



Republic of the Philippines
Supreme Court
Manila

SUPREME COURT OF THE PHILIPPINES
PUBLIC REGISTRATION OFFICE
RECEIVED
OCT 05 2015
03:30

FIRST DIVISION

**SAN MIGUEL PROPERTIES,
INC.,**

Petitioner,

G.R. No. 169343

Present:

SERENO, *CJ.*,
Chairperson,
LEONARDO-DE CASTRO,
BERSAMIN,
PEREZ, and
PERLAS-BERNABE, *JJ.*

- versus -

Promulgated:

BF HOMES, INC.,
Respondent.

AUG 05 2015

X-----X

DECISION

LEONARDO-DE CASTRO, J.:

Assailed in this Petition for Review on *Certiorari* under Rule 45 of the Revised Rules of Court filed by San Miguel Properties, Inc. (SMPI) are: 1) the Decision¹ dated January 31, 2005 of the Court of Appeals in CA-G.R. SP No. 83631, which affirmed with modification the Decision dated January 27, 2004 of the Office of the President (OP), in O.P. Case No. 03-E-203, and remanded the case to the Housing and Land Use Regulatory Board (HLURB) for further proceedings; and 2) the Resolution² dated August 9, 2005 of the appellate court in the same case, which denied the Motion for Reconsideration of SMPI.

The antecedents of the case are as follows:

BF Homes, Inc. (BF Homes) is the owner of several parcels of land located in the northern portion of BF Homes Parañaque Subdivision, particularly identified as Italia II lots.

BF Homes, represented by Florencio B. Orendain (Orendain), as rehabilitation receiver appointed by the Securities and Exchange

¹ Rollo, pp. 84-103.

² Id. at 105-107.

mm

Commission (SEC); and SMPI, represented by Federico C. Gonzales, President, entered into three successive Deeds of Absolute Sale whereby the former sold to the latter a total of 130 Italia II lots with a combined area of 44,345 square meters for the aggregate consideration of ₱106,247,701.00, broken down as follows:

Deed of Absolute Sale	Date of Execution	No. of Lots	Total Area (square meters)	Consideration
First Deed ³	In 1992	76	22,816	₱52,134,560.00
Second Deed ⁴	In 1993	13	5,964	₱14,990,514.00
Third Deed ⁵ (Third Sale)	April 1993	41	15,565	₱39,122,627.00
Total		130	44,345	₱106,247,701.00

SMPI completed the payments for the 130 Italia II lots in December 1995.⁶ In compliance with Section 3⁷ of all the three Deeds of Absolute Sale, BF Homes delivered the Transfer Certificates of Title (TCTs) to SMPI but only for 110 of the 130 Italia II lots purchased by SMPI.

SMPI, thru counsel, sent BF Homes a letter on May 20, 1996 demanding the delivery of the remaining 20 TCTs, specifically:

TCT No.	Area
1. (S-41285) 123526-A	538 sq. m.
2. (S-41261) 123522-A	329 sq. m.
3. (S-41279) 123520-A	384 sq. m.
4. (S-41277) 123518-A	380 sq. m.
5. (S-41275) 123516-A	364 sq. m.
6. (S-41271) 123512-A	364 sq. m.
7. (S-41273) 123514-A	364 sq. m.
8. (S-41269) 123510-A	364 sq. m.
9. (S-41267) 123508-A	364 sq. m.
10. (S-41265) 123506-A	429 sq. m.
11. (S-41263) 123505-A	329 sq. m.
12. (S-41261) 19477-A	329 sq. m.
13. (S-41258) 19476-A	280 sq. m.
14. (S-41257) 23504-A	308 sq. m.
15. (S-41256) 23503-A	280 sq. m.
16. (S-41255) 23502-A	308 sq. m.
17. (S-41254) 23501-A	280 sq. m.

³ Records, pp. 39-41.

⁴ Id. at 17-19.

⁵ Id. at 6-8.

⁶ Id. at 1.

⁷ 3. The [BF Homes] likewise covenants to deliver to the [SMPI] the properties free and clear of tenants, if any and shall submit any and all titles, documents and/or papers which may be required to effect the transfer of the aforementioned properties to the [SMPI];

mtw

18. (S-41253) 123500-A	308 sq. m.
19. (S-41557) 28372-A	502 sq. m.
20. (S-41279) 123520-A	665 sq. m.

Despite receipt of the afore-mentioned letter, BF Homes failed or refused to heed the demand of SMPI. Consequently, SMPI filed a Complaint⁸ for specific performance with damages before the HLURB on August 24, 2000 to compel BF Homes to deliver the remaining 20 TCTs to SMPI. The case was docketed as HLURB Case No. REM-082400-11183.

In its Answer (With Counterclaim),⁹ BF Homes alleged that the Deeds of Absolute Sale executed in 1992 to 1993 were entered into by Orendain in his personal capacity and without authority, as his appointment as rehabilitation receiver was revoked by the SEC in an Order dated May 17, 1989. In support of its counterclaims, BF Homes averred that the consideration paid by SMPI for the 130 Italia II lots was grossly inadequate and disadvantageous to BF Homes; and that the Deeds of Absolute Sale were undated and not notarized. Hence, BF Homes prayed that the HLURB render judgment: 1) dismissing the complaint of SMPI; 2) declaring the sale of the 130 Italia II lots null and void; 3) ordering SMPI to reconvey to BF Homes the titles for the [110] Italia II lots; and 4) ordering SMPI to pay BF Homes exemplary damages, attorney's fees, and cost of suit.

SMPI, in its Reply (Answer with Counterclaim dated October 16, 2000),¹⁰ countered that the validity of the three Deeds of Absolute Sale was already upheld by the SEC in its Omnibus Order dated November 7, 1994, and the motion for reconsideration of BF Homes of said Omnibus Order was denied by the SEC in its subsequent Order dated August 22, 1995. Both Orders were deemed final, executory, and unappealable by the SEC in another Omnibus Order dated July 31, 1996. As a result, the Deeds of Absolute Sale were binding on BF Homes. SMPI further maintained that Orendain was authorized to sign the Deeds of Absolute Sale for and in behalf of FBO Networks Management, Inc. – the receiver which the SEC appointed to replace Orendain, upon the latter's motion to convert his involvement in the receivership from an individual to a corporate capacity. SMPI additionally asserted that absent substantiation, the allegation of BF Homes of inadequate consideration for the sale of the Italia II lots was self-serving; and that despite being undated and not notarized, the Deeds of Absolute Sale were valid since they contained the essential elements of a contract. And even assuming that the Deeds of Absolute Sale may be rescinded, SMPI argued that BF Homes did not offer and was not prepared to return the consideration paid by SMPI, plus interest.

⁸ Records, pp. 42-50.

⁹ Id. at 53-57.

¹⁰ Id. at 93-98.

mtu

BF Homes filed a Rejoinder (To Complainant's Reply)¹¹ contending that the SEC Omnibus Order dated July 31, 1996 has not yet become final as BF Homes assailed the said Order in a Petition for *Certiorari* before the SEC. In its Decision dated May 8, 1997, the SEC neither confirmed the authority of Orendain nor cleared Orendain/FBO Networks Management, Inc. from any liability for his/its unauthorized acts, but clarified that the final report of the rehabilitation receiver was not yet approved and was merely admitted as part of the records. BF Homes also stated that although the SEC Order dated September 12, 2000 already terminated the rehabilitation proceedings because of the improvement in the solvency status of BF Homes, BF Homes filed a Motion for Clarification and/or Partial Reconsideration of said SEC Order and sought a resolution of the issues relating to the receiver's irregular acts, including the sale of the Italia II lots to SMPI. BF Homes insisted that the transactions entered into by Orendain were anomalous as the latter sold the 130 Italia II lots to SMPI at a price that was inadequate and disadvantageous to BF Homes.

Housing and Land Use Arbiter Rowena C. Balasolla (Arbiter Balasolla) issued an Order dated January 22, 2001¹² directing the parties to submit their respective position papers and supporting evidence, as well as their draft decisions. Thereafter, the case was deemed submitted for resolution.

In her Decision¹³ dated January 25, 2002, Arbiter Balasolla suspended the proceedings in HLURB Case No. REM-082400-11183 for the following reasons:

What clearly is the issue to be resolved is whether or not [BF Homes] is obligated to deliver the title of the remaining twenty (20) lots to [SMPI] notwithstanding that the latter had fully paid the same.

Were this is a simple case of non-delivery of title of the lot or unit to the buyer upon full payment, sans the attendant problems, the answer would readily be in the affirmative. But this is not so in the instant case. This is a case of non-delivery of titles of a sale of 20 lots between two developers, and the lots sold are from an existing subdivision, which was under rehabilitation and made by a receiver which authority had been continuously questioned by the controlling stockholders of a corporation under rehabilitation.

In the light thereof, it becomes imperative to discuss the antecedent facts that would help in arriving at a judicious resolution of the instant complaint.

¹¹ Id. at 467-471.

¹² Id. at 101.

¹³ Id. at 563-567.

MMC

Sometime in September 1984, respondent [BF Homes] filed with the SEC a petition for rehabilitation and for declaration of suspension of payments. In February 1988, the SEC appointed Florencio Orendain as [BF Homes'] rehabilitation receiver. In May 1989, the SEC revoked the appointment of Mr. Orendain and appointed FBO Networks Management, Inc. (FBO) as receiver of the [BF Homes].

It was during the time 1992-1993 that [SMPI] bought from [BF Homes] the 130 parcels of land located in the northern portion of BF Homes, Parañaque City.

In June 1994, Mr. Orendain, on behalf of FBO, submitted to the SEC the Closing Report on [BF Homes] I of the receivership program covering the period from March 1988 to January 1994. [BF Homes] protested and questioned the said report by filing the corresponding pleadings with the SEC praying that the receivership of FBO represented by Mr. Orendain be suspended due to violations of trust and breach of fiduciary obligation and sought the nullification of the transaction entered into by Mr. Orendain. In November 1994, FBO was relieved of its duties and responsibilities as rehabilitation receiver and a Committee of Receivers was appointed in lieu thereof, to undertake and continue the rehabilitation program of [BF Homes].

In July 1996, the SEC issued an Omnibus Order in regard to rehabilitation case. Subsequently, however, [BF Homes] filed a petition for review for which the SEC rendered a decision in May 1997. In the said decision, the SEC held that the admission of the Receiver's Closing Report is merely for the purpose of receiving and noting them for inclusion in the records of the case and not an admittance (sic) and acceptance of the merits and veracity of the contents thereof.

In September 2000, the SEC issued another Order terminating the rehabilitation proceedings without, however, deciding on the merits and veracity of the contents of the Receiver's Closing Report. Hence, [BF Homes] filed in October 2000 a Motion for Clarification and/or Partial Reconsideration of the said Order which remains pending with the SEC until the present.

Apparently, it is in the context of the foregoing issues that [BF Homes] refused to deliver the remaining twenty (20) titles of the lots sold to [SMPI] as the former claimed, among others, that Mr. Orendain did not have the authority to sell the 130 parcels of land in the first place.

As the peculiar background of this case would tell, it is inevitable that the resolution of the issues raised in the instant complaint would be largely influenced by the outcome of the cases pending in other tribunals which are directly and ineluctably related to the issues brought before this Board.

This Board is cognizant of the fact that respondent had questioned the action of its rehabilitation receiver before the SEC, raising several issues against him, including but not limited to his authority to sell the

subject lots to the complainant the resolution of which is still pending the said body.

Thus, while this Board may have jurisdiction over the instant complaint, the issue on whether or not Mr. Orendain has overstepped his authority which is pending resolution by the SEC, is to our mind a condition *sine qua non*, the final resolution of which by said body is a logical antecedent to the issue involved in the instant complaint and which only the SEC has exclusive jurisdiction to decide.

Under the circumstances, we are inclined to suspend the proceedings before the Board until the SEC shall have resolved with finality on the issue of the authority of Mr. Orendain/FBO Networks Management to enter into such transactions on behalf of [BF Homes].

WHEREFORE, PREMISES CONSIDERED, this Office hereby suspends the proceedings of the instant complaint until the final resolution of the pending incidents before the Securities and Exchange Commission.¹⁴

SMPI filed a Petition for Review (Re: Decision dated January 25, 2002)¹⁵ with the HLURB Board of Commissioners, asseverating that: 1) the SEC, in its Orders dated November 7, 1994 and August 22, 1995, had upheld the validity of the Deeds of Absolute Sale and confirmed the authority of the receiver to sell the 130 Italia II lots to SMPI, and said Orders already became final after BF Homes failed to appeal the same before the Court of Appeals, as provided for in Section 3,¹⁶ Republic Act No. 5434, the law in force at that time; 2) Orendain and/or FBO Networks Management, Inc. were immune from suit pursuant to Section 9, Rule 9¹⁷ of the Interim Rules of Procedure Governing Intra-corporate Controversies and Section 17, Rule 4¹⁸ of the Interim Rules of Procedure on Corporate Rehabilitation; 3) BF Homes was estopped from refusing to deliver the remaining 20 titles since it had already received the consideration and benefits from the sale of the Italia II lots to SMPI and delivered 110 out of 130 TCTs to SMPI; 4) the principle of suspending a case due to a prejudicial question only applies to criminal cases; 5) BF Homes was mandated, under pain of criminal sanction

¹⁴ Id. at 563-565.

¹⁵ Id. at 583-605

¹⁶ Section 3. *How appeals taken.* Appeals shall be taken by filing a notice of appeal with the Court of Appeals and with the court, officer, board, award, order, decision or judgment appealed from, serving a copy thereof on all other interested parties. The notice of appeal shall state, under oath, the material dates to show that it was filed within the period fixed in this Act.

¹⁷ Section. 9. *Immunity from suit.* - The receiver and members of the management committee and the persons employed by them shall not be subject to any action, claim or demand in connection with any act done or omitted by them in good faith in the exercise of their functions and powers. All official acts and transactions of the receiver or management committee duly approved or ratified by the court shall render them immune from any suit in connection with such act or transaction.

¹⁸ Section. 17. *Immunity from Suit.* - The Rehabilitation Receiver shall not be subject to any action, claim, or demand in connection with any act done or omitted by him in good faith in the exercise of his functions and powers herein conferred.

SMW

under Section 25,¹⁹ in relation to Section 39²⁰ of Presidential Decree No. 957,²¹ also known as “The Subdivision and Condominium Buyer’s Protection Decree,” to deliver the TCTs of the remaining 20 Italia II lots, which had already been fully paid for by SMPI; 6) assuming that Orendain exceeded his authority as receiver of BF Homes in selling the 130 Italia II lots to SMPI, then Orendain could be held liable for damages but the titles to said lots acquired by SMPI by reason of the sale would be unaffected, absent any action for reconveyance instituted by BF Homes; and 7) the issue regarding Orendain’s authority to undertake the sale of the Italia II lots to SMPI was rendered moot and academic by the issuance of SEC Order dated September 12, 2000, terminating the receivership of BF Homes.

After a further exchange of pleadings by the parties, the HLURB Board of Commissioners²² rendered its Decision²³ dated March 28, 2003, ruling thus:

We find no evidence to support the argument that the SEC had upheld with finality on the sales transaction entered into by Orendain with [SMPI]. On the contrary the order of the SEC stated that the closing report of the receiver is being accepted for inclusion of the records and not an admittance (sic) or acceptance of the merits and veracity of the contents thereof. The issue of whether Orendain had authority to sell the lots is still unresolved.

While this board may have the competence to rule on the validity of the sales transaction entered into by Orendain ostensibly in behalf of BF Homes, we decline to rule on the said issue in deference to the SEC or its successor-in-interest, which has first taken cognizance of the issue, applying the doctrine of primary jurisdiction. Thus, in *Vidad vs. RTC of Negros Oriental*, it was held:

While no prejudicial question strictly arises where one is a civil case and the other is an administrative proceeding, in the interest of good order, it behooves the court to suspend its action

¹⁹ Section 25. *Issuance of Title.* The owner or developer shall deliver the title of the lot or unit to the buyer upon full payment of the lot or unit. No fee, except those required for the registration of the deed of sale in the Registry of Deeds, shall be collected for the issuance of such title. In the event a mortgage over the lot or unit is outstanding at the time of the issuance of the title to the buyer, the owner or developer shall redeem the mortgage or the corresponding portion thereof within six months from such issuance in order that the title over any fully paid lot or unit may be secured and delivered to the buyer in accordance herewith.

²⁰ Section 39. *Penalties.* Any person who shall violate any of the provisions of this Decree and/or any rule or regulation that may be issued pursuant to this Decree shall, upon conviction, be punished by a fine of not more than twenty thousand (₱20,000.00) pesos and/or imprisonment of not more than ten years: *Provided*, That in the case of corporations, partnership, cooperatives, or associations, the President, Manager or Administrator or the person who has charge of the administration of the business shall be criminally responsible for any violation of this Decree and/or the rules and regulations promulgated pursuant thereto.

²¹ “Regulating the Sale of Subdivision Lots and Condominiums, Providing Penalties for Violations Thereof.”

²² Commissioner (Comm.) and Chief Executive Officer Romulo Q. Fabul, Comm. Teresita A. Desierto and Comm. Francisco L. Dagnalan.

²³ Records, pp. 671-674.

MME

on the cases before it pending the final outcome of the administrative proceedings. The doctrine of primary jurisdiction does not warrant a court to arrogate unto itself the authority to resolve a controversy the jurisdiction over which is initially lodged with an administrative body [of special competence].

Wherefore, the petition for review is denied and the decision of the office below is affirmed.²⁴

SMPI appealed the foregoing Decision of the HLURB Board of Commissioners before the OP. The appeal was docketed as O.P. Case No. 03-E-203. The OP, in its Decision²⁵ dated January 27, 2004, adjudged that the HLURB should have resolved HLURB Case No. REM-082400-11183:

The basic complaint in this case is one for specific performance under Section 25 of Presidential Decree (PD) 957 – “The Subdivision and Condominium Buyers’ Protective”, *infra*.

As early as August 1987, the Supreme Court already recognized the authority of the HLURB, as successor agency of the National Housing Authority (NHA), to regulate, pursuant to PD 957 in relation to PD 1344, the real estate trade, with exclusive jurisdiction to hear and decide cases “*involving specific performance of contractual and statutory obligations filed by buyers of subdivision lots . . . against the owner, developer, dealer, broker or salesman*” (Antipolo Realty Corp. vs. National Housing Authority (153 SCRA)). Then came the reiterative rulings in Solid Homes vs. Payawal (177 SCRA 72 [1989]), United Housing Corp. vs. Dayrit (181 SCRA 295 [1990]), and Realty Exchange Venture Corp. vs. Sendino, 233 SCRA 665 [1994]. And as stressed in Realty Exchange, citing C.T. Torres Enterprises, Inc. vs. Hibionada (191 SCRA 268 [1990]), the HLURB, in the exercise of its adjudicatory powers and functions, “*must interpret and apply contracts, determine the rights of the parties under these contracts and award damages whenever appropriate.*”

Given its clear statutory mandate, the HLURB’s decision to await for some other forum to decide – if ever one is forthcoming – the issue on the authority of Orendain to dispose of subject lots before it peremptorily resolves the basic complaint is unwarranted, the issues thereon having been joined and the respective position papers and the evidence of the parties having been submitted. To us, it behooved the HLURB to adjudicate, with usual dispatch, the right and obligations of the parties in line with its appreciation of the obtaining facts and applicable law. To borrow from Mabuhay Textile Mills Corp. vs. Ongpin (141 SCRA 437), it does not have to rely on the findings of others to discharge this adjudicatory functions.²⁶

The OP then proceeded to resolve the question of whether or not SMPI was entitled to the delivery of the 20 TCTs:

²⁴ Id. at 671-672.

²⁵ Signed by Manuel C. Domingo, Presidential Assistant, by authority of the President.

²⁶ Records, p. 710.



There can be no quibbling about the following postulates: 1) The existence of a perfected deed of absolute sale covering the said lots; 2) SMPI appears to be an innocent purchaser for value; 3) Full payment and receipt by [BF Homes] of the stipulated purchase price; 4) Admission by the SEC of FBO's audited Closing Report; 5). Termination of the rehabilitation proceedings, and 6) The obligation of the owner or developer under Sec. 25 of PD 957 to "*deliver the title of the lot or units to the buyer upon [full] payment of the lot or unit.*"

Given the foregoing perspective, the question thus formulated should be answered in the affirmative. [BF Homes'] challenge against the validity of the conveying deed on the ground of inadequacy of the purchase price cannot be given cogency. As a matter of law, lesion or inadequacy of cause shall not invalidate a contract, save in cases specified by law or unless there has been fraud, mistake or undue influence (Art. 1355, Civil Code). Thus, [BF Homes'] allegation about the inadequacy of price for the twenty (20) lots, even if true, cannot invalidate the sale in question, absent a showing that such sale is a case exempted by law from the operation of said article or that fraud, mistake or undue influence attended the sale (Auyong Hian vs. CTA, 59 SCRA 110).

[BF Homes'] posture regarding the invalidity of the same sales transaction owing to Orendain's alleged lack of authority to execute the corresponding deed may be accorded serious consideration were it not for its acceptance and retention of the purchase price for the covered lots. As aptly argued in this appeal, citing jurisprudence, estoppel attached to [BF Homes] when it accepted the benefits arising from the performance of SMPI of its undertaking under the contract of sale. By the doctrine of estoppel, a party is barred from repudiating or canceling an otherwise defective or rescissible contract by his receipt of payments due thereunder (Republic v. Acoje Mining Co., Inc., 7 SCRA 361; Angeles v. Calasanz, 135 SCRA 332); the bar of estoppel also precludes one who, by his conduct, had induced another to act in a particular manner, from adopting an inconsistent position that thereby causes prejudice to another (Cruz vs. CA, 293 SCRA 239).

Significantly, Orendain signed the three deeds of sale adverted to covering 130 lots in 1992 and 1993, or during FBO's watch as receiver. Yet, [BF Homes] opted to fully implement the transactions covered by two of these deeds and partially implement the third by delivering the titles to 110 lots. In net effect, [BF Homes] did recognize the authority of Orendain to execute those contracts. But if Orendain was indeed bereft of authority during the time material, as [BF Homes] would have this Office believe, how explain (sic) its inaction to recover damages against one it veritably depicts as an impostor?

X X X X

Much has been made about the sale of the 130 lots not having been approved by the SEC. It bears to stress in this regard that the Closing Report which, doubtless includes the said sale, had been confirmed and admitted by the SEC Hearing Panel. It may be that the Commission *en*

banc did not specifically confirm and approve the sale. But neither did it interpose objection thereto, let alone disapprove the same. Be that as it may, the presumptive validity and enforceability of such sale must be posited.²⁷

The OP denied the claims for damages of both parties for insufficiency of evidence but awarded attorney's fees in the amount of ₱100,000.00 to SMPI, which was compelled to litigate. In the end, the OP decreed:

IN VIEW OF ALL THE FOREGOING, judgment is hereby entered ordering BF Homes, Inc., to deliver to San Miguel Properties, Inc., the corresponding titles to the lots subject of the instant case, free from all liens and encumbrances, except to the subdivision restrictions referred to in the conveying deed of sale, and to pay the latter the sum of ₱100,000.00 as and by way of attorneys' fees. All other claims and counterclaims are hereby DISMISSED. The decision of the HLURB dated 28 March 2003 is accordingly REVERSED and SET ASIDE.²⁸

BF Homes filed a Motion for Reconsideration but it was denied by the OP in a Resolution²⁹ dated March 26, 2004.

Aggrieved, BF Homes sought recourse from the Court of Appeals by way of a Petition for Review³⁰ under Rule 43 of the Revised Rules of Court, which was docketed as CA-G.R. SP No. 83631. In its Decision³¹ dated January 31, 2005, the Court of Appeals agreed with the OP that the HLURB had the primary and exclusive jurisdiction to resolve the complaint for specific performance and damages of SMPI and should not have suspended the proceedings until the SEC had ruled with finality on the issue of Orendain's authority to sell the 130 Italia II lots to SMPI:

Presidential Decree No. 957 was issued on 12 July 1976. It was promulgated to cover questions that relate to subdivisions and condominiums. Its object is to provide for an appropriate government agency, the HLURB, to which all parties aggrieved in the enforcement of contractual rights with respect to said category of real estate may take course.

In the case of **JESUS LIM ARRANZA vs. B.F. HOMES, INC.**, the Supreme Court said:

Section 3 of P.D. No. 957 empowered the National Housing Authority (NHA) with the "exclusive jurisdiction to regulate the real estate trade and business." On 2 April

²⁷ Id. at 708-709.

²⁸ Id. at 708.

²⁹ Id. at 729-730.

³⁰ CA *rollo*, pp. 5-23.

³¹ Id. at 467-486.

MNT

1978, P.D. No. 1344 was issued to expand the jurisdiction of the NHA to include the following:

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 lot or condominium unit against the owner, developer, dealer, broker or salesman. (Emphasis supplied.)

Thereafter, the regulatory and quasi-judicial functions of the NHA were transferred to the Human Settlements Regulatory Commission (HSRC) by virtue of Executive Order No. 648 dated 7 February 1981. Section 8 thereof specifies the functions of the NHA that were transferred to the HSRC including the authority to 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." Executive Order No. 90 dated 17 December 1986 renamed the HSRC as the Housing and Land Use Regulatory Board (HLURB). (Underscoring supplied.)

Certainly, in the instant case, [SMPI] is a buyer within the contemplation of P.D. 957. Clearly, the acquisition of the one hundred thirty (130) lots was for a valuable consideration.

The jurisdiction of the SEC, on the other hand, is defined by P.D. No. 902-A, as amended, as follows:

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

KMG

(a) Devices or schemes employed by or any acts, of the board of directors, business associates, its officers or partnership, amounting to fraud and misrepresentation which may be detrimental to the interest of the public and/or of the stockholder, partners, members of associations or organizations registered with the Commission;

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

(c) Controversies in the election or appointments of directors, trustees, officers or managers of such corporations, partnerships or associations.

In the *ARRANZA* case, the Supreme Court said that:

For the SEC to acquire jurisdiction over any controversy under these provisions, two elements must be considered: (1) the status or relationship of the parties; and (2) the nature of the question that is the subject of their controversy.

The first element requires that the controversy must arise "out of intra-corporate or partnership relations between and among stockholders, members or associates; between any or all of them and the corporation, partnership or association of which they are stockholders, members or associates, respectively; and between such corporation, partnership or association and the State in so far as it concerns their individual franchises.

In the instant case, [SMPI] is not a stockholder, member or associate of [BF Homes]. It is a lot buyer in the subdivision developed by [BF Homes.]

The **second element** requires that the dispute among the parties be **intrinsically connected with the regulation or the internal affairs of the corporation, partnership or association.**

In the case at hand, [SMPI's] complaint before the HLURB is for specific performance to enforce its rights as purchaser of subdivision lots as regards the delivery of twenty (20) TCTs. Certainly, the issue in this case is not related to the "regulation" of [BF Homes] or to [BF Homes'] "internal affairs."

As a matter of fact, **Section 25 of PD 957** provides:

Section 25. Issuance of Title. The owner or developer shall deliver the title of the lot or unit to the buyer upon full payment of the lot or unit. No fee, except those required for the registration of the deed of sale in the Registry of Deeds, shall be collected for the issuance of such title. In the event a mortgage over the lot or unit is outstanding at the time of the issuance of the title to the buyer, the owner or developer shall redeem the mortgage or the corresponding portion thereof within six months from such issuance in order that the title over any fully paid lot or unit may be secured and delivered to the buyer in accordance herewith. (underscoring supplied.)

In the above-mentioned case of **Arranza**, the Supreme Court also said:

P.D. No. 902~A, as amended, defines the jurisdiction of the SEC; while P.D. No. 957, as amended, delineates that of the HLURB. These two quasi-judicial agencies exercise functions that are distinct from each other. The SEC has authority over the operation of all kinds of corporations, partnerships or associations with the end in view of protecting the interests of the investing public and creditors. On the other hand, the HLURB has jurisdiction over matters relating to observance of laws governing corporations engaged in the specific business of development of subdivisions and condominiums. The HLURB and the SEC being bestowed with distinct powers and functions, the exercise of those functions by one shall not abate the performance by the other of its own functions. As respondent puts it, "there is no contradiction between P.D. No. 902~A and P.D. No. 957."

Hence, the powers of the HLURB can not be in derogation of the SEC's authority. P.D. Nos. 902-A and 957 are laws in pari materia. This is because P.D. No. 902-A relates to all corporations, while P.D. No. 957 pertains to corporations engaged in the particular business of developing subdivisions and condominiums.

Next, this brings us to the collateral issue of whether or not HLURB properly suspended the proceeding until SEC shall have resolved with finality the issue of authority of Mr. Orendain.

Given the foregoing perspective, the collateral issue thus formulated should be answered in the negative. Furthermore, in several cases decided by the Supreme Court, the High Court has consistently ruled that the NHA or the HLURB has jurisdiction over complaints arising from contracts between the subdivision developer and the lot buyer or those aimed at compelling the subdivision developer to comply with its contractual and statutory obligations.

Hence, the HLURB should take jurisdiction over respondent's complaint because it pertains to matters within the HLURB's competence and expertise. The proceedings before the HLURB should not be suspended.³²

The Court of Appeals, however, differed from the OP Decision by ordering the remand of the case to the HLURB in recognition of the doctrine of primary jurisdiction. The dispositive portion of the Decision of the appellate court reads:

WHEREFORE, the questioned Decision of the Office of the President [is] AFFIRMED with modification. The case is REMANDED to the Housing and Land Use Regulatory Board for continuation of proceedings with dispatch.³³

SMPI filed a Motion for Partial Reconsideration (Re: Decision dated January 31, 2005)³⁴ insofar as the Court of Appeals remanded the case to the HLURB for further proceedings. The appellate court denied said Motion in a Resolution³⁵ dated August 9, 2005.

SMPI now comes before this Court, through the instant Petition, assailing the aforementioned Decision and Resolution of the Court of Appeals based on the following assignment of errors:

I.

THE COURT OF APPEALS' DECISION DATED 31 JANUARY 2005 REMANDING THE CASE TO THE HLURB IS CONSTITUTIONALLY FLAWED AND A PATENT NULLITY CONSIDERING THAT:

1. IT MISERABLY FAILED TO DISCUSS CLEARLY AND DISTINCTLY THE LEGAL BASIS AND/OR JUSTIFICATION FOR REMANDING THE CASE TO THE HLURB AS MANDATED BY SECTION 14, ARTICLE VIII, 1987 CONSTITUTION.
2. WORSE, THE COURT OF APPEALS FAILED TO IDENTIFY THE FACTUAL MATTERS THAT IT CLAIMS NEED STILL BE TRIED OR DETERMINED BY THE HLURB THAT WOULD HAVE JUSTIFIED THE REMAND OF THE CASE.
3. IN ANY EVENT, [BF HOMES] AND THE COURT OF APPEALS' CLAIMED DOCTRINE OF PRIMARY JURISDICTION IS FOREVER

³² Id. at 479-485.

³³ Id. at 486.

³⁴ Id. at 504-511.

³⁵ Id. at 547-549.

mtw

BARRED AS IT COULD NOT BE INVOKED FOR THE FIRST TIME ON APPEAL.

4. EVEN ASSUMING ARGUENDO THAT THE DOCTRINE OF PRIMARY JURISDICTION IS STILL INVOCABLE, IT IS NONETHELESS INAPPLICABLE SINCE THE PARTIES HAD DULY AMPLIFIED THEIR RESPECTIVE CAUSES OF ACTION AND DEFENSES VIA THEIR SUBMISSION OF PLEADINGS AND POSITION PAPERS BEFORE THE HLURB, AND UPON WHICH THE OFFICE OF THE PRESIDENT DECIDED ON THE MERITS.

II.

EVEN THEN, THE COURT OF APPEALS COMMITTED GRAVE, SERIOUS AND REVERSIBLE ERROR WHEN IT REMANDED THE CASE TO THE HLURB FOR FURTHER "PRESENTATION OF EVIDENCE" DESPITE THE DECISION ON THE MERITS OF THE OFFICE OF THE PRESIDENT IN THAT:

1. THE ISSUE HERE BEING A SIMPLE QUESTION OF LAW ON WHETHER OR NOT SMPI WAS ENTITLED TO THE DELIVERY OF THE BALANCE OF 130 FULLY PAID LOTS/TITLES OR EQUIVALENT TO TWENTY (20) TITLES, THE COURT OF APPEALS SHOULD HAVE AFFIRMED THE DECISION ON THE MERITS OF THE OFFICE OF THE PRESIDENT.
2. IN FACT, THE RELEVANT FACTS OF THE CASE, E.G. FULL PAYMENT OF THE PURCHASE PRICE OF THE SUBJECT LOTS IN FAVOR OF [BF HOMES] AND NON-DELIVERY TO SMPI OF THE TITLES OVER THE SUBJECT LOTS BY [BF HOMES], WERE UNDISPUTED AND MORE SO ADMITTED BY THE PARTIES IN THEIR RESPECTIVE HLURB POSITION PAPERS AND OTHER PLEADINGS FOR WHICH NO TRIABLE EVIDENTIARY MATTER IS LEFT TO BE RESOLVED BY THE HLURB.
3. INDEED, THE OFFICE OF THE PRESIDENT, PER ITS DECISION DATED 27 JANUARY 2004, CORRECTLY RESOLVED THIS SIMPLE ISSUE, AND FORTUNATELY IN FAVOR OF SMPI, BASED ON THE PLEADINGS AND POSITION PAPERS FILED BY THE PARTIES IN ACCORDANCE WITH SECTION 5, RULE VI, HLURB RULES. THE COURT OF APPEALS

mt

OUGHT TO HAVE SIMILARLY ENFORCED THIS HLURB RULE.

4. FURTHER PROCEEDINGS BEFORE THE HLURB IS DILATORY, UNNECESSARY, SUPERFLUOUS AND CIRCUITOUS. HIERARCHICALLY (sic), THE HLURB IS PRECLUDED AND BARRED FROM REOPENING, MUCH LESS REVERSING THE DECISION OF THE OFFICE OF THE PRESIDENT.
5. THE COURT OF APPEALS' STANCE IS TANTAMOUNT TO A RE-OPENING OF THE OFFICE OF THE PRESIDENT'S DECISION, HENCE WOULD WREAK HAVOC TO THE DOCTRINE OF SUBSTANTIAL RES JUDICATA.
6. IF AT ALL, THE HLURB NEED ONLY BE DIRECTED TO RESOLVE SMPI'S PENDING MOTION FOR EXECUTION, AND NOT CONDUCT FURTHER PROCEEDINGS FOR RECEPTION OF THE PARTIES' EVIDENCE THAT ARE UNSPECIFIED.

III.

THE COURT OF APPEALS COMMITTED GRAVE, SERIOUS AND REVERSIBLE ERROR WHEN IT FAILED AND/OR REFUSED TO AFFIRM THE OFFICE OF THE PRESIDENT'S DECISION DATED 27 JANUARY 2004 IN THAT:

1. THE SUBJECT SALE TRANSACTIONS, DULY APPROVED AND CONFIRMED BY THE SEC PER ITS ORDERS DATED 07 NOVEMBER 1994 AND 31 JULY 1996, ARE PRESUMED VALID AND REGULAR SINCE THESE WERE OFFICIAL ACTS OF SEC-APPOINTED RECEIVER MR. FLORENCIO B. ORENDAIN.
2. IN FACT, SEC RECEIVER ORENDAIN'S ACTS CANNOT BE IMPUGNED BY [BF HOMES] SINCE UNDER SECTION 9, RULE 9, INTERIM RULES OF PROCEDURE GOVERNING INTRA-CORPORATE CONTROVERSIES AND SECTION 17, RULE 4, INTERIM RULES OF PROCEDURE ON CORPORATE REHABILITATION, WHICH OPERATES RETROACTIVELY BEING A PROCEDURAL RULE, RECEIVERS ENJOY IMMUNITY FROM SUITS ARISING FROM THE EXERCISE OF THEIR FUNCTIONS AND DUTIES.

mmw

3. NONETHELESS, [BF HOMES] IS ESTOPPED FROM REFUSING TO DELIVER THE REMAINING 20 TCTs SINCE IT HAD PREVIOUSLY DELIVERED TO SMPI 110 TCTs OUT OF 130 TCTs FOR WHICH [BF HOMES] HAD DULY RECEIVED FULL PAYMENT THEREFOR IN THE TOTAL AMOUNT PHP104,600,402.47.³⁶ CONSEQUENTLY, [BF HOMES] IS OBLIGED TO DELIVER THE TITLES TO SMPI PURSUANT TO SECTION 25, P.D. 957.
4. THE MATTER OF THE PURCHASE PRICE IS IRRELEVANT CONSIDERING THE BIG VOLUME INVOLVED. IN FACT, THE AVERAGE PURCHASE PRICE OF THE LOTS IN THE AMOUNT OF PHP2,500.00 PER SQ. M. IS VALID AND REASONABLE SINCE THE SALE INVOLVED A TOTAL OF 130 LOTS AMOUNTING TO PHP104,600,402.47.
5. EVEN ASSUMING ARGUENDO THAT THERE MAY BE SUBSTANTIAL DISPARITY BETWEEN THE AVERAGE PURCHASE PRICE OF PHP2,500/SQ.M. AND THE MARKET VALUE AT PHP3,500/SQ.M. AS [BF HOMES] CLAIMS, MERE INADEQUACY OF THE PURCHASE PRICE, STANDING ALONE AND WITHOUT PROOF OF ACTUAL FRAUD, CANNOT INVALIDATE THE PARTIES' SALES CONTRACT PER ARTICLE 1355, NEW CIVIL CODE.
6. IF AT ALL, [BF HOMES'] REMEDY IS TO FILE THE APPROPRIATE ACTION FOR RECONVEYANCE WITH THE REGULAR COURT, ABSENT WHICH, IT IS LEGALLY BOUND TO DELIVER TO SMPI THE SUBJECT TITLES.
7. ACCORDINGLY, SINCE SMPI WAS CONSTRAINED TO LITIGATE DUE TO [BF HOMES'] UNJUSTIFIED REFUSAL TO DELIVER THE SUBJECT TITLES, SMPI IS ENTITLED TO THE PAYMENT OF ATTORNEY'S FEES.³⁷

³⁶ The amount is less than the total consideration per the Deeds of Sale, *i.e.*, ₱106,247,701.00, but is never disputed by the parties. Apparently, it is the aggregate amount actually received by BF Homes from SMPI after deduction of withholding taxes.

³⁷ *Rollo*, pp. 49-52.

The Petition is meritorious.

Presidential Decree No. 957³⁸ dated July 12, 1976 conferred exclusive jurisdiction to regulate the real estate trade and business upon the National Housing Authority (NHA).³⁹ Presidential Decree No. 1344⁴⁰ dated April 2, 1978 expanded the quasi-judicial powers of NHA by providing as follows:

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 lot or condominium unit against the owner, developer, dealer, broker or salesman.**” (Emphases ours.)

Per Executive Order No. 648⁴¹ dated February 7, 1981, the powers of the NHA were transferred to the Human Settlements Regulatory Commission, which, pursuant to Executive Order No. 90 dated December 17, 1986, was subsequently renamed as HLURB.⁴² In *Siasoco v. Narvaja*,⁴³ the Court highlighted the exclusive jurisdiction of the HLURB over complaints for specific performance in certain real estate transactions:

Under the Executive Order creating it, the HLURB has **exclusive jurisdiction** to “hear and decide cases of unsound real estate business practices; claims involving refund filed against project owners, developers, dealers, brokers, or salesmen; and **cases of specific performance.**” Accordingly, in *United Housing Corporation v. Dayrit*, we ruled that it is the HLURB, not the trial court, which has jurisdiction

³⁸ Promulgated on July 12, 1976.

³⁹ Section 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.

⁴⁰ Bearing the title “Empowering the National Housing Authority to Issue Writ of Execution in the Enforcement of its Decision under Presidential Decree No. 957.”

⁴¹ Section 8. Transfer of Functions. -The regulatory functions of the National Housing Authority pursuant to Presidential Decree Nos. 957, 1216, 1344 and other related laws are hereby transferred to the Commission (Human Settlements Regulatory Commission). x x x.

⁴² Section 1. x x x c) Human Settlements Regulatory Commission. – The Human Settlements Regulatory Commission; renamed as the Housing and Land Use Regulatory Board, shall be the sole regulatory body for housing and land development. It is charged with encouraging greater private sector participation in low-cost housing through liberalization of development standards, simplification of regulations and decentralization of approvals for permits and licenses.

⁴³ 373 Phil. 766, 771 (1999).

mtw

over complaints for specific performance filed against subdivision developers to compel the latter to execute deeds of absolute sale and to deliver the certificates of title to buyers. (Emphases supplied.)

The Court reiterated in *Bank of the Philippines Islands v. ALS Management and Development Corporation*⁴⁴ that:

[T]he jurisdiction of the HLURB over cases enumerated in Section 1 of PD No. 1344 is **exclusive**. Thus, we have ruled that the board has **sole jurisdiction in a complaint of specific performance for the delivery of a certificate of title to a buyer of a subdivision lot**; for claims of refund regardless of whether the sale is perfected or not; and for determining whether there is a perfected contract of sale. (Emphases supplied.)

It is clear from the plain language of Section 1 of Presidential Decree No. 1344 and aforecited jurisprudence that the HLURB had exclusive jurisdiction over the complaint for specific performance filed by SMPI against BF Homes for the delivery of the remaining 20 TCTs.

In fact, in the instant case, the HLURB did exercise jurisdiction over and did take cognizance of the complaint of SMPI. Arbiter Balasolla received pleadings and evidences from the parties, and after the period for filing position papers and draft decisions by the parties had lapsed, deemed the case submitted for decision. However, at this stage, Arbiter Balasolla demurred, and instead of deciding the case, suspended the proceedings until the SEC ruled on the issue of whether or not Orendain, the receiver of BF Homes, had authority to execute the Deeds of Absolute Sale over the 130 Italia II lots in favor of SMPI. On appeal, the HLURB Board of Commissioners affirmed the suspension of proceedings.

When the case was appealed to the OP by SMPI, and then to the Court of Appeals by BF Homes, both the OP and the Court of Appeals sustained the jurisdiction of HLURB over the complaint for specific performance filed by SMPI, the only difference being that the OP proceeded to resolve the case on the merits based on the evidence on record while the appellate court remanded the case to the HLURB for further proceedings.

The OP and the Court of Appeals are correct that the HLURB, in the exercise of its exclusive jurisdiction, did not have to suspend the proceedings and should have went ahead to resolve the complaint for specific performance filed by SMPI given its statutory mandate under Section 1 of Presidential Decree No. 1344 and its technical competence and expertise over the subject matter. The HLURB was called upon to determine the contractual obligations of BF Homes and SMPI, as seller and buyer of subdivision lots, respectively, under the terms and conditions of the

⁴⁴ 471 Phil. 544, 558 (2004).

Deeds of Absolute Sale in relation to the provisions of Presidential Decree No. 957. In contrast, the proceedings before the SEC involved the receivership of BF Homes, an intra-corporate matter, as pointed out by the Court of Appeals. While the HLURB and SEC proceedings may be related (*i.e.*, Orendain executed the Deeds of Absolute Sale of the 130 Italia II lots as receiver of BF Homes), the two cases could proceed independently of one another. A ruling by the SEC that Orendain did not have or had exceeded his authority as receiver in executing the Deeds of Absolute Sale is not absolutely determinative of the fate of the complaint for specific performance of SMPI before the HLURB. It would not automatically result in the nullification or rescission of the said Deeds or justify the refusal of BF Homes to deliver the 20 TCTs to SMPI as there would be other issues which need to be considered, such as the good faith or bad faith of SMPI as buyer, ratification by BF Homes of the Deeds, *etc.*, and the HLURB is not obliged to suspend its proceedings until all of these issues are resolved or decided by other courts/tribunals. HLURB could already make a preliminary finding on the validity of the Deeds of Absolute Sale executed by Orendain for the purpose of ascertaining the right of SMPI to the delivery of the 20 TCTs. The HLURB is behooved to settle the controversy brought before it with dispatch if only to achieve the purpose of Presidential Decree No. 957, to wit:

The provisions of P.D No. 957 were intended to encompass all questions regarding subdivisions and condominiums. The intention was to provide for an appropriate government agency, the HLURB, to which all parties – buyers and sellers of subdivision and condominium units – may seek remedial recourse. The law recognized, too, that subdivision and condominium development involves public interest and welfare and should be brought to a body, like the HLURB, that has technical expertise. In the exercise of its powers, the HLURB, on the other hand, is empowered to interpret and apply contracts, and determine the rights of private parties under these contracts. This ancillary power, generally judicial, is now no longer with the regular courts to the extent that the pertinent HLURB laws provide.⁴⁵

Nonetheless, the Court disagrees with the Court of Appeals and finds no more need to remand the case to the HLURB.

To recall, the parties were able to file pleadings and submit evidence before Arbiter Balasolla. The case was already deemed submitted for resolution with Arbiter Balasolla stopping short only of actually rendering a decision. Taking into account that the necessary pleadings and evidence of the parties are already on record, returning the instant case to the HLURB for further proceedings will simply be circuitous and inconsistent with the summary nature of HLURB proceedings.⁴⁶ The Court keeps in mind the

⁴⁵ *Spouses Chua v. Hon. Ang*, 614 Phil. 416, 429 (2009).

⁴⁶ Section 3, Rule 1 of the 1996 Rules of Procedure of the Housing and Land Use Regulatory Board



shared objective of Rule 1, Section 2 of the 1996 Rules of Procedure of the HLURB, as amended, and Rule 1, Section 6 of the Revised Rules of Court to promote a just, speedy, and inexpensive disposition/determination of every action.⁴⁷

Pursuant to the 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.”⁴⁸ However, said doctrine is not an absolute or inflexible rule. The Court recognized several exceptions in *Republic v. Lacap*,⁴⁹ viz.:

[T]he doctrine of exhaustion of administrative remedies and the corollary doctrine of primary jurisdiction, which are based on sound public policy and practical considerations, are not inflexible rules. There are many accepted exceptions, such as: (a) where there is estoppel on the part of the party invoking the doctrine; (b) where the challenged administrative act is patently illegal, amounting to lack of jurisdiction; (c) where there is unreasonable delay or official inaction that will irretrievably prejudice the complainant; (d) where the amount involved is relatively small so as to make the rule impractical and oppressive; (e) where the question involved is purely legal and will ultimately have to be decided by the courts of justice; (f) **where judicial intervention is urgent**; (g) when its application may cause great and irreparable damage; (h) where the controverted acts violate due process; (i) when the issue of non-exhaustion of administrative remedies has been rendered moot; (j) when there is no other plain, speedy and adequate remedy; (k) **when strong public interest is involved**; and, (l) in *quo warranto* proceedings. x x x. (Emphases supplied.)

The contractual relationship between BF Homes as owner and SMPI as buyer of subdivision lots is governed by Presidential Decree No. 957 and is undeniably imbued with public interest. Hence, it is crucial that the dispute between them be resolved as swiftly as possible. In *Spouses Chua v. Ang*,⁵⁰ the Court declared that “public interest and welfare are involved in subdivision and condominium development, as the terms of Presidential Decree Nos. 957 and 1344 expressly reflect. x x x Shelter is a basic human need whose fulfillment cannot afford any kind of delay.”

Even if the case is no longer remanded, BF Homes cannot claim denial of due process. “The essence of due process is to be heard, and, as

⁴⁷ Id.; Section 6, Rule 1 of the 1997 Rules of Civil Procedure.

⁴⁸ *Spouses Abejo v. Judge De La Cruz*, 233 Phil. 668, 684-685 (1987), citing *Pambujan Sur United Mine Workers v. Samar Mining Co., Inc.*, 94 Phil. 932, 941 (1954).

⁴⁹ 546 Phil. 87, 97-98 (2007).

⁵⁰ *Supra* note 45 at 427.

applied to administrative proceedings, this means a fair and reasonable opportunity to explain one's side, or an opportunity to seek a reconsideration of the action or ruling complained of. Administrative due process cannot be fully equated with due process in its strict judicial sense, for in the former a formal or trial-type hearing is not always necessary, and technical rules of procedure are not strictly applied."⁵¹ In the instant case, SMPI and BF Homes were afforded the opportunity to present and address each other's arguments through an exchange of pleadings, as well as to submit their respective evidence before Arbiter Balasolla. To recall, the case was already submitted for decision before Arbiter Balasolla, meaning, there is nothing more left for the parties to submit or do. To remand the case and repeat the entire process once again before the HLURB Arbiter will not only be impractical, but also unreasonable and oppressive for SMPI.

Relevant herein are the following pronouncements of the Court in *Ching v. Court of Appeals*⁵²:

[T]he Supreme Court may, on certain exceptional instances, resolve the merits of a case on the basis of the records and other evidence before it, most especially when the resolution of these issues would best serve the ends of justice and promote the speedy disposition of cases.

Thus, considering the peculiar circumstances attendant in the instant case, this Court sees the cogency to exercise its plenary power:

"It is a rule of procedure for the Supreme Court to strive to settle the entire controversy in a single proceeding leaving no root or branch to bear the seeds of future litigation. No useful purpose will be served if a case or the determination of an issue in a case is remanded to the trial court only to have its decision raised again to the Court of Appeals and from there to the Supreme Court (citing *Board of Commissioners vs. Judge Joselito de la Rosa and Judge Capulong*, G.R. Nos. 95122-23).

"We have laid down the rule that the remand of the case or of an issue to the lower court for further reception of evidence is not necessary where the Court is in position to resolve the dispute based on the records before it and particularly where the ends of justice would not be subserved by the remand thereof (*Escudero vs. Dulay*, 158 SCRA 69). Moreover, the Supreme Court is clothed with ample authority to review matters, even those not raised on appeal if it finds that their consideration is necessary in arriving at a just disposition of the case."

⁵¹ *Vivo v. Philippine Amusement and Gaming Corporation*, G.R. No. 187854, November 12, 2013, 709 SCRA 276, 281.

⁵² 387 Phil. 28, 42 (2000).

On many occasions, the Court, in the public interest and for the expeditious administration of justice, has resolved actions on the merits instead of remanding them to the trial court for further proceedings, such as where the ends of justice would not be subserved by the remand of the case.

Consequently, the Court proceeds to resolve the primary issue in this case: Whether or not SMPI is entitled to the delivery of the remaining 20 TCTs for the lots it purchased from BF Homes.

The Court answers affirmatively.

Section 25 of Presidential Decree No. 957 explicitly mandates that “[t]he owner or developer shall deliver the title of the [subdivision] lot or [condominium] unit to the buyer upon full payment of the lot or unit.”

Section 3 of all the three Deeds of Absolute Sale also reads:

3. [BF Homes] likewise covenants to deliver to [SMPI] the properties free and clear of tenants, if any, and shall submit any and all titles, documents and/or papers which may be required to effect the transfer of the properties to [SMPI][.]⁵³

In the case at bench, SMPI submitted adequate proof showing full payment to and receipt by BF Homes of the purchase price for the 130 Italia II lots as fixed in the Deeds of Absolute Sale.⁵⁴ BF Homes expressly admitted receipt of some payments, while it remained silent as to the others without presenting controverting evidence.

Upon full payment by SMPI of the purchase price for the 130 Italia II lots to BF Homes, it became mandatory upon BF Homes to deliver the TCTs for said lots to SMPI. As the Court held in *G.O.A.L., Inc. v. Court of Appeals*⁵⁵:

⁵³ Records, pp. 273, 277, 303.

⁵⁴ a) BF Homes Payment Slip dated October 2, 1991 (Records, p. 260) for ₱10,000,000.00 paid through Asian Bank Check No. 878466 dated October 1, 1991; b) BF Homes Payment Slip dated December 10, 1991 (Records, p. 264) for the amounts of ₱15,000,000.00 and ₱27,000,000.00 paid through United Coconut Planters Bank (UCPB) Check No. 271741 dated December 10, 1991 and Asian Bank Check No. 878534 dated December 10, 1991, respectively; c) BF Homes Office of the Rehabilitation Receiver Official Receipt (OR) No. 144773 dated May 6, 1993 (Records, p. 256) for ₱38,144,561.32 paid through UCPB Check No. 009384; d) BF Homes Office of the Rehabilitation Receiver OR No. 144772 dated May 6, 1993 (Records, p. 253) for ₱3,456,414.88 also paid through UCPB Check No. 009384; e) BF Homes Payment Slip dated December 2, 1993 (Records, p. 252) for ₱10,000,000.00 and ₱1,009,426.27 paid through Philippine Commercial International Bank Check Nos. 092106009B and 092106010B, respectively.

⁵⁵ 342 Phil. 321, 326-327 (1997).

Upon full payment of the agreed price, petitioner is mandated by law to deliver the title of the lot or unit to the buyer. Both the "Contract to Sell" of petitioner and private respondents, and Sec. 25 of P.D. 957 state -

Sec. III (Contract to Sell). - *Title and Ownership of Unit.* Upon full payment by the vendees of the full amount of the purchase price stipulated under Sec. III hereof, the assessments and expenses under Sec. IV and otherwise upon compliance by the VENDEES of all obligations therein, the VENDOR will convey to the VENDEE all rights and interests of the former and to the Unit, subject hereof together with the interest in the common area and in the Condominium Corporation appurtenant to such unit x x x."

Sec. 25, P.D. 957 - *Issuance of Title.* - **The owner or developer shall deliver the title of the lot or unit to the buyer upon full payment of the lot or unit x x x.** In the event a mortgage over the lot or unit is outstanding at the time of the issuance of the title to the buyer, the owner or developer shall redeem the mortgage or the corresponding portion thereof within six months from such issuance in order that the title over any paid lot or unit may be secured and delivered to the buyer in accordance herewith."

Petitioner also attempts to justify its failure to deliver the certificate of title of private respondent Teng by claiming that it used the title as part collateral for the additional loan NHA had extended for the construction of the fifth floor.

The Court observes the frequent allusion of petitioner to its predicament brought about by the abandonment of the project by the first contractor. **But such is irrelevant in light of Sec. 25 of P.D. 957 as well as of the Contract to Sell of the parties. While we empathize with petitioner in its financial dilemma we cannot make innocent parties suffer the consequences of the former's lack of business acumen. Upon full payment of a unit, petitioner loses all its rights and interests to the unit in favor of the buyer. x x x.** (Emphases supplied.)

To justify its refusal to deliver the remaining 20 TCTs to SMPI, BF Homes asserts that 1) the Deeds of Absolute Sale were undated and not notarized; 2) Orendain did not have or exceeded his authority as receiver in entering into the contracts of sale of the Italia II lots with SMPI; and 3) the consideration for the said Italia II lots were grossly inadequate and disadvantageous for BF Homes.

The Court is not persuaded.

Article 1358(1) of the Civil Code requires that "[a]cts and contracts which have for their object the creation, transmission, modification or

MM

extinguishment of real rights over immovable property” must appear in a public document; and sales of real property or of an interest therein shall be governed by Article 1403(2) and 1405 of the same Code. Pertinent portions of Articles 1403(2) and 1405 of the Civil Code are reproduced below:

Art. 1403. The following contracts are unenforceable, unless they are ratified:

x x x x

(2) Those that do not comply with the Statute of Frauds as set forth in this number. In the following cases an agreement hereafter made shall be unenforceable by action, unless the same, or some note or memorandum, thereof, be in writing, and subscribed by the party charged, or by his agent; evidence, therefore, of the agreement cannot be received without the writing, or a secondary evidence of its contents:

x x x x

(e) An agreement of the leasing for a longer period than one year, or for the sale of real property or of an interest therein;

x x x x

Art. 1405. Contracts infringing the Statute of Frauds, referred to in No. 2 of Article 1403, are ratified by the failure to object to the presentation of oral evidence to prove the same, or by the acceptance of benefit under them.

The contracts of sale of the 130 Italia II lots between BF Homes and SMPI were actually reduced into writing into the three Deeds of Absolute Sale which were signed by the representatives of the two corporations. The only defect was that the Deeds were not notarized and, therefore, were not public documents as required by Article 1358(1) of the Civil Code. *Cenido v. Spouses Apacionado*⁵⁶ involved a closely similar situation and the Court adjudged therein that:

The sale of real property should be in writing and subscribed by the party charged for it to be enforceable. **The “Pagpapatunay” is in writing and subscribed by Bonifacio Aparato, the vendor; hence, it is enforceable under the Statute of Frauds.** Not having been subscribed and sworn to before a notary public, however, the “Pagpapatunay” is not a public document, and therefore does not comply with Article 1358, Paragraph 1 of the Civil Code.

The requirement of a public document in Article 1358 is not for the validity of the instrument but for its efficacy. Although a conveyance of land is not made in a public document, it does not affect the validity of such conveyance. Article 1358 does not require the

⁵⁶ 376 Phil. 801, 819-821 (1999).

mm

accomplishment of the acts or contracts in a public instrument in order to validate the act or contract but only to insure its efficacy, so that after the existence of said contract has been admitted, the party bound may be compelled to execute the proper document. x x x.

x x x x

The private conveyance of the house and lot is therefore valid between Bonifacio Aparato and respondent spouses. x x x For greater efficacy of the contract, convenience of the parties and to bind third persons, respondent spouses have the right to compel the vendor or his heirs to execute the necessary document to properly convey the property.

Also instructive is the following discussion of the Court in *Swedish Match v. Court of Appeals*,⁵⁷ on the Statute of Frauds:

The Statute of Frauds embodied in Article 1403, paragraph (2), of the Civil Code requires certain contracts enumerated therein to be evidenced by some note or memorandum in order to be enforceable. The term "Statute of Frauds" is descriptive of statutes which require certain classes of contracts to be in writing. **The Statute does not deprive the parties of the right to contract with respect to the matters therein involved, but merely regulates the formalities of the contract necessary to render it enforceable. Evidence of the agreement cannot be received without the writing or a secondary evidence of its contents.**

The Statute, however, simply provides the method by which the contracts enumerated therein may be proved but does not declare them invalid because they are not reduced to writing. By law, contracts are obligatory in whatever form they may have been entered into, provided all the essential requisites for their validity are present. However, **when the law requires that a contract be in some form in order that it may be valid or enforceable, or that a contract be proved in a certain way, that requirement is absolute and indispensable. Consequently, the effect of non-compliance with the requirement of the Statute is simply that no action can be enforced unless the requirement is complied with.** Clearly, the form required is for evidentiary purposes only. Hence, if the parties permit a contract to be proved, without any objection, it is then just as binding as if the Statute has been complied with.

The purpose of the Statute is to prevent fraud and perjury in the enforcement of obligations depending for their evidence on the unassisted memory of witnesses, by requiring certain enumerated contracts and transactions to be evidenced by a writing signed by the party to be charged.

However, for a note or memorandum to satisfy the Statute, it must be complete in itself and cannot rest partly in writing and partly in parol. The note or memorandum must contain the names of the parties, the terms and conditions of the contract, and a description of the property sufficient to render it capable of identification. Such note or memorandum must contain the essential elements of the contract expressed with certainty that

⁵⁷ 483 Phil. 735, 747-754 (2004).

myko

may be ascertained from the note or memorandum itself, or some other writing to which it refers or within which it is connected, without resorting to parol evidence.

X X X X

The Statute of Frauds is applicable only to contracts which are executory and not to those which have been consummated either totally or partially. If a contract has been totally or partially performed, the exclusion of parol evidence would promote fraud or bad faith, for it would enable the defendant to keep the benefits already derived by him from the transaction in litigation, and at the same time, evade the obligations, responsibilities or liabilities assumed or contracted by him thereby. This rule, however, is predicated on the fact of ratification of the contract within the meaning of Article 1405 of the Civil Code either (1) by failure to object to the presentation of oral evidence to prove the same, or (2) by the acceptance of benefits under them. x x x. (Emphases supplied.)

Based on the afore-quoted jurisprudence, the Deeds of Absolute Sale are enforceable. *First*, the Deeds are already in writing and signed by the parties, and only lack notarization, a formality which SMPI could compel BF Homes to comply with. As private documents, the Deeds are still binding between the parties and the conveyance of the 130 Italia II lots by BF Homes to SMPI by virtue of said Deeds is valid. And *second*, the Deeds were already ratified as BF Homes had accepted the benefits from said contracts when it received full payment from SMPI of the purchase price for the 130 Italia II lots. The Deeds were also substantially performed considering that BF Homes had previously delivered to SMPI the TCTs for 110 out of the 130 lots, only refusing to deliver the TCTs for the remaining 20 lots.

BF Homes cannot insist on the lack of authority of Orendain as receiver to sign the Deeds of Absolute Sale for the 130 Italia II lots. While it is true the SEC revoked the appointment of Orendain as rehabilitation receiver of BF Homes in 1989, the SEC thereafter immediately appointed FBO Networks Management, Inc., in replacement as receiver. Orendain was the Chairman of FBO Networks Management, Inc. Hence, when Orendain signed the Deeds of Absolute Sale for the 130 Italia II lots, he did so as Chairman of FBO Networks Management, Inc., the appointed receiver of BF Homes.

Under Section 6(d) of Presidential Decree No. 902-A, otherwise known as the SEC Reorganization Act, the management committee or rehabilitation receiver is empowered to take custody and control of all existing assets and properties of such corporations under management; to evaluate the existing assets and liabilities, earnings and operations of such corporations; to determine the best way to salvage and protect the interest of

Agnes

investors and creditors; to study, review and evaluate the feasibility of continuing operations, and restructure and rehabilitate such entities if determined to be feasible by the SEC.⁵⁸ The acts of the receiver, being an appointed officer of the SEC,⁵⁹ enjoy the presumption of regularity.⁶⁰

In the instant case, the acts of FBO Networks Management, Inc., as receiver of BF Homes, undertaken through Orendain, including the sale of the 130 Italia II lots to SMPI in 1992 and 1993, are so far presumed to have been regularly performed absent evidence to the contrary. While BF Homes questioned the acts of Orendain/FBO Networks Management, Inc. as receiver before the SEC, the SEC terminated the rehabilitation proceedings without definitively ruling on the same and recognized the transfer of jurisdiction over such subject matter to the Regional Trial Courts (RTC) with the passage of Republic Act No. 8799, otherwise known as the Securities Regulation Code. There is no showing herein whether BF Homes pursued before the RTC any case to nullify or invalidate the alleged unauthorized or irregular acts of Orendain/FBO Networks Management, Inc. as receiver.

Moreover, even assuming for the sake of argument that Orendain/FBO Networks Management, Inc. did act without or beyond his/its authority as receiver in entering into the contracts of sale of the 130 Italia II lots with SMPI, then the said contracts were merely unenforceable and could be ratified. Article 1403(1) of the Civil Code provides:

ARTICLE 1403. The following contracts are unenforceable, unless they are ratified:

(1) Those entered into in the name of another person by one who has been given no authority or legal representation, or who has acted beyond his powers[.]

As the OP observed, BF Homes ratified the Deeds of Absolute Sale with SMPI by accepting full payment from SMPI of the purchase price for the 130 Italia II lots, and fully implementing the transaction covered by the first two Deeds and partially implementing the third by delivering the TCTs for 110 of the 130 lots.

Receiving full payment for the 130 Italia II lots from SMPI also estops BF Homes from denying the authority of Orendain/FBO Networks Management, Inc. to enter into the Deeds of Absolute Sale. The Court applies by analogy its declarations in *Bisaya Land Transportation, Inc. v.*

⁵⁸ *BF Homes, Incorporated v. Court of Appeals*, 268 Phil. 276, 284 (1990).

⁵⁹ *Alemar's Sibal & Sons, Inc. v. Judge Elbinias*, 264 Phil. 456, 462 (1990).

⁶⁰ Revised Rules of Court, Rule 131, Section 3(m).

mtw

Sanchez,⁶¹ which involved the acts of a court-appointed receiver for an estate:

Furthermore, it is clear that BISTRANCO received material benefits from the contracts of agency of Sanchez, based upon the monthly statements of income of BISTRANCO, upon which the commissions of Sanchez were based. x x x.

x x x x

[I]n our considered opinion, the doctrine of estoppel precludes BISTRANCO from repudiating an obligation voluntarily assumed by it, after having accepted benefits therefrom. To countenance such repudiation would be contrary to equity and would put a premium on fraud or misrepresentation, which this Court will not sanction.

Furthermore, the averment of BF Homes of inadequacy of the purchase price for the 130 Italia II lots deserves scant consideration. Section 3(p), Rule 131 of the Revised Rules of Court presumes that private transactions have been fair and regular. The only evidence submitted by BF Homes in support of its claim is the appraisal report which valued the lots at ₱3,500.00 and ₱3,000.00 per square meter. The appraisal report, however, does not necessarily prove that the purchase price for the lots agreed upon in the Deeds of Absolute Sale, averaged at ₱2,500.00 per square meter, is grossly inadequate and disadvantageous to BF Homes. There are considerations for which sellers may agree to sell their property for less than the market value, such as the urgent financial need of the seller, cash or immediate payment, and/or the high number of properties purchased at the same time. In this case, SMPI explained that it was granted a lower purchase price because it bought the Italia II lots in volume, and BF Homes was unable to repudiate said explanation.

Finally, as to the award of attorney's fees, Article 2208 of the Civil Code allows the recovery of attorney's fees and expenses of litigation, other than judicial costs, even in the absence of stipulation, "[w]here the defendant acted in gross and evident bad faith in refusing to satisfy the plaintiff's plainly valid, just and demandable claim." SMPI obviously had a valid and demandable claim against BF Homes, which unjustifiably and inexcusably refused to comply with the mandate in Presidential Decree No. 957 and undertaking in the Deeds of Absolute Sale to deliver the titles to the subdivision lots upon complete payment for said properties. The sudden refusal of BF Homes to deliver the last 20 TCTs, after having previously delivered the other 110 TCTs, constitutes bad faith and justifies the award of attorney's fees in favor of SMPI, which was forced to litigate to enforce its rights. The amount of ₱100,000.00 awarded by the OP as attorney's fees is just and reasonable under the circumstances.

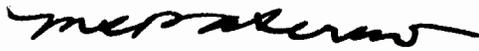
⁶¹ 237 Phil. 510, 521 (1987).

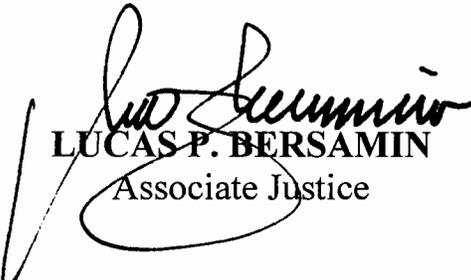
WHEREFORE, premises considered, the Petition for Review on *Certiorari* of San Miguel Properties, Inc. is **GRANTED**. The Decision dated January 31, 2005 and Resolution dated August 9, 2005 of the Court of Appeals in CA-G.R. SP No. 83631 ordering the remand of the case to the Housing and Land Use Regulatory Board is **REVERSED** and **SET ASIDE**; and the Decision dated January 27, 2004 of the Office of the President in O.P. Case No. 03-E-203 is **REINSTATED**.

SO ORDERED.


TERESITA J. LEONARDO-DE CASTRO
Associate Justice

WE CONCUR:


MARIA LOURDES P. A. SERENO
Chief Justice
Chairperson

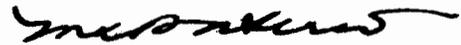

LUCAS P. BERSAMIN
Associate Justice


JOSE PORTUGAL PEREZ
Associate Justice


ESTELA M. PERLAS-BERNABE
Associate Justice

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.



MARIA LOURDES P. A. SERENO
Chief Justice