

SPOUSES CESAR AND ELVIRA RAET AND SPOUSES REX AND EDNA MITRA, PETITIONERS, VS. COURT OF APPEALS, PHIL-VILLE DEVELOPMENT & HOUSING CORPORATION, GERONIMA G. QUE AND CAROLINA Q. VI...

G.R. No. 128016. September 17, 1998

Ponente: MENDOZA, J.

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MENDOZA, J.:

In 1984, petitioners Cesar and Elvira Raet (the spouses Raet) and petitioners Rex and Edna Mitra (the spouses Mitra) negotiated with Amparo Gatus concerning the possibility of buying the rights of the latter to certain units at the Las Villas de Sto. Niño Subdivision in Meycauayan, Bulacan.[1] This subdivision was developed by private respondent Phil-Ville Development and Housing Corporation (PVDHC) primarily for parties qualified to obtain loans from the Government Service Insurance System (GSIS).[2] The spouses Raet and the spouses Mitra paid Gatus the total amounts of P40,000.00 and P35,000.00, respectively,[3] for which they were issued receipts by Gatus in her own name.[4]

In early 1985 the spouses Raet and the spouses Mitra applied directly with private respondent PVDHC for the purchase of units in the said subdivision. As they were not GSIS members, they looked for members who could act as accommodation parties by allowing them to use their policies.[5] Private respondent PVDHC would process the applications for the purchase of the units upon the approval by the GSIS of petitioners' loan applications.[6]

The spouses Raet presented the GSIS policy of Ernesto Casidsid, while the spouses Mitra that of Edna Lim.[7] The spouses Raet paid P32,653.00, while the spouses Mitra paid P27,000.00, to private respondent PVDHC,[8] on the understanding that these amounts would be credited to the purchase prices of the units which will be determined after the approval of their loan applications with the GSIS. Meanwhile, the spouses Raet were allowed to occupy the unit built on Lot 4, Block 67, Phase 4A of the Las Villas de Sto. Niño Subdivision,[9] while the spouses Mitra were given the unit on Lot 7, Block 61, Phase 4A thereof.[10]

It appears, however, that the GSIS disapproved the loan applications of petitioners.[11] For this reason, they were advised by private respondent PVDHC to seek other sources of financing. In the meantime, they were allowed to remain in the subject premises.

Upon complaint of petitioner Elvira Raet, the Office of the Provincial Prosecutor, Bulacan, charged Amparo Gatus with estafa in the Regional Trial Court of Malolos, Bulacan. However, the case was dismissed. The Regional Trial Court found that Gatus never misrepresented herself as an agent of private respondent PVDHC and accordingly acquitted her in a decision dated August 25, 1989.

Owing to the failure of petitioners to raise money, private respondent PVDHC asked them, in separate demand letters, dated November 10, 1988, to vacate the units they were occupying. As petitioners refused to do so, it filed

ejectment cases against them before the Municipal Trial Court of Meycauayan, Bulacan, which eventually ordered them on May 24, 1991 to surrender the possession of the subject units and to pay the fees, litigation expenses, and costs of suit. The decision of the Municipal Trial Court of Meycauayan, Bulacan was affirmed, first by the Regional Trial Court of Malolos, Bulacan and then by the Court of Appeals.[12] Petitioners tried to appeal to this Court but their appeal was dismissed on December 2, 1992.

On May 18, 1988 and November 24, 1988, respectively, the spouses Raet and the spouses Mitra had earlier filed complaints against private respondent PVDHC with the Regional Trial Court of Malolos, Bulacan for the recovery of the supplemental costs they had paid to private respondent PVDHC. However, the complaint of the spouses Raet was dismissed on the ground that the Regional Trial Court did not have jurisdiction over cases involving disputes between subdivision buyers and developers which fall within the exclusive competence of the Housing and Land Use Regulatory Board (HLURB). On the other hand, the complaint of the spouses Mitra was withdrawn by them on April 17, 1990.

The spouses Raet and the spouses Mitra then filed on April 15, 1991 a complaint for specific performance and damages against Amparo Gatus and private respondent PVDHC with the HLURB which gave judgment in petitioners' favor. In a decision, dated October 8, 1991, Housing and Land Use Arbiter Arturo M. Dublado ruled:

Against this factual backdrop, . . . the following observations could be made, to wit:

1. Respondents Phil-Ville and Gatus transacted with complainant for the sale of the subject housing units despite knowing fully well that they are not qualified to buy under the GSIS financing scheme. This is a fact which respondents could have readily known even before proceeding to transact with complainants. Respondents even allowed complainants to use the GSIS policies of other persons in order that complainants can avail of the GSIS loan facility to pay respondent Phil-Ville which is irregular.
2. Respondent Phil-Ville accepted payments and allowed complainants to occupy the subject premises despite knowing that they are not qualified to buy under the GSIS financing scheme and without executing a written instrument modifying the terms and conditions agreed upon between complainants and respondent Gatus.
3. It was only after several years of occupation of the subject premises by complainants that respondent Phil-Ville informed complainants that they are not qualified to purchase the subject premises.
4. Respondent Gatus did not unequivocally inform complainants in her transactions with them that she was merely selling her interests over the subject properties to complainants. Respondent Phil-Ville could have made its relation with respondent Gatus a lot clearer by altogether ignoring the transaction entered into by respondent Gatus with complainants but it chose to transact with complainants and accept payments from the latter.

From the foregoing, the conclusion that thus can be drawn is that respondent Gatus is an agent of respondent Phil-Ville with respect to the sale of the subject properties to complainants. Respondent Gatus is thus duty bound to remit to respondent Phil-Ville all payments made by complainants in connection with the purchase of the subject properties. Respondent Phil-Ville on the other hand is bound to respect the terms and conditions for the purchase of the subject premises as agreed upon by the respondent Gatus and complainants.

Accordingly, he ordered Amparo Gatus and private respondent PVDHC as follows:

WHEREFORE, PREMISES CONSIDERED, judgment is hereby rendered directing respondent Amparo Gatus to remit to respondent Phil-Ville Development and Housing Corporation the amounts of P40,000.00 and P35,000.00 representing the amounts respectively paid by complainants spouses Raet and Mitra pursuant to the purchase of their respective housing units or in the alternative respondent Gatus is hereby directed to refund the said amounts of P40,000.00 and P35,000.00 to complainants at 12% interest per annum from the time of

the filing of the complaint on April 15, 1991.

Respondents are further directed to allow complainants reasonable time to look for sources of financing or to pay the balance on the purchase price of P171,994.50 for complainants spouses Mitra and the purchase price of P213,998.00 for complainants spouses Raet.

Finally, for compelling complainants to engage the services of counsel, respondents are jointly and severally directed to pay P5,000.00 as and by way of attorney's fees.[13]

On appeal, the Board of Commissioners of the HLURB reversed on April 20, 1992 the Housing and Land Use Arbiter on the ground that the issues involved in the case had already been determined by the Municipal Trial Court of Meycauayan, Bulacan in the ejectment suit between the parties. Petitioners moved for a reconsideration, but their motion was denied on January 18, 1993.

Petitioners elevated the case to the Office of the President which sustained the ruling of the Housing and Land Use Arbiter in a decision, dated June 29, 1995. The Office of the President held that the HLURB has jurisdiction over cases involving disputes between subdivision buyers and developers to the exclusion of the regular courts. Therefore, the decision in the ejectment case cannot be conclusive on the question whether there were perfected contracts of sale between the petitioners and private respondent PVDHC. Private respondent PVDHC filed a motion for reconsideration which the Office of the President denied in its resolution of December 20, 1995.

The case was elevated to the Court of Appeals by private respondent PVDHC. In its decision, dated July 2, 1996,[14] the Court of Appeals set aside the decision of the Office of the President and dismissed the petitioners' action without prejudice to their right to proceed against Amparo Gatus. Petitioners' subsequent motion for reconsideration was denied by the appellate court on January 6, 1997.

This is a petition for review on certiorari by the spouses Raet and the spouses Mitra. Petitioners first contend that

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RESPONDENT COURT COMMITTED A REVERSIBLE ERROR IN CONCLUDING THAT THE FACTS AND JUDGMENT RENDERED IN THE UNLAWFUL DETAINER CASE BY THE MUNICIPAL TRIAL COURT OF MEYCAUAYAN, BULACAN, AGAINST THE HEREIN PETITIONERS, WHICH WAS AFFIRMED BY THE APPELLATE COURTS, WAS A BAR TO THE ACTION OF PETITIONERS FOR SPECIFIC PERFORMANCE WHICH IS EXCLUSIVELY COGNIZABLE BY THE HOUSING AND LAND USE REGULATORY BOARD CONTRARY TO THE PROVISION OF SECTION 7, RULE 70, RULES OF COURT AND THE SETTLED JURISPRUDENCE THAT A JUDGMENT THEREIN IS CONCLUSIVE ONLY WITH RESPECT TO POSSESSION DE FACTO AND THE FACTS THEREIN FOUND ARE NOT CONCLUSIVE WITH RESPECT TO THE SAME PARTIES IN A DIFFERENT CAUSE OF ACTION NOT INVOLVING POSSESSION.

The contention has merit. The decision in the ejectment suit is conclusive only on the question of possession of the subject premises. It does not settle the principal question involved in the present case, namely, whether there were perfected contracts of sale between petitioners and private respondent PVDHC involving the units in question. Under §8(11) of E.O. No. 648 dated February 7, 1981, as amended by E.O. No. 90 dated December 17, 1986, this question is for the HLURB to decide. The said provision of law gives that agency the power to -

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.

This jurisdiction of the HLURB is exclusive. It has been held to extend to the determination of the question whether there is a perfected contract of sale between a condominium buyer and developer.[15] As the Office of the President correctly pointed out in its decision, dated June 29, 1995:

Unquestionably, the instant case stemmed from an action for specific performance regarding agreements or contracts to purchase houses and lots located in the subdivision owned, developed and/or marketed by respondent Phil-Ville Development and Housing Corporation. As such, it is within the exclusive province of the HLURB to take cognizance of the instant case, involving, as it does, a demand for specific performance of contractual and statutory obligations by buyers of subdivision lots against a developer, dealer, broker or salesman.

As mentioned earlier, the principal question, however, is whether there were perfected contracts of sale between petitioners and private respondent PVDHC over the subject units. Petitioners also contend that -

RESPONDENT COURT COMMITTED A REVERSIBLE ERROR IN CONCLUDING THAT, UNDER THE UNDISPUTED FACTS OF THE CASE, THERE WERE NO PERFECTED CONTRACTS OF PURCHASE AND SALE BETWEEN PETITIONERS AND PRIVATE RESPONDENT WITH RESPECT TO THE LOTS AND HOUSES WHICH WERE THE SUBJECT MATTER OF THE COMPLAINT FOR SPECIFIC PERFORMANCE BEFORE THE HOUSING AND LAND USE REGULATORY BOARD.

We agree with the conclusion of the Court of Appeals that the parties in this case had not reached any agreement with regard to the sale of the units in question.

First, the records do not show the total costs of the units in question and the payment schemes therefor. In his decision of October 8, 1991, the Housing and Land Use Arbiter gave credence to the allegations of petitioners that there were agreements between them and private respondent PVDHC as to the prices of the disputed units.[16] However, as pointed out by private respondent PVDHC, the figures referred to by petitioners were mere estimates given to them by Amparo Gatus.[17] The parties' transactions, therefore, lacked the requisites essential for the perfection of contracts.

Second, petitioners dealt with Gatus. But Gatus was not the agent of private respondent PVDHC. Indeed, the criminal case for estafa against her was dismissed because it was found that she never represented herself to be an agent of private respondent PVDHC. Moreover, Art. 1874 of the Civil Code requires for the validity of a sale involving land that the agent should have an authorization in writing, which Gatus did not possess. Petitioners knew from the beginning that Gatus was negotiating with them in her own behalf, and not as an agent of private respondent PVDHC. There is, therefore, no basis in fact for the finding of the Housing and Land Use Arbiter that Gatus was the agent of private respondent PVDHC with respect to the transactions in question.[18]

Third, since private respondent PVDHC had no knowledge of the figures Amparo Gatus gave to petitioners as estimates of the costs of the units in question, it could not have ratified the same at the time the latter applied for the purchase of the units. At any rate, private respondent PVDHC was to enter into agreements concerning the subject units with petitioners only upon the approval of the latter's loan applications with the GSIS which, as mentioned earlier, failed to materialize.

Fourth, there are no written contracts to evidence the alleged sales. If petitioners and private respondent PVDHC had indeed entered into contracts involving the subject units, it is rather strange that contracts of such importance have not been reduced to writing.

As the Court of Appeals correctly held:

To our mind, the determinative issue in this case is whether or not petitioners and private respondents have a perfected and enforceable contract of sale or at least an agreement to sell over the disputed housing units. For, without a perfected contract as an independent source of obligation, the binding prestation to do or give and the corollary right to exact compliance do not arise. There can be no specific performance of a contractual obligation as yet non-existent.

Without dispute, no written deed of conveyance has been executed by PHIL-VILLE in favor of private respondents involving the units in question.

As this Court sees it, there was no contract of sale perfected between the private parties over the said property, there being no meeting of the minds as to terms, especially on the price thereof. At best, only a proposed contract to sell obtained which did not even ripen into a perfected contract due at the first instance to private respondents' inability to secure approval of their GSIS housing loans. As it were, petitioners and private respondents have not hurdled the negotiation phase of a contract, which is the period from the time the prospective contracting parties indicate interest on the contract to the time the contract comes into existence - the perfection stage - upon the concurrence of the essential elements thereof.[19]

Finally, the occupation by petitioners of the units in question for more than three years prior to the ejectment case was merely by virtue of the forbearance of private respondent PVDHC. Since this matter pertains to the issue of possession of the subject premises, the ruling on this point of the Municipal Trial Court of Meycauayan, Bulacan in the ejectment case is conclusive. No presumption as to the existence of any right that may have been acquired by virtue of such occupation can arise from this circumstance.

Petitioners finally contend that -

RESPONDENT COURT COMMITTED A REVERSIBLE ERROR IN NOT CONSIDERING THE FINDINGS OF FACTS OF THE OFFICE OF THE PRESIDENT WHICH WERE DULY SUPPORTED BY SUBSTANTIAL EVIDENCE AND NOT CONTRARY TO LAW AS FINAL AND BINDING UPON THE AFORESAID APPELLATE COURT.

We generally accord great respect to the factual findings of administrative agencies. However, as we have also held, this rule does not apply when the evidence on record calls for a reversal or a modification thereof.[20] As the evidence on record points to factual conclusions opposite those reached by the Office of the President, the Court of Appeals correctly refused to give conclusive effect to such administrative findings.

WHEREFORE, the petition is DISMISSED.

SO ORDERED.

Melo, Puno and Martinez JJ., concur.

Regalado, J., (Chairman), on official leave)

[1] Rollo, p. 37.

[2] Comment, p. 2.

[3] Rollo, pp. 13-14.

[4] CA Rollo, p. 117.

[5] Id., p. 8.

[6] Id., p. 70.

[7] Comment, pp. 2-3.

[8] Rollo, p. 37.

[9] Comment, p. 3.

[10] Ibid.

[11] CA Rollo, pp. 67-68.

[12] Per Justice Felimon H. Mendoza and concurred in by Justices Jose C. Campos, Jr. and Alicia V. Sempio-Diy.

[13] Rollo, pp. 77-78.

[14] Per Justice Cancio C. Garcia and concurred in by Justices Romeo J. Callejo, Sr. and Artemio G. Tuquero.

[15] *Tejada v. Homestead Property Corporation*, 178 SCRA 164, 167 (1989).

[16] Rollo, pp. 71-73.

[17] Comment, p. 10.

[18] Rollo, p. 77.

[19] *Id.*, p. 47.

[20] *Anderson v. NLRC*, 252 SCRA 116, 121 (1996).

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