

Title: Liwag vs. Happy Glen Loop Homeowners Association, Inc.

Facts:

This case originated from a dispute over a water facility within Happy Glen Loop Subdivision, Caloocan City, Philippines. In 1978, F.G.R. Sales, the original developer, assigned its rights over several parcels of land and receivables to Ernesto Marcelo of T.P. Marcelo Realty Corporation to settle a debt. Marcelo, as the successor-in-interest, represented to various parties, including the National Housing Authority (NHA) and Human Settlement Regulatory Commission (HSRC), that a water facility was available in the Subdivision. For nearly 30 years, residents relied on this facility for water, acknowledged by both Marcelo and Hermogenes Liwag, the then-president of the respondent Association and petitioner's late husband.

In September 1995, Marcelo sold Lot 11, Block No. 5, where the water tank stood, to Hermogenes. After Hermogenes' death in 2003, Emeteria Liwag demanded the removal of the water tank from the lot. The Association refused and filed a case before the HLURB, seeking specific performance and annulment of the sale and cancellation of TCT No. C-350099.

The HLURB Arbiter ruled in favor of the Association, confirming the easement for the water system and invalidating the lot's transfer to Hermogenes, among other directives. However, upon appeal, the HLURB Board of Commissioners reversed this, noting Marcelo had complied with the open space requirements, and Lot 11 was not designated as such. The decision was again appealed to the Office of the President (O.P.), which reinstated the Arbiter's ruling, identifying Lot 11 as open space due to Marcelo's representations to regulatory bodies. Emeteria Liwag's subsequent appeal to the Court of Appeals (CA) upheld the OP's ruling.

Issues:

1. Whether the HLURB has exclusive jurisdiction over the case.
2. The existence of an easement for water facility on Lot 11, Block 5 and its categorization as open space.
3. The validity of the sale of the subject parcel of land, given its status.
4. The application of principles of indefeasibility of title and prohibition against a collateral attack on title.

Court's Decision:

1. **Jurisdiction**: The Court affirmed HLURB's exclusive jurisdiction, citing P.D. 1344, as the complaint involved unsound real estate practices and specific performance of contractual/statutory obligations related to subdivision development.
2. **Easement and Open Space**: The Court verified the easement for the water facility on Lot 11, Block 5, as continuous and apparent, established either by Marcelo or the original developer. Applying the principle of ejusdem generis, it ruled that the water facility fell under the definition of "open space" required in subdivisions.
3. **Validity of Sale**: The sale of Lot 11, Block 5 was deemed contrary to law because open spaces in subdivisions are reserved for public use and beyond commerce.
4. **Defeasibility of Title**: The Court disagreed with Emeteria Liwag's contentions regarding indefeasibility of title and collateral attack on title, noting exceptions to these principles, especially when a transfer knows of a defect in the predecessor's title.

Doctrine:

This case reiterates the doctrine that open spaces in subdivisions, including areas designated for water facilities, are reserved for public use, and their sale is against the law. The HLURB possesses exclusive jurisdiction over disputes arising from subdivision development and contractual obligations between developers and lot buyers.

Class Notes:

- **Key Concepts**: Authority of HLURB, Definition and establishment of easements, Open space in subdivisions, Indefeasibility of title exceptions.
- **Relevant Legal Statutes and Doctrines**:
 - Presidential Decree No. 1344 - outlines HLURB's jurisdiction.
 - Civil Code Articles on Easements.
 - Presidential Decree No. 1216 - defines open spaces within subdivisions.
 - Principle of Ejusdem Generis in statutory construction.
 - Application: The decision emphasizes the responsibility of subdivision developers to adhere to obligations concerning the provision of basic utilities and the preservation of designated open spaces for public use. It also showcases the limitations of the principle of indefeasibility of title, particularly when there's knowledge of a defect or encumbrance.

Historical Background:

The case underscores the evolving legal standards in real estate development within the Philippines, particularly concerning developers' obligations to subdivision residents and the regulatory framework ensuring these obligations are met. It highlights the role of the HLURB in adjudicating disputes arising from subdivision and condominium developments, a

critical aspect of the Philippines' efforts to regulate the real estate industry and protect home and lot buyers.