

Title: ****People's Homesite & Housing Corporation vs. Court of Appeals and Mendoza Spouses**** (218 Phil. 742)

Facts:

The People's Homesite & Housing Corporation (PHHC) initially decided to award Lot 4, situated in Diliman, Quezon City, to the Mendoza spouses through Resolution No. 513 passed on February 18, 1960. This award was contingent upon the approval of the Quezon City Council for the Consolidation Subdivision Plan which included Lot 4. However, this plan was disapproved by the council on August 20, 1961, a fact communicated to the spouses. Subsequently, a revised plan was approved on February 25, 1964, reducing Lot 4's area and again including it for the Mendozas under the same conditions. Despite these awards, the Mendoza spouses failed to make any payments towards the purchase price or the required 20% initial deposit.

On April 26, 1965, the PHHC withdrew all tentative awards to purchasers who had not made their initial deposits, including the award to the Mendozas. Another resolution passed on October 18, 1965, officially withdrew their award and reassigned Lot 4 to other buyers who met the payment requirements. These new awardees subsequently executed their respective payments and deeds of sale were transacted.

In response, on March 16, 1966, the Mendoza spouses sought reconsideration from the PHHC for the withdrawal of their award and the subsequent re-award of the lot, eventually filing for specific performance and damages when their request wasn't acted upon quickly. The lower court sided with the PHHC, a decision which was overturned by the Court of Appeals, favoring the Mendoza spouses and directing the PHHC to proceed with the original transaction and additionally, compensating the spouses for legal expenses.

The PHHC appealed to the Supreme Court of the Philippines, questioning the existence of a perfected sale that could be enforced by specific performance.

Issues:

1. Whether there was a perfected contract of sale for Lot 4 between PHHC and the Mendoza spouses that is enforceable.
2. The legal effect of the contingencies stipulated in the award, specifically the approvals from the Quezon City Council and the PHHC's valuation committee.

Court's Decision:

The Supreme Court held that there was no perfected sale of Lot 4 to the Mendoza spouses.

The award was conditional, reliant on the approval of the subdivision plan by the Quezon City Council and the PHHC's valuation committee, neither of which were fully satisfied, especially with the non-payment by the Mendoza spouses. The court emphasized that the acquisition of rights under a conditional obligation would depend on the occurrence of the condition set forth. Since the conditions for the award were not fulfilled, no contract of sale was perfected.

The decision from the Appellate Court was reversed and the judgment from the trial court was affirmed. This affirmed the PHHC's action to withdraw the tentative award and validated the re-award to the other purchasers who complied with the necessary payment requirements.

Doctrine:

- The Supreme Court reiterated the doctrine that a contract of sale is perfected at the moment there is a meeting of minds upon the object of the contract and the price, subject to the law governing the form of contracts. However, when a sale is made conditional on certain approvals or conditions, the sale does not perfect until those conditions are met.

Class Notes:

- Contract of Sale: Perfected by mutual consent on the object and price; conditional sales depend on the fulfillment of stated conditions.
- Conditional Obligations: Rights acquisition or loss depends on condition occurrence (Art. 1181, Civil Code of the Philippines).

Historical Background:

This case sheds light on the procedural intricacies and legal standards involved when state-owned corporations in the Philippines deal in real estate transactions, particularly highlighting the importance of meeting conditional requirements and the proper execution of sales agreements to ensure the binding and enforceability of such contracts. It underscores the need for clear communication, compliance with stipulated conditions, and timely payments in transactions involving government property awards.