

SPOUSES TERESITA AND BIENVENIDO KAKILALA, PETITIONERS, VS. CONRADO, NATIVIDAD, ILUMINADA, ROMEO AND AZUCENA, ALL SURNAMED FARAON, RESPONDENTS.

G.R. No. 143233. October 18, 2004

Ponente: SANDOVAL-GUTIERREZ, J.

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SANDOVAL-GUTIERREZ, J.:

Before us is a petition for review on certiorari under Rule 45 of the 1997 Rules of Civil Procedure, as amended, assailing the Decision[1] of the Court of Appeals dated May 22, 2000 in CA-G.R. SP No. 52143.

The antecedents are as follows:

On April 29, 1987, by virtue of a “Contract to Sell,”[2] spouses Teresita and Bienvenido Kakilala, petitioners, purchased on installment from Conrado, Natividad, Iluminada, Romeo and Azucena, all surnamed Faraon, respondents herein, a portion of the land covered by TCT No. T-51622 situated in Barrio San Antonio, Biñan, Laguna. Respondents, as children of the late Mariano Faraon, are co-owners of the land.

The “Contract to Sell” has the following terms and conditions:

“That the SELLERS hereby agree to sell unto the BUYERS, and the BUYERS are ready and willing to buy from the SELLERS, a portion of FIVE HUNDRED AND ONE (501) SQUARE METERS, of the above described land, and both parties do hereby agree:

- That the purchase price of subject portion of land is the total sum of TWO HUNDRED THOUSAND FOUR HUNDRED (P200,400.00) PESOS, Philippine Currency.

- That upon the signing of this contract, the BUYERS shall pay unto the SELLERS, the amount of FIFTY THOUSAND (P50,000.00) PESOS, Philippine Currency, as initial or downpayment, which the SELLERS hereby acknowledge to have received from the BUYERS.

- That the remaining balance of ONE HUNDRED FIFTY THOUSAND FOUR HUNDRED (P150,400.00) PESOS, Philippine Currency, shall be paid by the BUYERS unto the SELLERS by way of monthly installments at the rate of FOUR THOUSAND EIGHT HUNDRED SIXTY FIVE PESOS AND NINETY CENTAVOS (P4,865.90), Philippine Currency, per month, starting on May 1, 1987, within a period of SIXTY (60) CALENDAR MONTHS, and not later than a period of five (5) years, which shall draw interests at thirty (30%) percentum per annum.

- That the SELLERS hereby deliver unto the BUYERS the material possession of said portion of land, and pending the full payment of the purchase price herein agreed, the SELLERS shall remain in full ownership of subject land.

- That upon the full payment of the purchase price herein agreed, the SELLERS shall execute in favor of the BUYERS a DEED OF ABSOLUTE SALE of said portion of land, free from any and all liens and encumbrances.”

Petitioners tendered the down payment of P50,000.00,[3] took actual possession of the land and built a house thereon.

On October 12, 1989, respondents formally terminated their co-ownership[4] of the property covered by TCT No. T-51622, resulting in the individual assignment and allocation of the lots embraced therein. Lot 2317-B-11, containing an area of 2,631 square meters and covered by TCT No. 206891, was adjudicated to respondent Conrado Faraon. A portion of this lot is the property now subject of the instant case.

Petitioners paid several monthly installments in the total amount of P51,000.00.[5] However, they failed to pay the balance despite repeated demands, prompting respondents to rescind the “Contract to Sell.” On February 1, 1996, they sent petitioners a copy of the “Notarial Act of Revocation.”

Thereafter, respondent Conrado Faraon sent petitioners notices to vacate the land but they refused to do so. Hence, on April 19, 1996, respondents filed with the Municipal Trial Court of Biñan, Laguna a complaint for unlawful detainer against petitioners.[6]

For their part, petitioners filed with the Regional Office of the Housing and Land Use Regulatory Board (HLURB) an action for “Specific Performance for Non-development and Damages” against respondents, docketed as HLURB Case No. IV 6-080796-0637.[7] On November 4, 1997, House Arbiter Gerardo Dean rendered a Decision in favor of petitioners allowing them “to suspend payment until such time that the project is fully developed,” thus:

“WHEREFORE, in view of the foregoing premises, judgment is hereby granted in favor of the complainants and against the respondents.

- Allowing the complainants to suspend payment until such time that the project is fully developed;
- Directing the respondents to submit to this Board a report on the extent of development within three months from receipt hereof;
- Directing respondents to pay complainants:
 - a) moral damage in the amount of P25,000.00
 - b) exemplary damage of P50,000.00
 - c) Attorney’s fee of P20,000.00

All other claims and counterclaims are hereby dismissed.

IT IS SO ORDERED.”[8]

On November 27, 1997, respondents filed with the HLURB Board of Commissioners a petition for review which, on March 2, 1999, rendered a Decision, the dispositive portion of which reads:

“In view of the foregoing, the decision of the Office below is hereby MODIFIED with the deletion of the award of damages.

In all other respects, the decision of the Office below is AFFIRMED.

SO ORDERED.”[9]

Meanwhile, on August 1, 1999, the MTC of Biñan, Laguna dismissed the unlawful detainer case filed by respondents against petitioners.[10]

Feeling aggrieved because the Decision of the HLURB is adverse to them, respondents filed with the Court of

Appeals a petition for review, docketed as CA-G.R. SP No. 52143.

On May 12, 2000, the Appellate Court granted the petition and set aside the Decision[11] of the HLURB for want of jurisdiction, ratiocinating as follows:

“But what makes a particular parcel of land a subdivision lot in order to vest exclusive jurisdiction in the HLURB regarding any controversy that may arise therefrom?

A ‘subdivision lot’ shall mean any of the lots, whether residential, commercial, industrial or recreational, in a subdivision project. A ‘subdivision project’ is a tract of a parcel of land registered under Act No. 496 which is partitioned primarily for residential purposes into individual lots with or without improvements thereon, and offered to the public for sale, in cash or installment terms. It shall include all residential, commercial, industrial and recreational areas, as well as open spaces and other community and public areas in the project (Sec. 2, pags. e & d, respectively, PD No. 957).

Clearly, on the basis of the foregoing, it can be said that the contract that transpired between the herein parties involved an ordinary sale of property or an isolated transaction of property which is not a subdivision lot. In arriving at this conclusion, we seriously took into consideration the following:

- at the time of sale, the subject property is just an aliquot portion of a bigger track of land co-owned by the heirs of Mariano Faraon;
- at the time of sale, the property embracing the subject premises was not segregated and partitioned into individual lots for public sale;
- the contract entered into by the herein parties is but an ordinary contract for if it were otherwise, the rights and obligations of the sellers and buyers of a subdivision lot should have not been omitted as what is usually contained in a standard contract involving a purchase of a subdivision lot;
- the partition and segregation of the bigger tract of land embracing the subject property into individual lots came about as a result of the termination by the heirs of Mariano Faraon of the co-ownership; and
- the issuance of receipts under the name of ‘Faraon Village Subdivision’ does not make or convert a property into a subdivision lot.

If the subject property is not a subdivision lot, therefore, the HLURB cannot take cognizance over the complaint filed by herein private respondents against the petitioners. As such, it is settled that any decision rendered without jurisdiction is a total nullity and may be struck down at any time, even on appeal (Solid Homes Inc. vs. Payawal, supra; Trinidad vs. Yatco, 1 SCRA 866). Notwithstanding this conclusion however, herein parties, particularly the respondents, are not left without any legal course of remedy. A plenary action for specific performance can still be filed with the regional trial courts pursuant to BP No. 129 so long as their cause of action is not yet barred by prescription or laches.

In view of the above, We deem it unnecessary to discuss and resolve the other issues raised.

WHEREFORE, Petition for Review is hereby GRANTED. The assailed Decision of the Housing and Land Use Regulatory Board (HLURB) is hereby SET ASIDE for want of jurisdiction.”

Hence, the present petition raising the following assignments of error:

“I

THE COURT OF APPEALS ERRED IN MISAPPREHENSION OF FACTS BY DECLARING THE TRANSACTION AS ORDINARY SALE OF PROPERTY OR ISOLATED TRANSACTION OF PROPERTY AND NOT A SALE OF PROPERTY BY SUBDIVISION OWNER.

II

THE COURT OF APPEALS ERRED IN QUESTIONING THE JURISDICTION OF THE HLURB BASED ON THE ABOVE GROUND.”[12]

Petitioners contend that in their complaint filed with the HLURB, they alleged that they are buyers, on installment basis, of a lot at Faraon Village Subdivision and have been paying monthly amortization, as evidenced by receipts issued by “Faraon Village Subdivision;”[13] and that when they were about to pay the balance in full, they found that respondents increased the price of the lot although it has remained undeveloped. According to petitioners, these allegations clearly show that their case falls within the jurisdiction of the HLURB.

Respondents, on the other hand, basically maintain that the petition must fail for it only raises factual issues. Also, the transaction between them is just an ordinary sale of real property as shown by the provisions of their “Contract to Sell.” While the receipts of payment bear the name “Faraon Village Subdivision,” it does not mean that the transaction involves the sale of a subdivision lot. It follows, therefore, that the HLURB cannot take cognizance of petitioners’ complaint against them.[14]

The basic issue for our resolution is whether the HLURB has jurisdiction over the instant case.

Under Section 1 of PD 1344,[15] the National Housing Authority (now HLURB) has exclusive jurisdiction to hear and decide the following cases: (a) unsound real estate business practice; (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.

Jurisdiction is determined by the averments of the complaint and not by the defense contained in the answer.[16] Hence, the jurisdictional issue involved here shall be determined on the basis of the allegations of petitioners’ complaint before the HLURB. Petitioners simply alleged therein that the subject lot is “a subdivision lot” in “a subdivision project.” Under Section 2(d) and (e) of PD 957,[17] “subdivision project” and “subdivision lot” are defined as follows:

“d) Subdivision project. – ‘Subdivision project’ shall mean a tract or a parcel of land registered under Act No. 496 which is partitioned primarily for residential purposes into individual lots with or without improvements thereon, and offered to the public for sale, in cash or in installment terms. It shall include all residential, commercial, industrial and recreational areas as well as open spaces and other community and public areas in the project.

e) Subdivision lot. – ‘Subdivision lot’ shall mean any of the lots, whether residential, commercial, industrial, or recreational, in a subdivision project.”

There is no allegation in the complaint that the lot purchased by petitioners is part of a tract of land partitioned primarily for residential purposes into individual lots and offered to the public for sale. There is likewise no allegation that the tract of land includes recreational areas and open spaces. Nor does the “Contract to Sell,[18] which forms part of the complaint, describe the subject property as a subdivision lot. What the contract strongly suggests is that the property is simply a lot offered by respondents, as vendors, to the petitioners, as vendees, for sale on installment. As can be clearly gleaned from the same contract, respondents are not acting as subdivision owners, developers, brokers or salesmen, nor are they engaged in the real estate business. What is plain is that the parties are acting only as ordinary sellers and buyers of a specific lot, a portion of a big tract of land co-owned by the heirs of Mariano Faraon. Neither are there undertakings specified in the contract that respondents shall develop the land, like providing for the subdivision concrete roads and sidewalks, street lights, curbs and gutters, underground drainage system, independent water system, landscaping, developed park, and 24-hour security

guard service.[19] Even the rights and obligations of the sellers and buyers of a subdivision lot are not provided in the agreement. All these provisions are usually contained in a standard contract involving a sale of a subdivision lot.

Moreover, although the receipts of payment delivered to petitioners by respondents bear the name “Faraon Village Subdivision,” the same does not automatically convert the ordinary and isolated sale of real property into a sale of subdivision lot.

Clearly, the HLURB has no jurisdiction over the present case.

WHEREFORE, the petition is DENIED. The challenged Decision of the Court of Appeals dated 12 May 2000 in CA-G.R. SP No. 52143 is AFFIRMED. Costs against petitioners.

SO ORDERED.

Panganiban, (Chairman), Corona, and Garcia, JJ., concur.
Carpio-Morales, J., on leave.

[1] Penned by Justice Corona Ibay-Somera (retired) and concurred in by Justices Portia Alino-Hormachuelos and Elvi John S. Asuncion.

[2] Annex “A”, Rollo at 27-28.

[3] Rollo at 6.

[4] Id. at 18.

[5] Id. at 30-32

[6] Id. at 20.

[7] Id. at 4 and 20.

[8] Id.

[9] Id. at 16.

[10] Id. at 21.

[11] Id. at 23-26.

[12] Id. at 7-8.

[13] Id. at 38-39.

[14] Id. at 54-56.

[15] EMPOWERING THE NATIONAL HOUSING AUTHORITY TO ISSUE WRIT OF EXECUTION IN THE ENFORCEMENT OF ITS DECISION UNDER PRESIDENTIAL DECREE 957.

[16] Cerofar Realty Corporation vs. Court of Appeals, G.R. No. 139539, February 5, 2002, 376 SCRA 144, citing Torres vs. Court of Appeals, 363 Phil. 539, 547 (1999), citing Ganadin vs. Ramos, 99 SCRA 613, 621-622 (1980); Arranza vs. B.F. Homes, Inc., G.R. No. 131683, June 19, 2000, 333 SCRA 799, citing Chico vs. Court of Appeals, 284 SCRA 33 (1998).

[17] Otherwise known as “THE SUBDIVISION AND CONDOMINIUM BUYERS’ PROTECTIVE DECREE.”

[18] Rollo at 27-28.

[19] Arranza vs. BF Homes, Inc., supra.

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