503 Phil. 121

# THIRD DIVISION

# [ G.R. Nos. 145156-57, July 29, 2005 ]

## SOLID HOMES, INC., PETITIONER, VS. SPOUSES ANCHETA K. TAN AND CORAZON DE JESUS TAN, RESPONDENTS.

## D E C I S I O N

**GARCIA, J.:**

In this appeal by way of a petition for review on certiorari under Rule 45 of the Rules of Court, petitioner Solid Homes, Inc. urges us to nullify and set aside the following issuances of the Court of Appeals in **CA-G.R. SP No. 53443** and **55324**, to wit:

1. **Decision dated May 23, 2000**,[1] setting aside an earlier decision of the Office of the President in a complaint for breach of obligation filed by the herein respondents against the petitioner in connection with the sale of a subdivision lot; and

2. **Resolution dated September 12, 2000,**[2] denying petitioner's motion for reconsideration.

The material facts, undisputed by the parties, may be briefly stated, as follows:

On April 7, 1980, petitioner Solid Homes, Inc., sold to the spouses Joe Uy and Myrna Uy a subdivision lot with an area of 1,069 square meters, more particularly identified as Lot 18, Block 2, located at petitioner's Loyola Grand Villas Subdivision, Quezon City. Thereafter, the lot was registered in the name of the Uys under Transfer Certificate of Title (TCT) No. 280963/T-1409 of the Register of Deeds of Quezon City.

Sometime in February, 1985, the spouses Uy sold the same lot to herein respondents, the spouses Ancheta K. Tan and Corazon de Jesus-Tan, by reason of which the former title covering the lot was cancelled and replaced by TCT No. RT-14465 (327754) in respondents' name.

From then on, respondents visited their property a number of times, only to find out the sad state of development thereat. There was no infrastructure and utility systems for water, sewerage, electricity and telephone, as announced in the approved plans and advertisements of the subdivision. Worse, squatters occupy their lot and its surrounding areas. In short, there has been no development at all.

Accordingly, in a letter dated December 18, 1995, respondents demanded on petitioner to provide the needed utility systems and clear the area of squatters and other obstructions by the end of January, 1996 to enable them to start the construction of their house thereon and to allow other lot owners in the area a full access to and peaceful possession of their respective lots, conformably with P.D. No.

957 which requires an owner or developer of a subdivision project to develop the same within one year from the issuance of its license.

Having received no reply from petitioner, respondents filed with the Field Office of the Housing and Land Use Regulatory Board (HLURB), NCR a complaint for specific performance and damages therein praying, *inter alia*, that petitioner be ordered to provide the needed facilities in the premises and rid the same of squatters; or, in the alternative, for petitioner to replace respondents' property with another lot in the same subdivision where there are facilities and *sans* squatters.

After due proceedings, the Housing and Land Use Arbiter, in a decision dated September 17, 1996,[3] rendered judgment for the respondents by directing petitioner:

> a. to perform its obligation to provide subdivision facilities in the subject premises and to rid the premises of squatters. In the alternative, at the option of complainants xxx to replace subject lot with a lot of similar size and with available facilities, located in the subject subdivision.
>
> b. to pay complainants P20,000.00 as and by way of attorney's fees.

In the same decision, the Arbiter dismissed the complaint against petitioner's co-defendant, Purita Soliven.

Dissatisfied, petitioner went on appeal to the HLURB Board of Commissioners, which, in a decision dated April 16, 1997,[4] affirmed that of the Arbiter.

From there, petitioner elevated the case to the Office of the President (O.P.).

In a decision[5] dated June 3, 1999, the O.P., thru then Executive Secretary Ronaldo B. Zamora, affirmed with modification the appealed decision of the HLURB Board of Commissioners, thus:

> WHEREFORE, premises considered, the first paragraph of the decision appealed from is hereby ***AFFIRMED*** *with the modification that in case Solid Homes, Inc. fails to replace subject lot with a lot of similar size and with available facilities located in the subdivision, because it had already sold or transferred all of its properties in the subdivision, it shall pay spouses Ancheta Tan and Corazon Tan the total amount received from them as purchase price, with legal rate of interest from February 1985, until fully paid. Save for this modification, the decision appealed from is hereby* ***AFFIRMED.***
>
> SO ORDERED (Italics, ours).

On June 25, 1999, respondents filed a motion for partial reconsideration of the aforementioned decision, praying for the deletion of that portion thereof giving petitioner the option of merely paying them the **purchase price** with interest in the event petitioner *"fails to replace subject lot with a lot of similar size and with available facilities located in the subdivision, because it had already sold or transferred all of its properties in the subdivision."* Respondents argued that it would

be more in accord with equity and fair play if they will be paid the **fair market value** of the lot in question and not merely its purchase price, should there be no available lot with facilities in the area.

However, in a resolution dated September 22, 1999,[6] O.P. denied respondents' motion.

Both parties then went to the Court of Appeals *via* their respective petitions for review, thereat separately docketed as **CA-G.R. SP No. 53443** (for petitioners) and **CA-G.R. SP No. 55324** (for respondent). Pursuant to Section 1, Rule 31 of the Rules of the Court, the appellate court ordered the consolidation of the two (2) petitions.

As stated at the threshold hereof, the Court of Appeals, in its consolidated **decision dated May 23, 2000**,[7] set aside that of the O.P. and affirmed the earlier decision dated April 16, 1997 of the HLURB Board of Commissioners, but subject to the modification that petitioner shall pay respondents the **current market value** of the lot, not merely its purchase price, should there be no more available lots with facilities in petitioner's Loyola Grand Villas Subdivision. We quote the decretal portion of the appellate court's decision:

> WHEREFORE, Premises Considered, the assailed Decision dated 03 June 1999 is hereby **SET ASIDE** and the Decision of the HLURB dated 16 April 1997 is hereby **AFFIRMED** *subject to the modification* that if there is no more available lot in Loyola Grand Villas to replace subject lot, Solid Homes, Inc. should pay the spouses Tan the current market value of their lot.
>
> SO ORDERED.

This time, petitioner moved for reconsideration but its motion was denied by the same court in its **resolution of September 12, 2000**.[8]

Hence, petitioner's present recourse, contending that the Court of Appeals erred -

1. XXX IN RULING THAT PRESCRIPTION HAS NOT SET-IN;
2. XXX IN APPLYING THE PRINCIPLE ON EQUITY AS AGAINST POSITIVE LAW TO THE PREJUDICE OF HEREIN PETITIONER; AND
3. XXX IN RULING THAT PETITIONER SHOULD PAY RESPONDENTS THE CURRENT MARKET VALUE OF THE LOT IN QUESTION.

We **DENY.**

The errors assigned actually simmered down to only two (2) issues, namely: *(1)* whether or not respondents' right to bring the instant case against petitioner has already prescribed; and *(2)* in the event respondents opt to rescind the contract, should petitioner pay them merely the price they paid for the lot plus interest or the current market value thereof.

In the matter of prescription, it is petitioner's posture that respondents' right to

bring the action against it has already prescribed, arguing that the 10-year prescriptive period therefor should be reckoned from April 7, 1980 when petitioner originally sold the lot in question to the spouses Joe Uy and Myrna Uy, or, at the latest from February, 1985, when respondents acquired the same lot from the Uy spouses. Hence, and as respondents' action was filed with the HLURB Field Office only on April 1, 1996 or after more than ten (10) years, it follows that the same was filed out of time and, therefore, ought to have been dismissed.

We disagree.

There can be no debate at all on the legal postulate that the prescriptive period for bringing action for specific performance, as here, prescribes in ten (10) years. This is so provided in Article 1144 of the Civil Code. What we cannot agree on with the petitioner, and about which petitioner is in serious error, is its submission that the 10-year prescriptive period should commence either on April 7, 1980, when petitioner originally sold the lot to spouses Uy; or in February, 1985, when the respondents thereafter bought the same lot from the Uy couple. Obviously, petitioner misread Article 1144 which specifically provides that the 10-year period therein referred to commences to run only from the time the right of action accrues. We quote in full the codal provision relied upon by petitioner:

> Article 1144. The following actions must be brought within **ten years from the time the right of action accrues**:
>
> (1) Upon a written contract;
>
> (2) Upon an obligation created by law;
>
> (3) Upon a judgment (Emphasis supplied).

If not on a written contract, petitioner's obligation to introduce improvements on the area in question arises from law, more specifically P.D. 957, as amended by P.D. 1216, Section 31 of which pertinently reads:

> SECTION 31. *Roads, Alleys, Sidewalks and Open Spaces.*—The owner as developer of a subdivision shall provide adequate roads, alleys and sidewalks. For subdivision projects one (1) hectare or more, the owner or developer shall reserve thirty percent (30%) of the gross area for open space.

The next inquiry, then, is when the respondents' cause of action accrued. Our earlier ruling in *Banco Filipino Savings and Mortgage Bank vs. CA*[9] provides the answer:

> Thus, the period of prescription of any action is reckoned only from the date the cause of action accrued. **And a cause of action arises when that which should have been done is not done, or that which should not have been done is done**. The period should not be made to retroact to the date of execution of the contract on January 15, 1975 as claimed by the petitioner for at that time, there would be no way for the respondents to know of the violation of their rights. The Court of Appeals therefore correctly found that respondents' cause of action accrued on October 30, 1978, the date they received the statement of account showing the increased rate of interest, for it was only from that