

Title: Jacobus Bernhard Hulst vs. PR Builders, Inc., G.R. No. 156364

Facts:

Jacobus Bernhard Hulst (petitioner) and his spouse Ida Johanna Hulst-Van Ijzeren, Dutch nationals, entered into a Contract to Sell with PR Builders, Inc. (respondent) for a residential unit in Laurel, Batangas. Despite PR Builders' verbal promise to complete the project by June 1995, the project was unfinished. The spouses Hulst filed a complaint for rescission, damages, and attorney's fees before the HLURB (HLURB Case No. IV6-071196-0618).

HLURB Decision: On April 22, 1997, Arbiter Ma. Perpetua Y. Aquino ruled in favor of the spouses, rescinding the contract and awarding monetary judgments.

Procedural History:

- Execution:** On August 21, 1997, a Writ of Execution was issued but challenged by the respondent, leading the CA to set aside the levy, requiring levy on personal properties first.
- Unsuccessful Execution:** Upon failing to satisfy the writ through personal properties, the Sheriff levied respondent's 15 parcels of land.
- Auction:** An auction was set for April 28, 2000. Holly Properties Realty Corporation won the bid for P5,450,653.33, satisfying the judgment.
- HLURB's Intervention:** On April 28, 2000, the HLURB issued an order suspending the auction, later setting aside the levy citing gross undervaluation. Petitioner sought Certiorari and Prohibition with the CA.
- CA Decision:** The CA dismissed the petition, aligning with the HLURB.

Without filing a motion for reconsideration, the petitioner elevated the issue to the Supreme Court asserting the CA's grave error in affirming the levy's invalidation.

Issues:

- Does the petitioner being a foreign national affect the legality of the Contract to Sell?
- Was the HLURB's decision to set aside the levy correct, given the allegation of over-valuation?

Court's Decision:

1. On the Legality of Contract:

- The Contract to Sell was void as it violated constitutional provisions barring aliens from acquiring private land in the Philippines.

- However, under Article 1414 of the Civil Code, the petitioner could recover the amount paid (P3,187,500.00), repudiating the contract before any illegality materialized.

****2. On Setting Aside the Levy:****

- The contention of overvaluation was based on speculative appraisal, thus the HLURB and CA's reliance on such appraisal was unfounded.
- The Sheriff followed procedural rules: the levy and auction sale was correctly executed as no restraining order was issued.

****Doctrine:****

1. ****Constitutional Limitations:**** Foreign nationals cannot own private lands in the Philippines as per Article XII, Section 7 of the 1987 Constitution.
2. ****Void Contracts:**** Contracts violating law are void ab initio (Art. 1409, Civil Code).
3. ****In Pari Delicto:**** Doctrinal exceptions allow recovery by an innocent party repudiating a void contract before the illicit purpose is actualized (Art. 1414, Civil Code).
4. ****Ministerial Acts of Sheriffs:**** Execution sales must proceed barring restraining orders, sheriffs hold no discretion to suspend sales absent directives countermanding the sale.

****Class Notes:****

- ****Contract Law:**** Void contracts under constitutional prohibitions and Civil Code ramifications.
- ****Civil Procedure:**** Execution process and ministerial duties of sheriffs, especially under Rule 39, Section 9 of the Rules of Court.
- ****Property Law:**** Restrictions on alien land ownership and legal outcomes from void land transactions.
- ****Remedies and Damages:**** Limits on recovery from void contracts, emphasizing recovery principles under repudial before fruition of illegal acts.

****Historical Background:****

This case emphasizes strict adherence to constitutional provisions restricting land ownership and highlights procedural rigor in judicial execution sales, setting precedence for equity application in correcting unlawful enrichment, underscoring the necessity for judicial intervention to prevent unjust benefits derived from void contracts and improperly executed auctions.