

**PRISCILLA ZAFRA ORBE, PETITIONER, VS. FILINVEST LAND, INC.,
RESPONDENT.***G.R. No. 208185. September 06, 2017*

Ponente: LEONEN, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-208185/>**LEONEN, J.:**

When Republic Act No. 6552 or the Maceda Law speaks of paying "at least two years of installments" in order for the benefits under its Section 3[1] to become available, it refers to the buyer's payment of two (2) years' worth of the stipulated fractional, periodic payments due to the seller. When the buyer's payments fall short of the equivalent of two (2) years' worth of installments, the benefits that the buyer may avail of are limited to those under Section 4.[2] Should the buyer still fail to make payments within Section 4's grace period, the seller may cancel the contract. Any such cancellation is ineffectual, however, unless it is made through a valid notarial act.

This resolves a Petition for Review on Certiorari[3] under Rule 45 of the 1997 Rules of Civil Procedure praying that the assailed October 11, 2012 Decision[4] and July 3, 2013 Resolution[5] of the Court of Appeals in CA-G.R. SP No. 118285 be reversed and set aside.

The assailed Court of Appeals October 11, 2012 Decision reversed the prior rulings of the Office of the President, the Board of Commissioners of the Housing and Land Use Regulator; Board (HLURB Board of Commissioners), and of Housing and Land Use Arbiter Leonard Jacinto A. Soriano (Arbiter Soriano) of the Expanded National Capital Region Field Office of the Housing and Land Use Regulatory Board (HLURB Field Office). It held that petitioner Priscilla Zafra Orbe (Orbe) is entitled to the benefits of Section 3 of Republic Act No. 6552.[6] The assailed Court of Appeals July 3, 2013 Resolution denied Orbe's Motion for Reconsideration.[7]

Sometime in June 2001, Orbe entered into a purchase agreement with respondent Filinvest Land, Inc. (Filinvest) over a 385-square-meter lot identified as Lot 1, Block 10, Phase 1, Highlands Pointe, Taytay, Rizal. The total contract price was P2,566,795.00, payable on installment basis[8] under the following terms:

Total Contract Price

:

[P]2,566,795.00

Reservation Fee

:

[P]20,000.00

Down Payments

:

[P]493,357.00

Payable on installments

:

[P]54,818.00 monthly

from 8/4/01-4/4/02

Balance

:

[P]2,053,436.00

Payable on installments

for a period of 7 years

from 5/8/024/8/09

First year

:

[P]27,936.84 monthly

Second year

:

[P]39,758.84 monthly

Third year

:

[P]41,394.84 monthly

Fourth year to Seventh year

:

[P]42,138.84 monthly[9]

From June 17, 2001 to July 14, 2004, Orbe paid a total of P608,648.20. These were mainly through several Metrobank checks, for which Filinvest issued official receipts.[10] Check payments were made as follows:

METROBANK CHECK NO.

DATE

AMOUNT

Metro Bank Check No. 0306533

June 17, 2001

[P]20,000.00

Metro Bank Check No. 0306544

July 29, 2001

[P]54,818.00

Metro Bank Check No. 0306545

Aug. 29, 2001

[P]54,818.00

Metro Bank Check No. 0306546

Sept. 29, 2001

[P]54,818.00

Metro Bank Check No. 0320243

May 8, 2002

[P]100,000.00

Metro Bank Check No. 0320244

May 22, 2002

[P]100,000.00

Metro Bank Check No. 0370882

March 26, 2003

[P]80,000.00

Metro Bank Check No. 0370883

April 26, 2003

[P]75,789.00

Metro Bank Check No. 0401000

Feb. 12, 2004

[P]37,811.00

Metro Bank Check No. 0531301

July 14, 2004

[P]30,000.00[11]

Orbe was unable to make further payments allegedly on account of financial difficulties.[12]

On October 4, 2004, Filinvest sent a notice of cancellation,[13] which was received by Orbe on October 18, 2004.[14] The notice and its accompanying jurat read:

PRISCILLA Z. ORBE
#107 Morena St. Villaverde Homes
Novaliches, Q.C.

Re: Account No. 6181426
Project HIGH
Phase 1
Block 10
Lot 1

Gentlemen (sic):

Our records show that your account remains unpaid despite our written request for your payment. We have in fact given you sixty (60) days to update but you failed to settle your account. Accordingly, please be informed that we are now hereby canceling your account effective thirty (30) days from receipt hereof,

Very truly yours,

COLLECTION DEPARTMENT

By:

_____(sgd.)_____
MA. LOUELLA D. SENIA

Republic of the Philippines)
Makati City)S.S.

SUBSCRIBED AND SWORN to before me this OCT 06 2004, affiant exhibiting to me Community Tax Certificate No. 05465460 issued on February 09, 2004 at Manila.

(sgd.)
AVELIO L. SALCEDO
NOTARY PUBLIC
UNTIL DECEMBER 31, 2004
PTR NO. 3703389 3/01/04 SAN JUAN
IBP N0.609984 2/04/04 PASIG CITY

Doc. No. 314
Page No. 64
Book No. XVIII
Series of 2004[15]

Noting that "efforts . . . to seek for a reconsideration of said cancellation . . . proved futile," and that the parcel had since been sold by Filinvest to a certain Ruel Ymana "in evident bad faith,"[16] Orbe filed against Filinvest a Complaint for refund with damages dated November 13, 2007 before the HLURB Field Office.[17] Orbe emphasized that she had made payments "beginning June, 2001 up to October, 2004." [18] She further asserted that the October 4, 2004 Notice did not amount to an "effective cancellation by notarial act." [19]

In its Answer with Counterclaim, Filinvest asserted that Orbe failed to make 24 monthly amortization payments on her account, and thus, could not benefit from Section 3 of Republic Act No. 6552. According to Filinvest, the

P608,648.20 paid by Orbe from June 17, 2001 to July 14, 2004 covered only the reservation fee, down payment, and late payment charges, exclusive of the monthly amortization payments stipulated in the Purchase Agreement.[20]

In his July 25, 2008 Decision,[21] Arbiter Soriano of the HLURB Field Office ruled in favor of Orbe. He held that since Orbe made payments "from 17 June 2001 to 14 July 2004, or a period of more than two years,"[22] all of which should be credited to the principal,[23] she was entitled to a refund of the cash surrender value equivalent to 50% of the total payments she had made, pursuant to Section 3 of Republic Act No. 6552.[24]

Filinvest appealed to the HLURB Board of Commissioners.[25]

In its April 15, 2009 Decision,[26] the HLURB Board of Commissioners affirmed Arbiter Soriano's Decision.[27] It disagreed with Arbiter Soriano's conclusion that Orbe had paid two (2) years' installments. It specifically noted rather, that the buyer's payments fell two (2) months short of the equivalent of two years of installments.[28] It added, however, that "[e]quity . . . should come in especially where, as here, the payment period is relatively short and the monthly installment is relatively of substantial amounts." [29] Thus, it concluded that Orbe was still entitled to a 50% refund.[30]

Filinvest then appealed to the Office of the President.[31]

In its February 4, 2011 Decision,[32] the Office of the President sustained the conclusion that Orbe was entitled to a 50% refund. It disagreed with the HLURB Board of Commissioners' finding that Section 3's benefits were available to Orbe purely as a matter of equity. It agreed instead with Arbiter Soriano's reliance on how Orbe "ha[d] made installment payments for more than two (2) years." [33]

Filinvest made another appeal to the Court of Appeals,[34] arguing that:

[W]hat [Republic Act No. 6552] requires for refund of the cash surrender value is not the length of time of at least two years from the first payment to the last payment, but the number of installments paid, that is, at least two ears of installments or twenty[-]four (24) monthly installments paid.[35]

Thus, Section 3, which requires the refund of the cash surrender value, will only apply when the buyer has made at least 24 installment payments.[36]

In its assailed October 11, 2012 Decision,[37] the Court of Appeals reversed the prior rulings of the Office of the President, of the HLURB Board of Commissioners, and of Arbiter Soriano; and dismissed Orbe's Complaint.[38]

The Court of Appeals reasoned that the phrase "two years of installments" under Section 3 means that total payments made should at least be equivalent to two years' worth of installments.[39] Considering that Orbe's total payment of P608,648.20 was short of the required two (2) years' worth of installments, she could not avail of the benefits of Section 3.[40] What applied instead was Section 4, enabling a grace period of 60 days from the day the installment became due and further enabling the seller to cancel or rescind the contract through a notarial act, should the buyer still fail to pay within the grace period.[41] It found Filinvest to have sent Orbe a valid, notarized notice of cancellation thereby precluding any further relief.[42]

In its assailed July 3, 2013 Resolution,[43] the Court of Appeals denied Orbe's Motion for Reconsideration.

Hence, the present petition was filed.[44]

For resolution is the issue of whether or not petitioner Priscilla Zafra Orbe is entitled to a refund or to any other benefit under Republic Act No. 6552.

The Court of Appeals correctly held that petitioner was not entitled to benefits under Section 3 of Republic Act

No. 6552 as she had failed to pay two (2) years' worth of installments pursuant to the terms of her original agreement with respondent. It also correctly held that with the shortage in petitioner's payment, what applies is Section 4, instead of Section 3. This means that respondent could cancel the contract since petitioner failed to pay within the 60-day grace period.

The Court of Appeals, however, failed to realize that the notice of cancellation made by respondent was an invalid notarial act. Failing to satisfy all of Section 4's requisites for a valid cancellation, respondent's cancellation was ineffectual. The contract between petitioner and respondent should then be deemed valid and subsisting.[45] Considering however, that respondent has since sold the lot to another person, an equitable ruling is proper. Therefore, this Court rules in a manner consistent with how it resolved *Olympia Housing v. Panasiatic Travel*,[46] *Pagtalunan v. Vda. de Manzano*,[47] *Active Realty and Development v. Daroya*,[48] *Associated Marine Officers and Seamen's Union of the Philippines PTGWO-ITF v. Decena*,[49] and *Gatchalian Realty v. Angeles*. [50]

I

Republic Act No. 6552, the Realty Installment Buyer Act or more popularly referred to as the Maceda Law, named after its author, the late Sen. Ernesto Maceda, was adopted with the purpose of "protect[ing] buyers of real estate on installment payments against onerous and oppressive conditions." [51] It "delineat[es] the rights and remedies of . . . buyers and protect[s] them from one-sided and pernicious contract stipulations": [52]

Its declared public policy is to protect buyers of real estate on installment basis against onerous and oppressive conditions. The law seeks to address the acute housing shortage problem in our country that has prompted thousands of middle and lower class buyers of houses, lots and condominium units to enter into all sorts of contracts with private housing developers involving installment schemes. Lot buyers, mostly low income earners eager to acquire a lot upon which to build their homes, readily affix their signatures on these contracts, without an opportunity to question the onerous provisions therein as the contract is offered to them on a "take it or leave it" basis. Most of these contracts of adhesion, drawn exclusively by the developers, entrap innocent buyers by requiring cash deposits for reservation agreements which often times include, in fine print, onerous default clauses where all the installment payments made will be forfeited upon failure to pay any installment due even if the buyers had made payments for several years. Real estate developers thus enjoy an unnecessary advantage over lot buyers who[m] they often exploit with iniquitous results. They get to forfeit all the installment payments of defaulting buyers and resell the same lot to another buyer with the same exigent conditions. To help especially the low income lot buyers, the legislature enacted R.A. No. 6552 delineating the rights and remedies of lot buyers and protect[ing] them from one-sided and pernicious contract stipulations. [53]

Having been adopted with the explicit objective of protecting buyers against what it recognizes to be disadvantageous and onerous conditions, the Maceda Law's provisions must be liberally construed in favor of buyers. Within the bounds of reason, fairness, and justice, doubts in its interpretation must be resolved in a manner that will afford buyers the fullest extent of its benefits.

II

Sections 3 and 4 of the Maceda Law spell out the rights of defaulting buyers on installment payments, depending on the extent of payments made.

Section 3 governs situations in which a buyer "has paid at least two years of installments":

Section 3. In all transactions or contracts involving the sale or financing of real estate on installment payments, including residential condominium apartments but excluding industrial lots, commercial buildings and sales to tenants under Republic Act Numbered Thirty eight hundred forty-four, as amended by Republic Act Numbered

Sixty-three hundred eighty-nine, where the buyer has paid at least two years of installments, the buyer is entitled to the following rights in case he defaults in the payment of succeeding installments:

(a)

To pay, without additional interest, the unpaid installments due within the total grace period earned by him, which is hereby fixed at the rate of one month grace period for every one year of installment payments made: Provided, That this right shall be exercised by the buyer only once in every five years of the life of the contract and its extensions, if any.

(b)

If the contract is cancelled, the seller shall refund to the buyer the cash surrender value of the payments on the property equivalent to fifty per cent of the total payments made and, after five years of installments, an additional five per cent every year but not to exceed ninety per cent of the total payments made: Provided, That the actual cancellation of the contract shall take place after thirty days from receipt by the buyer of the notice of cancellation or the demand for rescission of the contract by a notarial act and upon full payment of the cash surrender value to the buyer.

Down payments, deposits or options on the contract shall be included in the computation of the total number of installment payments made.

Section 4 governs situations "where less than two years of installments were paid":

Section 4, In case where less than two years of installments were paid, the seller shall give the buyer a grace period of not less than sixty days from the date the installment became due. If the buyer fails to pay the installments due at the expiration of the grace period, the seller may cancel the contract after thirty days from receipt by the buyer of the notice of cancellation or the demand for rescission of the contract by a notarial act.

In both Sections 3 and 4, defaulting buyers are afforded grace periods in which they may pay the installments due. Should they fail to make payment within the applicable period, cancellation of their agreement with the seller may ensue.

III

Contrary to petitioner's allegations, she did not pay "at least two years of installments" as to fall within the protection of Section 3.

In a sale by installment, a buyer defers full payment of the purchase price and ratably apportions payment across a period. It is typified by regular, fractional payments. It is these regular, fractional payments that are referred to as "installments."^[54]

Thus, when Section 3 speaks of paying "at least two years of installments," it refers to the equivalent of the totality of payments diligently or consistently made throughout a period of two (2) years. Accordingly, where installments are to be paid on a monthly basis, paying "at least two years of installments" pertains to the aggregate value of 24 monthly installments. As explained in *Gatchalian Realty v. Angeles*:^[55]

It should be noted that Section 3 of R.A. 6552 and paragraph six of Contract Nos. 2271 and 2272, speak of "two years of installments." The basis for computation of the term refers to the installments that correspond to the number of months of payments, and not to the number of months that the contract is in effect as well as any grace period that has been given. Both the law and the contracts thus prevent any buyer who has not been diligent in paying his monthly installments from unduly claiming the rights provided in Section 3 of R.A. 6552.^[56] (Emphasis supplied)

The phrase "at least two years of installments" refers to value and time. It does not only refer to the period when the buyer has been making payments, with total disregard for the value that the buyer has actually conveyed.[57] It refers to the proportionate value of the installments made, as well as payments having been made for at least two (2) years.

Laws should never be so interpreted as to produce results that are absurd or unreasonable.[58] Sustaining petitioner's contention that she falls within Section 3's protection just because she has been paying for more than two (2) years goes beyond a justified, liberal construction of the Maceda Law. It facilitates arbitrariness, as intermittent payments of fluctuating amounts would become permissible, so long as they stretch for two (2) years. Worse, it condones an absurdity. It sets a precedent that would endorse minimal, token payments that extend for two (2) years. A buyer could, then, literally pay loose change for two (2) years and still come under Section 3's protection.

Reckoning payment of "at least two years of installments" on the basis of the regular, fractional payments due from the buyer was demonstrated in *Marina Properties Corp. v. Court of Appeals*.^[59] There, the monthly amortization of P67,024.22 was considered in determining the validity of the cancellation of the contract by the seller:

We likewise uphold the finding that MARINA's cancellation of the Contract To Buy and To Sell was clearly illegal. Prior to MARINA's unilateral act of rescission, H.L. CARLOS had already paid P1,810,330.70, or more than 50% of the contract price of P3,614,000.00. Moreover, the sum H.L. CARLOS had disbursed amounted to more than the total of 24 installments, i.e., two years' worth of installments computed at a monthly installment rate of P67,024.22, inclusive of the downpayment.^[60]

In *Jestra Development and Management Corporation v. Pacifico*,^[61] where down payment was itself payable in portions, this Court reckoned the monthly installment payment for the down payment amounting to P121,666.66, rather than the monthly amortization. This Court justified this by referencing Section 3's injunction that "[d]own payments, deposits or options on the contract shall be included in the computation of the total number of installment payments made":

The total purchase price of the property is P2,500,000. As provided in the Reservation Application, the 30% down payment on the purchase price or P750,000 was to be paid in six monthly installments of P121,666.66. Under the Contract to Sell, the 70% balance of P1,750,000.00 on the purchase price was to be paid in 10 years through monthly installments of P34,983, which was later increased to P39,468 in accordance with the agreement to restructure the same.

While, under the above-quoted Section 3 of R.A. No. 6552, the down payment is included in computing the total number of installment payments made, the proper divisor is neither P34,983 nor P39,468, but P121,666.66, the monthly installment on the down payment.

The P750,000 down payment was to be paid in six monthly installments. If the down payment of P750,000 is to be deducted from the total payment of P846,600, the remainder is only P96,600. Since respondent was able to pay the down payment in full eleven (11) months after the last monthly installment was due, and the sum of P76,600 representing penalty for delay of payment is deducted from the remaining P96,600, only a balance of P20,000 remains.

As respondent failed to pay at least two years of installments, he is not, under above-quoted Section 3 of R.A. No. 6552, entitled to a refund of the cash surrender value of his payments.^[62]

Jestra was wrong to use the installment payments on the down payment as divisor. It is an error to reckon the payment of two (2) years' worth of installments on the apportionment of the down payment because, even in cases

where the down payment is broken down into smaller, more affordable portions, payments for it still do not embody the ratable apportionment of the contract price throughout the entire duration of the contract term. Rather than the partial payments for the down payment, it is the partition of the contract price into monthly amortizations that manifests the ratable apportionment across a complete contract term that is the essence of sales on installment. The correct standard is that which was used in Marina, not in Jestra.

Marina also correctly demonstrated how Section 3's injunction that "[d]own payments, deposits or options on the contract shall be included in the computation of the total number of installment payments made" should operate. In Marina, the total amount of P1,810,330.70 paid by the buyer was inclusive of payments for down payment worth P1,034,200.00 and cash deposit worth P50,000.00. In concluding that the buyer in Marina had paid more than two (2) years' or 24 months' worth of installments, what this Court considered was the total amount of P1,810,330.70 and not merely the payments on amortizations.

Following Marina, this Court reckons petitioner's satisfaction of the requisite two (2) years' or 24 months' worth of installments using as divisor the monthly amortizations due from petitioner. However, this Court notes that the monthly amortizations due from petitioner were stipulated to escalate on a yearly basis. In keeping with the need to construe the Maceda Law in a manner favorable to the buyer, this Court uses as basis the monthly amortizations set for the first year, i.e., P27,936.84. With this as the divisor, it shall appear that petitioner has only paid 21.786 months' worth of installments. This falls short of the requisite two (2) years' or 24 months' worth of installments.

IV

Failing to satisfy Section 3's threshold, petitioner's case is governed by Section 4 of the Maceda Law.

Thus, she was "entitled to a grace period of not less than sixty (60) days from the due date within which to make [her] installment payment. [Respondent], on the other hand, ha[d] the right to cancel the contract after thirty (30) days from receipt by [petitioner] of the notice of cancellation." [63]

For cancellations under Section 4 to be valid, three (3) requisites must concur, First, the buyer must have been given a 60-day grace period but failed to utilize it. Second, the seller must have sent a notice of cancellation or demand for rescission by notarial act And third, the cancellation shall take effect only after 30 days of the buyer's receipt of the notice of cancellation:

Essentially, the said provision provides for three (3) requisites before the seller may actually cancel the subject contract: first, the seller shall give the buyer a 60-day grace period to be reckoned from the date the installment became due; second, the seller must give the buyer a notice of cancellation/demand for rescission by notarial act if the buyer fails to pay the installments due at the expiration of the said grace period; and third, the seller may actually cancel the contract only after thirty (30) days from the buyer's receipt of the said notice of cancellation/demand for rescission by notarial act.[64] (Emphasis in the original)

Respondent's October 4, 2004 notice indicates that petitioner failed to utilize the 60-day grace period. It also indicates that cancellation was to take effect "thirty (30) days from [its] receipt":

Our records show that your account remains unpaid despite our written request for your payment. We have in fact given you sixty (60) days to update but you failed to settle your account. Accordingly, please be informed that we are now hereby canceling your account effective thirty (30) days from receipt hereof.[65]

The notice of cancellation was also accompanied by a jurat; thereby making it appear to have been a valid notarial act:

SUBSCRIBED AND SWORN to before me this OCT 06 2004, affiant exhibiting to me Community Tax Certificate No. 05465460 issued on February 09, 2004 at lvfanila.[66] (Emphasis supplied)

This is not, however, the valid notarial act contemplated by the Maceda Law.

In ordinary circumstances, "[n]otarization of a private document converts the document into a public one making it admissible in court without further proof of its authenticity." [67] To enable this conversion, Rule 132, Section 19 of the Revised Rules of Evidence specifically requires that a document be "acknowledged before a notary public." [68]

Rule II, Section 1 of A.M. No. 02-8-13-SC, the 2004 Rules on Notarial Practice, defines an acknowledgement, as follows:

SECTION 1. Acknowledgment. - "Acknowledgment" refers to an act in which an individual on a single occasion:

(a)

appears in person before the notary public and presents an integrally complete instrument or document;

(b)

is attested to be personally known to the notary public or identified by the notary public through competent evidence of identity as defined by these Rules; and

(c)

represents to the notary public that the signature on the instrument or document was voluntarily affixed by him for the purposes stated in the instrument or document, declares that he has executed the instrument or document as his free and voluntary act and deed, and, if he acts in a particular representative capacity, that he has the authority to sign in that capacity.

Notarization under the Maceda Law extends beyond converting private documents into public ones. Under Sections 3 and 4, notarization enables the exercise of the statutory right of unilateral cancellation by the seller of a perfected contract. If an acknowledgement is necessary in the customary rendition of public documents, with greater reason should an acknowledgement be imperative in notices of cancellation or demands for rescission made under Sections 3 and 4 of the Maceda Law.

Through an acknowledgement, individuals acting as representatives declare that they are authorized to act as such representatives. This is particularly crucial with respect to signatories to notices of cancellation or demands for rescission under Sections 3 and 4 of the Maceda Law. In a great number of cases, the sellers of real property shall be juridical persons acting through representatives. In these cases, it is imperative that the officer signing for the seller indicate that he or she is duly authorized to effect the cancellation of an otherwise perfected contract. Not all personnel are capacitated to effect these cancellations; individuals purporting to do so must demonstrate their specific authority. In the case of corporations, this authority is vested through board resolutions, or by stipulations in the articles of incorporation or by-laws.

Respondent's notice of cancellation here was executed by an individual identified only as belonging to respondent's Collection Department. It was also accompanied not by an acknowledgement, but by a jurat.

A jurat is a distinct notarial act, which makes no averment concerning the authority of a representative. It is defined by Rule II, Section 6 of the 2004 Rules on Notarial Practice, as follows:

SECTION 6. Jurat. - "Jurat" refers to an act in which an individual on a single occasion:

(a)

appears in person before the notary public and presents an instrument or document;

(b)

is personally known to the notary public or identified by the notary public through competent evidence of identity as defined by these Rules;

(c)

signs the instrument or document in the presence of the notary; and

(d)

takes an oath or affirmation before the notary public as to such instrument or document.

Even if respondent's notarization by jurat and not by acknowledgement were to be condoned, respondent's jurat was not even a valid jurat executed according to the requirements of the 2004 Rules on Notarial Practice.

The 2004 Rules on Notarial Practice took effect on August 1, 2004.^[69] It governed respondent's October 4, 2004 notice, which was notarized on October 6, 2004. As Rule II, Section 6 of these Rules clearly states, the person signing the document must be "personally known to the notary public or identified by the notary public through competent evidence of identity."

Rule II, Section 12, in turn, defines "competent evidence of identity." As originally worded, when the 2004 Rules on Notarial Practice came into effect on August 1, 2004, Rule II, Section 12 read:

Section 12. Competent Evidence of Identity. - The phrase "competent evidence of identity" refers to the identification of an individual based on:

(a)

at least one current identification document issued by an official agency bearing the photograph and signature of the individual; or

(b)

the oath or affirmation of one credible witness not privy to the instrument, document or transaction who is personally known to the notary public and who personally knows the individual, or of two credible witnesses neither of whom is privy to the instrument, document or transaction who each personally knows the individual and shows to the notary public documentary identification.

The proof of identity used by the signatory to respondent's notice of cancellation was a community tax certificate, which no longer satisfies this requirement.

Rule II, Section 12 was eventually amended by A.M. No. 02-8-13-SC. As amended, it specifically rebukes the validity of a community tax certificate as a competent evidence of identity:

Section 12. Competent Evidence of Identity. - The phrase "competent evidence of identity" refers to the identification of an individual based on:

- at least one current identification document issued by an official agency bearing the photograph and signature of the individual, such as but not limited to, passport, driver's license, Professional Regulations Commission ID, National Bureau of Investigation clearance, police clearance, postal ID, voter's ID, Barangay certification, Government Service and Insurance System (GSIS) e--card, Social Security System (SSS) card, Philhealth

card, senior citizen card, Overseas Workers Welfare Administration (OWWA) ID, OFW ID, seaman's book, alien certificate of registration/immigrant certificate of registration, government office ID, certification from the National Council for the Welfare of Disabled Persons (NCWDP), Department of Social Welfare and Development (DSWD) certification; or

- the oath or affirmation of one credible witness not privy to the instrument, document or transaction who is personally known to the notary public and who personally knows the individual, or of two credible witnesses neither of whom is privy to the instrument, document or transaction who each personally knows the individual and shows to the notary public documentary identification.

Baylon v. Almo[70] explained why community tax certificates were specifically excluded as a permissible proof of identity:

As a matter of fact, recognizing the established unreliability of a community tax certificate in proving the identity of a person who wishes to have his document notarized, we did not include it in the list of competent evidence of identity that notaries public should use in ascertaining the identity of persons appearing before them to have their documents notarized.[71]

Marina Properties v. Court of Appeals[72] was unequivocal: "[I]n order to effect the cancellation of a contract, a notarial cancellation must first be had." [73] Realty Exchange Venture Corp. v. Sendino[74] explained, "Since R.A. 6552 mandates cancellation by notarial act - among other requirements - before any cancellation of a contract may be effected, petitioners' precipitate cancellation of its contract with private respondent without observing the conditions imposed by the said law was invalid and improper." [75] In Active Realty and Development v. Daroya,[76] where the seller "failed to send a notarized notice of cancellation," [77] this Court decried the iniquity foisted upon a buyer. "[W]e find it illegal and iniquitous that petitioner, without complying with the mandatory legal requirements for canceling the contract, forfeited both respondent's land and hard-earned money." [78]

In ordinary circumstances, where notarization serves merely to convert a private document into a public document, notaries public have been admonished about faithfully observing the rules governing notarial acts: "Faithful observance and utmost respect of the legal solemnity of an oath in an acknowledgment or jurat is sacrosanct." [79] It is with greater reason that the diligent observance of notarial rules should be impressed in cases concerned with a seller's exercise of a statutory privilege through cancellations under the Maceda Law.

Respondent's failure to diligently satisfy the imperatives of the 2004 Rules on Notarial Practice constrains this Court to consider its notice as an invalid notarial act. This amounts to respondent's failure to satisfy the second requisite for valid cancellations under Section 4, ultimately rendering its cancellation of the purchase agreement ineffectual.

This Court is mindful of jurisprudence in which it has been lenient with the requirement of presenting a competent evidence of identity before a notary public.

Galicto v. Aquino,[80] Coca Cola Bottlers Philippines, Inc. v. Dela Cruz,[81] Victorio-Aquino v. Pacific Plans, Inc.,[82] and Reyes v. Glaucoma

Research Foundation, Inc.[83] concerned verifications and certifications of non-forum shopping in which jurats did not indicate the required competent evidence of identity. In these cases, this Court overlooked the defects considering that "defective jurat in the Verification/Certification of Non--Forum Shopping is not a fatal defect . . . The verification is only a formal, not a jurisdictional, requirement that the Court may waive." [84] Likewise, this Court considered it more appropriate to not hinder the consideration of pleadings in order that party-litigants may exhaustively plead their cases.[85]

Galicto, Coca-Cola, Victorio-Aquino, and Reyes are markedly different from the present controversy. They merely concerned formal infractions. In contrast, this case concerns Section 4's definite precondition for the seller's exercise of its option to repudiate a contract. At stake in Galicto, Coca-Cola, Victorio-Aquino, and Reyes was the right to be heard in judicial proceedings, a cognate of due process. What is at stake here is different: the grant of a statutory privilege relating to a civil contract.

To be effective, sellers' cancellations under the Maceda Law must strictly comply with the requirements of Sections 3 and 4. This Court clarifies here that with respect to notices of cancellation or demands for rescission by notarial act, an acknowledgement is imperative. Moreover, when these are made through representatives of juridical persons selling real property, the authority of these representatives must be duly demonstrated. For corporations, the representative's authority must have either been granted by a board resolution or existing in the seller's articles of incorporation or by-laws.

With the Maceda Law's avowed purpose of extending benefits to disadvantaged buyers and liberating them from onerous and oppressive conditions, it necessarily follows that the Maceda Law's permission for sellers to cancel contracts becomes available only when its conditions are heedfully satisfied. No liberal construction of the Maceda Law can be made in favor of the seller and at the same time burdening the buyer.

V

There being no valid cancellation, the purchase agreement between petitioner and respondent "remains valid and subsisting."^[86] However, respondent has already sold the lot purchased by petitioner to a certain Ruel Ymana.^[87]

Gatchalian Realty v. Angeles^[88] confronted a similar predicament. In determining the most judicious manner of disposing of the controversy, this Court considered the analogous cases of Olympia Housing v. Panasiatic Travel,^[89] Pagtalunan v. Vda. de Manzano,^[90] Active Realty and Development v. Daroya,^[91] and Associated Marine Officers and Seamen's Union of the Philippines PTGWO-ITF v. Decena:^[92]

In Olympia, this Court dismissed the complaint for recovery of possession for having been prematurely filed without complying with the mandate of R.A. 6552. We ordered the defaulting buyer to pay the developer the balance as of the date of the filing of the complaint plus 18% interest per annum computed from the day after the date of the filing of the complaint, but within 60 days from the receipt of a copy of the decision. Upon payment, the developer shall issue the corresponding certificate of title in favor of the defaulting buyer. If the defaulting buyer fails to pay the full amount, then the defaulting buyer shall vacate the subject property without need of demand and all payments will be charged as rentals to the property. There was no award for damages and attorney's fees, and no costs were charged to the parties.

In Pagtalunan, this Court dismissed the complaint for unlawful detainer. We also ordered the defaulting buyer to pay the developer the balance of the purchase price plus interest at 6% per annum from the date of filing of the complaint up to the finality of judgment, and thereafter, at the rate of 12% per annum. Upon payment, the developer shall issue a Deed of Absolute Sale of the subject property and deliver the corresponding certificate of title in favor of the defaulting buyer. If the defaulting buyer fails to pay the full amount within 60 days from finality of the decision, then the defaulting buyer should vacate the subject property without need of demand and all payments will be charged as rentals to the property. No costs were charged to the parties.

In Active, this Court held that the Contract to Sell between the parties remained valid because of the developer's failure to send a notarized notice of cancellation and to refund the cash surrender value. The defaulting buyer thus had the right to offer to pay the balance of the purchase price, and the developer had no choice but to accept payment. However, the defaulting buyer was unable to exercise this right because the developer sold the subject lot. This Court ordered the developer to refund to the defaulting buyer the actual

value of the lot with 12% interest per annum computed from the date of the filing of the complaint until fully paid, or to deliver a substitute lot at the option of the defaulting buyer.

In *Associated*, this Court dismissed the complaint for unlawful detainer. We held that the Contract to Sell between the parties remained valid because the developer failed to send to the defaulting buyer a notarized notice of cancellation and to refund the cash surrender value. We ordered the MeTC to conduct a hearing within 30 days from receipt of the decision to determine the unpaid balance of the full value of the subject properties as well as the current reasonable amount of rent for the subject properties. We ordered the defaulting buyer to pay, within 60 days from the trial court's determination of the amounts, the unpaid balance of the full value of the subject properties with interest at 6% per annum computed from the date of sending of the notice of final demand up to the date of actual payment. Upon payment, we ordered the developer to execute a Deed of Absolute Sale over the subject properties and deliver the transfer certificate of title to the defaulting buyer. In case of failure to pay within the mandated 60 day period, we ordered the defaulting buyer to immediately vacate the premises without need for further demand. The developer should also pay the defaulting buyer the cash surrender value, and the contract should be deemed cancelled 30 days after the defaulting buyer's receipt of the full payment of the cash surrender value. If the defaulting buyer failed to vacate the premises, he should be charged reasonable rental in the amount determined by the trial court.[93] (Emphasis supplied)

Gatchalian proceeded to, first, assert the propriety of equitably resolving the controversy, and second, consider the options available to the buyer. It specifically noted that in the event that its subject properties were no longer available, only two (2) options remained: a refund or an offer of substitute properties. It was exclusively for the buyer to choose between these options:

We observe that this case has, from the institution of the complaint, been pending with the courts for 10 years. As both parties prayed for the issuance of reliefs that are just and equitable under the premises, and in the exercise of our discretion, we resolve to dispose of this case in an equitable manner. Considering that GRI did not validly rescind Contracts to Sell Nos. 2271 and 2272, Angeles has two options:

1. The option to pay, within 60 days from the MeTC's determination of the proper amounts, the unpaid balance of the full value of the purchase price of the subject properties plus interest at 6% per annum from 11 November 2003, the date of filing of the complaint, up to the finality of this Decision, and thereafter, at the rate of 6% per annum. Upon payment of the full amount, GRI shall immediately execute Deeds of Absolute Sale over the subject properties and deliver the corresponding transfer certificate of title to Angeles.

In the event that the subject properties are no longer available, GRI should offer substitute properties of equal value. Acceptance of the suitability of the substitute properties is Angeles' sole prerogative. Should Angeles refuse the substitute properties, GRI shall refund to Angeles the actual value of the subject properties with 6% interest per annum computed from 11 November 2003, the date of the filing of the complaint, until fully paid; and

2. The option to accept from GRI P574,148.40, the cash surrender value of the subject properties, with interest at 6% per annum, computed from 11 November 2003, the date of the filing of the complaint, until fully paid. Contracts to Sell Nos. 2271 and 2272 shall be deemed cancelled 30 days after Angeles' receipt of GRI's full payment of the cash surrender value. No rent is further charged upon Angeles as GRI already had possession of the subject properties on 10 October 2006.[94] (Emphasis supplied)

This case is most akin to *Active*. There, as in this case, the subject property was actually sold by the seller to a third person. Gatchalian mirrored *Active* in discerning an equitable ruling in the event that its subject properties had been sold by the seller to another person.

It was *Active* that originally identified two (2) options where a seller wrongly cancelled a contract with a buyer and had since sold that property to a third person, refunding the actual[95] value of the lot sold plus interest or

delivering a substitute lot to the buyer:

Thus, for failure to cancel the contract in accordance with the procedure provided by law, we hold that the contract to sell between the parties remains valid and subsisting. Following Section 3(a) of R.A. No. 6552, respondent has the right to offer to pay for the balance of the purchase price, without interest, which she did in this case. Ordinarily, petitioner would have had no other recourse but to accept payment. However, respondent can no longer exercise this right as the subject lot was already sold by the petitioner to another buyer which lot, as admitted by the petitioner, was valued at P1,700.00 per square meter. As respondent lost her chance to pay for the balance of the P875,000.00 lot, it is only just and equitable that the petitioner be ordered to refund to respondent the actual value of the lot resold, i.e., P875,000.00, with 12% interest per annum computed from August 26, 1991 until fully paid or to deliver a substitute lot at the option of the respondent.[96] (Emphasis supplied)

In *Active*, the buyer managed to pay the full price of the principal value of the lot but was still short of the total contract price net of interest.[97] Unlike the buyer in *Active*, petitioner here has only made partial payments. Thus, a full refund of the actual value of the lot, as *Active* and *Gatchalian* ordered, is improper. In addition, petitioner has disavowed any interest in proceeding with the purchase.[98] She has even admitted to not having the financial capacity for this.[99] The antecedents, too, demonstrate that petitioner made no further attempt at proceeding with the purchase. Therefore, this Court follows *Active*'s precedent, as it did in *Gatchalian*, but makes adjustments in consideration of the peculiarities of this case.

Considering that it did not validly cancel its contract with petitioner and has also sold the lot to another person, it is proper that respondent be ordered to refund petitioner. This refund shall not be the full, actual value of the lot resold, as was ordered in *Active* and *Gatchalian*, lest petitioner be unjustly enriched. Rather, it shall only be the amount actually paid by petitioner to respondent, i.e., P608,648.20. In view of *Nacar v. Gallery Frames*, this amount shall be subject to legal interest at the rate of twelve percent (12%) per annum reckoned from the filing of petitioner's Complaint[100] until June 30, 2013; and six percent (6%) per annum from July 1, 2013 until fully paid.[101]

WHEREFORE, the Petition for Review on Certiorari is GRANTED.

The assailed October 11, 2012 Decision and July 3, 2013 Resolution of the Court of Appeals in CA-G.R. SP No. 118285 are REVERSED and SET ASIDE.

Respondent Filinvest Land, Inc. is ordered to refund petitioner Priscilla Zafra Orbe the amount of P608,648.20. This refund shall earn legal interest at twelve percent (12%) per annum from November 17, 2004 to June 30, 2013, and six percent (6%) per annum, reckoned from July 1, 2013 until fully paid.

This case is REMANDED to the Housing and Land Use Regulatory Board Expanded National Capital Regional Field Office FOR PROPER EXECUTION.

SO ORDERED.

Velasco, Jr., (Chairperson), Bersamin, Martires, and Gesmundo, JJ., concur.

November 29, 2017

NOTICE OF JUDGMENT

Sirs / Mesdames:

Please take notice that on September 6, 2017 a Decision, copy attached hereto, was rendered by the Supreme Court in the above-entitled case, the original of which was received by this Office on November 29, 2017 at 2:20 p.m.

Very truly yours,

(SGD)

WILFREDO V. LAPITAN

Division Clerk of Court

[1] Rep. Act No. 6552, sec. 3 provides:

Section 3. In all transactions or contracts involving the sale or financing of real estate on installment payments, including residential condominium apartments but excluding industrial lots, commercial buildings and sales to tenants under Republic Act Numbered Thirty-eight hundred forty-four, as amended by Republic Act Numbered Sixty-three hundred eighty-nine, where the buyer has paid at least two years of installments, the buyer is entitled to the following rights in case he defaults in the payment of succeeding installments:

(a)

To pay, without additional interest, the unpaid installments due within the total grace period earned by him, which is hereby fixed at the rate of one month grace period for every one year of installment payments made: Provided, That this right shall be exercised by the buyer only once in every five years of the life of the contract and its extensions, if any.

(b)

If the contract is cancelled, the seller shall refund to the buyer the cash surrender value of the payments on the property equivalent to fifty per cent of the total payments made and, after five years of installments, an additional five per cent every year but not to exceed ninety per cent of the total payments made: Provided, That the actual cancellation of the contract shall take place after thirty days from receipt by the buyer of the notice of cancellation or the demand for rescission of the contract by a notarial act and upon full payment of the cash surrender value to the buyer.

Down payments, deposits or options on the contract shall be included in the computation of the total number of installment payments made.

[2] Rep. Act No. 6552, sec. 4 provides:

Section 4. In case where less than two years of installments were paid, the seller shall give the buyer a grace period of not less than sixty days from the date the installment became due. If the buyer fails to pay the installments due at the expiration of the grace period, the seller may cancel the contract after thirty days from receipt by the buyer of the notice of cancellation or the demand for rescission of the contract by a notarial act.

[3] Rollo, pp. 11-29.

[4] Id. at 209-227. The Decision was penned by Associate Justice Eduardo B. Peralta, Jr. and concurred in by Associate Justices Vicente S. E. Veloso and Jane Aurora C. Lantion of the Twelfth Division, Court of Appeals, Manila.

[5] Id. at 245. The resolution was penned by Associate Justice Eduardo B. Peralta, Jr. and concurred in by Associate Justices Vicente S. E. Veloso and Jane Aurora C. Lantion of the Twelfth Division, Court of Appeals, Manila.

[6] Id. at 59 and 66.

[7] Id. at 228-232.

[8] Id. at 210.

[9] Id. at 212, see footnote 14.

[10] Id. at 64-65.

OR NO.

DATE

AMOUNT

ACCOUNT

OR No. 375303

06/28/2001

[P]20,000.00

reservation

OR No. 382315

07/31/2001

[P]54,818.00

1[st] down payment

OR No. 389615

08/29/2001

[P]54,818.00

2[nd] down payment

OR No. 399797

10/18/2001

[P]54,818.00

partial 3[rd] DP/LPC

OR No. 410221

12/04/2001

[P]593.86

LPC for down payment

OR No. 444630

05/22/2002

[P]100,000.00

5[th] to 7[th] DP/LC

OR No. 442366

05/09/2002

[P]100,000.00

4[th] & partial 5[th] DP/LPC

OR No. 504093

03/26/2003

[P]80,000.00

6[th] partial [th] DP

OR No. 604163

07/22/2004

[P]26,652.39

ICR

OR No. 604162

07/22/2004

[P]3,347.61

Full DP/LPC

[11] Id.

[12] Id. at 210.

[13] Id. at 100.

[14] Id. at 212.

[15] Id. at 100.

[16] Id. at 68.

[17] Id. at 67-68.

[18] Id. at 67.

[19] Id. at 68.

[20] Id. at 212-213.

[21] Id. at 64-66.

[22] Id. at 65-66.

[23] Id. at 66. He explained that, "There is nothing on record to show that payments had been made to cover charges for overdue payments, nor was she charged penalties for late payments. No demand has been made for delinquency charges, hence the payments ha[ve] been made on the principal."

[24] Id.

[25] Id. at 60.

[26] Id. at 60-63.

[27] Id. at 63.

[28] Id. at 62.

[29] Id. at 63.

[30] Id.

[31] Id. at 214.

[32] Id. at 54-59.

[33] Id. at 58.

[34] Id. at 209-210.

[35] Id. at 218.

[36] Id.

[37] Id. at 209-227.

[38] Id. at 226.

[39] Id. at 223.

[40] Id. at 222-226.

[41] Id. at 225-226.

[42] Id. at 226.

[43] Id. at 245.

[44] Id. at 11-29.

[45] *Gatchalian Realty v. Angeles*, 722 Phil. 407, 425 (2013) [Per J. Carpio, Second Division].

[46] 443 Phil. 385 (2003) [Per J. Vitug, First Division].

[47] 559 Phil. 658 (2007) [Per J. Azcuna, First Division].

[48] 431 Phil. 753 (2002) [Per J. Puno, First Division].

[49] 696 Phil. 188 (2012) [Per J. Perlas-Bernabe, Second Division].

[50] 722 Phil. 407 (2013) [Per J. Carpio, Second Division].

[51] Rep. Act No. 6552, sec. 2.

[52] *Active Realty and Development Corporation v. Daroya*, 431 Phil. 753, 761 (2002) [Per J. Puno, First Division].

[53] *Id.* at 760-761 citing Rep. Act No. 6552, sec. 3, *Angeles vs. Calasanz*, 220 Phil. 10 (1985) [Per J. Gutierrez, En Banc]; and *Realty Exchange Venture Corporation vs. Sendino*, 304 Phil. 65 (1994) [Per J. Kapunan, First Division].

[54] See also *Levy Hermanos, Inc. v. Gervacio*, 69 Phil. 52 (1939) [Per J. Moran, En Banc], where this Court distinguished between a sale on installment and a sale on straight term. There, this Court described installment payments as "partial payments consist[ing] in relatively small amounts."

[55] 722 Phil. 407 (2013) [Per J. Carpio, Second Division].

[56] *Id.* at 419.

[57] See *Gatchalian Realty v. Angeles*, 722 Phil. 407, 419 (2013) [Per J. Carpio, Second Division] where the phrase "at least two years of installments" was clarified to not only refer to "the number of months that the contract is in effect".

[58] See *Ang Giok Chip v. Springfield Fire and Marine Insurance Co.*, 56 Phil. 375 (1931) [Per J. Malcolm, En Banc].

[59] 355 Phil. 705 (1998) [Per J. Davide, Jr., First Division].

[60] *Id.* at 719. See also *Rillo v. Court of Appeals*, 340 Phil. 570 (1997) [Per J. Puno, Second Division], where compliance was reckoned in relation to the monthly amortization of P7,092.00.

[61] 542 Phil. 400 (2007) [Per J. Carpio-Morales, Second Division].

[62] *Id.* at 408-409.

[63] *Rillo v. Court of Appeals*, 340 Phil. 570, 578 (1997) [Per J. Puno, Second Division].

[64] *Optimum Development Bank v. Spouses Jovellanos*, 722 Phil. 772, 785 (2013) [Per J. Perlas-Bernabe, Second Division].

[65] *Rollo*, p. 100.

[66] *Id.*

[67] *Maligsa v. Cabanting*, 338 Phil. 912, 917 (1997) [Per Curiam, En Banc].

[68] RULES OF COURT, Rule 132, sec. 19 provides:

Section 19. Classes of Documents. - For the purpose of their presentation in evidence, documents are either public or private.

Public documents are:

(a)

The written official acts, or records of the official acts of the sovereign authority, official bodies and tribunals, and public officers, whether of the Philippines, or of a foreign country;

(b)

Documents acknowledged before a notary public except last wills and testaments; and

(c)

Public records, kept in the Philippines, of private documents required by law to be entered therein.

All other writings are private.

[69] Rule XIII, sec. 2 provides:

Section 2. Effective Date. - These Rules shall take effect on the first day of August 2004, and shall be published in a newspaper of general circulation in the Philippine which provides sufficiently wide circulation.

[70] 578 Phil. 238 (2008) [Per J. Quisumbing, Second Division].

[71] Id. at 242.

[72] 355 Phil. 705 (1998) [Per J. Davide, Jr., First Division].

[73] Id. at 720.

[74] 304 Phil. 65 (1994) [Per J. Kapunan, First Division].

[75] Id. at 77.

[76] 431 Phil. 753 (2002) [Per J. Puno, First Division].

[77] Id. at 757.

[78] Id. at 762-763.

[79] *Maliga v. Cabanting*, 338 Phil. 912, 917 (1997) [Per Curiam, En Banc].

[80] 683 Phil. 141 (2012) [Per J. Brion, En Banc].

[81] 622 Phil. 866 (2009) [Per J. Brion, Second Division].

[82] 749 Phil. 790 (2014) [Per J. Peralta, Third Division].

[83] 760 Phil. 779 (2015) [Per J. Peralta, Third Division].

[84] *Galicto v. Aquino III*, 683 Phil. 141, 175 (2012) [Per J. Brion, En Banc].

[85] See *Coca-Cola Bottlers Philippines, Inc. v. Dela Cruz*, 622 Phil. 866 (2009) [Per J. Brion, Second Division]; and *Victorio-Aquino v. Pacific Plans, Inc.*, 749 Phil. 790 (2014) [Per J. Peralta, Third Division].

[86] *Gatchalian Realty v. Angeles*, 722 Phil. 407, 425 (2013) [Per J. Carpio, Second Division].

[87] *Rollo*, p. 68.

[88] 722 Phil. 407 (2013) [Per J. Carpio, Second Division].

[89] 443 Phil. 385 (2003) [Per J. Vitug, First Division].

[90] 559 Phil. 658 (2007) [Per J. Azcuna, First Division].

[91] 431 Phil. 753 (2002) [Per J. Puno, First Division].

[92] 696 Phil. 188 (2012) [Per J. Perlas-Bernabe, Second Division].

[93] *Gatchalian Realty v. Angeles*, 722 Phil. 407, 426-427 (2013) [Per J. Carpio, Second Division].

[94] *Id.* at 427-428. The dispositive portion read:

WHEREFORE, we DENY the petition. The Decision of the Court of Appeals in CA-G.R. SP No. 105964 promulgated on 11 November 2011 and the Resolution promulgated on 19 June 2012 are AFFIRMED with MODIFICATIONS.

1. The Metropolitan Trial Court of Las Piñas City is directed to conduct a hearing within a maximum period of 30 days from finality of this Decision to (1) determine Evelyn M. Angeles' unpaid balance on Contracts to Sell Nos. 2271 and 2272; and (2) the actual value of the subject properties as of 11 November 2003.

2. Evelyn M. Angeles shall notify the Metropolitan Trial Court of Las Piñas City and Gatchalian Realty, Inc. within a maximum period of 60 days from the Metropolitan Trial Court of Las Piñas City's determination of the unpaid balance whether she will pay the unpaid balance or accept the cash surrender value.

Should Evelyn M. Angeles choose to pay the unpaid balance, she shall pay, within 60 days from the MeTC's determination of the proper amounts, the unpaid balance of the full value of the purchase price of the subject properties plus interest at 6% per annum from 11 November 2003, the date of filing of the complaint, up to the finality of this Decision, and thereafter, at the rate of 6% per annum. Upon payment of the full amount, GRI shall immediately execute Deeds of Absolute Sale over the subject properties and deliver the corresponding transfer certificate of title to Angeles.

In the event that the subject properties are no longer available, GRI should offer substitute properties of equal value. Should Angeles refuse the substitute properties, GRI shall refund to Angeles the actual value of the subject properties with 6% interest per annum computed from 11 November 2003, the date of the filing of the complaint, until fully paid.

Should Evelyn M. Angeles choose to accept payment of the cash surrender value, she shall receive from GRI P574,148.40 with interest at 6% per annum, computed from 11 November 2003, the date of the filing of the complaint, until fully paid. Contracts to Sell Nos. 2271 and 2272 shall be deemed cancelled 30 days after Angeles receipt of GRI's full payment of the cash surrender value. No rent is further charged upon Evelyn M. Angeles.

No costs.

SO ORDERED.

[95] N.b., the amount to be refunded was the actual value, not the original contract price. The same value was used for reckoning the amount to be refunded in *Gatchalian*. In *Gatchalian*, this Court stated:

"GRI shall refund to Angeles the actual value of the subject properties with 6% interest per annum computed from 11 November 2003, the date of the filing of the complaint, until fully paid."

[96] *Active Realty and Development Corporation v. Daroya*, 431 Phil. 753, 761 (2002) [Per J. Puno, First Division].

[97] The principal amount was P224,025.00; total payments to be made, net of interest, were P346,367.00; at the time of default, the buyer had paid P314,816.00.

[98] Rollo, p. 21.

[99] Id.

[100] Respondent's obligation to refund petitioner ensued at the moment it became impossible for petitioner to avail of her rights under Section 4 of the Maceda Law, that is, when respondent sold the property to Ruel Ymana. Interest on it accrued from the moment of the filing of petitioner's Complaint, the date of judicial demand. *Eastern Shipping Lines v. Court of Appeals* (which articulated the guidelines for the reckoning of legal interest that were in effect when the material incidents of this case arose) explained that in the absence of stipulation, that interest due on a breach of obligation consisting in the payment of a sum of money "shall be 12% per annum to be computed from default, i.e., from judicial or extrajudicial demand."

[101] 716 Phil. 267 (2013) [Per J. Peralta, En Banc]. See *Bangko Sentral ng Pilipinas Monetary Board Circular No. 799*, Series of 2013.

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