SPOUSES ERNESTO LIM AND ZENAIDA LIM, PETITIONER, VS. RUBY SHELTER BUILDERS AND REALTY DEVELOPMENT CORPORATION, RESPONDENT.

G.R. No. 182707. September 01, 2010

Ponente: ABAD, J.

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ABAD, J.:

This case is about the jurisdiction of the Housing and Land Use Regulatory Board (HLURB) over an action to compel a land developer to deliver a promised title over one-fourth of a subdivided lot.

The Facts and the Case

Sometime in May 2001 petitioners Ernesto and Zenaida Lim (the Lims) bought for P190,000.00 a 318-square meter lot that then formed part of a bigger lot[1] in Barangay Triangulo, Naga City. Respondent Ruby Shelter Builders and Realty Development Corporation (Ruby Shelter), the seller and owner, undertook to subdivide the lot and, upon approval by the Bureau of Lands, execute a deed of absolute sale in favor of the Lims. In December 2001 Ruby Shelter delivered the deed of sale to the spouses with a promise to give them the title to the lot as soon as the subdivision plan had been approved.

Ruby Shelter then caused the approval of a subdivision plan for its lot, dividing it into four, including the one sold to the Lims, identified as Lot 9-E-2-B. But, despite repeated demands, Ruby Shelter did not deliver the Lims' title. Consequently, the latter filed an action against it for delivery of title with damages before the HLURB.

On March 1, 2004 the HLURB Legal Services Group (LSG) rendered a decision for the Lims, which decision the HLURB Board of Commissioners affirmed. On September 5, 2005, acting on Ruby Shelter's appeal, the Office of the President (OP) upheld the HLURB decision, a copy of which Ruby Shelter got on September 20, 2005. On October 11, 2005 the latter filed a motion for leave to be allowed to file an attached belated motion for reconsideration. The OP denied the motion. On December 29, 2005 it further issued an Order declaring its September 5, 2005 decision final and executory.

Notwithstanding the OP's above Order, on January 31, 2006 Ruby Shelter filed a motion for extension of time to file a petition for review with the Court of Appeals (CA). On October 23, 2006 the Lims moved for the issuance of a writ of execution, which the HLURB LSG granted.

Meanwhile, the CA gave due course to Ruby Shelter's petition for review and on December 6, 2007 rendered a decision granting the same and setting aside the OP's rulings. The CA ruled that the HLURB had no jurisdiction over the claim of the spouses, thus, this petition.

The Issue Presented

The sole issue presented in this case is whether or not the Lims' action falls within the jurisdiction of the HLURB.

The Ruling of the Court

The jurisdiction of a court or a quasi-judicial body over the subject matter of the action is determined by the nature of the action pleaded as appearing in the allegations of the complaint.[2] But where the actual issues are evident from the records of the case, then jurisdiction over the subject matter need not depend upon the literal assertions in the complaint, but on the law as applied to established facts based on the evidence that the parties presented in due course.[3]

Section 1 of Presidential Decree 1344[4] vests in the National Housing Authority (now HLURB) exclusive jurisdiction to hear and decide the following cases: (a) unsound real estate business practices; (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.

This provision must be read in the light of the law's preamble, which explains the reasons for enactment of the law or the contextual basis for its interpretation. The law's introductory clause states that the HLURB exercises regulatory authority over cases of swindling and fraudulent manipulations perpetrated by unscrupulous subdivision sellers and operators, such as failure to deliver titles to the buyers or titles free from liens and encumbrances.[5]

To determine if the HLURB has jurisdiction over the complaint of the spouses, the law must be interpreted as applied to the facts. Here, Ruby Shelter never offered any excuse in refusing to deliver the title to the spouses other than the alleged lack of jurisdiction of that body over the action. It did not deny the sale and its obligation to deliver the title of the land to the spouses.

The plain fact is that the Lims bought a fourth of a parcel of land from Ruby Shelter for P190,000.00. The parties agreed that Ruby Shelter shall cause the subdivision of the lot and upon approval by the Bureau of Lands, execute the deed of sale. Subsequently, Ruby Shelter gave that deed to the Lims with a promise to give the title once its subdivision plan had been approved. Ruby Shelter later delivered a copy of the approved plan to the Lims showing the segregation of the portion they bought from the rest of the original lot. But Ruby Shelter failed on its promise to deliver the title to the Lims, despite repeated demands. These circumstances clearly present a case for specific performance that the subdivision lot buyers brought against Ruby Shelter, a matter properly cognizable by the HLURB.

Ruby Shelter of course claims that the transaction did not relate to a land developer's contractual and statutory obligations to a buyer of a subdivision lot since the lot that the Lims bought from it did not form part of a subdivision development, the size of a community. It merely subdivided a lot into four and sold one portion to the Lims.

But the controlling fact is not the size of the original lot that Ruby Shelter had subdivided but the fact that the Lims bought their portion of that lot from a licensed land developer whose dealings on properties are regulated by the HLURB. The Lims bought their lot relying on the belief that Ruby Shelter, as licensed land developer, shall abide by its duties and obligations under its contract and the laws.

Lastly, the CA committed a grave error in giving due course to Ruby Shelter's petition when the OP's Decision dated September 5, 2005 had already attained finality and had become executory.

WHEREFORE, the Court GRANTS the petition, REVERSES and SETS ASIDE the Decision of the Court of

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Appeals in CA-G.R. SP 93138 dated December 6, 2007 and its Resolution dated April 25, 2008, and REINSTATES the Decision of the Office of the President dated September 5, 2005 and its Order dated December 29, 2005.

SO ORDERED.

Carpio, (Chairperson), Nachura, Bersamin,[*] and Mendoza, JJ., concur.

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[*] Designated as additional member in lieu of Associate Justice Diosdado M. Peralta, per Special Order No. 882 dated August 31, 2010.

[1] Covered by Transfer Certificate of Title 40386.

[2] Herrera v. Bollos, 424 Phil. 851, 856 (2002).

[3] Allied Domecq Phil., Inc. v. Villon, 482 Phil. 894, 901 (2004), citing Leoquinco v. Canada Dry Bottling Co. of the Phil., Inc. Employees Association, 147 Phil. 488, 502 (1971).

[4] Empowering the National Housing Authority to Issue Writ of Execution in the Enforcement of Its Decision under Presidential Decree 957.

[5] Cadimas v. Carrion, G.R. No. 180394, September 29, 2008, 567 SCRA 101, 110.

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