

SPECIAL TWENTIETH DIVISION

[CA-G.R. CEB-SP No. 05413, May 24, 2013]

**SPOUSES ABUNDIO AND PEPITA DAPULA, PETITIONERS, VS.
MAGDALENA MONTAJES, RESPONDENT.**

D E C I S I O N

LAGURA-YAP, J.:

This is a Petition for Review under Rule 42 of the 1997 Rules of Civil Procedure seeking to set aside the Decision^[1] dated April 13, 2010 and the Resolution^[2] dated August 21, 2010 rendered by the Regional Trial Court, Branch 39 of Sogod, Southern Leyte in Civil Case No. R-282-C entitled "*Spouses Abundio Dapula and Pepita Dapula vs. Magdalena Montajes*".

This case stems from a complaint^[3] for Ejectment filed by petitioners spouses Abundio and Pepita Dapula against respondent Magdalena Montajes on June 25, 2009.

Petitioners claim that they are the registered owners and lawful possessors of a parcel of land covered by OCT No. 41681^[4], denominated as Lot No. 4032 with an area of 2,766 square meters situated in Barangay Bongbong, San Francisco, Southern Leyte. A portion of the lot is being occupied by the respondent, by tolerance of the petitioners. Respondent constructed a tenement which was used as her dwelling and a store for her business. Respondent did not pay any rental to the petitioners on the condition that respondent would vacate the premises once demanded by the petitioners.

Before instituting the instant action, petitioners informed the respondent that the former would use the premises. However, respondent refused to vacate. Hence, petitioners sought assistance from the barangay. On May 19, 2000, the two parties met and agreed that petitioners would pay off their debt amounting to P6,199.40 to respondent. They also agreed to extend respondent's stay for two more years, or from May 2000 to May 2002. Unfortunately, respondent reneged on their agreement.

Petitioners made several demands to the respondent. The last demand letter to vacate^[5] was made on May 15, 2009. Still, respondent refused to vacate the premises up to the present. Hence, petitioners filed this instant case.

On the other hand, respondent claims that sometime on May 14, 1995, petitioner Abundio Dapula entered into an agreement with the respondent to sell a portion of his land at Bongbong, San Francisco, Southern Leyte, with an area of 128 square meters in the amount of P 6,400.00. Respondent made a partial payment in the amount of P6,099.00; the balance to be paid upon signing of the deed of sale.

Thinking that the land is their own property, respondent and her late husband built a house of mixed materials on the premises of the property without asking for permission from the petitioners and not by tolerance of the petitioners. They spent P91,000.00 for the construction. When the house was finished, petitioners retracted selling his property and refused to execute a deed of sale. Respondent claims that she is a builder in good faith and has the option of buying the land if petitioners will not buy her house.

On October 1, 2009, the Municipal Trial Court of San Francisco, Southern Leyte rendered a Decision^[6] in favor of the petitioners and against the respondent, the dispositive portion of which states:

“WHEREFORE, by preponderance of evidence in favor of the plaintiffs and against defendant, judgment is hereby rendered:

1. DECLARING plaintiff to have a better right of possession over Lot. No. 4032, Case 16, cad. 760-D covered by Katibayan Ng Orihinal Na Titulo Bldg.(sic) 41681.

2. ORDERING defendant Magdalena Montajes to vacate the premises and remove her structures within said lot;

3. DIRECTING defendant Magdalena Montajes to pay plaintiffs-spouses the following:

a. P2,000.00 as arrear rents reckoned from the last written demand to vacate until the promulgation of this Decision;

b. P500.00 rent per month for the use and occupation of said portion until defendant actually vacate and remove her structure thereon;

c. P15,000.00 as attorney's fees.

4. TAXING defendant the cost of this suit.

SO ORDERED.”

Dissatisfied with the MTC Decision, respondent filed an Appeal^[7] to the Regional Trial Court docketed as Civil Case No. R-282-C. Respondent did not challenge the order of ejectment. Respondent only alleged that the MTC committed errors when it did not declare respondent a builder in good faith, thereby giving respondent a right to be indemnified for the value of the house or a right to buy the lot, if the petitioners will not purchase the house and the right of retention.

On April 13, 2010, the Regional Trial Court rendered the assailed Decision^[8] which granted the appeal and set aside the MTC Decision, thus:

“WHEREFORE, premises considered, the judgment of the court a quo is reversed and set aside and a new judgment is hereby rendered.

1. DISMISSING the instant action for lack of merit;

2. DECLARING the defendant-appellant a builder in good faith of her house worth P91,000.00 erected on the land of plaintiffs-appellees;
3. ORDERING the plaintiffs-appellees to indemnify the defendant-appellant the total value of the house;
4. ALLOWING the defendant-appellant the right of retention of possession of her house until fully paid of its value;
5. REVOKING the imposition of damages against the defendant-appellant;
6. CONDEMNING the plaintiffs-appellees to pay defendant-appellant the sum of P20,000.00 as moral damages and P20,000.00 as attorney's fees; and
7. To pay the costs of this appeal suit.

SO ORDERED.”

Thereafter, petitioner filed a Motion for Reconsideration^[9], but this was denied by the court a quo in the Resolution^[10] dated August 21, 2010.

Aggrieved, petitioner filed the instant petition^[11] raising the following issues:

I

WHETHER THE RTC ERRED IN HOLDING THE RESPONDENT AS BUILDER IN GOOD FAITH

II

WHETHER THE RTC ERRED IN ORDERING THE PETITIONER TO INDEMNIFY THE RESPONDENT OF THE TOTAL VALUE OF HER HOUSE

III

WHETHER THE RTC ERRED IN CONCLUDING THAT RESPONDENT HAS THE RIGHT OF RETENTION OF HER HOUSE UNTIL FULLY PAID;

IV

WHETHER THE RTC ERRED IN IMPOSING DAMAGES AGAINST THE PETITIONERS

V

WHETHER THE RTC ERRED IN REVERSING AND SETTING ASIDE THE DECISION OF THE MTC;

VI