

SECOND DIVISION

[G.R. No. 219673, September 02, 2019]

SOLID HOMES, INC., PETITIONER, VS. SPOUSES ARTEMIO JURADO AND CONSUELO O. JURADO, RESPONDENTS.

DECISION

REYES, J. JR., J.:

This Petition for Review^[1] under Rule 45 assails the Decision^[2] dated March 13, 2015 of the Court of Appeals (CA) in CA-GR. SP No. 130627. Also assailed is the CA Resolution^[3] dated July 22, 2015, which denied petitioner Solid Homes, Inc.'s (Solid Homes) motion for partial reconsideration.^[4]

The assailed CA Decision essentially affirmed the Decision^[5] dated May 9, 2012 of the Office of the President (OP) which, in turn, affirmed the Decision^[6] dated May 22, 2008 of the Board of Commissioners of the Housing and Land Use Regulatory Board (HLURB Board), finding Solid Homes liable to herein respondents spouses Artemio and Consuelo O. Jurado (spouses Jurado) under the terms of a contract to sell covering a residential lot.

The Facts

In 1977, Solid Homes entered into a Contract to Sell covering a 1,241 square meter residential lot located at Loyola Grand Villas Subdivision, Marikina, Rizal (subject property) with spouses Violeta and Jesus Calica (spouses Calica) for the consideration of P434,350.00.^[7] Spouses Calica paid P86,870.00 as downpayment and the balance was made payable in equal monthly installments of P5,646.55 for a period of eight years.^[8]

In 1983, by virtue of a Deed of Assignment and Transfer of Rights, spouses Calica assigned and transferred their rights as vendees in the Contract to Sell to spouses Jurado for the amount of P130,352.00. Solid Homes prepared the standard printed form of the Deed of Assignment and Transfer of Rights and its officer, Rita Castillo Dumatay (Dumatay), attested and affixed her signature thereon. Spouses Jurado paid the transfer fee for which Solid Homes issued a provisional receipt. Solid Homes also issued to spouses Jurado a credit memorandum indicating that the latter paid P108,001.00. As of February 22, 1983, spouses Calica and spouses Jurado made the total payment of P480,262.95.^[9]

Thereafter, spouses Jurado inquired as to the transfer of ownership over the subject property and were informed by Dumatay that Solid Homes had mortgaged the property and that the mortgage had been foreclosed.^[10] Solid Homes undertook to replace the subject property with another lot and for this purpose, spouses Jurado submitted the required documents. Through letters dated October 23, 1992 and

August 7, 1996, spouses Jurado followed-up on the promised substitute property but to no avail.^[11]

In 2000, spouses Jurado filed a complaint for specific performance and damages before the HLURB. The HLURB dismissed the complaint without prejudice.^[12] Said dismissal was affirmed by the HLURB Board on April 20, 2005.^[13]

It appears that spouses Jurado no longer pursued any further appeal and instead in 2005, they refiled the complaint for specific performance and damages before the HLURB. They prayed that Solid Homes be ordered to replace the lot, or to convey and transfer to them a substitute lot, or in the alternative, to pay the current value of the lot, or to return the payments made with interests.^[14] In answer, Solid Homes argued that the assignment and transfer was void as it was made without Solid Homes' prior written consent. Solid Homes further raised the defenses of prescription and laches, *res judicata*, forum shopping and estoppel.^[15] Because the complaint was allegedly unfounded, Solid Homes prayed for the award of damages and attorney's fees.^[16]

The Ruling of the HLURB Arbiter

On June 13, 2007, the HLURB Arbiter issued a Decision dismissing the complaint for lack of merit. The HLURB Arbiter held that there was no right created in favor of spouses Jurado for lack of proof that Solid Homes gave its prior written consent to the assignment and transfer of rights; and that, in any case, spouses Jurado's cause of action had prescribed.^[17]

The Ruling of the HLURB Board of Commissioners

On appeal, the HLURB Board reversed the ruling of the HLURB Arbiter. It ruled that there was substantial evidence showing that Solid Homes consented and even participated in the transfer of the property to spouses Jurado. It noted the following: (1) the standard form for the transfer and assignment of rights was prepared by Solid Homes; (2) Solid Homes required the payment of a transfer fee which was in fact paid by spouses Jurado in consideration for the transfer of the lot; (3) Solid Homes presented a subdivision plan to spouses Jurado showing a shaded area which was designated as a possible replacement lot. The subdivision plan presented in evidence by spouses Jurado was signed by a representative of Solid Homes; (4) Solid Homes wrote a letter to spouses Jurado requiring the latter to submit certain documents to facilitate the replacement; and (5) Solid Homes issued a credit memorandum in favor of spouses Jurado in the amount of P108,001.00 for the price of the subject property.^[18]

The HLURB Board also brushed aside Solid Homes' argument of prescription and instead noted that extrajudicial demands were made by spouses Jurado. It likewise disregarded Solid Homes' defense of *res judicata* on the ground that the initial HLURB complaint was dismissed without prejudice.

Accordingly, the HLURB Board disposed as follows:

Wherefore, premises considered, the appeal is GRANTED. The [HLURB Arbiter] decision of June 13, 2007 is REVERSED and SET ASIDE and a new judgment is hereby rendered ordering:

1. Respondent to replace the foreclosed lot and to convey to complainants in absolute ownership a parcel of land of the same area, quality and location as the lot covered by the contract to sell in the event that respondent is unable to do so, respondent Solid Homes is ordered to pay to respondent the current fair market value of the foreclosed lot.
2. Respondent to pay attorney's fees in the amount of Thirty Thousand Pesos ([P]30,000.00) and moral damages in the amount of Thirty Thousand Pesos ([P]30,000.00), and the cost of the suit.

So ordered.^[19]

Solid Homes moved for reconsideration, arguing that the HLURB Board erred in requiring that the subject lot be replaced, and in ordering that the same be conveyed to spouses Jurado without full payment of the purchase price. After examining the buyers' ledger which spouses Jurado themselves submitted in evidence, the HLURB Board confirmed that spouses Jurado still have a balance of P145,843.35, which they must pay to be entitled to the conveyance of the substitute property. The HLURB, thus, ordered spouses Jurado to pay the balance and imposed interest thereon to commence only from the time when Solid Homes shall make available to spouses Jurado a substitute lot.^[20]

Thus, in a Resolution^[21] dated October 2, 2009, the HLURB Board modified its earlier ruling and accordingly disposed:

WHEREFORE, premises considered, our decision of May 22, 2008 is MODIFIED as follows:

1. Respondent is ordered to replace the foreclosed lot another of the same area, quality and location as the lot covered by the Contract to Sell. Thereupon, complainants are ordered to pay respondents the amount of [P] 145,843.35 with interest at the rate of 12% per annum in accordance with the contract reckoned from the time the lot is made available to them; upon such full payment, respondent is ordered to execute a deed of sale and deliver the title of the substitute lot in complainants' favor.
2. At complainant's option, or if the above is no longer possible, respondent is hereby ordered to pay the complainants the fair market value of the lot they lost with interest at the rate of 12% per annum reckoned from the filing of the complaint until fully paid.
3. Respondent is ordered to pay complainants moral damages of [P]30,000.00, attorney's fees of [P]30,000.00 and the cost of the suit.

SO ORDERED.^[22]

Consequently, Solid Homes lodged an appeal to the OP.

The Ruling of the Office of the President

The OP adopted by reference the findings of facts and conclusions of law as contained in the HLURB Board's Decision and Resolution and held that the same were supported by the evidence on record. The OP also agreed with the HLURB Board that there was substantial evidence showing that Solid Homes consented to the transfer and assignment of the property and even recognized spouses Jurado as the buyers-assignees thereof. It similarly disregarded Solid Homes' argument that the complaint was barred by *res judicata*. Finally, the OP held that spouses Jurado are not guilty of laches for lack of proof that they abandoned their case,^[23] disposing, thus:

WHEREFORE, premises considered, the appeal of [Solid Homes] is hereby DISMISSED.

SO ORDERED.^[24]

Solid Homes' subsequent motion for reconsideration met similar denial from the OP.

Through a petition for review, Solid Homes elevated the case to the CA, arguing that the OP erred in adopting by reference the HLURB's findings of facts and conclusions of law; that the complaint was barred by *res judicata* and prescription; that there was no privity of contract between Solid Homes and spouses Jurado considering that the Deed of Assignment and Transfer of Rights between spouses Calica and spouses Jurado was void; and that the award of damages and attorney's fees was without basis.

The Court of Appeals' Ruling

Except as to the award of damages and attorney's fees, the CA affirmed the ruling of the OP.

The CA held that the OP's adoption by reference of the HLURB's findings of facts and conclusions of law was allowed considering that the administrative decision was based on evidence and expressed in a manner that sufficiently informed the parties of the bases of the decision.^[25] The CA also dismissed Solid Homes' contention that the complaint was barred by *res judicata*, noting that the earlier complaint was dismissed by the HLURB without prejudice and as such, was not a final judgment on the merits. Considering that the complaint was not barred by *res judicata*, the imputation of forum shopping is consequently without basis.^[26]

With regard to Solid Homes' contention that the complaint was barred by prescription and laches, the CA held that spouses Jurado's cause of action arose after February 22, 1983, when Solid Homes informed the spouses Jurado that the subject property had been mortgaged and foreclosed. The CA observed that the written extrajudicial demands made by spouses Jurado

in the meantime interrupted the running of the prescriptive period.^[27]

As to whether Solid Homes consented to the assignment and transfer of rights to the Contract to Sell, the CA found that Solid Homes' consent was evident from the facts that: Solid Homes itself prepared the standard form of the Deed of Assignment and Transfer of Rights which was attested and signed by Dumatay; Solid Homes charged a transfer fee; Solid Homes issued a credit memorandum to spouses Jurado indicating that the amount of P108,001.00 was credited in favor of the latter as payment for the subject property; and Solid Homes, through Dumatay, received the documents from spouses Jurado which the former required to facilitate the replacement of the subject property.^[28] The CA, thus, held that by Solid Homes' acts and representations, it led spouses Jurado to believe that Solid Homes consented to the Deed of Assignment and Transfer of Rights.^[29]

Addressing finally the issue on the award of damages, the CA ruled that moral damages are recoverable only when proven and that the award of attorney's fees must have factual and legal bases which must be stated in the body of the decision. Noting that these requirements were not satisfied, the CA disallowed the award of moral damages and attorney's fees but sustained the imposition of the costs of suit against Solid Homes.

The *fallo* of the CA Decision reads:

We **MODIFY** the Decision dated 09 May 2012 of Office of the President in O.P. Case No. 09-K-581 (which affirmed the Resolution dated 02 October 2008 of the Housing and Land Use Regulatory Board in HLURB Case No. REM-A-070914-0423), as follows: we **DELETE** the award for moral damages in the amount of Php30,000.00 and the attorney's fees in the amount of Php30,000.00.

IT IS SO ORDERED.^[30]

Solid Homes' motion for partial reconsideration met similar denial from the CA in its Resolution^[31] dated July 22, 2015.

The Issues

Hence, Solid Homes resorts to the present petition raising the following issues:

1. Whether or not the Honorable Office of the President as affirmed by the Honorable Court of Appeals seriously and gravely erred in adopting by reference the findings of fact and conclusion of law contained in the assailed Decision and Resolution of the HLURB Board of Commissioners;
2. Whether or not the Honorable Office of the President as affirmed by the Honorable Court of Appeals seriously and gravely erred in not holding that *res judicata* has already set-in in the instant case;
3. Whether or not the Honorable Office of the President as affirmed by the Honorable Court of Appeals seriously and gravely erred in not