

WENONAH L. MARQUEZ AZARCON, PETITIONER, VS. HOUSING AND LAND USE ARBITER CHARITO BUNAGAN, BOARD OF COMMISSIONERS (SPECIAL DIVISION), EQUITY HOMES, INC., SAGANA CONSTRUCTION AND ...

G.R. No. 124611. March 20, 2003

Ponente: CARPIO MORALES, J.

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CARPIO MORALES, J.:

Presented for this Court's consideration is the issue of whether the Court of Appeals correctly held that the Writ of Execution issued to enforce a decision of the Housing and Land Use Regulatory Board (HLURB) was in accordance with said decision.

The antecedents of the case are as follows:

On December 10, 1985, private respondents Sagana Construction and Development Corporation (SAGANA) and J. M. Builders as vendors, and petitioner Wenonah L. Marquez-Azarcon (Azarcon) as vendee, entered into a contract to sell a house and lot (subject property) located at Sagana Homes, Culiat, Tandang Sora, Quezon City[1] under which Azarcon was to pay, as she did, an initial amount of P49,740.00, the balance to be paid through an SSS housing loan.[2]

Azarcon's SSS loan application was disapproved, however, on account partly of SAGANA's failure to submit certain requirements[3] including the title to the subject property which had been burned and was pending reconstitution. She thus offered to pay the balance of P101,560.00 in cash but SAGANA refused to accept the same unless she paid interest thereon.[4]

As Azarcon refused to pay interest on the balance of the purchase price, she filed a complaint against SAGANA and J. M. Builders before the HLURB.[5] Azarcon in the meantime occupied the subject property.[6] After hearing, a Housing and Land Use Arbiter (HLA) rendered a decision[7] ordering Azarcon to pay the balance of the purchase price, and SAGANA to deliver the Deed of Sale and the title covering the subject property.

SAGANA appealed the Decision of the HLA before the Board of Commissioners of the HLURB (Board) assigning as error HLA's refusal to assess against Azarcon rentals for the use of the subject property and interest in the concept of penalty for "default" in the payment of the balance of the purchase price.[8]

By Decision[9] of October 19, 1992, the Board ordered Azarcon to pay, in addition to the balance of the purchase price, interest thereon and rentals at P3,000.00 per month from the time of the delivery of the subject property until full payment of the purchase price.

Azarcon moved to reconsider the order for the payment of interest and rentals.

The Board, by Decision[10] of May 10, 1993, deleted the order for Azarcon to pay interest. The dispositive portion of the amended Decision, upon which the controversy in this case arises, reads:

WHEREFORE, premises considered, the decision sought to be considered is hereby modified by setting aside Order Nos. 2 and 3 of the decision, and incorporating therein substitute Orders which shall read as follows:

- Requiring the complainant to tender the amount of P101,560.00 within fifteen (15) days from finality of this decision; however, in the event such amount remains unpaid as of the end of said period, the same shall earn interest at the rate of six (6%) percent per annum, reckoned from such finality until the same is fully paid;
- Requiring complainant, to immediately pay upon promulgation of this decision without prejudice to such appeal as may thereafter be filed and pending such appeal, if any, the amount of Three Thousand (P3,000.00) pesos a month as rental for her use and occupancy of the premises subject of this case, reckoned from the time of her occupancy of the unit until the amount set forth in the preceding order is fully paid; the said amount of rental shall form part of the purchase price of the premises as herein adjusted, and may be paid as a whole in one lump sum in advance, or through monthly amortizations, at the option of the complainant;
- Requiring the respondent to accept the price tendered by complainants, together with the payment of rentals set forth in the preceding order, in full satisfaction of his claims, rights and interests over the property, within ten (10) days from such tender/offer or actual payment, as the case maybe, and consequently within a period not later than ten (10) days thereafter, execute the necessary documents and deliver title to the premises in the name of complainant. (Emphasis and underscoring supplied)

As none of the parties appealed the decision of the Board, it became final and executory.

In accordance with the decision, Azarcon paid the balance of the purchase price which was received by SAGANA on July 22, 1993.[11] SAGANA refused, however, to execute a Deed of Sale over the subject property and to deliver the title covering it on the ground that Azarcon had yet to pay rentals in accordance with the decision.[12]

On August 23, 1993, SAGANA filed before the Board a Motion for Execution[13] of its decision with respect to its order for Azarcon to pay rentals. The Board referred the motion to the HLA, the decision having become final and executory.

On December 20, 1993, Azarcon also filed a Motion for Execution[14] of the same Board decision in light of SAGANA's refusal to issue a Deed of Sale in her favor and to deliver the title covering the subject property.

By Order of March 18, 1994,[15] the HLA denied Azarcon's motion and granted that of SAGANA, thus directing Azarcon to pay rentals, as "the payment . . . of the sum of P101,560.00 [by her] did not discharge all [her] obligations to [SAGANA] pursuant to the dispositive portion of the final judgment."[16] A Writ of Execution[17] was accordingly issued on March 21, 1994 to enforce the payment of rentals by Azarcon.

On April 13, 1994, Azarcon filed before the Board a Motion for Reconsideration of the HLA Order of March 18, 1994 and for the quashal of the Writ of Execution issued in accordance therewith.[18] By Resolution[19] of June 7, 1995, the Board denied Azarcon's motion, it holding that she was indeed liable to pay rentals in addition to the balance of the purchase price.[20]

Azarcon thus filed a Petition for Certiorari[21] with the Court of Appeals on August 21, 1995, she alleging that the March 18, 1994 Order issued by the HLA (granting SAGANA's Motion for Execution) varied the terms of the Board decision and, as such, the Board acted with grave abuse of discretion amounting to lack of jurisdiction when it, by Resolution of June 7, 1995, denied her Motion for Reconsideration of the said HLA Order.[22]

In its Comment[23] to Azarcon's petition before the Court of Appeals, SAGANA alleged that Azarcon failed to exhaust all administrative remedies, she having failed to appeal to the Office of the President following the 1987 HLURB Rules of Procedure which was in effect when petitioner filed her petition on August 21, 1995, the specific provision of which reads:

Section 28. Appeal to the Office of the President. - Any party may appeal the decision of the Board of Commissioners to the Office of the President within 30 days from receipt thereof x x x[24]

It thus prayed for the dismissal of the petition.

By Decision[25] of November 22, 1995, the Court of Appeals, holding that Azarcon properly availed of the remedy of certiorari, nonetheless dismissed her petition upon a finding that the HLA March 18, 1994 Order was issued in accordance with the Board Decision of May 10, 1993, hence, the correctness of the Board Resolution of June 7, 1995 denying reconsideration of the said HLA March 18, 1994 Order. Thus the Court of Appeals held:

A closer examination of the entire judgment reveals that the rentals aside from the P101,560.00 shall form part of the purchase price. The amount initially paid by petitioner is not in full satisfaction of the purchase price. For if this was the intent of the Board, it should have so stated in paragraph no. 1 of the dispositive portion. There would have been no need for Nos. 2 and 3 of the dispositive portion.

This becomes more apparent in view of the fact that the payment of rentals is reckoned from the petitioner occupied the unit until the amount of P101,560.00 is paid by petitioner. This implies that the rentals and the P101,560.00 form the totality of the purchase price.

Complementary to Nos. 1 and 2 of the dispositive portion, No. 3 requires private respondents to accept the price tendered by petitioner, "together with the payment of the rentals set forth in the preceding order" referring to No. 2. Such amounts, the judgment further states, will be in full satisfaction of private respondents' claims, rights and interests over the property. Afterwhich, the private respondents shall execute the necessary documents and deliver title to the petitioner. This explains why the prayer of petitioner for a writ of execution to compel private respondents to execute the necessary documents cannot be granted. Petitioner has to pay the rentals first before the execution of the necessary documents in her favor. The order of Arbiter Bunagan, therefore, seeks to implement what must necessarily follow after No. 1, which is the payment of rentals in accordance with No. 2.

Likewise, denial of the motion for reconsideration by the Arbiter's order for the issuance of a writ of execution in favor of private respondents is correct. There was no grave abuse of discretion on the part of the Board in finding that:

"x x x From the respective averments of the parties, it is also clear that both are fully aware that the obligation of the complainant is not limited to or has not been discharged by the amount already paid to respondent. Complainant only argues that her obligation to pay rentals has not yet accrued because she has not yet made a choice as to the manner of payment. We cannot agree with the complainant's position as this will mean that complainant's obligation to pay may not at all become due because the demandability thereof will be solely dependent upon her will.

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WHEREFORE, IN VIEW OF THE FOREGOING, complainant's motion for reconsideration and motion to quash writ of execution are hereby DENIED. Let the appropriate writ of execution be issued for the payment of the rentals to be reckoned from March of 1988 to July 1993." (pp. 4-5, Resolution)

In effect, the Board's resolution affirmed the Arbiter's order for the implementation of no. 2 of the dispositive portion requiring petitioner to pay rentals.

x x x[26] (Underscoring supplied).

Her Motion for Reconsideration[27] having been denied by the Court of Appeals,[28] Azarcon comes to this Court via the present petition for review on certiorari, assailing the decision of the Court of Appeals in this wise:

- THE COURT OF APPEALS SERIOUSLY ERRED IN INTERPRETING THE FINAL AND EXECUTORY

10 MAY 1993 DECISION AS ORDERING PETITIONER-APPELLANT LIABLE FOR THE BALANCE OF THE PURCHASE PRICE PLUS RENTALS IN COMPLETE DISREGARD OF THE EXPRESS DIRECTIVES OF ITS DISPOSITIVE PORTION WHICH FIND SUPPORT IN THE FACTS ESTABLISHED THEREIN.

- THE COURT OF APPEALS SERIOUSLY ERRED IN UPHOLDING PUBLIC RESPONDENT BOARD'S FINDING THAT PETITIONER-APPELLANT WAS AWARE THAT SHE WAS LIABLE FOR THE BALANCE OF THE PURCHASE PRICE PLUS RENTALS.[29]

SAGANA, in its Comment[30] once more maintains that Azarcon's petition for Certiorari before the Court of Appeals should have been dismissed due to her failure to exhaust all administrative remedies.[31]

The questioned Order, however, merely involves an interpretation of the dispositive portion of the Board decision which had become final and executory. Hence, Azarcon properly filed a petition for Certiorari before the Court of Appeals[32] where she ascribed grave abuse of discretion in the issuance of the order.

On the merits of Azarcon's present petition:

Azarcon insists that, in accordance with the May 10, 1993 Board Decision, she was to pay the balance of the purchase price or to pay rentals. SAGANA contends, however, that the Board decision held Azarcon liable to pay rentals "to be reckoned from the time she occupied the premises and up to the time that she has fully paid the [balance] in the amount of P101,560.00," and to pay P101,560.00 balance. Thus it amplifies its contention:

The term "purchase price as adjusted" as used in directive no. 2 of the dispositive portion of the decision clearly refers to the cumulative amounts of P101,560.00 and the rentals. If the plain and literal meaning of directive no. 2 of the dispositive portion of the decision were to be disregarded and petitioner's interpretation that her obligation is discharged with the payment of the amount of P101,560.00 were to be followed, then there is no "purchase price as adjusted" to speak of because the purchase price would have remained the same and without any adjustment. The language of directive no. 2 is clear and unequivocal, viz:

"Requiring complainant, to immediately pay upon Promulgation of this decision without prejudice to such appeal as may thereafter be filed and pending such appeal, if any the amount of Three Thousand (P3,000.00) Pesos a month as rental for her use and occupancy of the premises subject of this case, reckoned from the time occupancy of the unit until the amount set forth in preceding order is fully paid; said amount of rental shall form part of the purchase price as herein adjusted, and may be paid as a whole in one lump sum in advance, or through mont[h]ly amortizations, at the option of the complainant." (Emphasis supplied)

Thus, in granting private respondent's motion for execution, public respondent Arbiter correctly ruled as follows:

"it is clear that the payment by complainant of the sum of P101,560.00 did not discharge all its obligations to the respondent pursuant to the dispositive portion of the final judgment."[33]

The dispute thus arises from the parties' conflicting understanding or interpretation of the phrase "the said amount of rental shall form part of the purchase price as adjusted" found in the fallo, Azarcon contending that the payment of rentals is an alternative to the payment of the balance of the purchase price, and SAGANA contending that the rental payments shall be in addition to the balance of the purchase price.

Of the parties' interpretations, SAGANA's is contrary to their agreement. They agreed upon the purchase price of the subject property in 1995 when they entered into the contract to sell. The amount agreed upon became the law between them.[34] In the absence of any showing that the agreement is contrary to law, courts are without power to alter what parties have clearly, voluntarily and knowingly agreed upon.[35]

To follow the interpretation proffered by SAGANA would allow the Board to alter the parties' agreement on the purchase price.

Upon the other hand, Azarcon's interpretation is more in accord with the finding of the Board that the delay in the payment of the purchase price was not due to her fault, precisely on account of which finding it deleted the order for the payment of interest by Azarcon. Held the Board:

"[SAGANA] has failed to convincingly refute [AZARCON's] argument that the non-release of the loan was due to its non-submission of certain requirements.

Hence, for this reason, the . . . issue [of whether or not Azarcon is liable for the payment of interest] is resolved in the negative. We are convinced that [Azarcon] should not be held responsible for the delay in the release of the loan and consequently for the non-payment of the purchase price. Such being the case, we believe that a recall of our previous ruling ordering [Azarcon] to pay interest by way of damages is in order.[36] (Underscoring supplied).

If Azarcon had been spared by the Board of paying interest by way of damages because she was not responsible "for the delay in the release of the loan and consequently for the non-payment of [the balance] of the purchase price," why should the Board have intended to make her liable to pay rentals over and above the balance of the purchase price, especially given her tender of payment of such balance after the loan application was not approved, which tender SAGANA refused to accept without interest being paid thereon? That the Board had no such intention, the following portion of its May 10, 1993 decision instructs:

In the absence of payment through housing loan, the buyer should effect payment through other means within a reasonable period. The seller should also extend all support and assistance to make it possible for the buyer to find such means, particularly if it contributed to the non-release of the loan. If parties cannot agree on the substitute method of payment on the period for effecting the same, then the Board may step to fix the same. Meantime we believe that until this matter can be resolved, complainant should pay rentals as equitable payment for use of the premises, which can be applied to the balance of the purchase price.[37] (Emphasis and underscoring supplied).

From the immediately foregoing disquisition of the Board, it is clear that the payment of rentals was devised by it merely as an interim scheme, until a "substitute method of payment [of the balance of the purchase price]" was agreed upon by the parties.

Since Azarcon fully paid the balance of the purchase price on July 22, 1993, less than three months after the Board decision was promulgated on May 10, 1993, that part of the decision respecting "payment through other means" devised by the Board for Azarcon to, in the meantime, "pay rentals as equitable payment for the use of the premises, which can be applied to the balance of the purchase price," had become functus officio. To hold otherwise would be to fault Azarcon in whom none was, as reflected above, found by the Board. It would also gloss over Azarcon's initial payment of a substantial amount when they entered into the contract to sell and her tender of payment of the balance which was, however, rejected by SAGANA. It would thus ignore the interest of justice and equity which underlies all systems of justice.

WHEREFORE, the petition is hereby GRANTED. The assailed decision of the Court of Appeals is hereby REVERSED and SET ASIDE. The position of petitioner, Wenonah L. Marquez-Azarcon, that the Writ of Execution in question varied the terms of the HLURB May 13, 1993 decision is upheld.

SO ORDERED.

Puno, (Chairman), Panganiban, Sandoval-Gutierrez, and Corona, JJ., concur.

[1] Rollo at 28- 29.

[2] Id. at 29.

[3] Ibid.

[4] Ibid.

[5] Ibid.

[6] Id. at 66.

[7] Id. at 29.

[8] Ibid.

[9] Id. at 41-42.

[10] Id. at 41-47.

[11] Per receipt issued by Sagana Construction & Development Corporation; Rollo at 31, 49.

[12] Rollo at 15.

[13] CA Rollo at 51.

[14] Rollo at 50-53.

[15] Id. at 54-58.

[16] Id. at 57.

[17] Id. at 59-61.

[18] Id. at 15.

[19] Id. at 62-66.

[20] Id. at 65-66.

[21] CA Rollo at 1-45.

[22] Id. at 7-8.

[23] Id. at 52-55.

[24] Incorporated in Section 2, Rule XVIII of the 1996 Housing and Land Use Regulatory Board Rules of Procedure.

[25] Rollo at 28-38.

[26] Id. at 36-38.

[27] CA Rollo at 79-91.

[28] Rollo at 40.

[29] Id. at 16.

[30] Id. at 76-87.

[31] Id at 79-82.

[32] Vide Jose Clavano v. HLURB, G. R. No. 143781, February 27, 2002; Ruiz v. Caneba, 191 SCRA 865 (1990).

[33] Rollo at 83-84.

[34] Article 1159, Civil Code.

[35] Vide Oplencia v. Court of Appeals, 293 SCRA 385 (1998); 279 SCRA 647 (1997); Esguerra Sanchez v. Court of Appeals, v. Court of Appeals, 267 SCRA 380 (1997); Sandiganbayan, 226 SCRA 314 (1993); Gregorio Araneta, Inc. Republic v. Philippine Sugar Estates Development Co., Ltd., 20 SCRA 330 (1967)

[36] Rollo at 45.

[37] Id. at 46.

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