

Title:

San Miguel Properties, Inc. v. BF Homes, Inc.

Facts:

San Miguel Properties, Inc. (SMPI) and BF Homes, Inc. (BF Homes) entered into three Deeds of Absolute Sale for a total of 130 Italia II lots for P106,247,701.00. BF Homes, through its rehabilitation receiver appointed by the SEC, sold the lots to SMPI, which completed payments by December 1995. However, BF Homes only delivered titles for 110 lots, prompting SMPI to demand the remaining titles without success, leading to a complaint for specific performance with damages filed before the Housing and Land Use Regulatory Board (HLURB).

BF Homes challenged the sale, alleging unauthorized representation and inadequate consideration. SMPI countered, citing SEC orders upholding the sales' validity. The HLURB initially suspended proceedings pending SEC resolution on the receiver's authority. SMPI's appeal led the HLURB to affirm the suspension. Subsequent appeals to the Office of the President (OP) and then the Court of Appeals followed, with the latter confirming HLURB's jurisdiction but remanding the case for further proceedings.

Issues:

1. Whether San Miguel Properties, Inc. is entitled to the delivery of the remaining 20 Transfer Certificates of Title (TCTs) under the Deeds of Absolute Sale.
2. Whether the HLURB erred in suspending proceedings pending resolution by the SEC on the receiver's authority.
3. The applicability and effect of the doctrine of primary jurisdiction in the case.
4. Whether BF Homes' actions amounted to bad faith, justifying the award of attorney's fees to SMPI.

Court's Decision:

The Supreme Court granted SMPI's petition, reversing the Court of Appeals' decision to remand the case to the HLURB. The Supreme Court reinstated the OP's decision ordering BF Homes to deliver the remaining 20 TCTs to SMPI, citing PD No. 957's mandate that titles should be delivered upon full payment. The Court found that SMPI had a clearly valid and demandable claim, and BF Homes' refusal constituted bad faith, justifying an award of attorney's fees to SMPI.

Doctrine:

- Specific performance under PD No. 957 requires developers to deliver titles upon full payment.
- The presumption of regularity applies to acts performed by corporate entities' appointed receivers.
- Non-compliance with the formality of notarization does not invalidate conveyances of real property where the essential agreement is in writing and benefits have been accepted.
- The doctrine of primary jurisdiction does not preclude HLURB's authority to resolve real estate transaction disputes, even with related pending issues before the SEC.

Class Notes:

- **Essential Elements for Specific Performance**: Existence of a valid contract, completion of payment, and failure of the seller to deliver the property title as required.
- **Doctrine of Primary Jurisdiction**: Courts defer to specialized tribunals to decide issues requiring technical or expert knowledge, except where application would result in manifest injustice.
- **Ratification and Estoppel in Contracts**: An unenforceable contract can become valid through ratification, and parties may be estopped from denying validity if they have accepted benefits under the contract.
- **Award of Attorney's Fees**: Justifiable in cases of clear bad faith by one party causing unwarranted litigation for the other.

Historical Background:

This case illustrates the application of Philippine laws on real estate transactions, particularly the enforcement of contracts and the role of the HLURB in resolving disputes. It also highlights the legal implications of actions taken by entities under receivership and the judiciary's discretion in directly resolving issues that impact the enforcement of just and demandable claims, underscoring the judiciary's commitment to upholding contractual obligations and preventing unjust enrichment.