

THIRD DIVISION

[G.R. No. 194664, June 15, 2016]

FLORITA LIAM, PETITIONER, VS. UNITED COCONUT PLANTERS BANK, RESPONDENT.

DECISION

REYES, J.:

This is a Petition for Review on *Certiorari*^[1] under Rule 45 of the Rules of Court seeking to annul and set aside the Decision^[2] dated September 24, 2010 of the Court of Appeals (CA) in CA-G.R. SP No. 112195 holding that United Coconut Planters Bank (UCPB) was wrongly impleaded in Florita Liam's (Liam) complaint for specific performance before the Housing and Land Use Regulatory Board (HLURB).

The Facts

On April 11, 1996, Liam entered into a contract to sell^[3] with developer Primetown Property Group, Inc. (PPGI) for the purchase of Condominium Unit No. 603, Hongkong Tower, of the latter's Makati Prime City (MPC) condominium project in San Antonio Village, Makati City for the price of P2,614,652.66. The parties also stipulated that the unit will be delivered not later than 35 months from the start of actual construction.

To finance the construction of the condominium project, PPGI obtained a loan from UCPB. PPGI thereafter partially settled its loan by transferring to UCPB its right to collect all receivables from condominium buyers, including Liam. For this purpose, PPGI and UCPB executed a Memorandum of Agreement (MOA)^[4] and a document denominated as Sale of Receivables and Assignment of Rights and Interests (Deed of Sale/Assignment)^[5] both dated April 23, 1998.

On May 29, 1998, PPGI notified Liam of the sale of its receivables to UCPB. PPGI directed her to remit any remaining balance of the condominium unit's purchase price to UCPB. PPGI further stated that "[the] payment arrangement shall in no way cause any amendment of [the] terms and conditions, nor the cancellation of the Contract to Sell [she] executed with PPGI."^[6]

Liam heeded the notice and forthwith remitted her payments to UCPB. However, on March 9, 1999, Liam wrote UCPB asking for the deferment of her amortization payments until such time that the unit is ready for delivery.^[7] At that point, Liam stopped making payments. On February 28, 2001, Liam again wrote UCPB complaining of the delayed delivery of the unit and reiterating that she will only resume making payments once the unit is delivered. Liam also requested the waiver of interests and penalties for the period prior to UCPB's assumption as the payee of her amortizations.^[8]

Pier requests, however, were left unanswered. Thus, on April 14, 2004, Liam demanded for the refund of all the payments she made for PPGI's failure to deliver the unit on the stipulated date.^[9]

On July 1, 2005, UCPB proposed to Liam a financing package for the full settlement of the balance of the purchase price.^[10]

On October 17, 2005, Liam saw UCPB's newspaper advertisement offering to the public the sale of 'ready for occupancy' units in the Palm Tower of MPC condominium project at a much lower price.^[11]

On November 14, 2005, Liam requested UCPB to suspend the restructuring of her loan and instead asked for the downgrading of her purchased two-bedroom condominium unit to another unit equivalent in value to the P1,223,000.00 total payments she already made. She also questioned the realty tax and documentary stamp tax imposed by UCPB in the proposed financing package.^[12]

Her requests, however, remained unheeded. Thus, on April 10, 2006, Liam filed a Complaint^[13] for specific performance before the HLURB against PPGI and UCPB. The complaint recounted the foregoing episodes and alleged that UCPB promised to deliver the unit within six months. Liam prayed that she be given first priority to choose among the available units at Palm Tower which has a minimum price of P24,984.15 per square meter and that her total payments of P1,232,259.91 be credited to the contract for her newly chosen unit. To justify her plea, Liam averred that UCPB has already devaluated the market values of the condominium units from the original purchase price of P43,089.00 per sq m to P24,984.15 per sq m.

Liam also claimed that she is not liable for the realty taxes on her unit because she is neither in possession thereof nor the holder of its title.

Liam further complained that UCPB has been biased in charging the interest rates to its buyers at 13% *per annum* as against the 11% *per annum* rate imposed on auction buyers. UCPB was also allegedly unfair in charging buyers with realty taxes and capital gains tax when the same should be shouldered by the developer.

In its Answer,^[14] PPGI denied receiving any demand from Liam and averred that she is already estopped from making any claims against PPGI because she agreed to the substitution of PPGI by UCPB. In the same pleading, PPGI moved for the deferment of the proceedings in view of its pending petition for corporate rehabilitation before Branch 138 of the Regional Trial Court of Makati City, which ordered on August 15, 2003, that the enforcement of all claims against PPGI be suspended.^[15] Finally, PPGI counterclaimed for attorney's fees and litigation expenses.

Meanwhile, UCPB averred that it had no legal obligation to deliver the unit to Liam because it is not the developer of the condominium project. UCPB maintained that it is merely a creditor of PPGI. UCPB explained that it only acquired PPGI's right to collect its receivables from Liam and other condominium buyers. UCPB denied giving a specific date for the completion of Liam's unit because such matter was beyond its

control but rather devolved upon PPGI as the developer.

UCPB further declared that the units are already complete, hence, Liam should resume payment of her amortizations. UCPB contended that it already acted favorably on Liam's request for waiver of penalties and interests.

UCPB explained that the newspaper advertisements pertained to the units it acquired from PPGI as payment for the latter's loan. The advertisements did not have any connection to the contract to sell between Liam and PPGI, the purchase price of which was the prevailing market price at the time of its signing.

Finally, UCPB tagged the complaint as a malicious and unnecessary suit and demanded for indemnification of its legal expenses in the amount of P50,000.00.^[16]

Ruling of the HLURB

In a Decision^[17] dated August 16, 2007, HLURB Arbiter Marino Bernardo M. Torres (Torres) ruled in favor of Liam, to wit:

WHEREFORE, premises considered, it is hereby ordered that:

1. UCPB give [Liam] the privilege to choose among the available units at Palm Tower, San Antonio Village, or in the alternative[,] to maintain the previous unit subject of the Contract to Sell;
2. The Realty Tax must be [for] the account of the respondent UCPB, the unit being in the possession of the respondent;
3. The Capital Gains Tax having been waived, [the] documentary stamp tax must also be charged to respondent UCPB.

It is so ordered.^[18]

Upon the appeal filed by PPGI and UCPB, the above ruling was affirmed with modification by the HLURB Board of Commissioners in a Decision^[19] dated May 22, 2008, thus:

WHEREFORE, premises considered, the appeal is PARTIALLY GRANTED. Accordingly[,] the judgment appealed from is MODIFIED to read as follows:

1. Ordering the parties to continue with their contract and upon [Liam's] full payment of the purchase price of P2,614,652.66, ordering respondent UCPB to deliver [U]nit 603 of HongKong Tower and to execute the corresponding deed of sale in [Liam's] favor. In the alternative, at the option of [Liam], [UCPB] is ordered to refund to her the total installment payments made with interest at 6% per annum until fully paid reckoned from the filing of the complaint.
2. Declaring that the [R]ealty [T]ax must be for the account of the respondent UCPB, the unit being in the possession of the respondent.

3. Declaring that [Liam] is liable for the payment of the documentary stamp tax.

SO ORDERED.^[20]

In so ruling, the HLURB Board of Commissioners ratiocinated that Liam cannot complain about the lower purchase price of other units or demand for the amendment of the stipulated price in her Contract to Sell with PPGI. Liam and PPGI have long agreed on the purchase price before the lower price of the other units was even advertised. Liam was, however, held entitled to a refund because the unit was not completed within the period stipulated in the contract.^[21]

Liam was held not liable for realty tax because she was never in possession of the condominium unit. She was nevertheless held liable to pay the documentary stamp taxes for the registration of the deed of sale.^[22]

Ruling of the Office of the President

UCPB thereafter appealed to the Office of the President (OP) arguing that it should not be obligated to refund Liam's alleged total installment payments because it did not step into the shoes of PPGI.^[23] In the Decision^[24] dated May 7, 2009, the OP, through the Deputy Executive Secretary for Legal Affairs, rejected UCPB's argument. The OP held that the Deed of Sale/Assignment between UCPB and PPGI covered all the rights and interests arising from or out of the contract to sell between Liam and PPGI. The OP ruling disposed thus:

WHEREFORE, premises considered, the appeal is **DISMISSED**. The Decision dated May 22, 2008 rendered by the Board of Commissioners of the Housing and Land Use Regulatory Board is hereby **AFFIRMED**.

SO ORDERED.^[25]

On UCPB's motion for reconsideration, the OP reiterated its findings in a Resolution^[26] dated December 10, 2009, by stressing that since PPGI assigned all its rights and interests to UCPB, the latter is deemed subrogated to and bound by exactly the same conditions to which PPGI was bound under the contract to sell. Thus, UCPB is obligated to return the payments of Liam after the project was not completed on time.

Ruling of the CA

Unwavering, UCPB sought recourse before the CA contending that it was merely an agent of PPGI in collecting the receivables from Liam and was never a party to the contract to sell. Hence, it cannot be made to assume the liabilities of PPGI as owner, developer or project manager of the condominium unit. Even assuming that UCPB is liable, its liability must be limited to the amount it actually received from Liam in behalf of PPGI.^[27]

In a Decision^[28] dated September 24, 2010, the CA ruled in favor of UCPB. The CA limited the issue to the liability of UCPB for specific performance under the contract to sell between PPGI and Liam.

The CA ruled that Liam had no right to demand for specific performance from UCPB because it was not a privy to the contract to sell. The obligations of PPGI to Liam remained subsisting and it continued to be Liam's obligor with respect to the delivery of the condominium units even after the assignment. Thus, UCPB cannot be held liable for PPGI's breach of its obligation to Liam. The CA concluded that UCPB was wrongly impleaded in the complaint for specific performance. Accordingly, the CA ruling disposed as follows:

IN VIEW OF THE FOREGOING, the assailed 7 May 2009 Decision of the Office of the President is hereby **REVERSED** and **SET ASIDE**.

SO ORDERED.^[29]

Liam moved for the reconsideration^[30] of the foregoing judgment but her motion was denied in the Resolution^[31] dated December 3, 2010 of the CA. Hence, the present petition submitting the following issues for resolution, *viz*:

WHETHER OR NOT THE HONORABLE SUPREME COURT, ALBEIT NOT A TRIER OF FACTS, BUT BEING THE FINAL ARBITER OF ANY JUSTIFIABLE CONTROVERSIES, HAS THE POWER AND AUTHORITY TO REVIEW THE FACTS AND EVIDENCE OBTAINING IN THIS CASE DUE TO THE EXISTENCE OF WELL RECOGNIZED EXCEPTIONS TO THE RULE[;]

WHETHER OR NOT THE [CA] ERRED IN REVERSING AND SETTING ASIDE THE DECISIONS OF THE OFFICES A QUO[;]

WHE[T]HER OR NOT THE [CA] ERRED IN NOT HOLDING THAT THE DECISION OF THE HLURB HAS BECOME FINAL AND EXECUTORY BY THE [UCPB'S] FAILURE TO POST THE REQUIRED APPEAL BOND PURSUANT TO SECTION 2 OF RULE XVI[,] IN RELATION [TO SECTION] 1 OF RULE XVIII, OF THE RULES OF PROCEDURE OF THE [HLURB] BOARD OF COMMISSIONERS.^[32]

Ruling of the Court

The Court denies the petition.

Preliminary Considerations

Contrary to Liam's submissions, there are no factual issues in this appeal since the following circumstances and events are not disputed by the parties: a) PPGI and Liara have a subsisting Contract to Sell; b) PPGI executed agreements with UCPB without Liam's consent; c) PPGI failed to deliver the condominium unit subject of the Contract to Sell within the stipulated period.

The crucial point of contention is actually the correct interpretation of the nature of the agreements between PPGI and UCPB and their repercussions to the Contract to Sell between PPGI and Liam. These matters are legal questions^[33] as they do not require an examination of the probative value of the evidence presented by the parties but rather the determination of the applicable law on the given state of facts.