



Republic of the Philippines
Supreme Court
Manila

SECOND DIVISION

**SPOUSES LOURDES V.
RAFAEL and RAUL I. RAFAEL,**
Petitioners,

G.R. No. 252073

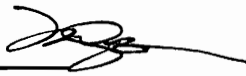
Members:

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

-versus-

**GOVERNMENT SERVICE
INSURANCE SYSTEM (GSIS),**
Respondent.

Promulgated:

JUL 18 2022 

X-----X

DECISION

LAZARO-JAVIER, J.:

This Petition for Review on *Certiorari*¹ under Rule 45 assails the following issuances of the Court of Appeals in CA-G.R. CV No. 108659 entitled “*Spouses Lourdes V. Rafael and Raul I. Rafael v. Government Service Insurance System*”:

- 1) Decision² dated July 23, 2019, disposing, thus:

¹ *Rollo*, pp. 11–50.

² Penned by Associate Justice Ramon M. Bato, Jr. and concurred in by Associate Justices Myra V. Garcia-Fernandez and Perpetua T. Atal-Paño, all members of the Seventh Division, *id.* at pp. 55–70.

WHEREFORE, the appeal is **GRANTED**. The Decision dated 12 January 2015 of the Regional Trial Court [Branch 89, Bacoor City] in Civil Case No. BCV-2005-125 is hereby **NULLIFIED** and a new one entered **DISMISSING** the Complaint filed by Spouses Lourdes V. Rafael and Raul I. Rafael, without prejudice to the filing of the appropriate action under RA No. 8291.

SO ORDERED.³

- 2) Resolution⁴ dated February 13, 2020, denying petitioners' motion for reconsideration.

Antecedents

Petitioners Spouses Lourdes and Raul Rafael filed a **complaint for specific performance, injunction, and damages** against respondent Government Service Insurance System (GSIS), docketed **Civil Case No. BCV-2005-125** and raffled to the Regional Trial Court (RTC) – Branch 89, Bacoor City.

In their **Complaint dated November 14, 2005**, petitioners alleged that Lourdes Rafael is an employee of the Department of Budget and Management (DBM).⁵ On **May 9, 1990**, she submitted an **Application for a House and Lot** with respondent **GSIS**. Subsequently, GSIS issued a **Buyer's Data Sheet** and a **loan evaluation form**, stating that the term of the loan is **"15 years graduated"** or **"15 years GPS"** – **graduated payment scheme with monthly amortization of ₱3,094.35.**⁶

On **November 20, 1990**, Lourdes and her husband Raul Rafael, on one hand, and ARB Construction Company, Inc. (ARB), on the other, entered into a Deed of Conditional Sale over a 140-square-meter lot identified as Block 23, Lot 18, Phase IV, Soldier Hills 4, Molino 6, Bacoor City, Cavite.⁷ Under the deed of conditional sale, they (petitioners) agreed: a) to pay the purchase price of ₱310,800.00, payable within 15 years or 180 equal monthly installments of ₱3,094.35 beginning February 1991; b) to pay *"interest at six per centum (6%) for the first ₱30,000.00 and 9% & 40,000[.00] and twelve per centum (12%) for the balance of individual purchase price, per annum, compounded monthly, until fully paid;"* and c) *"[a]ny installment due and unpaid shall bear additional interest at the rate of one-half per centum (½%) per month until the same is fully paid."*⁸

³ *Id.* at 69.

⁴ *Id.* at 72–73.

⁵ *Id.* at 55.

⁶ *Id.*

⁷ *Id.*

⁸ *Id.* at 56.

In **May 1991**, the property was turned over to them. The **DBM started to deduct the monthly amortization of ₱3,094.35** from the salary of **Lourdes**. On **March 11, 1992**, ARB transferred all its interests, rights, and participation in the Deed of Conditional Sale to GSIS *via* a Deed of Absolute Sale with Assignment.⁹

Sometime in **February 2005**, petitioners received a **Letter dated January 25, 2005** from GSIS informing them that as of **December 31, 2004**, they had an **outstanding balance of ₱384,354.72** and that **final demand** was being made to settle the amount within **15 days from notice**, otherwise, the deed of conditional sale would be cancelled.¹⁰

On **April 18, 2005**, they received a **notarized Letter dated February 21, 2005**, cancelling the **Deed of Conditional Sale** effective 30 days from notice with demand to vacate and turn over the property to GSIS.¹¹

Another notice to vacate was sent to them on **July 22, 2005**, prompting Lourdes to inquire from GSIS why the deed of conditional sale was cancelled.¹²

GSIS responded: 1) since the monthly amortizations were graduated, the **monthly amortization of ₱3,094.35 increased to ₱3,548.40** (from the **6th to 10th year** of the Deed of Conditional Sale) and **₱5,365.15** (from the **11th to the 15th year** of the Deed of Conditional Sale); 2) Lourdes was informed that **they were not paying the correct monthly installments** based on Board Resolution No. 365 of the GSIS Board of Trustees; and 3) **deductions for the monthly amortizations should have started in January 1991 and not May 1991**. As a result, the **monthly amortizations** deducted from her salary were not credited to the payment of her loan **but instead applied to interests and penalties** for her supposed failure to pay the **monthly amortizations from January to April 1991**.¹³

On **September 28, 2005**, they sent a letter to GSIS for the re-computation of their loan **but they did not receive any reply**.¹⁴

They claimed they **had already paid ₱532,248.20**, representing **172 monthly installments** deducted from the salary of Lourdes **from May 1991 up to September 2005**. Hence, according to them, **GSIS is estopped** from claiming that *payment of monthly installments should have started in January 1991* or that *the same should have been increased gradually every five (5) years*. They pointed out that the **Deed of Conditional Sale had no stipulation**

⁹ *Id.* at 55–56.

¹⁰ *Id.* at 56.

¹¹ *Id.*

¹² *Id.*

¹³ *Id.* 56–57.

¹⁴ *Id.* at 57.

for the graduated increase of the monthly installments. Also, they mentioned that neither they nor the DBM received any prior notice from the GSIS regarding the supposed increase. Hence, they concluded that the act of GSIS in unilaterally increasing the required monthly installment payment was made without legal authority and was a blatant and abusive breach of the provisions of the Deed of Conditional Sale.¹⁵

They further argued that for still accepting the monthly installments despite the cancellation of the deed of conditional sale, GSIS showed malice and bad faith. This also amounted to unjust enrichment and deprivation of their property rights without due process of law.

They prayed that GSIS be enjoined from further enforcing and/or implementing its cancellation of the Deed of Conditional Sale and their eviction from the subject property; their payments be credited to the principal loan obligation; and, based on their computation, their remaining balance be pegged at only ₱24,754.80 corresponding to eight (8) monthly installments.¹⁶ They manifested that they were ready and able to pay ₱24,754.80. They claimed that after payment of this amount, a Deed of Absolute Sale be issued to them. Alternatively, they prayed that should the cancellation of the Deed of Conditional Sale be sustained, they ought to be given the full refund of their installment payments and reimbursement for the improvements made on the property.¹⁷

In its *Answer*, GSIS insisted that the remaining balance of the housing loan is ₱384,354.72. The adjustment of the monthly installments was made pursuant to Board Resolution No. 365, recalculating the interest in Deeds of Conditional Sale under the Graduated Payment Scheme, and Lourdes was allegedly notified thereof. GSIS posited that the RTC had no jurisdiction over the subject matter of the complaint because jurisdiction was vested with the Housing and Land Use Regulatory Board (HLURB). GSIS also alleged that the complaint stated no cause of action because the deed of conditional sale stipulated the vendor's right to cancel the sale for failure to comply with the terms and conditions stated thereof. Lastly, according to GSIS, petitioners failed to allege that they had exhausted the available administrative remedies.¹⁸

The parties, thereafter, presented their respective evidence.

In its subsequent memorandum, GSIS pleaded anew lack of jurisdiction and/or failure to exhaust administrative remedies. It pointed out that under Section 30 of Republic Act No. 8291 (RA 8291), the GSIS-Board of

¹⁵ *Id.*

¹⁶ *Id.* at 56–57.

¹⁷ *Id.* at 58.

¹⁸ *Id.*

Trustees (GSIS-BOT) has original and exclusive jurisdiction to settle any dispute arising therefrom and any other laws administered by the GSIS. According to GSIS, the present case did not only involve the purchase of the subject lot from ARB **but also the loan transaction of Lourdes with the GSIS to finance this sale.** Hence, GSIS asserted that the subject matter of the complaint was a dispute arising from **RA 8291 vis-à-vis the power of the GSIS to grant loans under Section 36(c)** and its power to acquire real property under **Section 41(d).**¹⁹

GSIS characterized petitioners' action as an **action to declare the condonation of their outstanding obligations.** GSIS said that the courts had no power to do so because under Section 43(f), **only the GSIS-BOT is empowered to grant condonation or compromise indebtedness.** Too, GSIS underscored under Rule V, Section 44.5 of the *Revised Implementing Rules and Regulations*, the decision of the GSIS-BOT is appealable to the Court of Appeals.²⁰ This allegedly implies that the trial court indeed has no jurisdiction over disputes arising from RA 8291.

Ruling of the Trial Court

By its *Decision* dated **January 12, 2015**, the trial court ruled in petitioners' favor. It held that **an action to declare as void the cancellation of the Deed of Conditional Sale is not within the jurisdiction of the HLURB.** In the *Complaint*, petitioners questioned **the unilateral cancellation by GSIS of the Deed of Conditional Sale and the application of their monthly amortizations.** They also sought damages. Based on the allegations of the *Complaint*, **the subject matter of the case is incapable of pecuniary estimation**, hence, within the jurisdiction of the RTC.²¹

The trial court likewise held that Board Resolution No. 365 is an **internal rule of GSIS, hence, inapplicable to petitioners** because there was **no showing that the application of the Graduated Payment Scheme was even indicated in their Deed of Conditional Sale or that GSIS ever notified Lourdes or her disbursing office, the DBM, of the supposed graduated deduction and its application to her account.**

Additionally, the trial court ruled that: (1) the **cancellation of the Deed of Conditional Sale had no factual and legal basis** because there was **no provision therein pertaining to the payment of monthly amortizations based on the Graduated Payment Scheme;** (2) petitioners are nonetheless **short by 13 monthly amortizations** as they had only paid 167 out of 180 monthly installments; (3) the **deductions which started in May 1991** onward should be **applied to the arrears beginning February 1991** onward for the

¹⁹ *Id.* at 59.

²⁰ *Id.*

²¹ *Id.* at 59-60.

simple reason that these **accrued arrears** are the **most objectively onerous** for petitioners.

The trial court keenly noted the **discrepancy** on the date when the monthly amortization should have commenced, *i.e.*, **February 1991** in the deed of conditional sale, and **January 1991** in the letter of GSIS to the DBM.

While the trial court ruled that petitioners were **liable for additional interest** at the **rate of ½ percent per month**, which covered three (3) months of late payments (February, March, and April 1991), or ₱46.41 for each of the 167 monthly installments, totaling ₱7,750.47, it **significantly held** that there were **no arrearages to speak of at the time** the deed of conditional sale was cancelled since petitioners' payment was **deemed to have been applied** to the **most onerous obligation** beginning February 1991 onward.²² The *Decision* disposed, as follows:

ACCORDINGLY, judgment is rendered:

1. Declaring defendant's cancellation of the Deed of Conditional Sale Account No. HSH4224433 as null and void;
2. Ordering the defendant to apply the 167 monthly amortizations made by the plaintiffs to their principal obligations corresponding to the period from February 1991 through February 2005;
3. Ordering the plaintiffs to pay defendant the unpaid balance corresponding to thirteen (13) monthly installments as well as ₱77,892.52 as additional interests due for the 167 monthly installments.

SO ORDERED.²³

In its motion for reconsideration, GSIS backtracked to say that **jurisdiction over the subject-matter here** was vested with the **GSIS-BOT** per **Section 27** of the *Implementing Rules* of **RA 8291**:

SECTION 27. *Quasi-Judicial Functions of the GSIS.* — The quasi-judicial functions of the GSIS shall be vested in its Board of Trustees.

27.1. The GSIS shall have original and exclusive jurisdiction to settle any dispute arising under Republic Act No. 8291, Commonwealth Act No. 186, as amended, including its implementing rules and regulations, policies and guidelines, and other laws administered by the GSIS with respect to:

27.1.1. Coverage of government agencies and employees;

27.1.2. Entitlement of members to the following benefits under these Rules:

²² *Id.*

²³ *Id.* at 60.

- a. Separation benefits
- b. Unemployment or involuntary separation benefits
- c. Retirement benefits
- d. Disability benefits
- e. Survivorship benefits
- f. Funeral benefits
- g. Life Insurance benefits

27.1.3. Collection and payment of contributions;

27.1.4. Housing loans and all its related policies, procedures and guidelines;

27.1.5. Optional Life Insurance and Pre-Need Benefits;

27.1.6. Criminal actions arising from this Act; and

27.1.7. Any other matter related to any or all of the foregoing which is necessary for their determination.

For clarity, the provisions of RA 8291 on the jurisdiction of **GSIS-BOT** ordain:

“E. ADJUDICATION OF CLAIMS AND DISPUTES

“SECTION 28. Prescription. — **Claims for benefits** under this Act except for life and retirement shall prescribe after four (4) years from the date of contingency.

“SECTION 29. Facility of Payment. — The GSIS shall prescribe **rules and regulations to facilitate payment of benefit, proceeds, and claims** under this Act and any other laws administered by the GSIS. Payments made by the GSIS prior to its receipt of an adverse claim, to a beneficiary or claimant subsequently found not entitled thereto, shall not bar the legal and eligible recipient to his right to demand the payment of benefits, proceeds, and claims from the GSIS, who shall, however, have a right to institute the appropriate action in a court of law against the ineligible recipient.

“SECTION 30. Settlement of Disputes. — The **GSIS shall have original and exclusive jurisdiction to settle any dispute arising under** this Act and any other laws administered by the GSIS.

The Board may designate any member of the Board, or official of the GSIS who is a lawyer, to act as hearing officer to receive evidence, make findings of fact and submit recommendations thereon. The hearing officer shall submit his findings and recommendations, together with all the documentary and testimonial evidence to the Board within thirty (30) working days from the time the parties have closed their respective evidence and filed their last pleading. The Board shall decide the case within thirty (30) days from the receipt of the hearing officer's findings and recommendations. The cases heard directly by the Board shall be decided within thirty (30) working days from the time they are submitted by the parties for decision.

Immediately, one may notice how incredibly **expansive Section 27** of the ***Implementing Rules*** has made of **Letter E of RA 8291** – Section 27 even includes **criminal actions** as falling within the exclusive and original jurisdiction of the GSIS-BOT.

The motion for reconsideration was denied under ***Order* dated December 28, 2015**.²⁴

Rulings of the Court of Appeals

By its assailed ***Decision***²⁵ dated **July 23, 2019**, the Court of Appeals **reversed**. It held that **jurisdiction over the case was vested in the GSIS-BOT**, thus:

Corollarily, the law vested exclusive and original jurisdiction over disputes arising from RA No. 8291 or related laws with the GSIS. Section 30 of RA No. 8291 provides:

SECTION 30. Settlement of Disputes. — The GSIS shall have original and exclusive jurisdiction to settle any dispute arising under this Act and any other laws administered by the GSIS.

The Board may designate any member of the Board, or official of the GSIS who is a lawyer, to act as hearing officer to receive evidence, make findings of fact and submit recommendations thereon. The hearing officer shall submit his findings and recommendations, together with all the documentary and testimonial evidence to the Board within thirty (30) working days from the time the parties have closed their respective evidence and filed their last pleading. The Board shall decide the case within thirty (30) days from the receipt of the hearing officer's findings and recommendations. The cases heard directly by the Board shall be decided within thirty (30) working days from the time they are submitted by the parties for decision."

Meanwhile, the pertinent portions of the Revised Implementing Rules and Regulations of RA No. 8291 state:

SECTION 27. Quasi-Judicial Functions of the GSIS. — The quasi-judicial functions of the GSIS shall be vested in its Board of Trustees.

27.1. The GSIS shall have original and exclusive jurisdiction to settle any dispute arising under Republic Act No. 8291, Commonwealth Act No. 186, as amended, including its implementing rules and regulations, policies and guidelines, and other laws administered by the GSIS with respect to: x x x

²⁴ *Id.* at 61.

²⁵ *Id.* at 55–70.

27.1.4. Housing loans and all its related policies, procedures and guidelines; x x x

27.1.7. Any other matter related to any or all of the foregoing which is necessary for their determination.

In the case at bar, the issues raised by the parties were defined by the RTC in its Pre-Trial Order as follows: (1) whether or not the Court has jurisdiction over the subject matter of the claims; (2) whether or not GSIS Board Resolution No. 365 is applicable to the account of plaintiff Lourdes Rafael; (3) whether or not the cancellation of the Deed of Conditional Sale was valid, and if so, whether or not the improvements introduced by the plaintiffs to the property should be reimbursed to them; (4) whether or not plaintiffs have fully complied with the Deed of Conditional Sale; and (5) the actual amount paid by the plaintiffs to GSIS. The RTC also stated in its Decision that Spouses Rafael are “questioning the validity of GSIS’ unilateral cancellation of the DCS and the manner of the application of their monthly amortizations.” We find that the foregoing issues are clearly within the ambit of the GSIS-BOT’s jurisdiction.

Firstly, the instant case involves the housing loan that Lourdes obtained from the GSIS. An examination of the records shows that prior to her purchase of the subject property, she has submitted an Application for a House and Lot to the GSIS and in turn, the latter issued a Buyer’s Data Sheet and a loan evaluation form stating, inter alia, that her monthly amortization is ₱3,094.35. Although Spouses Rafael insisted that their obligation was solely based on the DCS they have executed with ARB, this claim is belied by the fact that the GSIS, through the DBM, has been deducting the monthly amortizations of ₱3,094.35 from Lourdes’ salary from May 1991 or long before ARB transferred all its interests, rights and participation in the DCS to the GSIS via the Deed of Absolute Sale with Assignment dated March 11, 1992. Hence, the GSIS correctly pointed out in its Memorandum that the “instant case does not merely involve the purchase on installment of the subject property from ARB, but also the transaction of [Lourdes] with the defendant GSIS for a housing loan to finance the acquisition of the property.”

Secondly, the parties raised the issue of the application of Board Resolution No. 365 to Lourdes’ monthly amortizations. Spouses Rafael claimed that they have incurred arrearages because their monthly amortizations were increased due to the application of Board Resolution No. 365. On the other hand, the GSIS claimed that the resolution merely recalculated the interest for Deeds of Conditional Sale under the graduated payment scheme. The pertinent portions of Board Resolution No. 365 provide:

“4. x x x. the GSIS failed to notify the borrowers and their corresponding disbursing officers of the due dates of 6th and 11th year amortization amounts (*i.e.*, the amortization increases every 5 years).

In addition, the GSIS failed to indicate in the contract, the three (3) installments in the graduating scheme.

x x x

Recommendation

In the implementation of Deeds of Conditional Sale where the payment scheme is graduated and the GSIS failed to notify the borrower of the change in monthly amortization, the amount due to the borrower shall be calculated as follows:

1. The borrower shall be excused from the payment of interest, penalties and surcharges on the difference between the required amortization and the amortization for the first five (5) years, calculated as follows:

Required Monthly Amortization (*i.e.*, 6th and 11th year)
 Less: 1st tier graduated monthly amortization
 Difference = without interest, penalties and surcharges
 x x x

Evidently, Board Resolution No. 365 is a policy, procedure and guideline pertaining to housing loans. In this connection, **the GSIS correctly invoked the 2017 case of *Munar, et al. v. Bautista***. In that case, Munar, et al. purchased low-cost housing units from the San Lorenzo Ruiz Realty and Development Corporation (SLRRDC) *via* Deeds of Conditional Sale and they obtained housing loans from the GSIS. It appears that the GSIS acquired all of SLRRDC's rights in the Deeds of Conditional Sale through a Deed of Absolute Sale and Assignment (DASA). Subsequently, the Deeds of Conditional Sale were cancelled but Munar, *et al.* received notices from the GSIS that they are still liable to pay for the accrued interests of the principal amount of the housing loan and they were also directed to pay the alleged arrears in order to stop the loans from further escalating in interest. The collection of arrearages was based on Board Resolution No. 48 issued by the GSIS-BOT pursuant to Section 41(a) of RA No. 8291. Munar, *et al.* filed a disbarment case against Atty. Elmer T. Bautista (GSIS' Former Chief Legal Counsel) and Atty. Winston F. Garcia (GSIS' Former General Manager) which was dismissed by the Integrated Bar of the Philippines (IBP) Board of Governors. **In upholding the dismissal, the Supreme Court enunciated that the controversy should have been resolved in accordance with the GSIS Law as set forth in Sections 30 and 31 of RA No. 8291 which confers original and exclusive jurisdiction on the GSIS on matters arising therefrom.**

We maintain a similar view in this case. The RTC itself recognized that "Board Resolution No. 365 is an internal rule of the GSIS" and that its "promulgation x x x was a tool" in addressing its problem in applying the graduated scheme of amortization by allowing it to recalculate the interest for DCS Accounts under the graduated payment scheme. Likewise, it is worthy to note that Board Resolution No. 365 was issued by the GSIS-BOT pursuant to its power under Sections 41(a) and (e) of RA No. 8291, *viz.*:

"(a) to formulate the policies, guidelines and programs to effectively carry out the purposes of this Act; x x x.

(e) to fix and periodically review and adjust the rates of interest and other terms and conditions for loans and credits extended to its members or other persons, whether natural or juridical."

Accordingly, the matter of whether Board Resolution No. 365 should be applied to Lourdes' account is a dispute arising under RA No. 8291 and the resolution thereof comes within the ambit of the

quasi-judicial powers of the GSIS-BOT, as provided under Section 30 of RA No. 8291 and its implementing rules. Based on the foregoing, **the GSIS correctly argued that the doctrine of primary jurisdiction applies in this case as the resolution of the issues raised in the present case requires the special knowledge, experience, and expertise of the GSIS-BOT**. The doctrine of primary jurisdiction does not warrant a court to arrogate unto itself authority to resolve a controversy the jurisdiction over which is initially lodged with an administrative body of special competence. All the proceedings of the court in violation of the doctrine and all orders and decisions rendered thereby are null and void. Indeed, a judgment rendered by a body or tribunal that has no jurisdiction over the subject matter of the case is no judgment at all, it cannot be the source of any right or the creator of any obligation. (Emphasis supplied)²⁶

Consequently, the Court of Appeals dismissed the complaint without prejudice. Petitioners' motion for reconsideration was denied under the assailed *Resolution*²⁷ dated February 13, 2020.

The Present Petition

Petitioners now seek affirmative relief *via* the present petition for review on *certiorari*. They assert that **the jurisdiction of the GSIS is limited only to settlement of claims and disputes involving benefits of its members**, such as retirement and separation benefits, permanent disability benefits, funeral and life insurance benefits, **and all other disputes pertaining to its primary function of maintaining its actuarial solvency**. It does not have jurisdiction over disputes or causes of action between a private individual and GSIS arising from a contractual obligation or from those outside of its primary function of maintaining its actuarial solvency. Also, GSIS is **already estopped** from arguing that the trial court had no jurisdiction over the complaint.²⁸

GSIS, in turn, by its Motion for Leave to File Herein Manifestation and Motion²⁹ dated August 5, 2020, stated that petitioners failed to pay the requisite docket fees when they sought an extension of the period within which to file the instant petition. Also, they even failed to file the instant petition within the requested extended period.

By Resolution³⁰ dated January 20, 2021, the Court directed: a) GSIS to comment on the petition; and b) petitioners to submit a proper verification with additional attestations per Section 4, Rule 7 of the 2019 Amended Rules of Court.

²⁶ *Id.* at 63–66.

²⁷ *Id.* at 72–73.

²⁸ *Id.* at 11–48.

²⁹ *Id.* at 74–77.

³⁰ *Id.* at 84.

Subsequently, petitioners, through Submission/Compliance³¹ dated March 15, 2021, submitted their Amended Verification/Certification on Non-Forum Shopping and Affidavit of Material Dates.³² Petitioners essentially clarified that they timely filed their petition for review within the prescribed period and they paid the requisite fees.³³

Also, GSIS filed a Motion for Extension of Time (to File Comment) dated March 18, 2021.³⁴

In its *Comment*³⁵ dated April 19, 2021, the GSIS counters that the **core issue** hinges on the **re-computation of petitioners' housing loan balance** based on the **Graduated Payment Scheme** and **GSIS Board Resolution No. 365**. Under RA 8291, the GSIS-BOT has original and exclusive jurisdiction over all disputes arising from that law, **including disputes pertaining to housing loans**. Verily, **petitioners should have exhausted all administrative remedies** instead of resorting directly to the courts.³⁶

Petitioners only started paying their monthly amortization four (4) months after the agreed first installment due date. **The first installment payment made in May 1991** was applied to the **fire insurance premium, sales redemption insurance premium, and a portion of the interest**. **No payment** was made on the **principal** because the remitted amount was not even enough to cover the interests due from January to May 1991.

Pursuant to the Deed of Conditional Sale, the additional interest on any overdue installment shall continue until fully paid. **The four (4)-month delay in the payment of the first monthly amortization** caused the housing loan here to incur arrearages and surcharges. Since petitioners never updated their payments, **the additional interest simply accumulated over each succeeding month**. Additionally, petitioners never adjusted their amortization payments in accordance with the agreed Graduated Payment Scheme.³⁷

It applied the benefits of Board Resolution No. 365 to petitioners' account by condoning interest, penalties, and surcharges on the difference between the actual amortization and correct amortization under the Graduated Payment Scheme. As a result, **their outstanding obligation as of December 31, 2004 was recomputed and reduced to ₱384,354.72**. The GSIS Housing Finance Administration sent petitioners a **Demand Letter dated January 25, 2005** to settle their obligation within 15 days from notice otherwise

³¹ *Id.* at 85–86.

³² *Id.* at 87–88.

³³ *Id.* at 88.

³⁴ *Id.* at 92–94.

³⁵ *Id.* at 103–136.

³⁶ *Id.* at 111–128.

³⁷ *Id.* at 128.



cancellation will take place. Since **no payment was made**, a Notice of Cancellation dated February 21, 2005 was sent to them effective within 30 days from receipt thereof.³⁸

Issues

- 1) Does the trial court have jurisdiction over the complaint for specific performance, *etc.*?
- 2) Did the trial court correctly nullify the cancellation of the Deed of Conditional Sale?
- 3) If in the affirmative, is the GSIS legally obligated to credit the total payments first to the accrued arrears beginning February 1991 onward?

Our Ruling

We reverse.

The GSIS-Board of Trustees has no jurisdiction over complaints involving the validity and enforcement of its own actions.

One. The first paragraph of Section 30 of RA 8291 empowers GSIS to settle ***any dispute arising under*** this statute and other statutes administered by it –

SECTION 30. Settlement of Disputes. — The GSIS shall have original and exclusive jurisdiction to settle ***any dispute arising under*** this Act and any other laws administered by the GSIS.

The second paragraph then identifies the **hearing officer** (*i.e.*, a Board member or a GSIS lawyer-official) and the **decision-making body** (*i.e.*, the Board) to decide the *dispute* referred to in the first paragraph –

SECTION 30. Settlement of Disputes....

The Board may designate **any member of the Board, or official of the GSIS who is a lawyer, to act as hearing officer to receive evidence, make findings of fact and submit recommendations thereon.** The hearing officer shall submit his findings and recommendations, together with all the documentary and testimonial evidence to the Board within thirty (30) working days from the time the parties have closed their respective evidence and filed their last pleading. **The Board shall decide the case** within thirty (30) days from the receipt of the hearing officer's findings and

³⁸ *Id.*

recommendations. The cases heard directly by the Board shall be decided within thirty (30) working days from the time they are submitted by the parties for decision.

We cannot interpret and apply Section 30 in the manner the Court of Appeals did. To do so would violate the aggrieved party's right to due process. It is the solemn duty of this Court to ensure that laws are interpreted in a manner consistent with the letter, spirit, and intent of the *Constitution* and the law.

The proceedings contemplated under Section 30 are a **two-fold** function of **investigation** and **adjudication** of rights and obligations. They involve a **sequential** and **seamless** process, and **not a disjointed one**. The end-goal of the **investigative** stage is the **proper administration of justice** in the **adjudicative** stage. The **investigative** aspect **cannot** stand apart from the **objectives** of the **adjudication** – fairness and correctness of the decision rendered. This is because a **biased investigation** will lead to a **skewed adjudication**. The adage *garbage in, garbage out*, holds true for the Section 30 process.

While technically, the **investigative** phase does not itself determine rights and obligations of specific parties on a specific set of facts, the **investigation** is **crucial to and part and parcel** of the pure **quasi-judicial** function of **adjudication**. The **investigation**, therefore, cannot be treated like the investigation conducted by a party-litigant itself, which would **not yield** an **impartial result**. Since, the fruits of the investigation will be the foundation of the adjudication, the investigation **must itself be impartial** both as to the qualities of the hearing officer and the report the latter renders.

On the other hand, **adjudication** is simply a **quasi-judicial function**. Thus, it is **legally demanded** that it be **carried out impartially** and **independently** by an **impartial** and **independent decision-maker**. As a result, the **hearing officer** who investigated the complaint and made recommendations on the dispute **cannot directly participate** in the adjudication of rights and obligations.

For this **two-fold process**, the **cardinal rights of due process must be observed**. This **intuitive** conclusion is dictated by the common-sensical legal principle that *a body cannot be the investigator, prosecutor, and judge of its own complaint or its own assailed action*. More important, it is **demanded** by years of jurisprudence that a **quasi-judicial** function, both as to the principal decision-making duty and the ancillary process of investigation to gather facts and make recommendations, **must comply** with the **due process** requirements, which in turn **should be evaluated based** on the standard set

forth, curiously, in *Government Service Insurance System v. Court of Appeals*,³⁹ amplifying *Ang Tibay v. Court of Industrial Relations*.⁴⁰

... what Ang Tibay failed to explicitly state was, prescinding from the general principles governing due process, **the requirement of an impartial tribunal** which, needless to say, **dictates that one called upon to resolve a dispute may not sit as judge and jury simultaneously**, neither may he review his decision on appeal.

In *Government Service Insurance System v. Court of Appeals*,⁴¹ the investigator who had already recommended a particular outcome on the applicant's eligibility for post-death benefits was **barred from sitting in the Board** that was determining this particular issue. He was told to **recuse himself** from directly participating in the determination of rights and obligations of the claimant. This was meant to ensure the **impartiality and independence** of the decision-making process.

Accordingly, the clause *any dispute arising under this Act and any other laws administered by the GSIS* – the basis for the jurisdiction of the GSIS-BOT jurisdiction under **Section 30 of RA 8291** – **cannot** be invoked as regards *disputes* that **compromise** the due process requirement of **impartiality and independence** of the hearing officer, the decision-maker, and the investigation and adjudication they each perform.

In addition, the clause must be construed in a manner that **does not make it a potestative condition** dependent upon the sole will of the obligor and **deemed written** into every obligation assumed by GSIS. If pursuant to Section 30, it were up just to the GSIS-BOT to determine the **fulfilment of its obligations**, this scheme will be both unfair and offensive to the principle of **mutuality of contracts**. We must avoid an interpretation of Section 30 that makes it a **potestative condition**, which in turn is **void**.⁴²

Thus, for these purposes, *any dispute arising under* what falls with the GSIS-BOT's jurisdiction **must refer only to disputes** about matters that the **GSIS-BOT** has the **statutory authority** to act on, **but not** to those that have **not** been committed to it. These are **disputes** regarding matters on which the GSIS-BOT has acquired **expertise and specialized knowledge**.

Section 30 must be read and applied consistent with the **doctrine of primary jurisdiction** that “courts will **hold off from determining a controversy** involving a question **within the jurisdiction of an administrative agency**, particularly when its resolution **demands the special**

³⁹ 357 Phil. 511, 531 (1998) [Per J. Davide, Jr., First Division].

⁴⁰ 69 Phil. 635 (1940).

⁴¹ Supra note 39.

⁴² *Romero v. Court of Appeals*, 320 Phil. 269, 282 (1995) [Per J. Vitug, Third Division].

knowledge, experience, and services of the administrative tribunal to determine technical and intricate matters of fact.”⁴³

In the case of the GSIS-BOT, the disputes within its primary jurisdiction would include those concerning the **availability of benefits, the amounts thereof, the conditions of their availability, and the circumstances warranting their termination or revocation**, including those of **loans**, to ensure the actuarial solvency of its funds, in other words, the determination of the **interpretations of the parameters** of these benefits. These would be the same examples of matters that fall within the jurisdiction of the hearing officer to investigate and recommend about.

Conversely, disputes that **reduce** the GSIS as an **adverse party-litigant itself**, and its **policies**, as mere **counter-arguments** to the claims of a complaining party, do **not** qualify as *any dispute arising under*, as mentioned, Section 30 of RA 8291. Essentially, these are **disputes** that refer to **matters already extraneous** to those within the authority, specialized knowledge, and expertise of GSIS-BOT to act on.

For instance, claims regarding the **application of payments**. This is beyond the power of GSIS-BOT to modify because this is embodied in the *Civil Code*. In view of the absence of a **statutory** exception to this *Civil Code* principle, or one’s **binding** acquiescence to a different manner of applying payments, its determination by GSIS-BOT is **nothing but its opinion or counterargument**. Another would be the **deemed acceptance of terms and conditions** by GSIS members who borrow money or avail of benefits from it. GSIS cannot pass and impose policies that modify jurisprudence on **contracts of adhesion and their binding effects**. Let us also mention **changes in GSIS policies** on the benefits it offers, including those already availed of by GSIS members. If these changes are **contested** on the ground of **novation principles**, the GSIS-BOT will be the **inappropriate body** to decide this challenge.

The **reason** for this differential treatment is that these **disputes do not arise under the laws administered by the GSIS**. Rather, these are **disputes** revolving around *laws other than the ones administered by GSIS* – **constitutional issues, general questions of law of central importance to the legal system as a whole, and issues related to the jurisdictional boundaries between two or more decision-makers**. Since their determination depends upon **different sets of laws**, they are **beyond the jurisdiction** granted to the GSIS-BOT under Letter E of RA 8291.

Applying the above-discussed legal principles to petitioners’ **Complaint**, we hold that their dispute with GSIS **did not arise under** the laws

⁴³ *Cordillera Global Network v. Paje*, G.R. No. 215988, April 10, 2019, 901 SCRA 261, 291. [Per *J. Leonen*, En Banc].

administered by it, and therefore, the determination of their dispute relied upon the application of **other sets of laws** is a matter the GSIS-BOT has **neither** the authority **nor** the specialized knowledge and expertise to resolve *originally and exclusively*.

In support of this holding, we refer to both the **prayer for relief** of the *Complaint* and its **allegations of ultimate facts**, including the legal arguments mistakenly pleaded in the *Complaint*.

The forms of **relief prayed** for by petitioners are something GSIS-BOT **cannot give**. The short-hand characterization of the *Complaint* – specific performance, injunction and damages – speaks volumes as to the **applicable laws**.⁴⁴ Here, petitioners pray that GSIS: a) be permanently enjoined from cancelling the deed of conditional sale; b) apply their paid monthly amortizations since May 1991 to their principal obligation; and c) solely apply the terms and conditions in Deed of Conditional Sale Account No. HSH4224433 dated November 10, 1990, to the exclusion of Board Resolution No. 365.

Certainly, these forms of relief are **not resolved** by relying upon the laws GSIS administers. GSIS **cannot determine** if the aggrieved member is entitled to any of them.

As a decision-maker, GSIS **cannot restrain** itself not to cancel the conditional sale or otherwise **compel itself** to continue and complete the sale; as a **contracting party** it may, but **not** as a decision-maker under Section 30. **Specific performance** is the remedy of requiring exact performance of a contract in the specific form in which it was made, or according to the precise terms agreed upon. It is the actual accomplishment of a contract by a party bound to fulfill it.⁴⁵ When the main relief sought is specific performance, the **action is incapable of pecuniary estimation** within the **exclusive jurisdiction of the Regional Trial Court**.⁴⁶ Also, GSIS **cannot compute damages** with **binding** effect; **neither** can it **impose damages** against itself.

Necessarily, the trial court had to consult **laws that did not bear** the imprint of the specialized knowledge and expertise of GSIS. As a result, the **relief granted** by the trial court was **not anywhere near** the authority of GSIS to grant, *viz.*:

ACCORDINGLY, judgment is rendered:

⁴⁴ See *Gulfo v. Ancheta*, 692 Phil. 587 (2012) [Per *J. Brion*, Second Division].

⁴⁵ *Pajares v. Remarkable Laundry and Dry Cleaning*, 806 Phil. 39, 48 (2017) [Per *J. Del Castillo*, First Division].

⁴⁶ *Heirs of the Late Spouses Ramiro and Llamada v. Bacaron*, G.R. No. 196874, February 06, 2019, 892 SCRA 1, 9 [Per *J. Jardeleza*, First Division].

1. Declaring defendant's cancellation of the Deed of Conditional Sale Account No. HSH4224433 as null and void;
2. Ordering the defendant to apply the 167 monthly amortizations made by the plaintiffs to their principal obligations corresponding to the period from February 1991 through February 2005;
3. Ordering the plaintiffs to pay defendant the unpaid balance corresponding to thirteen (13) monthly installments as well as P77,892.52 as additional interests due for the 167 monthly installments.

The **nullification** of the conditional sale and its deed and the **application of payment** ordered by the trial court do **not** refer to disputes arising under the laws administered by GSIS. While no doubt the dispute touched upon matters *emanating from GSIS*, the **more pivotal considerations** were our **civil law principles**.

True, petitioners **also assail** the application of **GSIS Board Resolution No. 365**, which recalculated the interests for the Deed of Conditional Sale under the Graduated Payment Scheme. **But** they do so **only to support their causes of action** for specific performance, injunction, and damages. The issue is **not the interpretation and application** of this Board Resolution, which would have fallen within Section 30 of RA 8291. **Rather**, the issue is *whether this Board Resolution is in accord with the undertakings of the GSIS in the Deed of Conditional Sale Account No. HSH4224433 dated November 10, 1990*. This issue **has nothing to do** with the laws administered by GSIS **but** with the principles of our **contract law** in particular and our **civil law** in general.

In this instance, GSIS descended to the level of an **ordinary contracting party** whose actions under the relevant contractual undertakings are subject to review by our courts and certainly **not by the GSIS-BOT**. To espouse otherwise is to institutionalize an **unfair scheme** where the fulfillment of undertakings depends upon the sole will of the obligor. Construed in this **unfair manner**, Section 30 would also constitute a **potestative condition** deemed written into any obligation assumed by GSIS – **that** whenever there are questions about the **fulfillment** of the contract terms or conditions, **the GSIS-BOT**, a contracting party itself, alone will decide these questions. This certainly offends the **mutuality of contracts**.

In *Rubia v. GSIS*,⁴⁷ the Court pronounced that “[n]eedless to say, where proper, under Section 36, the **GSIS may be held liable for the contracts** it has entered into in the course of its business investments. For **GSIS cannot claim a special immunity** from liability in regard to its business ventures under said Section. **Nor can it deny contracting parties**, in our view, **the right of redress and the enforcement of a claim**, particularly as it arises

⁴⁷ 476 Phil. 623, 640 (2004) [Per J. Quisumbing, Second Division].

from a purely contractual relationship of a private character between an individual and the GSIS.”

GSIS, nonetheless, invokes *Munar v. Bautista*,⁴⁸ which relevantly reads:

A careful perusal of the allegations in the complaint would show that the issue hinges on the validity of Board Resolution No. 48 which allowed GSIS to collect arrears for the cancelled housing loans. As aptly found by the IBP Board of Governors, the controversy should have been resolved in accordance with the GSIS Law as set forth in Sections 30 and 31 of R.A. No. 8291 which confers original and exclusive jurisdiction on the GSIS on matters arising therefrom such as in the instant case. The Court quotes the IBP-CBD Report and Recommendation, to wit:

The disbarment suit is a[n] unwarranted and improper collateral attack against the validity of a Board Resolution duly adopted by the GSIS[-BOT] in accordance with its mandate. The complaint assails the validity of Board Resolution No. 48.

A collateral attack against the official act of a duly mandated body such as the GSIS[-BOT], will undermine public interest and will militate against the legal presumption that an official duty has been regularly performed x x x[.]

[R.A. No.] 8291 or the GSIS Act of 1997 provides a remedy for [the petitioners]. Herein [petitioners]/borrowers should have filed a petition before the GSIS[-BOT] to question the validity of Board Resolution No. 48. x x x.

It should also be noted that Board Resolution No. 48 was passed to enhance the collection efforts of the GSIS in view of its fiduciary duty to its members regarding the GSIS funds. The assailed memorandum issued by Atty. Bautista was an enhancement of the collection efforts of the GSIS on delinquent accounts of members who availed of housing loans. The cancellation of the DCS and the cession of SLRRDC's rights in favor of GSIS warranted such collection upon the monthly salaries of the petitioners. There being no administrative declaration of the resolution's invalidity, it was incumbent upon Atty. Garcia to implement the same, as GSIS President and General Manager, in accordance with his mandate under Section 45 of R.A. No. 8291. Any disobedience would hold him liable under R.A. No. 3019 and the GSIS Charter.

Note that the **doctrine** enunciated in *Munar* revolves around the **appropriateness of employing a collateral attack on a GSIS resolution**. In *Munar*, instead of initiating a court case to directly challenge the GSIS resolution, the complaints initiated a **disbarment proceeding** to assail the GSIS resolution. Therefore, *Munar* is **not a precedent** about a **direct**

⁴⁸ 805 Phil. 384, 397–398 (2017) [Per J. Reyes, Third Division].

challenge against a GSIS resolution on the basis of *laws not being administered by GSIS*.

While arguably questions about the **interpretation of a GSIS resolution** should be lodged before the GSIS-BOT, because it has the specialized knowledge and expertise about its own resolutions for the higher public interest of ensuring its actuarial solvency, *Munar* definitely **does not refer** to disputes where the **contractual obligations of GSIS** are involved and pertain to grounds based on *laws not being administered by GSIS*.

Verily, the trial court correctly exercised jurisdiction over petitioners' **Complaint**.

The trial court correctly decided petitioners' Complaint.

This second issue involves the trial court's factual findings which we cannot disturb in this petition for review. As to these findings, the Court defers and accords finality. It is not the function of the Court to analyze and weigh all over again the evidence or premises supportive of the factual holdings of lower courts, or that would defeat the very essence of Rule 45 and would convert the Court into a trier of facts.⁴⁹

The trial court **correctly set aside** the cancellation of the Deed of Conditional Sale. Petitioners were **not at fault** about the delayed payments of their amortizations or the incorrect amounts of amortizations they had been paying. They were **not in control** of the amortization payments as to time and amount of payments. We also **cannot pin the blame** on petitioners' intermediary, the DBM. It was **not privy** to their transactions. The entity **in control** of all these was the GSIS. At the very least, it was **negligent** in performing its tasks. GSIS **had all the dedicated budget and staff** to professionalize its operations and make them efficient and effective. **Yet** it failed to observe the diligence of a reasonable service provider.

From 1991 to 2005, GSIS was **collecting the same amounts of monthly amortizations**. Petitioners **correctly relied** upon GSIS that it was doing its job professionally and correctly. GSIS had the **last clear chance** to correct the alleged error. It did not, for 14 long years. GSIS was also in charge of collecting these amortizations **when they fell due**. GSIS averred that the monthly amortizations should have been paid starting February 1991. **Yet** GSIS started **collecting only in May 1991**. This was **not, never**, the fault of petitioners. The duty belonged and still belongs to GSIS. It **cannot shift** the blame to petitioners. It has focused budget and staff to do its job. It was **not**

⁴⁹ See *Heirs of Spouses Liwagon, et al v. Heirs of Spouses Liwagon*, 748 Phil. 675, 689 (2014) [Per J. Villarama, Jr., Third Division].

even able to send a simple notice to petitioners about what was happening to their loan and their payments. Clearly, **GSIS messed up**. The **consequences are its own problem to bear**.

Besides, a perusal of the stipulations of the Deed of Conditional Sale readily reveals that **GSIS was never given the discretion to unilaterally adjust interest rates**, other than those stipulated in this Deed. **Nor are there stipulations that the monthly amortizations should first be applied to fire insurance premium, sales redemption insurance premium, and a portion of the interest**, thus:

WHEREAS, the VENDOR has agreed to sell in favor of the VENDEE the sale of that certain parcel of land together with the house and other improvements existing thereon situated in the Soldiers Hills IV, PH IV, Bacoor, Cavite, Philippines, and particularly bounded and described as follows - (technical description) and containing an area of ONE HUNDRED FORTY square meters, more or less, which parcel of land and dwelling/improvement the VENDOR is the absolute and registered owner in accordance with the Land Registration Act of the Philippines (as amended) as evidenced by Transfer Certificate of Title No. T-262582 of the Land Records of the Province of Cavite, Philippines;

NOW THEREFORE, for and in consideration of the sum of THREE HUNDRED TEN THOUSAND AND EIGHT HUNDRED Pesos (P310,800.00), payable in the manner stated below, the VENDOR does hereby SELL, TRANSFER and CONVEY to the VENDEE, his/their heirs and successors-in-interest, by way of Conditional Sale, the parcel of land and dwelling/improvement above-described, subject to the following terms and conditions:

I. The VENDEE undertakes and agrees to pay to the VENDOR at its office at the above address, the purchase price of _____ (P310,800.00), Philippine Currency within fifteen (15) years from date hereof, with interest at six per centum (6%) for the first P 30,000.00 and 9% & 40,000 per centum (12%) for the balance of individual purchase price, per annum, compounded monthly, until fully paid, said payment to be made on (180) equal monthly installments of _____ Pesos (P3,094.35) such monthly installments to be payable within the first five (5) days of each and every month commencing on FEB - 1991, 198__ Any installment due and unpaid shall bear additional interest at the rate of one-half per centum (½%) per month until the same is fully paid.”⁵⁰

GSIS assumed the terms of this conditional sale when on **March 11, 1992**, the original vendor transferred all its interests, rights, and participation in the Deed of Conditional Sale to GSIS *via* a Deed of Absolute Sale with Assignment.

⁵⁰ Rollo, pp. 17-18.

Indeed, if **no ambiguity** is found and the terms of the contract clearly reflect the intentions of the contracting parties, the **stipulation** will be **interpreted as it is written**. *Cezar Yatco Real Estate Services, Inc. v. Bel-Air Village Association, Inc.*⁵¹ ruled:

The cardinal rule in contract interpretation is found in Article 1370 of the Civil Code, which provides:

Article 1370. If the terms of a contract are clear and leave no doubt upon the intention of the contracting parties, the literal meaning of its stipulations shall control.

If the words appear to be contrary to the evident intention of the parties, the latter shall prevail over the former.

In *Abad v. Goldloop Properties, Inc.*, this Court ruled:

The cardinal rule in the interpretation of contracts is embodied in the first paragraph of Article 1370 of the Civil Code: “[i]f the terms of a contract are clear and leave no doubt upon the intention of the contracting parties, the literal meaning of its stipulations shall control.” This provision is akin to the “plain meaning rule” applied by Pennsylvania courts, which assumes that the intent of the parties to an instrument is “embodied in the writing itself, and when the words are clear and unambiguous the intent is to be discovered only from the express language of the agreement.” It also resembles the “four comers” rule, a principle which allows courts in some cases to search beneath the semantic surface for clues to meaning. A court’s purpose in examining a contract is to interpret the intent of the contracting parties, as objectively manifested by them. The process of interpreting a contract requires the court to make a preliminary inquiry as to whether the contract before it is ambiguous. A contract provision is ambiguous if it is susceptible of two reasonable alternative interpretations. Where the written terms of the contract are not ambiguous and can only be read one way, the court will interpret the contract as a matter of law. If the contract is determined to be ambiguous, then the interpretation of the contract is left to the court, to resolve the ambiguity in the light of the intrinsic evidence.

As held in *Abad*, courts must first determine whether or not a stipulation in a contract is ambiguous or susceptible of multiple interpretations. Absent any ambiguity, or when the terms of the contract are found to clearly reflect the intentions of the contracting parties, the stipulation will be interpreted as it is written, and will be treated as the binding law between the contracting parties. (citations omitted)

So must it be.

⁵¹ G.R. No. 211780, November 21, 2018, 886 SCRA 351, 369–371, [Per *J. Leonen*, Third Division].

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In this regard, the trial court **correctly held** that:

- GSIS is legally obligated to credit the monthly amortizations of petitioners beginning May 1991 to their arrears beginning February 1991 onward pursuant to the provision of the Civil Code that where application of payments is not specified, the payments shall be first applied to the most onerous obligation.
- GSIS is legally obligated to apply a total of 167 monthly amortizations to petitioner's principal obligation.

While petitioners are legally bound to pay their unpaid balance of thirteen (13) monthly amortizations of **₱3,094.35**, given the **blameworthiness** of GSIS for its negligence, these 13 monthly amortizations shall **no longer bear** any interests, surcharges, or penalties **whatsoever**. After petitioners pay these thirteen (13) monthly amortizations of **₱3,094.35**, **without need of demand**, GSIS shall **execute the Deed of Absolute Sale** and **cause the transfer of the document of title** to petitioners, **cleared** of all encumbrances thereto.

ACCORDINGLY, the petition is **GRANTED**. The assailed Decision dated July 23, 2019 and Resolution dated February 13, 2020 of the Court of Appeals in CA-G.R. CV No. 108659 are **REVERSED** and **SET ASIDE**. The Decision dated January 12, 2015 and Order dated December 28, 2015 of the Regional Trial Court, Branch 89, Bacoor City, in Civil Case No. BCV-2005-125, are **REINSTATED** with the **following modifications**:


- a. Petitioners shall pay the remaining balance of thirteen (13) monthly amortizations at **₱3,094.35**, **without** any interests, surcharges, or penalties whatsoever; and
- b. After petitioners shall have paid these thirteen (13) monthly amortizations of **₱3,094.35**, **without need of demand**, Government Service Insurance System shall **execute the Deed of Absolute Sale** and **cause the transfer of the document of title** to petitioners, **cleared** of all encumbrances thereto.

Further, the Court:

1. **GRANTS** the Motion for Leave to File Herein Manifestation and Motion dated August 5, 2020 of Government Service Insurance System;
2. **GRANTS** the Motion for Extension of Time (to File Comment) dated March 18, 2021 of Government Service Insurance System;
3. **NOTES** petitioners' Submission/Compliance dated March 15, 2021; and


4. **NOTES** the Comment dated April 19, 2021 of Government Service Insurance System.

SO ORDERED.



AMY C. LAZARO-JAVIER
Associate Justice

WE CONCUR:



MARVIC MARIO VICTOR F. LEONEN
Senior Associate Justice
Chairperson, Second Division



MARIO V. LOPEZ
Associate Justice




JHOSEP Y. LOPEZ
Associate Justice



ANTONIO T. KHO, JR.
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.



MARVIC MARIO VICTOR F. LEONEN
Senior Associate Justice
Chairperson, Second Division

CERTIFICATION

Pursuant to Section 13, Article VIII 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

