

FIFTEENTH DIVISION

[CA – G.R. CV No. 100178, April 01, 2014]

**SPS. VINCENT AND EVELYN ARDON, PETITIONERS, VS. SPS.
CARLITO AND MILA G. OCAMPO, RESPONDENTS.**

D E C I S I O N

(JUDGMENT ON COMPROMISE)

GALAPATE-LAGUILLES, J:

This is an appeal filed by the Spouses Carlito and Mila Ocampo from the Decision dated July 4, 2012 rendered by the Regional Trial Court, Branch 75, Olongapo City (court *a quo*) in Civil Case No. 10-0-7 for Breach of Contract and Damages ordering them to pay the Spouses Vincent and Evelyn Ardon the sum of sixty seven thousand four hundred ninety four pesos and twenty centavos (P67,494.20) as compensation cost for the poor and unfinished house construction work; one hundred thousand pesos (P100,000.00) for moral damages; another one hundred thousand pesos (P100,000.00) for exemplary damages and fifty thousand pesos (P50,000.00) as attorney's fees and litigation expenses.

The relevant facts as culled from the records:

Sometime in 2006, Sps. Vincent and Evelyn Ardon (Sps. Ardon) were scouting for a building contractor for the construction of a two-story residential house in Olongapo City. They were later on introduced to the Sps. Carlito and Mila Ocampo (Sps. Ocampo) by a relative. The Sps. Ocampo easily won the trust of Sps. Ardon because Carlito Ocampo not only presented himself as an architect but also as a Pastor in the same church which the Sps. Ardon attended.^[1]

Soon after or on March 24, 2006, the parties entered into a "Contract of Agreement" for the construction of the Sps. Ardon's 2-story split-level residential house in the amount of three million two hundred thirty-five thousand and nine hundred pesos (P3,235, 900.00). Part of the parties' agreement was that the workmanship on the structure must be "first class" and the same shall be turned over within four to five months^[2] from the start of the construction.

Sps. Ardon religiously made periodic payments to the Sps. Ocampo based on the progressive billings submitted by the latter until the total payments reached three million three hundred and fifty four thousand six hundred fifteen and 10/100 (P3,354,615.10) pesos.

The Sps. Ocampo, unfortunately, failed to construct the house within the stipulated time for it was only on December 7, 2006 that the same was delivered to the Sps. Ardon. Also, Sps. Ocampo reneged on their commitment that the completed work will be "first class" in quality. It was also claimed that the Sps. Ocampo overcharged

the Sps. Ardon by forty thousand pesos (P40,000.00) allegedly for the building permit as the actual cost thereof was merely nine thousand nine hundred fifty one and 53/100 (P9,951.53).^[3]

On the other hand, Sps. Ocampo countered that their agreement with the Sps. Ardon was only for the construction of a conservative house; that they informed the Sps. Ardon of the costs of the materials and that it was only after the lapse of two months when the Sps. Ardon released the required down payment for the construction; that it was their agreement that additional amounts will be given by the Sps. Ardon in case of price adjustments; that Sps. Ardon kept on changing the details in the construction plans, thus, resulting to the delay in the completion of the construction; that on December 6, 2006, instead of paying the balance, the Sps. Ardon presented to the Sps. Ocampo for signing a Contract of Addendum stating that the balance for the construction cost will be paid only if the latter will comply with the said contract; and that there was no agreement among them as to the alleged ten (10%) retention fee.^[4]

After trial on the merits, the court a quo rendered the assailed Decision dated July 4, 2012 the dispositive portion of which states:

WHEREFORE, judgment is rendered in favor of the plaintiffs and against the defendants ordering the latter to pay the plaintiffs:

1. P67,494.20 as cost of the poor and unfinished work of the house;
2. P100,000 as moral damages;
3. P100,000 as exemplary damages; and
4. P50,000.00 as attorney's fees and litigation expenses.

Defendants counterclaims are DISMISSED

SO ORDERED.^[5]

Sps. Ocampo filed the instant appeal faulting the court a quo with error in rendering the assailed decision in favor of the Sps. Ardon.

In a Resolution dated September 16, 2013, the instant case was referred to the Philippine Mediation Center- Court of Appeals (PMC-CA) unit for mediation.^[6]

On January 16, 2014, Appellate Court Mediator Atty. Jack Andrew Miranda filed his Report indicating therein that the parties have settled their differences and that they have filed a Compromise Agreement^[7]. The Compromise Agreement is quoted in its entirety:

COMPROMISE AGREEMENT

COME NOW the Parties and unto this Honorable Court, respectfully submit the following Compromise Agreement, to wit:

- a. Parties agreed to settle the case in the amount of P25,000.00 as full