

UNION BANK OF THE PHILIPPINES, PETITIONER, VS. HOUSING AND LAND USE REGULATORY BOARD, MARTHA S. DAVID AND TERESITA T. QUAZON, ASSISTED BY HER HUSBAND, ALFONSO MARIA QUAZON, RESP...

G.R. No. 95364. June 29, 1992

Ponente: GRINO-AQUINO, J.

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GRINO-AQUINO, J.:

The issue presented by this petition for certiorari and prohibition with preliminary injunction is whether or not the Housing and Land Use Regulatory Board (HLURB for brevity) has jurisdiction to hear and decide a condominium buyer's complaint for:

- (a) annulment of a real estate mortgage constituted by the project owner without his consent and without the prior written consent of the National Housing Authority;
- (b) for annulment of the foreclosure sale; and
- (c) for annulment of the condominium certificate of title that was issued to the highest bidder at the foreclosure sale.

In 1973, Martha David purchased from Fereit Realty Development Corporation (FRDC) a condominium unit, Lorraine Flat. 552, which was in the process of completion, with parking space No. S-12 in the condominium project known as "Europa Condominium Villas" in Baguio City.

The agreed purchase price was P217,000. Martha David made a 20% downpayment of P43,400 on the price, leaving a balance of 173,600 (including interest of 1% per month) which was payable in 60 equal monthly installments of P3,861.64 per installment.

In 1975, Martha David took possession, as owner, of the condominium unit, with notice to the management. As of October, 1976, she had paid at least twenty-two (22) monthly installments on the price of the condominium unit.

On January 2, 1978, FRDC, without the knowledge of the condominium buyer David, and without the prior approval of the National Housing Authority, mortgaged the condominium project to Bancom Development Corporation (Bancom), predecessor-in-interest of the petitioner Union Bank of the Philippines (UBP), as security for a loan of P40,000,000 (pp. 58-59, Rollo),

As FRDC failed to pay its obligation which, as computed by Bancom, amounted to P42,075,134.84 as of June 30, 1979, Bancom foreclosed the mortgage on 45 condominium units, including the unit of Martha David.

On March 4, 1980, the Sheriff executed a Certificate of Sale to Bancom and the Far East Bank and Trust Company (FEBTC) as the highest bidder for the total price of P19,324,000. After the expiration of the redemption period, UBPP held out the units for sale (pp. 58-59, Rollo).

On June 26, 1989, Martha David and Teresita Quazon, the latter assisted by her husband, Alfonso Maria Quazon, who had in the meantime, purchased Martha David's unit, filed a complaint in the HLURB, against FRDC, UBP and FEBTC to annul the title of UBP and FEBTC over David's condominium unit and to order the issuance of a new certificate of title in the name of Teresita Quazon. The complaint sought the following reliefs:

“a. Upon the filing of this complaint an order be issued allowing the complainants to deposit on consignment the amount of P200,000.00 (to be deposited by and/or in the name of Teresita T. Quazon) to be paid to respondents Union Bank and Far East Bank according to their respective interests:

“b. After hearing judgment be rendered -

“i. considering complainants to have fully paid the total purchase price of the condominium unit originally purchased by the complainant David and assigned and/or sold to complainant Quazon;

“ii. ordering the cancellation of Condominium Certificate of Title No. 1117 in the name of Union Bank and Far East Bank; and

“iii. ordering the issuance of a new Condominium Certificate of Title over the same condominium unit covered by CCT No. 1117 in the name of complainant Teresita T. Quazon as the assignee of the unit from complainant David.

"Complainants further pray for such other reliefs as maybe deemed just and proper in the premises." (pp. 20-21, Rollo.)

On July 17, 1989, UBP and FEBTC filed their answer questioning the HLURB's jurisdiction over the case. UBP filed a motion to dismiss on the same ground.

In an Order dated August 27, 1990, HLURB Arbiter, Cesar Manuel, denied the motion of UBP, on the ground that the "motion will render nugatory the summary nature of proceedings before this Office" (Annex D, p. 40, Rollo). HLURB ordered the parties to file their respective position papers within fifteen (15) days and thereafter the case would be deemed submitted for resolution.

In due time, this petition for certiorari and prohibition with injunction was filed by UBP.

UBP's main argument is that the HLURB has no jurisdiction over the complaint for consignment which should have been filed in the regular trial courts. Furthermore, as the HLURB was created in 1981 (E.O. No. 641), it has no jurisdiction over contracts that took effect prior to 1981.

Those arguments deserve scant consideration. The issue in HLURB Case No. REM-062689-4077 is the validity of the real estate mortgage of David's condominium unit that FRDC executed in favor of the Union Bank and Far East Bank without prior approval of the National Housing Authority and the legality of the title which the mortgagee banks acquired as highest bidder therefor in the extrajudicial foreclosure sale. The applicable provisions of P.D. No. 957, otherwise known as "The Subdivision and Condominium, Buyer's Protective Decree" are quoted hereunder as follows:

"Sec. 3. 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." (Underlining supplied.)

"Sec. 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 thereof."

P.D. No. 1344 of April 2, 1978 expanded the jurisdiction of the National Housing Authority (NHA) to include the following:

"Sec. 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 lot or condominium unit against the owner, developer, dealer, broker, or salesman." (VLD Vol. 52, pp. 51-52.)

On February 7, 1981, Executive Order No. 648 transferred the regulatory and quasi-judicial functions of the NHA to the Human Settlements Regulatory Commission.

"Sec. 8. TRANSFER OF FUNCTIONS. - The regulatory functions of the National Housing Authority pursuant to Presidential Decrees No. 957, 1216, 1344 and other related laws are hereby transferred to the Commission, together with such applicable personnel, appropriation, records, equipment and property necessary for the enforcement and implementation of such functions. Among these regulatory functions are:

"1. Regulation of the real estate trade and business;

"2. Registration of subdivision lots and condominium projects;

"3. Issuance of license to sell subdivision lots and condominium units in the registered units;

"4. Approval of performance bond and the suspension of license to sell;

"5. Registration of dealers, brokers, and salesmen engaged in the business of selling subdivision lots or condominium units;

"6. Revocation of registration of dealers, brokers and salesmen;

"7. Approval of mortgage on any subdivision lot or condominium unit made by the owner or developer;

"8. Granting of permits for the alteration of plans and the extension of period for completion of subdivision or condominium projects;

"9. Approval of the conversion to other purposes of roads and open spaces found within the project which have been donated to the city or municipality concerned;

"10. Regulation of the relationship between lessors and lessees; and

"11. Hear and decide cases on unsound real estate business practices; claims involving refund filed against project owners, developers, dealers, brokers or salesmen and cases of specific performance." (VLD Vol. 81, pp. 108-109.)

Executive Order No. 90 dated December 17, 1986 changed the name of the Human Settlements Regulatory Commission to "Housing and Land Use Regulatory Board (HLURB).

Clearly, FRDC's act of mortgaging the condominium project to Bancom and FEBTC, without the knowledge and consent of David as buyer of a unit therein, and without the approval of the NHA (now HLURB) as required by P.D. No. 957, was not only an unsound real estate business practice but also highly prejudicial to the buyer. David, who has a cause of action for annulment of the mortgage, the mortgage foreclosure sale, and the condominium certificate of title that was issued to the UBP and FEBTC as highest bidders at the sale. The case falls within the exclusive jurisdiction of the NHA (now HLURB) as provided in P.D. No. 957 of 1976 and P.D. No. 1344 of 1978.

The allegations of UBP that the contract between FRDC and David had been rescinded, that the installment payments made by David had been forfeited, that it is FRDC who should refund the said installment payments to David, are mere matters of defense which are not proper in a petition for certiorari (*Planters Products Inc. vs. CA*, 193 SCRA 563; *Commercial Corp. vs. PNB*, 175 SCRA 1).

In *Solid Homes Inc. vs. Payawal*, 177 SCRA 72), we struck down the exercise of jurisdiction by the Regional Trial Court of Quezon City over a lot buyer's complaint for delivery of title against the subdivision owner.

In *Antipolo Realty Corporation vs. NHA*, 153 SCRA 399, this Court, citing PD Nos. 957 and 1344, upheld the jurisdiction of the National Housing Authority to determine the rights of the parties under the contract to sell a subdivision lot.

In the more recent case of *CT Torres Enterprises vs. Hibionada*, 191 SCRA 268, we affirmed the HLURB's jurisdiction to hear and decide a complaint for specific performance of the seller's obligation to deliver the title of a subdivision lot to the buyer, with damages.

We hold that the jurisdiction of the HLURB to regulate the real estate trade is broad enough to include jurisdiction over complaints for specific performance of the sale, or annulment of the mortgage, of a condominium unit, with damages.

WHEREFORE, the instant petition is DISMISSED with costs against the petitioner.

SO ORDERED.

Cruz, (Chairman), Medialdea, and Bellosillo, JJ., concur.

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