

THIRD DIVISION

[G.R. No. 179653, July 31, 2009]

UNITED MUSLIM AND CHRISTIAN URBAN POOR ASSOCIATION, INC. REPRESENTED BY ITS PRESIDENT, MANUEL V. BUEN, PETITIONER, VS. BRYC-V DEVELOPMENT CORPORATION REPRESENTED BY ITS PRESIDENT, BENJAMIN QUIDILLA; AND SEA FOODS CORPORATION, REPRESENTED BY ITS EXECUTIVE VICE PRESIDENT, VICENTE T. HERNANDEZ, RESPONDENTS.

D E C I S I O N

NACHURA, J.:

This petition for review on *certiorari* seeks to set aside the Decision^[1] of the Court of Appeals (CA) in CA G.R. CV No. 62557 which affirmed *in toto* the Decision^[2] of the Regional Trial Court (RTC), Branch 16, Zamboanga City in Civil Case No. 467(4544).

The facts are simple.

Respondent Sea Foods Corporation (SFC) is the registered owner of Lot No. 300 located in Lower Calainan, Zamboanga City and covered by Transfer Certificate of Title (TCT) No. 3182 (T-576).

Sometime in 1991, petitioner United Muslim and Christian Urban Poor Association, Inc. (UMCUPAI), an organization of squatters occupying Lot No. 300, through its President, Carmen T. Diola, initiated negotiations with SFC for the purchase thereof. UMCUPAI expressed its intention to buy the subject property using the proceeds of its pending loan application with National Home Mortgage Finance Corporation (NHMF). Thereafter, the parties executed a Letter of Intent to Sell by [SFC] and Letter of Intent to Purchase by UMCUPAI, providing, in pertinent part:

WHEREAS, [SFC] is the registered owner of a parcel [of] land designated as Lot No. 300 situated in Lower Calarian, Zamboanga City, consisting of 61,736 square meters, and more particularly described in Transfer Certificate of Title No. 576 of the Registry of Deeds of Zamboanga City;

WHEREAS, UMCUPAI, an association duly registered with the SEC (Registration No. 403410) and duly accredited with the Presidential Commission for the Urban Poor, has approached [SFC] and negotiated for the ACQUISITION of the above-described property of [SFC];

WHEREAS, in pursuance to the negotiations between [SFC] and UMCUPAI, the latter has taken steps with the proper government authorities particularly the Mayor of Zamboanga City and its City Housing

Board which will act as "Originator" in the acquisition of said property which will enable UMCUPAI to avail of its Community Mortgage Program;

WHEREAS, it appears that UMCUPAI will ultimately apply with the Home Mortgage and Finance Corporation for a loan to pay the acquisition price of said land;

WHEREAS, as one of the steps required by the government authorities to initiate proceedings is to receive a formal manifestation of Intent to Sell from [SFC];

NOW, THEREFORE, for and in consideration of the foregoing premises, the parties hereto agree as follows:

1. [SFC] expressly declares its intention to sell Lot No. 300 with an area of 61,736 square meters situated in Lower Calarian, Zamboanga City and covered by TCT No. 576 of the Registry of Deeds of Zamboanga City to UMCUPAI at the price of P105.00 per square meter, free from all liens, charges and encumbrances;
2. That UMCUPAI hereby expressly declares its intention to buy the aforesaid property and shall endeavor to raise the necessary funds to acquire same at the abovementioned price of P105.00 per square meter;
3. That the Absolute Deed of Sale shall be executed, signed and delivered together with the title and all other pertinent documents upon full payment of the purchase price;
4. That [SFC] shall pay the capital gains tax and documentary stamps, Registration, transfer tax and other expenses shall be paid by the UMCUPAI.^[3]

However, the intended sale was derailed due to UMCUPAI's inability to secure the loan from NHMF as not all its members occupying Lot No. 300 were willing to join the undertaking. Intent on buying the subject property, UMCUPAI, in a series of conferences with SFC, proposed the subdivision of Lot No. 300 to allow the squatter-occupants to purchase a smaller portion thereof.

Consequently, sometime in December 1994, Lot No. 300 was subdivided into three (3) parts covered by separate titles:

1. Lot No. 300-A with an area of 41,460 square meters under TCT No. T-117,448;
2. Lot No. 300-B with an area of 1,405 square meters under TCT No. T-117,449; and
3. Lot No. 300-C with an area of 18,872 square meters under TCT No. T-117,450.

On January 11, 1995, UMCUPAI purchased Lot No. 300-A for P4,350,801.58. In turn, Lot No. 300-B was constituted as road right of way and donated by SFC to the local government.

UMCUPAI failed to acquire Lot No. 300-C for lack of funds. On March 5, 1995, UMCUPAI negotiated anew with SFC and was given by the latter another three months to purchase Lot No. 300-C. However, despite the extension, the three-month period lapsed with the sale not consummated because UMCUPAI still failed to obtain a loan from NHMF. Thus, on July 20, 1995, SFC sold Lot No. 300-C for P2,547,585.00 to respondent BRYC-V Development Corporation (BRYC).

A year later, UMCUPAI filed with the RTC a complaint against respondents SFC and BRYC seeking to annul the sale of Lot No. 300-C, and the cancellation of TCT No. T-121,523. UMCUPAI alleged that the sale between the respondents violated its valid and subsisting agreement with SFC embodied in the Letter of Intent. According to UMCUPAI, the Letter of Intent granted it a prior, better, and preferred right over BRYC in the purchase of Lot No. 300-C.

In refutation, BRYC said that UMCUPAI's complaint did not state a cause of action since UMCUPAI had unequivocally recognized its ownership of Lot No. 300-C when UMCUPAI likewise sent BRYC a Letter of Intent dated August 18, 1995 imploring BRYC to re-sell the subject lot.

In a separate Answer, SFC countered that the Letter of Intent dated October 4, 1991 is not, and cannot be considered, a valid and subsisting contract of sale. On the contrary, SFC averred that the document was drawn and executed merely to accommodate UMCUPAI and enable it to comply with the loan documentation requirements of NHMF. In all, SFC maintained that the Letter of Intent dated October 4, 1991 was subject to a condition *i.e.*, payment of the acquisition price, which UMCUPAI failed to do when it did not obtain the loan from NHMF.

After trial, the RTC dismissed UMCUPAI's complaint. The lower court found that the Letter of Intent was executed to facilitate the approval of UMCUPAI's loan from NHMF for its intended purchase of Lot No. 300. According to the RTC, the Letter of Intent was simply SFC's declaration of intention to sell, and not a promise to sell, the subject lot. On the whole, the RTC concluded that the Letter of Intent was neither a promise, nor an option contract, nor an offer contemplated under Article 1319 of the Civil Code, or a bilateral contract to sell and buy.

As previously adverted to, the CA, on appeal, affirmed *in toto* the RTC's ruling.

Hence, this recourse by UMCUPAI positing a sole issue for our resolution:

IS THE LETTER OF INTENT TO SELL AND LETTER OF INTENT TO BUY A
BILATERAL RECIPROCAL CONTRACT WITHIN THE MEANING OR
CONTEMPLATION OF ARTICLE 1479, FIRST PARAGRAPH, CIVIL CODE OF
THE PHILIPPINES?^[4]

The petition deserves scant consideration. We completely agree with the lower courts' rulings.

Well-entrenched in jurisprudence is the rule that factual findings of the trial court, especially when affirmed by the appellate court, are accorded the highest degree of

respect and are considered conclusive between the parties.^[5] A review of such findings by this Court is not warranted except upon a showing of highly meritorious circumstances, such as: (1) when the findings of a trial court are grounded entirely on speculation, surmises or conjectures; (2) when a lower court's inference from its factual findings is manifestly mistaken, absurd or impossible; (3) when there is grave abuse of discretion in the appreciation of facts; (4) when the findings of the appellate court go beyond the issues of the case, or fail to notice certain relevant facts which, if properly considered, would justify a different conclusion; (5) when there is a misappreciation of facts; (6) when the findings of fact are conclusions without mention of the specific evidence on which they are based, or are premised on the absence of evidence, or are contradicted by evidence on record.^[6] None of the foregoing exceptions necessitating a reversal of the assailed decision obtain in this instance.

UMCUPAI is adamant, however, that the CA erred when it applied the second paragraph of Article 1479 of the Civil Code instead of the first paragraph thereof. UMCUPAI urges us that the first paragraph of Article 1479 contemplates a bilateral reciprocal contract which is binding on the parties. Yet, UMCUPAI is careful not to designate the Letter of Intent as a Contract to Sell. UMCUPAI simply insists that the Letter of Intent is not a unilateral promise to sell or buy which has to be supported by a consideration distinct from the price for it to be binding on the promissor. In short, UMCUPAI claims that the Letter of Intent did not merely grant the parties the option to respectively sell or buy the subject property. Although not stated plainly, UMCUPAI claims that the Letter of Intent is equivalent to a conditional contract of sale subject only to the suspensive condition of payment of the purchase price.

UMCUPAI appears to labor under a cloud of confusion. The first paragraph of Article 1479 contemplates the bilateral relationship of a contract to sell as distinguished from a contract of sale which may be absolute or conditional under Article 1458^[7] of the same code. It reads:

Art. 1479. A promise to buy and sell a determinate thing for a price certain is reciprocally demandable.

An accepted unilateral promise to buy or to sell a determinate thing for a price certain is binding upon the promissor if the promise is supported by a consideration distinct from the price.

The case of *Coronel v. Court of Appeals*^[8] is illuminating and explains the distinction between a conditional contract of sale under Article 1458 of the Civil Code and a bilateral contract to sell under Article 1479 of the same code:

A contract to sell may thus be defined as a bilateral contract whereby the prospective seller, while expressly reserving the ownership of the subject property despite delivery thereof to the prospective buyer, binds himself to sell the said property exclusively to the prospective buyer upon fulfillment of the condition agreed upon, that is, full payment of the purchase price.