

## THIRD DIVISION

**[ G.R. NO. 158364, November 28, 2007 ]**

**NATIONAL HOUSING AUTHORITY, PETITIONER, VS. SOLEDAD C. PASCUAL, RESPONDENT.**

### DECISION

**YNARES-SANTIAGO, J.:**

This petition assails the November 21, 2002 Decision<sup>[1]</sup> and May 8, 2003 Resolution<sup>[2]</sup> of the Court of Appeals in CA-G.R. CV No. 45015 reversing the Decision of the Regional Trial Court of Quezon City, Branch 80 in Civil Case No. Q-89-3780 dismissing respondent's complaint for declaration of nullity, reconveyance, and damages.

The antecedent facts are as follows:

On August 3, 1959, Republic Act (R.A.) No. 2616 was enacted providing for the expropriation of the Tatalon Estate and the sale of the lots to present bonafide occupants. Thereafter, the National Housing Authority (NHA) was designated as administrator of the Tatalon Estate Housing Project by virtue of Presidential Decree (P.D.) No. 1261. Pursuant thereto, petitioner NHA awarded in 1983 Lot 3, Block 12 of the Tatalon Estate Urban Bliss Project (TEUBP), containing an area of 65 square meters, to Dolores Maranan, since she was included in the 1958 Araneta Census List of Occupants. On May 25, 1983, a Transfer Notice was given to Maranan and a Deed of Sale with Mortgage was executed on May 31, 1983.<sup>[3]</sup>

On August 18, 1983, the Register of Deeds of Quezon City issued TCT No. 303230 in favor of Maranan who executed in December 1984 a Special Power of Attorney<sup>[4]</sup> in favor of Perlita Canedo with respect to the property and thereafter left the Philippines.<sup>[5]</sup> On December 9, 1985, full payment was given by Perlita Canedo hence, NHA executed on October 22, 1986, a Deed of Cancellation and Release of Real Estate Mortgage and released TCT No. 303230. Later on, Maranan sold the lot to Perlita Canedo for which TCT No. 127373 was issued.<sup>[6]</sup>

Respondent Pascual however, assailed the award of the subject lot to Maranan by filing a letter-complaint<sup>[7]</sup> on February 14, 1983 before the General Manager of NHA, alleging that she is the rightful beneficiary of the said lot being the actual occupant thereof and for having resided in the Tatalon Estate since 1968. Pascual averred that after marrying Aurelio Pascual in 1975, they used the subject lot for their domicile and operated a motor shop as well and were included in the 1976 Census. However, sometime in 1983, their house was demolished and relocated to an inner lot.

On June 20, 1983, the Inspector General of NHA recommended to the General

Manager that the subject lot be awarded to Pascual considering that she was included in the 1976 Census and her house structure appeared in the aerial photo.  
[8] On the other hand, the Project Manager recommended to award the lot to Maranan and to transfer respondent to an inner lot.[9]

On October 3, 1983, the General Manager sustained the position of the Project Manager to award the lot to Maranan and to relocate respondent to an inner lot and dismissed respondent's complaint for lack of merit.[10]

On December 4, 1984, respondent appealed to the Office of the President.[11] In its 1<sup>st</sup> Indorsement dated December 14, 1984, NHA maintained the propriety of the award of the lot to Maranan.[12]

On August 4, 1986, the Presidential Staff Director of the Malacañang Public Assistance Center wrote a letter to the General Manager of NHA to reconsider the case of respondent in view of the allegations that Maranan was an absentee awardee. It stated that an inquiry from the United States Department of Justice Immigration and Naturalization Service reveals that Maranan became a lawful resident of Honolulu, Hawaii on September 6, 1979. Hence, it appears that the subject lot which was originally occupied by respondent was awarded to Dolores Maranan under fraudulent circumstances.[13]

Thereafter, a series of conferences for a possible swapping of homelots was conducted by the NHA. On February 5, 1987, Pascual signed a Conditional Contract to Sell Lot 2, Block 2 of TEUBP previously allocated to her upon petitioner's prodding that she would lose all her rights to be awarded a lot in the Tatalon Estate.

On September 29, 1987, the Public Complaints Assistance and Action Center reviewed the case and recommended that respondent be awarded another front lot to settle the matter; that the award of the inner lot where she was relocated will be cancelled and payments made shall be applied to the new lot and should there be any disparity in price, a refund or additional payment will be made accordingly.[14] However, if respondent insists on her claim on the subject lot, then she must substantiate her claim. Further conferences were made but no settlement was reached between the parties and no ruling was made as to the disqualification of Maranan as an absentee awardee. Hence respondent brought the matter before the courts for redress.

On October 19, 1989, Pascual filed a Complaint for declaration of nullity, reconveyance, and damages before the Quezon City Regional Trial Court against petitioner NHA, Maranan, Canedo, and the Register of Deeds of Quezon City. She prayed for the declaration of nullity of the award of the subject lot to Maranan; declaration of nullity of the issuance of TCT No. 303230 in the name of Maranan; reconveyance of the subject lot; and for payment of damages.[15]

On June 15, 1993, the trial court rendered a Decision[16] in favor of petitioner, the dispositive portion of which reads:

WHEREFORE, under cool reflection and prescinding from the foregoing, judgment is rendered in favor of defendants Dolores Sabella Maranan and

Perlita Canedo, adverse as against the plaintiff.

1. The complaint is dismissed with costs against the plaintiff;
2. Defendant Dolores Sabella Maranan is declared the absolute owner in fee simple title of the land in suit identified as Lot 3, Block 12, of the Tatalon Estate, Quezon City, with an area of sixty five (65) square meters, together with all the improvements thereon, as evidenced by TCT No. 303230 (Exh. "13," pp. 508-509, Record), issued in her name by the Register of Deeds of Quezon City on August 18, 1983, entitled as such with all the dominical rights blossoming forth from her right of ownership thereof, including but not limited to her right to dispose of or sell the same to whoever is interested in the subject property;
3. Plaintiff, her heirs and assigns and all persons claiming rights under her, are ordered to respect and not to molest the peaceful possession and ownership of defendant Dolores Sabella Maranan, her heirs and assigns and representatives over the land in suit.
4. Plaintiff is declared the actual possessor and lawful applicant occupant of that interior lot of the subject Tatalon Estate, where she presently resides, as allotted to her, by way of accommodation or relocation done by defendant National Housing Authority, with right to perfect her ownership thereof, for the eventual issuance of the corresponding title in her name, upon completion of all the requirements and prescribed fees therefor;
5. Plaintiff to pay defendants Maranan and Canedo the amount of P10,000.00 by way of reasonable attorney's fees;
6. Defendants' claim for moral and exemplary damages are dismissed for insufficiency of evidence.

IT IS SO ORDERED.<sup>[17]</sup>

Respondent's motion for reconsideration was denied hence, she appealed the case to the Court of Appeals which was docketed as CA-G.R. CV No. 45015. Pending resolution of the appeal, Lot 2, Block 2 of the TEUBP was fully paid by respondent in October 1998 and a Deed of Sale was executed by NHA in her favor on September 28, 1999.<sup>[18]</sup>

On November 21, 2002, the Court of Appeals issued the assailed Decision setting aside the Decision of the trial court, the dispositive portion of which reads:

WHEREFORE, foregoing premises considered and pursuant to applicable law and jurisprudence on the matter and evidence on hand, judgment is hereby rendered granting the instant appeal. Resultantly, the decision of the trial court is REVERSED and SET ASIDE and a new one entered:

(a) declaring the award of the lot subject matter of this case to Dolores Sabella Maranan as null and void; as a consequence thereof;

(b) declaring as null and void Transfer Certificate of Title No. 303230 issued in the name of Dolores Sabella Maranan and the same is ordered cancelled;

(c) ordering defendant-appellee National Housing Authority to reconvey the subject lot to plaintiff-appellant Soledad Pascual.

No costs.

SO ORDERED.<sup>[19]</sup>

The NHA filed a motion for reconsideration which was denied by the Court of Appeals in its Resolution<sup>[20]</sup> dated May 8, 2003. Hence, the instant petition for review on certiorari, raising the following issues:

- a) The Court of Appeals erred in holding that Dolores Maranan is not qualified to acquire the lot in question;
- b) The Court of Appeals erred in ordering the NHA to reconvey the subject lot to Private Respondent;
- c) The Court of Appeals erred in not holding that Private Respondent is estopped to lay claim on the subject lot as she in fact voluntarily and freely executed a conditional contract to sell and later, a deed of sale, over another lot in TEUBP;
- d) The Court of Appeals erred in not holding that the award of the subject lot is *res judicata*.<sup>[21]</sup>

The principal issue raised by petitioner is whether the award of the subject lot to Dolores Maranan can still be nullified and set aside by the courts. It maintains that the court has no power to do so since the award has attained finality and that the Complaint filed by respondent before the lower court is not the proper remedy to contest the same citing *Raymundo v. People's Homesite and Housing Corporation*.<sup>[22]</sup>

Petitioner's claim that respondent failed to seasonably contest the award has no leg to stand on.<sup>[23]</sup> A careful perusal of the records reveal that respondent has effectively appealed the case to the Office of the President through a letter-complaint. NHA transmitted its 1st Indorsement dated December 14, 1983 to the Presidential Executive Assistant which stated its position on the matter. The Office of the President thereafter gave due course to the complaint and on August 4, 1986, the Presidential Staff Director of the Malacañang Public Assistance Center wrote a letter to the General Manager of NHA to reconsider the case of respondent in view of the allegations that Maranan was an absentee awardee and that the award of the lot to Maranan was made under fraudulent circumstances.<sup>[24]</sup>

Respondent's letter-complaint substantially complied with the requirements of the law regarding administrative appeals. In the exercise of its discretion, the Office of the President gave due course to the appeal.

It is well-established in our jurisprudence that the decisions and orders of administrative agencies, rendered pursuant to their quasi-judicial authority, have upon their finality, the force and binding effect of a final judgment within the purview of the doctrine of *res judicata*.<sup>[25]</sup> In the case at bar, since petitioner's decision was seasonably appealed by respondent, the same has not attained finality and the principle of *res judicata* does not apply.

Consequently, the ruling of the trial court dismissing respondent's complaint on the ground of non-exhaustion of administrative remedies must be reversed. Respondent correctly resorted to the remedy of appeal to the Office of the President and obtained a favorable decision therefrom. Nevertheless, petitioner failed to reconsider and review, as directed by the Office of the President, the qualification and/or disqualification of respondent and Dolores Maranan. The record is bereft of any evidence that petitioner reviewed the qualification of Maranan and issued a ruling thereon. Instead of correcting its own lapse or mistake by reviewing the case, particularly on the qualifications of the intended beneficiaries, it sustained its decision by conducting several conferences and hearings for a possible swapping of homelots between the parties.

As to the propriety of the filing of the Complaint before the trial court, the Court agrees with petitioner that it has the sole power to dispose of lands under its administration. The ruling of this Court in *Raymundo v. People's Homesite and Housing Corporation*<sup>[26]</sup> still stands that:

3. The power to dispose of the lands placed under the administration of the Philippine Homesite and Housing Corporation (now National Housing Authority) is lodged in said body. There is no provision of law authorizing courts to review decisions of respondent PHHC and to take cognizance of actions to annul awards of sale of any other action made by it pursuant to the authority granted it by law. If the courts are to take cognizance of cases involving errors or abuse of power exercised by the respondent PHHC, the remedy would be by means of an action for certiorari or prohibition to set aside the orders or decisions of the respondent, and not a direct action for specific performance as the one instituted in this case. But this special civil action would not lie unless there is an allegation of abuse of discretion for lack of jurisdiction.<sup>[27]</sup>

However, the *Raymundo* case is not applicable in the case at bar since the Complaint filed primarily sought the nullification of the title issued in the name of Dolores Maranan and not merely the nullification of the award made by petitioner. It should be noted that Transfer Certificate of Title No. 303230 was issued in the name of Maranan a few months after the subject lot was awarded to her despite the objections interposed by respondent. In seeking the cancellation of the title, the Complaint prayed for the declaration of nullity of the award which was the basis for the issuance of the title.

In a number of cases decided by this Court, we have sustained the propriety of the action for annulment of title and the consequent nullification of awards granted by the government in favor of wrongful grantees who obtained said grants in violation of public policy or through fraudulent means. In *Swan v. Court of Appeals*,<sup>[28]</sup> this Court set aside the ruling of the Court of Appeals dismissing the complaint for