

FLORENCIO EUGENIO, DOING BUSINESS UNDER THE NAME E & S DELTA VILLAGE, PETITIONER, VS. EXECUTIVE SECRETARY FRANKLIN M. DRILON, HOUSING AND LAND USE. REGULATORY BOARD (HLURB) AND ...

G.R. No. 109404. January 22, 1996

Ponente: PANGANIBAN, J.

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PANGANIBAN, J.:

Did the failure to develop a subdivision constitute legal justification for the non-payment of amortizations by a buyer on installment under land purchase agreements entered into prior to the enactment of P.D. 957, "The Subdivision and Condominium Buyers' Protective Decree"? This is the major question raised in the instant Petition seeking to set aside the Decision of the respondent Executive Secretary dated March 10, 1992 in O.P. Case No.3761, which affirmed the order of the respondent HLURB dated September 1, 1987.

On May 10, 1972, private respondent purchased on installment basis from petitioner and his co-owner/ developer Fermin Salazar, two lots in the E & S Delta Village in Quezon City.

Acting on complaints for non-development docketed as NHA Cases Nos. 2619 and 2620 filed by the Delta Village Homeowners' Association, Inc., the National Housing Authority rendered a resolution on January 17, 1979 inter alia ordering petitioner to cease and desist from making further sales of lots in said village or in any project owned by him.

While NHA Cases Nos. 2619 and 2620 were still pending, private respondent filed with the Office of Appeals, Adjudication and Legal Affairs (OAALA) of the Human Settlements Regulatory Commission (HSRC), a complaint (Case No. 80-589) against petitioner and spouses Rodolfo and Adelina Relevo alleging that, in view of the above NHA resolution, he suspended payment of his amortizations, but that petitioner resold one of the two lots to the said spouses Relevo, in whose favor title to the said property was registered. Private respondent further alleged that he suspended his payments because of petitioner's failure to develop the village. Private respondent prayed for the annulment of the sale to the Relevo spouses and for reconveyance of the lot to him.

On October 11, 1983, the OAALA rendered a decision upholding the right of petitioner to cancel the contract with private respondent and dismissed private respondent's complaint.

On appeal, the Commission Proper of the HSRC reversed the OAALA and, applying P.D. 957, ordered petitioner to complete the subdivision development and to reinstate private respondent's purchase contract over one lot, and as to the other, "it appearing that Transfer Certificate of Title No. 269546 has been issued to x x x spouses Rodolfo and Ad(e)lina Relevo x x x, the management of E & S Delta Village is hereby ordered to immediately refund to the complainant-appellant (herein private respondent) all payments made thereon, plus interests computed at legal rates from date of receipt hereof until fully paid."

The respondent Executive Secretary, on appeal, affirmed the decision of the HSRC and denied the subsequent

Motion for Reconsideration for lack of merit and for having been filed out of time. Petitioner has now filed this Petition for review before the Supreme Court.

Under Revised Administrative Circular No. 1-95, "appeals from judgments or final orders of the x x x Office of the President x x x may be taken to the Court of Appeals x x x." However, in order to hasten the resolution of this case, which was deemed submitted for decision one and a half years ago, the Court resolved to make an exception to the said Circular in the interest of speedy justice.

In his Petition before this Court, petitioner avers that the Executive Secretary erred in applying P.D. 957 and in concluding that the non-development of the E & S Delta Village justified private respondent's non-payment of his amortizations. Petitioner avers that inasmuch as the land purchase agreements were entered into in 1972, prior to the effectivity of P.D. 957 in 1976, said law cannot govern the transaction.

We hold otherwise, and herewith rule that respondent Executive Secretary did not abuse his discretion, and that P.D. 957 is to be given retroactive effect so as to cover even those contracts executed prior to its enactment in 1976.

P.D. 957 did not expressly provide for retroactivity in its entirety, but such can be plainly inferred from the unmistakable intent of the law.

The intent of the law, as culled from its preamble and from the situation, circumstances and conditions it sought to remedy, must be enforced. On this point, a leading authority on statutory construction stressed:

"The intent of a statute is the law x x x. The intent is the vital part, the essence of the law, and the primary rule of construction is to ascertain and give effect to the intent. The intention of the legislature in enacting a law is the law itself and must be enforced when ascertained, although it may not be consistent with the strict letter of the statute. Courts will not follow the letter of a statute when it leads away from the true intent and purpose of the legislature and to conclusions inconsistent with the general purpose of the act x x x. In construing statutes the proper course is to start out and follow the true intent of the legislature and to adopt that sense which harmonizes best with the context and promotes in the fullest manner the apparent policy and objects of the legislature.[1] (italics supplied.)

It goes without saying that, as an instrument of social justice, the law must favor the weak and the disadvantaged, including, in this instance, small lot buyers and aspiring homeowners. P.D. 957 was enacted with no other end in view than to provide a protective mantle over helpless citizens who may fall prey to the manipulations and machinations of 'unscrupulous subdivision and condominium sellers,' and such intent is nowhere expressed more clearly than in its preamble, pertinent portions of which read as follows:

"WHEREAS, it is the policy of the State to afford its inhabitants the requirements of decent human settlement and to provide them with ample opportunities for improving their quality of life;

"WHEREAS, numerous reports reveal that many real estate subdivision owners, developers, operators, and/or sellers have reneged on their representations and obligations to provide and maintain properly subdivision roads, drainage, sewerage, water systems, lighting systems, and other similar basic requirements, thus endangering the health and safety of home and lot buyers;

"WHEREAS, reports of alarming magnitude also show cases of swindling and fraudulent manipulations perpetrated by unscrupulous subdivision and condominium sellers and operators, such as failure to deliver titles to the buyers or titles free from liens and encumbrances, and to pay real estate taxes, and fraudulent sales of the same subdivision lots to different innocent purchasers for value";[2] (italics supplied.)

From a dedicated reading of the preamble, it is manifest and unarguable that the legislative intent must have been

to remedy the alarming situation by having P.D. 957 operate retrospectively even upon contracts already in existence 'at the time of its enactment. Indeed, a strictly prospective application of the statute will effectively emasculate it, for then the State will not be able to exercise its regulatory functions and curb fraudulent schemes and practices perpetrated under or in connection with those contracts and transactions which happen to have been entered into prior to P.D. 957, despite obvious prejudice to the very subdivision lot buyers sought to be protected by said law. It is hardly conceivable that the legislative authority intended to permit such a loophole to remain and continue to be a source of misery for subdivision lot buyers well into the future.

Adding force to the arguments for the retroactivity of P.D. 957 as a whole are certain of its provisions, viz., Sections 20, 21 and 23 thereof, which by their very terms have retroactive effect and will impact upon even those contracts and transactions entered into prior to P.D. 957's enactment:

"Sec. 20. Time of Completion.-- Every owner or developer shall construct and provide the facilities, improvements, infrastructures and other forms of development, including water supply and lighting facilities, which are offered and indicated in the approved subdivision or condominium plans, brochures, prospectus, printed matters, letters or in any form of advertisement, within one year from the date of the issuance of the license for the subdivision or condominium project or such other period of time as may be fixed by the Authority.

"Sec. 21. Sales Prior to Decree.-- In cases of subdivision lots or condominium units sold or disposed of prior to the effectivity of this Decree, it shall be incumbent upon the owner or developer of the subdivision or condominium project to complete compliance with his or its obligations as provided in the preceding section within two years from the date of this Decree unless otherwise extended by the Authority or unless an adequate performance bond is filed in accordance with Section 6 hereof.

"Failure of the owner or developer to comply with the obligations under this and the preceding provisions shall constitute a violation punishable under Sections 38 and 39 of this Decree.

"Sec. 23. Non-Forfeiture of Payments. -- No installment payment made by a buyer in a subdivision or condominium project for the lot or unit he contracted to buy shall be forfeited in favor of the owner or developer when the buyer, after due notice to the owner or developer, desists from further payment due to the failure of the owner or developer to develop the subdivision or condominium project according to the approved plans and within the time limit for complying with the same. Such buyer may, at his option, be reimbursed the total amount paid including amortization interests but excluding delinquency interests, with interest thereon at the legal rate." (italics supplied)

On the other hand, as argued by the respondent Executive Secretary, the application of P.D. 957 to the contracts in question will be consistent with paragraph 4 of the contracts themselves, which expressly provides:

"(4) The party of the First Part hereby binds himself to subdivide, develop and improve the entire area covered by Transfer Certificate of Title No. 168119 of which the parcels of lands subject of this contract is a part in accordance with the provisions of Quezon City Ordinance No. 6561, S-66 and the Party of the First Part further binds himself to comply with and abide by all laws, rules and regulations respecting the subdivision and development of lots for residential purposes as may be presently in force or may hereafter be required by laws passed by the Congress of the Philippines or required by regulations of the Bureau of Lands, the General Registration Office and other government agencies." (italics supplied)

Moreover, as P.D. 957 is undeniably applicable to the contracts in question, it follows that Section 23 thereof had been properly invoked by private respondent when he desisted from making further payment to petitioner due to petitioner's failure to develop the subdivision project according to the approved plans and within the time limit for complying with the same. (Such incomplete development of the subdivision and non-performance of specific contractual and statutory obligations on the part of the subdivision-owner had been established in the findings of

the HLURB which in turn were confirmed by the respondent Executive Secretary in his assailed Decision.) Furthermore, respondent Executive Secretary also gave due weight to the following matters: although private respondent started to default on amortization payments beginning May 1975, so that by the end of July 1975 he had already incurred three consecutive arrearages in payments, nevertheless, the petitioner, who had the cancellation option available to him under the contract, did not exercise or utilize the same in timely fashion but delayed until May 1979 when he finally made up his mind to cancel the contracts. But by that time the land purchase agreements had already been overtaken by the provisions of P.D. 957, promulgated on July 12, 1976. (In any event, as pointed out by respondent HLURB and seconded by the Solicitor General, the defaults in amortization payments incurred by private respondent had been effectively condoned by the petitioner, by reason of the latter's tolerance of the defaults for a long period of time.)

Likewise, there is no merit in petitioner's contention that respondent Secretary exceeded his jurisdiction in ordering the refund of private respondent's payments on Lot 12 although (according to petitioner) only Lot 13 was the subject of the complaint. Respondent Secretary duly noted that the supporting documents submitted substantiating the claim of non-development justified such order inasmuch as such claim was also the basis for non-payment of amortizations on said Lot 12.

Finally, since petitioner's motion for reconsideration of the (Executive Secretary's) Decision dated March 10, 1992 was filed only on the 21st day from receipt thereof, said decision had become final and executory, pursuant to Section 7 of Administrative Order No. 18 dated February 12, 1987, which provides that "decisions/resolutions orders of the Office of the President shall, except as otherwise provided for by special laws, become final after the lapse of fifteen (15) days from receipt of a copy thereof x x x , unless a motion for reconsideration thereof is filed within such period."

WHEREFORE, there being no showing of grave abuse of discretion, the petition is DENIED due course and is hereby DISMISSED. No costs.

SO ORDERED.

Narvasa, C.J. (Chairman), Davide Jr., Melo, and Francisco, JJ., concur.

[1] Vol. II, Sutherland, Statutory Construction, pp. 693-695.

[2] Preamble, Presidential Decree No. 957.

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