

LAURA M. MARNELEGO, PETITIONER, VS. BANCO FILIPINO SAVINGS AND MORTGAGE BANK, RESPONDENT.

G.R. NO. 161524. January 27, 2006

Ponente: PUNO, J.

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PUNO, J.:

This is a petition for review of the decision of the Court of Appeals dated October 9, 2003 in CA-G.R. CV No. 71501 and its resolution dated December 30, 2003.

The facts are as follows:

In September 1980, Spouses Patrick and Beatriz Price and petitioner Laura Marnelego executed a Deed of Conditional Sale over a parcel of land located at Houston Street, BF Homes, Parañaque, Metro Manila and its improvements. The contract showed that the property was mortgaged to respondent Banco Filipino Savings and Mortgage Bank (Banco Filipino) and BF Homes, and that Spouses Price agreed to pay the amortizations for the first six months beginning August 1980 to January 1981 while petitioner would assume the succeeding amortizations.[1]

It appears, however, that when the parties faltered on the amortizations, respondent bank foreclosed the mortgage and acquired the property at public auction. It later consolidated the title to the property in its name after petitioner failed to redeem it. The Regional Trial Court of Makati issued a writ of possession in February 1984.[2]

In her letter dated June 15, 1984,[3] petitioner made an offer to Banco Filipino to repurchase the property for P310,000.00. The letter read:

June 15, 1984

Banco Filipino
Paseo de Roxas
Makati, Metro Manila

Attention: RICARDO GABRIEL

Assistant Manager

Real Estate Department

Dear Sir:

May I request for a reconsideration on the property located at Lots 17 and 19 Block 95, Barrio San Dionisio, Paranaque, Metro Manila which has been appraised by the bank at P362,000.00. The house needs repairs on the roof as it is leaking. The flooring needs new wood parquet, all the gutters needs [sic] to be replaced. There are cracks on the walls which needs [sic] new finishing. Aside from termites around the house which needs [sic] to be controlled. All of these I'm sure has been noticed by the bank[']s appraiser. In these [sic] connection therefore, I would like to offer P310,000.00 for the property.

Thank you.

Sincerely yours,

(sgd) LAURA M. MARNELEGO

In response, Banco Filipino wrote to petitioner on September 20, 1984 in this wise:[4]

September 20, 1984

MS. LAURA M. MARNELEGO

No. 24 Houston Street

BF Homes, [sic] Subdivision

Parañaque, Metro Manila

SUBJECT : Reply to your 15 June 1984 letter

Re: Foreclosed Property of Gaudencio

Pereyra

Dear Ms. Marnelego,

Please be informed that your request to repurchase the subject property has been approved by the Committee on Disposal of Bank Properties per Resolution No. DCR-143-84 in the amount of P362,000.00 but on the following terms and conditions:

- Cash payment of P310,000.00 upon approval of the request/proposal, otherwise the bank shall immediately implement its Writ of Possession.

- Balance of P52,000.00 to be paid within one (1) year at the rate of 35% interest per annum.

Thank you.

(sgd) RICARDO J. GABRIEL

Assistant Manager

Real Estate Department

SECRETARY, COMMITTEE

ON DISPOSAL OF BANK

PROPERTIES

Petitioner replied on October 9, 1984:[5]

October 9, 1984

23 Houston St.

B.F. Homes

Phase III

Metro-Manila

Banco Filipino

Paseo de Roxas

Makati, Metro Manila

Attention: RICARDO GABRIEL

Assistant Manager

Real Estate Department

Dear Sir:

This is in reference to your letter dated September 20, 1984 informing us of the asking price and terms for the house and lot of Three Hundred Sixty Two Thousand Pesos Only (P362,000.00) located at Lots 17 and 19 Block 95, Barrio San Dionisio, Paranaque, Metro Manila.

In these [sic] connection therefore, may I offer the sum of One Hundred Thousand Pesos Only (P100,000.00) as downpayment and the balance to be paid in five (5) equal installment[s] and to be paid within five (5) years with interest thereon.

Thank you.

Sincerely yours,

(sgd) LAURA M. MARNELEGO

In January 1985, the Central Bank of the Philippines ordered the closure and liquidation of Banco Filipino. Pending the liquidation of the bank, the Deputy Sheriff of the Regional Trial Court of Makati implemented the writ of possession issued by the court. Petitioner pleaded with the bank's Deputy Liquidator to allow her to stay in the premises while the bank considers her proposal to repurchase the property.[6] The bank, through its legal counsel, Atty. Vic Villanueva, granted petitioner's request.[7]

On December 5, 1985, petitioner made a proposal to the Deputy Liquidator of Banco Filipino to purchase the property.[8] Her letter explains the terms and conditions of her proposal, thus:

December 5, 1985

MR. ALBERTO V. REYES
Deputy Liquidator, Banco Filipino
Paseo de Roxas, Makati,
Metro Manila

Dear Mr. Reyes:

This is a proposal to purchase the property which we are presently occupying situated at #23 Houston St., BF Homes Subd., Paranaque Phase III (Lot[s] 17 & 19, Block 95) owned by Spouses Pereyra and now classified as an ASSET-ACQUIRED of the bank under the following terms and conditions:

- Purchase price to be determined by the Liquidator
- Purchase price to be payable as follows:

2.A. P120,000.00 to be deposited immediately and to be lodged as A/P for the undersigned

2.B. Balance to be paid once the restraining order/preliminary injunction is lifted by the Supreme Court in the case filed by the officers of Banco Filipino

Should I fail to pay the balance upon notice, then I hereby undertake to voluntarily vacate the premises and surrender possession thereof to BF and I further undertake to pay rentals for the use of the premises at P1,000.00 a month from December, 1985, up to the time that possession is given to BF. The amount of rentals shall be deducted from my aforesaid deposit and the excess to be refunded to me.

In case liquidation pushes through and the property is sold at public bidding and awarded to other bidders other than the undersigned, then my deposit of P120,000.00 shall be reimbursed to me.

The foregoing is offered to amply protect the interest of the bank while our court are [sic] deliberating on the cases pertinent to the liquidation and also to request that in the meantime, the execution of the writ of possession in LRC Case #M-276 be temporarily held in abeyance since the undersigned is ready, willing and

able to buy the subject property but for reason of technicality, the process of liquidation is temporarily stopped.

This proposal if acceptable shall not in anyway [sic] novate, modify or extinguish any right which BF may had [sic] on the subject property including the implementation of the writ of possession in LRC Case No. M-276.

Thank you.

Very truly yours,

(sgd) LAURA MARNELEGO

The Bank Liquidator responded to petitioner's proposal in her letter dated April 3, 1986, thus:[9]

April 3, 1986

Mrs. Laura Marnelego
23 Houston Street
BF Homes Subdivision Phase II[I]
Paranaque, Metro Manila

Dear Mrs. Marnelego:

This refers to your letter dated December 5, 1985 proposing to purchase the bank's property presently occupied by you and requesting for the deferment of the execution of the Writ of Possession.

We can only consider your offer to buy the property and allow your temporary occupancy of the same under the following conditions:

- That sale of the property after the lifting of the Supreme Court Restraining Order shall be subject to Central Bank rules/regulations on the matter for closed banks;
- That rental at P1,000.00 per month shall be collected and charged against your deposit of P170,000.00 starting December, 1985;
- That no interests shall accrue to your deposit and that same shall be reimbursed only when the property is awarded to another bidder;
- That should you win in the bidding but fail to produce the balance of the purchase price set by the liquidator, you agree to immediately vacate the property and the deposit shall be returned to you net of the monthly rental of P1,000.00 starting December, 1985 up to the time ownership of the property is taken back by the Bank which rental shall be collected;
- And to such other terms and conditions the Liquidator may further deem necessary to protect the interest of the Bank.

Please confer with us on the above conditions soonest.

Very truly yours,
CARLOTA P. VALENZUELA
Liquidator
By:
(sgd) ALBERTO V. REYES

On November 22, 1995, after the bank resumed its operations, it sent a letter to petitioner demanding that they vacate the premises within five days from receipt thereof.[10]

Petitioner filed a complaint with the Regional Trial Court of Parañaque for specific performance. Invoking the

letter dated September 20, 1984 of Mr. Ricardo J. Gabriel, Assistant Manager, Real Estate Department and Secretary of the Committee on Disposal of Bank Properties, petitioner claimed that the bank has approved her proposal for the acquisition of the property. Petitioner prayed that the court order the bank to execute the necessary Deed of Sale of the property in question.[11]

The trial court ruled in favor of petitioner. It held that there was a perfected contract of sale between petitioner and respondent; that the parties have agreed on the purchase price of P362,000.00; and that the terms set in the bank's letter of September 20, 1984 are merely conditions in the performance of the obligation and not a condition for the birth of the contract.[12] The dispositive portion of the decision reads:

Wherefore, judgment is hereby rendered in favor of the plaintiff and against the defendant:

- Ordering the defendant to execute the Deed of Absolute Sale, upon payment, over the parcels of land covered by Transfer Certificate of Title Nos. 71660 and 71661 of the Registry of Deeds of Parañaque City and to pay Php20,000.00 as and for attorney's fees;
- Ordering the plaintiff to pay the purchase price of Php724,000.00 less the amount of Php120,000.00 as advance payment immediately;
- No pronouncement as to costs.

SO ORDERED.

On appeal, the Court of Appeals reversed the decision of the trial court. It found that there was no perfected contract of sale between petitioner and respondent bank. There was merely a series of offers and counter-offers between the parties but they never reached an agreement as to the purchase price.

Hence, this petition.

Petitioner argues:

- The Court of Appeals gravely erred in finding that there was no perfected contract between the parties.
- The Court of Appeals gravely erred in not finding that the modified terms of payment offered by petitioner was [sic] merely a condition on the performance of an obligation, not a condition imposed on the perfection of the contract.

The petition is devoid of merit.

The issue in this case is whether there is a perfected contract of sale between petitioner and respondent Banco Filipino concerning the property in question.

A contract of sale is perfected at the moment there is a meeting of minds upon the thing which is the object of the contract and upon the price. From that moment, the parties may reciprocally demand performance subject to the law governing the form of contracts.[13] In the case at bar, the subject of the contract is clear, that is, the house and lot where petitioner presently resides. However, it appears from the records that the parties have not reached an agreement on the purchase price.

It has been ruled that a definite agreement on the manner of payment of the purchase price is an essential element in the formation of a binding and enforceable contract of sale.[14] The exchange of letters between petitioner and respondent shows that petitioner first offered to buy the property for P310,000.00, considering the numerous repairs that had to be done in the house.[15] Respondent, in its letter dated September 20, 1984, informed petitioner that the bank has approved her request to repurchase the property in the amount of P362,000.00 but subject to the following terms and conditions: (1) cash payment of P310,000.00 upon approval of the

request/proposal, and (2) balance of P52,000.00 to be paid within one (1) year at the rate of 35% interest per annum.[16]Petitioner, in her letter to the bank dated October 9, 1984, made a counter-offer to pay a down payment of P100,000.00 and to pay the balance in 5 equal installments to be paid in 5 years with interest. Before the bank could act on petitioner's proposal, the Central Bank of the Philippines ordered the closure of Banco Filipino and placed it under liquidation. Thus on December 5, 1985, petitioner wrote to Mr. Alberto V. Reyes, Deputy Liquidator of Banco Filipino, proposing to purchase the property under the following terms and conditions:

- Purchase price to be determined by the Liquidator

- Purchase price to be payable as follows:

- 2.A. P120,000.00 to be deposited immediately and to be lodged as A/P for the undersigned

- 2.B. Balance to be paid once the restraining order/preliminary injunction is lifted by the officers of Banco Filipino[17]

On April 3, 1986, the Deputy Liquidator replied that they can only consider the sale of the property after the lifting of the Temporary Restraining Order issued by the Supreme Court and said sale shall be subject to the Central Bank rules and regulations.[18]

Clearly, there was no agreement yet between the parties as regards the purchase price and the manner and schedule of its payment. Neither of them had expressed acceptance of the other party's offer and counter-offer.

Notable is petitioner's letter to the bank's Deputy Liquidator, Mr. Alberto V. Reyes, which reveals that she herself believed that no agreement has yet been reached by the parties as regards the purchase price after the exchange of communication between her and the bank. In said letter, she made a totally new proposal for consideration of the bank's Liquidator — that the purchase price shall be determined by the Liquidator; that she would deposit the amount of P120,000.00 to be lodged in her accounts payable; and that she would pay the balance after the lifting of the temporary restraining order issued by the Court on the bank's transactions.

We find, therefore, that the Court of Appeals did not err in reversing the decision of the trial court. As the parties have not agreed on the purchase price for the property, petitioner's action for specific performance against the bank must fail.

IN VIEW WHEREOF, the petition is DENIED.

SO ORDERED.

Sandoval-Gutierrez, Corona, Azcuna, and Garcia, JJ., concur.[1]Exh. "A-1," Original Records, p. 116.

[2]Exh. "6," Original Records, p. 215.

[3]Exh. "7," Original Records, p. 249.

[4] Exh. "B"; Exh. "8," Original Records, p. 119.

[5] Exh. "9," Original Records, p. 250.

[6] Exh. "10," Original Records, p. 251; Exh. "12," Original Records, p. 253.

[7] Exh. "11," Original Records, p. 252.

[8] Exh. "C," Original Records, pp. 120-121.

[9] Exh. "14," Original Records, p. 254.

[10] Exh. "15," Original Records, pp. 255-256.

[11] Complaint, Civil Case No. 96-0116, Original Records, pp. 1-3.

[12] Decision, Civil Case No. 96-0116, Original Records, pp. 296-299.

[13] Article 1475, New Civil Code; People's Homesite & Housing Corp. v. Court of Appeals, 133 SCRA 777 (1984).

[14] Velasco v. Court of Appeals, 51 SCRA 439 (1973).

[15] Exh. "7," supra note 3.

[16] Exh. "8," supra note 4.

[17] Exh. "C," supra note 8.

[18] Exh. "14," supra note 9.

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