

**SPOUSES GREGORIO B. ABREU AND CORNELIA M. ABREU,
ANTONIO B. ABREU A.K.A. ANTONIO ROBERTO ABREU, ENRIQUE J.
ABREU, REPRESENTED BY SPOUSES GREGORIO B. ABREU AND
CORNELIA M. ABREU...**

G.R. No. 279896, July 13, 2026

Ponente: HERNANDO, J.

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HERNANDO, J.:

The Court resolves the Petition for Review on Certiorari[1] assailing the Decision[2] of the Court of Appeals (CA), which affirmed the ruling of the Office of the President (OP).[3] The OP, in turn, reversed and set aside the Decision[4] of the Housing and Land Use Regulation Board (HLURB) Board of Commissioners and reinstated, with modification, the Decision[5] of the BLURB Arbiter dismissing the Complaint[6] for specific performance and damages filed by petitioners spouses Gregorio B. Abreu and Cornelia M. Abreu (spouses Abreu), Enrique J. Abreu, and Antonio B. Abreu (collectively, Abreu et al.) against respondents Land Bank of the Philippines (Landbank), J.V. Williams Realty & Development Corporation (J.V. Realty), William A. Siy (Siy), and Goram Development Corporation (Goram Development).

Factual Antecedents

J.V. Realty is the developer of a proposed 21-storey condominium project known as La Insula Condominium,[7] to be constructed on two parcels of land registered in its name under Transfer Certificate of Title (TCT) No. N-157412 and TCT No. N-157413 (collectively, the subject parcels of land).[8]

On September 13, 1996, J.V. Realty mortgaged the subject parcels of land with Landbank. The mortgage was annotated on the corresponding certificates of title on September 18, 1996.[9]

On January 29, 1997, J.V. Realty, through its president, Siy, entered into separate Contracts to Sell[10] for the purchase of several condominium units and parking slots in La Insula Condominium, as follows:[11]

Buyer Condominium unit and parking slots Amount paid, with the balance payable upon turnover of the unit

Spouses Abreu Condominium Unit 1511 and Parking Slots Nos. 140-142 PHP 9,456,349.06

Enrique J. Abreu Condominium Unit 2003 and Parking Slots Nos. 134-136 PHP 4,325,323.13

Antonio B. Abreu Condominium Unit 2002 and Parking Slots Nos. 131-133 PHP 4,325,323.13

Subsequently, on August 6, 1997, the subject parcels of land were legally converted into a condominium form of ownership for the La Insula Condominium project. A Master Deed with Declaration of Restrictions was executed and annotated on the corresponding certificates of title.[12]

PE-5045/T-N-157412-13-MASTER DEED WITH DECLARATION OF RESTRICTIONS–

THE LAND COVERED BY THE TITLES HAD IMPROVEMENT EXISTING AND TO BE

CONSTRUCTED THEREON HAS BEEN CONVERTED INTO A CONDOMINIUM [FORM] OF OWNERSHIP KNOWN AS "LA INSULA CONDOMINIUM" AND USE OF THE UNITS DESCRIBED IN THE MASTER DEED AND SUBJECT TO THE PROVISIONS OF THE CONDOMINIUM ACT AND TO THE FORMS AND CONDITIONS AND DECLARATION OF RESTRICTIONS SET FORTH IN DOC. NO. 451, PAGE NO. 91, BOOK NO. I, S-1997 OF THE NCT. FUB. OF FELIPE R. FRAGANTE. DATE OF INSTRUMENT – [AUGUST] 6, 1997
DATE OF INSCRIPTION – [FEBRUARY] 11, 1998[13]

On April 21, 1998, the HLURB issued a License to Sell to J.V. Realty, obligating it to complete the commercial/residential condominium project in accordance with the approved development plan not later than September 1999.[14]

Thereafter, Landbank foreclosed the mortgage and acquired ownership of the subject parcels of land through a foreclosure sale.[15] In June 2001, Landbank became the registered owner under TCT No. N-225068 and TCT No. N-225069.[16] Goram Development Corporation (Goram Development) acquired the subject parcels of land from Landbank through a Deed of Conditional Sale of Real Property dated December 29, 2006, and TCT No. 004-2012003479 and TCT No. 004-2013003480 were thereafter issued in its name on January 24, 2013.[17] The Deed of Conditional Sale of Real Property dated December 29, 2006 between Landbank and GORAM includes the following provision:

6. The VENDOR shall transfer unto and in favor of the VENDEE material and physical possession of the Properties herein conditionally sold and the VENDEE shall accept the said Properties on "As-Is-Where-Is" basis, i.e., the VENDEE is purchasing the Properties at its current state. The VENDEE acknowledges that it has been given every opportunity to investigate, inspect and verify the Properties to ascertain the actual condition thereof as well as the status of the title.

7. The VENDEE shall submit the quit claim of unit buyers with claims against the Properties (La Insula Condo) prior to the Bank's turnover of the physical possession of the Properties. With the quit claim, the VENDEE shall assume all obligations owing to or in favor of unit buyers of La Insula[.][18]

Meanwhile, despite the less than 50% completion of the project, J.V. Realty ceased construction of the La Insula Condominium. As a result, Abreu et al. instituted the instant Complaint before the BLURB against Landbank, J.V. Realty, Siy, and Goram Development, seeking to compel them, jointly and severally, to fulfill their contractual obligations by completing the construction of the La Insula Condominium project and, thereafter, turning over possession of the condominium units and parking slots to Abreu et al. In addition, Abreu et al. prayed for the payment of actual and moral damages in the amount of PHP 1 million each, as well as attorney's fees.[19] In their respective Answers,[20] both Landbank and Goram Development essentially averred that Abreu et al. have no cause of action against them, considering that they were not privies to the Contracts to Sell executed between J.V. Realty and Abreu et al., and that mere allegations of bad faith are insufficient to render them solidarily liable for the obligations arising from said contracts.[21] Moreover, Goram Development contended that the cause of action of Abreu et al. had already been barred by prescription pursuant to Article 1144 of the Civil Code.[22]

J.V. Realty and Siy did not file any responsive pleading.[23]

The Ruling of HLURB Arbiter

In a Decision[24] dated November 6, 2014, the BLURB Arbiter ruled that Landbank and Goram Development were not parties to the Contracts to Sell and were likewise not developers contemplated under Sections 19 and 20 of Presidential Decree No. 957,[25] nor joint venture partners of J.V. Realty. Hence, they could not be held solidarily liable to resume or continue the development and construction of the La Insula Condominium project

without violating the principle of relativity of contracts.[26]

Notwithstanding the foreclosure and subsequent sale of the subject parcels of land, the HLURB Arbiter held that Abreu et al. have a valid cause of action against J.V. Realty and Siy. However, considering the impracticability and impossibility of compelling J.V. Realty and Siy to complete the condominium project and deliver the condominium units and parking slots to Abreu et al., the HLURB Arbiter ruled that J.V. Realty and Siy are legally bound to refund all payments made by Abreu et al., with legal interest.[27]

The HLURB Arbiter further held that Landbank and Goram Development cannot be held liable for damages, since Abreu et al. failed to establish any actionable wrong or legal basis to hold them liable. On the other hand, J.V. Realty and Siy were adjudged liable for damages pursuant to Article 1170 of the Civil Code for their failure to comply with their contractual obligations.[28]

The dispositive portion of the HLURB Arbiter Decision reads:

WHEREFORE, premises considered, judgment is hereby rendered as follows:

- DISMISSING the complaint against [Landbank and Goram Development] for lack of merit[;]

- ORDERING [J.V. Realty] and Siy to jointly and severally refund [Abreu et al.] the following: [spouses Abreu] the amount of [PHP] 9,456,349.06; Enrique J. Abreu the amount of [PHP] 4,325,323.13; Antonio [B.] Abreu the amount of [PHP] 4,325,323.13. All payments shall bear an interest of [6%] per annum reckoned from the filing of the complaint on [June 16, 2014] until the finality of this Decision[,] and 12% interest from finality until full payment[; and]

- ORDERING [J.V. realty] and Siy to jointly and severally pay [Abreu et al.] [PHP] 50,000.00 each as moral damages; [PHP] 50,000.00 each as exemplary damages; and [PHP] 50,000.00 as attorney's fees and costs of suit.

SO ORDERED.[29] (Emphasis in the original)

Abreu et al. appealed the HLURB Arbiter Decision to the HLURB Board of Commissioners.[30]

The Ruling of the HLURB Board of Commissioners

In its Decision[31] dated February 20, 2015, the BLURB Board of Commissioners set aside the Decision dated November 6, 2014 of the BLURB Arbiter. It found that Landbank was aware that the subject property had already been developed into a condominium project before it foreclosed the mortgage, considering that the mortgage had been annotated on the titles prior to the execution of the Contracts to Sell and that the Master Deed with Declaration of Restrictions had likewise been annotated before foreclosure.[32]

It further held that, based on the Deed of Conditional Sale of Real Property, Goram Development expressly assumed liability for obligations to the condominium unit buyers and undertook to indemnify Landbank from claims arising from the subject properties. The BLURB Board of Commissioners also considered the quitclaim executed by spouses Abreu in favor of Landbank as creating a new reckoning point for prescription, which began only when Goram Development refused to honor its undertaking to complete the condominium project.[33]

Moreover, when the titles were transferred to Goram Development, the Memorandum of Encumbrances already reflected the Master. Deed with Declaration of Restrictions identifying the property as the La Insula Condominium project. Thus, the BLURB Board of Commissioners concluded that Goram Development acquired the subject parcels of land with full knowledge of their status, and that its refusal to honor its undertaking rendered it liable to Abreu et al., including payment of damages on account of bad faith.[34] On the other hand, the Complaint against Landbank was dismissed.

The dispositive portion of the BLURB Decision reads:

WHEREFORE, premises considered, the appeal is GRANTED and the Decision of the Arbiter is SET ASIDE. Accordingly, a new Decision is hereby entered to read as follows:

- [Goram Development] is ORDERED to:

- Secure [a] Certificate of Registration and License to Sell (CR/LS) in its name within [60] days from receipt of this Decision and to Cease and Desist from selling units in the project until it has fully complied with these requirements;

- Complete the development of CVG Global Tower (La Insula Condominium) within the period provided in its CR/LS and[,] thereafter[,] pursuant to the [Abreu et al.'s] original contract, deliver their corresponding condominium units and parking slots, with their titles free from liens and encumbrances. The specifications of the condominium units and parking slots shall not be less than what was agreed in the contract to sell with the original developer, [J.V. Realty and Siy], and their value shall not be less than the current market price of the properties supposed to have been delivered[.]

In the event [Goram Development] fails to obtain a CR/LS within the period given above or fails to complete the project as provided under its CR/LS, to refund [Abreu et al.] the amount of:[i] [PHP] 9,456,349.06 for [spouses Abreu];

[ii.] [PHP] 4,325,323.13 for Enrique J. Abreu; and

[iii.] [PHP] 4,325,323.13 for Antonio [B.] Abreu.

Plus [6%] interest each per annum from the time of filing of the complaint until full satisfaction;

- Pay each complainant:

[i.] [PHP] 50,000.00 as moral damages;

[ii.] [PHP] 20,000.00 as attorney's fees; and

[iii.] The cost of suit.

- The complaint against [Landbank] is DISMISSED;

....

All other claims and counter-claims are DISMISSED for lack of merit.

SO ORDERED.[35] (Emphasis in the original)

Goram Development elevated the case to the OP.[36]

The Ruling of the Office of the President

In a Decision[37] dated June 10, 2022, the OP held that there was no evidence that Goram Development assumed J.V. Realty's obligation to complete the condominium project; that only J.V. Realty and Siy were bound under the License to Sell. It likewise found that the solidary liability under Sections 19 and 40 of Presidential Decree No. 957 did not apply to Goram Development, as it was neither the owner nor developer of the project, having acquired the subject lots from Landbank only after foreclosure and before the execution of the Contracts to Sell. Accordingly, the OP ruled that no cause of action existed against Goram Development since the alleged breach arose from the Contracts to Sell executed solely between Abreu et al. and J.V. Realty, to which Goram Development was not a party.[38]

The OP nevertheless held that Landbank remained bound to respect the Contracts to Sell pursuant to Presidential Decree No. 957 and *Luzon Development Bank v. Enriquez*. [39] Landbank was aware that the property formed

part of a condominium project and recognized its obligations to the buyers when it required Goram Development to secure quitclaims and assume liability as conditions for the sale.[40]

However, the OP clarified that Goram Development's assumption of liability under the Deed of Conditional Sale extended only to Landbank's liabilities arising from ownership of the subject lots, and not to J.V. Realty's obligation to complete the condominium project. Thus, Goram Development's liability was limited to Landbank's obligation to deliver title upon full payment of the purchase price.[41]

Accordingly, the HLURB Board of Commissioners erred in reversing the HLURB Arbiter's dismissal of the complaint against Landbank and Goram Development.[42]

The dispositive portion of the OP Decision reads:

WHEREFORE, the appeal is hereby GRANTED. The Decision dated 20 January 2015 of the HLURB Board of Commissioners is hereby REVERSED and SET ASIDE. The Decision dated 6 November 2014 of the [HLURB Arbiter] is hereby REINSTATED with MODIFICATION as to the award of legal interest to 6% from the date of the filing of the complaint on 16 June 2014 until fully paid.

SO ORDERED.[43] (Emphasis in the original)

Thus, Abreu et al. filed a Petition for Review[44] before the CA assailing the OP Decision.[45]

Ruling of the Court of Appeals

In its Decision[46] dated April 10, 2025, the CA affirmed the OP Decision. The dispositive portion of the CA Decision reads:

WHEREFORE, premises considered, the Petition for Review is DENIED. The Decision dated June 10, 2022 of the Office of the President in OP Case No. 15-D-108 (HLURB Case No. REM-A-150106-02194) is AFFIRMED.

SO ORDERED.[47] (Emphasis in the original)

The CA held that Abreu et al.'s Complaint failed to state a cause of action against Landbank and Goram Development. The certificates of title covering the subject parcels of land and the Contracts to Sell attached to the Complaint established that the contractual relationship existed only between Abreu et al., on one hand, and J.V. Realty and Siy, on the other. Thus, the Complaint failed to show how Landbank and Goram Development violated the rights of Abreu et al. or breached the Contracts to Sell merely by virtue of the transfer of ownership of the subject properties.[48]

The CA likewise found that the allegations of bad faith and fraud against Landbank and Goram Development lacked the specificity and proof required under the Rules of Court. Their alleged prior knowledge of the construction of the La Insula Condominium project did not sufficiently establish any violation of Abreu et al.'s rights under the Contracts to Sell.[49]

At the same time, the CA emphasized that liability for the failure to complete the condominium project properly pertained to the developer. Since J.V. Realty and Siy could no longer fulfill their obligation to develop La Insula Condominium under the License to Sell and the Contracts to Sell, Abreu et al. were entitled, pursuant to Presidential Decree No. 957, to seek reimbursement of the amounts they had paid to the developer.[50]

Accordingly, while the non-performance of J.V. Realty and Siy entitled Abreu et al. to rescission under Article 1191 of the Civil Code, the CA held that the Complaint, together with its annexes, still failed to sufficiently state a cause of action against Landbank and Goram Development. Hence, the dismissal of the Complaint against

Landbank and Goram was proper.[51]

Hence, petitioners filed the instant Petition before this Court.

Issues

The principal issues before the Court are whether the Complaint sufficiently states a cause of action against respondents Landbank and Goram Development; whether respondent Goram Development, by virtue of the annotations on the certificates of title and the Deed of Conditional Sale, assumed or became bound by the obligations arising from the Contracts to Sell and the condominium project; and, consequently, whether respondents Landbank and Goram Development may be held solidarily liable under Presidential Decree No. 957 for respondents J.V. Realty and Siy's failure to complete the La Insula Condominium project.

Petitioners argue that the Complaint sufficiently states a cause of action against respondents Landbank and Goram Development because the allegations therein, together with the annexes attached thereto, establish that: (1) petitioners are condominium unit buyers in the La Insula Condominium project undertaken by J.V. Realty; (2) the conversion of the property into a condominium project was undertaken upon the initiative and with the consent of the respondents; (3) respondents allegedly acted in bad faith and fraudulently stopped the construction and transferred ownership of the property to respondent Goram Development; (5) respondent Goram Development acquired the property despite prior knowledge of petitioners' adverse claims; and (6) respondents failed to resume construction despite repeated demands.[52] Moreover, the annexes attached to the Complaint include the certificates of title covering the subject parcels of land registered in the names of respondents, all of which bear annotations of the Master Deed with Declaration of Restrictions.[53]

Petitioners also argue that respondents Landbank and Goram Development are bound by the condominium restrictions annotated on the titles prior to the sale of the properties, including the obligation to devote the land to the La Insula Condominium project. They contend that both respondents Landbank and Goram Development had actual and constructive notice of petitioners' rights as condominium buyers, especially since the project was already under construction when respondent Landbank foreclosed the property and when respondent Goram Development acquired it. Invoking Presidential Decree No. 957 and relevant jurisprudence, petitioners maintain that mortgagees and subsequent purchasers must respect the rights of condominium buyers and the obligations arising from the condominium project.[54]

Petitioners further argue that respondent Goram Development is solidarily liable with the other respondents because it purchased the property with full knowledge that the land had already been converted into the La Insula Condominium project, and was subject to existing restrictions and claims of condominium buyers. Petitioners point out that the titles themselves contained the Master Deed with Declaration of Restrictions and that the project was already almost 50% complete when respondent Goram Development acquired the property. They likewise emphasize that respondent Goram expressly assumed all obligations owing to or in favor of the condominium unit buyers under the Deed of Conditional Sale and the quitclaims executed in favor of respondent Landbank. According to petitioners, these written undertakings constitute an express assumption of liability, thereby giving rise to solidary obligation among the respondents for the completion of the condominium project and compliance with obligations to the unit buyers.[55]

Respondents did not file a Comment on the Petition. Thus, they are deemed to have waived the filing thereof, and the Court shall resolve the Petition on the basis of the records and the arguments raised by petitioners.

Our Ruling

The Petition is partly meritorious.

The Complaint sufficiently states a cause of action against respondents Landbank and Goram Development

Under the Rules of Court, a cause of action is defined as the act or omission by which a party violates the right of another.[56] Corollarily, a complaint sufficiently states a cause of action when it alleges the concurrence of the following elements: "(a) a right in favor of the plaintiff by whatever means and under whatever law it arises or is created; (b) an obligation on the part of the named defendant to respect or not to violate such right; and (c) an act or omission on the part of the named defendant violative of the right of the plaintiff or constituting a breach of the obligation of defendant to the plaintiff for which the latter may maintain an action for recovery of damages." [57] Absent allegations establishing these elements, the complaint becomes vulnerable to dismissal for failure to state a cause of action.[58]

In determining whether a complaint states a cause of action, the test is whether, admitting hypothetically the truth of the facts alleged therein, the court may render a valid judgment in accordance with the prayer of the complaint. Thus, a motion to dismiss on the ground of failure to state a cause of action hypothetically admits the truth of the material allegations in the complaint, as well as the relevant and admissible annexes attached thereto. At this stage, the inquiry is confined to the sufficiency of the pleaded ultimate facts, and not to the veracity thereof nor to the strength of the evidence supporting the same.[59]

At the outset, there is no question that petitioners have a cause of action against respondents J.V. Realty and Siy arising from the incomplete construction of the La Insula Condominium project. The controversy, therefore, centers on whether the Complaint likewise sufficiently states a cause of action against respondents Landbank and Goram Development.

In the present case, the allegations of the Complaint, together with its annexes and the reliefs prayed for, sufficiently states a cause of action against respondents Landbank and Goram Development.

Section 1 of Presidential Decree No. 1344[60] vests the BLURB with jurisdiction over:

- (a)
Unsound real estate business practices;
- (b)
Claims involving refunds and other claims filed by subdivision lot or condominium unit buyers 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.

Notably, while paragraphs (b) and (c) specifically refer to claims against the owner, developer, dealer, broker, or salesman, paragraph (a), which pertains to unsound real estate business practices, is sufficiently broad to encompass third parties whose acts directly prejudice condominium buyers and undermine the protective policy of Presidential Decree No. 957.[61]

Here, taken as a whole, the allegations in the Complaint sufficiently state a cause of action against respondents Landbank and Goram Development. Petitioners alleged rights as condominium buyers under Presidential Decree No. 957, including the completion of the La Insula Condominium project and the protection of their interests as buyers. Correspondingly, the Complaint imputes upon respondents the obligation to respect such rights,

considering their alleged knowledge of the condominium project, the annotations of the Master Deed with Declaration of Restrictions on the certificates of title, and their participation in the foreclosure and subsequent transfer of the subject parcels of land. Petitioners further alleged that respondents' acts and participation in these transactions contributed to the non-completion of the La Insula Condominium project and caused prejudice to petitioners.[62]

Significantly, the annexes attached to the Complaint include transfer certificates of title registered in respondents' names bearing annotations of the Master Deed with Declaration of Restrictions. These annotations support the allegation that respondent Landbank foreclosed the properties despite the existence of the condominium project, and that respondent Goram Development subsequently acquired the same properties from respondent Landbank despite notice of both the project and petitioners' claims as unit buyers. At the very least, respondents had constructive notice that the properties had already been dedicated to a condominium project and were burdened by the corresponding rights of condominium buyers.

Taken together, these allegations, to Our mind, sufficiently support claims involving unsound real estate business practices, as well as claims arising from the non-delivery of the condominium project, which fall within the jurisdiction of the HLURB under Presidential Decree No. 957. At this stage, the inquiry is confined solely to the sufficiency of the ultimate facts alleged in the Complaint and its annexes. Hypothetically admitted as true, these allegations are sufficient for the HLURB to render judgment granting relief in favor of petitioners.

Notably, although the Complaint principally prayed for specific performance, it likewise contained a general prayer for "other proper or just reliefs as may be warranted in due course of law or trial." [63] Thus, where a condominium developer could no longer deliver the promised condominium project, complainants may properly seek reimbursement of the amounts paid pursuant to Section 23[64] of Presidential Decree No. 957. Consistent with Rule 7, Section 2 of the Rules of Court,[65] courts may grant such relief as is warranted by the allegations and evidence, even if not specifically prayed for, particularly where the complaint includes a general prayer for equitable and just relief.

To be sure, Landbank and Goram Development are not the actual developers of the La Insula Condominium project. This, however, does not negate the existence of a cause of action against them. If established during trial, the circumstances alleged in the Complaint may nevertheless justify holding respondents jointly and solidarily liable for the reimbursement of the amounts paid to petitioners in connection with the non-completion of the condominium project.

Whether petitioners can ultimately substantiate these allegations and establish respondents' liability under the law are matters best resolved during trial. At this stage, however, the Complaint cannot be dismissed for failure to state a cause of action.

Respondents Landbank and Goram are not liable under Presidential Decree No. 957

There is no question as to the liability of respondents J.V. Realty and Siy to petitioners arising from the incomplete construction of the La Insula Condominium project. Such liability is anchored on Section 20[66] of Presidential Decree No. 957, which requires the developer to complete the condominium project, including its facilities, amenities, and infrastructure, in accordance with the approved plans, specifications, and License to Sell within the period fixed by the HLURB.

This statutory obligation is deemed written into the Contracts to Sell executed between respondents J.V. Realty and Siy and petitioners. Accordingly, the failure to complete the project constitutes a breach of both statutory and contractual obligations, thereby entitling petitioners to the remedies provided under the law.[67] Notably, the liability of respondent Siy together with J.V. Realty has not been questioned throughout the proceedings and, thus, shall no longer be disturbed by the Court.

With the foregoing liability of respondents J.V. Realty and Siy established, the next issue to be determined is whether respondents Landbank and Goram Development may likewise be held jointly and solidarily liable with J.V. Realty to petitioners, whether by operation of law or by contract.

In this regard, Article 1207 of the Civil Codes provides:

Article 1207. The concurrence of two or more creditors or of two or more debtors in one and the same obligation does not imply that each one of the former has a right to demand, or that each one of the latter is bound to render, entire compliance with the prestation. There is a solidary liability only when the obligation expressly so states, or when the law or the nature of the obligation requires solidarity.

Thus, it is settled that a solidary obligation cannot be inferred lightly, but exists only when expressly stated, or the law or nature of the obligation requires it.[68]

Guided by these principles, the Court finds that respondents Landbank and Goram Development cannot ultimately be held solidarily liable with respondents J.V. Realty and Siy within the contemplation of Presidential Decree No. 957.

At the outset, Presidential Decree No. 957 primarily contemplates liability on the part of the project owner or developer. This statutory framework is reinforced by Republic Act No. 11201, or the Department of Human Settlements and Urban Development Act, which characterizes actions involving unsound real estate business practices as claims filed by subdivision lot or condominium buyers against owners or developers whose acts are attended by bad faith, fraud, or disregard of buyers' rights.[69]

Here, a careful review of the records shows that respondents Landbank and Goram Development were not impleaded on account of any direct participation in the development, sale, licensing, or construction of the La Insula Condominium project. Landbank's involvement arose solely from its status as mortgagee and foreclosure buyer, while Goram Development's participation stemmed from its subsequent acquisition of the subject properties. Petitioners' theory against them is essentially that, as successors-in-interest of J.V. Realty, they became jointly and solidarily liable for the completion of the condominium project and the obligations owed to buyers. The asserted liability of respondents Landbank and Goram Development is therefore anchored principally on succession or assumed liability, rather than on any direct violation of Presidential Decree No. 957.

To be sure, in *Philippine Bank of Communications v. Pridisons Realty Corporation*,^[70] the Court recognized that the HLURB's jurisdiction over unsound real estate business practices may, in proper cases, extend even to third parties such as mortgagee-banks.^[71] However, such extension has generally been justified where the mortgage itself, or the foreclosure proceedings, is alleged to have been constituted or conducted in violation of the buyer-protective provisions of Presidential Decree No. 957, particularly Section 18 thereof.^[72] In such instances, the mortgagee-bank is impleaded not merely as a successor-in-interest, but as an active participant in the alleged statutory violation prejudicial to condominium buyers.^[73]

No similar circumstance exists here. Petitioners do not assail the validity of the mortgage constituted in favor of Landbank, nor do they seek the annulment of the foreclosure proceedings or subsequent transfers of ownership on the ground that these violated Presidential Decree No. 957. Significantly, while Section 18^[74] of Presidential

Decree No. 957 provides buyers with a specific statutory remedy against mortgages allegedly constituted in violation of the law, petitioners did not invoke such remedy. Having chosen not to pursue that statutory route, petitioners cannot now anchor respondents' liability for unsound real estate business practices solely on their status as successors-in-interest or subsequent owners of the subject properties.

Neither does the evidence on record sufficiently establish bad faith, fraud, or disregard of buyers' rights on the part of respondents Landbank and Goram Development within the contemplation of Presidential Decree No. 957. The records do not show that respondents solicited the sale of condominium units, received payments from petitioners, made representations regarding the completion of the project, or actively caused or participated in the stoppage of construction. Thus, no concrete act constituting an unsound real estate business practice may be directly attributed to respondents Landbank or Goram Development.

In fine, while respondents Landbank and Goram Development may have acquired interests over the subject parcels of land as mortgagee, foreclosure buyer, and subsequent purchaser, the records fail to establish that they themselves committed acts constituting unsound real estate business practices under Presidential Decree No. 957 or otherwise assumed J.V. Realty's obligations to condominium buyers. Consequently, no basis exists to hold them jointly and solidarily liable with respondents J.V. Realty and Siy.

Neither the nature of the transactions give rise to solidary liability

Neither does the nature of the transactions involved require the imposition of such liability.[75] For solidarity to arise from the nature of the obligation under Article 1207 of the Civil Code, the very nature of the transaction must clearly require solidary liability.[76] Such circumstance is not readily apparent in this case. Absent a clear stipulation, express assumption, or legal provision establishing a shared undertaking among respondents, solidarity cannot arise solely from the transfer of property interests over the subject parcels of land.

Indeed, the obligations arising from the Contracts to Sell and Presidential Decree No. 957 principally pertain to the developer's undertaking, to construct and complete the condominium project in accordance with the approved plans and specifications. These obligations originated from the acts and undertakings of respondents J.V. Realty and Siy as developer and seller of the condominium units.

By contrast, respondent Landbank merely participated in the transactions as mortgagee and later as foreclosure buyer, while respondent Goram Development acquired the properties as a subsequent purchaser. Their respective participation in the transactions did not place them in the same juridical position as the developer, nor did it establish a common undertaking with respondents J.V. Realty and Siy to sell, develop, or complete the La Insula Condominium project for the benefit of petitioners.

Accordingly, the nature of the transactions involved does not demonstrate the common or shared undertaking necessary to justify the imposition of solidary liability among respondents.

The Contracts to Sell, Deed of Conditional Sale, and the Master Deed with Declaration of Restrictions do not constitute an assumption of the respondent J.V. Realty's obligations

The next issue to be resolved is whether respondents Landbank and Goram Development may nevertheless be held jointly and solidarily liable with respondents J.V. Realty and Siy by virtue of the Contracts to Sell, the Deed

of Conditional Sale of Real Property, and the Master Deed with Declaration of Restrictions appearing on the certificates of title covering the subject parcels of land.

Indubitably, respondents Landbank and Goram were not parties to the Contracts to Sell, and no contractual obligation in favor of petitioners may be traced to them therefrom. Absent any extant contractual obligation binding upon respondents Landbank and Goram Development under the Contracts to Sell, no basis exists to hold them liable in solidum with respondents J.V. Realty and Siy by virtue thereof.

A review of the provisions in the Deed of Conditional Sale between respondents Landbank and Goram Development likewise does not sufficiently establish an express undertaking on the part of respondent Goram Development to continue and complete the La Insula Condominium project, much less to bind itself solidarily with respondents J.V. Realty and Siy. The relevant portions of the Deed of Conditional Sale read:

6. The VENDOR shall transfer unto and in favor of the VENDEE material and physical possession of the Properties herein conditionally sold and the VENDEE shall accept the said Properties on "As-Is-Where-Is" basis, i.e., the VENDEE is purchasing the Properties at its current state. The VENDEE acknowledges that it has been given every opportunity to investigate, inspect and verify the Properties to ascertain the actual condition thereof as well as the status of the title.

7. The VENDEE shall submit the quit claim of unit buyers with claims against the Properties (La Insula Condo) prior to the Bank's turnover of the physical possession of the Properties. With the quit claim, the VENDEE shall assume all obligations owing to or in favor of unit buyers of La Insula[.][77]

Clause 6 merely pertains to the nature and condition of the subject parcels of land being transferred, as well as Goram Development's acknowledgment of any existing physical or title-related conditions affecting the subject parcels of land. It does not contain any undertaking to continue the condominium project or assume the developer's obligations.

Neither does Clause 7 establish such assumption of liability. While it requires respondent Goram Development to secure quitclaims from unit buyers and to "assume all obligations owing to or in favor of"[78] them, the provision must be read in the context of the transfer between respondents Landbank and Goram Development. Properly construed, it pertains only to obligations attached to the subject parcels of land or arising from existing claims of unit buyers at the time of sale. It does not expressly state that respondent Goram Development assumed respondent J.V. Realty's contractual and statutory obligations as developer under the Contracts to Sell and Presidential Decree No. 957.

At most, the cited provisions establish that respondent Goram Development acquired the properties with notice of the existence of condominium buyers and their claims. However, notice of such claims is not equivalent to an express assumption of the respondent J.V. Realty's obligations or an undertaking to be solidarily liable therefor.

Anent the annotations (i.e., the Master Deed with Declaration of Restrictions) appearing on the certificates of title covering the subject parcels of land, even assuming that respondents Landbank and Goram Development had actual or constructive notice of the existence of the La Insula Condominium project by reason thereof, such notice alone does not automatically render them jointly and solidarily liable with respondents J.V. Realty and Siy for petitioners' claims.

With respect to respondent Landbank, its alleged knowledge of the condominium project and of the annotations on the certificates of title arose from its participation as mortgagee and, later, as foreclosure buyer of the subject parcels of land. However, such notice merely bears upon respondent Landbank's awareness of the condition and status of the subject parcels of land as mortgaged properties. By itself, it does not create a personal undertaking on the part of respondent Landbank to complete the condominium project, or refund the petitioners for respondents

J.V. Realty's non-compliance with its obligations under Presidential Decree No. 957 and the Contracts to Sell.

This distinction is significant. In *Philippine Bank of Communications v. Pridisons Realty Corporation*,^[79] the mortgagee-bank's knowledge of the condominium project and the annotations on the titles became material because the validity of the mortgage itself was being assailed for alleged non-compliance with Section 18 of Presidential Decree No. 957. Thus, the issue of notice was directly relevant to determining the validity of the mortgage and the foreclosure proceedings.^[80]

No similar circumstance obtains here. Petitioners do not question the validity of the mortgage constituted in favor of respondent Landbank, nor do they seek the annulment of the foreclosure proceedings on the ground that these violated Presidential Decree No. 957. Consequently, respondent Landbank's alleged notice of the La Insula Condominium project cannot, by itself, be converted into a basis for holding it jointly and solidarily liable for respondent's J.V. Realty's contractual and statutory obligations to condominium buyers.

As to respondent Goram Development, the Master Deed with Declaration of Restrictions on the certificates of title merely establishes that it acquired the subject parcels of land with notice that they formed part of the La Insula Condominium project and were subject to the provisions under Republic Act No. 4726, or the Condominium Act. Under Section 9^[81] thereof, the annotation binds subsequent purchasers and successors-in-interest to the restrictions, conditions, liens, and governance structure affecting the property. Thus, respondent Goram Development took the properties subject to the annotated burdens on the title.

However, to Our mind, the effect of such annotation is limited to the subject parcels of land and the condominium regime attached thereto. It does not, by itself, make respondent Goram Development personally liable for respondent J.V. Realty's separate contractual and statutory obligations to petitioners. Notice of the condominium project is not equivalent to an express undertaking to complete the project, reimburse buyers, or assume the respondent's J.V. Realty's obligations under Presidential Decree No. 957 and the Contracts to Sell.

Accordingly, while the annotation may bind respondent Goram Development to the restrictions and encumbrances affecting the subject parcels of land, it does not automatically convert respondent Goram Development into a substitute developer or solidary debtor of respondents J.V. Realty and Siy. Such liability must still arise from a clear legal provision, contractual stipulation, or express assumption of liability independent of the Master Deed with Declaration of Restrictions.

Respondents J.V. Realty and Siy are ultimately liable to petitioners

Accordingly, respondents J.V. Realty and Siy remain ultimately liable to petitioners for the incomplete construction and non-delivery of the La Insula Condominium project. However, considering the circumstances of the case, the remedy of specific performance directing the completion of the condominium project is no longer feasible. Consequently, petitioners are entitled to the statutory remedies provided under Section 23 of Presidential Decree No. 957.

Indeed, as We explained in *Phinma Property Holdings Corporation v. Rivera*:^[82]

Section 23 grants buyers two remedies in case the subdivision or condominium developer fails to complete the project on time, namely: (1) to continue with the contract but suspend payments until the developer complies with its obligation to finish the project; or (2) to cancel the contract and demand a refund of all payments made, excluding delinquency interests.^[83] (Citation omitted)

Thus, under said provision, when the owner or developer fails to develop the condominium project in accordance with the approved plans and within the prescribed period, the buyer may desist from further payment, and any installment payments previously made shall not be forfeited in favor of the developer. The buyer may likewise demand reimbursement of the total amount paid, including amortization interests but excluding delinquency interests, together with legal interest.[84]

Accordingly, respondents J.V. Realty and Siy are liable to reimburse petitioners for all payments made in connection with the La Insula Condominium project, including amortization interests but excluding delinquency interests, with legal interest in accordance with Section 23 of Presidential Decree No. 957.

Indeed, petitioners are not without recourse under the law. Presidential Decree No. 957 precisely affords condominium buyers remedies against the developer for the latter's failure to complete and deliver the project as promised. However, such liability must ultimately rest upon the parties principally responsible for the breach of the statutory and contractual obligations owed to petitioners—namely, respondents J.V. Realty and Siy—and cannot be extended to respondents Landbank and Goram Development absent a clear legal or contractual basis therefor.

FOR THESE REASONS, the Petition is PARTLY GRANTED. The Decision of the Court of Appeals dated April 10, 2025 in CA-G.R. SP No. 174454 is AFFIRMED with MODIFICATION in that the Complaint filed by petitioners spouses Gregorio B. Abreu and Cornelia M. Abreu, Enrique J. Abreu, and Antonio B. Abreu sufficiently states a cause of action against respondents Landbank of the Philippines and Goram Development Corporation. Nevertheless, for lack of merit, the Complaint against respondents Landbank of the Philippines and Goram Development Corporation is DISMISSED.

The Decision of the Housing and Land Use Regulatory Board Arbiter dated November 6, 2014 is REINSTATED insofar as it orders respondents J.V. Williams Realty & Development Corporation and William A. Siy to jointly and severally refund petitioners the following amounts: petitioners spouses Gregorio B. Abreu and Cornelia M. Abreu, the amount of PHP 9,456,349.06; Enrique J. Abreu, the amount of PHP 4,325,323.13; and Antonio B. Abreu, the amount of PHP 4,325,323.13.

Respondents J.V. Williams Realty & Development Corporation and William A. Siy are likewise ORDERED to jointly and severally pay each petitioner moral damages in the amount of PHP 50,000.00, exemplary damages in the amount of PHP 50,000.00, as well as attorney's fees and costs of suit in the amount of PHP 50,000.00.

All monetary awards shall earn legal interest at the rate of 6% per annum from the finality of this Decision until full payment.

SO ORDERED.

Gesmundo, C.J. (Chairperson), Zalameda, Rosario, and Marquez, JJ., concur.

[1] Rollo, pp. 8-43.

[2] Id. at 45-59. The April 10, 2025 Decision in CA-G.R. SP No. 174454 was penned by Associate Justice Selma Palacio Alaras and concurred in by Associate Justices Zenaida T. Galapate-Laguilles and Carlito B. Calpatura of the Ninth Division, Court of Appeals, Manila.

[3] Id. at 143-150. The June 10, 2022 Decision in OP Case No. 15-D-108 was issued by Executive Secretary Salvador C. Medialdea, Office of the President of the Philippines, Malacañang.

[4] Id. at 250-254. The February 20, 2015 Decision in HLURB Case No. REM-A-150106-02194

(REM-061614-15418) was issued by Commissioners Ria Corazon A. Golez-Cabrera and Luis Alvarez Paredes, and Undersecretary of the Department of the Interior and Local Government and Ex-Officio Commissioner Austere A. Panadero of the First Division, Board of Commissioners, Housing and Land Use Regulatory Board, Quezon City.

[5] Id. at 232-239. The November 6, 2014 Decision in HLURB Case No. REM-061614-15418 was penned by Housing and Land Use Arbiter Raymundo A. Foronda of the Housing and Land Use Regulatory Board Expanded National Capital Regional Field Office, Office of the President, Quezon City.

[6] Id. at 168-179.

[7] Id. at 232.

[8] Id. at 46.

[9] Id.

[10] Id. at 46, 91-130, 144.

[11] Id. at 12.

[12] Id. at 13.

[13] Id. at 13, 297, 299.

[14] Id. at 144, 303.

[15] Id. at 144.

[16] Id. at 46, 144.

[17] Id. at 14, 46, 144.

[18] Id. at 14.

[19] Id. at 14, 48 and 234.

[20] Id. at 209-228.

[21] Id. at 48, 144.

[22] Id. at 235.

[23] Id. at 49.

[24] Id. at 232-239.

[25] Presidential Decree No. 957 (1976), The Subdivision and Condominium Buyers' Protective Decree.

[26] Rollo, p. 238.

[27] Id.

[28] Id.

[29] Id. at 238-239.

[30] Id. at 50.

[31] Id. at 250-254.

[32] Id. at 251-252.

[33] Id.

[34] Id.

[35] Id. at 253-254.

[36] Id. at 51.

[37] Id. at 143-150.

[38] Id. at 146.

[39] 654 Phil. 315, 317 (2011) [Per J. Del Castillo, First Division].

[40] Rollo, p. 147.

[41] Id. at 147-148.

[42] Id. at 148.

[43] Id.

[44] Id. at 131-142.

[45] Id. at 45.

[46] Id. at 45-59.

[47] Id. at 58.

[48] Id. at 55-56.

[49] Id. at 56-57.

[50] Id. at 57-58.

[51] Id. at 58.

[52] Id. at 21.

[53] Id. at 18-26.

[54] Id. at 26-29.

[55] Id. at 30-32.

[56] RULES OF COURT, Rule 2, sec. 2.

[57] Colmenar v. Colmenar, 904 Phil. 1007, i025 (2021) [Per J. Lazaro-Javier, Second Division].

[58] Id.

[59] Zapanta v. Rustan Commercial Corporation, 910 Phil. 742, 753 (2021) [Per J. Carandang, Third Division].

[60] Empowering the National Housing Authority to Issue Writ of Execution in the Enforcement of its Decision under Presidential Decree No. 957 (1978).

[61] *Philippine Bank of Communications v. Pridisons Realty Corporation*, 701 Phil. 178, 187 (2013) [Per J. Brion, Second Division].

[62] *Rollo*, pp. 171-172.

[63] *Id.* at 172.

[64] Presidential Decree No. 957, sec. 23 states:

Section 23. Non-Forfeiture of Payments. No installment payment made by a buyer in a subdivision or condominium project for the lot or unit he contracted to buy shall be forfeited in favor of the owner or developer when the buyer, after due notice to the owner or developer, desists from further payment due to the failure of the owner or developer to develop the subdivision or condominium project according to the approved plans and within the time limit for complying with the same. Such buyer may, at his option, be reimbursed the total amount paid including amortization interests but excluding delinquency interests, with interest thereon at the legal rate.

[65] RULES OF COURT, Rule 7, sec. 2 states:

Section 2. The body. – The body of the pleading sets forth its designation, the allegations of the party's claims or defenses, the relief prayed for, and the date of the pleading.

....

(c) Relief – The pleading shall specify the relief sought, but it may add a general prayer for such further or other relief as may be deemed just or equitable.

[66] Presidential Decree No. 957, sec. 20 states:

Section 20. Time of Completion. Every owner or developer shall construct and provide the facilities, improvements, infrastructures and other forms of development, including water supply and lighting facilities, which are offered and indicated in the approved subdivision or condominium plans, brochures, prospectus, printed matters, letters or in any form of advertisement, within one year from the date of the issuance of the license for the subdivision or condominium project or such other period of time as may be fixed by the Authority.

[67] See *Phinma Property Holdings Corporation v. Rivera*, G.R. No. 261877, July 16, 2025 [Per J. Gaerlan, Third division] at 8-9. This pinpoint citation refers to the copy of the Decision uploaded to the Supreme Court website.

[68] *Spouses Choi v. United Coconut Planters Bank*, 755 Phil. 849, 861-862 (2015) [Per J. Carpio, Second Division].

[69] Republic Act No. 11201 (2019), sec. 16 states:

Section 16. Jurisdiction of Regional Adjudicators. – The Regional Adjudicators shall exercise original and exclusive jurisdiction to hear and decide cases involving the following:(a) Cases involving subdivisions, condominiums, memorial parks and similar real estate developments:(1) Actions concerning unsound real estate business practices filed by buyers or homeowners against the project owner or developer, which cause prejudice to the buyers or committed with bad faith and disregard of the buyers' rights[.]

[70] 701 Phil. 178, 187 (2013) [Per J. Brion, Second Division].

[71] *Id.*

[72] See *id.* at 187-188.

[73] *Id.* at 190-191.

[74] Presidential Decree No. 957, sec. 18 states:

Section 18. Mortgages. 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 thereto.

[75] See *Subic Bay Yacht Club, Inc. v. Gomeco Metal Corporation*, G.R. No. 265921, July 7, 2025 [Per J. Caguioa, Third Division] at 10. This pinpoint citation refers to the copy of the Decision uploaded to the Supreme Court Website.

[76] *Id.* at 11. This pinpoint citation refers to the copy of the Decision uploaded to the Supreme Court Website.

[77] *Rollo*, p. 14.

[78] *Id.*

[79] 701 Phil. 178 (2013) [Per J. Brion, Second Division].

[80] *Id.* at 187-188, 190-191. (Citations omitted)

[81] Republic Act No. 4726 (1966), The Condominium Act, sec. 9 states:

Section 9. The owner of a project shall, prior to the conveyance of any condominium therein, register a declaration of restrictions relating to such project, which restrictions shall constitute a lien upon each condominium in the project, and shall insure to and bind all condominium owners in the project. Such liens, unless otherwise provided, may be enforced by any condominium owner in the project or by the management body of such project. The Register of Deeds shall enter and annotate the declaration of restrictions upon the certificate of title covering the land included within the project, if the land is patented or registered under the Land Registration or Cadastral Acts.

The declaration of restrictions shall provide for the management of the project by anyone of the following management bodies: a condominium corporation, an association of the condominium owners, a board of governors elected by condominium owners, or a management agent elected by the owners or by the board named in the declaration. It shall also provide for voting majorities quorums, notices, meeting date, and other rules governing such body or bodies.

[82] G.R. No. 261877, July 16, 2025 [Per J. Gaerlan, Third Division].

[83] *Id.* at 8-9. This pinpoint citation refers to the copy of the Decision uploaded to the Supreme Court website.

[84] Presidential Decree No. 957, sec. 23.

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