

Title: Casa Filipina Realty Corporation vs. Office of the President and Spouses Dennis and Rebecca Sevilla

Facts:

Casa Filipina Realty Corporation (CFRC) and spouses Dennis and Rebecca Sevilla entered into a contract to sell for a parcel of land in Parañaque, Metro Manila, in May or June 1984. The agreed purchase price was to be paid in installments. Following some payments, the Sevilla spouses stopped their payments upon discovering that the subdivision development was non-existent and the mother title was encumbered. Subsequently, they demanded a refund from CFRC, and upon refusal, filed a complaint with the Office of Appeals, Adjudication, and Legal Affairs (OAALA) of the Human Settlements Regulatory Commission, leading to a decision in their favor. CFRC's appeal to the Housing and Land Use Regulatory Board (HLURB) and the Office of the President both upheld the decision mandating a refund. CFRC's petition for certiorari was dismissed by the Supreme Court for lack of merit.

Issues:

1. Whether CFRC's failure to develop the subdivision as promised and its encumbrance of the property justify the Sevilla spouses' demand for a refund.
2. The applicability of Sections 23 and 24 of P.D. No. 957 on the non-forfeiture of payments and the failure to pay installments.
3. The interpretation of the notice and demand requirements under Section 23 of P.D. No. 957.
4. The inclusion of delinquency interest in the amount to be refunded.

Court's Decision:

The Supreme Court denied CFRC's motion for reconsideration, affirming the decision of the Office of the President. The Court found that CFRC failed to develop the subdivision and had encumbered the property, entitling the Sevilla spouses to a refund under P.D. No. 957. It ruled that Sections 23 and 24 of P.D. No. 957 were applicable, dismissing CFRC's arguments about notice requirements and affirming the exclusion of delinquency interest from the refund.

Doctrine:

The case reaffirms the protection of subdivision lot buyers under P.D. No. 957, also known as "The Subdivision and Condominium Buyers' Protective Decree." It clarifies the interpretation of the non-forfeiture clause and the conditions under which a buyer can demand a refund due to the developer's failure to fulfill obligations, specifically the non-

development of the project and encumbrances on the title.

Class Notes:

- P.D. No. 957 Sections 23 & 24 are crucial for understanding the rights of buyers in transactions involving subdivision lots and condominium units.
- Non-development of the project and encumbrances on the property title are valid grounds for buyers to desist from further payments and demand refunds.
- The issuance of demand for fulfillment of obligations must precede the incurrance of default by the buyer.
- The exclusion of delinquency interest from refunds is mandated under Section 23 of P.D. No. 957.
- Administrative findings of fact by bodies like the HLURB, when supported by substantial evidence, are accorded respect and finality.

Historical Background:

The case underscores the struggles faced by buyers of real estate in the Philippines during the 1980s, a period marked by rapid real estate development often marred by developers' failures to fulfill obligations. It reflects the state's intervention through P.D. No. 957 to protect buyers from fraudulent practices and to ensure that developers comply with their representations and obligations, ideally promoting more transparent and accountable real estate transactions.