

METRO PROPERTIES, INC., PETITIONER, VS. MAGALLANES VILLAGE ASSOCIATION, INC., RESPONDENTS.

G.R. NO. 146987. October 19, 2005

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] dated June 13, 2000 and Resolution[2] dated January 31, 2001 rendered by the Court of Appeals in CA-G.R. SP No. 32624, entitled "Metro Properties, Inc. vs. Home Insurance and Guaranty Corp. and Magallanes Village Association, Inc.."

The factual antecedents as borne by the records are:

On September 9, 1993, Magallanes Village Association, Inc., respondent, filed with the Home Insurance and Guaranty Corporation (HIGC) a complaint for injunction and damages with prayer for issuance of a temporary restraining order (TRO) and/or preliminary injunction against Metro Properties, Inc., petitioner, docketed as HIGC Case No. HOA-93-046.

The complaint alleges that Makati Development Corporation sold to petitioner two (2) lots situated at No. 244 EDSA corner Victoria Street, Magallanes Village, Makati City, covered by Transfer Certificates of Title (TCT) No. 160184 and 160185 of the Registry of Deeds, same city. A Deed of Restrictions,[3] annotated on both titles, provides that "the owner of these lots or his successors in interest is required to be and is automatically a member of the Magallanes Village Association, and must abide by such rules and regulation laid down by the Association in the interest of the sanitation, security and the general welfare of the community." It also provides that "buildings shall not be higher than nine (9) meters, measured from the highest level of the grade of the lot at the time of acquisition"; and that "all building plans must be approved by the Association before construction begins."

On April 2, 1993, petitioner filed with respondent an application for major renovation/repair permit with a detailed plan of renovation/repair work which includes the installation of a proposed roof with a 1.50 meter maximum height or elevation from the building's roof deck. Respondent approved petitioner's application.

Subsequently or on August 25, 1993, respondent's Manager and Head of Security conducted an inspection and found that petitioner violated the approved renovation/repair plan by surreptitiously increasing the roof's maximum height or elevation from 1.50 to 3.705 meters. As a consequence, respondent sent a notice to petitioner demanding that the construction be discontinued since it poses a serious danger to the residents of Magallanes Village considering that the structure exceeded the allowable height of nine (9) meters pursuant to the Deed of Restrictions. However, despite such demand, petitioner refused to discontinue its renovation/repair work, prompting respondent to file with the HIGC a complaint for injunction and damages with prayer for issuance of a TRO and/or preliminary injunction.

Acting thereon, the HIGC, on September 17, 1993, issued a TRO and then set on September 23, 1993 the hearing

of respondent's application for the issuance of a writ of preliminary injunction.

On September 27, 1993, petitioner filed an answer to respondent's complaint, denying specifically the allegations therein, coupled with a motion for preliminary hearing of the following affirmative defenses: (1) that the HIGC has no jurisdiction over the case; (2) that the complaint fails to state respondent's legal personality to sue and/or enforce the Deed of Restrictions; (3) that the Deed of Restrictions is unenforceable since it was not annotated on TCT Nos. 160184 and 160185; and (4) that no certification against forum shopping has been attached to the complaint, in violation of Supreme Court Circular 28-91. Petitioner prayed that the complaint be dismissed.

In a Resolution dated October 7, 1993, the HIGC ruled that under Executive Order No. 535, a controversy between a homeowner association and its member falls within its exclusive jurisdiction. The HIGC also held that "the other special defenses, as to the personality of the complainant to institute the case, the unenforceability of the alleged restrictions, not being annotated, and the violation of the Supreme Court Circular No. 28-91" are "insufficient to warrant the summary dismissal of the complaint."

On November 18, 1993, petitioner filed with the Court of Appeals a petition for certiorari and prohibition (with prayer for issuance of a temporary restraining order and/or writ of preliminary injunction) alleging that in ruling that it has jurisdiction over the case, the HIGC acted with grave abuse of discretion amounting to lack of jurisdiction.

On June 13, 2000, the Appellate Court rendered a Decision dismissing the petition. In finding that the HIGC did not commit grave abuse of discretion in assuming jurisdiction over the case, the Court of Appeals ratiocinated as follows:

"The petition is unmeritorious.

x x x x x

SECOND. Public respondent exhaustively explained its authority and jurisdiction over homeowners' controversies, viz:

"To recollect, Presidential Decree No. 902-A, a law reorganizing the Securities and Exchange Commission, was promulgated on March 11, 1976, vesting it with additional powers, to wit:

"Sec. 5. In addition to the regulatory and adjudicative functions of the Securities and Exchange Commission over corporations, partnerships and other forms of associations registered with it as expressly granted under existing laws and decrees, it shall have original and exclusive jurisdiction to hear and decide cases involving:

x x x x x

b) Controversies arising out of intra-corporate or partnership relations, between and among stockholders, members or associates; between any or all of them and the corporation, partnership or association of which they are stockholders, members or associates, respectively; and between such corporation, partnership or association and the state insofar as it concerns their individual franchise or right to exist as such entity

x x x x x

"On May 3, 1979, the then President of the Philippines issued Executive Order No. 535, renaming the Home Financing Commission as Home Financing Corporation and enlarging its powers, among others:

a) To require submission of and register articles of incorporation of homeowners associations and issue certificates of incorporation/registration, upon compliance by the registering associations with the duly promulgated rules and regulations thereon; maintain a registry thereof; and exercise all the powers, authorities

and responsibilities that are vested on the Securities and Exchange Commission with respect to homeowners association, the provision of Act 1459, as amended by P.D. 902-A to the contrary notwithstanding;

b) To regulate and supervise the activities and operations of all homeowners association registered in accordance therewith;

x x x

"On December 17, 1986, President Corazon Aquino issued Executive Order No. 90 renaming Home Financing Corporation as the Home Insurance and Guaranty Corporation and identifying it as one of the primary implementors of the national shelter program of the government.

Since the dispute at bar is an intra-corporate that has arisen between Mae, a FVVHA member, and the homeowner's association itself, it is crystal clear that HIGC has jurisdiction to settle the above controversy."

x x x x x x

In fine, no grave abuse of discretion can be ascribed to public respondent as it correctly assumed original jurisdiction over this controversy."

Petitioner filed its motion for reconsideration but was denied by the Appellate Court in its Resolution dated January 31, 2001.

Hence, this petition for review on certiorari.

At the outset, it bears stressing that the Court of Appeals should have dismissed outright the petition for certiorari and prohibition for petitioner's failure to interpose a motion for reconsideration^[4] of the assailed Resolution of the HIGC. Even assuming that we can overlook petitioner's disregard of this procedural norm, still we hold that the petition must fail.

Basic as a hornbook principle is that jurisdiction over the subject matter of a case is conferred by law and determined by the allegations in the complaint which comprise a concise statement of the ultimate facts constituting the plaintiff's cause of action.^[5] In *Deltaventures Resources, Inc. vs. Cabato*,^[6] we held:

"Jurisdiction over the subject matter is determined upon the allegations made in the complaint, irrespective of whether the plaintiff is entitled or not entitled to recover upon the claim asserted therein " a matter resolved only after and as a result of the trial."

The nature of an action, as well as which court or body has jurisdiction over it, is determined based on the allegations contained in the complaint of the plaintiff, irrespective of whether or not the plaintiff is entitled to recover upon all or some of the claims asserted therein.^[7] From the allegations of the complaint, it can easily be discerned that respondent is asserting that petitioner violated (1) the approved renovation/repair plan indicating the installation of a proposed structure with a 1.50 meter maximum height or elevation; and (2) the Deed of Restrictions by constructing an additional structure above the roof deck which exceeded the allowed maximum height of 9 meters.

We agree with the Court of Appeals that exclusive and original jurisdiction lies with the HIGC, formerly Home Financing Commission under Republic Act No. 580,^[8] and then renamed as Home Financing Corporation pursuant to Executive Order No. 535 dated May 3, 1979.

Republic Act No. 580, otherwise known as the Home Financing Act, created the Home Financing Commission with the following functions:

"SEC. 2. There is hereby created a body corporate to known as the Home Financing Commission which shall

have its principal place of business in the City of Manila and shall exist for a period of fifty years. The functions of this Commission shall be "

- (a) To operate a mortgage insurance program as provided in this Act.
- (b) To encourage, aid or initiate the organization or incorporation of Savings and Loan Associations as provided in this Act.
- (c) To promote home building and land ownership and the development of land for that purpose, and to promulgate rules and regulations to carry out the provisions of this Act."

Subsequently, Executive Order No. 535 amended the charter of the Home Financing Commission by renaming it as Home Financing Corporation and enlarging its powers pursuant to paragraphs 1 and 2 which provide:

"1. The Home Financing Commission shall henceforth be constituted and known as the HOME FINANCING CORPORATION, hereinafter referred to as the Corporation. The corporation shall have its principal office in Metro Manila.

2. In addition to the powers and functions vested under the Home Financing Act, the Corporation, shall have among others, the following additional powers:

- (a) To require submission of and register articles of incorporation of homeowners associations and issue certificates of incorporation/registration, upon compliance by the registering associations with the duly promulgated rules and regulations thereon; maintain a registry thereof; and exercise all the powers, authorities and responsibilities that are vested in the Securities and Exchange Commission with respect to homeowners associations, the provision of Act 1459, as amended by P.D. 902-A, to the contrary notwithstanding;
- (b) To regulate and supervise the activities and operations of all homeowners associations registered in accordance therewith.

x x x."

On December 17, 1986, President Corazon Aquino enacted Executive Order No. 90 renaming Home Financing Corporation as Home Insurance and Guaranty Corporation (HIGC).

The HIGC then promulgated its Revised Rules of Procedure in the Hearing of Homeowners' Disputes which provide:

"RULE II

Disputes Triable by HIGC/Nature of Proceedings

Section 1. Types of Disputes. - The HIGC or any person, officer, body, board or committee duly designated or created by it shall have jurisdiction to hear and decide cases involving the following:

x x x x x

- b) Controversies arising out of intra-corporate relations between and among members of the association, between any or all of them and the association of which they are members; and between such association and the state/general public or other entity in so far as it concerns its right to exist as a corporate entity.

x x x x x."

In *Sta. Clara Homeowners' Association vs. Gaston*,^[9] we held:

"The HIGC exercises limited jurisdiction over homeowners' disputes. The law confines its authority to

controversies that arise from any of the following intra-corporate relations: (1) between and among members of the association; (2) between any and/or all of them and the association of which they are members; and (3) between the association and the state insofar as the controversy concerns its right to exist as a corporate entity."

To recapitulate, respondent, in its complaint, alleges that petitioner, being a member of the homeowners' association, violated the Deed of Restrictions (annotated on TCT Nos. 160184 and 160185) by constructing a structure that exceeded the allowable height of 9 meters. Obviously, this action involves a controversy or dispute between a homeowners' association and its member and thus, as correctly held by the Court of Appeals, falls within the exclusive jurisdiction of the HIGC.[10]

WHEREFORE, the instant petition is hereby DENIED. The Decision dated June 13, 2000 and Resolution dated January 31, 2001 of the Court of Appeals in CA-G.R. SP No. 32624 are AFFIRMED.

Costs against petitioner.

SO ORDERED.

Panganiban, (Chairman), Corona, Carpio Morales, and Garcia, JJ., concur.

[1] Penned by Justice Ruben T. Reyes and concurred in by Justice Andres B. Reyes, Jr. and Justice Jose L. Sabio, Jr., Annex "A" of the Petition for Review, Rollo at 45-56.

[2] Annex "B", id. at 57-58.

[3] Rollo at 168.

[4] In *Republic of the Philippines vs. Sandiganbayan and Ilusorio* (G.R. No. 141796, June 15, 2005 at 14), we held: "As a rule, the special civil action of certiorari under Rule 65 of the 1997 Rules of Civil Procedure, as amended, lies only when the lower court has been given the opportunity to correct the error imputed to it through a motion for reconsideration of the assailed order or resolution. The rationale of the rule rests upon the presumption that the court or administrative body which issued the assailed order or resolution may amend the same, if given the chance to correct its mistake or error. The motion for reconsideration, therefore, is a condition sine qua non before filing a petition for certiorari."

[5] *Dimo Realty & Development, Inc. vs. Dimaculangan*, G.R. No. 130991, March 11, 2004, 425 SCRA 376, 382.

[6] G.R. No. 118216, March 9, 2000, 327 SCRA 521, 528, cited in *Dimo Realty & Development, Inc. vs. Dimaculangan*, *ibid.*

[7] *Barangay Piapi vs. Ignacio Talip*, G.R. No. 138248, September 7, 2005 at 5, citing *Dimo Realty & Development, Inc. vs. Dimaculangan*, *id.*

[8] R.A. No. 590, entitled "An Act to Create the Home Financing Commission, to stimulate home building and land ownership and to promote the development of land for that purpose, provide liberal financing through an insured mortgage system, and develop thrift through the accumulation of savings in insured institutions" was approved on September 15, 1950.

[9] G.R. No. 141961, January 23, 2002, 374 SCRA 396, 410, citing *United BF Homeowners' Association v. BF Homes, Inc.*, 310 SCRA 304 (1999).

[10] Later, President Joseph Estrada signed Republic Act 8763, known as the Home Guaranty Act of 2000, amending the HIGC charter and renaming it as Home Guaranty Corporation. However, the powers and

responsibilities exercised by the HIGC with respect to homeowners' associations, were transferred to the Housing and Land Use Regulatory Board (HLURB). Section 26 of R.A. No. 8763 provides:

"Section 26. Powers over Homeowners Associations. - The powers, authorities and responsibilities vested in the Corporation with respect to homeowners association under Republic Act No. 580, as amended by Executive Order No. 535 is hereby transferred to the Housing and Land Use Regulatory Board (HLURB).

x x x x x."

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