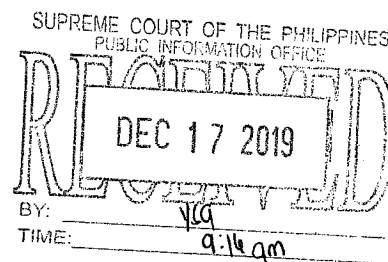




REPUBLIC OF THE PHILIPPINES
SUPREME COURT
Manila



SECOND DIVISION

NOTICE

Sirs/Mesdames:

*Please take notice that the Court, Second Division, issued a Resolution dated **09 October 2019** which reads as follows:*

G.R. No. 230432 (D.O. Plaza Holdings Corporation v. Greg Anthony L. Cañeda)

X -----X

Antecedents

Petitioner D.O. Plaza Holdings Corporation is the developer of Fatima Heights Subdivision, Barangay Piela, Dasmariñas City, Cavite. On September 24, 2003, it entered with respondent Greg Anthony L. Cañeda into a Contract to Sell a house and lot in Fatima Heights Subdivision for Php150,000.00. The parties also executed a Contract of Additions wherein petitioner undertook to perform “necessary construction works required for the additional floor area, increase in roof elevation and finishing works” for Php243,018.00 inclusive of labor and materials. The total contract price amounted to Php393,018.00. It was agreed that Cañeda shall pay monthly amortizations for fifteen (15) years with the corresponding interest rates. He had paid the amortizations from June 15, 2003 to December 15, 2008.¹

On May 11, 2012, Cañeda sent petitioner a letter demanding reimbursement of his alleged overpayment of Php479,634.88 and execution of the deed of absolute sale covering the property. He claimed that petitioner breached its obligations under the Contract of Additions because the latter allegedly never commenced the construction works agreed upon. As such, Cañeda asserted he was under no obligation to pay Php243,018.00 which was included in the computation of his monthly amortizations.²

Petitioner, on the other hand, sent a Final Notice of Cancellation/Rescission to Cañeda informing him that it was rescinding his reservation and the Contract to Sell. Petitioner likewise demanded that Cañeda vacate the property without further notice. Cañeda opposed the rescission and reiterated his claim for refund. The parties unfortunately failed to amicably settle their claims against each other.

Thus, on July 20, 2012, Cañeda sued petitioner below for refund of overpayment, specific performance for execution of the deed of absolute sale, damages, and attorney’s fees.³

¹ *Rollo*, pp. 119-120.

² *Id.* at 120-121.

³ *Id.* at 121.

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The HLURB-STRFO Ruling

Under Decision dated July 22, 2013, the Housing and Land Use Regulatory Board-Southern Tagalog Region Field Office (HLURB-STRFO) denied Cañeda's claim for refund. It, however, ordered petitioner to re-compute the contract price excluding the Contract of Additions. Petitioner was likewise ordered to pay damages and attorney's fees to Cañeda. The HLURB-STRFO ruled:

WHEREFORE, premises considered, judgment is hereby as follows:

1. Dismissing the complaint for refund of overpayment; the claim for payment of expenses incurred by complainant in improving the subject unit; and the revocation and cancellation of respondent's License to Sell for lack of merit.

2. Ordering respondent to re-compute the remaining balance that should be paid by complainant taking into consideration only the principal amount of ₱150,000.00 with interest at the rate stipulated in the Reservation Agreement, pursuant to the terms and conditions set forth in the said contract.

3. In the event the result of the re-computation would show full payment of the contract price, respondent should execute and deliver not only the Deed of Absolute Sale but likewise the title to the subject lot, free from liens and encumbrances. On the other hand, in case there is still a balance on the contract price, complainant is directed to update payment of his amortizations based on the terms and conditions set forth in the Reservation Application, likewise taking into consideration the provisions of R.A. 6552 or the Maceda Law.

4. Ordering respondent to pay complainant the sum of ₱10,000.00 as moral damages; the sum of ₱5,000.00 as exemplary damages, and the sum of ₱10,000.00 as attorney's fees and litigation expenses

All other claims and counterclaims are hereby dismissed.⁴

Both parties appealed to the HLURB Board of Commissioners.

The HLURB Board of Commissioners' Ruling

By Decision dated August 29, 2014, the HLURB Board of Commissioners (BOC) modified. It granted Cañeda's claim for refund and ordered petitioner to execute the Deed of Absolute Sale in Cañeda's favor, thus:

WHEREFORE, in view of the foregoing considerations, the appeal of complainant Cañeda is hereby GRANTED. The assailed decision of the

⁴ *Id.* at 121-122.

HLURB Southern Tagalog Regional Field Office (STRFO) is hereby SET ASIDE and a new judgment is hereby rendered:

1. Cancelling the Contract of Additions entered into by the parties dated 24 September 2003;
2. Ordering respondent D. O. Plaza Holdings Corp. to refund to the complainant the total amount of ₱130,195.34 with interest at 6% per annum from the time of extra-judicial demand (11 May 2012) until full payment thereof;
3. Ordering respondent D. O. Plaza Holdings Corp. to execute the Deed of Absolute Sale and deliver the title of the subject lot, free from liens and encumbrances;
4. Ordering respondent to pay complainant the sum of ₱50,000.00 as moral damages; the sum of ₱20,000.00 as exemplary damages; and the sum of ₱10,000.00 as attorney's fees and litigation expenses.

All other claims and counterclaims are hereby dismissed.⁵

Petitioner then went up to the Court of Appeals via a petition for review under Rule 43 of the Rules of Court.⁶

The Court of Appeals' Ruling

Under Decision⁷ dated May 13, 2016, the Court of Appeals dismissed the petition. It ruled that petitioner violated the doctrine of exhaustion of administrative remedies when it filed a petition for review under Rule 43 of the Rules of Court instead of an appeal before the Office of the President within fifteen (15) days from receipt of the assailed HLURB-BOC decision, as provided under Presidential Decree (PD) No. 1344.⁸ While the foregoing doctrine admits of exceptions, the Court of Appeals found that none of them applied to petitioner.⁹

Petitioner's motion for reconsideration was denied under Resolution dated March 2, 2017.¹⁰

The Present Petition

Petitioner now seeks affirmative relief from the Court via the present petition for review on certiorari.

⁵ *Id.* at 122.

⁶ *Id.* at 36-76.

⁷ *Id.* at 119-131.

⁸ Entitled "Empowering the National Housing Authority to Issue Writ of Execution in The Enforcement of Its Decision Under Presidential Decree No. 957."

⁹ *Rollo*, pp. 128-130

¹⁰ *Id.* at 142-144.

Issue

Did the Court of Appeals err in dismissing the petition for failure to exhaust administrative remedies?

Ruling

Petitioner faults the Court of Appeals for dismissing its petition for review against the Decision dated August 29, 2014 of the Housing and Land Use Regulatory Board - Board of Commissioners (HLURB-BOC). The dismissal was anchored on petitioner's breach of the doctrine of exhaustion of administrative remedies when it bypassed the Office of the President and went straight instead to the Court of Appeals.

Petitioner argues, in the main, that it cannot be faulted for appealing the HLURB-BOC's decision directly to the Court of Appeals instead of the Office of the President. For Republic Act (RA) No. 9904 or the Magna Carta for Homeowners' Associations allegedly decrees that "all decisions of the HLURB are appealable directly to the Court of Appeals", *viz*:

CHAPTER IV

Duties and Responsibilities of the HLURB

SECTION 20. Duties and Responsibilities of the HLURB. — In addition to the powers, authorities and responsibilities vested in it by Republic Act No. 8763, Presidential Decree No. 902-A, Batas Pambansa Blg. 68 and Executive Order No. 535, Series of 1981, as amended, the HLURB shall:

a) Regularly conduct free orientation for officers of homeowners' associations or deputize another competent agency to conduct the orientation;

xxx xxx xxx

(d) Hear and decide intra-association and/or inter-association controversies and/or conflicts, without prejudice to filing civil and criminal cases by the parties concerned before the regular courts: Provided, That all decisions of the HLURB are appealable directly to the Court of Appeals. (emphasis supplied)

In his Comment/Opposition,¹¹ respondent Cañeda asserts that what RA No. 9904 considers to be as directly appealable to the Court of Appeals are inter-association and/or intra-association controversies or conflicts concerning homeowners' associations. The present case, however, involves a claim for refund, specific performance and damages filed by a subdivision lot buyer against the project developer. Hence, the same falls under PD No.

¹¹ *Rollo*, pp. 146-148.

1344¹² which provides that decisions of the HLURB in such cases are appealable only to the Office of the President.

In its Reply,¹³ petitioner maintains its position that it availed of the proper remedy when it filed the petition for review before the Court of Appeals. It now reiterates its prayer to remand the case to the Court of Appeals for disposition of the factual issues involved therein.

The petition is devoid of merit.

RA No. 9904 or the Magna Carta for Homeowners' Associations was enacted to "*promote the rights and the roles of homeowners as individuals and as members of the society and of homeowners' associations.*"¹⁴ Sec. 20(d) thereof empowers the HLURB to hear and decide intra-association and/or inter-association controversies or conflicts. The decisions of the HLURB in these cases are appealable directly to the Court of Appeals.¹⁵

The Implementing Rules and Regulations of RA No. 9904 define **intra-association dispute** as a "controversy which arises out of the relations between and among members of the association; between any or all of them and the association of which they are members; and between such association and the State insofar as it concerns their individual franchise or right to exist. It refers also to a controversy which is intrinsically connected with the regulation of associations or dealing with the internal affairs of such entity." Meanwhile, an **inter-association dispute** is "a controversy which arises out of the relations between and among two or more associations."¹⁶

Here, the controversy is between respondent Cañeda, a subdivision lot buyer, and petitioner D.O. Plaza Holdings Corporation, the developer. Too, the dispute involves a claim for refund, specific performance, and damages. It is neither an intra-association nor an inter-association dispute. Clearly, therefore, RA No. 9904 does not apply here; much less, the mode of appeal provided in Section 20(d) thereof.

¹² Entitled "Empowering the National Housing Authority to Issue Writ of Execution in The Enforcement of Its Decision Under Presidential Decree No. 957."

¹³ *Rollo*, pp. 151-16.

¹⁴ Sec. 2, RA No. 9904.

¹⁵ Section 20. Duties and Responsibilities of the HLURB. — In addition to the powers, authorities and responsibilities vested in it by Republic Act No. 8763, Presidential Decree No. 902-A, Batas Pambansa Blg. 68 and Executive Order No. 535, Series of 1981, as amended, the HLURB shall:

xxx xxx xxx

(d) Hear and decide intra-association and/or inter-association controversies and/or conflicts, without prejudice to filing civil and criminal cases by the parties concerned before the regular courts: Provided, That all decisions of the HLURB are appealable directly to the Court of Appeals.

¹⁶ Sections 4(w) and (x), IRR of RA No. 9904.

On the other hand, Sec. 1 of PD No. 1344¹⁷ empowers the National Housing Authority (NHA), now HLURB¹⁸ to hear and decide cases of the following nature:

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 supplied)

Sec. 2 provides further that the decisions of the NHA (now HLURB) in the foregoing cases are appealable **only to the Office of the President**.¹⁹ More, the Rules of Procedure of the HLURB states that a party aggrieved by a decision rendered by the HLURB-BOC may appeal to Office of the President within fifteen (15) days from receipt thereof, in accordance with PD No. 1344.²⁰ From the decision of the Office of the President, the aggrieved party can go to the Court of Appeals which exercises exclusive appellate jurisdiction over decisions of quasi-judicial agencies, boards, or commissions.²¹

Considering that the subject matter of the present case is a claim for refund, specific performance, and damages filed by a buyer of a subdivision lot against the developer, PD No. 1344 is the applicable law, not RA No. 9904. As such, petitioner should have first appealed the HLURB-BOC's Decision to the Office of the President in accordance with the provisions of

¹⁷ Entitled "Empowering the National Housing Authority to Issue Writ of Execution in The Enforcement of Its Decision Under Presidential Decree No. 957."

¹⁸ The regulatory functions of NHA relating to housing and land development has been transferred to Human Settlements Regulatory Commission, now known as HLURB, Executive Order No. 648 (7 February 1981) and Executive Order No. 90 (17 December 1986).

¹⁹ Section 2. The decision of the National Housing Authority shall become final and executory after the lapse of fifteen (15) days from the date of its receipt. It is appealable only to the President of the Philippines and in the event the appeal is filed, and the decision is not reversed and/or amended within a period of thirty (30) days, the decision is deemed affirmed. Proof of the appeal of the decision must be furnished the National Housing Authority.

²⁰ Section 2. *Appeal*. — Any party may, upon notice to the Board and the other party, appeal a decision rendered by the Board of Commissioners to the Office of the President within fifteen (15) days from receipt thereof, in accordance with P.D. No. 1344 and A.O. No. 18 Series of 1987.

The pendency of the motion for reconsideration shall suspend the running of the period to appeal to the Office of the President; *2004 Rules of Procedure of the Housing and Land Use Regulatory Board, HLURB Board of Commissioners Resolution No. 765-04, May 19, 2004.*

²¹ *Atty. Cole v. Court of Appeals*, 401 Phil. 920, 930 (2000).

PD No. 1344. It is only after the Office of the President shall have resolved the appeal that petitioner can go to the Court of Appeals.

The doctrine of exhaustion of administrative remedies requires that before a party may seek intervention from the court, he or she should have already exhausted all the remedies in the administrative level.²² Under this doctrine, courts will hold off from determining a controversy involving a question within the jurisdiction of an administrative agency, particularly when its resolution demands the "special knowledge, experience, and services of the administrative tribunal to determine technical and intricate matters of fact."²³ Verily, if there was an administrative remedy under the law, that remedy must be exhausted first before the parties come to court.²⁴ The Court of Appeals, therefore, correctly dismissed the petition for review due to petitioner's inexcusable failure to exhaust the administrative remedies available to it.

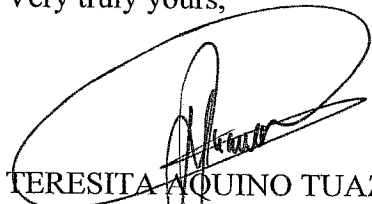
Considering that no valid appeal was taken from the HLURB-BOC's Decision dated August 29, 2014, the same had already attained finality and can no longer be reviewed, nay, reversed by the Court. There is nothing left here to remand to the Court of Appeals.

Indeed, perfection of an appeal in the manner and within the period laid down by law is not only mandatory but also jurisdictional. The failure to perfect an appeal as required by the rules has the effect of defeating the right to appeal of a party and precluding the appellate court from acquiring jurisdiction over the case.²⁵

WHEREFORE, the petition is **DENIED**. The Decision dated May 13, 2016 and Resolution dated March 2, 2017 of the Court of Appeals in CA-G.R. SP No. 137482 are **AFFIRMED**.

SO ORDERED. "

Very truly yours,


TERESITA AQUINO TUAZON
 Deputy Division Clerk of Court *Utah 12/9*
 10 DEC 2019

²² *Alliance of Quezon City Homeowners' Association, Inc. v. Quezon City Government*, G.R. No. 230651, September 18, 2018.

²³ *Cordillera Global Network v. Paje*, G.R. No. 215998, April 10, 2019.

²⁴ *Amoguis v. Ballado*, G.R. No. 189626, August 20, 2018.

²⁵ *Lefebvre v. A Brown Company, Inc.*, G.R. No. 224973, September 27, 2017, 841 SCRA 217, 232.

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