

Title: Spouses Howard T. Co Chien v. Sta. Lucia Realty & Development, Inc. and Alsons Land Corporation

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Facts

- **December 1995**: Respondents Sta. Lucia Realty & Development, Inc. (Sta. Lucia) and Alsons Land Corporation (Alsons) offered parcels of land and golf shares in Eagle Ridge Golf and Residential Estates (Eagle Ridge), General Trias, Cavite. Sta. Lucia owned 60% while Alsons owned the remaining 40%. Fil-Estate Realty Corporation (Fil-Estate) was appointed as the exclusive marketer.

- **December 20, 1995**: Spouses Howard T. Co Chien and Susan Y. Co Chien (Spouses Co Chien) entered into a Contract to Sell with Sta. Lucia and Alsons for Lot No. 16, Block No. 1, Phase I of Eagle Ridge. The purchase price was PHP 1,293,300.00 with 50% payable upon signing and the balance upon title delivery. They were granted a 10% discount on the total, adjusting the initial payment to PHP 581,535.00.

- **1995 - July 1997**: At the contract's execution, Sta. Lucia and Alsons lacked the required License to Sell and Certificate of Registration from the Housing and Land Use Regulatory Board (HLURB), which were issued only in July 1997.

- **January 19, 1998**: Sta. Lucia notified Spouses Co Chien that the title was ready and demanded the payment of the balance. Petitioners attempted to renegotiate for a further discount or to exchange the property but defaulted on payment within seven days as required, leading to forfeiture of the 10% discount as per contract terms.

- **June 16, 1999**: Spouses Co Chien requested a refund of their down payment citing the void nature of the Contract to Sell due to the lack of HLURB certification at execution.

- **July 6, 1999**: Without a favorable response, Spouses Co Chien filed a complaint with the HLURB.

- **May 30, 2001**: The HLURB Arbiter ruled in favor of the petitioners, ordering Sta. Lucia and Alsons to refund the down payment with interest and pay attorney's fees.

- **HLURB Appeal**: The HLURB Board reversed the Arbiter's decision and upheld the Contract to Sell, ordering Spouses Co Chien to pay the balance without penalties and fined

Sta. Lucia and Alsons for violations of P.D. 957.

- **June 10, 2003**: The Office of the President affirmed HLURB Board's decision.
- **February 10, 2004**: The Court of Appeals denied Spouses Co Chien's petition and affirmed the Office of the President's decision.
- **Supreme Court**: Spouses Co Chien appealed, resulting in the present case.

Issues

1. Does the absence of a Certificate of Registration and License to Sell at the time of contract execution render the Contract to Sell and its addendum null and void?
2. Are the petitioners guilty of laches or estoppel?

Court's Decision

- **Issue 1**: The Supreme Court ruled that the absence of the Certificate of Registration and License to Sell at contract execution does not automatically render the contract void. P.D. 957 penalizes non-compliance with Sections 4 and 5 but does not prescribe nullification of contracts as a penalty. The provisions serve as regulations rather than affecting the contract's validity. The title was available and the project almost complete; thus, transactions after the certificates were obtained deem the contract valid.
- **Issue 2**: The Supreme Court held that Spouses Co Chien were guilty of estoppel by laches. They delayed asserting their rights for over three years post-contract execution and one and a half years post-notice of title availability. Their attempts to renegotiate further validate the estoppel, solidifying the contract's standing as acknowledged by their extended silence and subsequent actions.

Doctrine

- **Absence of HLURB Certifications and Contract Validity**: Non-compliance with registration and license requirements under P.D. 957 does not automatically void contracts. The law's aim is regulatory compliance and administrative penalties rather than retrospective contract invalidity.
- **Estoppel by Laches**: Delay in asserting a right, particularly after failing to renegotiate, can estop a claim, validating the existing terms of the contract.

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Class Notes

- **P.D. 957 Registration and Licensing Requirements**: Essential for real estate sales, but non-compliance does not retroactively void contracts (Sections 4, 5, 38, 39).
- **Estoppel Principles**: Conduct or silence causing reliance and subsequent prejudice can prevent rights assertion (31 Corpus Juris Secundum 155).
- **Contracts under the Civil Code**: Terms, if not contrary to law or public policy, bind parties (Article 1159, Civil Code of the Philippines).

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Historical Background

P.D. 957 was enacted to mitigate rampant fraud and non-compliance in real estate sales, ensuring consumer protection and regulating developers. The case reflects the evolution of regulatory frameworks aimed at balancing administrative requirements and contractual stability in the Philippines.