

THE MANILA BANKING CORPORATION, PETITIONER, VS. SPOUSES ALFREDO AND CELESTINA RABINA AND MARENIR DEVELOPMENT CORPORATION, RESPONDENTS.

G.R. No. 145941. December 16, 2008

Ponente: CARPIO MORALES, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-145941/>

CARPIO MORALES, J.:

The Court of Appeals having affirmed[1] the Order of the Office of the President (OP) dismissing the appeal of the Manila Banking Corporation (petitioner) for belated payment of the requisite appeal fee and belated filing of its appeal memorandum, and holding that the Housing and Land Use Regulatory Board (HLURB) has jurisdiction over it, the present petition for review on certiorari was filed.

Respondent Marenir Development Corporation (MDC), owner/developer of a subdivision project located in Brgy. Bagbag, Quezon City, obtained a loan from petitioner in the amount of P4,560,000, to secure the payment of which it forged on March 15, 1982 a real estate mortgage covering real estate properties including a lot (the lot) which was the subject of a Contract to Sell to one Amante Sibuyan (Sibuyan).

On May 3, 1985, Sibuyan transferred the lot via "Assignment and Transfer of Rights" to respondent Celestina Rabina (Celestina), with the conformity of MDC.[2] The said document mentioned the Contract to Sell which MDC had executed in favor of Sibuyan.

After Celestina had fully paid the amortization payments for the lot, she asked MDC for the transfer to her of its title. MDC, however, failed, prompting her to institute a complaint, with the assistance of her husband-co-respondent Alfredo, for non-delivery of titles, annulment of mortgage and incomplete development of the subdivision project Reymarville Subdivision, against petitioner and MDC before the Office of Appeals, Adjudication and Legal Affairs (OAALA) of the HLURB.

In the meantime, petitioner was placed under receivership proceedings by the Monetary Board of the Central Bank.

To the complaint of Celestina and her husband, petitioner contended that, inter alia, the HLURB has no jurisdiction over it by virtue of Section 29[3] of Republic Act 265,[4] as amended by Executive Order No. 289,[5] and that its assets are deemed to be in custodia legis of the receiver to thus exempt them from garnishment, levy, attachment or execution.

Finding for respondent spouses, Housing and Land Use Arbiter Cesar A. Manuel, by Decision of February 19, 1992, disposed as follows, quoted verbatim:

WHEREFORE, premises considered, judgment is hereby rendered:

"(1)

Declaring the mortgage in favor of TMBC valid as a contract of indebtedness as between the parties thereto,

but as invalid and ineffective as against the complainant [Celestina] as a lot buyer thereof and the rest of the world;

(2)

Directing respondent TMBC to release the mortgage on the lot subject of this case and, accordingly release the titles thereof to complainant;

(3)

Restraining respondent TMBC from instituting or proceeding with foreclosure proceeding against the lot subject of this case, and other lots similarly situated;

(4)

Directing the Register of Deeds of Quezon City to cancel the aforesaid mortgage on the subject title; and to cancel said title and issue a new one in lieu thereof in favor of complainant;

(5)

Ordering the forfeiture of the performance bond posted by respondent MDC in favor of the HLURB, and directing the bonding company to deliver/surrender the value thereof to this Board;

(6)

Directing the City Engineer of Quezon City to prepare and submit to the Enforcement Office of this Board within thirty (30) days from finality hereof an estimate of the cost of development of the remaining vital features of the project, as well as a proposed program of work for the development and completion of the said project, for approval by the said office; and to undertake the development of said project in accordance with said approved program of work, charging his expenses to the bond confiscated by the Board;

(7)

Awarding P50,000.00 as moral damages in favor of the complainant for wounded feelings and serious anxieties that she suffered as a result of respondent's (Marenir) refusal to comply with its obligation;

(8)

Awarding the sum of P50,000.00 by way of attorney's fee to the complainant who was constrained to hire a lawyer to protect her right and interest over the property in question;

(9)

Imposing an administrative fine on MDC in the amount of P10,000.00;

(10)

Dismissing the counterclaims of both respondents as they are in pari delicto in entering into the subject mortgage." (Emphasis and underscoring supplied)

MDC did not appeal, rendering the decision final and executory as to it.

On petitioner's appeal, the HLURB Board of Commissioners affirmed the Arbiter's decision.

Petitioner elevated the case to the OP which directed it, by Order of March 25, 1994, to "remit the sum of Two Hundred Pesos (P200.00) as appeal fee, payable to the "Cashier, Office of the President," and submit its appeal memorandum, copy furnished complainant; otherwise it would decide the case without further notice. Petitioner had up to April 28, 1994 to pay the appeal fee. It, however, filed the appeal fee a day late or on April 29, 1994.

Petitioner filed a motion for extension of 15 days within which to submit its appeal memorandum or until May 13, 1994, which motion the OP granted with the condition that "no further extension shall be granted."

On May 13, 1994, petitioner, however, again moved for an extension of 10 days or until May 23, 1994 to file its appeal memorandum. Without determining whether its motion for a second extension was granted, petitioner filed its appeal memorandum on May 20, 1994.

By Order of May 25, 1998, the OP dismissed petitioner's appeal for "non-payment of appeal fees and failure to comply with the Orders of this Office, dated March 25, 1996 [sic] and May 10, 1994."

In its motion for reconsideration, petitioner presented Official Receipt No. 0124273 dated April 29, 1994 issued by the OP showing payment of the docket fees. By Order of December 21, 1998, the OP denied the motion for failure of petitioner to timely submit its appeal memorandum: Undeterred, petitioner filed a motion for reconsideration which the OP denied by Order of October 4, 1999, citing Section 7 of Administrative Order No. 18 (Series of 1987).[6]

On appeal by petitioner, the Court of Appeals affirmed the Orders of the OP by the herein challenged Decision, holding, inter alia, that

Petitioner's plea for a liberal treatment, rather than strict adherence to the technical rules, in order to promote substantial justice is without merit. It has been consistently held that payment in full of docket fees within the prescribed period is mandatory. x x x

... The records of this case reveal that petitioner bank had until April 28, 1994 within which to file its appeal memorandum and pay the appeal fees, but as admitted by petitioner in its petition, it paid the corresponding appeal fee only on April 29, 1994, which is one day late and filed its Appeal Memorandum only on May 20, 1994 or seven days after the lapse of the extended period granted by the Office of the President. Furthermore, when petitioner filed its second motion for extension of time to file the appeal memorandum, it should have verified the action taken thereon, if any. Petitioner has no right whatsoever to presume that it would be granted. x x x (underscoring supplied),

and that contrary to petitioner's contention, the HLURB has jurisdiction over it under Presidential Decree No. 957.[7]

Hence, the present petition, which oddly impleads MDC as a respondent, faulting the appellate court in:

- . . . affirming the Decision of the Office of the President dismissing the appeal of TMBC purely on a mere

technicality in total disregard and without due consideration of the merits thereof.

- . . . ruling that the HLURB has jurisdiction over TMBC;
- . . . affirming the orders of the HLURB.

The petition fails.

A motion for extension of time to file a pleading is not granted as a matter of right. It is addressed to the sound discretion of the court or a government agency, hence, the movant should never take it for granted that it is going to be granted. This especially holds true with respect to a second motion for extension for, as a general rule, it is not granted except for the most compelling reason,[8] which the Court finds wanting in petitioner's.

Procedural faux pas aside, the petition, on the merits, fails.

The jurisdiction of the HLURB is well-defined. Thus, *Arranza v. BF Homes, Inc.* [9] holds:

Section 3 of P.D. No. 957 empowered the National Housing Authority (NHA) with the "exclusive jurisdiction to regulate the real estate trade and business." On 2 April 1978, P.D. No. 1344 was issued to expand the jurisdiction of the NHA to include the following:

"Sec. 1. In the exercise of its function to regulate the real estate trade and business and in addition to its powers provided for in Presidential Decree No. 957, the National Housing Authority shall have exclusive jurisdiction to hear and decide cases of the following nature:

- Unsound real estate business practices;
- 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
- Cases involving specific performance of contractual and statutory obligations filed by buyers of subdivision lot or condominium unit against the owner, developer, broker or salesman."

Thereafter, the regulatory and quasi-judicial functions of the NHA were transferred to the Human Settlements Regulatory Commission (HSRC) by virtue of Executive Order No. 648 dated 7 February 1981. Section 8 thereof specifies the functions of the NHA that were transferred to the HSRC including the authority to hear and decide "cases on unsound real estate business practices; claims involving refund filed against project owners, developers, dealers, brokers or salesmen and cases of specific performance." Executive Order No. 90 dated 17 December 1986 renamed the HSRC as the Housing and Land Use Regulatory Board (HLURB).

The act of MDC in mortgaging the lot to petitioner, without the knowledge and consent of lot buyer-respondent spouses and without the approval of the HLURB, as required by P.D. 957, is not only an unsound real estate business practice but also highly prejudicial to them.

The jurisdiction of the HLURB to regulate the real estate trade is broad enough to include jurisdiction over complaints for annulment of mortgage.[10] To disassociate the issue of nullity of mortgage and lodge it separately with the liquidation court would only cause inconvenience to the parties and would not serve the ends of speedy and inexpensive administration of justice as mandated by the laws vesting quasi-judicial powers in the agency.[11]

Petitioner's argument that the mortgage does not fall under the prohibition in Section 18 of P.D. 957 since the loan obligation of MDC was contracted to finance its purchase of other real properties and not for the development of the subdivision project does not lie.

Section 18 provides:

No mortgage on any unit or lot shall be made by the owner or developer without prior written approval of the Authority. Such approval shall not be granted unless it is shown that the proceeds of the mortgage loan shall be used for the development of the condominium or subdivision project and effective measures have been provided to ensure such utilization. The loan value of each lot or unit covered by the mortgage shall be determined and the buyer thereof, if any, shall be notified before the release of the loan. The buyer may, at his option, pay his installment for the lot or unit directly to the mortgagee who shall apply the payments to the corresponding mortgage indebtedness secured by the particular lot or unit being paid for, with a view to enabling said buyer to obtain title over the lot or unit promptly after full payment thereof. (Emphasis and underscoring supplied)

As observed in *Far East Bank and Trust Co. v. Marquez*,^[12] Section 18 of P.D. 957 is a prohibitory law and acts committed contrary to it are void.

Concededly, P.D. 957 aims to protect innocent lot buyers. Section 18 of the decree directly addresses the problem of fraud committed against buyers when the lot they have contracted to purchase, and which they have religiously paid for, is mortgaged without their knowledge. The avowed purpose of P.D. 957 compels the reading of Section 18 as prohibitory – acts committed contrary to it are void. Such construal ensures the attainment of the purpose of the law; to protect lot buyers so they do not end up still homeless despite having fully paid for their home lots with their hard earned cash. (Underscoring supplied)

Petitioner's argument that respondent spouses "have not shown any proof that at the time the mortgage was executed between [it and] respondent MDC . . . the subject [l]ot was part of a subdivision or a condominium project"^[13] does not lie too.

Petitioner is aware that respondent MDC is engaged in real estate development.^[14] Thus, it even alleged in its petition for review before the appellate court that part of the mortgaged properties was "a huge parcel of land located in Bo. Bagbag, Novaliches, Quezon City, which tract of land was later on subdivided into lots [including...] the lot being claimed by respondent [spouses] x x x." ^[15] (Underscoring supplied)

Petitioner's laying of fault on respondent spouses for not registering the Contract to Sell and/or the Deed of Assignment in compliance with Section 17 of P.D. No. 957 does not also lie. For Section 17 of said law provides:

All contracts to sell, deeds of sale and other similar instruments relative to the sale or conveyance of the subdivision lots and condominium units, whether or not the purchase price is paid in full, shall be registered by the seller in the Office of the Register of Deeds of the province or city where the property is situated. Whenever a subdivision plan duly approved in accordance with Section 4 hereof, together with the corresponding owner's duplicate certificate of title, is presented to the Register of Deeds for registration, the Register of Deeds shall register the same in accordance with the provisions of the Land Registration Act, as amended: Provided, however, that if there is a street, passageway or required open space delineated on a complex subdivision plan hereafter approved and as defined in this Decree, the Register of Deeds shall annotate on the new certificate of title covering the street, passageway or open space, a memorandum to the effect that except by way of donation in favor of a city or municipality, no portion of any street, passageway, or open space so delineated on the plan shall be closed or otherwise disposed of by the registered owner without the requisite approval as provided under Section 22 of this Decree." (Emphasis and underscoring supplied)

Thus, it is the seller, not the buyer, which is duty bound to register the Contract to Sell and/or the Deed of Assignment.

Petitioner finally contests the award of damages to respondent spouses. A reading of the Arbiter's decision, however, shows that the liability for moral damages does not fall on petitioner but on MDC.

WHEREFORE, the petition is DENIED and the Decision of July 17, 2000 of the Court of Appeals AFFIRMED.

SO ORDERED.

Quisumbing (Chairperson), Tinga, Velasco, Jr., and Brion, JJ., concur.

[1] Decision of July 17, 2000 penned by Justice Remedios A. Salazar-Fernando with the concurrence of Justices Fermin A. Martin, Jr. and Salvador J. Valdez, Jr., CA rollo, pp. 231-241.

[2] Rollo, p. 60.

[3] Section 29. Proceedings upon insolvency. - Whenever, upon examination by the head of the appropriate supervising or examining department or his examiners or agents into the condition of any bank or non-bank financial intermediary performing quasi-banking functions, it shall be disclosed that the condition of the same is one of insolvency, or that its continuance in business would involve probable loss to its depositors or creditors, it shall be the duty of the department head concerned forthwith, in writing, to inform the Monetary Board of the facts. The Board may, upon finding the statements of the department head to be true, forbid the institution to do business in the Philippines and designate an official of the Central Bank or a person of recognized competence in banking or finance, as receiver to immediately take charge of its assets and liabilities, as expeditiously as possible collect and gather all the assets and administer the same for the benefit of its creditors, and represent the bank personally or through counsel as he may retain in all actions or proceedings for or against the institution, exercising all the powers necessary for these purposes including, but not limited to, bringing and foreclosing mortgages in the name of the bank or non-bank financial intermediary performing quasi-banking functions. The Monetary Board shall thereupon determine within sixty days whether the institution may be reorganized or otherwise placed in such a condition so that it may be permitted to resume business with safety to its depositors and creditors and the general public and shall prescribe the conditions under which such resumption of business shall take place as well as the time for fulfillment of such conditions. In such case, the expenses and fees in the collection and administration of the assets of such institution. If the Monetary Board shall determine and confirm within the said period that the bank or non-bank financial intermediary performing quasi-banking functions is insolvent or cannot resume business with safety to its depositors, creditors, and the general public, it shall, if the public interest requires, order its liquidation, indicate the manner of its liquidation and approve a liquidation plan which may, when warranted, involve disposition of any or all assets in consideration for the assumption of equivalent liabilities. The liquidator designated as hereunder provided shall, by the Solicitor General, file a petition in the regional trial court reciting the proceedings which have been taken and praying the assistance of the court in the liquidation of such institution. The court shall have jurisdiction in the same proceedings to assist in the adjudication of disputed claims against the bank or non-bank financial intermediary performing quasi-banking functions and in the enforcement of individual liabilities of the stockholders, and do all that is necessary to preserve the assets of such institution and to implement the liquidation plan approved by the Monetary Board. The Monetary Board shall designate an official of the Central Bank, or a person of recognized competence in banking or finance, as liquidator who shall take over and continue the functions of the receiver previously appointed by the Monetary Board under this Section. The liquidator shall, with all convenient speed, convert the assets of the banking institution or non-bank financial intermediary performing quasi-banking functions to money or sell, assign, or otherwise dispose of the same to creditors and other parties for the purpose of paying the debts of such institution and he may, in the name of the bank or non-bank financial intermediary performing quasi-banking functions and with the assistance of counsel as he may retain, institute such actions as may be necessary in the appropriate court to collect and recover accounts and assets of such institution or defend any action filed against

the institution: However, That after having reasonably established all claims against the institution, the liquidator may, with the approval of the court, effect partial payments of such claims from assets of the institution in accordance with their legal priority. The assets of an institution under receivership or liquidation shall be deemed in custodia legis in the hands of the receiver or liquidator and shall, from the moment of such receivership or liquidation, be exempt from any order of garnishment, levy, attachment, or execution. The provisions of any law to the contrary notwithstanding, the actions of the Monetary Board under this Section, Section 28-A, and the second paragraph of Section 34 of this Act shall be final and executory, and can be set aside by a court only if there is convincing proof, after hearing, that the action is plainly arbitrary and made in bad faith: That the same is raised in an appropriate pleading filed by the stockholders of record representing the majority of the capital stock of the institution before the proper court within a period of ten (10) days from the date the receiver takes charge of the assets and liabilities of the bank or non-bank financial intermediary performing quasi-banking functions or, in case of conservatorship or liquidation, within ten (10) days from receipt of notice by the said majority stockholders of said bank or non-bank financial intermediary of the order of its placement under conservatorship or liquidation. No restraining order or injunction shall be issued by any court enjoining the Central Bank from implementing its actions under this Section and the second paragraph of Section 34 of this Act in the absence of any convincing proof that the action of the Monetary Board is plainly arbitrary and made in bad faith and the petitioner or plaintiff filed a bond, executed in favor of the Central Bank, in an amount to be fixed by the court. The restraining order or injunction shall be refused or, if granted, shall be dissolved upon filing by the Central Bank of a bond, which shall be in the form of cash or Central Bank cashier's check, in an amount twice the amount of the bond of the petitioner or plaintiff conditioned that it will pay the damages which the petitioner or plaintiff may suffer by the refusal or the dissolution of the injunction. The provisions of Rule 58 of the New Rules of Court insofar as they are applicable and not inconsistent with the provisions of this Section shall govern the issuance and dissolution of the restraining order or injunction contemplated in this Section. Insolvency, under this Act shall be understood to mean that the realizable assets of a bank or a non-bank financial intermediary performing quasi-banking functions as determined by the Central Bank are insufficient to meet its liabilities. The appointment of a conservator under Section 28-A of this Act or the appointment of a receiver or liquidator under this Section shall be vested exclusively with the Monetary Board, the provision of any law, general or special, to the contrary notwithstanding. (Emphasis and underscoring supplied)

[4] Entitled "THE CENTRAL BANK ACT."

[5] Entitled "FURTHER AMENDING REPUBLIC ACT NO. 265, AS AMENDED OTHERWISE KNOWN AS "THE CENTRAL BANK ACT" Issued July 25, 1987.

[6] "... Only one motion for reconsideration by any one party shall be allowed and entertained, save in exceptionally meritorious cases."

[7] The Subdivision and Condominium Buyers "Protective Decree."

[8] *Cosmo Entertainment Management, Inc. v. La Ville Commercial Corporation*, G.R. 152801, August 20, 2004, 437 SCRA 145, 150.

[9] 389 Phil. 318 (2000). Vide also *C.T. Torres Enterprises vs. Hibionada*, G.R. No. 80916, November 9, 1990, 191 SCRA 268; *Antipolo Realty Corporation v. National Housing Authority*, G.R. No. L-50444, August 31, 1987, 153 SCRA 399.

[10] *Union Bank v. Housing and Land Use Regulatory Board*, G.R. No. 95364, June 29, 1992, 210 SCRA 558, 564.

[11] Vide Executive Order No. 648, February 7, 1981.

[12] G.R. No. 147964, January 20, 2004, 420 SCRA 349.

[13] Rollo, p. 35.

[14] Id. at 113, Statement of Facts and Case in petitioner's Petition for Review before the Court of Appeals.

[15] Id. at 114.

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.