



SUPREME COURT OF THE PHILIPPINES
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Republic of the Philippines
Supreme Court
Manila

SECOND DIVISION

GOLDLAND TOWER
CONDOMINIUM
CORPORATION,

Petitioner,

—versus—

EDWARD L. LIM AND
HSIEH HSIU-PING,

Respondents.

G.R. No. 268143

Present:

LEONEN, *Chairperson*,
LAZARO-JAVIER,
M. LOPEZ,
J. LOPEZ, and
KHO, JR., *JJ*.

Promulgated:

AUG 12 2024

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DECISION

M. LOPEZ, J.:

The line between related legal principles is a fine one, often blurred by every nuanced interpretation it has assumed over time. In this case, the Court sees it fit to untangle the concepts of demand and notice as we probe into the main issue on whether an action for judicial foreclosure can prosper despite the absence of an extrajudicial demand.

[Signature]

Before this Court is a Petition for Review on *Certiorari*¹ filed by petitioner Goldland Tower Condominium Corporation (Goldland), assailing the Amended Decision² and the Resolution³ of the Court of Appeals (CA), which dismissed Goldland's action for judicial foreclosure due to the absence of a demand.

ANTECEDENTS

Respondent Hsieh Hsiu-Ping (Hsieh) was the registered owner of Unit 8-B in Goldland Tower Condominium covered by Condominium Certificate of Title (CCT) No. 4007-R. However, Hsieh became delinquent in the payment of the association dues amounting to PHP 4,362,208.14. Thus, on August 10, 2011, Goldland caused the annotation of its lien on CCT No. 4007-R.⁴

Meanwhile, due to Hsieh's nonpayment of real estate taxes, the City Treasurer of San Juan City levied the condominium unit. The property was then sold in a public auction to the highest bidder, respondent Edward Lim (Lim), as per Certificate of Sale dated February 9, 2012. There being no redemption made by Hsieh within the one year period provided under the Local Government Code, the City of San Juan issued a deed of conveyance in favor of Lim.⁵

Later, on February 14, 2012, Goldland filed a complaint for foreclosure against Lim and Hsieh with Branch 160, Regional Trial Court (RTC), Pasig City (San Juan City Station).⁶ Goldland demanded for payment of the principal sum of PHP 4,362,208.14, representing the unpaid association dues, and in case of default, for foreclosure of the encumbrance over the condominium unit in accordance with Rule 68 of the Rules of Court.⁷

In his Answer, Lim countered that Goldland had no cause of action to judicially foreclose on his newly acquired property because the tax lien, which was already foreclosed by the City of San Juan, was superior to any other encumbrance, including Goldland's supposed lien for the association dues. If at

¹ *Rollo*, pp. 3–19.

² *Id.* at 20–31. The Amended Decision dated March 1, 2023 in CA-G.R. CV No. 117711 was penned by Associate Justice Marlene B. Gonzales-Sison and concurred in by Associate Justices Gabriel T. Robeniol and Michael P. Ong of the Former Seventh Division, Court of Appeals, Manila.

³ *Id.* at 33–35. The Resolution dated June 21, 2023 in CA-G.R. CV No. 117711 was penned by Associate Justice Marlene B. Gonzales-Sison and concurred in by Associate Justices Gabriel T. Robeniol and Michael P. Ong of the Former Seventh Division, Court of Appeals, Manila.

⁴ *Id.* at 5–10, 72. The annotation of Goldland's lien on CCT No. 4007-R read: "NOTICE OF ASSESSMENT: IN FAVOR OF GOLDLAND TOWER CONDOMINIUM PROJECT FOR THE SUM OR FOUR MILLION THREE HUNDRED SIXTY[-]TWO THOUSAND TWO HUNDRED EIGHT & 14/100 ONLY (PHP 4,362,208.14), REPRESENTING UNPAID ASSOCIATION DUES AND AMENITIES, IN ACCORDANCE WITH DOC. NO. 87, PAGE NO. 18, BOOK NO. 107, SERIES OF 2011 OF NOTRARY PUBLIC FOR QUEZON CITY, ATTY. TOMAS F. DULAY, JR. DATED JULY 7, 2011. DATE OF INSCRIPTION – AUGUST 10, 2011 AT 1:44 P.M."

⁵ *Id.* at 187.

⁶ *Id.* at 94–114. The Complaint docketed as SCA Case No. 4118 was erroneously captioned: "Foreclosure of Real Estate Mortgage."

⁷ *Id.* at 5. As of the time of the filing of Goldland's complaint before the trial court, the unpaid association dues payable to Goldland, plus penalties and interests, had reached PHP 23,654,890.35.

all, the right of Goldland was limited to redeeming the property, which it failed to do. Hence, the issuance of the absolute deed of conveyance in favor of Lim. For this reason, Lim insisted that he bought the condominium unit free from any encumbrance or third party claim. In any case, Goldland cannot recover the assessed amount as it failed to send him an extrajudicial demand, making the filing of the action premature.⁸

During pre-trial, the parties agreed that there was no factual issue to be tried. The only issue for resolution, and for which the parties filed their respective memoranda,⁹ was the legal effect of the City Treasurer's public auction on Goldland's lien.

On January 28, 2020, the RTC issued a Decision¹⁰ in favor of Goldland and declared that Hsieh's unpaid association dues are considered a prior lien on the property. This lien annotated on CCT No. 4007-R, attaches to the property itself regardless of the change in ownership. Consequently, Lim is deemed to have assumed the obligation to pay the unpaid assessment when he bought the unit during the tax delinquency sale. The trial court ordered Lim to pay Goldland the assessed amount of PHP 4,362,208.14 plus 6% interests per annum and "[in] case of failure to pay the aforesaid amount within the time prescribed, let the subject property be sold through public auction and for the disposition of the proceeds thereof in accordance with law."¹¹ Because the parties had previously agreed to limit the issue of the case to the effect of the tax sale on Goldland's lien, the RTC no longer ruled on whether demand had duly been made on Lim.¹²

The RTC denied Lim's motion for reconsideration.¹³

In his appeal before the CA, Lim argued that: (1) the foreclosure sale had the effect of extinguishing Goldland's lien on the property, it being "subordinate" to the local government's real property tax lien; and (2) Goldland's action was premature for lack of prior demand.¹⁴

⁸ *Id.* at 118–19.

⁹ *Id.* at 132–146, 147–168.

¹⁰ *Id.* 51–55. The January 28, 2020 Decision in SCA No. 4118 was penned by Acting Presiding Judge Caesar C. Buenagua of Branch 160, Regional Trial Court, Pasig City.

¹¹ *Id.* at 55. The dispositive portion of the RTC's January 28, 2020 Decision reads:
IN VIEW OF THE FOREGOING, defendant, EDWARD L. LIM, [is] ordered to pay the plaintiff GOLDLAND TOWER CONDOMINIUM CORPORATION the amount of FOUR MILLION THREE HUNDRED SIXTY TWO THOUSAND TWO HUNDRED EIGHT & 14/100 ([PHP] 4,362,208.14)] plus interest in the amount [of] six percent (6%) per annum computed from finality of this Decision until fully paid.
In case of failure to pay the aforesaid amount within the time prescribed, let the subject property be sold through public auction and for the disposition of the proceeds thereof in accordance with law.
SO ORDERED.

¹² *Id.* at 52.

¹³ *Id.* at 169–180. The Resolution dated October 16, 2020 denying Lim's motion for reconsideration in open court was issued by Acting Presiding Judge Ferdinand T. Rafanan of Branch 264, Regional Trial Court, San Juan City.

¹⁴ *Id.* at 182–210.

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The CA initially affirmed the RTC's Decision. In its Decision dated September 21, 2022,¹⁵ the CA ruled that the unpaid association dues constitute a valid lien on the condominium unit in Goldland's favor. As such, Lim was obligated to settle the unpaid amount after he acquired the property. The CA further declared that the public sale conducted by the local government unit (LGU) only discharged the delinquent taxes, interests, and sale expenses, but Goldland's registered lien remains. Finally, the CA held that the parties can no longer raise the issue of demand as this was not one of the issues contained in the Pre-trial Order which could be considered for resolution.¹⁶

Acting on Lim's motion for reconsideration, the CA issued the assailed Amended Decision¹⁷ dated March 1, 2023, setting aside its initial Decision.

In the Amended Decision, the CA remained firm in ruling that the tax sale did not effectively discharge Goldland's registered lien. However, it found that there was no allegation that a demand was made upon Lim before the filing of the complaint for judicial foreclosure. The CA also observed that Goldland's complaint and pre-trial brief only asserted three matters: (1) its title over the condominium unit; (2) its lien as annotated on CCT No. 4007-R; and (3) the Master Deed is the basis for Lim's assumed obligation to pay for Hsieh's association dues.¹⁸ Because Goldland failed to allege or prove that it had demanded Lim for the unpaid association dues, the CA ruled that: (1) Lim never defaulted on the obligation to pay them; (2) the foreclosure proceedings initiated by Goldland were premature; and (3) the foreclosure proceedings were void.¹⁹ The CA also held that the existence of demand, though factual, cannot be precluded by the RTC's "vague and bare" Pre-trial Order since demand was indispensable in determining whether Lim had defaulted.²⁰ Consequently, the CA dismissed Goldland's complaint in this manner:

WHEREFORE, premises considered, the Motion for Reconsideration is GRANTED.

The Original Decision dated 21 September 2022 is SET ASIDE. An Amended Decision is hereby rendered, to the effect that the RTC's Decision dated 28 January 2020 in SCA No. 4118 is REVERSED and the plaintiff-appellee Goldland Tower Condominium Corporation's Complaint DISMISSED, as elaborated in this Amended Decision. The appellant's prayer for moral damages, exemplary damages, and attorney's fees are denied.

SO ORDERED.²¹

¹⁵ *Id.* 37-49.

¹⁶ *Id.* at 47.

¹⁷ *Id.* at 20-31.

¹⁸ *Id.* at 27.

¹⁹ *Id.*

²⁰ *Id.* at 26.

²¹ *Id.* at 29-30.

Goldland's motion for reconsideration was denied in the assailed Resolution.²² Hence, this Petition.

Goldland challenges the CA's ruling that prior demand was necessary before the filing of its action. It also faults the CA for declaring that the assessment for PHP 4,362,208.14 annotated as a lien on CCT No. 4007-R did not serve as a constructive notice on Lim.²³

Commenting on the petition, Lim argues that a cause of action requires a defendant's act or omission in violation of the plaintiff's legal right—which does not exist in this case because there was no proof of demand on him, or of his subsequent refusal to settle Goldland's claim. In relation to this, Lim contends that neither the annotation on CCT No. 4007-R nor Goldland's act of filing of a suit for foreclosure, satisfies the requisite demand under the rules.²⁴

ISSUES

The issues to be resolved are: (1) whether the CA erred in ruling that Goldland's judicial foreclosure suit cannot prosper due to the absence of a demand; and (2) whether Goldland's claim annotated as a lien on the CCT constituted the demand required by law.

RULING

The Petition has merit.

*Demand and notice are two
distinct concepts in law*

In contractual obligations, the determination of whether demand has been made is one of fact.²⁵ On the other hand, the question of whether a demand is necessary prior to the filing of petitioner's action for judicial foreclosure remains a legal one, considering Goldland's main contention that the assessment annotated as a lien on CCT No. 4007-R is in the nature of a constructive notice which serves as sufficient demand upon respondent Lim.

Petitioner's argument failed to distinguish between the two legal concepts of demand and notice.

²² *Id.* at 33–35.

²³ *Id.* at 10.

²⁴ *Id.* at 292.

²⁵ *Development Bank of the Philippines v. Licuanan*, 545 Phil. 544, 552 (2007) [Per J. Corona, First Division].

Notice, whether actual or constructive, play into a party's allegations of knowledge and good faith. In this jurisdiction, the law affords protection to a party who is acting in good faith.²⁶ For instance, persons who possess personal property in good faith, i.e., without actual knowledge of a flaw in title or mode of acquisition,²⁷ hold the equivalent of title over such property until it is legally recovered by the true owner.²⁸ They may even become the legitimate owners of the personal property after an uninterrupted possession of four years, if they maintain the same lack of knowledge during the entire period.²⁹

When constructive, notice creates a legal presumption of knowledge,³⁰ and thus becomes a matter wholly dictated by law and against which no person can continue to plead ignorance.³¹ In such instances, the purpose of the notice is to afford special protection to certain legal systems, or to maintain the feasibility and integrity of specific legal fictions, like the Torrens system of land registration,³² or the publication of laws in lieu of giving personal notice to every citizen.³³

On the other hand, demand is always a question of fact³⁴ because the creditor must prove its due service to and receipt by the debtor for it to have legal effect.³⁵ Although the law may require the demand to be in a certain form or contain specific matters before it produces the desired legal consequences,³⁶ there is no such thing as a constructive demand, unlike in notice. Demand, being dependent on its service and receipt, may thus only bind the person who actually receives it. Simply put, notice determines the presence or absence of knowledge and good faith, while demand decides on whether a party has defaulted on a demandable obligation.³⁷

Applying these principles, the Court finds it inaccurate for petitioner to insist that the demand on the original owner respondent Hsieh was also a demand on respondent Lim.³⁸ Petitioner's erroneous view about demand is hinged on Lim's constructive notice, which is an entirely distinct legal concept, as explained above. The constructive notice on the part of Lim is merely a consequence of the annotation of the lien on CCT No. 4007-R, resulting to his assumption of

²⁶ See CIVIL CODE, arts. 448, 453, 454, among others.

²⁷ CIVIL CODE, art. 526, par. 1.

²⁸ CIVIL CODE, art. 559, par. 1.

²⁹ CIVIL CODE, art. 1132, par. 1.

³⁰ See J. Caguioa, Concurring Opinion, *Princess Rachel Development v. Hill View*, 873 Phil. 105, 170 (2020) [Per J. Reyes, Jr., *En Banc*].

³¹ *Legarda v. Saleeby*, 31 Phil. 590 (1915) [Per J. Johnson, *En Banc*].

³² Presidential Decree (P.D.) No. 1529, sec. 52; see *Lim v. People*, 830 Phil. 669, 685–687 (2018) [Per J. Reyes, Jr., Second Division].

³³ *Linsangan v. Philippine Deposit Insurance Corporation*, 846 Phil. 680, 690 (2019) [Per J. Reyes, Jr., Second Division]; See also CIVIL CODE, art. 3.

³⁴ *Development Bank of the Philippines v. Licuanan*, 545 Phil. 544, 552 (2007) [Per J. Corona, First Division].

³⁵ See *Rivera-Avante v. Rivera*, 851 Phil. 154 (2019) [Per J. Peralta, Third Division]; see also *General Milling Corporation v. Spouses Ramos*, 669 Phil. 525 (2011) [Per J. Velasco, Jr., Third Division].

³⁶ See *Commissioner of Internal Revenue v. Fitness By Design, Inc.*, 799 Phil. 391, 418 (2016) [Per J. Leonen, Second Division]; see also *Rivera-Avante v. Rivera*, 851 Phil. 154, 163 (2019) [Per J. Peralta, Third Division] and *Resterio v. People*, 695 Phil. 693, 707 (2012) [Per J. Bersamin, First Division].

³⁷ See *Development Bank of the Philippines v. Spouses Licuanan*, 545 Phil. 544, 554 (2007) [Per J. Corona, First Division].

³⁸ *Rollo*, p. 15.

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respondent Hsieh's obligation to settle the unpaid dues. This is ordained by Section 59 of Presidential Decree No. 1529 or The Property Registration Decree,³⁹ which states:

Sec. 59. *Carry Over of Encumbrances.* — If, at the time of any transfer, subsisting encumbrances or annotations appear in the registration book, they shall be carried over and stated in the new certificate or certificates, except so far as they may be simultaneously released or discharged.

However, we must again stress that the matter on constructive notice has nothing to do and should not be confused with petitioner's demand upon respondent Lim or the lack thereof, for the payment of the assessed amount before respondent Lim is considered in default.

In any case, there can be no question as to the validity and preference of petitioner's lien since it was annotated on CCT No. 4007-R earlier than the tax lien. Precisely, in *BIR v. TICO Insurance Co., Inc.*,⁴⁰ the Court ruled that the prior annotation of a lien creates a preference given that the registration is the operative act that binds the real property. When respondent Lim purchased the condominium unit during the tax sale, it is understood that any lien previously annotated on the CCT subsists. The prior lien is deemed incorporated into and must be carried over to the new title because it is a right *in rem* that directly subjects the property itself to the fulfillment of the obligation. Truly, petitioner's right cannot be impaired because its lien is inseparable from the property upon which it is imposed, and it subsists notwithstanding a change in ownership of the unit.⁴¹

Notably, even in its Amended Decision, the CA affirmed the RTC's finding that: (1) petitioner's unpaid assessments against respondent Hsieh, which was duly annotated on CCT No. 4007-R in accordance with the Condominium Act⁴² and petitioner's master deed and declaration of restrictions,⁴³ is a valid lien on the property such that it was deemed assumed by respondent Lim when he acquired it during the public auction;⁴⁴ and that (2) Goldland's prior lien survived the LGU's tax sale to cover the delinquent real property taxes.⁴⁵

The only issue on which the CA changed its ruling was on the aspect of demand. In the Amended Decision, the CA ruled that petitioner's complaint failed to allege prior demand on respondent Lim. It then concluded that demand was necessary for a valid foreclosure of the encumbrance on respondent Lim's

³⁹ Presidential Decree No. 1529 (1978), The Property Registration Decree.

⁴⁰ G.R. No. 204226, April 18, 2022.

⁴¹ *Tiongco v. Philippine Veterans Bank*, 287 Phil. 193 (1992) [Per J. Davide, Jr., Third Division]; *Lukbar v. Optimum Development Bank*, 778 Phil. 824 (2016) [Per J. Carpio, Second Division].

⁴² Republic Act No. 4726 (1966), sec. 20, The Condominium Act.

⁴³ *Rollo*, p. 6.

⁴⁴ *Ferndale Homes Homeowners Association v. Spouses Abayon*, G.R. No. 230426, April 28, 2021 [Per J. Lazaro-Javier, Second Division].

⁴⁵ *Rollo*, p. 24.

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condominium unit, which then renders petitioner's action for judicial foreclosure dismissible for being premature.⁴⁶ The Court rules otherwise.

*Petitioner's suit against
respondent Lim constituted
sufficient demand contemplated by
law*

While we agree that petitioner had to demand payment of the unpaid assessments from Lim, we reject the CA's finding that demand was not made, and that petitioner's filing of a complaint was premature.

To recall, petitioner's complaint for judicial foreclosure prayed for the following alternative reliefs: (1) that respondent Lim be ordered to pay the principal sum of PHP 4,362,208.14, and (2) should respondent Lim fail to pay, that the condominium unit be sold at public auction and the proceeds be applied in accordance with Rule 68 of the Rules of Court.⁴⁷

By dismissing the complaint, the CA failed to recognize that in instituting the present case for the payment of the total unpaid assessments and the foreclosure of the lien on the condominium unit in default of payment—petitioner was effectively demanding fulfillment of the obligation owed by respondent Lim under the law.

Fundamentally, Article 1169 of the Civil Code does not require a creditor to precede a judicial demand with an extrajudicial prior demand,⁴⁸ thus:

Article 1169. Those obliged to deliver or to do something incur in delay from the time the obligee **judicially or extrajudicially demands** from them the fulfillment of their obligation.

However, the demand by the creditor shall not be necessary in order that delay may exist:

(1) When the obligation or the law expressly so declare; or

(2) When from the nature and the circumstances of the obligation it appears that the designation of the time when the thing is to be delivered or the service is to be rendered was a controlling motive for the establishment of the contract; or

(3) When demand would be useless, as when the obligor has rendered it beyond his power to perform. (Emphasis supplied)

⁴⁶ *Id.* at 27.

⁴⁷ *Id.* at 96.

⁴⁸ *General Milling Corporation v. Spouses Ramos*, 669 Phil. 525, 534 (2011) [Per J. Velasco, Jr., Third Division].

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Clearly, unless otherwise stipulated by law or by the terms of the contract,⁴⁹ an extrajudicial demand is not required before a judicial demand can be resorted to.⁵⁰ The creditors contemplated under Article 1169 have an unconditional right of action against their debtors, i.e., to demand the payment of a due and liquidated debt. The creditors may also enforce this right in any manner allowed by law, by themselves extrajudicially, or through appropriate judicial action for payment or performance. The only difference is that until such demand is made, the debtor is not yet considered in legal delay or default, hence, the creditor is not entitled to damages or interests, as stated in Article 1170 of the Civil Code.⁵¹ Thus, when there is an extrajudicial demand prior to the filing of a complaint for recovery of a debt, the creditor is allowed to collect damages or interests at the rate agreed upon, counted from the date such extrajudicial demand was served and until full payment.⁵²

In contrast, a judicial demand, or the immediate filing of a complaint in court, would entitle the creditor to damages in the form of legal interest. Absent any stipulated interest rate⁵³ would reckoned *only* from the date of the filing of the suit—or when demand is deemed legally made,⁵⁴ until full payment.

*An action for judicial foreclosure
does not require prior
extrajudicial demand for payment
of the principal obligation*

As an adjunct to the foregoing discussion, the next question to ask is whether an action for judicial foreclosure requires prior extrajudicial demand for the payment of the principal obligation.

We answer in the negative.

As soon a debt becomes due, the creditor gains not only the right to demand—judicially or extrajudicially—its payment or fulfillment from the debtor. In addition, the creditor becomes entitled to the right to initiate foreclosure of the

⁴⁹ CIVIL CODE, arts. 1159, 1169.

⁵⁰ *Autocorp Group v. Intra Strata Assurance Corporation*, 578 Phil. 804, 820 (2008) [Per J. Chico-Nazario, Third Division].

⁵¹ CIVIL CODE, art. 1170, provides that: Those who in the performance of their obligations are guilty of fraud, negligence, or delay, and those who in any manner contravene the tenor thereof, are liable for damages.

⁵² CIVIL CODE, art. 2209, provides that: If the obligation consists in the payment of a sum of money, and the debtor incurs in delay, the indemnity for damages, there being no stipulation to the contrary, shall be the payment of the interest agreed upon, and in the absence of stipulation, the legal interest, which is six per cent per annum.

⁵³ *Id.*

⁵⁴ *See Pineda v. De Vega*, 851 Phil. 1106, 1118 (2019) [Per J. Caguioa, Second Division].

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security as payment. This choice of relief finds basis in Article 2087 of the Civil Code,⁵⁵ as amplified in our recent pronouncement in *Pineda v. De Vega*.⁵⁶

In *Pineda*, as in this case, the petitioner/creditor filed a complaint against the respondent/debtor for payment of the principal obligation or, in default of such payment, for the foreclosure of the mortgage over the property given as security.⁵⁷ The trial court ruled in favor of the creditor, but the CA reversed its Decision on appeal. The CA found that the creditor failed to prove that an extrajudicial demand was made upon the debtor and did not assert any of the exceptions to the requisite demand under Article 1169 of the Civil Code. It then ruled that the debtor could not be considered in default and that the creditor's complaint should consequently fail.

This legal conclusion is flawed.

Although there is a factual finding in *Pineda* that the creditor had not proven the debtor's receipt of the demand letter, the Court invariably declared that:

While the CA was correct in observing that default generally begins from the moment the creditor demands the performance of the obligation, and without such demand, judicial or extrajudicial, the effects of default will not arise, it failed to acknowledge that **when petitioner filed her complaint. . . such filing constituted the judicial demand upon respondent to pay the latter's principal obligation and the interest thereon.**⁵⁸ (Emphasis supplied)

Similar to *Pineda*, the CA correctly ruled in the Amended Decision that "[w]ithout a demand, the default of the debtor cannot arise," based on Article 1169 of the Civil Code.⁵⁹ However, what the CA failed to acknowledge is: first, petitioner's unpaid assessments duly annotated on the CCT constituted proof of the existence of a due and liquidated debt, which gave petitioner every right to demand for its payment,⁶⁰ whether by recovery of a sum of money or enforcement of its special property lien;⁶¹ second, petitioner's filing of a complaint for judicial foreclosure, in itself, constituted demand for the payment of respondent Lim's debt.⁶² After all, foreclosure is but a necessary consequence of the nonpayment of the indebtedness.⁶³

⁵⁵ CIVIL CODE, art. 2087, provides that: It is also of the essence of these contracts that when the principal obligation becomes due, the things in which the pledge or mortgage consists may be alienated for the payment to the creditor.

⁵⁶ 851 Phil. 1106 (2019) [Per J. Caguioa, Second Division].

⁵⁷ *Id.* at 1109.

⁵⁸ *Id.* at 1116–1117.

⁵⁹ *Rollo*, p. 27.

⁶⁰ CIVIL CODE, arts. 2087, 1232.

⁶¹ Republic Act No. 4726 (1966), sec. 20, par. 3.

⁶² See *Enriquez v. Ramos*, 165 Phil. 119 (1976) [Per C.J. Castro, First Division].

⁶³ *Roldan v. Barrios*, 830 Phil. 583 (2018) [Per J. Peralta, Second Division], citing *Equitable PCI Bank, Inc. v. Fernandez*, 623 Phil. 343, 349 (2009).

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Thus, the RTC in this case correctly identified and limited the issues in its pre-trial order as to whether petitioner's lien over the condominium unit subsisted even after the local government's tax sale. Whether demand had been made for purposes of foreclosing the lien on the property is no longer an issue, considering that petitioner's suit is, in itself, the demand required by law.⁶⁴

Petitioner's action for judicial foreclosure was enforced in accordance with the Condominium Act and Rule 68 of the Rules of Court

The Condominium Act gives the management bodies of condominiums a special property lien over the condominium units which they may enforce "in the same manner provided for by law for the judicial or extra-judicial foreclosure of mortgage or real property" for unpaid assessments made in accordance with a duly registered declaration of restriction or master deed.⁶⁵

Under the Rules of Court governing judicial foreclosure,⁶⁶ after the trial court finds the creditor's factual averments to be true and ascertains the amount due, it shall render judgment for the sum that is due and order it to be paid to the court or to the judgment creditor within a period of not less than 90 days nor more than 120 days from entry of judgment, and in default, the property shall be sold at public auction to satisfy the judgment.⁶⁷

In this case, the RTC correctly ordered respondent Lim to pay petitioner the amount of PHP 4,362,208.14, plus interest at a rate of 6% per annum computed from finality of the decision until full payment. Also, in case of failure to pay the amount within the time prescribed—not less than 90 days nor more than 120 days from entry of judgment—petitioner shall proceed with the sale of the condominium unit through public auction and disposition of the proceeds in accordance with law.⁶⁸

At this point, we stress that the two reliefs alternatively granted by the RTC to petitioner did not sanction the enforcement of two independent rights or separate causes of action. Rather, these were the necessary consequences or choices of relief⁶⁹ arising from a single, duly proven cause of action, which is the non-payment of a debt. The special property lien granted by the Condominium Act, like all encumbrances or mortgages, is a mere accessory to or a security for the fulfillment of a principal obligation⁷⁰—Petitioner's unpaid, assessed

⁶⁴ See *Enriquez v. Ramos*, 165 Phil. 119 (1976) [Per C.J. Castro, First Division].

⁶⁵ Republic Act No. 4726 (1966), sec. 20.

⁶⁶ RULES OF COURT, Rule 68.

⁶⁷ RULES OF COURT, Rule 68, sec 2.

⁶⁸ *Rollo*, p. 55.

⁶⁹ *Caltex v. Intermediate Appellate Court*, 257 Phil. 753 (1989) [Per J. Medialdea, First Division].

⁷⁰ CIVIL CODE, art. 2085, par. 1. See Republic Act No. 4726 (1966), sec. 20, par. 1. See also *Suico Rattan & Buri Interiors, Inc. v. Court of Appeals*, 524 Phil. 92, 119 (2006) [Per J. Austria-Martinez, First Division].

association dues. Foreclosure is just an alternative remedy to the collection for sum of money to enforce the debtor's payment of the obligation.

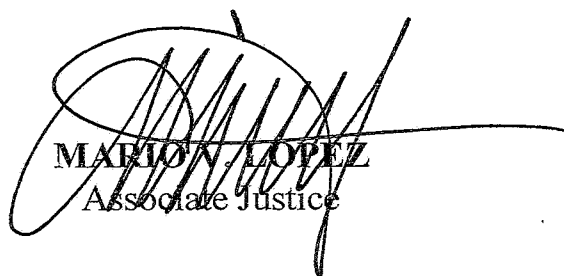
Here, petitioner opted to bring an action for judicial foreclosure in accordance with Rule 68 of the Rules of Court. Petitioner's choice of judicial foreclosure and the RTC's Decision granting the same, bars petitioner from pursuing a separate personal action to collect payment on the same obligation from respondent Lim or his successors or assignees-in-interest, as it would violate the proscription against splitting a single cause of action and render such action vulnerable to dismissal on the ground of *res judicata* or *litis pendentia*,⁷¹ as the case may be.

This ruling is not at odds with Rule 68, which in spite of the creditor's election for foreclosure of mortgage, gives the debtor a "grace period" of 90 to 120 days to pay the full amount of the judgment debt owed to the creditor,⁷² failing which, the creditor may move for the sale of the property.⁷³ Rule 68 simply adds a layer of protection to the debtor's real property right, considering the extreme measure of foreclosure to settle a debt, which could have otherwise been paid with money and which remedy was, after all, only constituted to secure the fulfillment of the principal obligation.⁷⁴

ACCORDINGLY, the Petition is **GRANTED**. The Amended Decision dated March 1, 2023 and the Resolution dated June 21, 2023 of the Court of Appeals in CA-G.R. CV No. 117711 are **REVERSED**.

The Court of Appeals' Decision dated September 21, 2022, affirming the Decision dated January 28, 2020 of Branch 160, Regional Trial Court, Pasig City in SCA Case No. 4118 is **REINSTATED**.

SO ORDERED.


MARION N. LOPEZ
Associate Justice

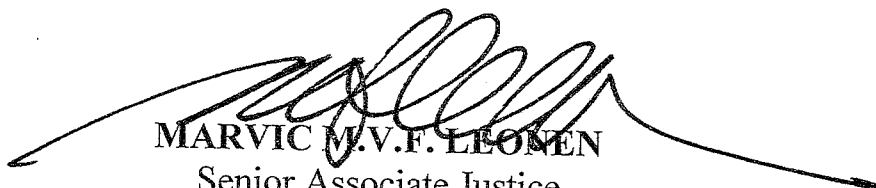
⁷¹ *Marilag v. Martinez*, 764 Phil. 576, 589 (2015) [Per J. Perlas-Bernabe, First Division].

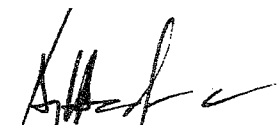
⁷² RULES OF COURT, Rule 68, sec. 2.

⁷³ RULES OF COURT, Rule 68, sec. 3.

⁷⁴ CIVIL CODE, art. 2085(1).

WE CONCUR:


MARVIC M.V.F. LEONEN
Senior Associate Justice
Chairperson


AMY C. LAZARO-JAVIER
Associate Justice


JHOSEP V. LOPEZ
Associate Justice


ANTONIO T. KHO, JR.
Associate Justice

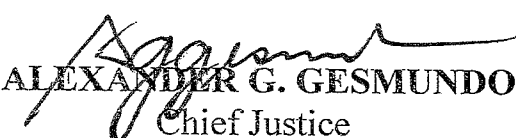
ATTESTATION

I attest that the conclusions in the above Decision has been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.


MARVIC M.V.F. LEONEN
Senior Associate Justice
Chairperson

CERTIFICATION

Pursuant to Article VIII, Section 13 of the Constitution and the Division Chairperson's Attestation, I certify 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.


ALEXANDER G. GESMUNDO
Chief Justice

