

Title: ****Vive Eagle Land, Inc. vs. National Home Mortgage Finance Corporation (NHMFC), Joseph Peter S. Sison, and Cavacon Corporation****

Facts:

The dispute arose when Vive Eagle Land, Inc. (Vive), a realty business corporation, filed a complaint for declaration of nullity of rescission, suspension of payment, and other reliefs against National Home Mortgage Finance Corporation (NHMFC), its president Joseph Peter S. Sison, and Cavacon Corporation. Vive and NHMFC entered into a Deed of Sale of Rights, Interests, and Participation Over Foreclosed Assets on November 17, 1999, with Vive purchasing NHMFC's rights over a foreclosed property for P40,000,000.00, payable in installments. After paying the first downpayment installment, Vive failed to pay the subsequent amounts, citing issues with the property, such as land awards and its agricultural classification making it subject to the Comprehensive Agrarian Reform Program (CARP).

Vive requested a moratorium from NHMFC on payment obligations due to these issues, which NHMFC initially agreed to but later rescinded the Deed of Sale citing non-payment by Vive. In an amended complaint, Vive discovered NHMFC sold the property to Cavacon despite the property's legal issues and the ongoing litigation. The Regional Trial Court (RTC) initially dismissed Vive's complaint but, upon re-raffling and a motion for reconsideration, reversed its decision and declared NHMFC's rescission void. This was again overturned when NHMFC appealed, reinstating the decision favoring NHMFC's rescission. The Court of Appeals affirmed the RTC's decision, leading Vive to escalate the matter to the Philippine Supreme Court.

Issues:

1. Whether the contract between Vive and NHMFC was a contract to sell or a contract of sale.
2. Whether Vive was in default of payment, considering the alleged moratorium and issues affecting the property.
3. Whether NHMFC's rescission of the Deed of Sale was valid.
4. The validity of subsequent transactions—specifically, the sale of the property to Cavacon.
5. Vive's entitlement to attorney's fees and litigation expenses.

Court's Decision:

The Supreme Court sided with the respondents (NHMFC, Sison, and Cavacon), sustaining the CA's findings. It established that the contract was a contract to sell, not a sale,

evidenced by the conditional nature of ownership transfer upon full payment. Despite Vive's failure to meet payment schedules, which constituted a default, the Supreme Court found NHMFC's rescission of the contract justified, further rendering the sale to Cavacon valid. The Court dismissed Vive's contentions regarding the moratorium and property issues as insufficient to constitute a breach warranting rescission. Thus, Vive's petition was denied.

Doctrine:

The case reiterates the distinctions between a contract of sale and a contract to sell, particularly regarding the passing of ownership and consequences of non-fulfillment of payment obligations by the buyer. It emphasizes the importance of compliance with payment schedules in contracts to sell and the validity of rescission by the seller in cases of substantial breach.

Class Notes:

- **Contract to Sell vs. Contract of Sale**: ownership is retained by the seller until full payment in a contract to sell; non-payment constitutes non-fulfillment of a suspensive condition, not a breach, warranting rescission.
- **Doctrine of Apparent Authority**: related to the capacity to bind a corporation through acts of its agents within the scope of their apparent authority, subject to limitations when dealing with third parties.
- **Rescission**: a remedy available to contracting parties in case of substantial breaches affecting the fulfillment of obligations, subject to conditions and procedural requirements under relevant laws.

Historical Background:

The case highlights the complexities involved in real estate transactions and the legal remedies available for resolving disputes arising from contractual obligations in the Philippines. The procedural history demonstrates the intricate process of litigation in the Philippine legal system, involving multiple levels of judicial review and interpretation of contractual terms against established legal doctrines.