

ANTIPOLO REALTY CORPORATION, PETITIONER, VS. THE NATIONAL HOUSING AUTHORITY, HON. G.V. TOBIAS, IN HIS CAPACITY AS GENERAL MANAGER OF THE NATIONAL HOUSING AUTHORITY, THE HON. JAC...

G.R. No. 50444. August 31, 1987

Ponente: FELICIANO, J.

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FELICIANO, J.:

By virtue of a Contract to Sell dated 18 August 1970. Jose Hernando acquired prospective and beneficial ownership over Lot No. 15, Block IV of the Ponderosa Heights Subdi-vision in Antipolo, Rizal, from the petitioner Antipolo Realty Corporation.

On 28 August 1974, Mr. Hernando transferred his rights over Lot No. 15 to private respondent Virgilio Yuson. The transfer was embodied in a Deed of Assignment and Substitution of Obligor (Delegacion), executed with the consent of Antipolo Realty, in which Mr. Yuson assumed the performance of the vendee's obligations under the original contract, including payment of his predecessor's install-ments in arrears. However, for failure of Antipolo Realty to develop the subdivision project in accordance with its undertaking under Clause 17 of the Contract to Sell, Mr. Yuson paid only the arrearages pertaining to the period up to, and including, the month of August 1972 and stopped all monthly installment payments falling due thereafter. Clause 17 reads:

"Clause 17. -- SUBDIVISION BEAUTIFICATION. To insure the beauty of the subdivision in line with the modern trend of urban development, the SELLER hereby obligates itself to provide the subdivision with:

- a) Concrete curbs and gutters
- b) Underground drainage system
- c) Asphalt paved roads
- d) Independent water system
- e) Electrical installation with concrete posts
- f) Landscaping and concrete sidewalks
- g) Developed park or amphitheatre
- h) 24-hour security guard service

These improvements shall be complete within a period of two (2) years from date of this contract. Failure by the SELLER shall permit the BUYER to suspend his monthly installments without any penalties or interest charges until such time that such improvements shall have been completed."^[1]

On 14 October 1976, the president of Antipolo Realty sent a notice to private respondent Yuson advising that the

required improvements in the subdivision had already been completed, and requesting resumption of payment of the monthly installments on Lot No. 15. For his part, Mr. Yuson replied that he would conform with the request as soon as he was able to verify the truth of the representation in the notice.

In a second letter dated 27 November 1976, Antipolo Realty reiterated its request that Mr. Yuson resume payment of his monthly installments, citing the decision rendered by the National Housing Authority (NHA) on 25 October 1976 in Case No. 252 (entitled "Jose B. Viado Jr., complainant vs. Conrado S. Reyes, respondent") declaring Antipolo Realty to have "substantially complied with its commitment to the lot buyers pursuant to the Contract to Sell, executed by and between the lot buyers and the respondent". In addition, a formal demand was made for full and immediate payment of the amount of P16,994.73, representing installments which, Antipolo Realty alleged, had accrued during the period while the improvements were being completed -- i.e., between September 1972 and October 1976.

Mr. Yuson refused to pay the September 1972 - October 1976 monthly installments but agreed to pay the post October 1976 installments. Antipolo Realty responded by rescinding the Contract to Sell, and claiming the forfeiture of all installment payments previously made by Mr. Yuson.

Aggrieved by the rescission of the Contract to Sell, Mr. Yuson brought his dispute with Antipolo Realty before public respondent NHA through a letter-complaint dated 10 May 1977 which complaint was docketed in NHA as Case No. 2123.

Antipolo Realty filed a Motion to Dismiss which was heard on 2 September 1977. Antipolo Realty, without presenting any evidence, moved for the consolidation of Case No. 2123 with several other cases filed against it by other subdivision lot buyers, then pending before the NHA. In an Order issued on 7 February 1978, the NHA denied the motion to dismiss and scheduled Case No. 2123 for hearing.

After hearing, the NHA rendered a decision on 9 March 1978 ordering the reinstatement of the Contract to Sell under the following conditions:

- "1) Antipolo Realty Corporation shall sent [sic] to Virgilio Yuzon a statement of account for the monthly amortizations from November 1976 to the present;
- 2) No penalty interest shall be charged for the period from November 1976 to the date of the statement of account; and
- 3) Virgilio Yuzon shall be given sixty (60) days to pay the arrears shown in the statement of account." [2]

Antipolo Realty filed a Motion for Reconsideration asserting: (a) that it had been denied due process of law since it had not been served with notice of the scheduled hearing; and (b) that the jurisdiction to hear and decide Mr. Yuson's complaint was lodged in the regular courts, not in the NHA, since that complaint involved the interpretation and application of the Contract to Sell.

The motion for reconsideration was denied on 28 June 1978 by respondent NHA General Manager G.V. Tobias, who sustained the jurisdiction of the NHA to hear and decide the Yuson complaint. He also found that Antipolo Realty had in fact been served with notice of the date of the hearing, but that its counsel had failed to attend the hearing. [3] The case was submitted for decision, and eventually decided, solely on the evidence presented by the complainant.

On 2 October 1978, Antipolo Realty came to this Court with a Petition for Certiorari and Prohibition with Writ of Preliminary Injunction, which was docketed as G.R. No. L-49051. Once more, the jurisdiction of the NHA was assailed. Petitioner further asserted that, under Clause 7 of the Contract to Sell, it could validly terminate its

agreement with Mr. Yuson and, as a consequence thereof, retain all the prior installment payments made by the latter[4].

This Court denied certiorari in a minute resolution issued on 11 December 1978, "without prejudice to petitioner's pursuing the administrative remedy." [5] A motion for reconsideration was denied on 29 January 1979.

Thereafter, petitioner interposed an appeal from the NHA decision with the Office of the President which, on 9 March 1979, dismissed the same through public respondent Presidential Executive Assistant Jacobo C. Clave.[6]

In the present petition, Antipolo Realty again asserts that, in hearing the complaint of private respondent Yuson and in ordering the reinstatement of the Contract to Sell between the parties, the NHA had not only acted on a matter beyond its competence, but had also, in effect, assumed the performance of judicial or quasi-judicial functions which the NHA was not authorized to perform.

We find the petitioner's arguments lacking in merit.

It is by now commonplace learning that many administrative agencies exercise and perform adjudicatory powers and functions, though to a limited extent only. Limited delegation of judicial or quasi-judicial authority to administrative agencies (e.g., the Securities and Exchange Commission and the National Labor Relations Commission) is well recognized in our jurisdiction,[7] basically because the need for special competence and experience has been recognized as essential in the resolution of questions of complex or specialized character and because of a companion recognition that the dockets of our regular courts have remained crowded and clogged. In *Spouses Jose Abejo and Aurora Abejo, et al., vs. Hon. Rafael dela Cruz, etc., et. al.*, [8] the Court, through Mr. Chief Justice Teehankee, said:

"In the fifties, the Court taking cognizance of the move to vest jurisdiction in administrative commissions and boards the power to resolve specialized disputes in the field of labor (as in corporations, public transportation and public utilities) ruled that Congress in requiring the Industrial Court's intervention in the resolution of labor-management controversies likely to cause strikes or lockouts meant such jurisdiction to be exclusive, although it did not so expressly state in the law. The Court held that under the 'sense-making and expeditious doctrine of primary jurisdiction ... the courts cannot or will not determine a controversy involving a question which is within the jurisdiction of an administrative tribunal, where the question demands the exercise of sound administrative discretion requiring the special knowledge, experience, and services of the administrative tribunal to determine technical and intricate matters of fact, and a uniformity of ruling is essential to comply with the purposes of the regulatory statute administered' (*Pambujan Sur United Mine Workers v. Samar Mining Co., Inc.*, 94 Phil. 932, 941 [1954]).

In this era of clogged court dockets, the need for specialized administrative boards or commissions with the special knowledge, experience and capability to hear and determine promptly disputes on technical matters or essentially factual matters, subject to judicial review in case of grave abuse of discretion, has become well high indispensable. Thus, in 1984, the Court noted that 'between the power lodged in an administrative body and a court, the unmistakable trend has been to refer it to the former. "Increasingly, this Court has been committed to the view that unless the law speaks clearly and unequivocally, the choice should fall on [an administrative agency]" (*NFL v. Eisma*, 127 SCRA 419, 428, citing precedents). The Court in the earlier case of *Ebon vs De Guzman* (113 SCRA 52, 56 [1982]), noted that the lawmaking authority, in restoring to the labor arbiters and the NLRC their jurisdiction to award all kinds of damages in labor cases, as against the previous P.D. amendment splitting their jurisdiction with the regular courts, 'evidently, . . . had second thoughts about depriving the Labor Arbiters and the NLRC of the jurisdiction to award damages in labor cases because that setup would mean duplicity of suits, splitting the cause of action and possible conflicting findings and conclusions by two tribunals on one and the same claim.' "

In an even more recent case, *Tropical Homes, Inc. vs. National Housing Authority, et al.*,^[9] Mr. Justice Gutierrez, speaking for the Court, observed that:

"There is no question that a statute may vest exclusive original jurisdiction in an administrative agency over certain disputes and controversies falling within the agency's special expertise. The very definition of an administrative agency includes its being vested with quasi-judicial powers. The ever increasing variety of powers and functions given to administrative agencies recognizes the need for the active intervention of administrative agencies in matters calling for technical knowledge and speed in countless controversies which cannot possibly be handled by regular courts."

In general, the quantum of judicial or quasi-judicial powers which an administrative agency may exercise is defined in the enabling act of such agency. In other words, the extent to which an administrative entity may exercise such powers depends largely, if not wholly, on the provisions of the statute creating or empowering such agency.^[10] In the exercise of such powers, the agency concerned must commonly interpret and apply contracts and determine the rights of private parties under such contracts. One thrust of the multiplication of administrative agencies is that the interpretation of contracts and the determination of private rights thereunder is no longer a uniquely judicial function, exercisable only by our regular courts.

Thus, the extent to which the NHA has been vested with quasi-judicial authority must be determined by referring to the terms of Presidential Decree No. 957, known as "The Subdivision and Condominium Buyers' Decree".^[11] Section 3 of this statute provides as follows:

"National Housing Authority. - The National Housing Authority shall have exclusive jurisdiction to regulate the real estate trade and business in accordance with the provisions of this decree." (Underscoring supplied)

The need for and therefore the scope of the regulatory authority thus lodged in the NHA are indicated in the second and third preambular paragraphs of the statute which provide:

"WHEREAS, numerous reports reveal that many real estate subdivision owners, developers, operators, and/or sellers have reneged on their representations and obligations to provide and maintain properly subdivision roads, drainage, sewerage, water systems, lighting systems and other similar basic requirements, thus endangering the health and safety of home and lot buyers;

WHEREAS, reports of alarming magnitude also show cases of swindling and fraudulent manipulations perpetrated by unscrupulous subdivision and condominium sellers and operators, such as failure to deliver titles to the buyers or titles free from liens and encumbrances, and to pay real estate taxes, and fraudulent sales of the same subdivision lots to different innocent purchasers for value - - -" (Underscoring supplied)

Presidential Decree No. 1344^[12] clarified and spelled out the quasi-judicial dimensions of the grant of regulatory authority to the NHA in the following quite specific terms:

"SECTION 1. In the exercise of its functions 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:

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 lots or condominium units against the owner, developer, dealer, broker or salesman." (Underscoring supplied.)

The substantive provisions being applied and enforced by the NHA in the instant case are found in Section 23 of

Presidential Decree No. 957 which reads:

"Sec. 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 and interests but excluding delinquency interests, with interest thereon at the legal rate." (Underscoring supplied.)

Having failed to comply with its contractual obligation to complete certain specified improvements in the subdivision within the specified period of two years from the date of the execution of the Contract to Sell, petitioner was not entitled to exercise its options under Clause 7 of the Contract. Hence, petitioner could neither rescind the Contract to Sell nor treat the installment payments made by the private respondent as forfeited in its favor. Indeed, under the general Civil Law,[13] in view of petitioner's breach of its contract with private respondent, it is the latter who is vested with the option either to rescind the contract and receive reimbursement of all installment payments (with legal interest) made for the purchase of the subdivision lot in question, or to suspend payment of further purchase installments until such time as the petitioner had fulfilled its obligations to the buyer. The NHA was therefore correct in holding that private respondent's prior installment payments could not be forfeited in favor of petitioner.

Neither did the NHA commit any abuse, let alone a grave abuse, of discretion or act in excess of its jurisdiction when it ordered the reinstatement of the Contract to Sell between the parties. Such reinstatement is no more than a logical consequence of the NHA's correct ruling, just noted, that the petitioner was not entitled to rescind the Contract to Sell. There is, in any case, no question that under Presidential Decree No. 957, the NHA was legally empowered to determine and protect the rights of contracting parties under the law administered by it and under the respective agreements, as well as to ensure that their obligations thereunder are faithfully performed.

We turn to petitioner's assertion that it had been denied the right to due process. This assertion lacks substance. The record shows that a copy of the order denying the Motion to Dismiss and scheduling the hearing of the complaint for the morning of 6 March 1978, was duly served on counsel for petitioner, as evidenced by the annotation appearing at the bottom of said copy indicating that such service had been effected.[14] But even if it be assumed, *arguendo*, that such notice had not been served on the petitioner, nevertheless the latter was not deprived of due process, for what the fundamental law abhors is not the absence of previous notice but rather the absolute lack of opportunity to be heard.[15] In the instant case petitioner was given ample opportunity to present its side and to be heard on a motion for reconsideration as well, and not just on a motion to dismiss; the claim of denial of due process must hence sound even more hollow.[16]

We turn finally to the question of the amount of P16,994.73 which petitioner insists had accrued during the period from September 1972 to October 1976, when private respondent had suspended payment of his monthly installments on his chosen subdivision lot. The NHA in its 9 March 1978 resolution ruled that the regular monthly installments under the Contract to Sell did not accrue during the September 1972 -- October 1976 period:

"[R]espondent allowed the complainant to suspend payment of his monthly installments until the improvements in the subdivision shall have been completed. Respondent informed complainant on November 1976 that the improvements have been completed. Monthly installments during the period of suspension of payment did not become due and demandable. Neither did they accrue. Such must be the case, otherwise, there is no sense in suspending payments. If the suspension is lifted, the debtor shall resume payments but never did he incur any arrears.

Such being the case, the demand of respondent for complainant to pay the arrears due during the period of suspension of payment is null and void. Consequently, the notice of cancellation based on the refusal to pay the arrears that were not due and demandable is also null and void."^[17]

The NHA resolution is probably too terse and in need of clarification and amplification. The NHA correctly held that no installment payments should be considered as having accrued during the period of suspension of payments. Clearly, the critical issue is what happens to the installment payments which would have accrued and fallen due during the period of suspension had no default on the part of the petitioner intervened. To our mind, the NHA resolution is most appropriately read as directing that the original period of payment in the Contract to Sell must be deemed extended by a period of time equal to the period of suspension (i.e., by four (4) years and two (2) months) during which extended time (tacked on to the original contract period) private respondent buyer must continue to pay the monthly installment payments until the entire original contract price shall have been paid. We think that such is the intent of the NHA resolution which directed that "[i]f the suspension is lifted, the debtor shall resume payments" and that such is the most equitable and just reading that may be given to the NHA resolution. To permit Antipolo Realty to collect the disputed amount in a lump sum after it had defaulted on its obligations to its lot buyers, would tend to defeat the purpose of the authorization (under Sec. 23 of Presidential Decree No. 957, supra) to lot buyers to suspend installment payments. As the NHA resolution pointed out, "[s]uch must be the case, otherwise, there is no sense in suspending payments." Upon the other hand, to condone the entire amount that would have become due would be an excessively harsh penalty upon the petitioner and would result in the unjust enrichment of the private respondent at the expense of the petitioner. It should be recalled that the latter had already fulfilled, albeit tardily, its obligations to its lot buyers under their Contracts to Sell. At the same time, the lot buyer should not be regarded as delinquent and as such charged penalty interest. The suspension of installment payments was attributable to the petitioner, not the private respondent. The tacking on of the period of suspension to the end of the original period precisely prevents default on the part of the lot buyer. In the words of the NHA resolution, "never would [the buyer] incur any arrears."

WHEREFORE, the Petition for Certiorari is DISMISSED. The NHA decision appealed from is hereby AFFIRMED and clarified as providing for the lengthening of the original contract period for payment of installments under the Contract to Sell by four (4) years and two (2) months, during which extended time private respondent shall continue to pay the regular monthly installment payments until the entire original contract price shall have been paid. No pronouncement as to costs.

SO ORDERED.

Teehankee, C.J., Yap, Fernan, Narvasa, Melencio-Herrera, Gutierrez, Jr., Cruz, Paras, Gancayco, Padilla, Bidin, Sarmiento, and Cortes, JJ., concur.

[1] Rollo, pp. 26-29, Annex "D" of Petition.

[2] Rollo, p. 20, Annex "A" of Petition.

[3] Ibid, pp. 21-22, Annex "B" of Petition.

[4] Clause 7 provides: "In case the BUYER fails to satisfy any monthly installments, or any other payments, herein agreed upon, he is granted a month of grace within which to make the retarded payment, it is understood, however, that should the month of grace herein granted to the BUYER expire, without the payments corresponding to both months having been satisfied, an interest of 12% per annum will be charged on the amounts he should have paid; it is understood further, that should a period of 60 days elapse, to begin from the expiration

of the month of grace herein mentioned, and the BUYER has not paid all the amounts he should have paid, with the corresponding interest, up to that date, the SELLER has the right to declare this contract cancelled, ex parte, and of no effect, and as consequence thereof, the SELLER may dispose of the parcel or parcels of land covered by this contract, without notice to the BUYER, in favor of other persons, as if this contract had never been entered into. In case of such cancellation of this contract, all the amounts paid in accordance with this agreement, together with all the improvements made on the premises, shall be considered as rents and charges paid for the use and occupation of the above-mentioned premises, and as payment for the damages suffered by failure of the BUYER to fulfill his part of this agreement, and the BUYER hereby renounces all his right to demand or reclaim the return of the same and obliges himself to peacefully and immediately vacate the premises and deliver the same to the SELLER without delay."

[5] Rollo of G.R. No. 49051, p. 63.

[6] Rollo, pp. 23-25, Annex "C" of Petition.

[7] See, e.g., *National Federation of Labor v. Eisma*, 127 SCRA 419 (1984) and *Philex Mining Corporation v. Reyes*, 118 SCRA 602 (1982).

[8] G.R. No. L-63558, promulgated 19 May 1987; under-scoring supplied.

[9] G.R. No. L-48672, promulgated 31 July 1987; underscoring supplied.

[10] See, in this connection, *DMRC Enterprises v. Este del Sol Mountain Reserve, Inc.*, 132 SCRA 293 (1984); *Union Glass and Container Corporation v. Securities and Exchange Commission*, 126 SCRA 31 (1983); and *Philex Mining Corporation v. Reyes*, *supra*.

[11] Promulgated on 12 July 1976.

[12] Promulgated on 2 April 1978.

[13] Articles 1191 and 1169, Civil Code.

[14] Rollo of G.R. No. 49051, p. 58; Annex "A" of Comment.

[15] *Manuel v. Villena*, 37 SCRA 745 (1971) and *Asprec v. Itchon*, 16 SCRA 921 (1966).

[16] See, *BLTB Co. v. Cadiao*, 22 SCRA 987 (1968).

[17] Rollo, p. 20; underscoring supplied.

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