notice of Water Disconnection. When [Lintag] failed to settle his account [consisting of parking fines and the special assessment for the drainage fund], [SNVHAI cut off] his water connection.<sup>5</sup> (Emphasis supplied)

### *HLURB proceedings*

On August 3, 2012, Arbiter Ultimo C. Servande (Arbiter Servande) of the HLURB-Central Visayas Regional Field Office rendered a Decision in favor of Lintag. The dispositive portion of the Decision reads:

THEREFORE, PREMISES COSIDERED, this Board finds in favor of [Lintag] and against [SNVHAI and petitioner-directors].

x x x Resolution No. 3 on No Parking regulations dated August 23, 2010 x x x and Resolutions Nos. 5 on Increase of Water rates, and 6 on Drainage Fund x x x are **declared null and void** rendering [them] ineffective from then on (*sic*) for x x x not having [been] properly ratified by the general membership of [SNVHAI].

[SNVHAI and petitioner-directors], therefore are jointly and severally ordered to:

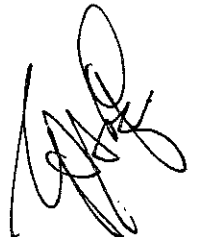
1. Pay the actual damages suffered by [Lintag] in rehabilitating [his] old water pump to the tune of [P]27,000.00;
2. Pay the litigation expenses in the total amount of FORTY THOUSAND ([P]40,000.00) PESOS;
3. Pay to [the HLURB] the amount of FIVE THOUSAND ([P]5,000.00) PESOS for blatantly violating [RA] 9904 and its [Implementing Rules and Regulations (IRR)].

SO ORDERED.<sup>6</sup>

Petitioner-directors filed an appeal before the HLURB-BOC. The latter modified Arbiter Servande's Decision, as follows:

<sup>5</sup> Id. at 33-34.

<sup>6</sup> Id. at 34-35.



WHEREFORE, premises considered, the appeal is GRANTED IN PART and the Decision of the Regional Office is MODIFIED accordingly, as follows:

1. Declaring SNVHAI Resolution No. 3 valid;
2. Dismissing the [HLURB Complaint] with regard to SNVHAI Resolution No. 5 and Resolution No. 6 for being moot and academic;
3. Ordering [SNVHAI and petitioner-directors], jointly and severally to pay [the HLURB] an administrative fine of [P]5,000.00 for violation of Section 22(b) of [RA] 9904;
4. Ordering [SNVHAI] to immediately reconnect [Lintag's] water supply without charging him any reconnection fee, but subject to the updating of payment of his water bills without interest; and
5. Ordering [Lintag] to withdraw the amounts he had consigned with the [RTC] and to remit the same to the association; and the latter, to accept payments without charging any interest or late payment charges insofar as the payments consigned are concerned[.]

SO ORDERED.<sup>7</sup>

Contrary to Arbiter Servande's findings, the HLURB-BOC held that under Section 10(c) of Republic Act No. (RA) 9904,<sup>8</sup> SNVHAI is empowered to regulate the use of common areas and/or open spaces, which undoubtedly include subdivision roads. This power under Section 10(c) may be exercised without need of prior consultation and/or approval of its members. Hence, the HLURB-BOC upheld the validity of Resolution No. 3.<sup>9</sup>

The HLURB-BOC further ruled that while Resolutions Nos. 5 and 6 were issued without the required approval of the majority of SNVHAI's members as required by Section 10(a) of RA 9904, the issue of their validity had been rendered moot and academic in view of the subsequent ratification of these resolutions by majority of the members of SNVHAI in a referendum held on November 24, 2012.<sup>10</sup>

In addition, the HLURB-BOC held that the award of actual damages lacked basis, as Lintag failed to submit receipts showing the actual cost of rehabilitation of his old water pump. Moreover, while Lintag submitted receipts evidencing the cost of purified water, he failed to establish that the purchase was solely prompted by the disconnection of his water supply.<sup>11</sup>

<sup>7</sup> Id. at 35.

<sup>8</sup> MAGNA CARTA FOR HOMEOWNERS AND HOMEOWNERS' ASSOCIATIONS, January 7, 2010.

<sup>9</sup> *Rollo*, pp. 35-36.

<sup>10</sup> See id. at 36.

<sup>11</sup> Id.



The HLURB-BOC also held that the award of litigation expenses in favor of Lintag was improper since both parties were at fault. Hence, they should bear their respective expenses.<sup>12</sup>

*CA proceedings*

Aggrieved, Lintag elevated the case to the CA through a Petition for Review filed under Rule 43 of the 1997 Rules.<sup>13</sup> There, Lintag argued that petitioner-directors lacked the legal personality to file an appeal before the HLURB-BOC since they were not properly authorized by SNVHAI.<sup>14</sup>

On July 29, 2016, the CA issued the assailed Decision granting Lintag's Petition for Review in part, thus:

**WHEREFORE**, in view of all the foregoing considerations, the [Petition for Review] is **PARTIALLY GRANTED**. The [HLURB-BOC Decision] is **VACATED** and **SET ASIDE**. A new one is entered as follows:

- 1.) [The disputed board resolutions] are declared void in accordance with the [August 3, 2012] Decision of the HLURB Regional Office, which was not appealed by [SNVHAI];
- 2.) [SNVHAI] is ordered to pay [Lintag] actual damages in the amount of [₱]27,000.00 and litigation expenses in the total amount of [₱]40,000.00;
- 3.) [SNVHAI] and [petitioner-directors] namely[,] Jacinto L. Jamero, Fernando B. Uy, Annabelle T. Amor, Vince Jerome C. Yap, Ofelia C. Fruelda, Brenda U. Rolida, Ligaya L. Bataclan, Victor V. Garcia, Carmencita G. Leyco, Reynaldo A. Lim, Antonio D. Ocampo, Ernesto C. Riña, Perri P. Sia, Robert S. Siguan, and Maria Lourdes "Malou" P. Castro, are jointly and severally ordered to pay to the [HLURB] an administrative fine of [₱]5,000.00 for violating Section 22(b) of [RA] 9904. Further, the aforementioned [petitioner-directors] are permanently disqualified from being elected or appointed as member[s] of the board, officer[s], or employee[s] of [SNVHAI] pursuant to Section 23 of [RA] 9904;
- 4.) [SNVHAI] is ordered to immediately reconnect [Lintag's] water supply without charging him any reconnection fee, but subject to the updating of payment of his water bills without interest; and
- 5.) [Lintag] is ordered to withdraw the amounts he had consigned with the [RTC] and to remit the same to [SNVHAI]; and the latter, to accept payments without charging any interest or late payment charges insofar as the payments consigned are concerned.

**SO ORDERED.**<sup>15</sup>

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<sup>12</sup> Id.

<sup>13</sup> Id. at 33.

<sup>14</sup> Id. at 37.

<sup>15</sup> Id. at 40-41.



Foremost, the CA stressed that the appeal before the HLURB-BOC was filed only by petitioner-directors in their individual capacities as members of the Board of Directors of SNVHAI. Thus, the HLURB-BOC should have limited the scope of its review to the determination of their liability as such. Since SNVHAI itself did not similarly appeal, Arbiter Servande's pronouncements with respect to the nullity of the disputed board resolutions became final and binding and thus, beyond review.<sup>16</sup> Hence, the only issue left to be resolved is the liability of petitioner-directors for the monetary award adjudged in Lintag's favor.<sup>17</sup>

The CA agreed with the HLURB-BOC's finding that Lintag's alleged expenses resulting from the disconnection of his water supply were not established by competent evidence. Further, the CA held that the award for litigation expenses must be deleted as Arbiter Servande failed to set forth the basis for such award in his Decision. **Nevertheless, the CA clarified that the award of actual damages and litigation expenses cannot be entirely struck down as against SNVHAI because it failed to appeal. Hence, while petitioner-directors cannot be held liable for said amounts, SNVHAI should be held solely liable therefor.**<sup>18</sup>

However, the CA held that petitioner-directors remain jointly and severally liable with SNVHAI for the payment of the administrative fine of ₱5,000.00 due to violation of Section 22<sup>19</sup> of RA 9904. In addition, the CA also imposed the accessory penalty of permanent disqualification against petitioner-directors as required by Section 23<sup>20</sup> of the same statute.<sup>21</sup>

<sup>16</sup> Id. at 37-38.

<sup>17</sup> Id. at 38.

<sup>18</sup> Id. at 38-39.

<sup>19</sup> The provision states in part:

SECTION 22. *Prohibited Acts.* – It shall be prohibited for any person:

x x x x

(b) **To deprive any homeowner of his/her right to avail of or enjoy basic community services and facilities where he/she has paid the dues, charges, and other fees for such services;**

x x x x (Emphasis supplied)

<sup>20</sup> The provision states:

SECTION 23. *Penalties and Sanctions.* – Any person who, intentionally or by gross negligence, violates any provision of this Act, fails to perform his/her functions under this Act and/or violates the rights of the members, shall be punished with a fine of not less than Five thousand pesos (Php5,000.00) but not more than Fifty thousand pesos (Php50,000.00) and permanent disqualification from being elected or appointed as member of the board, officer or employee of the association, without prejudice to being charged before a regular court for violations of the provisions of the Revised Penal Code, Civil Code and other pertinent laws.

If the violation is committed by the association, the members, officers, directors or trustees of the association who have actually participated in, authorized, or ratified the prohibited act shall be held liable.

If the violation is committed by the employees and agents who acted in gross violation of the provisions of this Act, the officers, directors or trustees, or incorporators of the association shall be jointly and severally liable with the offending employees, agents, and the association.

<sup>21</sup> *Rollo*, pp. 39-40.

Petitioner-directors filed a motion for reconsideration which was denied by the CA through the assailed Resolution.<sup>22</sup> They received a copy of the assailed Resolution on October 13, 2016.<sup>23</sup>

On October 28, 2016, petitioner-directors filed a motion for extension of time praying for an additional period of thirty (30) days, or until November 27, 2016 to file their petition for review.<sup>24</sup>

This Petition was filed on November 16, 2016.<sup>25</sup>

On January 25, 2017, the Court issued a Resolution directing Lintag to file his comment on the Petition. Accordingly, Lintag, through counsel, filed a Comment<sup>26</sup> on May 18, 2017.

However, on June 2, 2017, Lintag's counsel filed a Notice of Death,<sup>27</sup> alleging as follows:

It was just last week that one of the children of [Lintag], Victor B. Lintag, informed the undersigned counsel about the death of their father who is the respondent in this case, which was on September 12, 2015. A copy of the death certificate of the late Amado G. Lintag is integrated hereto as [Annex] "A".

Victor, who is not a lawyer[,] was of the belief that the death of their father will have no effect whatsoever in this case; that there would be no consequences. That was why he opted not to inform the undersigned counsel as soon as possible. x x x

For this belated notification, the undersigned counsel sincerely apologizes. There was no intention on his part to avoid compliance with his duty under Section 16, Rule 3 of the [1997 Rules].<sup>28</sup> (Emphasis omitted)

Lintag's counsel further prayed that Lintag be substituted by his heirs namely, Leonida B. Lintag, Juanita B. Lintag, Victor B. Lintag, Amado B. Lintag, Perpetuo B. Lintag, and Leonora L. Upham.<sup>29</sup>

Subsequently, petitioner-directors filed their Reply<sup>30</sup> on October 26, 2018.

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<sup>22</sup> Id. at 42-44.

<sup>23</sup> Id. at 5.

<sup>24</sup> Id.

<sup>25</sup> Id. at 1, 2.

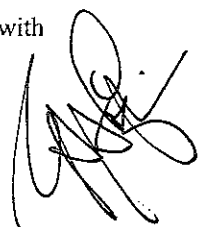
<sup>26</sup> Id. at 515-523. Denominated as "Comment to the Petition for Review dated November 11, 2016."

<sup>27</sup> Id. at 525-527. Denominated as "Notice of Death of Amado G. Lintag."

<sup>28</sup> Id. at 525.

<sup>29</sup> Id. at 525-526.

<sup>30</sup> Id. at 586-589. Denominated as "Reply to Comment to the Petition for Review on Certiorari with Humble Motion to Admit."



*The Issues*

The main issues for the Court's resolution are:

1. Whether the CA erred in reinstating Arbiter Servande's Decision which declared the disputed board resolutions null and void since SNVHAI did not file an appeal therefrom;
2. Whether the CA erred when it held SNVHAI and petitioner-directors jointly and severally liable to pay an administrative fine amounting to ₱5,000.00; and
3. Whether the CA erred in imposing the penalty of permanent disqualification against petitioner-directors.

*The Court's Ruling*

Here, petitioner-directors assert that the outcome of their appeal should redound to the benefit of SNVHAI due to the commonality of interests which exists between them. Hence, they argue that the CA erred when it reinstated Arbiter Servande's Decision insofar as it declared the disputed board resolutions null and void.<sup>31</sup>

In addition, petitioner-directors claim that the imposition of the administrative fine of ₱5,000.00 and the penalty of permanent disqualification against them has no legal basis. They aver that the disconnection of Lintag's water connection was justified by the fact that he was a delinquent member of SNVHAI at the time.<sup>32</sup>

The Petition is granted.

The HLURB-BOC Decision is reinstated, insofar as it: (i) declared Resolution No. 3 valid; and (ii) dismissed Lintag's prayer to nullify Resolutions Nos. 5 and 6.

Petitioner-directors are absolved from administrative liability, since the disconnection of Lintag's water supply had been done in the exercise of SNVHAI's authority to sanction its delinquent members.


Finally, the award of actual damages and litigation expenses issued in favor of Lintag are deleted due to lack of legal basis.

Before discussing the substantive issues, the Court deems it necessary to settle a preliminary procedural matter.

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<sup>31</sup> See id. at 16-19.

<sup>32</sup> See id. at 20-21.





Petitioner-directors assert, as they did before the HLURB-BOC, that Lintag's Complaint should have been dismissed outright as he failed to avail of the mandatory grievance mechanism set forth in the by-laws of SNVHAI. In this light, petitioner-directors argue that Lintag was bound to comply with the by-laws as homeowner and member of SNVHAI. Lintag's direct resort to the HLURB was therefore premature.<sup>33</sup>

However, a review of the records shows that while petitioner-directors vehemently assert that Lintag by-passed the grievance mechanism provided in the by-laws, they failed to point to the specific portion thereof which provides for said mechanism. The alleged grievance mechanism referred to by petitioner-directors is neither cited in the Petition nor in the Appeal Memorandum which they filed before the HLURB-BOC. This leaves the Court with no basis to ascertain whether a grievance mechanism is in place, and whether Lintag indeed violated it. Thus, petitioner-directors' procedural challenge fails.

Having settled this preliminary issue, the Court now deals with the merits of the Petition.

*The outcome of petitioner-directors' appeal inures to the benefit of SNVHAI*

As a general rule, a party's appeal from a judgment will not inure to the benefit of a co-party who failed to appeal. As against the latter, the judgment continues to run its course until it becomes final and executory.<sup>34</sup> As an exception, the appeal of one party is deemed to be the vicarious appeal of the other where there is a commonality of interests between them.<sup>35</sup>

In this case, petitioner-directors assert that they have a commonality of interests with SNVHAI since the disputed board resolutions subject of the HLURB Complaint were issued by petitioner-directors in the exercise of their functions as members of the latter's Board of Directors.<sup>36</sup> The Court agrees.

A commonality of interests exists when: (i) the parties' rights and liabilities originate from only one source or title; (ii) homogeneous evidence establishes the existence of their rights and liabilities; and (iii) whatever judgment is rendered in the case or appeal, their rights and liabilities will be affected, even if to varying extents.<sup>37</sup> All three elements are present in this case.

Foremost, SNVHAI and petitioner-directors' rights and liabilities originate from only one source. Notably, the statutory authority to issue the

<sup>33</sup> Id. at 22-24.

<sup>34</sup> *RNB Garments Philippines, Inc. v. Ramrol Multi-Purpose Cooperative*, G.R. Nos. 236331 & 236332, September 14, 2020, p. 9, accessed at <<https://sc.judiciary.gov.ph/16355/>>.

<sup>35</sup> Id.

<sup>36</sup> See *rollo*, pp. 17-18.

<sup>37</sup> *RNB Garments Philippines, Inc. v. Ramrol Multi-Purpose Cooperative*, supra note 34, at 9-10, citing *Maricalum Mining Corp. v. Remington Industrial Sales Corp.*, 568 Phil. 219, 229 (2008).

disputed board resolutions specifically pertains to SNVHAI. However, as a juridical entity, SNVHAI exercises this authority through its Board of Directors. Here, petitioner-directors stood as members of SNVHAI's Board of Directors at the time when the disputed board resolutions were issued.

Further, the evidence necessary to determine the rights and liabilities of SNVHAI and petitioner-directors are the same. Verily, the validity of the disputed board resolutions is determined by petitioner-directors' compliance with the provisions of RA 9904, particularly, Section 10 thereof.

Finally, it is evident that any pronouncement with respect to the disputed board resolutions will similarly impact SNVHAI and petitioner-directors' rights and liabilities. A decision that affirms the validity of the disputed board resolutions necessarily inures to the benefit of SNVHAI in whose name these resolutions are to be enforced.

The CA thus erred when it failed to recognize petitioner-directors' appeal as a vicarious appeal that should redound to the benefit of SNVHAI.

*The disputed board resolutions are valid*

As to the validity of the disputed board resolutions, the Court echoes the findings of the HLURB-BOC.

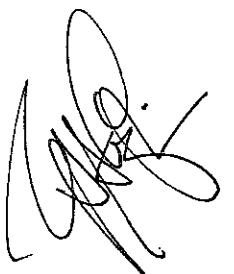
Section 10 of RA 9904 enumerates the rights and powers of homeowners' associations. It states:

SECTION 10. *Rights and Powers of the Association.* – An association shall have the following rights and shall exercise the following powers:

- (a) **Subject to consultation and with the approval of a simple majority of the members, adopt and amend the articles of incorporation and by[-]laws, rules and regulations, pursuant to existing laws and regulations;**
- (b) In behalf of its members, institute, defend, or intervene in litigation and/or administrative proceedings affecting the welfare of the association and the subdivision/village as a whole, excluding, however, disputes that are not the responsibility of the association;
- (c) **Regulate the use, maintenance, repair, replacement and modification of common areas and cause additional improvements to be made part of the common areas:** *Provided,* That the aforementioned do not contradict the provisions of the approved subdivision plan;
- (d) Regulate access to, or passage through the subdivision/village roads for purposes of preserving privacy, tranquility, internal security, safety and traffic order: *Provided,* That: (1) public consultations are held; (2) existing laws and regulations are



- met; (3) the authority of the concerned government agencies or units are obtained; and (4) the appropriate and necessary memoranda of agreement are executed among the concerned parties;
- (e) Hire, discharge or contract managing agents and other employees, agents and independent contractors to ensure the full functioning and operation of the association;
  - (f) Subject to consultation with and the approval of a simple majority of the association members, acquire, hold, encumber and convey in its own name any right, title to or interest in real or personal property: *Provided*, That such approval of a simple majority of the association members shall not be required for the acquisition, holding, encumbrance and conveyance of personal properties in amounts not exceeding ten percent (10%) of the association's cash holdings for its use in the course of its normal operations;
  - (g) Ensure the availability of quality water services at a reasonable price and, at its option, administer and manage the waterworks system of the subdivision;
  - (h) Upon consultation, grant easements, leases, concessions and authority to use common areas and petition for or consent to the vacation of streets and alleys: *Provided*, That the said grant of easements, leases, concessions and authority shall not be applicable to access roads, main interconnecting roads, alleys and sidewalks within the subdivision;
  - (i) Impose or collect reasonable fees for the use of open spaces, facilities, and services of the association to defray necessary operational expenses, subject to the limitations and conditions imposed under the law, the regulations of the board and the association's by[-]laws;
  - (j) Cause compliance with regard to height regulations, easements, use of homes, buildings, edifices, or structures that may be built within the subdivision, in accordance with the National Building Code, zoning laws, HLURB rules and regulations, existing local ordinances, and existing deeds of restriction;
  - (k) Subject to consultation and with the approval of a simple majority of the association members, allow the establishment of certain institutions such as, but not limited to, schools, hospitals, markets, grocery stores and other similar establishments that will necessarily affect the character of the subdivision/village in terms of traffic generation, and/or opening the area to outsiders which may result in the loss of privacy, security, safety, and tranquility to its residents, in accordance with the National Building Code, zoning laws, existing local ordinances, HLURB rules and regulations, and existing jurisprudence: *Provided*, That such prior approval shall not be necessary for the establishment of sari-sari stores, home industries and similar small-scale business enterprises within the subdivision/village classified as socialized housing;



- (l) Suspend privileges of and services to and/or impose sanctions upon its members for violations and/or noncompliance with the association's by[-]laws, and rules and regulations;
- (m) Petition for the creation of a separate barangay, independently or together with neighboring subdivisions: *Provided*, That all the requirements of the Local Government Code of 1991 are met; and
- (n) Exercise any other powers conferred by the by[-]laws and the HLURB necessary for the governance and operation of the association. (Emphasis supplied)

Resolution No. 3 declares all streets inside Sto. Niño Village as “no parking” areas, as follows:

- 3. Declaring all streets inside the Sto. Niño Village as “No Parking” areas at all times, except for guests of [h]omeowners or [t]enants, who shall register at the [g]uardhouse for the issuance of “Guest Parking Pass Ticket” placed on its windshield for a maximum parking time of two (2) hours only.

Homeowners with parking requirements for special events like parties and the likes (*sic*) are advised to get clearance from the Office at least one (1) day before the event, for proper security coordination and control.

Daytime and nighttime parking	- P200.00 per violation
Overnight parking from 12:00 AM to 6:00 AM	- P200.00 per violation

Approved August 23, 2010<sup>38</sup>

As correctly observed by the HLURB-BOC, the aforesaid resolution merely regulates the use of subdivision roads. Under Section 10(c) of RA 9904, SNVHAI, through its Board of Directors, may regulate the use of common areas, including subdivision roads without prior consultation and/or approval by the majority of the members of the homeowners' association.

Lintag assails the validity of Resolution No. 3 by insisting that the roads along Eagle and Maya streets are not owned by SNVHAI, but by individual lot owners who merely granted the residential lots within Sto. Niño Village right of way. As basis, Lintag cites an “Easement of Right of Way”<sup>39</sup> dated October 19, 1972 (1972 Easement) executed by one Victorino Cusi (as attorney-in-fact of Asuncion Arias) and Paterno Ouano (as attorney-in-fact of Francisco Ouano). Under the 1972 Easement, a perpetual easement of right of way was constituted over “eight (8) parcels of road lots” identified therein, in favor of the residential lots within Sto. Niño Village.<sup>40</sup> In this connection, Lintag claims that he and his son had been duly

<sup>38</sup> *Rollo*, p. 124.

<sup>39</sup> *Id.* at 142-144.

<sup>40</sup> *Id.* at 142.

authorized by the lot owners to park along the subdivision roads in dispute. Lintag's opposition does not hold water.

Foremost, Lintag failed to establish that the lots identified in the 1972 Easement are indeed the very same ones traversed by the subdivision roads in question. Moreover, assuming *arguendo* that the subdivisions roads in question are indeed owned by the Arias and Ouano families, Lintag failed to present any proof to support his allegation that he and his son had been authorized to park along these roads.

In any event, it bears stressing that under RA 9904, SNVHAI's power to regulate the use of common areas spans "property owned **or otherwise maintained, repaired or administered in whole or in part by the association** including, but not limited to, **roads**, parks, playgrounds and open spaces x x x[.]"<sup>41</sup> Here, the fact that all subdivision roads within Sto. Niño Village are under the administration of SNVHAI is not in dispute.

On the other hand, Resolutions No. 5 and 6, imposing increased water rates and a special assessment for a drainage fund have been subsequently ratified by the general membership in a referendum conducted on November 24, 2012. Hence, as correctly found by the HLURB-BOC, Lintag's challenge against the validity of these resolutions has become moot and academic.

*There is no basis to hold SNVHAI  
and/or petitioner-directors  
administratively liable*

As the records show, Lintag attempted to pay his association, water, and electricity dues for the month of April 2011. However, petitioner-directors refused to accept his payment. Hence, Lintag consigned his payment with the Clerk of Court of the RTC to avert any untoward incident. However, despite such consignment, SNVHAI proceeded to disconnect Lintag's water supply on April 12, 2011.

Arbiter Servande, the HLURB-BOC, and the CA were one in finding that petitioner-directors' are administratively liable for violation of Section 22(b) of RA 9904. The provision states:

SECTION 22. *Prohibited Acts.* – It shall be prohibited for any person:

x x x x

- (b) To deprive any homeowner of his/her right to avail of or enjoy basic community services and facilities **where he/she has paid the dues, charges, and other fees for such services[.]**  
(Emphasis supplied)

<sup>41</sup> RA 9904, Sec. 3(f). Emphasis supplied.

Here, petitioner-directors admit that they caused the disconnection of Lintag's water supply despite the consignment of his water dues. Nevertheless, they claim that such disconnection was done in the exercise of SNVHAI's right to sanction its delinquent members. Specifically, petitioner-directors argue that at the time Lintag's water supply was disconnected, he was already a delinquent member because he had refused to pay the parking fines imposed by Resolution No. 3, and the special assessment imposed by Resolution No. 6.<sup>42</sup> Thus, they argue that they caused the disconnection of Lintag's water supply on the basis of Section 10(l) of RA 9904. Again, the Court agrees.

Section 9 of RA 9904 treats delinquent members. It states:

SECTION 9. *Delinquent Member.* – The by[-]laws shall provide for guidelines and procedures in determining who is a delinquent member, or a member not in good standing, and to prescribe the administrative sanctions to be imposed on such member. The right to due process shall be observed in cases where administrative sanctions are imposed on a delinquent member.

In this connection, Section 10(l) of the same statute authorizes homeowners' associations to “[s]uspend privileges of and services to and/or impose sanctions upon its members for violations and/or noncompliance with the association's by-laws, and rules and regulations[.]”

As a member of SNVHAI, Lintag had the following obligations under the by-laws, among others:

a) Pay his membership dues, association dues, special assessments and such other fees which may be assessed or levied against him.

x x x x

e) Comply with the [b]y-[l]aws[,] [r]ules and [r]egulations, resolutions, orders, circulars, and other regulatory measures that the SNVHAI may promulgate from time to time. x x x<sup>43</sup>

To recall, Resolution No. 6 had been ratified by the general membership on November 24, 2012, *after* the disconnection in question. Thus, in determining whether Lintag's actions called for the disconnection of his water supply, only his non-compliance with Resolution No. 3 should be taken into account.

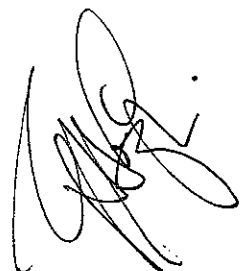
The records confirm that Lintag defied Resolution No. 3 by continuously utilizing a portion of Eagle and Maya streets as overnight parking spaces for his son's taxicabs. Because of this, petitioner-directors sent Lintag a letter dated October 5, 2010 inviting him to a meeting in order to discuss the latter's violations. However, Lintag did not accept the invitation.<sup>44</sup>

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<sup>42</sup> See *rollo*, p. 34.

<sup>43</sup> *Id.* at 20.

<sup>44</sup> *Id.* at 448.



Hence, petitioner-directors sent Lintag a letter dated November 23, 2010 giving him five (5) days from notice to explain why he should not be declared a delinquent member of SNVHAI. Since petitioner-directors did not receive a response, they sent Lintag a final letter dated February 24, 2011 informing him that he had been declared a delinquent member.<sup>45</sup> Petitioner-directors further apprised Lintag of the corresponding sanctions outlined in the “2007 Revised SNVHAI Rules and Regulations,” particularly:

“Section 2. Termination and suspension of membership as provided under x x x the SNVHAI By[-]Laws shall mean the refusal or denial of the member concerned from enjoying the privileges and services normally accorded to a member of good standing[,], **including the disconnection of water services.** x x x”<sup>46</sup> (Emphasis supplied; underscoring omitted)

Consequently, separate notices of water disconnection were served upon Lintag in the months of March and April of 2011. The disconnection of Lintag’s water supply was later implemented on April 12, 2011.<sup>47</sup>

Nothing in the records suggests that the disconnection of Lintag’s water supply had been attended with bad faith or ill will. On the contrary, the foregoing circumstances show that such disconnection had been done in the exercise of the authority granted by Section 10(l) of RA 9904. Lintag’s persistent refusal to comply with Resolution No. 3 and engage in any form of dialogue with SNVHAI left petitioner-directors with no other option but to declare him a delinquent member and impose the corresponding sanctions prescribed in its by-laws.

All told, the Court finds no basis to hold petitioner-directors administratively liable.

*The award of actual damages and litigation expenses must be deleted*

Actual or compensatory damages may be awarded in satisfaction of, or in recompense for, loss or injury sustained. Except as provided for by law or stipulation, the claimant is entitled to actual or compensatory damages only to the extent of the pecuniary loss suffered and duly proved.<sup>48</sup> On the other hand, attorney’s fees and expenses of litigation are awarded only upon proof of the existence of any of the grounds set forth in Article 2208<sup>49</sup> of the Civil Code.

<sup>45</sup> Id. at 448-449.

<sup>46</sup> Id. at 449.

<sup>47</sup> Id.

<sup>48</sup> CIVIL CODE, Art. 2199.

<sup>49</sup> The provision states:

ART. 2208. In the absence of stipulation, attorney’s fees and expenses of litigation, other than judicial costs, cannot be recovered, except:

- (1) When exemplary damages are awarded;
- (2) When the defendant’s act or omission has compelled the plaintiff to litigate with third persons or to incur expenses to protect his interest;
- (3) In criminal cases of malicious prosecution against the plaintiff;
- (4) In case of a clearly unfounded civil action or proceeding against the plaintiff;

As uniformly held by the HLURB-BOC and the CA, Lintag failed to present preponderant evidence to substantiate his claims for actual damages and litigation expenses. In the absence of contrary evidence, the Court finds no reason to disturb these findings.

The Court notes that despite finding no basis to grant Lintag's claims for actual damages and litigation expenses, the CA nevertheless held SNVHAI liable therefor as it failed to appeal Arbiter Servande's Decision which awarded these claims in Lintag's favor. Again, this is erroneous.

As stated at the outset, petitioner-directors' appeal should be deemed a vicarious appeal that inures to the benefit of SNVHAI due to the commonality of interests that exists between these parties. The deletion of the awards for actual damages and litigation expenses must therefore inure to the benefit of SNVHAI.

**WHEREFORE**, premises considered, the Petition is **GRANTED**. The Decision dated July 29, 2016 and Resolution dated October 5, 2016 rendered by the Court of Appeals Eighteenth (18<sup>th</sup>) Division in CA-G.R. CEB-SP No. 08807 are **VACATED** and **SET ASIDE**. A new Decision is hereby entered, as follows:

1. Respondent Amado Y. Lintag's prayer to declare null and void Resolutions Nos. 5 and 6, respectively dated September 4, 2010 and September 20, 2010, is hereby **DISMISSED** for being moot and academic.
2. Resolution No. 3 dated August 23, 2010 is **DECLARED VALID**.
3. Sto. Niño Village Homeowners' Association, Inc. and petitioners Jacinto L. Jamero, Fernando B. Yu, Annabelle T. Amor, Vince Jerome C. Yap, Ofelia C. Fruelda, Brenda U. Rolida, Ligaya L. Bataclan, Victor V. Garcia, Carmencita G. Leyco, Reynaldo A. Lim, Antonio D. Ocampo, Ernesto C. Riña, Perri P. Sia, Roberto S. Siguan, and Maria Lourdes "Malou" P. Castro are hereby declared free from any administrative liability arising from the disconnection of respondent's water supply.

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(5) Where the defendant acted in gross and evident bad faith in refusing to satisfy the plaintiff's plainly valid, just and demandable claim;

(6) In actions for legal support;

(7) In actions for the recovery of wages of household helpers, laborers and skilled workers;

(8) In actions for indemnity under workmen's compensation and employer's liability laws;

(9) In a separate civil action to recover civil liability arising from a crime;

(10) When at least double judicial costs are awarded;

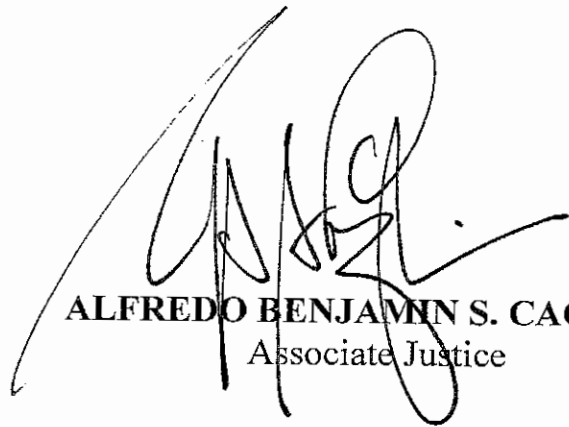
(11) In any other case where the court deems it just and equitable that attorney's fees and expenses of litigation should be recovered.

In all cases, the attorney's fees and expenses of litigation must be reasonable.



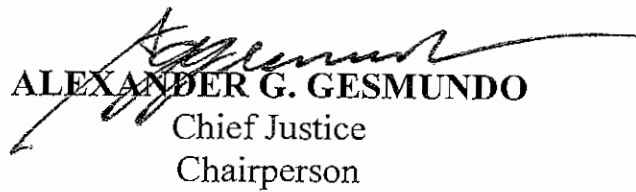


**SO ORDERED.**



**ALFREDO BENJAMIN S. CAGUIOA**  
Associate Justice

WE CONCUR:



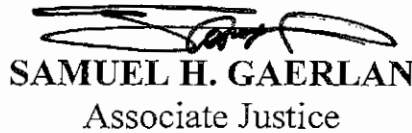
**ALEXANDER G. GESMUNDO**  
Chief Justice  
Chairperson



**ROSMARID. CARANDANG**  
Associate Justice



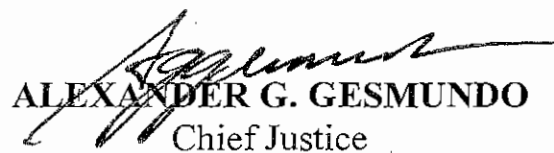
**RODIL V. ZALAMEDA**  
Associate Justice



**SAMUEL H. GAERLAN**  
Associate Justice

**CERTIFICATION**

Pursuant to Section 13, Article VIII of the Constitution, 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.



**ALEXANDER G. GESMUNDO**  
Chief Justice

