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FIRST DIVISION

[G.R. No. 151298, November 17, 2004]

SPOUSES MINIANO AND LETA DELA CRUZ, PETITIONERS, VS. HON. COURT OF APPEALS AND SPOUSES ARCHIMEDES AND MARLYN AGUILA, RESPONDENTS.

DECISION

QUISUMBING, J.:

This is a petition for review on certiorari which seeks to reverse the Decision[1] dated September 28, 2001 in CA-G.R. SP No. 59505, of the Court of Appeals, Sixteenth Division, and its Resolution[2] dated December 11, 2001. The Court of Appeals reversed the Decision[3] dated July 12, 1999, of the Regional Trial Court (RTC) of Antipolo City, Branch 73, which upheld the validity of the compromise agreement of the parties and ordered the issuance of a writ of execution.[4]

The facts as culled from the records are as follows:

On November 24, 1997, petitioners Miniano and Leta dela Cruz and respondents Archimedes and Marlyn Aguila entered into a Contract to Sell of a house on a 171-sq.m. portion of a 347-sq.m. lot covered by TCT No. 305339, located along Cypress Street, Town and Country Executive Village, Antipolo, Rizal.[5]

The parties agreed to the following terms and conditions in the contract:

a) The price of the house and lot is P3.3 million payable by installments, the first of which is P1.5 million.

b) The P1.8 million shall then be payable in five years with an interest of 20% per annum, paid through a monthly amortization of P50,000.

c) There shall be an additional interest of 5% on the amount due if there is failure to pay any installment when it falls due.

d) When the contract price is fully paid, the parties shall execute the absolute deed of sale.

e) Failure to pay three or more installments shall be a basis for the sellers to either cancel the contract or consider the whole balance due and demandable.[6]

Upon payment of the initial amount by respondents, petitioners delivered the keys to the house. Whereupon respondents entered and occupied the property.[7] But, on January 13, 1999, petitioners filed a **Complaint** docketed as Civil Case No. 99-

5123 in the RTC of Antipolo City, Branch 73, for cancellation of the contract to sell, with penalties and damages. Petitioners claimed that despite the delivery of the keys and TCT of the property to the respondents and countless demands to pay the installments, respondents failed to make the subsequent monthly payments. Hence, petitioners sought the cancellation of the contract, the forfeiture of the downpayment, and the payment of the accumulated interests and penalties including attorney's fees and cost of suit.[8]

Respondents asked for an extension of time to file their **Answer**, which the trial court granted. But on March 2, 1999, both parties filed a **Compromise Agreement**[9] instead. The agreement provided:

> 1. That Defendants, upon receipt of the Summons and copy of the Complaint, personally visited Plaintiffs in their residence and explained their financial problem and their inability to pay their obligation. During said visit, Defendants showed to Plaintiffs an incomplete and unsigned xerox copy of a supposed Free Patent being processed, xerox copy of which is herein attached as Annex A and made part hereof.
>
> 2. That Defendants promised Plaintiffs that they will surrender and apply the above Free Patent once completed, as partial payment to their obligation.
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> 3. That Defendants admit the correctness of the allegations in the Complaint and they promised to update their obligation not later than April 30, 1999 and make monthly payment as stipulated in the Contract to Sell until the price is fully paid.
>
> 4. That Defendants promised and agreed, that once they fail to update their account on or before April 30, 1999, the Contract to Sell shall be considered cancelled and all past payments forfeited in favor of the Plaintiffs.
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> 5. That Defendants also promised that once they shall have updated their account on or before April 30, 1999, but fail to pay succeeding amortization, the Contract to Sell shall likewise be cancelled. If such event happens, the Defendants shall have sixty (60) days from notice to vacate to surrender possession of the house and lot, subject matter of the Compromise Agreement, with same effect as stated in paragraph 4 thereof.

On this basis, the trial court ruled as follows:

> Finding the compromise agreement not to be contrary to law, good morals, good customs, public order or public policy, the Court with the terms and conditions of said agreement, enjoin[s] the parties to comply with the provisions thereof faithfully and in good faith. Without pronouncement as to costs.
>
> SO ORDERED.[10]

On January 10, 2000, the petitioners filed a **Motion for Execution**.[11] They alleged that from the time the Compromise Agreement was signed and approved by the court, the respondents had been grossly violating the terms of the Compromise Agreement. They had not paid the agreed amount nor delivered any acceptable property in satisfaction of the balance of the purchase price.

On January 28, 2000, the respondents countered with a **Motion to Dismiss**. They alleged that the Housing and Land Use Regulatory Board (HLURB) has exclusive jurisdiction over the case under Presidential Decree No. 957.[12] On February 1, 2000, they filed with the HLURB an action for the recovery of the downpayment and the cancellation of the contract.[13]

On February 18, 2000, the trial court issued an Order denying the motion to dismiss, to wit:

> Under the Rules, a motion to dismiss may be filed within the time but before filing the answer to the complaint or pleading asserting the claim…. A motion to dismiss after the judgment has become final is highly inappropriate. The case has already been decided and disposed of and there is no more action to be dismissed. For this reason, the defendant's Motion to Dismiss is hereby DENIED.
>
> The Compromise Agreement is plain and clear. It was voluntarily and knowingly signed by the parties stipulating that upon failure of the defendants to update their account on or before April 30, 1999 and to pay succeeding amortizations, the Contract to Sell shall be cancelled; the subject property shall be vacated, [and] possession thereof to be surrendered to the plaintiffs. This Court, sees no reason why, after the failure of the defendant to comply with it, a motion for execution should not be GRANTED.
>
> Wherefore, let a writ of execution be issued immediately.[14]

The respondents filed a **Motion for Reconsideration**, which the trial court denied. Hence, they filed a **Petition for Certiorari and Prohibition** with the Court of Appeals. The appellate court ruled in favor of herein respondents. It granted the respondents' petition, thus:

> WHEREFORE, the petition is GRANTED and the assailed Order dated June 19, 2000 and the Decision dated July 12, 1999 are NULLIFIED and SET ASIDE. No pronouncement as to costs.
>
> SO ORDERED.[15]

The Court of Appeals ruled that the contract is a conditional sale of real estate on installment payment and the applicable laws are Sections 3 and 4 of Republic Act 6552.[16] The first installment of P1.5 million should be deemed equivalent to 30 monthly installments or a period of two years and six months' worth of installment payments.[17]

According to the Court of Appeals, the contract and the Compromise Agreement were void. It said the respondents should have been given a grace period of at least

two months to pay the remaining installments, without additional interest. Furthermore, respondents were entitled by law to a refund of 50% of their total payments in the event the contract is cancelled. Since these were not followed both in the contract and in the Compromise Agreement, the judgment based on these is necessarily null and void as well.[18]

The petitioners filed a Motion for Reconsideration which was denied, thus:

> [I]t appearing that the arguments raised in the motion have already been sufficiently discussed and passed upon in the decision sought to be reconsidered, without the respondents having been able to point out any new matter of substance and weight that would justify a modification or reversal of the said decision, the motion is DENIED for lack of merit.[19]

In this petition for review by petitioners, the following errors are attributed to the appellate court:

i. THE COURT OF APPEALS COMMITTED GRAVE ABUSE OF DISCRETION AND IGNORANCE OF LAW IN ENTERTAINING AND RESOLVING AN IMPERFECT APPEAL BY CERTIORARI UNDER RULE 65, REVISED RULES OF COURT AND ESTABLISHED JURISPRUDENCE.

ii. THE RESPONDENT COURT OF APPEALS, WITH DUE RESPECT, COMMITTED GRAVE ABUSE OF DISCRETION AMOUNTING TO LACK OR … EXCESS OF ITS JURISDICTION, WHEN IT STRUCK DOWN THE JUDICIAL COMPROMISE AGREEMENT DESPITE THE ABSENCE OR LACK OF ANY OF THE GROUNDS FOR NULLITY ENUMERATED IN ART. 2038 OF THE CIVIL CODE.

iii. THE RESPONDENT COURT OF APPEALS, WITH DUE RESPECT, COMMITTED GRAVE ABUSE OF DISCRETION AMOUNTING TO [LACK] OR … EXCESS OF ITS JURISDICTION WHEN IT SET ASIDE THE JUDICIAL COMPROMISE AGREEMENT DESPITE THE FACT THAT THE SAME HAS THE FORCE OF ***RES JUDICATA*** BETWEEN THE PARTIES AND IS FINAL AND IMMEDIATELY EXECUTORY.

iv. THE COURT OF APPEALS, COMMITTED GRAVE ABUSE OF DISCRETION TANTAMOUNT TO LACK OF JURISDICTION IN RESOLVING THAT THE ***HOUSING AND LAND USE REGULATORY BOARD*** HAD AUTHORITY TO DECLARE AS NULL AND VOID THE JUDICIAL COMPROMISE AGREEMENT WHICH HAS BECOME FINAL AND EXECUTORY.

v. THE COURT OF APPEALS, COMMITTED GRAVE ABUSE OF DISCRETION TANTAMOUNT TO LACK OF JURISDICTION IN RESOLVING THAT THE ***HOUSING AND LAND USE REGULATORY BOARD*** HAD JURISDICTION [OVER] THE PETITIONERS AND THE SUBJECT MATTER, CONTRARY TO LAW AND ESTABLISHED JURISPRUDENCE.[20]

Briefly we find two issues for resolution: (1) Does the HLURB have jurisdiction over the case? (2) Was the Court of Appeals correct in nullifying the Compromise Agreement?

Petitioners spouses dela Cruz contend that the HLURB does not have jurisdiction. They aver that the HLURB has exclusive jurisdiction only where a party is an owner, developer, dealer, broker or salesman of subdivision lots or condominium units. Petitioners add that they do not belong to any of those classifications. They are ordinary property owners of eleven subdivision lots located in Town and Country Homes Executive Village (TCHEV). These were subdivided by Pasig Properties, Inc., and titled in their behalf by Town and Country Executive Village Homeowners' Association, Inc. (TCEVHAI).[21]

Respondents spouses Aguila refute petitioners' assertions. They maintain that the contract to sell involved the purchase on installment of a subdivision house and lot under Rep. Act No. 6552 and P.D. No. 957. Respondents claim that by definition, petitioners are landowners and developers of a subdivision project. Consequently, the trial court had no power to hear the complaint, since jurisdiction lies exclusively with the HLURB. They assert that petitioners also violated numerous provisions of P.D. No. 957, such as the requirement to first secure a license to sell from the HLURB before engaging in the sale of properties.[22]

According to P.D. No. 1344,[23] the National Housing Authority (now the HLURB) 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.[24]

P.D. No. 957 provides that a subdivision owner "shall refer to the registered owner of the land subject of a subdivision or a condominium project." Also, a subdivision developer "shall mean the person who develops or improves the subdivision project or condominium project for and in behalf of the owner thereof."[25]

Respondents stress that the petitioners own a huge parcel of land in TCHEV which they subdivided. Furthermore, the property sold to them is one of these subdivided lots on which a house was erected by the petitioners. Hence, petitioners are owners and developers of a subdivision property.

We find in favor of petitioners on the issue of jurisdiction. Respondents' contention on this point is erroneous and untenable.

The law clearly defines who is considered a subdivision owner or developer, and the petitioners are neither. They are merely owners of a number of lots within the subdivision owned and developed by Pasig Properties, Inc. But even if petitioners