

GOVERNMENT SERVICE INSURANCE SYSTEM (GSIS), PETITIONER, VS. HONORABLE COURT OF APPEALS AND SPOUSES RAUL AND ESPERANZA LEUTERIO, RESPONDENTS.

G.R. No. 105567. November 25, 1993

Ponente: PUNO, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-105567/>

PUNO, J.:

This is a petition for review on certiorari to set aside the Decision of the 10th Division of the Court of Appeals ordering the petitioner GSIS to execute a Final Deed of Sale in favor of the spouses Raul and Esperanza Leuterio involving a house and lot in the GSIS Village, Project 8-C, Quezon City.[1]

The facts show that on December 18, 1963, the petitioner GSIS conducted a lottery draw for the allocation of lots and housing units in Project 8-C of GSIS Village. Private respondent Esperanza Leuterio won and was issued a Certificate of Acknowledgment to purchase the subject house and lot[2] on December 27, 1963. In 1965, the parties entered into a Deed of Conditional Sale evidencing the conveyance of the subject property and all improvements thereon to the Leuterio spouses for the purchase price of P19,740.00, payable over a fifteen-year period, in 180 equal monthly installments of P168.53 each. Paragraph 11 of the Deed of Conditional Sale provides:

"Upon the full payment by the Vendee of the purchase price of the lot and dwelling/improvement above referred to together with all the interest due thereon, taxes and other charges and upon his faithful compliance with all the conditions of the Contract, the Vendor agrees to execute in favor of the Vendee, or his/their heirs and successors-in-interest a final Deed of Sale of the aforementioned land and dwelling/improvements. x x x"[3]

Three years elapsed before the Deed was notarized, and a copy of the same was given to the private respondents.

After the land development and housing construction of Project 8-C were completed in 1966, petitioner's Board of Trustees increased the purchase price indicated in the Deeds of Conditional Sale covering houses and lots therein. The new price was based on the alleged final cost of construction of the GSIS Village. It is noted that, on the face of the Leuterio's Conditional Deed of Sale is the marginal notation "subject to adjustment pending approval of the Board of Trustees." The Leuterio spouses alleged that this notation was not in the Deed when they signed the same in 1965. Resolving this factual issue, the trial court found that the appended words were inserted into the document without the knowledge or consent of the Leuterio spouses. This finding of fact went undisturbed on appeal to the respondent court.[4]

Sometime in the early 1970's, a group (not including the Leuterios) of conditional vendees of houses and lots in Project 8-C of GSIS Village brought suit[5] against herein petitioner, questioning the increase in purchase price. They likewise wrote a "A Plea For Justice" to then President Ferdinand E. Marcos, requesting for a directive to petitioner's management to "accept payments of amortization installments on the original amounts stated in the Deed(s) of Conditional Sale."

As a result, the Office of the President created a three-man Ad Hoc committee, composed of representatives of the Office of the President, the petitioner System, and the GSIS Village Association. The committee found that the final cost of the Village justified a higher price range for the houses and lots in the project.

Based on the ad hoc committee's findings, the petitioner System, with the approval of its Board of Trustees, increased the purchase prices of houses and lots in the GSIS Village.

On May 30, 1973, however, then Presidential Executive Assistant Jacobo C. Clave, through a memorandum, advised petitioner that then President Marcos has approved the "Plea" and wanted its "immediate implementation." The attempt by petitioner to have the presidential endorsement reconsidered was denied on December 18, 1980.

Meanwhile, after years of diligently paying the monthly amortizations[6] and real estate taxes on the subject property, the private respondents spouses informed[7] petitioner that the payments[8] for the property had been completed, and hence, the execution of an absolute deed of sale in their favor was in order. No action on the matter was taken by petitioner.

The instant case was initiated on May 20, 1984 in the RTC of Manila, Br. 11, with the filing of a Complaint for Specific Performance With Damages to compel petitioner to execute in private respondents' favor, the final Deed of Sale over the subject property.[9] The trial court found for the Leuterios.

On January 24, 1992, the Court of Appeals[10], in its impugned Decision, upheld the trial court solely on the basis of estoppel. It held that petitioner cannot increase the price of the subject house and lot after it failed, through the years, to protest against private respondents' P200.00-amortization or to require the payment by them of bigger monthly installments.[11]

Petitioner now urges the setting aside of the impugned Decision of the Court of Appeals, alleging that it erred in:

"I. x x x HOLDING THAT THE PETITIONER GSIS IS ESTOPPED FROM ENFORCING THE ADJUSTMENT OF THE SELLING PRICE

"II. x x x NOT HOLDING THAT THE SPOUSES LEUTERIO MUST BE BOUND BY THE RECOMMENDATION MADE BY THE AD HOC COMMITTEE

"III. x x x FAILING TO CONSIDER THE JUSTIFICATION FOR THE ADJUSTMENT IN THE SELLING PRICE OF THE LOTS AND HOUSING UNITS

"IV. x x x AFFIRMING THE DECISION OF THE TRIAL COURT WHICH ORDERED THE PETITIONER GSIS TO EXECUTE THE FINAL DEED OF SALE"[12]

Upon the other hand, private respondents, in their Comment,[13] contend that the Petition only raises factual issues, which cannot be settled by this Court in the instant proceedings. They further contend that no reversible errors were committed by the Court of Appeals in its impugned Decision.

We find no merit in the petition, but for reasons different from those espoused by the respondent Court of Appeals.

The decisive issue really involves a question of fact -- whether or not the spouses Leuterio agreed to the notation "subject to adjustment pending approval of the Board of Trustees" appearing on the margin of the parties' Conditional Deed of Sale. If there was no agreement, the Leuterio spouses are only obligated to pay the purchase price of P19,740.00 as stipulated in the main body of the Conditional Deed of Sale.

Trite to state, this Court is not a trier of facts. In a multitude of cases, we have laid down the unbending rule that

findings of fact of lower courts are binding on us unless they are marred by manifest errors. The pleadings before us do not demonstrate that the trial court grossly erred when it found that the purchase price agreed upon by the parties was P19,740.00 and this agreement was not made subject to any posterior event or condition. This finding of fact was based on the explicit testimony of private respondent Raul Leuterio that when he and his wife signed the Deed of Conditional Sale in 1965, the notation "subject to adjustment pending approval of the Board of Trustees" was not in the Deed.[14] Likewise, the Answer of petitioner to the Complaint of the private respondents admitted the non-existence of this notation at the time the Deed of Conditional Sale was signed, albeit, it called the omission an honest mistake.[15] We quote paragraph 5 of said Answer, viz:

"5. The omission of the marginal notation reading '(x) subject to adjustment pending approval of the Board of Trustees' (Annexes B to B-1-b of the Complaint) on the Deed of Conditional Sale signed by the plaintiffs, as alleged in paragraph VII of the Complaint, must have been an honest mistake on the part of the clerk who typed the document."

This was also confirmed by the petitioner in the instant Petition for Review on Certiorari where it is alleged that "x x x the respondents-spouses Leuterio were not required to sign a new contract as provided in Resolution No. 996 but instead, the words 'subject to adjustment pending approval of the Board of Trustees' were inserted in the Deed of Conditional Sale executed in 1965." Petitioner is bound by these judicial admissions.

Quite clearly, therefore, the purchase price mutually agreed upon by the parties was P19,740.00. The spouses Leuterio did not give their consent for petitioner to make a unilateral upward adjustment of this purchase price depending on the final cost of construction of the subject house and lot. It is illegal for petitioner to claim this prerogative, for Article 1473 of the Civil Code provides that "the fixing of the price can never be left to the discretion of one of the contracting parties x x x."

We also reject petitioner's contention that the spouses Leuterio are bound by the recommendation of the ad hoc committee as this was set aside by then President Ferdinand E. Marcos.[16] The rejection was communicated by then Presidential Assistant Jacobo Clave to petitioner in a Memorandum dated May 30, 1973.[17] Petitioner moved for its reconsideration but the motion was denied by the former President thru Presidential Assistant Joaquin Venus, in a letter dated December 18, 1990.[18]

Next, petitioner would impress on us the need to adjust the purchase price of the spouses' house and lot in view of the change in the final cost of construction. If petitioner failed to factor this increase in the cost of construction in the purchase price of the subject house and lot, it has nobody to blame but itself and it alone should suffer the loss. To be sure, given the expertise of its technical people, it has no reason to be shortsighted. In any event, our law on contract does not excuse a party from specifically performing his obligation on the ground that he made a bad business judgment.

IN VIEW WHEREOF, the petition for review on certiorari is DISMISSED. Cost against petitioner.

SO ORDERED.

Narvasa, C.J., (Chairman), Padilla, Regalado, and Nocon, JJ., concur.

[1] CA-G.R. CV No. 27430 with Justice F.A. Santiago as ponente and Justices Pedro Ramirez and Angelina Gutierrez concurring. The Decision affirmed the ruling of the RTC, NCJR, Br. XI, Manila in Civil Case No. 84-24675.

[2] The house and lot is located at No. 55 Administration St., GSIS Village. It is described in the Certificate of

Acknowledgment and in the Deed of Conditional Sale as Lot 22, Block 14, Subd. Section B in Project 8-C of the GSIS Village, with Housing Unit type 3-B-7.

[3] Rollo, p. 21.

[4] It is noted that on pages 10-11 of the Petition (Rollo, pp. 18-19), it is admitted by the petitioner that the Leuterios "were not required to sign a new contract as provided in Resolution No. 996 but instead, the words 'Subject to adjustment pending approval of the Board of Trustees' were inserted in the Deed of Conditional Sale executed in 1965."

[5] Civil Cases No. 83368 and 87603.

[6] Starting September, 1967, the Leuterios paid petitioner accelerated monthly amortizations of P200 each.

[7] Through a letter of Esperanza Leuterio to the GSIS General Manager, dated June 21, 1977.

[8] Including interest.

[9] CV No. 84-24675.

[10] The respondent court also denied petitioner's Motion for Reconsideration in a resolution promulgated May 22, 1992.

[11] Rollo, pp. 19-30.

[12] Rollo, p. 15.

[13] Rollo, pp. 25-28.

[14] TSN October 2, 1985, pp. 9-10.

[15] See pp. 10-11, Petition for Review, underscoring ours.

[16] Exhibits "E-1", "E-1-A".

[17] Exhibit "F".

[18] Exhibit "H".

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.