

HOME DEVELOPMENT MUTUAL FUND, PETITIONER, VS. JENNY C. PALIVINO AND ALL PERSONS CLAIMING RIGHTS UNDER HER, RESPONDENTS.

Ponente: DICDICAN, J.

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DICDICAN, J.:

Before this Court is a Petition for Review[1] filed pursuant to Rule 42 of the Revised Rules of Court seeking a review of the Decision[2] rendered by Branch 25 of the Regional Trial Court in Biñan, Laguna, Fourth Judicial Region in Civil Case No. B-9246 dated May 6, 2014 which affirmed the Decision[3] of the Municipal Trial Court in Cities, Cabuyao, Laguna ("MTC") dated September 19, 2013 dismissing the complaint for ejectment filed by petitioner Home Development Mutual Fund, herein after referred to as Pag-IBIG Fund, against respondents Jenny C. Palivino ("Palivino") and all persons claiming rights under her.

The material and relevant facts, as culled from the record, are as follows:

Petitioner Pag-IBIG Fund is a government financial institution duly organized and existing under and by virtue of Republic Act No. 9679, otherwise known as the Home Development Mutual Fund Law of 2009.

On August 3, 1998, respondent Palivino entered into a Contract to Sell with Extra Ordinary Development Corporation ("EDC") involving a parcel of land located at Block 25, Lot 24, Mabuhay City Subdivision, Barrio Mamatid, Cabuyao, Laguna ("subject property").

To fully pay the balance of her obligation under the Contract to Sell, Palivino applied for and was granted by herein petitioner, Pag-IBIG Fund, a housing loan in the amount of One Hundred Eighty Five Thousand Eight Hundred Fifty Seven and Thirty Five Centavos (P185,857.35).

EDC then assigned its rights and interests over the said contract to petitioner Pag-IBIG Fund.

Respondent Palivino, after making initial payments, started to occupy the subject property. Thereafter, respondent Palivino defaulted in the payment of her monthly installments for more than three (3) months which caused the cancellation of the aforementioned Contract to Sell on January 31, 2003. On February 12, 2003, Palivino was notified of the said cancellation.

In view of the cancellation of the Contract to Sell, a formal Letter of Demand/Notice to Vacate was sent to Palivino dated July 30, 2003 wherein she was given a period of five (5) days from receipt thereof to vacate the property and pay reasonable monthly rentals thereon from the time that she occupied the subject property up to the time that she finally vacates the premises.

Despite the foregoing demand, Palivino refused and continue to refuse to vacate the property nor pay the corresponding reasonable monthly rentals to Pag-IBIG Fund accruing from her occupation thereof.

Due to the unauthorized and illegal use and enjoyment by respondent Palivino of the subject premises, petitioner Pag-IBIG Fund filed before the MTC a complaint for unlawful detainer against the former and all other persons

claiming rights under her which was docketed as Civil Case No. 1504.

In the complaint, petitioner Pag-IBIG Fund asserted that, since the contract to sell had already been cancelled, the respondents must vacate the subject property and surrender possession thereof to it. Moreover, petitioner Pag-IBIG Fund alleged that the respondents must be held liable for the payment of the accrued monthly rentals, exemplary damages and litigation expenses.

Instead of an Answer, the respondents filed a Motion to Dismiss which was however denied by the MTC through an Order[4] dated July 25, 2005.

On March 3, 2006, petitioner Pag-IBIG Fund filed a Motion to Render Summary Judgment.

Subsequently, another Motion to Dismiss was filed by the respondents on June 21, 2006 raising as ground for such dismissal the Housing and Land Use Regulatory Board ("HLURB") Decision dated June 6, 2006 which invalidated the cancellation of the Contract to Sell involving the subject property.

The MTC again denied the respondents' second motion to dismiss in an Order[5] dated June 21, 2007.

On March 20, 2012, the MTC issued an Order granting the petitioner's motion for summary judgment.

Consequently, on September 19, 2013, Judge Michelle C. Manaig-Calumpong of the MTC rendered a Decision, the dispositive portion of which read:

"In view thereof, the instant Complaint is hereby Dismissed for being moot and academic.

"SO ORDERED."

In the MTC Decision, the said court emphasized that it had no jurisdiction over the complaint for ejectment filed by Pag-IBIG Fund. It ruled that the prior case filed by herein respondents, together with other subdivision buyers, against herein petitioner Pag-IBIG Fund and Extra-Ordinary Development Corporation, which sought for the reversal of the cancellation of their contracts to sell with the latter, had vested jurisdiction over the subject matter with the HLURB or the Housing and Land Use Regulatory Board. Verily, the MTC continued that, in accordance with the principle that an administrative agency conferred with quasi-judicial functions shall have jurisdiction over all controversies relating to the subject matter pertaining to its specialization, issues involving the subject lot herein shall be within the ambit of the powers of the HLURB since split jurisdiction is not favored.

The MTC also cited the case of the Court of Appeals entitled *Spouses Doydora v. Home Development Mutual Fund*[6] dated January 31, 2012, which upheld the jurisdiction of the HLURB. Interestingly, the above-mentioned case involved herein petitioner, claims and defenses as it covered properties likewise located in Mabuhay City Subdivision in Cabuyao, Laguna. The spouses Doydora were also the respondents' co-plaintiffs in the prior suit for revocation of the cancellation of the contracts to sell which was filed with the HLURB.

Aggrieved, the petitioner appealed the decision of the MTC to the RTC which was however denied in the assailed Decision dated May 6, 2014, pertinent portions of which reads, to wit:

"While it is true that the lower court, the Municipal Trial Court of Cabuyao, Laguna has jurisdiction to act in this case for ejectment, it should also be taken into account that to arrive at a sound and good decision, the court will receive evidence from the parties to support their respective claims. In the case at bar, the defendant-appellee has presented sufficient justification to negate the allegations advanced by the plaintiff-appellant in its complaint. Prior to the filing of the complaint before the lower court on 09 December 2008, the defendant-appellee had already filed ahead a complaint against herein plaintiff-appellant along members of Mamatid, Cabuyao, Laguna Homeowners Association, Buyers, Petitioner of Mabuhay City Subd., under HLURB Case No. R-W6-060403.

"Prior to the filing of the complaint before the lower court on 25 November 2003, a similar case was filed along with members of Mamatid, Cabuyao, Laguna Homeowners Association, Buyers, Petitioner of Mabuhay City Subd., which was decided upon by the Housing and Land Use Regulatory Board (HLURB) on June 6, 2006, the decretal portion of the dispositive portion of which states:

'WHEREFORE, premises considered, judgment is hereby rendered declaring as invalid the Cancellation of Contracts and the complainants are hereby ordered to update their payments in accordance with the contract within sixty (60) days from finality of this Decision; failure of which entitles the respondent to rescind the same in accordance with the provisions of R.A. 6552. In the event that the contracts are rescinded pursuant to R.A. 6552, complainants are hereby ordered to pay P1,000.00 as monthly rental reckoned from the time they actually took possession of their respective units until they vacate the said properties.'

"By virtue of such decision, the plaintiff-appellant cannot bring this action for Ejectment in the Municipal Trial Court unless the former can show convincing evidence that such decision did not bind them. Plaintiff-appellant Home Development Mutual Fund failed to discharge the burden of proving its case under the circumstances. Although it was Extraordinary Development Corporation who was the original respondent party in that case, plaintiff-appellant stepped into the shoes of Extraordinary Development Corporation.

"xxx xxx xxx

"Also, in the case of Francel Realty Corporation vs. CA (G.R. No.117051, January 22, 1996), it was held by the Honorable Supreme Court that:

"xxx xxx xxx

'Petitioner's complaint is for unlawful detainer. While generally speaking such action falls within the original and exclusive jurisdiction of the MTC, the determination of the ground for ejectment requires a consideration of the rights of a buyer on installment basis of real property. Indeed, private respondent claims that he has a right under P.D. no. 957, Section 23 to stop paying monthly amortizations after giving due notice to the owner or developer of his decision to do so because of petitioner's alleged failure to develop the subdivision or condominium project according to the approved plans and within the time for complying with the same. The case thus involves a determination of the rights and obligations of parties in a sale of real estate under P.D. No. 957, Private respondent has in fact filed a complaint against petitioner for unsound real estate business practice with the HLURB.

'This is, therefore, not a simple case for unlawful detainer arising from the failure of the lessee to pay the rents, comply with the conditions of the lease agreement or vacate the premises after the expiration of the lease. Since the determinative question is exclusively cognizable by the HLURB, the question of the right of petitioner must be determined by the agency.'

"xxx xxx xxx

"WHEREFORE, in light of the foregoing, the said decision of the Municipal Trial Court of Cabuyao, Laguna is hereby AFFIRMED. Appeal is hereby DISMISSED.

"SO ORDERED."

Unstirred by the foregoing disposition of the RTC, petitioner Pag-IBIG Fund filed the instant petition with this Court assigning the following errors which were purportedly committed by the RTC:

I.

THE RTC ERRED IN RULING THAT PETITIONER PAG-IBIG FUND FAILED TO ADDUCE SUFFICIENT EVIDENCE BY PREPONDERANCE OF EVIDENCE TO PROVE ITS CASE.

II.

THE RTC ERRED WHEN IT RULED THAT BY VIRTUE OF THE DECISION OF THE HLURB DATED JUNE 6, 2006, THE PETITIONER CANNOT BRING ACTION FOR EJECTMENT IN THE MTC UNLESS IT CAN SHOW CONVINCING EVIDENCE THAT SUCH DECISION DID NOT BIND THEM.

III.

THE RTC ERRED IN RULING THAT THE HLURB INITIALLY ACQUIRED JURISDICTION OVER THE CASE AND DECIDED THE SUBJECT MATTER.

IV.

THE RTC ERRED WHEN IT RELIED ON THE DECISION RENDERED BY THE SUPREME COURT IN THE CASE OF FRANCEL REALTY CORPORATION V. CA.

V.

THE RTC ERRED WHEN IT AFFIRMED THE DECISION OF THE MTC OF CABUYAO, LAGUNA AND DISMISSED THE APPEAL OF THE PETITIONER.

In sum, the primordial issue brought before this Court for resolution is whether or not the MTC had jurisdiction over the ejectment case filed by petitioner Pag-IBIG Fund against herein respondents.

After a careful and judicious scrutiny of the whole matter, together with the applicable laws and jurisprudence in the premises, we find the instant petition to be devoid of merit.

Petitioner Pag-IBIG Fund asserted that, since the respondents failed to file an Answer, the MTC should have rendered judgment on the basis of the allegations of the complaint which is limited to what was prayed for therein. On the ground that it had substantially alleged that Palivino failed to surrender and vacate the property subject matter of the Contract to Sell even after her contract to sell had already been cancelled pursuant to R.A. No. 6552, petitioner Pag-IBIG Fund insinuated that it was erroneous on the part of the RTC to rule that it failed to adduce sufficient evidence in the ejectment complaint filed with the MTC.

The petitioner likewise asseverated that the HLURB case does not bar the action for ejectment filed with the regular court since the issue involved in the ejectment case is different from that filed with the HLURB.

Furthermore, the petitioner would also want to convince us that the case of *Francel Realty v. Sycip* is inapplicable herein on the ground that the issue raised in the unlawful detainer case is the right of possession of the property between petitioner Pag-IBIG Fund and respondent Palivino and not with respect to the determination of the rights and obligations of a buyer in a contract to sell of real property.

We are not convinced by the arguments as raised by herein petitioner.

From the very beginning, respondent Palivino had been challenging the jurisdiction of the trial court and asserting that the HLURB is the entity that has proper jurisdiction over the case by virtue of a pending action that she filed with the latter on account of the cancellation of her contract to sell with petitioner Pag-IBIG Fund. Consonant with Section 1 of Rule 16 of the Rules of Court, she had raised the issue of lack of jurisdiction in her Motion to Dismiss. Even when the Motion was denied, she continuously invoked lack of jurisdiction in her second motion to dismiss which was likewise denied by the trial court.

The case applied by the RTC in the case at bench, which is, *Francel Realty v. Court of Appeals and Francisco Sycip*[7], ruled that the issue involved a determinative question exclusively cognizable by the HLURB, that is, a determination of the rights and obligations of parties in a sale of real estate under P.D. 957, thus the claim of the subdivision developer would have been properly pleaded as a counterclaim in the HLURB case filed by the buyer against the developer to avoid splitting causes of action. In the said case, petitioner's Complaint for unlawful

detainer was premised on the failure of respondent's brother to pay monthly amortizations on the basis of his right to stop paying them under PD 957.

It is worthy to note that the above-mentioned case was correctly applied by the RTC in the instant case. The action for unlawful detainer in the court below was likewise premised on respondent Palivino's failure to pay monthly amortizations on the basis of her right to stop paying them under R.A. No. 6552. Since the claim of petitioner Pag-IBIG Fund, as assignee of the subdivision developer, EDC, would have been properly pleaded as a counterclaim in the HLURB case filed by respondent Palivino against the former to avoid splitting causes of action, it was indeed proper for the RTC to dismiss the case for lack of jurisdiction. Indeed, the ejectment case must be dismissed considering that it should instead be filed as a counterclaim in the HLURB case in accordance with Rule 6, Section 6 of the Rules of Court[8]. The rules governing counterclaims[9] and the prohibition on the splitting of causes of action grounded on the policy against a multiplicity of suits[10] should effectively bar the complaint for ejectment filed by herein petitioner.

As borne out by the facts aforesated, the present controversy is not a simple unlawful detainer case albeit denominated as such. We should take cognizance of the fact that there are pending issues on the validity of the cancellation of the subject contract to sell based on the non-payment of the cash surrender value and the right of respondent Palivino to a refund thereof, the determination of which are exclusively lodged with the Housing and Land Use Regulatory Board (HLURB) under Presidential Decree Nos. 957 and 1344.

Otherwise stated, what was involved herein is not a simple action for unlawful detainer. It is a complaint to collect amortization payments arising from or in connection with a sale of a subdivision lot under P.D. Nos. 957 and 1344 and accordingly falls within the exclusive original jurisdiction of the HLURB to regulate the real estate trade and industry as well as to hear and decide cases of unsound real estate business practices.

With respect to the applicability of the ruling of the HLURB dated June 6, 2006 to respondent Palivino, we agree with the petitioner that the same was not binding to the former since she was not impleaded as a party thereto.

Nevertheless, the prior case which involved respondent Palivino and herein petitioner is still pending resolution before the HLURB Arbiter which questioned the validity of the petitioner's unilateral cancellation of her contract to sell. Thus, there is no question that the ejectment of the respondents from the property is necessarily tied up to the complaint filed by respondent Palivino against the petitioner as it affects the rights and correlative duties of a buyer of a subdivision lot as regulated by the HLURB pursuant to P.D. 957 as amended. It must accordingly fall within the exclusive original jurisdiction of the said Board and we find that the dismissal of the action was properly granted on the ground that the regular court has no jurisdiction to take cognizance of the complaint.

In fine, the RTC was correct in applying to this case the ruling in *Francel Realty v. Court of Appeals and Francisco Sycip*[11], where therein defendant buyers of the subdivision lot had previously filed a case against therein plaintiff subdivision owner for incomplete development of the subdivision which infraction, on the part of therein plaintiff subdivision owner became the basis of the buyers to discontinue their payment of the monthly amortization.

To reiterate, the nonpayment by the respondent Palivino as subdivision lot buyer of the monthly amortization was caused or preceded by a breach on the part of herein petitioner, who acquired the rights of EDC as subdivision developer. Consequently, jurisdiction on the legal issue involving the right of possession over the subject lot rightfully belongs to the HLURB to avoid splitting causes of actions. Petitioner's strategy, if allowed, would open a convenient gateway for a developer to subvert and preempt the rights of buyers by the mere expediency of filing an action against them before the regular courts, as in this case[12].

Veritably, we find applicable the principle of primary jurisdiction, i.e., courts will not interfere in matters which are addressed to the sound discretion of government agencies entrusted with the regulation of activities coming under the special technical knowledge and training of such agencies[13]. Section 3 of PD 957 as amended by Section 8 of Executive Order No. 648 Series of 1981 and further amended by Section 1 (c) of Executive Order No. 90 Series of 198622 entrusts to the HLURB the regulation of housing and subdivision developments. By reason of the special knowledge and expertise of administrative agencies over matters falling under their jurisdiction, they are in a better position to pass judgment thereon. Thus, their findings of fact in that regard are generally accorded great respect, if not finality by the courts[14].

WHEREFORE, in view of the foregoing premises, judgment is hereby rendered by us DENYING the petition filed in this case. The Decision dated May 6, 2014 rendered by Branch 25 of the Regional Trial Court in Biñan, Laguna is hereby AFFIRMED.

SO ORDERED.

[*]Lazaro-Javier, and Paredes, JJ., concur.

[*] Acting Senior Member vice J. Elbinias per Office Order No. 487-14-RSF dated November 26, 2014.

[1] Rollo, pp. 7-32.

[2] Ibid, Judgment, pp. 41-45.

[3] Ibid, Decision, pp. 33-40.

[4] Ibid, Order, pp. 56-57.

[5] Ibid, Order, pp. 58-61.

[6] C.A.-G.R. SP No. 118316.

[7] 322 Phil. 138, January 22, 1996.

[8] *Francel v. CA*, 322 Phil. 138, January 22, 1996.

[9] §2 of Rule 9 of the 1997 Rules of Civil Procedure.

[10] *Reyes v. Court of Appeals*, 38 SCRA 138, March 27, 1971.

[11] 322 Phil. 138, January 22, 1996.

[12] *Francel Realty Corporation v. Sycip*, G.R. No. 154684 September 8, 2005.

[13] *Moomba Mining Exploration Company vs. Court of Appeals*, G.R. No. 108846, 317 SCRA 388, 397 (1999).

[14] *Crusaders Broadcasting System, Inc. vs. National Telecommunications Commission and Court of Appeals*, G.R. No. 139583, 332 SCRA 819, 829 (2000).

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