

THIRD DIVISION

[G.R. No. 143233, October 18, 2004]

**SPOUSES TERESITA AND BIENVENIDO KAKILALA, PETITIONERS,
VS. CONRADO, NATIVIDAD, ILUMINADA, ROMEO AND AZUCENA,
ALL SURNAMED FARAON, RESPONDENTS.**

D E C I S I O N

SANDOVAL-GUTIERREZ, J.:

Before us is a petition for review on *certiorari* under Rule 45 of the 1997 Rules of Civil Procedure, as amended, assailing the Decision^[1] of the Court of Appeals dated May 22, 2000 in CA-G.R. SP No. 52143.

The antecedents are as follows:

On April 29, 1987, by virtue of a "Contract to Sell,"^[2] spouses Teresita and Bienvenido Kakilala, petitioners, purchased on installment from Conrado, Natividad, Iluminada, Romeo and Azucena, all surnamed Faraon, respondents herein, a portion of the land covered by TCT No. T-51622 situated in Barrio San Antonio, Biñan, Laguna. Respondents, as children of the late Mariano Faraon, are co-owners of the land.

The "Contract to Sell" has the following terms and conditions:

"That the SELLERS hereby agree to sell unto the BUYERS, and the BUYERS are ready and willing to buy from the SELLERS, a portion of FIVE HUNDRED AND ONE (501) SQUARE METERS, of the above described land, and both parties do hereby agree:

1. That the purchase price of subject portion of land is the total sum of TWO HUNDRED THOUSAND FOUR HUNDRED (P200,400.00) PESOS, Philippine Currency.
2. That upon the signing of this contract, the BUYERS shall pay unto the SELLERS, the amount of FIFTY THOUSAND (P50,000.00) PESOS, Philippine Currency, as initial or downpayment, which the SELLERS hereby acknowledge to have received from the BUYERS.
3. That the remaining balance of ONE HUNDRED FIFTY THOUSAND FOUR HUNDRED (P150,400.00) PESOS, Philippine Currency, shall be paid by the BUYERS unto the SELLERS by way of monthly installments at the rate of FOUR THOUSAND EIGHT HUNDRED SIXTY FIVE PESOS AND NINETY CENTAVOS (P4,865.90), Philippine Currency, per month, starting on May 1, 1987, within a period of SIXTY (60) CALENDAR MONTHS, and not later than a period of five

(5) years, which shall draw interests at thirty (30%) percentum per annum.

4. That the SELLERS hereby deliver unto the BUYERS the material possession of said portion of land, and pending the full payment of the purchase price herein agreed, the SELLERS shall remain in full ownership of subject land.
5. That upon the full payment of the purchase price herein agreed, the SELLERS shall execute in favor of the BUYERS a DEED OF ABSOLUTE SALE of said portion of land, free from any and all liens and encumbrances."

Petitioners tendered the down payment of P50,000.00,^[3] took actual possession of the land and built a house thereon.

On October 12, 1989, respondents formally terminated their co-ownership^[4] of the property covered by TCT No. T-51622, resulting in the individual assignment and allocation of the lots embraced therein. Lot 2317-B-11, containing an area of 2,631 square meters and covered by TCT No. 206891, was adjudicated to respondent Conrado Faraon. A portion of this lot is the property now subject of the instant case.

Petitioners paid several monthly installments in the total amount of P51,000.00.^[5] However, they failed to pay the balance despite repeated demands, prompting respondents to rescind the "Contract to Sell." On February 1, 1996, they sent petitioners a copy of the "Notarial Act of Revocation."

Thereafter, respondent Conrado Faraon sent petitioners notices to vacate the land but they refused to do so. Hence, on April 19, 1996, respondents filed with the Municipal Trial Court of Biñan, Laguna a complaint for unlawful detainer against petitioners.^[6]

For their part, petitioners filed with the Regional Office of the Housing and Land Use Regulatory Board (HLURB) an action for "*Specific Performance for Non-development and Damages*" against respondents, docketed as HLURB Case No. IV 6-080796-0637.^[7] On November 4, 1997, House Arbiter Gerardo Dean rendered a Decision in favor of petitioners allowing them "to suspend payment until such time that the project is fully developed," thus:

"WHEREFORE, in view of the foregoing premises, judgment is hereby granted in favor of the complainants and against the respondents.

1. Allowing the complainants to suspend payment until such time that the project is fully developed;
2. Directing the respondents to submit to this Board a report on the extent of development within three months from receipt hereof;
3. Directing respondents to pay complainants:
 - a) moral damage in the amount of P25,000.00
 - b) exemplary damage of P50,000.00

c) Attorney's fee of P20,000.00

All other claims and counterclaims are hereby dismissed.

IT IS SO ORDERED.”^[8]

On November 27, 1997, respondents filed with the HLURB Board of Commissioners a petition for review which, on March 2, 1999, rendered a Decision, the dispositive portion of which reads:

“In view of the foregoing, the decision of the Office below is hereby MODIFIED with the deletion of the award of damages.

In all other respects, the decision of the Office below is AFFIRMED.

SO ORDERED.”^[9]

Meanwhile, on August 1, 1999, the MTC of Biñan, Laguna dismissed the unlawful detainer case filed by respondents against petitioners.^[10]

Feeling aggrieved because the Decision of the HLURB is adverse to them, respondents filed with the Court of Appeals a petition for review, docketed as CA-G.R. SP No. 52143.

On May 12, 2000, the Appellate Court granted the petition and set aside the Decision^[11] of the HLURB for want of jurisdiction, ratiocinating as follows:

“But what makes a particular parcel of land a subdivision lot in order to vest exclusive jurisdiction in the HLURB regarding any controversy that may arise therefrom?

A ‘subdivision lot’ shall mean any of the lots, whether residential, commercial, industrial or recreational, in a subdivision project. A ‘subdivision project’ is a tract of a parcel of land registered under Act No. 496 which is partitioned primarily for residential purposes into individual lots with or without improvements thereon, and offered to the public for sale, in cash or installment terms. It shall include all residential, commercial, industrial and recreational areas, as well as open spaces and other community and public areas in the project (Sec. 2, pages. e & d, respectively, PD No. 957).

Clearly, on the basis of the foregoing, it can be said that the contract that transpired between the herein parties involved an ordinary sale of property or an isolated transaction of property which is not a subdivision lot. In arriving at this conclusion, we seriously took into consideration the following:

1. at the time of sale, the subject property is just an aliquot portion of a bigger track of land co-owned by the heirs of Mariano Faraon;
2. at the time of sale, the property embracing the subject premises was not segregated and partitioned into individual lots for public