

AMA COMPUTER COLLEGE, INC., PETITIONER, VS. JESUS R. FACTORA, RESPONDENT.

G.R. No. 137911. February 27, 2002

Ponente: SANDOVAL-GUTIERREZ, J.

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SANDOVAL-GUTIERREZ, J.:

Petition for review on certiorari[1] challenging the Decision[2] of the Court of Appeals dated August 12, 1998 in CA-GR SP No. 44472, upholding the Decision of the Office of the President in OP Case No. 6178 for recovery of condominium certificates of title and damages.

The undisputed facts are:

Sevenis Enterprises, Inc. (Sevenis), owner of a parcel of land located at Edison St., Paranaque City, engaged the services of respondent Jesus R. Factora to construct a four-storey condominium building on the said lot. To finance the construction, Sevenis obtained a loan from Fund Centrum Finance, Inc. (Fund Centrum) in the amount of P3.9 million, secured by a mortgage on the realty project. Aside from this loan, Sevenis has an existing obligation with respondent Factora in the amount of P1,333,523.00 as contractor's fees.

On December 4, 1984, Sevenis' loan from Fund Centrum became due. In order to settle in full all its obligations, Sevenis entered into a Memorandum of Agreement[3] (MOA) with Fund Centrum and respondent Factora in June, 1985. The MOA contains the following pertinent provisions:

“1. Dacion in Payment

To settle in full the obligation of the FIRST PARTY (Sevenis Enterprises, Inc.) to the SECOND PARTY (Fund Centrum Finance, Inc.) as above-stated, which as of June 30, 1985 is in the sum of P5,053,509.19, the FIRST PARTY shall simultaneously herewith execute a Dacion in Payment in favor of the SECOND PARTY, assigning and conveying to the latter the land and improvements covered by aforesaid T.C.T. No. 64304. However, the indebtedness of the FIRST PARTY to the THIRD PARTY (Jesus R. Factora) as above-stated which as of June 30, 1985 amounts to P1,333,523.00 is hereby recognized as a contractor's lien with all the rights provided for by law. In the settlement thereof, the THIRD PARTY hereto agrees to an assignment of three (3) 2-BR units to come from the project, the same to be based on a completed state indicated as agreed, and particularly described as those shaded portions of the attached building plans which forms an integral part of this agreement.

2. Sevenis Plaza Project

As a resultant effect of the Dacion in Payment, as above described, the SECOND PARTY shall become the owner of the land and realty project construction therein, with the lien of THIRD PARTY expressly recognized by all parties hereto;

Considering that said condominium building is in an unfinished state, the SECOND PARTY shall endeavor to complete and finish the same within a reasonable period of time, providing the necessary funds therefor;

Upon completion of the building or during construction, the SECOND PARTY shall endeavor to sell the individual units at current market prices. Other terms and conditions of the sale of units shall be agreed upon by the parties hereto before actual sale is made;

3. By virtue of this Dacion in Payment in favor of the SECOND PARTY and provision for the assignment of three (3) 2-BR Units to the THIRD PARTY, the FIRST PARTY is hereby relieved from any and all liabilities to the Second and Third Parties respecting the aforesaid condominium project without prejudice to receiving its share in the net residue as provided hereunder.

x x x.”

Forthwith, Fund Centrum, being the new owner of the condominium building, sold the same to Supreme Capital, Inc. (Supreme Capital). In turn, Supreme Capital conveyed the property to MCI Real Estate and Development Corporation (MCI) in a Contract to Sell.

MCI then entered into a lease agreement with petitioner AMA Computer College (AMA) which converted the condominium into a computer school. The conversion included the three (3) 2-BR units assigned to respondent Factora per the MOA. This prompted him to file two (2) complaints against Fund Centrum, Supreme Capital and AMA with the Office of Appeals, Adjudication and Legal Affairs (OAALA) of the Housing and Land Use Regulatory Board (HLURB) for recovery of condominium certificates of title and damages. The complaints were docketed as REM-062691-4852 and REM-103091-4968, which were later consolidated.

On July 14, 1992, the OAALA rendered a decision[4] dismissing the complaints for lack of jurisdiction. On appeal by respondent, the Board of Commissioners of the HLURB rendered judgment[5] on April 27, 1995 affirming the OAALA decision.

Undaunted, respondent elevated the decision of the HLURB to the Office of the President, docketed therein as O.P Case No. 6178. On May 21, 1997, then Executive Secretary Ruben D. Torres issued a Resolution,[6] the dispositive portion of which reads:

“WHEREFORE, the instant appeal is hereby GRANTED and the 27 April 1995 decision of the Housing and Land Use Regulatory Board (HLURB) Board of Commissioners is set aside. Let the records of the subject cases be remanded to the Housing and Land Use Regulatory Commission for the final adjudication of the rights and obligations of the parties.

SO ORDERED.”[7]

Aggrieved by the said decision, petitioner AMA filed a petition for review[8] with the Court of Appeals.

On August 12, 1998, the Court of Appeals rendered the assailed Decision[9] dismissing AMA's petition. Petitioner filed a motion for reconsideration but was denied.

Hence, the instant petition raising the sole issue of whether or not the HLURB has jurisdiction over the consolidated cases filed with it.

Petitioner AMA asserts that the HLURB has no jurisdiction to take cognizance of the complaints filed by respondent Factora because the latter did not acquire ownership of the subject condominium units pursuant to the MOA. Not being the owner, he is not a condominium buyer within the purview of P.D. 957.

The petition is bereft of merit.

Sec. 1 of P.D. 1344[10] expanded the jurisdiction of the HLURB[11] under P.D. 957, otherwise known as "The Subdivision and Condominium Buyer's Protective Decree," to include: (1) any claims filed by condominium

buyer against the project owner, developer, dealer, broker or salesman, and (2) cases involving specific performance of contractual and statutory obligations filed by buyers of condominium unit against the owner, developer, dealer, broker or salesman. Corollarily, a transaction to "buy" and "purchase" under P.D. 957 has been defined as "any contract to buy, purchase, or otherwise acquire for a valuable consideration x x x a condominium unit in a condominium project." The term "buyer" is not limited to those who enter into contracts of sale. Its concept is broad enough as to include those who "acquire for a valuable consideration" a condominium unit. Thus, a buyer of said unit seeking to enforce the performance of an obligation arising from such transaction, or claiming damages therefrom, may bring an action with the HLURB.

In the instant case, we rule that respondent is a buyer within the contemplation of P.D. 957. He acquired the three condominium units as they were assigned to him by Sevenis in payment for its indebtedness in the amount of P1,333,523.00 as contractor's fee. Clearly, his acquisition of the units was for a valuable consideration.

Petitioner's contention that the MOA merely intends to recognize the indebtedness of Sevenis to respondent as a contractor's lien, hence no assignment has been made, is unavailing. While the MOA recognizes Sevenis' indebtedness as a lien, however, it expressly provides for the settlement of such indebtedness by the assignment of the three 2-BR units to respondent. Thus, by virtue of the assignment, respondent relieved Sevenis from its indebtedness to him. The extinguishment of such indebtedness vested upon respondent the right to own the said units.

Moreover, petitioner's theory that respondent is not the owner of the said condominium does not preclude the HLURB from exercising its jurisdiction over the case. As mentioned earlier, cases for specific performance of contractual obligations against condominium owners filed by buyers fall within its competence and expertise. In *Arranza vs. B.F. Homes, Inc.*,^[12] this Court stressed the peculiar nature of the transactions involving subdivisions and condominiums, thus:

“P.D. 957 was promulgated to encompass all questions regarding subdivisions and condominiums. It is aimed at providing for an appropriate government agency, the HLURB, to which all parties aggrieved in the implementation of its provisions and the enforcement of contractual rights with respect to said category of real estate may take recourse.”

WHEREFORE, the petition is DENIED. The Decision of the Court of Appeals dated August 12, 1998 in CA-GR SP No. 44472 is AFFIRMED. Let the records of the case be remanded to the HLURB for further proceedings.

SO ORDERED.

Melo, (Chairman), Vitug, Panganiban, and Carpio, JJ., concur.

[1] Under Rule 45 of the 1997 Rules of Civil Procedure, as amended.

[2] Penned by then Associate Justice, now Presiding Justice of the Court of Appeals, Ma. Alicia Austria-Martinez, concurred in by Associate Justices Romeo A. Brawner and Martin S. Villarama, Jr., Fourteenth Division.

[3] Annex "H," Petition, Rollo, p. 84.

[4] Annex "B," Petition, Rollo, p. 29.

[5] HLURB Decision, Annex "C," Petition, Rollo, p. 39.

[6] Annex "A," Petition, Rollo, p. 22.

[7] Office of the President Resolution, Rollo, p. 28.

[8] Under Rule 43 of the 1997 Rules of Civil Procedure, as amended.

[9] Annex "E," Petition, Rollo, p. 65.

[10] Empowering the National Housing Authority to Issue Writ of Execution in the Enforcement of its Decision under Presidential Decree No. 957.

[11] Formerly the National Housing Authority (NHA) under P.D. 957, which later became the Human Settlements Regulatory Commission (HSRC) by virtue of E.O. No. 648. On December 17, 1986, E.O. No. 90 renamed the HSRC as the Housing and Land Use Regulatory Board (HLURB).

[12] 333 SCRA 799, 820 (2000).

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