

****Title:** Orbe vs. Filinvest Land, Inc.: The Application of the Maceda Law on Real Estate Installment Sales in the Philippines**

****Facts:****

Priscilla Zafra Orbe entered into a contract with Filinvest Land, Inc. (Filinvest) in June 2001 for a lot in Taytay, Rizal, with a contract price payable through installments. After paying a total of P608,648.20 from June 17, 2001, to July 14, 2004, Orbe ceased payments due to financial difficulties. On October 4, 2004, Filinvest issued a notice of cancellation received by Orbe on October 18, 2004. The notice, signed by Filinvest's Collection Department and notarized, declared the contract cancelled 30 days from notice receipt due to non-payment.

Claiming the notice didn't constitute an "effective cancellation by notarial act" and disputing Filinvest's right to cancel because she paid for over two years, thus believing she was covered under Section 3 of the Republic Act No. 6552 (Maceda Law), Orbe filed a complaint with the HLURB Field Office for a refund with damages. The HLURB Arbiter ruled in favor of Orbe, granting her a 50% refund, a decision upheld by the HLURB Board of Commissioners and the Office of the President upon appeal. Filinvest appealed to the Court of Appeals (CA), which reversed the previous rulings, finding Orbe not entitled to Section 3 benefits under Maceda Law due to insufficient payment equivalent to two years' worth of installments, subjecting her instead to the provisions of Section 4. Orbe's motion for reconsideration was denied, leading to the petition for review in the Supreme Court.

****Issues:****

1. Whether Orbe is entitled to a refund or benefits under Republic Act No. 6552 (Maceda Law).
2. Whether Filinvest's notice of cancellation constitutes a valid notarial act under Maceda Law's Section 4.

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

The Supreme Court granted Orbe's petition, reversing the CA's decision. It clarified that the phrase "at least two years of installments" under Maceda Law refers to two years' worth of the stipulated fractional, periodic payments, not merely payments made over the period of two years. Orbe having paid less than two years of installments fell under Section 4, not Section 3, of Maceda Law. However, the Court found Filinvest's notice of cancellation not to constitute a valid notarial act for not being an acknowledgment as required but merely a jurat. Consequently, the cancellation was deemed ineffectual, and the contract remained valid and subsisting. Since Filinvest had resold the lot, an equitable resolution was

rendered, mandating Filinvest to refund Orbe's payments with legal interest.

****Doctrine:****

The Supreme Court elucidated on the proper application of sections 3 and 4 of Republic Act No. 6552, specifically on qualifying "two years of installments" as equivalent to 24 monthly installments or the aggregate value thereof, and on the essentiality of a valid notarial act (acknowledgment, not merely a jurat) for effective contract cancellation under Section 4 of the law.

****Class Notes:****

1. ****Republic Act No. 6552 (Maceda Law):**** Protects buyers of real estate on installment from oppressive conditions, delineating rights and remedies based on the installment payments made.
2. ****Two Years of Installments:**** Requires payment of the aggregate value of 24 monthly installments for benefits under Section 3 to apply.
3. ****Valid Notarial Act for Contract Cancellation:**** Under Section 4 of Maceda Law, a notice of cancellation must be an acknowledgment made by an authorized representative, not merely a jurat, to be effective.
4. ****Legal Interest on Refunds:**** Upon judicial demand, interest accrues on refunds due from the moment of contract cancellation's ineffectuality, applying the rates applicable at the time of litigation.

****Historical Background:****

This case underscores the purposive intent of the Maceda Law to shield real estate buyers from unilateral and prejudicial contract cancellations by sellers, emphasizing the law's protective mechanisms and the precise requirements for lawful contract termination. This decision reaffirms the Supreme Court's commitment to interpreting laws in a manner that safeguards buyer rights within the context of real estate transactions, as envisaged by the enactment of Republic Act No. 6552.