

FIRST DIVISION

[G.R. No. 156439, September 29, 2010]

CLEMENCIA P. CALARA, ET AL., PETITIONER, VS. TERESITA FRANCISCO, ET AL. RESPONDENTS.

D E C I S I O N

PEREZ, J.:

The delineation of the jurisdiction of the regular courts and the Housing and Land Use Regulatory Board (HLURB) over cases between a subdivision owner and buyer is primarily at issue in this petition for review-on certiorari filed pursuant to Rule 45 of the 1997 *Rules of Civil Procedure*, assailing the 12 April 2002 Decision rendered by the Special Seventh Division of the Court of Appeals (CA) in CA-G.R. SP No. 91771. [1]

The Facts

Petitioner Clemencia Calara and her children, petitioners Concepcion, Elenita, Isidro, Carlota, Bernardino, Doris, Cladiolosa and Lophcal, all surnamed Calara, own the Lophcal (Calara) Subdivision in Brgy. Anos, Los Baños.^[2] Petitioner Clemencia Calara was named respondent in a letter-complaint for violation of P.D. 957^[3] instituted on 28 April 1982 by a group of buyers, one Gaudencio Navarro and respondent Jesus Francisco among them, before the then Human Settlement Regulatory Commission (HSRC). Incorporating such grievances as absence of a drainage system, unfinished curb and gutter, undeveloped roads and abandoned electrical facilities, the complaint was docketed before said office as HSRC Case No. REM-060482-1043.^[4]

Contending that the portions sold in favor of the complaining buyers resulted from the partitioning of the aforesaid parcel by its co-owners, petitioner Clemencia Calara filed an answer dated 11 July 1982 alleging that the subdivision was exempt from P.D. 957 and that complaints for ejectment were about to be filed against said buyers.^[5] On 29 July 1982, petitioners consequently filed against respondents Spouses Jesus and Teresita Francisco the complaint for unlawful detainer docketed as Civil Case No. 993 before the then Municipal Court of Los Banos, Laguna.^[6] A separate complaint for unlawful detainer was likewise filed by petitioners against Gaudencio Navarro and was docketed before the same court as Civil Case No. 994. [7]

In their 29 January 1990 amendment of the complaint against respondents, petitioners alleged that, sometime in 1976, the former manifested their intention to buy the 250-square meter parcel denominated as Lot No. 23 of the Lophcal (Calara) Subdivision at the price of P80.00 per square meter; that having made an advance payment in the sum of P8,093.00, respondents were made to understand that their

purchase of said parcel is conditioned on the parties' execution of a contract to sell over the same; that after constructing a house of strong materials, however, respondents have not only refused to execute a contract to sell but also failed to make any further payments on the lot; and, that having already ignored petitioner Clemencia Calara's 20 March 1979 demand letter for them to vacate the property, respondents also refused to heed the 27 March 1982 demand to the same effect served upon them by petitioners' counsel. In addition to respondents' ejectment from the lot and the turnover of the peaceful possession thereof, petitioners sought indemnities for exemplary damages, attorney's fees and the costs.^[8]

On 26 August 1982, respondents and Gaudencio Navarro filed a joint motion to dismiss on the ground that the Municipal Court had no jurisdiction over the complaints filed against them by petitioner since another action over the same cause and the same parties was pending before the HSRC; and, that said complaints failed to state a cause of action. Dissatisfied with the denial of said motion in the 28 June 1983 resolution issued by the Municipal Court which had, by then, been reorganized as a Municipal Trial Court (MTC)^[9] pursuant to Batas Pambansa Blg. 129,^[10] respondents and Gaudencio Navarro filed a 30 June 1983 motion for reconsideration^[11] which was no longer resolved in view of the ensuing approval and effectivity of the Rules on Summary Procedure. In the meantime, the HSRC rendered a decision dated 4 June 1985 in HLURB Case No. REM-060482-1043,^[12] disposing of the case in the following wise:

Premises considered, it appearing that respondent had sold subdivision lots within the Opaco Lophcal Subdivision project without securing the necessary license to sell as required in Section 4 & 5 of P.D. 957, and it appearing further that respondent had failed to develop the subdivision despite repeated demands thereof(r) by complainants, judgment is hereby rendered ordering respondent (1) to cease and desist from selling or offering to sell the remaining unsold lots in Opaco Lophcal Subdivision until such time as she shall have duly registered the subdivision project and secured the requisite license to sell pursuant to Section 4 & 5 of P.D. 957; (2) to develop the subdivision within four (4) months from receipt of this decision and to submit to this Commission, within ten (10) days from receipt hereof, a timetable to undertake said development and, thereafter, a progress report every end of the month or as often as this Commission may require.

An administrative fine of P5,000.00 is hereby imposed upon respondent for violation of Section 4, 5 and 20 of P.D. 957.

Failure to comply with this decision shall constrain this Commission to forward the records of this case to the Task Force on Subdivision, Ministry of Justice, for the filing of appropriate charges against respondent Clemencia Calara for violation of P.D. 957.

Let copies of this decision be furnished all parties concerned.

It is SO ORDERED.^[13]

On the other hand, in compliance with the MTC's directive during 23 May 1989 hearing conducted in the case,^[14] respondents and Gaudencio Navarro, filed their 5 June 1989 answer, specifically denying the material allegations of the complaint. Calling attention to the HSRC's 4 June 1985 decision in HSRC Case No. REM-060482-1043, said answering defendants averred that, despite the perfection of the sale over the lots respectively occupied by them, they were constrained to stop paying the monthly amortizations thereon in view of petitioners' failure to comply with their obligations as subdivision developers. Signifying their willingness to continue paying their respective amortizations/installments upon the latter's compliance with the decision rendered by the HSRC, the former prayed for the dismissal of the complaint as well as the grant of their counterclaims for moral damages.^[15]

Having terminated the mandatory pre-trial conference^[16] and in receipt of the position papers submitted by the parties, the MTC went on to render a decision dated 6 October 1999, discounting the existence of a contract of sale between petitioners and respondents and upholding its jurisdiction over the case. Further finding that respondents were builders in bad faith,^[17] the MTC disposed of Civil Case No. 993 in the following wise:

WHEREFORE, the above premises considered, and on a finding that plaintiff and her children have been unlawfully deprived of possession of the subject lot they own, judgment is hereby rendered in favor of plaintiff CLEMENCIA F. CALARA, and her children. CONCEPCION, ELENITA, ISIDRO, CARLOSA, BERNARDO", DORIS CLADIOLOSA and LOPCHAL, all surnamed CALARA, and as against defendants TERESITA FRANCISCO and JESUS FRANCISCO, and ordering.

1. Said defendants TERESITA FRANCISCO and JESUS FRANCISCO and all those acting in their behalves, or claiming rights under them, to completely vacate the parcel of residential lot identified as Lot No. 4-A-4-9-20-D-5-A, containing 278 square meters, more or less, covered by Transfer Certificate of Tide No. T-52242. registered in the name of plaintiffs, and which lot is identified as Lot 23 in the original subdivision plan of LOPHCAL (CALARA) SUBDIVISION, located at Brgy. Anos, Los Banos, Laguna, and forthwith to turn over and surrender possession of the same to said plaintiff and her children;
2. Said defendants, and all persons claiming rights under them, to remove and demolish any and all houses, structures erected, built, or constructed by them, or existing, over the said described property, without right of reimbursement, forthwith upon receipt of a copy of this Judgment;
3. Said defendants to jointly and severally pay said plaintiffs) damages representing the reasonable rental compensation or value for the use and occupancy of the lot belonging to plaintiffs and children, in the total sum of P188,771.28 corresponding to the period from April

1, 1979 up to October 31, 1999 and the sum of P1,800.00 a month, corresponding to reasonable rental thenceforth with twenty 20% percent increase per annum, up to and until said defendants fully vacate the property of the plaintiffs, with all accrued and unpaid amounts to bear interest at 6% from date of first demand and/or date when they had/should have first accrued and until fully paid;

4. Said defendants to pay said plaintiffs the sum of P60,000.00, for and as attorney's fee:

5. Said defendants to pay plaintiffs the sum of P10,000.00 representing litigation costs.

The counterclaims interposed by defendants against plaintiffs is hereby ordered dismissed for lack of merit.

SO ORDERED.^[18]

Elevated by respondents on appeal before Branch 37 of the Regional Trial Court (RTC) of Calamba, Laguna, the foregoing decision was affirmed *in toto* in the 23 May 2000 decision rendered by said court in Civil Case No. 2866-99-C. Undeterred by the denial of their motion for reconsideration of said decision in the RTC's order dated 21 September 2000,^[20] respondents filed the petition for review which was docketed as CA-G.R. SP No. 61243 before the CA which, thru its then Special Twelfth Division, granted their application for a writ of preliminary injunction to enjoin the enforcement of said 23 May 2000 decision.^[21] On 12 April 2002, the then Special Seventh Division of the CA rendered the herein assailed decision, reversing the decisions of the MTC and RTC and ordering the dismissal of petitioners' complaint for unlawful detainer^[22] upon the following findings and conclusions:

The action is not a simple case for unlawful detainer. The complaint focuses on [respondents'] refusal to execute the Contract to Sell and to pay the monthly installments for Lot 23 in Lophcal Subdivision.

[Respondents] claimed that they were within their rights, as provided by P.D. 957, to stop paying the monthly amortizations since the [petitioners] failed to develop the subdivision. The issue, therefore, involves the rights and obligations of parties to a sale of real property, as regulated by P.D. 957.

When a complaint for unlawful detainer arises from the failure of a buyer on installment basis of real property to pay based on a right to stop paying monthly amortizations under PD 957, the determinative question is exclusively cognizable by the Housing and Land Use Regulatory Board (HLURB). Therefore, the question of the right to collect the monthly amortization must be determined by said agency (*Francel Really Corporation vs. Court of Appeals*, 252 SCRA 129).

Section 3 of PD 957, provides:

'The National Housing Authority shall have exclusive jurisdiction to regulate the real estate trade and business in accordance with the provisions of this Decree.'

In Executive Order No. 90 dated December 17, 1986, the exclusive jurisdiction of National Housing Authority (NHA) over the above case was transferred to the HLURB.

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Where the law confines in an administrative office quasi-judicial functions, the jurisdiction of such office shall prevail over the court. Thus, the courts cannot or will not determine a controversy involving a question which is lodged with an administrative tribunal of special competence and when a uniformity of ruling is essential to comply with the purposes of the regulatory statute administered (*Brett vs. IAC*, 191 SCRA 687; *Roxas and Co., Inc. vs. Court of Appeals*, 321 SCRA 106).

The MTC having no jurisdiction to entertain the case, it is also without jurisdiction to award damages to [petitioners]."^[23]

Petitioners' motion for reconsideration of the foregoing decision was denied in the CA's 20 November 2002 resolution, ^[24] hence, this petition.

The Issues

Petitioners urge the reversal of the assailed decision on the following grounds:

I.

THE HONORABLE COURT OF APPEALS ERRED IN DECLARING THAT THE HOUSING AND LAND USE REGULATORY BOARD (HLURB) HAS EXCLUSIVE ORIGINAL JURISDICTION TO DETERMINE WHETHER THERE IS A PERFECTED CONTRACT TO SELL BETWEEN PETITIONER CALARA AND RESPONDENTS FRANCISCO^[25]

THE HONORABLE COURT OF APPEALS ERRED IN NOT RESOLVING THE ISSUE ON WHETHER RESPONDENTS FRANCISCO HAVE STILL LEGAL PERSONALITY TO PURSUE THE PETITION FOR REVIEW IN SPITE OF THE SEVERAL LAPSES THEY HAD COMMITTED BEFORE THE MUNICIPAL TRIAL COURT AND THE REGIONAL TRIAL COURT

II.