



Republic of the Philippines
Supreme Court
Manila

CERTIFIED TRUE COPY
Wilfredo V. Lapitan
WILFREDO V. LAPITAN
Division Clerk of Court
Third Division

FEB 15 2016

THIRD DIVISION

ILONA HAPITAN,

Petitioner,

G.R. No. 170004

Present:

-versus-

VELASCO, JR., J., Chairperson,
PERALTA,
VILLARAMA, JR.,
REYES,
JARDELEZA, JJ.

**SPOUSES JIMMY
LAGRADILLA and WARLILY
LAGRADILLA and
ESMERALDA BLACER,**

Respondents.

Promulgated:

January 13, 2016

x ----- *Wilfredo V. Lapitan* ----- x

DECISION

JARDELEZA, J.:

This is a petition for review on *certiorari*¹ assailing the Decision² and Resolution³ of the Court of Appeals (CA) in CA G.R. CV No. 53301 dated October 14, 2003 and October 7, 2005, respectively. The Decision and Resolution affirmed the Decision⁴ dated February 13, 1996 issued by the Regional Trial Court (RTC), Branch 37, of Iloilo City in Civil Case No. 22150 entitled “*Sps. Jimmy Lagradilla and Warlily Lagradilla v. Spouses Nolan Bienvenido Hapitan and Esmeralda Blacer Hapitan, et al.*” for Sum of Money with Preliminary Attachment and Nullification of Title.

The Facts

Between September to December 1994, respondent Esmeralda Blacer Hapitan (Esmeralda) issued thirty-one (31) United Coconut Planters Bank

¹ *Rollo*, pp. 3-13.

² *Id.* at 85-104, penned by Associate Justice Sergio L. Pestaño, with Associate Justice Marina L. Buzon and then CA Associate Justice Jose C. Mendoza, concurring.

³ *Id.* at 159-160.

⁴ *Id.* at 61-82.

(UCPB) checks in various amounts in the total amount of ₱510,463.98, payable to the order of respondent Warlily Lagradilla (Warlily). The checks were dishonored by UCPB for reasons of “account closed” when presented for payment by Warlily.⁵

On January 6, 1995, Warlily, with her husband Jimmy Lagradilla (Jimmy), filed a civil case for sum of money against Nolan (Nolan) and Esmeralda Hapitan, Ilona Hapitan (Ilona), and Spouses Jessie and Ruth Terosa (Spouses Terosa), with a prayer that a writ for preliminary attachment be issued against the real property of Esmeralda and Nolan, consisting of a house and lot, as security for the satisfaction of any judgment that might be recovered.⁶

In their complaint,⁷ Jimmy and Warlily alleged that they made several demands on Nolan and Esmeralda for the latter to settle their outstanding obligations. The latter spouses promised to convey and transfer to Jimmy and Warlily the title of their house and lot, located at Barangay M. V. Hechanova, Jaro, Iloilo City.⁸ The lot was covered by TCT No. T-103227 in the name of Nolan and Esmeralda.⁹ Jimmy and Warlily later found out that Nolan and Esmeralda separately executed a Special Power of Attorney (SPA) designating Ilona, Nolan’s sister, as their attorney-in-fact for the sale of the same property.¹⁰ Jimmy and Warlily alleged that the property was fraudulently sold to Spouses Terosa,¹¹ and that Nolan and Esmeralda were about to depart from the Philippines with the intent to defraud their creditors; thus, the prayer for the issuance of preliminary attachment of the house and lot.¹²

Esmeralda filed an Answer with Cross-Claim,¹³ admitting her indebtedness to Warlily. She alleged that due to the failure of Nolan, who was a seaman at that time, to send her substantial amounts and on account of the losses she sustained in her jewelry business, she failed to fund the checks she issued.¹⁴ Also, although she executed an SPA in favor of Ilona authorizing the latter to sell the house and lot owned by her and Nolan, she subsequently revoked the said SPA.¹⁵

Nolan and Ilona denied the allegations of Jimmy and Warlily.¹⁶ They argued that the debts were incurred solely by Esmeralda and were not intended to benefit the conjugal partnership.¹⁷ They further stated that Esmeralda has abandoned her only son with Nolan and that Nolan has filed a

⁵ *Id.* at 86

⁶ *Id.*

⁷ *Id.* at 14-20.

⁸ *Id.* at 16.

⁹ *Id.* at 17.

¹⁰ *Id.* at 16.

¹¹ *Id.* at 17.

¹² *Id.* at 18.

¹³ *Id.* at 45-54.

¹⁴ *Id.* at 48.

¹⁵ *Id.* at 46.

¹⁶ Answer with Affirmative Defense and Counterclaim, *id.* at 40-43.

¹⁷ *Id.* at 40.

petition for declaration of nullity of his marriage with Esmeralda.¹⁸

On the other hand, the RTC, in its Order¹⁹ dated March 31, 1995, declared the Spouses Terosa in default for failure to file their Answer within the reglementary period.

On February 13, 1996, the RTC rendered its Decision²⁰, ruling in favor of Jimmy and Warlily. The dispositive portion of the Decision reads:

WHEREFORE, in view of the foregoing considerations, judgment is hereby rendered in favor of the plaintiffs and against the defendants:

1. Declaring the Deed of Sale in favor of spouses Jessie P. Terosa and Ruth O. Terosa covering the property in question, Lot 19-A- covered by TCT No. T-103227 and the house thereon, in the name of the defendants Nolan Hapitan and Esmeralda Blacer Hapitan null and void; consequently, TCT No. T-107509 in the name of the spouses Jessie P. Terosa and Ruth O. Terosa is ordered cancelled;
2. Ordering the defendants jointly and severally to pay the plaintiffs the sum of P510,463.98 with interest at the legal rate from the filing of this complaint until fully paid;
3. Ordering the defendants jointly and severally to pay the plaintiffs:
 - a. P30,000.00 as moral damages;
 - b. P30,000.00 as attorney's fees;
 - c. P20,000.00 as exemplary damages
4. Dismissing the counterclaims.

On the cross-claim, defendants Nolan Hapitan, Ilona Hapitan and the spouses Jessie P. Terosa and Ruth O. Terosa are ordered jointly and severally to pay cross-claimant Esmeralda Blacer Hapitan:

- a. P30,000.00 as moral damages;
- b. P30,000.00 as attorney's fees;
- c. P20,000.00 as exemplary damages.

No pronouncement as to costs.

SO ORDERED.²¹

The RTC ruled that the house and lot is part of Nolan and Esmeralda's conjugal property, having been built from the amounts sent by Nolan to Esmeralda as well as the income from Esmeralda's business. As regards the sale of the house and lot to the Spouses Terosa, the RTC noted that the property was sold through an attorney-in-fact, Ilona. The SPA provided that the proceeds of the sale of Esmeralda's share in the property shall be applied

¹⁸ *Id.* at 41.

¹⁹ *Id.* at 55.

²⁰ *Id.* at 61-82.

²¹ *Id.* at 81-82.

specifically in payment of her obligations. This limited authority was acknowledged by Nolan in his SPA to Ilona.²²

The RTC found that the house and lot was sold at an unreasonably low amount of ₱450,000.00. The lot's market value was ₱290,150.00 and the bill of materials for the construction of the house was ₱511,341.94. Thus, the minimum consideration for the property should have been at least ₱800,000.00. The RTC also found that the SPA was revoked after Esmeralda knew that the consideration was unconscionably low and that Nolan and his relatives became antagonistic to her. Further, Ilona turned over the payment to Nolan, but Ilona or Nolan did not pay Esmeralda's obligations.

On the liability of the Spouses Terosa, the RTC ruled that there is sufficient evidence on record to prove that they connived and cooperated with their co-defendants Nolan and Ilona to defraud Esmeralda, and also Jimmy and Warlily. The RTC noted that the Spouses Terosa chose to remain silent because whatever the outcome of the case, they will not stand to lose anything. In addition, before the sale was consummated, they were informed of the revocation of the SPA in favor of Ilona.

The parties filed separate Notices of Appeal.²³

In its Decision²⁴ dated October 14, 2003, the CA agreed with the RTC ruling. The dispositive portion reads:

WHEREFORE, in view of all the foregoing, and finding no reversible error in the appealed Decision dated February 13, 1996 in Civil Case No. 22150 of Branch 37 of the Regional Trial Court of Iloilo City, said Decision is hereby **AFFIRMED** in toto and the appeal is **DISMISSED** for lack of merit.

No pronouncement as to costs.

SO ORDERED.²⁵

On November 6, 2003, Nolan and Ilona filed a Motion for Reconsideration/Modification²⁶ based mainly on the Affidavit of Waiver, Quitclaim and Satisfaction of Claim (Waiver)²⁷ dated October 22, 2003 executed by Warlily, which reads:

AFFIDAVIT OF WAIVER, QUITCLAIM
AND SATISFACTION OF CLAIM

KNOW ALL MEN BY THESE PRESENTS:

²² *Id.* at 73.

²³ Nolan, Ilona, and the Spouses Terosa filed their separate Notice of Appeal on March 1, March 4, and March 5, 1996, respectively, *RTC Records*, pp. 220-222.

²⁴ *Rollo*, pp. 85-104.

²⁵ *Id.* at 104.

²⁶ *Id.* at 105-115.

²⁷ *Id.* at 114.

I, WARLILY LAGRADILLA, of legal age, married and resident of Molo, Iloilo City, Philippines, after having been duly sworn to in accordance with law hereby depose and state:

That I am the plaintiff in Civil Case No. 22150 RTC, Branch 37, Iloilo City which was to the Court of Appeals as CA G.R. No. CV 53301 against Spouses Nolan Bienvenido L. Hapitan and Esmeralda Blacer, Ilona Hapitan and Spouses Jesse and Ruth Terrosa for Collection of sum of money and damages;

That today I have fully received from Nolan Bienvenido Hapitan for himself and for the rest of the defendants, the balance of my total claim against them, which is now only in the sum of ONE HUNDRED TWENTY-FIVE THOUSAND (P125,000.00) PESOS, representing the full and complete satisfaction of my claim in the aforementioned Civil Case.

WITH this receipt of such amount, I hereby make remission, release and quitclaim all of whatever claims or causes of action against aforesaid defendants and consider my claims in the aforementioned Civil Case as fully satisfied including attorney's fees.

IN WITNESS WHEREOF, I have hereunto set my hands this 22nd day of October, 2003, in the City of Iloilo, Philippines.

(signed)
WARLILY LAGRADILLA
Plaintiff/Claimant

SIGNED IN THE PRESENCE OF:

(signed)
ROSARIO F. FLORES

(signed)
ANELYN P. PERAL

In the same motion, they moved that the CA reconsider its finding that: 1) the sale to the Spouses Terosa was fraudulent, and 2) Esmeralda is entitled to damages.

On November 20, 2003, Jimmy and Warlily, and Nolan and Ilona filed a Motion for Approval of Amicable Settlement.²⁸ The terms of the Amicable Settlement state:²⁹

AMICABLE SETTLEMENT

COME NOW plaintiffs–appellees Jimmy and Warlily Lagradilla and defendants–appellants Nolan

²⁸ *Id.* at 121-127.

²⁹ *Id.* at 124-126.

Bienvenido Hapitan and Ilona Hapitan assisted by their respective counsels and to this Honorable Court respectfully submit the following Amicable Settlement, thus:

1. Plaintiffs–appellees and defendants–appellants Nolan Bienvenido Hapitan and Ilona Hapitan hereby agree to the full, final and complete settlement of the liability of the latter and that of defendants–appellants Sps. Jessie P. Terosa and Ruth O. Terosa to the former under the Decision rendered by the *court a quo* dated February 13, 1996 and affirmed by this Court in its Decision dated October 14, 2003 with the herein defendants–appellants paying the former the amount of Four Hundred Twenty Five Thousand Pesos (₱ 425,000.00), Three Hundred Thousand Pesos (₱ 300,000.00) in cash receipt of which is acknowledged by the plaintiffs–appellees Lagradilla in this amicable settlement and the amount of One Hundred Twenty Five Thousand Pesos (₱ 125,000.00) received by plaintiff–appellee Warlily Lagradilla as mentioned in the Affidavit of Waiver, Quitclaim and Satisfaction of Claim dated 22 October 2003 attached to the Motion for Reconsideration/Modification dated November 6, 2003 and submitted to this Honorable Court which amount of ₱ 125,000.00 they acknowledge as part payment of the said agreed settlement of ₱ 425,000.00. It is understood that this payment of defendants – appellants include their share and that of defendant Esmeralda Blacer and defendants – appellants Terosa.

2. They agree, further, to the modification of the judgment of the *court a quo* and affirmed by this Court that instead of its judgment which states –

“Declaring the Deed of Sale in favor of Spouses Jessie P. Terosa and Ruth O. Terosa covering the property in question, Lot 19 - A covered by TCT No. T - 103227 and the house thereon, in the name of the defendants Nolan Hapitan and Esmeralda Blacer Hapitan null and void; consequently, TCT No. T-107509 in the name of the spouses Jessie P. Terosa and Ruth O. Terosa is ordered cancelled;

“2. Ordering the defendants jointly and severally to pay the plaintiffs the sum of ₱ 520,463.98 with interest at the legal rate from the filing of this complaint until fully paid;

“3. Ordering the defendants jointly and severally to pay the plaintiffs:

- a.) ₱ 30,000.00 as moral damages;
- b.) ₱ 30,000.00 as attorney’s fees;

c.) ₱ 20,000.00 as exemplary damages

“4. Dismissing the counterclaims.

“On the cross-claim, defendants Nolan Hapitan, Iona Hapitan and the spouses Jessie P. Terosa and Ruth O. Terosa are ordered jointly and severally to pay cross-claimant Esmeralda Blacer Hapitan:

“a.) ₱ 30,000.00 as moral damages;

“b.) ₱ 30,000.00 as attorney’s fees;

“c.) ₱ 20,000.00 as exemplary damages.”

the terms of the Amicable Settlement in the first paragraph hereof be considered to have modified the terms of the foregoing Decision and that the Deed of Sale in favor of Spouses Jessie P. Terosa and Ruth O. Terosa covering the property in question, Lot 19 – A covered by TCT No. T – 103227 and the house thereon be declared valid and the order for the cancellation of TCT No. T – 107509 in the name of Spouses Jessie P. Terosa and Ruth O. Terosa be recalled.

IN WITNESS WHEREOF the herein parties have signed this Amicable Settlement this 19th day of November 2003 at Iloilo City, Philippines.

(signed)

JIMMY LAGRADILLA
Plaintiff – Appellee

(signed)

WARLILY LAGRADILLA
Plaintiff – Appellee

(signed)

NOLAN BIENVENIDO HAPITAN
Defendant – Appellant

(signed)

ILONA HAPITAN
Defendant – Appellant

Assisted by:

(signed)

ATTY. EDGAR PRAILE
Counsel for plaintiffs – appellees

(signed)

ATTY. EDUARDO N. REYES,
Counsel for defendants – appellants

Jimmy and Warlily filed a Manifestation and Motion³⁰ dated December 19, 2003. They alleged that on October 28, 2003, Warlily was approached by Nolan who offered money to settle the case amicably. Considering that she was not assisted by her counsel, who had died earlier that year, and that she was in difficult financial constraints then, she accepted the deal of ₱125,000.00 for her and her husband to sign a quitclaim or waiver. Further, at that moment, she was not aware of the fact that the CA had already rendered a decision dated October 14, 2003 as she only knew of the decision on October 30, 2003. She said that she felt somehow deprived of her rights when Nolan willfully failed to disclose the fact that the case was already decided by the CA and taking undue advantage of her counsel's absence, hurriedly closed the deal with her. She further averred that perhaps Nolan was bothered by his conscience when he gave her ₱300,000.00 on November 19, 2003.³¹

In response, Nolan and Ilona filed an Answer to the Manifestation and Motion³² dated January 6, 2004. They argued that Warlily's claim of being deceived rests on dubious grounds as she did not categorically state when she officially received a copy of the CA Decision. Also, whatever defects there were in the Waiver were cured or rendered moot and academic by her signing of the Amicable Settlement.

Jimmy and Warlily further refuted Nolan and Ilona's claims in their Opposition to the Motion for Reconsideration/Modification and Comment to the Answer to the Manifestation and Motion.³³ Jimmy and Warlily said that the execution of the Waiver was actually done on October 28, 2003, not on October 22. In noting the dates of receipts of the CA Decision by the counsel for Nolan and Ilona (October 24, 2003) and by Jimmy and Warlily (October 30, 2003), it clearly appears that Warlily was deceived when she executed her Waiver. The execution of the Amicable Settlement later on November 19, 2003 did not change Warlily's situation as she was never apprised of the import of the CA Decision. She was also of the impression that she had no counsel at that time as she believed that Atty. Edgar Praile, who assisted Jimmy and Warlily in the Amicable Settlement, was only a witness that she received ₱300,000.00 in addition to the ₱125,000.00 that she already received.

In their Reply to Opposition and Answer to Comment³⁴ dated January 20, 2004, Nolan and Ilona belied Warlily's claim that she only knew of the CA Decision on October 30, when the office of Atty. William Devilles, Jimmy and Warlily's counsel, received a copy on October 23. Moreover, while Atty. Praile signed as a witness to her receipt of ₱300,000.00, it was likewise true that Atty. Praile signed as counsel for Jimmy and Warlily in the Amicable Settlement and Motion to Approve Amicable Settlement dated

³⁰ *Id.* at 128-130.

³¹ *Id.* at 128.

³² *Id.* at 132-134.

³³ Dated January 11, 2004. *Id.* at 137-142.

³⁴ *Id.* at 143-146.

November 19, 2003.

Meanwhile, Esmeralda filed an Opposition to [the] Motion for Reconsideration/Modification³⁵ wherein she stated that she is not a party to the Waiver and has no knowledge as to its veracity.³⁶ She further argued that it is incredulous for Nolan to insist that the CA reverse its decision when such decision is even favorable to him. Only the Spouses Terosa would suffer from the decision ordering their title cancelled. She averred that the act of Nolan and Ilona merely bolsters the claim that the alleged deed of sale executed by Nolan and Ilona in favor of the Spouses Terosa is a fictitious and simulated document intended only to deprive Esmeralda and the creditors of their claims against the conjugal assets.³⁷

In its Resolution dated October 7, 2005, the CA denied the Motion for Reconsideration/Modification filed by Nolan and Ilona.

Hence, this petition by Ilona.

Ilona argues that by virtue of the Waiver, the CA should have, at the very least, reconsidered or modified its Decision dated October 14, 2003 as Warlily had received from Nolan and Ilona ₱125,000.00 representing the full and complete satisfaction of her claim in the civil case.³⁸

Ilona further argues that in addition to the Waiver, the Amicable Settlement results in the modification of the CA Decision. This is so because the parties agreed that the ₱425,000.00 payment received by Jimmy and Warlily is the full, final and complete settlement of their claims. Thus, Ilona prays to this Court that the terms of the Amicable Settlement be considered to have modified the terms of the RTC Decision.³⁹ Further, the petitioner prays that the deed of sale in favor of Spouses Terosa conveying the house and lot be declared valid, and that the order for the cancellation of TCT No. 107509 in the name of Spouses Terosa be recalled.

The Issue

We decide whether the Waiver and the Amicable Settlement can modify the Decision of the CA.

The Court's Ruling

The Waiver is invalid

Petitioners anchored their Motion for Reconsideration/Modification on the Affidavit of Waiver, Quitclaim and Satisfaction of Claim⁴⁰ executed

³⁵ Dated January 5, 2004. *Id.* at 116-119.

³⁶ *Id.* at 116.

³⁷ *Id.* at 117.

³⁸ *Id.* at 9.

³⁹ *Id.* at 9-10.

⁴⁰ *Id.* at 114.

by Warlily, which they aver to have rendered the issue of the validity of the transfer of the property moot and academic. We are not persuaded.

The nullity of the Deed of Sale could not be affected by the subsequent waiver of Warlily. The Court has explained the nature of a waiver:

Waiver is defined as “a voluntary and intentional relinquishment or abandonment of a known existing legal right, advantage, benefit, claim or privilege, which except for such waiver the party would have enjoyed x x x.”

x x x x

[I]t is the general rule that a person may waive any matter which affects his property, and any alienable right or privilege of which he is the owner or which belongs to him or to which he is legally entitled, whether secured by contract, conferred with statute, or guaranteed by constitution, provided such rights and privileges rest in the individual, are intended for his sole benefit, do not infringe on the rights of others, and further provided the waiver of the right or privilege is not forbidden by law, and does not contravene public policy x x x.⁴¹

Warlily’s Waiver cannot cover the issue of the validity of the sale of the property to the Spouses Terosa since the property is neither a right nor a benefit she is entitled to. Moreover, the declaration of nullity due to the existence of fraud was both a finding of fact and of law by the lower courts, and the parties cannot agree amongst themselves and decide otherwise.

The Amicable Settlement is not valid

The Amicable Settlement, intending to put an end to the controversy between Jimmy and Warlily and Nolan and Ilona, partakes the nature of a compromise agreement. The Amicable Settlement involves two subjects: 1) the payment of the principal obligation of ₱510,463.98 to Jimmy and Warlily; and 2) the cancellation of the sale of the house and lot to the Spouses Terosa.

The Amicable Settlement of the payment of the debt to Jimmy and Warlily is not valid

With the payment of ₱425,000.00, Jimmy and Warlily allegedly released Nolan and Ilona, Esmeralda, and even the Spouses Terosa from their obligations. Specifically:

⁴¹ *F.F. Cruz and Co., Inc. v. HR Construction Corp.*, G.R. No. 187521, March 14, 2012, 668 SCRA 302, 322 citing *People v. Donato*, G.R. No. 79269, June 5, 1991, 198 SCRA 130, 153-154.

1. Plaintiffs–appellees and defendants–appellants Nolan Bienvenido Hapitan and Ilona Hapitan hereby agree to the full, final and complete settlement of the liability of the latter and that of defendants–appellants Sps. Jessie P. Terosa and Ruth O. Terosa to the former under the Decision rendered by the court a quo dated February 13, 1996 and affirmed by this Court in its Decision dated October 14, 2003 x x x. It is understood that this payment of defendants–appellants include their share and that of defendant Esmeralda Blacer and defendants–appellants Terosa.

2. They agree, further, to the modification of the judgment of the court a quo and affirmed by this Court that instead of its judgment x x x

x x x x

the terms of the Amicable Settlement in the first paragraph hereof be considered to have modified the terms of the foregoing Decision and that the Deed of Sale in favor of Spouses Jessie P. Terosa and Ruth O. Terosa covering the property in question, Lot 19 – A covered by TCT No. T – 103227 and the house thereon be declared valid and the order for the cancellation of TCT No. T – 107509 in the name of Spouses Jessie P. Terosa and Ruth O. Terosa be recalled.⁴² (Emphasis supplied)

A compromise agreement is defined as a contract whereby the parties make reciprocal concessions in order to resolve their differences and thus avoid or put an end to a lawsuit.⁴³ To have the force of law between the parties, a compromise agreement must comply with the requisites and principles of contracts.⁴⁴ Thus, it must have the following elements: 1) the consent of the parties to the compromise; 2) an object certain that is the subject matter of the compromise; and 3) the cause of the obligation that is established.⁴⁵

We note that much has been said by the parties on the validity of the Amicable Settlement, specifically on the element of consent. Jimmy and Warlily consistently maintained that they were deceived into executing the Waiver and the Amicable Settlement, and that they were not properly assisted by counsel. They insist that the settlement was proposed and forged by Nolan and Ilona in bad faith, having advance knowledge of the decision of the CA.

While compromise agreements are generally favored and encouraged by the courts, it must be proved that they were voluntarily, freely, and intelligently entered into by the parties, who had full knowledge of the

⁴² Rollo, pp. 124-125.

⁴³ *Magbanua v. Uy*, G.R. No. 161003, May 6, 2005, 458 SCRA 184, 190 citing CIVIL CODE, Art. 2028; *Manila International Airport Authority (MIAA) v. ALA Industries Corporation*, G.R. No. 147349, February 13, 2004, 422 SCRA 603, 609; *Ramnani v. Court of Appeals*, G.R. No. 85494, July 10, 2001, 360 SCRA 645, 653-654; *Abarintos v. Court of Appeals*, G.R. No. 113070, September 30, 1999, 315 SCRA 550, 560; *Del Rosario v. Madayag*, G.R. No. 118531, August 28, 1995, 247 SCRA 767, 770.

⁴⁴ *Magbanua v. Uy*, *supra* at 190-191, citing *Regal Films, Inc. v. Concepcion*, G.R. No. 139532, August 9, 2001, 362 SCRA 504, 508; *Anacleto v. Van Twest*, G.R. No. 131411, August 29, 2000, 339 SCRA 211, 215; *Del Rosario v. Madayag*, *supra* at 767, 770-771.

⁴⁵ *Magbanua v. Uy*, *supra* at 195, citing CIVIL CODE, Art. 1318.

judgment.⁴⁶ The allegations of Jimmy and Warlily cast doubt on whether they fully understood the terms of the Amicable Settlement when they signed it. They further argued that they did not fully comprehend the CA Decision in their favor. Thus, it may be reasonably inferred that Jimmy and Warlily did not give consent to the Amicable Settlement with Nolan and Ilona.

Nolan cannot waive his and Esmeralda's rights over the house and lot sold to the Spouses Terosa

The Amicable Settlement, which Nolan signed, aims to recall the lower courts' finding of nullity of the sale of the house and lot to the Spouses Terosa. In effect, by agreeing to the validity of the sale, Nolan disposed of or waived his and Esmeralda's rights over the house and lot, which the lower courts found to be part of their conjugal property.

Such disposal or waiver by Nolan is not allowed by law. Article 124⁴⁷ of the Family Code requires that any disposition or encumbrance of conjugal property must have the written consent of the other spouse; otherwise, such disposition is void.⁴⁸ Further, under Article 89⁴⁹ of the Family Code, no waiver of rights, interests, shares, and effects of the conjugal partnership of gains⁵⁰ during the marriage can be made except in case of judicial separation of property. Clearly, Esmeralda did not consent to Nolan disposing or waiving their rights over the house and lot through the Amicable Settlement. In fact, she even objected to the Amicable Settlement, as evidenced by her pleadings filed before the courts. She further expressed disbelief that Nolan would want the CA to reverse its decision when its ruling, saving Nolan and Esmeralda's conjugal property, is favorable to him.

The invalidity of the Amicable Settlement notwithstanding, we find

⁴⁶ *Agustin v. Cruz-Herrera*, G.R. No. 174564, February 12, 2014, 716 SCRA 42, 54-55.

⁴⁷ FAMILY CODE, Art. 124. The administration and enjoyment of the conjugal partnership property shall belong to both spouses jointly. In case of disagreement, the husband's decision shall prevail, subject to recourse to the court by the wife for proper remedy, which must be availed of within five years from the date of the contract implementing such decision.

In the event that one spouse is incapacitated or otherwise unable to participate in the administration of the conjugal properties, the other spouse may assume sole powers of administration. These powers do not include disposition or encumbrance without authority of the court or the written consent of the other spouse. In the absence of such authority or consent, the disposition or encumbrance shall be void. However, the transaction shall be construed as a continuing offer on the part of the consenting spouse and the third person, and may be perfected as a binding contract upon the acceptance by the other spouse or authorization by the court before the offer is withdrawn by either or both offerors. (Emphasis supplied)

⁴⁸ *Titan Construction Corporation v. David, Sr.*, G.R. No. 169548, March 15, 2010, 615 SCRA 362, 371. See also *Aggabao v. Parulan, Jr.*, G.R. No. 165803, September 1, 2010, 629 SCRA 562, 565 .

⁴⁹ FAMILY CODE, Art. 89. No waiver of rights, interests, shares and effects of the absolute community of property during the marriage can be made except in case of judicial separation of property.

When the waiver takes place upon a judicial separation of property, or after the marriage has been dissolved or annulled, the same shall appear in a public instrument and shall be recorded as provided in Article 77. The creditors of the spouse who made such waiver may petition the court to rescind the waiver to the extent of the amount sufficient to cover the amount of their credits.

⁵⁰ FAMILY CODE, Art. 107. The rules provided in Articles 88 and 89 shall also apply to conjugal partnership of gains.

that it still is evidence of payment by Nolan and Ilona of ₱425,000.00. Even Jimmy and Warlily do not deny that they received the said amount. In fact, in their Opposition to the Motion for Reconsideration/ Modification and Comment to the Answer to the Manifestation and Motion⁵¹ filed with the CA, they admitted that they received the amount,⁵² and even attached a copy of the receipt⁵³ as annex to the said pleading. The amount of ₱425,000.00 should therefore be deducted from the total amount due to Jimmy and Warlily.

WHEREFORE, the Petition is **DENIED**. The Decision dated October 14, 2003 and the Resolution dated October 7, 2005 of the Court of Appeals in CA-G.R. CV No. 53301 are **AFFIRMED** with the **MODIFICATION** that the amount of ₱425,000.00 should be deducted from the total amount due to the Spouses Jimmy and Warlily Lagradilla.

SO ORDERED.


FRANCIS H. JARDELEZA
Associate Justice

WE CONCUR:


PRESBITERO J. VELASCO, JR.
Associate Justice
Chairperson

⁵¹ *Rollo*, pp.137-142.

⁵² *Id.* at 139.

1.1 That plaintiff's receipt of the ₱425,000 [₱125,000 + ₱300,000] does not, in any manner, affect the merit of the case especially as to the finding of this Honorable Court that the transaction of Sale was in fraud of creditors, but on the contrary, it even bolster plaintiffs' case for why should appellants settle plaintiffs' claim if indeed there is no legal and factual truism that the sale was really in fraud of creditors.

⁵³ *Id.* at 142.

R E C E I P T

RECEIVED from Nolan Bienvenido Hapitan the amount of Three Hundred Thousand Pesos (₱300,000.00) in cash pursuant to the Amicable Settlement dated November 19, 2003 in C.A. G.R. C.V. No. 53301.

This is also to acknowledge the payment of One Hundred Twenty Five Thousand Pesos (₱125,000.00) as payment pursuant to the said Amicable Settlement received by Warlily Lagradilla per Affidavit of Waiver, Quitclaim and Satisfaction of Claim dated 22 October 2003.

(signed)
 JIMMY LAGRADILLA

(signed)
 WARLILY LAGRADILLA

Witness:

(signed)
 ATTY. EDGAR PRAILE





DIOSDADO M. PERALTA
Associate Justice



MARTIN S. VILLARAMA, JR.
Associate Justice



BIENVENIDO L. REYES
Associate Justice

ATTESTATION

I attest 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.



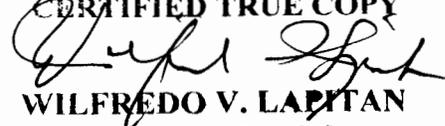
PRESBITERO J. VELASCO, JR.
Associate Justice
Chairperson, Third Division

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, and the Division Chairperson's attestation, it is hereby certified 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.



MARIA LOURDES P. A. SERENO
Chief Justice

CERTIFIED TRUE COPY

WILFREDO V. LAPIDAN
Division Clerk of Court
Third Division

FEB 15 2016