

**REALTY EXCHANGE VENTURE CORPORATION AND/OR
MAGDIWANG REALTY CORPORATION, PETITIONER, VS. LUCINA S.
SENDINO AND THE OFFICE OF THE EXECUTIVE SECRETARY, OFFICE
OF THE PRESIDENT, MA...**

G.R. No. 109703. July 05, 1994

Ponente: KAPUNAN, J.

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KAPUNAN, J.:

Private respondent Lucina C. Sendino entered into a reservation agreement with Realty Exchange Venture, Inc. (REVI) for a 120-square meter lot in Raymondville Subdivision in Sucat, Paranaque for P307,800.00 as its purchase price.[1] She paid P1,000.00 as partial reservation fee on January 15, 1989 and completed payment of this fee on January 20, 1989 by paying P4,000.00.[2]

On July 18, 1989, private respondent paid REVI P16,600.00 as full downpayment on the purchase price.[3] However, she was advised by REVI to change her co-maker, which she agreed, asking for an extension of one month to do so.

For alleged non-compliance with the requirement of submission of the appropriate documents under the terms of the original agreement,[4] REVI, through its Vice-President for Marketing, informed respondent of the cancellation of the contract on the 31st of July 1989.[5]

On April 20, 1990, private respondent filed a complaint for Specific Performance against REVI with the office of Appeals, Adjudication and Legal Affairs (OAALA) of the Housing and Land Use Regulatory Board (HLURB) asking that respondent be ordered:

- “1. To comply and continue with the sale of the house and lot, Block 4, Lot 17 at the Raymondville Subdivision, Sucat Road, Paranaque, Metro Manila;
- “2. To pay complainant actual, nominal and moral damages, the amount of which will be proved in the hearing;
- “3. To pay complainant attorney's fee in the sum of P10,000.00;
- “4. To pay complainant exemplary damages in the sum of P10,000.00 to set an example and to avoid a repetition of such illegal and unsound business practices of the respondent.”[6]

This petition was amended on August 17, 1990 by impleading petitioners Magdiwang Realty Corporation (MRC) which appeared to be the registered owner of the subject lot as per TCT No. 76023.

On April 3, 1991 the HLURB, whose authority to hear and decide the complaint was challenged by REVI in its answer,[7] rendered its judgment in favor of private respondent and ordered petitioners to continue with the sale of the house and lot and to pay private respondent P5,000 as moral damages, P5,000 as exemplary damages and P6,000 as attorney's fees and costs of the suit.[8] An appeal from this decision was taken to the HLURB OAALA

Arbiter, which affirmed the Board's decision. The decision of the OAALA Arbiter was appealed to the Office of the President, herein public respondent.

On January 7, 1993, the public respondent rendered its decision dismissing the petitioners' appeal. Motion for reconsideration of the decision was denied by the public respondent on January 26, 1993. Consequently petitioners come before this Court, in this petition, which the Court resolves to treat as a petition for certiorari, raising the following issues:

"I

"PUBLIC RESPONDENT COMMITTED SERIOUS ERROR IN DECLARING THAT THE HOUSING AND LAND USE REGULATORY BOARD HAS QUASI-JUDICIAL FUNCTIONS, NOTWITHSTANDING ABSENCE OF EXPRESS GRANT BY EXECUTIVE ORDER NO. 90 OF DECEMBER 17, 1986 WHICH CREATED IT. AND EVEN IF THE HLURB HAS QUASI-JUDICIAL FUNCTIONS, PUBLIC RESPONDENT LIKewise SERIOUSLY ERRED IN DECLARING THAT THE BOARD OF COMMISSIONERS IS ALLOWED TO SIT IN A DECISION TO RENDER JUDGMENT AND TO DELEGATE ITS QUASI-JUDICIAL AUTHORITY TO A SUBORDINATE OFFICE.

"II

"PUBLIC RESPONDENT GRAVELY ABUSED ITS DISCRETION IN DECLARING THAT THE LOT SUBJECT OF THE CONTRACT SOUGHT TO BE ENFORCED IS PARAPHERNAL DESPITE ADMISSION OF ITS CONJUGAL NATURE.

"III

"PUBLIC RESPONDENT GRAVELY ABUSED ITS DISCRETION IN DECLARING THAT ONLY NOTARIAL NOTICE OF RESCISSION MAY VALIDLY CANCEL A RESERVATION AGREEMENT PURSUANT TO REPUBLIC ACT NO. 6552."

As the first and third issues raised by the petitioners strike at the core of the case at bench, this Court deems it appropriate to initially dispose of the issue of private respondent's capacity to bring her complaint before the HLURB-OAALA.

It is settled that rules of procedure are as a matter of course construed liberally in proceedings before administrative bodies.[9] In the instant case, the original suit for specific performance and damages was filed by the private respondent with the HLURB--OAALA, an administrative body not hamstrung by the strict procedural technicalities of the Rules of Court. Under the circumstances, it was certainly appropriate for the HLURB-OAALA to have acted on the substantive questions relating to the validity of petitioners' unilateral rescission of the contract without unduly concerning itself with a mere procedural slip, the non-joinder of private petitioner's husband in the original complaint before the HLURB. Moreover, since petitioners participated in the administrative proceedings without objecting to or raising the procedural infirmity, they were certainly estopped from raising it on appeal before the Office of the President and before this Court.

Proceeding to the principal issues raised by the petitioner, while E.O. 85 dated 12 December 1986 abolished the Ministry of Human Settlements (MHS), it is patently clear from a reading of its provisions that the said executive order did not abolish the Human Settlements Regulatory Commission (HSRC) which continued to exercise its powers and functions even after the Ministry of Human Settlements ceased to exist. In spite of the Aquino Government's stated intention of eradicating what it considered the vestiges of the previous regime, it was not its intention to create a vacuum by abolishing those juridical entities, agencies, corporations, etc., attached to or

supervised by the MHS, which performed vital administrative functions. Pertinently, Section 3 of E.O. 85 mandates that:

"x x x The final disposition and final organizational alignment or attachment of the juridical entities, agencies, corporations and councils attached to, or under the administrative supervision of the MHS including their respective existing projects, appropriations and other assets shall be subject to subsequent enactments by the President."

Pursuant to this provision therefore, the President Subsequently issued Executive Order No. 90, series of 1986, recognizing the Human Settlements Regulatory Commission (renamed the HLURB) as one of the principal housing agencies of the government. Prior to this, Executive Order No. 648 in 1981 transferred all the functions of the National Housing Authority (pursuant to Presidential Decrees Nos. 957, 1216 and 1344) to the Human Settlements Regulatory Commission (HSRC) consolidating all regulatory functions relating to land use and housing development in a single entity.[10] Being the sole regulatory body for housing and land development, the renamed body, the HLURB,[11] would have been reduced to a functionally sterile entity if, as the petitioner contends, it lacked the powers exercised by its predecessor which included the power to settle disputes concerning land use and housing development and acquisition. Moreover, this Court has had the occasion to definitively rule on the question as to whether or not the Housing and Land Use Regulatory Board could exercise the same quantum of judicial or quasi-judicial powers possessed by the HSRC under the Ministry of Human Settlements in the exercise of its regulatory functions when it held, in *United Housing Corporation vs. Hon. Dayrit*[12] that:

"As explicitly provided by law, jurisdiction over actions for specific performance of contractual and statutory obligations filed by buyers of subdivision lot or condominium unit against the owner or developer, is vested exclusively in the HSRC, Section 1 of PD 1344, in no uncertain terms, provides:

'Section 1. In the exercise of its functions to regulate real estate trade and business and in addition to its powers provided for in Presidential Decree No. 957, the National Housing Authority shall have exclusive jurisdiction to hear and decide cases of the following nature:

'A. Unsound real estate business practices;

'B. Claims involving refund and any other claims filed by subdivision lot or condominium unit buyer against the project owner, developer, dealer, broker or salesman; and

'C. Cases involving specific performance of contractual and statutory obligations filed by buyers of subdivision lot or condominium unit against the owner, developer, dealer, broker or salesman.' (Italics Ours)

"This is reinforced by section 8 of EO 648 (otherwise known as the Charter of the Human Settlements Regulatory Commission) which took effect on February 7, 1981, thus:

"Section 8. Transfer of Functions. -The Regulatory functions of the National Housing Authority pursuant to Presidential Decree Nos. 957, 1216, 1344 and other related laws are hereby transferred to the Human Settlements Regulatory Commission. x x x Among the regulatory functions are x x x (11) Hear and decide cases of unsound real estate business practices, claims involving refund filed against project owners, developers, dealers, brokers, or salesmen and cases of specific performance' (Italics Ours).

"Private respondents reliance, therefore, on sections 1 and 8 of the Judiciary Reorganization Act of 1980 is untenable. Thus, as correctly pointed out by petitioner, section 19, paragraph 6 of said law is material to the issue of where jurisdiction lies, and We quote:

'Section 19. x x x

'(6) In all other cases not within the exclusive jurisdiction of any court, tribunal, persons or body exercising

judicial or quasi-judicial functions.'

x x x x x x x x

"Neither can We accede to private respondents' claim that resort to the courts is justified under section 41 of PD 957 specifically under the phrase 'legal remedies that may be available to aggrieved subdivision lot buyers.'

"There is no question that a statute may vest exclusive original jurisdiction in an administrative agency over certain disputes and controversies falling within the agency's special expertise. The constitutionality of such grant of exclusive jurisdiction to the National Housing Authority (now Housing and Land Use Regulatory Board) over cases involving the sale of lots in commercial subdivisions was upheld in *Tropical Homes Inc. v. National Housing Authority* (152 SCRA 540 [1987]) and again sustained in a later decision in *Antipolo Realty Corporation v. National Housing Authority* (153 SCRA 399 [1987]) where We restated that the National Housing Authority (now HLURB) shall have exclusive jurisdiction to regulate the real estate trade and business in accordance with the terms of PD No. 957 which defines the quantum of judicial or quasi-judicial powers of said agency."^[13]

Clearly, therefore, the HLURB properly exercised its jurisdiction over the case filed by the petitioners with its adjudicative body, the OAALA, in ordering petitioners to comply with their obligations arising from the Reservation Agreement. In general, the quantum of judicial or quasi-judicial powers which an administrative agency may exercise is defined in the agency's enabling act. In view of the Court's pronouncement in *United Housing Corporation vs. Hon. Dayrit*, supra, recognizing the HLURB as the successor agency of the HSRC's powers and functions, it therefore follows that the transfer of such functions from the NHA to the HRSC effected by Section 8 of E.O. 648, series of 1981, thereby resulted in the acquisition by the HLURB of adjudicatory powers which included the power to "(h)ear and decide cases of unsound real estate business practices . . . and cases of specific performance."^[14] Obviously, in the exercise of its powers and functions, the HLURB must interpret and apply contracts, determine the rights of the parties under these contracts, and award damages whenever appropriate.^[15] We fail to see how the HSRC -- which possessed jurisdiction over the actions for specific performance for contractual and statutory obligations filed by buyers of subdivision lots against developers -- had suddenly lost its adjudicatory powers by the mere fiat of a change in name through E.O. 90. One thrust of the multiplication of administrative agencies is that the interpretation of such contracts and agreements and the determination of private rights under these agreements is no longer a uniquely judicial function.^[16] The absence of any provision, express or implied, in E. O. 90, repealing those quasi-judicial powers inherited by the HSRC from the National Housing Authority, furthermore militates against petitioners' position on the question.

Going to petitioners' contention that the decision of the OAALA should have been rendered by the Board of Commissioners sitting en banc, we find ample authority - both in the statutes and in jurisprudence-justifying the Board's act of dividing itself into divisions of three. Under Section 5 of E.O. 648 which defines the powers and duties of the Commission, the Board is specifically mandated to "(a)dopt rules of procedure for the conduct of its business" and perform such functions necessary for the effective accomplishment of (its) above mentioned functions." Since nothing in the provisions of either E.O. 90 or E.O. 648 denies or withholds the power or authority to delegate adjudicatory functions to a division, we cannot see how the Board, for the purpose of effectively carrying out its administrative responsibilities and quasi-judicial powers as a regulatory body should be denied the power, as a matter of practical administrative procedure, to constitute its adjudicatory boards into various divisions. After all, the power conferred upon an administrative agency to issue rules and regulations necessary to carry out its functions has been held "to be an adequate source of authority to delegate a particular function, unless by express provision of the Act or by implication it has been withheld."^[17] The practical necessity of establishing a procedure whereby cases are decided by three (3) Commissioners furthermore assumes greater significance when one notes that the HLURB, as constituted, only has four (4) full time commissioners

and five (5) part time commissioners to deal with all the functions, administrative, adjudicatory, or otherwise, entrusted to it.[18] As the office of the President noted in its February 26, 1993 Resolution denying petitioners' Motion for Reconsideration," it is impossible and very impractical to gather the four (4) full time and five (5) part time commissioners (together) just to decide a case." Considering that this part time commissioners act merely in an ex-officio capacity, requiring a majority of the board to sit en banc on each and every case brought before it would result in an administrative nightmare.[19]

Finally, petitioners' assertion that RA 6552 is inapplicable in the instant case because the said law does not apply to cases of reservation agreements finds no merit in the case at bench in view of Section 24 of P.D. 957 which provides:

"Sec. 24. Failure to Pay Installments - The rights of the buyer in the event of his failure to pay the installments due for reasons other than the failure of the owner or developer to develop the project shall be governed by Republic Act No. 6552."

As the Solicitor General correctly pointed out, RA 6552 makes no distinction between "option" and "sale"[20] which, under P.D. 957 also includes "an exchange or attempt to sell, an option of sale or purchase, a solicitation of a sale or an offer to sell directly." [21] This all-embracing definition virtually includes all transactions concerning land and housing acquisition, including reservation agreements. Since R.A. 6552 mandates cancellation by notarial act - among other requirements - before any cancellation of a contract may be effected, petitioners' precipitate cancellation of its contract with private respondent without observing the conditions imposed by the said law was invalid and improper.

In fine, the HLURB-OAALA acted within the scope of its authority in ordering petitioners to comply and continue with the sale of the house and lot subject of the contract between the original parties. It cannot be gainsaid that the quasi-judicial functions exercised by the body are necessary incidents to the proper exercise of its powers and functions under E.O. 90 and the laws enacted delineating the scope of authority of its Board of Commissioners. Denying the body those functions so necessary in carrying out its power to regulate housing and land use results in its effective emasculation as an important regulatory body in an area vital to the national economy.

The acute housing shortage problem has prompted thousands of middle and lower class buyers of houses and lots and condominium units to enter into all sorts of agreements with private housing developers involving all manner of installment schemes under contracts drawn exclusively by these developers. Many of these virtual contracts of adhesion entrap innocent buyers by requiring cash deposits under reservation agreements which include, sometimes in the fine print, default clauses guaranteeing huge monetary windfalls for the developers in the event that their buyers (oftentimes for the flimsiest of reasons) default by failing to come up with certain requirements. While the Court can take judicial notice of this pernicious practice, it can only hope that future legislation would address the need to protect the innocent middle or lower class home purchaser. In the case of the individual victim, this Court can only go to the extent of awarding such damages as may be proper under the peculiar circumstances of the cases brought before it.

WHEREFORE, premises considered, the petition is hereby **DISMISSED** for lack of merit. Costs against petitioners.

SO ORDERED.

Cruz, (Chairman), Davide, Jr., Bellosillo, and Quiason, JJ., concur.

[1] Rollo, p. 29.

[2] Id., Annexes "A," "B" and "C."

[3] Id., at p. 31, Annex "D".

[4] Supra, Note 1. The provision on cancellation in the original agreement between the parties states:

"IV. Cancellation

A. Failure to remit the full downpayment or to submit the required documents on the date stipulated in items I and II shall result in automatic cancellation without the need for prior notice to the buyer."

[5] Id., at p. 33, Annex "E"

[6] Id., at p. 27, Annex "A."

[7] Id., at p. 26.

[8] Id., at p. 36.

[9] Police Commission v. Lood, 127 SCRA 757, 761 (1984).

[10] Exec. Order No. 648, sec. 8 (1981).

[11] Exec. Order No. 90 (1986).

[12] 181 SCRA 295 (1990).

[13] Id., at 291-293 (1990).

[14] P.D. 957, sec. 1.

[15] C.T. Torres Enterprises, Inc. v. Hibionada, 191 SCRA 268, 272 (1990). While the award for damages is an essentially judicial function normally exercised only by courts of justice, this departure from the usual allocation of governmental powers was justified by expediency or the need of the government to respond swiftly and competently to the pressing problems of the modern world. Id., at 273. This Court traced the source of the Board's competence to award damages in Solid Homes, Inc. v. Payawal, 177 SCRA 72 (1989) thus:

"(W)e find that this was part of the exclusive power conferred upon at by P.D. No. 1344 to hear and decide claims involving refund and any other claims filed by subdivision lot or condominium unit buyers against the project owners, developers..." Id., at 78.

[16] Antipolo Realty Corp. v. National Housing Authority, 153 SCRA 399 (1987).

[17] Fleming v. Mohawk Wrecking and Lumber Co., 331 U.S. 111-124, cited in American Tobacco Co. v. Director of Patents, 67 SCRA 287, 292 (1975).

[18] Rollo, pp. 100-101, Annex "J".

[19] Under Section 5(J), Article IV of E.O. 648, Series of 1981 as amended by E.O. 90, Series of 1986, the recent rules of procedure promulgated by the Board in Resolution No. R-538, Series of 1994 enumerate the composition of the HLURB Board of commissioners as follows:

"Section 1. Membership

"The Board of commissioners shall be composed of the following:

“1. Chairman, Housing and Urban Development Coordinating Council (HUDCC), as Ex-Officio Chairman;

“2. The Four Full-Time Commissioners;

“3. The Ex-Officio Commissioners referred to in Executive Order 648, representing x x x:

'a. The Department of Justice

'b. The Department of the National Economic and Development Authority;

'c. The Department of Local Government; and

'd. The Department of Public Works and Highways, (1a)'" (Emphasis supplied).

[20] R.A. 6552, sec. 3(b).

[21] P.D. 957, sec. 2, provides:

"(b) Sale or sell. 'Sale' or 'sell' shall include every disposition, or attempt to dispose for a valuable consideration, of a subdivision lot and other improvements thereon, if any, in a subdivision project or a condominium unit in a condominium project. 'Sale' and 'sell' shall also include a contract of purchase and sale, an exchange or attempt to sell, a solicitation of a sale, or an offer to sell directly or by an agent or by a circular, letter, advertisement or otherwise."

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