

**\*\*Title:\*\***

Sps. Rex and Concepcion Aggabao vs. Dionisio Z. Parulan, Jr. and Ma. Elena Parulan (G.R. No. 162682)

**\*\*Facts:\*\***

1. Respondents Dionisio Z. Parulan, Jr. and Ma. Elena Parulan, though estranged, jointly owned two parcels of registered land in Executive Village, BF Homes, Parañaque City.
2. In January 1991, real estate broker Marta K. Atanacio offered the property to petitioners Sps. Rex and Concepcion Aggabao.
3. Initially uninterested, petitioners reconsidered and met Ma. Elena at the site along with Atanacio on February 2, 1991. Ma. Elena presented several documents including the original TCTs, tax declarations, and a special power of attorney (SPA) allegedly executed by Dionisio.
4. They paid earnest money and agreed on a schedule of installment payments and the turnover of the property.
5. The petitioners verified the TCTs and mortgage details from public records and the Los Baños Rural Bank, respectively, discovering existing mortgages executed via SPA.
6. On March 18, 1991, petitioners paid the final amount and Ma. Elena executed a deed of absolute sale in their favor but failed to turn over the owner's duplicate copy of TCT No. 63376.
7. Petitioners learned that the owner's duplicate TCT was held by Atty. Jeremy Z. Parulan, Dionisio's brother, who demanded additional payment for its release.
8. Dionisio, via Atty. Parulan, filed a suit for annulment of the sale, claiming the SPA was forged as he was abroad when it was executed.
9. Petitioners filed a counter-suit for specific performance and damages.

**\*\*Procedural Posture:\*\***

- Both cases were consolidated in the RTC, which annulled the sale for lack of written consent from Dionisio and declared the SPA a forgery.
- The petitioners appealed to the Court of Appeals (CA), which affirmed the RTC's decision.
- Petitioners then appealed to the Supreme Court via a petition for review on certiorari.

**\*\*Issues:\*\***

1. Which between Article 173 of the Civil Code and Article 124 of the Family Code applies to the sale of conjugal property?

2. Were the petitioners buyers in good faith?
3. Can the ruling in *Veloso v. Court of Appeals* apply in favor of the petitioners despite the forgery?

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

1. **\*\*Application of Article 124 of the Family Code:\*\***

- The sale occurred after the Family Code became effective on August 3, 1988, thus, Article 124 applies. This article requires both spouses' consent for the sale of conjugal property, absent which the sale is void.
- The retroactive application of the Family Code (Article 256) does not impair any vested rights of the petitioners, hence applicable.
- Dionisio's absence and purported delegation to his brother via SPA to administer does not extend to the authority to sell, without joint written consent or court approval.
- A potential ratification through Atty. Parulan's counteroffer is invalid, as a void contract cannot be ratified.

2. **\*\*Good Faith of the Petitioners:\*\***

- Buyers in good faith must verify both the property's title and the seller's capacity to sell. Despite verifying TCTs and mortgages, they failed to scrutinize Ma. Elena's authority under the SPA.
- They should have checked the authenticity of the SPA and the notary's legitimacy. Findings showed the SPA was forged and the notary was not authorized.
- Their passivity in securing the owner's duplicate TCT after discovering its unavailability and accepting Atty. Parulan's demand indicated a lack of prudence.

3. **\*\*Inapplicability of *Veloso v. Court of Appeals*:**

- *Veloso* concerned the sale of exclusive property, not conjugal property. Article 173 of the Civil Code applied there, whereas Article 124 of the Family Code governs the case at hand.
- *Veloso's* decision rested on insufficient proof of forgery, whereas here, forgery was conclusively proven.

**\*\*Doctrine:\*\***

- Article 124 of the Family Code mandates joint spousal consent for transactions involving conjugal property. Any sale without such consent is void.
- The status of a buyer in good faith involves verification of both the title's validity and the seller's authority to sell.

- A void contract cannot be ratified.

**\*\*Class Notes:\*\***

- **\*\*Key Elements:\*\*** Joint spousal consent for conjugal property transactions, Void vs. Voidable contracts, Buyer in good faith.
- **\*\*Statutory Provisions:\*\*** Article 124, 256 of the Family Code.
- **\*\*Principles:\*\*** due diligence in verifying both property title and seller's authority, specific requirements for transactions involving conjugal properties.
- **\*\*Application:\*\*** Practical steps in property transactions to avoid issues of forgery, unauthorized sales, and compliance with statutory requirements for valid contracts.

**\*\*Historical Background:\*\***

- The Family Code of the Philippines, which became effective on August 3, 1988, significantly altered the governance of conjugal properties requiring joint administration by spouses. This historical legislation intended to provide equitable treatment and protection of spousal rights in property relations, reflecting evolving gender equality norms and marital responsibilities in the Philippines.