

**G.O.A.L., INC., PETITIONER, VS. COURT OF APPEALS, OFFICE OF THE
RESIDENT LEGAL AFFAIRS, HOUSING AND LAND USE REGULATORY
BOARD, RIZALINO SIMBILLO, WILLIAM ONG, HERMINIA MESINA, S...**

G.R. No. 118822. July 28, 1997

Ponente: BELLOSILLO, J.

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BELLOSILLO, J.:

G. O. A. L., INC. (GOAL), in this petition for review on certiorari, seeks to set aside part of the decision of the Court of Appeals dated 28 September 1994[1] which affirmed the decision of the Office of the President Legal Affairs (OPLA) that earlier likewise affirmed the decision of the Housing and Land Use Regulatory Board (HLURB). Petitioner confines its petition to the construction of the fifth floor of Gemin I Condominium and all works related thereto, including the issuance of title to private respondent Teng and providing free parking spaces for the condominium units.[2]

On 23 May 1983 GOAL and the National Housing Authority (NHA) entered into an agreement whereby NHA extended to GOAL a loan of P4.425 million for the construction of Gemin I Condominium at 941 Gonzales St., Ermita, Manila. Sometime in 1984 a “Contract Agreement” was entered into between GOAL and Matson International Corporation for the construction of the condominium within one (1) year at the cost of P4.2 million. However, in the later part of 1984, the contractor abandoned the project with only 60% of it finished. In 1985 GOAL offered the condominium units for sale with private respondents among its buyers. To remedy the situation brought about by the abandonment of the project by the first contractor, GOAL subsequently pursued the construction of the fifth floor with NHA granting additional funding on the condition that it would hold on to the condominium certificates of title of private respondents.

In August 1989 private respondents filed with the Housing and Land Use Regulatory Board (HLURB), Office of Appeals, Adjudication and Legal Affairs (OAALA), a complaint against GOAL. Among the issues raised were the illegal construction of the fifth floor of Gemin I Condominium, the failure to deliver the title of private respondent Filomeno Teng despite his repeated demands, and the failure to provide adequate parking spaces for the unit owners.

On 31 March 1989 OAALA rendered its decision ordering GOAL, inter alia, (a) to stop the construction of the fifth floor, (b) to deliver the title of private respondent Teng, and (c) to provide adequate parking space for the unit owners.[3]

On appeal to the Office of the President Legal Affairs (OPLA) and subsequently to the Court of Appeals, the decision rendered by the HLURB-OAALA was affirmed in toto. Petitioner's motion for reconsideration was denied. Hence this petition.

Petitioner imputes error to the Court of Appeals in not finding the true facts of the case that greatly affected its decision, and its decision being contrary to law.

GOAL contends that the Court of Appeals failed to appreciate the fact that the construction of the fifth floor was with the written approval of public respondent HLURB as required by Sec. 22 of P.D. 957 which provides -

Sec. 22. Alteration of Plans. - No owner or developer shall change or alter the roads, open spaces, infrastructures, facilities for public use and/or other form of subdivision development as contained in the approved subdivision plan and/or represented in its advertisements, without the permission of the Authority and the written conformity or consent of the duly organized homeowners association, or in the absence of the latter, by majority of the lot buyers in the subdivision (underscoring supplied).

The above provision is clear. We do not have to tussle with legal hermeneutics in the interpretation of Sec. 22 of P.D. 957. The written approval of the National Housing Authority alone is not sufficient. It must be coupled with the written conformity or consent of the duly organized homeowners association or the majority of the lot buyers. Failing in this, the construction of the fifth floor is violative of the decree invoked. The Court of Appeals simply applied the law, and correctly so.

Petitioner likewise contends that it should not have been faulted for failing to deliver the title to private respondent Teng as the proximate cause thereof was the abandonment of the construction project by the first contractor, hence, due to force majeure.[4]

We cannot sustain petitioner. There is no one else to blame but itself. Upon full payment of the agreed price, petitioner is mandated by law to deliver the title of the lot or unit to the buyer. Both the "Contract to Sell" of petitioner and private respondents, and Sec. 25 of P.D. 957 state -

Sec. III (Contract to Sell). - Title and Ownership of Unit. Upon full payment by the vendees of the full amount of the purchase price stipulated under Sec. III hereof, the assessments and expenses under Sec. IV and otherwise upon compliance by the VENDEES of all obligations therein, the VENDOR will convey to the VENDEE all rights and interests of the former and to the Unit, subject hereof together with the interest in the common area and in the Condominium Corporation appurtenant to such unit x x x x"

Sec. 25, P.D. 957 - Issuance of Title. - The owner or developer shall deliver the title of the lot or unit to the buyer upon full payment of the lot or unit x x x x In the event a mortgage over the lot or unit is outstanding at the time of the issuance of the title to the buyer, the owner or developer shall redeem the mortgage or the corresponding portion thereof within six months from such issuance in order that the title over any paid lot or unit may be secured and delivered to the buyer in accordance herewith."

Petitioner also attempts to justify its failure to deliver the certificate of title of private respondent Teng by claiming that it used the title as part collateral for the additional loan NHA had extended for the construction of the fifth floor.

The Court observes the frequent allusion of petitioner to its predicament brought about by the abandonment of the project by the first contractor. But such is irrelevant in light of Sec. 25 of P.D. 957 as well as of the Contract to Sell of the parties. While we empathize with petitioner in its financial dilemma we cannot make innocent parties suffer the consequences of the former's lack of business acumen. Upon full payment of a unit, petitioner loses all its rights and interests to the unit in favor of the buyer. Consequently, it has no right to use the certificate of title of respondent Teng as collateral for a new loan. The title of Teng must be released to him as provided by law.

With respect to the second issue, petitioner contends that the decision of the Court of Appeals is contrary to law considering that under Sec. 12-D, No. 2, Rule V of the Implementing Rules of P.D. 957, what should be given for free are only "off-street" parking spaces and not indoor parking areas.

Petitioner is wrong. It has for purposes of its own construed "off-street" to mean "not including indoor." On the other hand, the law does not exclude "indoor parking." What it specifically excludes is "street parking."

Therefore, parking may be in the basement or, in the absence thereof, in the first floor.

Furthermore, at this point, a definition of terms may be necessary. In a condominium, common areas and facilities are “portions of the condominium property not included in the units,” whereas, a unit is “a part of the condominium property which is to be subject to private ownership.”[5] Inversely, that which is not considered a unit should fall under common areas and facilities.

Hence, the parking spaces not being subject to private ownership form part of the common area over which the condominium unit owners hold undivided interest. As such, petitioner cannot invoke Sec. I, Art. III, of the Bill of Rights which provides that “No person shall be deprived of life, liberty or property without due process of law.” Petitioner alone does not own the parking area. The parking space is owned in common by the developer and the unit owners. Private respondents must be allowed to use the parking area.

Finally, petitioner contends that the payment of P10,000.00 as moral damages and P5,000.00 as exemplary damages plus P5,000.00 as attorney's fees is too much of a penalty. However, the Court of Appeals upheld these awards holding that -

In the light of the foregoing premises, we sense no error in the award of attorney's fees, moral and exemplary damages, and administrative fines against petitioner. This is allowed by the provisions of civil law and under Secs. 38 and 39 of P.D. 957:

Sec. 38. Administrative Fines. - The Authority may prescribe and impose fines not exceeding ten thousand pesos for violations of the provisions of this Decree or any rule or regulation thereunder. Fines shall be payable to the Authority and enforceable through writs of execution in accordance with the provisions of the Rules of Court.

Sec. 39. Penalties - Any person who shall violate any of the provisions of this Decree and/or any rule or regulation that may be issued pursuant to this Decree shall, upon conviction, be punished by a fine of not more than twenty thousand (P20,000.00) pesos and/or imprisonment of not more than ten years: Provided, that in the case of corporations, partnership, cooperatives, or associations, the President, manager, or Administrator or the person who has charge of the administration of the business shall be criminally responsible for any violation of this Decree and/or the rules and regulations promulgated pursuant thereto.[6]

Petitioner can hardly be excused for its failure to comply with the provisions of P.D. 957 by claiming ignorance of the requirements of the decree and that a “mistake upon a doubtful or difficult question of law may be the basis of good faith.” Being engaged in a business affected by P.D. 957, petitioner should be aware of its provisions and its mandates which, as can be readily perceived, are clear, simple and unmistakable.[7]

WHEREFORE, finding no error in the Decision sought to be reviewed, the petition is DENIED. Costs against petitioner.

SO ORDERED

Padilla, (Chairman), Vitug, and Kapunan, JJ., concur.

Hermosisima, Jr., J., on leave.

[1] CA-G.R. SP No. 31082, Decision penned by Justice Alfredo L. Benipayo, concurred in by Justices Ricardo P. Galvez and Eugenio S. Labitoria; Rollo, pp. 8-17.

[2] Petition, p. 7; Rollo, p. 27.

[3] Decision, HLURB Case No. REM - 191587 - 3284, pp. 12-13.

[4] Petition, p. 10; Rollo, p. 30.

[5] Alberto Ferrer and Karl Stecher, LAW ON CONDOMINIUM, Vol 1, p. 300.

[6] See Note 1, p. 16.

[7] Id., pp. 16-17.

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