

MANUEL LAPINIG AND LEONCIO CHAVAS, PETITIONERS, VS. THE HONORABLE COURT OF APPEALS AND FRANCISCO V. JORVINA, RESPONDENTS.

G.R. No. L-37751. July 20, 1982

Ponente: GUERRERO, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/185065266096/>

GUERRERO, J.:

This is a petition to review the decision of the Court of Appeals promulgated on September 24, 1973 in CA-G.R. No. 49348-R entitled "Francisco V. Jorvina, Plaintiff-Appellant, versus, People's Homesite and Housing Corporation, Defendant-Appellee, Manuel Lapinig and Leoncio Chavas, Intervenors-Appellees."

A complaint was filed in the Court of First Instance of Rizal, Quezon City, Branch IV, by private respondent Francisco V. Jorvina against the People's Homesite and Housing Corporation (hereinafter referred to as PHHC) praying that Lot 10, Block E-156, Psd68807 of the East Avenue Subdivision be re-awarded to him, for damages and attorney's fees. After therein defendant PHHC filed its Answer, a complaint in intervention was filed with leave of court by petitioners Manuel Lapinig and Leoncio Chavas praying that the PHHC be ordered to execute the Final Deed of Sale in their favor and that plaintiff Jorvina be ordered to pay to them moral and compensatory damages and attorney's fees.

At the pre-trial on June 25, 1970, the parties submitted the following "Stipulation of Facts":

"1. That, the parties admit the personal circumstances of each party and the jurisdiction of this Honorable Court over the subject matter of this litigation;

"2. That, People's Homesite and Housing Corporation (PHHC for brevity) is the registered owner of a parcel of land identified as Lot No. 10, Block E-156 of the PHHC East Avenue Subdivision in Quezon City;

"3. That, on January 28, 1958, plaintiff filed with the defendant PHHC an 'Application to Purchase a Lot' and as a result thereof was awarded Lot No. 10, Block E-156, thereafter paying the required 10% deposit in the amount of P546.96;

"4. That, on November 2, 1962, a complaint was filed by Mrs. Arsenia Lapinig with the PHHC contesting the award of the lot in controversy in favor of plaintiff Jorvina, copy of which is attached and marked as Annex "A" and made an integral part hereof;

"5. That, on January 3, 1963, the PHHC Board of Directors adopted Resolution No. 282 sustaining the award of the lot in question to plaintiff Francisco V. Jorvina and denying Lapinig's appeal for reconsideration;

"6. That, on April 1, 1963, the General Manager, of defendant PHHC formally notified the plaintiff of Resolution No. 282 of the PHHC Board of Directors, sustaining the award of the lot to the plaintiff;

"7. That, on March 20, 1964, a 'Conditional Contract to Sell' was executed between the plaintiff Francisco V. Jorvina and defendant PHHC; that since then plaintiff complied with the terms of payment and paid certain amounts reflected in the PHHC Passbook issued by defendant to the plaintiff which, as of February, 1966,

amounted to P2,490.31;

"8. That, sometime in April, 1965, the Presidential Investigating Committee (Gancayco Committee) reinvestigated the lot award in question and that on November 22, 1965 the said Committee, through State Prosecutor Maura Navarro, recommended the cancellation of the award in favor of F.V. Jorvina, herein plaintiff, and the re-award of the lot in favor of Manuel Lapinig and Andronico Alcovendas, pro-indiviso, copy of which recommendation is attached and marked as Annex "B" and made an integral part hereof; that, Francisco V. Jorvina was not given the notice of this reinvestigation or the opportunity to be heard and to adduce his own evidence;

"9. That, the recommendation of the Presidential Investigating Committee was approved by the PHHC Board of Directors under Resolution No. 541 dated January 13, 1966, copy of which is attached and marked as Annex "C" and made an integral part hereof;

"10. That, on February 1, 1966, Manuel Lapinig and Andronico Alcovendas paid the 10% initial payment of P546.96, Order of Payment being attached and marked as Annex "D" and made integral part hereof;

"11. That, on February 3, 1966, plaintiff remitted a check for P163.95 to defendant PHHC, acceptance of which was refused, and that a few days thereafter plaintiff received a letter from the Acting General Manager of defendant PHHC, dated January 31, 1966, stating that Lot 10, Block E-156 was re-awarded to Arsenia Lapinig and Andronico Alcovendas;

"12. That, on December 7, 1966, the PHHC Board of Directors under Resolution No. 765, copy attached marked as Annex "E" and made integral part hereof, approved the request for the transfer of rights of the one-half undivided portion from Andronico Alcovendas to Leoncio Chavas who was found qualified under PHHC rules and regulations;

"13. That, on November 7, 1969, Resolution No. 372, copy attached and marked as Annex "F" was approved by the PHHC Board of Directors confirming its previous Board Resolution No. 541, dated January 13, 1966 (marked as Annex "C" herein) and Board Resolution No. 765 dated December 7, 1966 (marked as Annex "E" herein), likewise ordering that the 'Conditional Contract to Sell' be executed in favor of Lapinig and Chavas;

"14. That, on June 4, 1968, defendant PHHC and Manuel Lapinig and Leoncio Chavas executed a 'Conditional Contract to Sell' over Lot 10, Block E-156;

"15. That, the parties reserve their rights to present such additional evidence as they may respectively deem necessary within the scope of the issues raised.

x x x."[1]

Resolving the case, the Court of First Instance upheld the authority and power of the PHHC to cancel the award of the lot in question to Jorvina and to re-award the same property to intervenors Lapinig and Chavas. The Court ruled that the PHHC had the duty of carrying out the policy of the government "to acquire large estates x x x for their subdivision and re-sale to bona fide occupants," and that it merely complied with the recommendation of the Presidential Investigating Committee to give preference to the actual occupants of the lot. Moreover, the Court held that as owner of the property in controversy, the PHHC had the right to dispose of the lot in favor of whoever it may choose under its rules and regulations. The dispositive portion of the decision of the Court of First Instance dated August 13, 1970 is quoted hereunder:

"WHEREFORE, judgment is hereby rendered dismissing the plaintiff's complaint with costs against him.

"Neither the counterclaim of defendant PHHC nor the claim for damages of the intervenors is awarded because there is no evidence supporting the same.

"SO ORDERED." [2]

On appeal to the Court of Appeals, Jorvina obtained a reversal. Respondent Court of Appeals stressed that not only had the disputed lot been awarded to Jorvina and deposit from him accepted, but more than that, a "Conditional Contract To Sell" had been executed in said awardee's favor on May 20, 1964 wherein the PHHC agreed to sell the lot to Jorvina on installments, which the latter in fact later paid. Thus, reasoned the respondent Court, if the law on contracts were to govern, the PHHC could not just unilaterally annul the aforementioned agreement which, under the New Civil Code, is the law between the parties and should be complied with in good faith. The appellate court decision promulgated on September 24, 1973 reversed the judgment appealed from and ordered the contract in favor of plaintiff-appellant to be maintained and specifically performed and his rights to the lot reinstated. [3]

Examining the "Conditional Contract To Sell" dated March 20, 1964 [4] executed between the PHHC and herein private respondent Jorvina (see No. 7, "Stipulation of Facts", supra), We find the same to have been validly entered into. By virtue thereof, the PHHC agreed to sell the lot in question to Jorvina for the sum of P5,469.60 payable in monthly installments over a period of ten (10) years, with interest at the rate of 6% per annum. The document was duly signed by the parties in the presence of witnesses and acknowledged before a notary public. It has the essential elements of a perfected contract, namely, consent, subject matter, and cause or consideration. [5]

Upon perfection of a contract, "the parties are bound not only to the fulfillment of what has been expressly stipulated but also to all the consequences which, according to their nature, may be in keeping with good faith, usage and law." [6] Thus, the PHHC as a consequence of its having entered into the "Conditional Contract To Sell" with Jorvina, may NOT unilaterally cancel the award in favor of Jorvina nor re-award the subject property to other persons. To do so would be to violate Jorvina's rights as the awardee of the lot in question under the "Conditional Contract To Sell" of March 20, 1964. The fact that the PHHC is a government corporation does not exempt it from compliance with its contractual obligations.

Herein petitioners make capital of the recommendations of the Presidential Investigating Committee for the cancellation of Jorvina's award and for a re-award in favor of Lapinig and Alcovendas, which recommendation was approved by the PHHC Board of Directors on January 13, 1966. They point out that the Committee was precisely created "to investigate and cancel irregular awards", and contend that in making its recommendations for the disposition of Lot 10, Block E-156, the Committee merely gave recognition to the preferential right of Lapinig and Alcovendas to purchase the disputed lot as the actual and bona fide occupants thereof.

We do not agree. The procedure adopted by the Presidential Investigating Committee when it inquired into Jorvina's award was arbitrary, oppressive and inquisitorial. As admitted by the parties in the lower Court, said awardee was not given notice of the reinvestigation nor the opportunity to be heard and to adduce his evidence (see No. 8, "Stipulation of Facts", supra). In other words, not even the most basic requisites of due process were met. The records show that a previous investigation of the award to Jorvina brought about by the complaint filed by Mrs. Arsenia Lapinig had been conducted, resulting in the letter of then PHHC General Manager Angel Macapagal dated April 1, 1963 formally notifying Jorvina of the decision in his favor, thus:

"With reference to the adverse claim of Mrs. Arsenia Lapinig over the above-stated lot awarded to you, I wish to inform you that in view of the findings and recommendation of the Board's Committee on Investigation which had carefully reviewed the records of this case, the PHHC Board of Directors sustained the award of said lot in your favor and denied her appeal for reconsideration of the decision of the PHHC Administrative Investigating Committee under Resolution No. 282, dated January 3, 1963 x x x.

"In view thereof; please come to this Corporation upon receipt hereof for the execution of the 'Conditional Contract To Sell' in your favor." [7]

The letter dated November 28, 1968 of then PHHC General Manager Esteban Bernido to the Office of the Government Corporate Counsel clearly stated the failure of Mrs. Lapinig to prove her allegations of fraud and misrepresentation in the award to Jorvina. Pertinent portions of the letter reads:

"The records show that the subject lot was originally awarded to Mr. Francisco Jorvina on January 28, 1958, when he paid the required 10% deposit in the amount of P546.96. However, on February 10, 1960, a formal complaint was filed by one Mrs. Arsenia Lapinig with the PHHC contesting the award of the above-mentioned property in favor of Mr. Jorvina. After hearings of the case conducted by the PHHC Administrative Investigating Committee, the said Committee in its Memorandum Report dated January 25, 1961 recommended that the award in favor of Mr. Jorvina be sustained for failure on the part of the complainant to establish fraud and misrepresentation in obtaining the award. This recommendation was approved by the Chairman-General Manager on January 30, 1961. Mrs. Lapinig appealed the decision of the PHHC Investigating Committee to the PHHC Board of Directors. On January 3, 1963 the PHHC Board approved Resolution No. 282 sustain-ing the award of Mr. Jorvina in view of the reasons stated in the Committee Report dated December 18, 1962 of the Board's Committee on Investigation x x x. On March 20, 1964, a Conditional Contract to Sell over the subject lot was executed by the PHHC in his favor." [8]

Since it is undisputed that the PHHC had accepted several installment payments from Jorvina, there has therefore been a partial performance of the contract. Assuming that the Presidential Investigating Committee had discovered a ground to annul the "Conditional Contract To Sell" dated March 20, 1964, the PHHC should have filed an action for annulment of the contract within the prescribed period. It did not do so. Instead, it merely approved the Committee's recommendations and accepted the initial payment made by the new awardees, Lapinig and Alcovendas. Undoubtedly, the new award is arbitrary and violative of the original awardee's (Jorvina) property rights.

Petitioners' claim that they have the preferential right to purchase Lot No. 10, Block E-156 as actual and bona fide occupants thereof is without merit. To begin with, the character of their possession of the subject pro-property has not been clearly established. What appears on record is that the subject property was re-awarded pro-indiviso to: (1) herein petitioner Lapinig as the "actual occupant" of the lot, and (2) the predecessor-in-interest of herein petitioner Chavas, Andronico Alcovendas, "who is being relocated from Lot 22, Block E-155 the award of which was sustained because the lot is already covered by title and has already been transferred to an innocent purchaser for value." [9] We find no claim of possession in good faith of the lot in liti-gation by the aforementioned new awardees, which is the essential ingredient for the pertinent invocation by petitioners of the government policy and PHHC function of acquiring large estates for their resale to "bona fide occupants." [10]

The cases of *Guardiano vs. Encarnacion* [11] and *PHHC vs. Tiongco* [12] cited by petitioners are, therefore, not applicable. In *Guardiano*, this Court sustained the action of the PHHC in upholding the preferential right of therein petitioner *Guardiano* to purchase the PHHC lot subject of the controversy as against the original awardee *Encarnacion*. *Guardiano's* "initial status as a squatter had been legalized with her having been duly accepted by the PHHC as a 'registered squatter' or bona fide occupant occupying the lot since 1945." [13] Court also found that *Encarnacion* had merely been granted a "tentative award", and that there was "no 'perfected contract to sell' reached between (him) and the PHHC nor was the 'Conditional Contract to Sell' ever executed between them." [14] No monthly payments were made by *Encarnacion* to the PHHC other than the initial deposit. [15] In the *Tiongco* case, this Tribunal emphasized that according to the PHHC's own investigators, therein defendants *Tiongco* and *Escasa* were "bona fide squatters since 1949 and introduced improvements therein ... and that their names were included in the list of bona fide squatters during the census by the PHHC (in 1957)." [16] Thus, in both the cited cases, the actual occupants of the disputed PHHC lots were expressly found to be possessors in good faith. In the instant case as already stated above, there is nothing in the record to warrant the same finding.

Herein petitioners further assert that they had already signed a "Conditional Contract To Sell" over the property in question. There is such a document on record as Exhibit "1" (Intervenors) which bear the signatures of petitioners. However, it is not signed by the General Manager of the PHHC. It is, therefore, no contract at all and does not give rise to any enforce-able right or demandable obligation.

On the facts and by law, private respondent Jorvina has a better right over petitioners Lapinig and Chavas to Lot 10, Block 156 of the East Avenue Subdivision in Quezon City. The decision brought to Us for review must be affirmed.

WHEREFORE, the decision of respondent Court of Appeals dated September 24, 1973 is hereby AFFIRMED. Costs against petitioners.

SO ORDERED.

Barredo, (Chairman), Aquino, Concepcion, Jr., Abad Santos, De Castro, and Escolin, JJ., concur.

[1] Original Record on Appeal, pp. 44-47. Re No. 14 of the "Stipulation of Facts", the "Conditional Contract To Sell" dated June 4, 1968 and on record as Exhibit "1" (Intervenors) is not signed by the PHHC General Manager.

[2] Original Record on Appeal, p. 55.

[3] Rollo, p. 62.

[4] Exhibit "B", Folder of Exhibits.

[5] Paras, Civil Code of the Philippines Annotated, 1976 ed., Vol. IV, p. 391.

[6] Art. 1315, New Civil Code of the Philippines.

[7] Exhibit "A", Folder of Exhibits; under-scoring supplied.

[8] Exhibit "2" (Intervenors), Folder of Exhibits.

[9] Excerpt from the Minutes (of the Meeting) of the PHHC Board of Directors held on January 13, 1966; Exhibit "3" (Intervenors), Folder of Exhibits.

[10] Annex A, No. 11 (d), Executive Order No. 399, Series of 1951.

[11] L-23396, August 29, 1969, 29 SCRA 326.

[12] L-29070, June 29, 1972, 45 SCRA 459.

[13] 29 SCRA 336.

[14] Ibid., p. 331-333.

[15] Ibid., p. 332.

[16] 45 SCRA 459, 465.

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.