

## FIRST DIVISION

[ G.R. NO. 166913, October 05, 2007 ]

**SPOUSES MARIANO S. TANGLAO AND CORAZON M. TANGLAO, PETITIONERS, VS. SPOUSES CORAZON S. PARUNGAO AND LORENZO G. PARUNGAO (DECEASED), SUBSTITUTED BY LAWRENCE S. PARUNGAO, MARY CHRISTINE PARUNGAO-CURUTCHET, LORDBERT S. PARUNGAO, LODELBERTO S. PARUNGAO AND MA. CECILIA PARUNGAO-HERNANDEZ, RESPONDENTS.**

### D E C I S I O N

**SANDOVAL-GUTIERREZ, J.:**

For our resolution is the instant Petition for Review on *Certiorari* seeking to reverse the Decision<sup>[1]</sup> of the Court of Appeals (Fifteenth Division) dated January 31, 2005 in CA-G.R. SP No. 78079.

The facts of the case are:

In 1992, spouses Lorenzo and Corazon Parungao, respondents, purchased from Spring Homes Subdivision (Spring Homes) Lot Nos. 1, 2, 3, and 4 with a total area of 486 square meters (sq. m.) at P1,350.00 per sq. m. or a total price of P656,100.00. In addition, they also bought Lot Nos. 7, 8, and 9 with a total area of 457 sq. m. at P1,550.00 per sq. m. or a total price of P708,360.00. All these lots are located at Block VI, Phase II-C, Spring Homes, Barangay Culiati, Calamba City, Laguna. Respondents made a down payment of P536,000.00, leaving a balance of P828,450.00, exclusive of interest.

Sometime in November 1992, respondents introduced improvements on the lots consisting of a concrete perimeter fence with cyclone wires on top, a heavy steel gate, and two fish breeding buildings, all at a cost of P945,000.00. They also elevated the ground level of the lots by filling them with earth and "adobe."

Under the terms of the Contracts to Sell signed by respondents and Spring Homes, the balance of P828,450.00 was to be paid by them within one year from its execution; and that should they apply for a loan as payment for the balance, they would continue to pay the monthly installment until their obligation is fully paid.

Respondents failed to pay the installments. They also failed to secure a loan because Spring Homes refused to deliver to them the Transfer Certificates of Title (TCTs) covering the lots required in their application for a loan secured by a real estate mortgage. Apparently, respondents had requested Spring Homes to furnish them copies of the Contracts to Sell, the TCTs, receipts of real estate taxes paid, tax declarations, and the survey and vicinity plans of the lots they purchased. However, Roy Madamba, salesman-representative of Spring Homes, gave respondents only

copies of the Contracts to Sell. But respondents returned these copies to Spring Homes for correction of the lot numbers and the names of the vendees.

On April 11, 1997, Spring Homes executed two separate Deeds of Absolute Sale in favor of spouses Mariano and Corazon Tanglao, petitioners, wherein the former sold to the latter two lots covered by TCT Nos. T-268566 and T-268572. Hence, the said TCTs were cancelled and in lieu thereof, TCT Nos. T-393365 and T-3377723 were issued in the names of petitioners. It turned out that the lots sold to them were among the lots previously sold to respondents.

In a letter dated September 15, 1997, respondents demanded that Spring Homes deliver to them the corrected Contracts to Sell, as well as the TCTs covering the lots they purchased.

Meanwhile, petitioners took possession of the two lots they bought. They forcibly opened the steel gate as well as the doors of the buildings and entered the premises.

When informed of these events, respondents demanded an explanation from Spring Homes. Bertha Pasic, its treasurer, apologized and promised she would settle the matter with petitioners. However, the controversy was not settled.

On July 15, 1999, respondents filed with the Housing and Land Use Regulatory Board (HLURB), Regional Office No. 1V a complaint for annulment of deed of sale and/or return of investment for the seven (7) lots and costs of improvements, plus interest and damages, docketed as HLURB Case No. R-1V6-08199-1104. Impleaded as respondents were Spring Homes, Berta Pasic, Felipa Messiah, and petitioners.

Despite notice, Spring Homes, Pasic, and Messiah did not file their respective answers to the complaint, nor did they appear during the hearings.

On October 3, 2000, HLURB Arbiter Gregorio L. Dean rendered a Decision, the dispositive portion of which reads:

WHEREFORE, judgment is hereby rendered:

1. Dismissing the complaint filed against respondents Felipa Messiah and Spouses Tanglao for lack of merit;
2. Ordering respondent Spring Homes to pay complainants:
  - a) Php536,000.00 by way of refund of payments with 12% interest per annum to commence from August 11, 1999;
  - b) Php935,000.00 as actual damages; and
  - c) Php20,000.00 as attorney's fees.
3. Ordering respondents Spring Homes Subdivision Co., Inc., and Bertha Pasic, jointly and severally, to pay complainant the sum of Php20,000.00 as moral damages and to pay this Board the sum of Php10,000.00 as administrative fine.

IT IS SO ORDERED.

Dissatisfied with the ruling, respondents filed a petition for review with the HLURB Board of Commissioners, docketed as HLURB Case No. REM-A-001211-0272.

On August 24, 2001, the HLURB Board of Commissioners rendered its Judgment reversing the Arbitrator's Decision and granting the petition for review, thus:

WHEREFORE, premises considered, the petition for review is granted. The decision of the office below is set aside and a new decision is rendered as follows:

1. Declaring as valid and subsisting the contract to sell between complainants and respondent Spring Homes;
2. Directing complainants to immediately update their account and directing respondent Spring Homes to accept payment and to deliver title to complainants upon full payment of the purchase price;
3. Declaring as invalid the deed of absolute sale in favor of the spouses Tanglao over the subject lots and directing the cancellation of respondent spouses TCTs Nos. T-268566 and T-268572 of the Registry of Deeds for Calamba, Laguna and its reversion to respondent Spring Homes;
4. Directing respondent Spring Homes to refund to respondent spouses Tanglao all the amounts paid by the latter in connection with the sale of the subject lots to the latter with 12% interest reckoned from the date of the sale;
5. Directing respondent Spring Homes to pay administrative fine of P10,000.00 for unsound business practice.

SO ORDERED.

The HLURB Board of Commissioners found that at the time of the sale of the two lots in question to petitioners, the contracts between respondents and Spring Homes were still subsisting. Moreover, the fence and existing structures erected on the premises should have forewarned petitioners that there are adverse claimants of the two lots.

Petitioners filed a motion for reconsideration, but this was denied by the HLURB Board of Commissioners in a Resolution promulgated on February 22, 2002.

Petitioners then filed an appeal with the Office of the President, docketed as O.P. Case No. 02-C-099. But in its Decision dated March 12, 2003, the Office of the President dismissed their appeal and affirmed the Decision of the HLURB Board of Commissioners.

Petitioners' motion for reconsideration was also denied by the said Office in its Order dated June 18, 2003.

Eventually, petitioners filed with the Court of Appeals a petition for review under Rule 43 of the 1997 Rules of Civil Procedure, as amended.

On January 31, 2004, the Court of Appeals rendered its Decision dismissing the petition, thus: