

****Title:****

Anama v. Court of Appeals, PSBank, Co & Baria, Register of Deeds, 466 Phil. 64 (2004)

****Facts:****

1. On March 24, 1973, Douglas Anama and PSBank entered into a “Contract to Buy” involving a parcel of land with improvements foreclosed by PSBank after Anama’s parents defaulted on a mortgage loan.
2. The contract stipulated a total purchase price of P135,000. Anama was to pay an initial installment of P30,000 in three payments, and the balance was to be covered by a real estate mortgage loan of P105,000 from PSBank.
3. Anama paid the first two installments but failed to pay the third installment of P20,000 due on April 30, 1973.
4. July 5, 1974 - Anama’s father requested an extension and deposited P3,000 as a sign of good faith.
5. February 22, 1975 - Anama paid P17,500 to PSBank.
6. May 31, 1976 - Anama promised to pay P20,000 by August 3, 1976.
7. November 25, 1976 - Anama paid P15,208.34 from his father’s savings.
8. September 9, 1977 - PSBank rescinded the contract and advised Anama to vacate the property, applying payments as rental.
9. October 6, 1977 - Anama protested the rescission.
10. November 6, 1978 - PSBank sold the property to spouses Tomas Co and Saturnina Baria.
11. March 1, 1982 - Anama filed a complaint to nullify the deed of sale, cancel the title, and seek specific performance with damages.
12. March 31, 1989 - RTC ordered the submission of memoranda; transcripts lacked completion causing delays in decisions.
13. August 21, 1991 - RTC favored PSBank, declaring the contract rescission justified.
14. Petitioner appealed to Court of Appeals, which in turn dismissed his appeal for failure to include an assignment of errors.
15. Petitioner sought recourse before the Supreme Court.

****Issues:****

1. Whether petitioner was denied due process when the trial court rendered its decision without waiting for the submission of petitioner’s memorandum.
2. Whether PSBank validly rescinded the “Contract to Buy” property for non-payment of the third installment.
3. Whether the payments made by petitioner were appropriately considered as payments for

penalties/interest charges rather than the third installment.

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

1. ****Due Process and Memoranda:****

- The Supreme Court found no denial of due process. It ruled that the submission of memoranda is not mandatory and is at the discretion of the court. Judge Flores' decision without the memorandum was acceptable, as long as the evidences and proceedings were properly conducted.

2. ****Rescission of Contract:****

- The Court affirmed that PSBank's rescission of the contract was justified. Anama failed to meet the installment payment deadlines, giving PSBank the right to rescind under the contract's terms.

3. ****Payments for Penalties/Interest:****

- Payments made by Anama were aptly considered as penalties/interest charges. PSBank rightfully applied payments first to the interest, as per Article 1253 of the New Civil Code.

****Doctrine:****

1. ****Exercise of Contractual Rights:****

Contractual stipulations that provide options in case of default must be enforced as long as they are clear and validly agreed upon.

2. ****Due Process:****

The essence of due process is a reasonable opportunity to be heard. The discretion of the trial court in the management of memoranda and evidence submission is recognized provided it does not result in the deprivation of a party's right to present their case.

3. ****Payment of Interests Prior to Principal:****

Under Article 1253, payment of the principal is not deemed made until interests are covered.

****Class Notes:****

- ****Elements of Valid Rescission:****

1. Presence of a breach of contract.
2. Clear contractual provision allowing rescission.
3. Notification of rescission to the defaulting party.

- **Requirements for Submitting Appeals:**

The brief must contain an assignment of errors to inform the appellate court of the alleged mistakes for review.

Historical Background:

The case reflects judicial procedures and the application of contract laws concerning property transactions in the Philippines. It demonstrates the courts' emphasis on procedural due process and the reinforcement of contractual obligations, providing insights into property rights and remedies for breaches in contracts. This case was adjudicated amid evolving jurisprudence on default remedies and procedural fairness in litigation.