

****Title:****

Olympia Housing, Inc. v. Panasiatic Travel Corporation and Ma. Nelida Galvez-Ycasiano

****Facts:****

The legal dispute commenced with Olympia Housing, Inc., aiming to recover possession of a condominium unit in Makati, Metro Manila, through an Accion Publiciana initiated against Panasiatic Travel Corporation and Ma. Nelida Galvez-Ycasiano, the latter being the purchaser. Ycasiano contracted with Olympia Housing on 8 August 1984 to acquire the property for PHP 2,340,000.00, paid in installments. Despite initial payments totaling PHP 1,964,452.82, discrepancies over the balance computation led Ycasiano to cease further payments. Olympia Housing claimed Ycasiano's failure to meet monthly payments amounted to PHP 1,924,345.52 by 2 June 1988, prompting a demand for payment and subsequently a Notarial Act of Rescission for contract breach, believing Ycasiano not to have complied with the prescribed payment terms.

The Regional Trial Court of Makati City, in January 1995, dismissed Olympia Housing's complaint, citing non-compliance with Republic Act No. 6552 requirements before filing, which regulates real estate installment sales. The court determined Ycasiano's obligations had become due and ordered her to settle PHP 4,007,473.49 plus 18% annual interest from December 1994 within 60 days, failing which the contract would be deemed rescinded, and all payments would be forfeited as rentals.

Respondents advanced PHP 4,304,026.53 following the trial court's order, which Olympia Housing refused, leading to the funds being consigned in court. Both parties appealed the trial court's decision, but the Court of Appeals upheld it.

****Issues:****

1. Whether the Court of Appeals erred in not ruling on the effect of the complaint filing and Notarial Act of Rescission per Republic Act No. 6552.
2. Whether the refusal to decree the rescission of the subject Contract to Sell was incorrect due to Olympia Housing's failure to pay the cash surrender value prior to the complaint.
3. Whether the Court of Appeals erred in allowing Ycasiano to settle her defaulted obligations and ordering Olympia Housing to issue the Certificate of Title upon such payment.

****Court's Decision:****

The Supreme Court denied the petition. It ruled that Olympia Housing's rescission through

Notarial Act, attached to its reconveyance complaint, was procedurally insufficient as it was not previously delivered to the respondents, which failed to meet Republic Act No. 6552's requirements. The law mandates a notarial act of rescission plus a refund of the cash surrender value; the actual cancellation would only occur 30 days following these conditions being met. Furthermore, the Supreme Court distinguished between rescission and reconveyance, implying that the appellant's interchangeable use of both theories within litigation was impermissible.

****Doctrine:****

Republic Act No. 6552, "Realty Installment Buyer Protection Act," stipulates specific procedures for the cancellation of contracts involving installment sales of real estate, requiring a notarial act of rescission and the refund of the cash surrender value to the buyer before actual cancellation.

****Class Notes:****

- ****Republic Act No. 6552****: Enacts protections for buyers of real estate on installment plans, setting conditions for contract rescission and obligations for sellers.
- ****Contract Rescission****: A remedy involving mutual restitution; it requires compliance with specific legal procedures, particularly under RA 6552, necessitating a notarial act and cash surrender value refund.
- ****Accion Publiciana****: A legal action to recover possession of real property in Philippine law, predicated on prior possession and entitlement thereto.

****Historical Background:****

The case underscores the legal nuances involved in real estate transactions and installment sales in the Philippines, reflecting the country's regulatory approach to balancing the interests of buyers and sellers under Republic Act No. 6552. This law, also known as the Maceda Law, was enacted against the backdrop of protecting buyers from potentially onerous installment sales conditions, ensuring fairness and promoting stability in the real estate market.