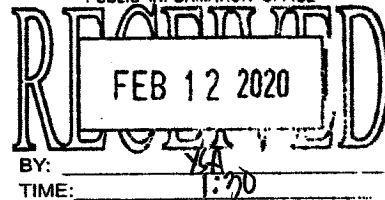




Republic of the Philippines
Supreme Court
Manila

SUPREME COURT OF THE PHILIPPINES
PUBLIC INFORMATION OFFICE



THIRD DIVISION

NOTICE

Sirs/Mesdames:

*Please take notice that the Court, Third Division, issued a Resolution dated **January 15, 2020**, which reads as follows:*

“**G.R. No. 219640 (Danilo L. Parel v. Heirs of Simeon B. Prudencio)**. – After a judicious study of the case, the Court resolves to deny the instant petition for failure of petitioner Danilo L. Parel (Danilo) to show any reversible error on the part of the Court of Appeals (CA) in issuing the assailed Decision¹ dated November 27, 2014 and the Resolution² dated July 1, 2015 in CA-G.R. CV No. 98735.

The late Simeon Prudencio (Simeon) was the owner of the subject house built on a portion of a lot registered in the name of Danilo. The lot was previously awarded to Danilo’s father, who allowed Simeon to construct his house on a portion thereof. Danilo was able to acquire the lot through miscellaneous sales patent.

As ruled by the Regional Trial Court (RTC) and affirmed by the CA, Simeon was a builder in good faith; hence, the provision of Article 448 of the Civil Code applies. In some special cases, the Court has used Article 448 by recognizing good faith beyond the limited definition (that the land is owned or that, by some title, one has the right to build, etc.). Thus, the provision was applied to cases wherein a builder had constructed improvements with the consent of the owner,³ as in this case.

Under Article 448 of the Civil Code, the landowner is given two options: (1) he may appropriate the improvements for himself after reimbursing the buyer (the builder in good faith) the necessary and useful expenses under Articles 546 and 548 of the Civil Code; or (2) he may sell the land to the buyer, unless its value is considerably more than that of the improvements, in which case, the buyer shall pay reasonable rent. As the landowner, Danilo cannot refuse to exercise his right of choice. He cannot

¹ Penned by Associate Justice Sesinando E. Villon, with Associate Justices Melchor Quirino C. Sadang and Pedro B. Corales, concurring; *rollo*, pp. 212-220

² *Id.* at 271.

³ Hector S. De Leon, *COMMENTS AND CASES ON PROPERTY*, 2011 Ed., p. 151, citing *Boyer-Roxas v. Court of Appeals*, 286 Phil. 595 (1992).

compel the builder to remove or demolish the improvement. The first option, *i.e.*, to appropriate the subject house, seems to be no longer feasible and practicable, considering the present state of the subject house as shown in the pictures submitted by Danilo that it is now dilapidated and not habitable. Thus, Danilo is left with the second option of selling the land to the Heirs of Simeon. It appears, however, that the current value of the land is considerably more than that of the subject house; hence, the RTC correctly ruled when it ordered the Heirs of Simeon to pay reasonable rent for the same. A forced lease is created between Danilo and the Heirs of Simeon.

However, the terms of the forced lease imposed by the RTC is not complete. Considering that a remand of this case to the RTC would only unnecessarily prolong its final disposition, and in the interest of substantial justice and to spare the parties from further delay, the Court will just add the other terms of the forced lease.

The RTC ordered the Heirs of Simeon to pay Danilo ₱2,000.00 per month as rent for the portion of the latter's lot, which is occupied by Simeon's house, which shall be "computed from March 22, 2008 x x x until the possession and control of the said portion of lot is reverted to [Danilo]."⁴ The period of the lease should have been fixed. There is a need to fix the period of forced lease so that in the event of termination of the lease or upon default in payment of rentals by the Heirs of Simeon, Danilo shall be entitled to demolish the subject house, upon issuance by the Court of the notice of demolition.

Thus, the Court fixes the period of the lease for six months, considering the dilapidated state of the subject house, counted from the finality of this Resolution. The monthly rental of ₱2,000.00 shall be payable within the first five days of each calendar month. The rentals shall be tendered by the Heirs of Simeon to the trial court for payment to Danilo, and such tender shall constitute evidence of whether compliance was made within the period fixed herein.⁵ Upon expiration of the six-month period, or upon default by the Heirs of Simeon in the payment of rentals for two consecutive months, Danilo shall be entitled to demolish the subject house, upon issuance by the Court of the notice of demolition.

WHEREFORE, the petition is **DENIED**. The Decision dated November 27, 2014 and the Resolution dated July 1, 2015 of the Court of Appeals is hereby **AFFIRMED with MODIFICATION** as follows:

(a) The period of the forced lease created between petitioner Danilo L. Parel and the Heirs of Simeon B. Prudencio is hereby fixed for six (6) months computed from the finality of this Resolution.

⁴ Id. at 133.

⁵ See *Tecnogas Philippines Manufacturing Corporation v. Court of Appeals*, 335 Phil. 471 (1997); *Communities Cagayan, Inc. v. Spouses Nanol*, 698 Phil. 648 (2012).

(b) The monthly rental of ₱2,000.00 shall be payable within the first five (5) days of each calendar month. The rentals shall be tendered by the Heirs of Simeon to the trial court for payment to petitioner Danilo L. Parel, and such tender shall constitute evidence of whether compliance was made within the period fixed herein.

(c) Upon the expiration of the six (6)-month period, or upon default by the Heirs of Simeon B. Prudencio in the payment of rentals for two (2) consecutive months the forced lease shall be deemed terminated, and petitioner Danilo L. Parel shall be entitled to demolish the subject house, upon issuance by the Court of the notice of demolition

SO ORDERED.”

Very truly yours,

Mis OCD Batt
MISAELO DOMINGO C. BATTUNG III
Deputy Division Clerk of Court
1/15/20

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The Presiding Judge
REGIONAL TRIAL COURT
Branch 60, Baguio City
(Civil Case No. 6680-R)

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