

### Title: Boston Bank of the Philippines (Formerly Bank of Commerce) vs. Perla P. Manalo and Carlos Manalo, Jr., G.R. No. 517 Phil. 328

### Facts

**\*\*1. Sale and Subdivision of Xavierville Estate:\*\***

- Xavierville Estate, Inc. (XEI) owned a 42-hectare land in Quezon City, known as Xavierville Estate Subdivision, subdivided into residential lots and offered for sale.
- On September 8, 1967, XEI, via General Manager Antonio Ramos, sold some residential lots, including Lots 1 and 2, Block 2, to the Overseas Bank of Manila (OBM)—subject to approval by OBM’s Board of Directors and held under real estate mortgages with the Philippine National Bank and Central Bank of the Philippines.

**\*\*2. Emerito Ramos Jr. and Carlos Manalo’s Agreement:\*\***

- In 1972, XEI’s President, Emerito Ramos Jr., contracted Carlos Manalo Jr. to install a water pump worth PHP 34,887.66.
- As part of the down payment for purchasing two lots, Manalo Jr. offered Ramos to deduct PHP 34,887.66 Ramos owed him, which Ramos accepted. On February 8, 1972, Ramos wrote to Manalo Jr. allowing him to choose his lots.
- The Manalos chose Lots 1 and 2, Block 2, confirmed by Ramos in a letter dated August 22, 1972. The price was fixed at PHP 200/sq. meter, requiring a 20% down payment by December 31, 1972.

**\*\*3. Possession and Dispute:\*\***

- The Manalos took possession on September 2, 1972, constructing a house and fences.
- Due to non-payment by many lot buyers, XEI paused its selling operations. The Manalos failed to pay the balance of the down payment and interest due to non-receipt of a contract of conditional sale.
- XEI and subsequent transactions to OBM and eventually to Commercial Bank of Manila (CBM), later renamed Boston Bank of the Philippines, concluded the title transfer. Notices were sent to Manalos regarding unauthorized constructions and demands to vacate the property ensued.

**\*\*4. Legal Battle:\*\***

- CBM filed an unlawful detainer complaint. The Manalos countered with a specific performance complaint, seeking deed execution upon payment of PHP 313,172.34.
- The Regional Trial Court (RTC) ruled in favor of the Manalos, ordering the deed’s

execution upon payment of PHP 942,978.70.

- The Court of Appeals (CA) modified the RTC decision, reducing the payment to PHP 313,172.34 plus 12% interest and deleting damages.
- Boston Bank filed the petition arguing no perfected contract existed covering the price and payment terms.

### ### Issues

#### \*\*1. Factual Contentions:\*\*

- Are the factual issues raised by the petitioner proper for resolution in the Supreme Court?

#### \*\*2. Contract of Sale:\*\*

- Did the parties forge a perfected agreement regarding the sale of the property, including both price and the manner of payment?

#### \*\*3. Estoppel:\*\*

- Is the petitioner estopped from asserting the lack of a perfected contract given the earlier actions?

#### \*\*4. Specific Performance:\*\*

- Do the respondents have a cause of action for specific performance against the petitioner?

### ### Court's Decision

#### \*\*1. Proper Factual Issues:\*\*

- The Court determined the issues raised by the petitioner were proper for resolution due to the absence of essential terms necessary for a perfected contract.

#### \*\*2. Lack of Perfected Contract:\*\*

- The Court held that no perfected contract existed as the manner of payment for the purchase price was never agreed upon—critical elements of a contract for sale or a contract to sell were therefore missing.
- Under Article 1458 of the New Civil Code, both price and payment terms are essential for a binding agreement.
- The partial payment via services and letter communications didn't suffice to establish a contract due to the lack of mutual agreement on the significant terms of full payment.

#### \*\*3. Non-Estoppel of Petitioner:\*\*

- Petitioner was not estopped in asserting the lack of contract perfection because there was

a lack of conclusive evidence of an earlier agreement detailing the payment schedule.

- Petitioner's appeal and the factual assertions were legitimate, considering procedural laws and substantial justice principles.

**\*\*4. Non-Acquiescence of Specific Performance:\*\***

- Republic Act No. 6552 (Maceda Law) protecting buyers of real estate in installments did not apply due to the absence of a perfected agreement.

- The respondents' failure to fulfill financial obligations over an extended period and enjoy possession negated a cause of action for specific performance.

**### Doctrine**

**\*\*1. Essential Elements of Contract to Sell:\*\***

- Article 1458, New Civil Code: A contract to sell property must include a definite agreement on the purchase price and the manner of its payment.

- Future negotiations or indefinite terms pose non-enforceability: An enforceable contract cannot rest on terms left for future determination.

**### Class Notes**

**\*\*Key Elements:\*\***

- **\*\*Article 1458, New Civil Code:\*\*** Defined elements for valid sale contracts.

- **\*\*Requirement of Essential Terms:\*\*** Both price and payment terms must be clear.

- **\*\*Substantial Proof Needed:\*\*** Partial actions like down payments do not suffice without full, agreed terms.

**\*\*Application:\*\***

- Negotiations and partial down payments must concretely detail the payment framework.

- Judicial and notarial demands are crucial when invoking Republic Act No. 6552 or similar provisions.

**### Historical Background**

During the 1970s, large-scale residential subdivision projects were rampant in the Philippines. Issues with land titles, installment sales, and buyers' protections under laws like Republic Act No. 6552 (Maceda Law) prompted many similar legal disputes on whether preliminary agreements constituted binding contracts, impacting the stability and trust in real estate transactions.