

THIRD DIVISION

[G.R. No. 122053, May 15, 1998]

RUPERTO PUREZA, PETITIONER, VS. THE HONORABLE COURT OF APPEALS, ASIA TRUST DEVELOPMENT BANK AND SPOUSES BONIFACIO AND CRISANTA ALEJANDRO, RESPONDENTS.

DECISION

ROMERO, J.:

A man's home is his castle, a microcosmic kingdom where he may exercise his full dominion within the parameters of his abode, free from external control and interference. For petitioner, the construction of his home spelled the fruit of years of industry and the realization of his dreams. His frustration, however, at failing to see the completion of his home in accordance with his desires led to the filing of this Petition for Review on Certiorari.

Respondent spouses Bonifacio and Crisanta Alejandro are building contractors conducting business under the name of Boncris Trading and Builders. Petitioner Ruperto Pureza sought their services in the construction of a two-story house at Don Juan Bayview Subdivision, at Sucat, Muntinlupa. To facilitate this project, he applied for a Pag-Ibig Housing Loan with the Asia Trust Development Bank in the amount of one hundred ninety-four thousand one hundred pesos (P194,100.00),^[1] signing an order of payment authorizing the release of specified amounts to the contractor in connection with the construction. This arrangement was embodied in a Construction Agreement entered into by the parties, with the net proceeds of the loan amounting to one hundred fifty-five thousand, three hundred fifty-six pesos and thirty centavos (P155,356.30).^[2]

The construction of the house was commenced but not terminated. Before the completion of the project on December 18, 1984,^[3] the spouses Alejandro informed petitioner that certain finishing works must be cancelled to reduce costs. Petitioner acceded with certain conditions, one of which was the signing of an Order of Payment specifying therein the staggered amounts of the loan to be released by the Bank to the spouses.^[4]

On March 19, 1986, petitioner (as plaintiff) filed an action for Specific Performance and damages with a Prayer for the Issuance of a Writ of Preliminary Injunction^[5] before the Regional Trial Court of Makati, Branch 142, to prevent respondent (defendant therein) Asia Trust Development Bank from collecting the loan or foreclosing the mortgage on plaintiff's house and lot.^[6] He claimed that although the construction was only seventy percent (70%) finished, the Bank had released to the spouses ninety percent (90%) of the proceeds of the loan, except for the sum of fourteen thousand pesos (P14,000.00) which the Bank applied to amortizations. In their answer, the defendant spouses alleged that the plaintiff and his wife Myrna authorized the release of the proceeds of the loan on a staggered basis, in

accordance with the Order of Payment. They further state that, the plaintiff having signed a Certificate of House Completion/Acceptance,^[7] the Bank was likewise authorized to turn the loan over to the Pag-Ibig Housing as creditor. An ocular inspection of the construction site was held on August 25, 1989.

The lower court rendered a decision in favor of plaintiff, ordering defendant Bank to pay the sum of forty-eight thousand pesos (P48,000.00) representing twenty-eight percent (28%) of the net proceeds of the loan which it was found to have negligently delivered to defendant spouses. The spouses were, in turn, ordered to reimburse the Bank the said amount. Both the Bank and the spouses were ordered to pay to plaintiff the sum of forty thousand pesos (P40,000.00) representing the cost of repair on the house of plaintiff where defective or inferior materials were used; moral damages in the amount of two hundred thousand pesos (P200,000.00); exemplary damages in the amount of fifty thousand pesos (P50,000.00); the sum of thirty thousand pesos (P30,000.000) as attorney's fees; and the costs of suit.^[8] Defendant-appellants Asia Trust Development Bank and spouses Alejandro appealed to the Court of Appeals, which issued a Resolution^[9] dismissing the appeal of the latter for failure to pay docket fees and other legal expenses.^[10] With respect to the Asia Trust Development Bank, the appealed decision was modified^[11] dismissing the complaint against it. Hence, this petition.

Petitioner asserts that the Court of Appeals erred in finding that the respondent Bank was neither negligent nor careless in releasing the proceeds of the loan to the spouses, in accordance with the Order of Payment. He relies on the findings of the lower court, as evidenced by the ocular inspection, that the construction of the house had not yet been completed nor was it executed in accordance with his wishes. This being so, he claims that respondent Bank and respondent spouses are jointly and severally liable for the costs of repair, moral and exemplary damages, attorney's fees and the costs of suit.

This petition holds no scintilla of merit. A study of respondent court's decision shows that while it gave credence to the ocular inspection, it also took into consideration the other evidence presented by respondents, which petitioner neither denied nor disputed. In fact, petitioner explicitly admitted the genuineness and due execution of the Order of Payment in the proceedings before the lower court. Having found that petitioner willingly and voluntarily signed the Order^[12] and the Certificate of House Completion/Acceptance,^[13] it ruled correctly in holding that the release of funds to respondent spouses in staggered amounts was done according to the instructions of petitioner and in compliance with the said Certificate. No further conditions were imposed by him to restrict the authority granted to the Bank insofar as the discharge of funds is concerned. Clearly, an attempt is made by petitioner to escape his pecuniary obligations by subsequently repudiating documents he had earlier executed, if only to avoid or delay payment of his monthly amortizations.

The application of the *principle of estoppel* is proper and timely in heading off petitioner's shrewd efforts at renouncing his previous acts to the prejudice of parties who had dealt with him honestly and in good faith. A principle of equity and natural justice, this is expressly adopted under Article 1431 of the Civil Code, and pronounced as one of the conclusive presumptions under Rule 131, Section 3(a) of the Rules of Court, as follows: