LUZON DEVELOPMENT BANK, PETITIONER, VS. SPOUSES BARTOLOME AND ZENAIDA ANGELES, RESPONDENTS.

G.R. NO. 150393. July 31, 2006

Ponente: CORONA, J.

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CORONA, J.:

This is an appeal by certiorari under Rule 45 of the Rules of Court contesting the decision[1] and resolution[2] of the Court of Appeals (CA) which denied the petition for review of herein petitioner Luzon Development Bank.

Petitioner alleged that in June 1983, respondents obtained from it a loan of P500,000 secured by a real estate mortgage on their house and lot located in North Greenhills, San Juan, Metro Manila. Due to financial reverses, respondents defaulted on their loan, prompting petitioner to extrajudicially foreclose on their mortgage.

Petitioner averred that, in August 1984, it emerged as the highest bidder at a public auction of respondents' property. A sheriff's certificate of sale was issued to it and, on February 4, 1985, it registered said certificate. Petitioner also claimed that, after respondents failed to redeem the property within the one-year redemption period (which allegedly ended on February 4, 1986 or one year after the certificate of sale was registered), title of the property was consolidated under its name.

Respondents countered that before the expiration of the one-year redemption period, they negotiated for the repurchase of their property from petitioner and offered to make further payments on the loan. Petitioner allegedly acceded and eventually, they forged an agreement for the extension of the redemption period and the payment of the redemption price fixed at P871,182.78.[3] In particular, the agreement was subject to the following terms and conditions:

> - [t]he redemption of the said property [was] fixed at P871,182.78;
>
> - [a] downpayment of P261,354.83 [was to] be paid in cash in the manner herein below specified:
>
> 2.a. The amount of P100,000.00 [was] to be paid upon the execution of this contract;
>
> 2.b. The balance on downpayment of P161,354.83 [was] to be paid on or before February 21, 1986.
>
> - [t]he balance of P609.827.95 [was to] be paid within (3) years in thirty six (36) monthly installments at 32% effective interest rate per annum on the declining balance. The interest rate of 32% per annum [was] subject to upward or downward adjustment every quarter to reflect the prevailing interest rate on loans.[4]

Respondents added that even before petitioner prepared the written contract to embody their new agreement, petitioner already received their advance payment of P100,000. They then made subsequent payments of P125,000 and P100,000.

Later, respondents again tendered another payment of P200,000 but petitioner refused to accept it. Thereafter, respondents received a letter from petitioner informing them that it was no longer willing to sell the property back to them at book value but at the prevailing fair market value which, at that time, was about P4 million to P8

million. Respondents protested and insisted on paying the balance of the agreed redemption price of P871,182.78. Petitioner refused.

In 1988, petitioner filed a petition[5] for the issuance of a writ of possession of the subject property in the Regional Trial Court (RTC), Branch 69 of Pasig City. It alleged that, since respondents failed to redeem the property within the one-year redemption period, it became the absolute owner and, as such, had the right to possess the property (which to date remains with respondents).

The trial court denied the petition, holding that petitioner and respondents had agreed in their new contract to an "extended redemption period" within which the latter could buy back the property for P871,182.78. The court a quo declared that the parties were bound by that agreement and therefore, unless respondents failed to repurchase the property within that extended period, the writ of possession could not be issued. It held:

> ...respondents are hereby directed to pay the balance of P346,182.78 within a period of 11/2 years to be counted from the date of the receipt of this decision in 10 monthly installments at 32% effective interest rate per annum on the declining balance. The interest rate of 32% per annum shall be subject to upward or downward adjustment every quarter to reflect the prevailing interest rate on loan. Costs shall be borne by the petitioner.[6]

Petitioner contested the ruling of the trial court in the CA and asserted that the purported new contract extending the redemption period never took effect because both parties never signed it.

The CA rejected petitioner's arguments and affirmed the RTC, ruling that petitioner could not deny the validity of the contract after it "unconditionally and unqualifiedly" accepted respondents' payments even after the alleged lapse of the one-year redemption period.

Petitioner's motion for reconsideration was likewise rejected, hence, this petition.

The issues in this case are: (1) whether the parties validly entered into a new contract and (2) whether petitioner is entitled to a writ of possession of the subject property.[7]

On the first issue, we hold that petitioner and respondents had a valid and binding agreement which not only extended the redemption period of the subject property but also fixed the amount of P871,182.78 as redemption price.

A contract arises upon the meeting of the minds of two parties who agree on the thing and the cause which constitutes it.[8] The contract may be reduced in writing or determined by the contemporaneous and subsequent acts of the parties,[9] unless a specific form is required by law.

Here, both parties admitted that there was a written contract between them, only that petitioner disputed its having taken effect as both sides never signed it.

Petitioner's contention must fail.

The mere fact that neither party signs a contract does not prevent it from assuming legal existence.[10] Consent may either be express or implied,[11] unless the law specifically requires a particular format or manner of expressing such consent. The signature of a party in a contract is one way of expressing it; a tacit or constructive acceptance of the offer involved in the contract is another. Once there is manifestation of the concurrence of the parties' wills, written or otherwise, the stage of negotiation is terminated and the contract is finally perfected.[12]

Moreover, petitioner could no longer belatedly contest the efficacy of the contract after it accepted the payments of respondents. On the contrary, its conduct only affirmed that the contract was binding and subsisting. Had it

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believed otherwise, it would not have honored respondents' advance payments after the alleged lapse of the one-year redemption period. In other words, petitioner's acceptance of the payments was a clear manifestation of its consent to the contract, thereby precluding it from rejecting the contract's binding effect.[13]

As aptly ruled by the CA, "the unconditional or unqualified acceptance by petitioner of the earlier payments made by respondents estopped the former from denying the validity of the agreement with the latter."[14]

By the doctrine of estoppel, petitioner is now barred from impugning the contract. A party who performs affirmative acts on which another person bases his subsequent actions cannot thereafter refute his acts or renege on the effects of the same to the prejudice of the latter.[15] Under this doctrine, an admission or representation is conclusive on the person making it and cannot be denied or disproved as against the person relying thereon.[16] By accepting respondents' advance payments, petitioner led them to believe that the period of redemption had in fact been extended and that the redemption price was that appearing in the contract. It cannot now renege on its obligations under the contract just to be able to resell the property at a much higher price.

On the second issue, we agree with the RTC's disquisition that the parties were bound to comply with their new contract and that, unless they fulfilled what was incumbent on them, a writ of possession could not be issued.

Under RA 3135,[17] after the foreclosure sale or during the redemption period, the purchaser may petition the court to issue him a writ of possession of the foreclosed property. As a rule, once the writ is sought, it becomes ministerial on the court to issue it to the winning bidder.[18] This rule, however, is not absolute.

In Barican v. Intermediate Appellate Court,[19] the Court withheld the issuance of the writ of possession when it discovered that the mortgagee-bank received payments from persons who assumed the mortgage obligations of the mortgagor. Again, in Cometa v. Intermediate Appellate Court,[20] we recalled the writ of possession issued to the winning bidder because the properties of the mortgagor were sold at a price significantly lower than their fair market value.

The circumstances of this case warrant an additional exception to the above rule. By entering into what was, in effect, a new contract with respondents, petitioner voluntarily withheld the exercise of its rights over the property, including its jus possidendi or right of possession, in order to give respondents a leeway to redeem their property. We can safely infer that, by said contract and petitioner's subsequent conduct, it really had no intention to possess the property and divest respondents of it. This conclusion is buttressed by the fact that, although already entitled to the writ of possession from the time it purchased the property at the foreclosure sale,[21] petitioner did not seek the issuance thereof until four years later.

With the foregoing, this Court directs both parties to comply with the provisions of their contract. Since respondents have already paid P525,000[22] of the redemption price of P871,182.78, they must pay petitioner the balance of P346,182.78 within a period of 11/2 years, to be counted from the finality of this decision.[23] Petitioner, on the other hand, should accept respondents' payments and accordingly convey to them the title of the subject property upon full payment.

WHEREFORE, the petition is hereby DENIED.

Costs against petitioner.

SO ORDERED.

Puno, C.J., (Chairperson), Sandoval-Gutierrez, Azcuna and Garcia, JJ., concur.

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[1] Penned by Justice Eubolo G. Verzola (retired) and concurred in by Justices Marina L. Buzon and Bienvenido L. Reyes of the Fifth Division of the Court of Appeals; rollo, pp. 46-51.

[2] Id., p. 53.

[3] Including interests and reimbursement of the expenses incurred during the foreclosure.

[4] Agreement, Annex "E" of Petition, rollo, pp. 65-66.

[5] LRC Case No. R-4039.

[6] Rollo, p. 158.

[7] Petition, id., pp. 21-42.

[8] See Articles 1305 and 1315 of the Civil Code.

[9] Agag v. Alpha Financing Corporation, G.R. No. 154826, 31 July 2003, 407 SCRA 602.

[10] Ramon Magsaysay Award Foundation, Inc. v. CA, G.R. No. 55998, 17 January 1985, 134 SCRA 136.

[11] Tolentino, COMMENTARIES AND JURISPRUDENCE ON THE CIVIL CODE OF THE PHILIPPINES, Vol. IV, 1987 Edition, p. 447.

[12] Jurado, Comments and Jurisprudence on Obligations and Contracts, 10th Revised Edition, p. 397, quoting Manresa, 5th Edition, Book 2, p. 368.

[13] Clarin v. Rulona, et al, 212 Phil. 473 (1984).

[14] Rollo, p. 49.

[15] Pureza v. Court of Appeals, 352 Phil. 717 (1998).

[16] Ayala Corporation v. Ray Burton Development Corp., G.R. No. 126699, 7 August 1998, 294 SCRA 48.

[17] An Act to Regulate the Sale of Property under Special Power Inserted or Annexed to Real Estate Mortgage, As Amended. Sec. 7 thereof provides that "in any sale under the provisions of this Act, the purchaser may petition the Court of First Instance (now RTC) of the province or place where the property or any part thereof is situated, to give him possession thereof during the redemption period xxx" (italics supplied).

[18] Vaca v. Court of Appeals, G.R. No. 109672, 14 July 1999, 234 SCRA 146; Ong v. Court of Appeals, G.R. No. 121494, 8 June 2000, 333 SCRA 189.

[19] No. L-79906, 20 June 1988, 162 SCRA 358.

[20] No. L-69294, 30 June 1987, 151 SCRA 563.

[21] Supra note 17.

[22] Including the P200.000 payment deposited by respondents in petitioner bank.

[23] Supra note 4.

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