

THIRD DIVISION

[G.R. No. 137911, February 27, 2002]

AMA COMPUTER COLLEGE, INC., PETITIONER, VS. JESUS R. FACTORA, RESPONDENT.

DECISION

SANDOVAL-GUTIERREZ, J.:

Petition for review on certiorari^[1] challenging the Decision^[2] of the Court of Appeals dated August 12, 1998 in CA-GR SP No. 44472, upholding the Decision of the Office of the President in OP Case No. 6178 for recovery of condominium certificates of title and damages.

The undisputed facts are:

Sevenis Enterprises, Inc. (Sevenis), owner of a parcel of land located at Edison St., Paranaque City, engaged the services of respondent Jesus R. Factora to construct a four-storey condominium building on the said lot. To finance the construction, Sevenis obtained a loan from Fund Centrum Finance, Inc. (Fund Centrum) in the amount of P3.9 million, secured by a mortgage on the realty project. Aside from this loan, Sevenis has an existing obligation with respondent Factora in the amount of P1,333,523.00 as contractor's fees.

On December 4, 1984, Sevenis' loan from Fund Centrum became due. In order to settle in full all its obligations, Sevenis entered into a Memorandum of Agreement^[3] (MOA) with Fund Centrum and respondent Factora in June, 1985. The MOA contains the following pertinent provisions:

"1. Dacion in Payment

To settle in full the obligation of the FIRST PARTY (Sevenis Enterprises, Inc.) to the SECOND PARTY (Fund Centrum Finance, Inc.) as above-stated, which as of June 30, 1985 is in the sum of P5,053,509.19, the FIRST PARTY shall simultaneously herewith execute a Dacion in Payment in favor of the SECOND PARTY, assigning and conveying to the latter the land and improvements covered by aforesaid T.C.T. No. 64304. However, the indebtedness of the FIRST PARTY to the THIRD PARTY (Jesus R. Factora) as above-stated which as of June 30, 1985 amounts to P1,333,523.00 is hereby recognized as a contractor's lien with all the rights provided for by law. In the settlement thereof, the THIRD PARTY hereto agrees to an assignment of three (3) 2-BR units to come from the project, the same to be based on a completed state indicated as agreed, and particularly described as those shaded portions of the attached building plans which forms an integral part of this agreement.

2. Sevenis Plaza Project

As a resultant effect of the Dacion in Payment, as above described, the SECOND PARTY shall become the owner of the land and realty project construction therein, with the lien of THIRD PARTY expressly recognized by all parties hereto;

Considering that said condominium building is in an unfinished state, the SECOND PARTY shall endeavor to complete and finish the same within a reasonable period of time, providing the necessary funds therefor;

Upon completion of the building or during construction, the SECOND PARTY shall endeavor to sell the individual units at current market prices. Other terms and conditions of the sale of units shall be agreed upon by the parties hereto before actual sale is made;

3. By virtue of this Dacion in Payment in favor of the SECOND PARTY and provision for the assignment of three (3) 2-BR Units to the THIRD PARTY, the FIRST PARTY is hereby relieved from any and all liabilities to the Second and Third Parties respecting the aforesaid condominium project without prejudice to receiving its share in the net residue as provided hereunder.

x x x.”

Forthwith, Fund Centrum, being the new owner of the condominium building, sold the same to Supreme Capital, Inc. (Supreme Capital). In turn, Supreme Capital conveyed the property to MCI Real Estate and Development Corporation (MCI) in a Contract to Sell.

MCI then entered into a lease agreement with petitioner AMA Computer College (AMA) which converted the condominium into a computer school. The conversion included the three (3) 2-BR units assigned to respondent Factora per the MOA. This prompted him to file two (2) complaints against Fund Centrum, Supreme Capital and AMA with the Office of Appeals, Adjudication and Legal Affairs (OAALA) of the Housing and Land Use Regulatory Board (HLURB) for recovery of condominium certificates of title and damages. The complaints were docketed as REM-062691-4852 and REM-103091-4968, which were later consolidated.

On July 14, 1992, the OAALA rendered a decision^[4] dismissing the complaints for lack of jurisdiction. On appeal by respondent, the Board of Commissioners of the HLURB rendered judgment^[5] on April 27, 1995 affirming the OAALA decision.

Undaunted, respondent elevated the decision of the HLURB to the Office of the President, docketed therein as O.P Case No. 6178. On May 21, 1997, then Executive Secretary Ruben D. Torres issued a Resolution,^[6] the dispositive portion of which reads:

“WHEREFORE, the instant appeal is hereby GRANTED and the 27 April 1995 decision of the Housing and Land Use Regulatory Board (HLURB) Board of Commissioners is set aside. Let the records of the subject cases be remanded to the Housing and Land Use Regulatory Commission