

****Title:**** Pryce Properties Corp. vs. Nolasco, Jr., G.R. No. 879 Phil. 292 (Phil. 2022)

****Facts:****

In 1995, Narciso R. Nolasco, Jr. (Nolasco) purchased three lots in Cagayan de Oro City from Pryce Properties Corporation (Pryce). He paid P393,435.00 through checks but did not receive the certificates of title or the sales agreement for the lots. Upon receiving the sales agreement later, Nolasco objected to its unacceptable conditions and demanded a refund, which Pryce failed to provide.

Nolasco filed a complaint for the recovery of the sum on January 22, 1999 in the Regional Trial Court (RTC) claiming Pryce's failure to deliver the lots caused him damages worth P100,000.00 (moral), P50,000.00 (exemplary), and P50,000.00 (attorney's fees).

Pryce responded that the arrangement was a contract to sell, not a sale, and Nolasco was not entitled to a refund under Republic Act No. 6552 (RA 6552) or the Maceda Law, due to non-payment within the grace period. They counterclaimed for P2,000,000.00 in moral damages, P200,000.00 in exemplary damages, P100,000.00 in attorney's fees, and P200,000.00 in litigation costs.

****Issues:****

1. Whether the contract between Pryce and Nolasco was rescinded in accordance with RA 6552 (Maceda Law).
2. Whether Pryce should refund the amounts Nolasco had paid.

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

The Supreme Court affirmed with modification the Court of Appeals' (CA) decision.

****Analysis:****

1. ****Contract to Sell Between Pryce and Nolasco:****

- The Court examined RA 6552, which protects installment buyers. Under Section 4, the seller must give the buyer a 60-day grace period and a 30-day period after receipt of a notarial notice of cancellation or rescission.
- Pryce's insistence that the contract contained automatic cancellation in case of default did not bind Nolasco due to its contradiction with RA 6552, stipulating mere service of cancellation was insufficient.

2. ****Validity of Rescission:****

- Pryce failed to comply fully with Section 4 requirements. While they provided Nolasco a 60-day grace period, they did not provide a notarial act of rescission, meaning Pryce did not

validly rescind the contract.

- A detailed assessment of procedural lapses highlighted that Pryce's Answer with Counterclaims, notarized via jurat, fell short of a valid notarial act needed for lawful rescission under RA 6552.
- The absence of clear affirmative notice of rescission left Pryce in a legally indefensible position, obligating them to refund Nolasco.

3. **Refund Entitlement:**

- Because Pryce did not validly rescind the contract, Nolasco was entitled to a refund of P393,435.00 with legal interest. According to the *Nacar v. Gallery Frames* jurisprudence, it was subject to 12% per annum from January 22, 1999, until June 30, 2013, and 6% per annum from July 1, 2013, until fully paid.

Doctrine:

- RA 6552 requires a valid written notice to cancel a contract to sell, emphasizing the sanctity of a valid notarial act of rescission.
- Under Philippine jurisprudence, a contract to sell not validly rescinded entitles the buyer to equitable remedies including refunds.

Class Notes:

- **Key Elements:**
- **Contracts of Sale vs. Contracts to Sell:** These types of contracts differ primarily on when ownership is transferred.
- **Rescission Notices:** Rescission under RA 6552 must be evidenced by a proper notarial act and must follow procedural correctness.
- **Equity in Refunds:** Courts may rule for refunds if no proper rescission was effected.
- **Statutory Provisions:**
- **RA 6552 (Maceda Law):** It protects installment buyers and outlines the necessary procedures and rights upon default.
- **Art. 1482 & Art. 1191, Civil Code:** Address the specifics of rescission and refunds in sales contracts.

Historical Background:

This case emerged against the historical context of reinforcing buyer protection in real estate transactions in the Philippines, particularly through the Maceda Law. It reflects a broader legal focus on ensuring equitable protections against unilateral and often arbitrary cancellation of contracts by corporations, solidifying procedural safeguards governed by

statutory requirements and jurisprudence.