

FOURTEENTH DIVISION

[CA-G.R. SP NO. 85969, September 25, 2006]

SPOUSES HILARIO & ARLYN ARAO, PETITIONERS, VS. IRENE GALOLO, RESPONDENT.

DECISION

VIDAL, M.D., J.:

Before Us is a Petition¹ for Review under Rule 42 of the Revised Rules of Court seeking to set aside the Decision² dated 26 May 2004 of the Regional Trial Court, National Capital Judicial Region (NCJR) Branch 119, Pasay City (Court a quo) in Civil Case No. 03-0367-CFM, the fallo thereof reads:

"WHEREFORE, the instant appeal is hereby dismissed for lack of merit and the appealed decision dated July 2, 2003 in Civil Case No. 180-03 of the Metropolitan Trial Court of Pasay City, Branch 44 is hereby affirmed in toto.

Let the records of this case be remanded to the Court a quo for execution proceedings.

SO ORDERED."³

THE FACTS

As synthesized in the Decision⁴ of the Metropolitan Trial Court(MTC), of the NCJR Branch 47, Pasay City and adopted by the Court a quo:

" Plaintiffs in its verified complaint alleged that she is of legal age, Filipino Citizen, widow and resident of 98 Saint Claire St. Maricaban, Pasay City; that she is absolute owner of a house located at 98 Saint Claire St. Pasay City, which the defendants are occupying since February 11, 2001 up to the present by virtue of Contract of Lease covering the said house, which expired on February 11, 2002, the terms and conditions thereof are stated in the said contract of lease marked as Annex A; that after the Contract of lease expired on February 11, 2002, defendants continued to occupy the property paying the monthly rental of Php.2,500.00, however, from July, 2002 up to the present, defendants failed to pay their monthly rentals in the total amount of Php22,500.00; that verbal demands were made by plaintiff to the defendants to pay their arrears and update the payments but defendants despite the plea of plaintiff did not pay their arrears and in fact ignored the verbal demands of plaintiff; that plaintiff became exasperated with the continued refusal of the defendants

to pay their rentals in arrears; thus, referred the matter to her counsel who wrote Mr. Hilario Arao (defendant herein) a letter demanding the payment of their arrears but which was likewise ignored by the defendants. (Copy of the letter is attached as Annex B); that subsequently, plaintiff's counsel wrote defendants a final demand letter demanding payment of rental in arrears and to vacate the premises which was likewise ignored by the defendants (copy attached as Annex C); that plaintiff referred the matter to the Barangay as required by law but no amicable settlement was arrived at; thus, a Certification to File Action was issued by the Punong Barangay (copy is attached as Annex D); that to protect her rights and interests, plaintiff secured the services of counsel to file the necessary case in court to which plaintiff agreed to pay the sum of Php10,000.00 as attorney's fees and to spend the amount of Php5,000.00 as filing fee and other incidental expenses. .

In their answer, defendant-spouses admits the existence of the contract of lease as well as the ownership of the house by the plaintiff and the existence of the demand letter made by plaintiff's counsel dated January 20, 2003. By way of affirmative defenses, defendants claimed that while it is true that the plaintiff is the owner of the subject house the designation that is located at No. 98 St. Claire Street, Maricaban, Pasay City, is misleading because the said house is located across the street separated by Dilain Creek (Maricaban Creek) and that plaintiff has appropriated for her own personal benefit a land owned by the government by building houses for lease on the said property without any approval or authority from the government, hence, the alleged contract of lease between plaintiff and defendants is void. As compulsory counterclaim, the defendant is asking the award of Php20,000.00 by way of exemplary damages."⁵

After due trial, the MTC rendered its Decision *supra* disposing as follows:

"WHEREFORE, judgment is hereby rendered in favor of the plaintiff and against the defendats, Sps. Hilario and Arlyn Arao ordering the latter and all persons claiming rights under them to:

- 1. vacate the premises and surrender the possession thereof to the plaintiff peacefully;**
- 2. pay the amount of Php22,500 covering the period up to March 2003 and Php2,500.00 every month thereafter as rentals until defendant have finally vacated the premises;**
- 3. pay the amount of Php10,000.00 as attorneys fees including costs of litigation in the amount of Php5,000.00;**

SO ORDERED"⁶

Aggrieved by the above-quoted decision, Defendants-Spouses HILARIO and ARLYN ARAO (hereinafter Petitioners) interposed an appeal before the court a quo which rendered the assailed Decision, *supra*.

Hence, the present Petition with the lone assigned error to wit:

THE REGIONAL TRIAL COURT (RTC) ERRED IN NOT FINDING THAT THE VALIDITY OF CONTACT OF LEASE IS THE MATERIAL ISSUE IN THIS INSTANT EJECTMENT CASE⁷

The Petition is unimpressed with merit.

Petitioners principally argue that the contract of lease between them and the Respondent is not enforceable as the construction of houses on the subject property is illegal since Respondent is a professional squatter and member of a squatting syndicate who does not own the land on which she built the structure being leased out to Petitioners.⁸ The latter add that the land is a government owned property⁹, hence, their lease contract is void citing Section 3¹⁰, pars. m and s in relation to Section 27 of R. A 7279 which provide:

"Section 3.

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(m) Professional squatters refers to individuals or groups who occupy lands without the express consent of the landowner and who have sufficient income for legitimate housing. The term shall also apply to persons who have previously been awarded homelot or housing units by the Government but who sold, leased or transferred the same to settle illegally in the same place or in other urban area, and non-bona fide occupants and intruders of land reserved for socialized housing. The term shall not apply to individuals or groups who simply rent land and housing from professional squatters or squatting syndicates;

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(s) squatting syndicates refers to groups of persons engaged in the business of squatter housing for profit or gain.

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Section 27. Action Against Professional Squatters and Squatting Syndicates.- The local government units, in cooperation with Philippine National Police, The Presidential Commission for the Urban Poor(PCUP), and the PCUP accredited urban poor organization in the area, shall adopt measures to identify and effectively curtail the nefarious and illegal activities of professional squatters and squatting syndicates, as herein defined.

Any person or group identified as such shall be summarily evicted