

## SECOND DIVISION

**[ G.R. No. 155594, September 27, 2004 ]**

**RHODORA G. BLAS, PETITIONER, VS. LINDA ANGELES-HUTALLA,  
RESPONDENT.**

### DECISION

**CALLEJO, SR., J.:**

Before us is a petition for review of the Decision<sup>[1]</sup> and Resolution<sup>[2]</sup> of the Court of Appeals (CA) in CA-G.R. CV No. 63978 filed by Rhodora G. Blas.

Respondent Linda Angeles-Hutalla was a Filipino citizen who later became a naturalized citizen of the United States of America. She owned a grocery store and a restaurant in Sunnyvale, California, which was beside the small store owned by petitioner Rhodora Blas, a Filipino citizen and the wife of Victor Blas, also residents of Sunnyvale.

The respondent mentioned to the petitioner that she owned a residential lot located at No. 843 Kapasigan St., Plainview, Mandaluyong, Metro Manila, on which a three-door apartment stood, and that she was selling the same. The petitioner expressed her interest in purchasing the property. At that time, the property was not yet registered in the respondent's name. The respondent and the petitioner agreed to return to the Philippines so that the latter could see the property. They arrived in the Philippines in June 1988. The petitioner saw the property and discovered that one of the apartment units was occupied by the stepmother of the respondent and the latter's nephew. Nevertheless, the petitioner decided to purchase the property. Thereafter, the respondent executed an unnotarized deed of sale over the property, including the three-door apartment, in favor of the petitioner for the price of ₱250,000.<sup>[3]</sup> Although the respondent claimed in the said deed that she was the registered owner of the property, the space for the number of the torrens title in her name was left blank. The petitioner left the deed with her sister Rodelia Goot and, forthwith, returned to the United States. However, the deed was not filed or recorded in the Register of Deeds.

After a month's stay in the Philippines, the respondent returned to the United States. The parties executed on August 8, 1988 a Deed of Sale<sup>[4]</sup> over the property inclusive of the apartment for the price of US\$40,000, and the respondent acknowledged therein the receipt of the said amount. The deed was notarized by Notary Public Renato A. Calura of the Santa Clara County, who also acted as a witness to the deed. However, the parties also executed, on the same day, a Real Estate Purchase Contract and Receipt for Deposit (REPCRD)<sup>[5]</sup> also notarized by Calura. It was made to appear in the said deed that of the purchase price of US\$40,000, the petitioner made a payment of US\$5,000 and obliged herself to pay US\$5,000 on or before August 31, 1988, and US\$7,000 on or before January 31, 1989. To pay the balance of US\$23,000, the petitioner secured, from the

respondent, a loan of US\$23,000 payable monthly for eight (8) years, at a monthly installment of US\$527.08 plus interest thereon at the rate of fifteen percent (15%) per annum, the first monthly installment falling due on February 28, 1989 and the last monthly installment to fall due on the last day of February 1997, thus:

## 2. TERMS AND CONDITIONS:

1. Balance of loan to be financed by Seller, Linda H. Cook, for a period of eight (8) years at an interest rate of 15% per annum, payable in installments of \$527.68 per month.
2. Buyer and Seller agree that the monthly payments of \$527.08 will begin on FEBRUARY 28, 1989 and will continue each last day of the month until the last day of FEBRUARY 1997. The total amount of all payments, constituting both principal and interest, will be \$50,600 Dollars.
3. A late charge of \$26.35 will be added to any payments received more than ten days (10) after the payment due date.
4. Buyers to purchase the property in the "as is" condition.
5. Buyers agree to pay all court and legal costs in the case of default of any condition of this contract or in consequence of any legal dispute resulting therefrom.
6. Seller to deliver Title of the Property to the Buyer upon completion of all the requirements and conditions of this agreement and upon the satisfactory payment of all monies specified.
7. Seller agrees that the Buyer, at any time, may pay off the financed amount sooner than the terms herein specified, in which case, the interest charges will be adjusted accordingly.

3. This contract consists of two (2) pages of which this is the first.

4. Buyer and Seller agree to act diligently and in good faith in the performance of this contract.

5. FINANCING to be provided by Seller under the terms and conditions herein stated.<sup>[6]</sup>

The petitioner executed a promissory note<sup>[7]</sup> promising to pay the respondent the amount of US\$5,000 on or before August 31, 1988; and the amount of US\$7,000 on or before January 31, 1989. The petitioner took possession of the property and allowed Lerma Laygo, Elma Aguilar, and her sister Rodelia Blas Goot, to occupy the two vacant apartment units.

In the meantime, the Register of Deeds issued on April 28, 1989 Transfer Certificate of Title (TCT)<sup>[8]</sup> No. 2184 under the name of the respondent over the residential lot. On October 10, 1989, the petitioner and her sister Emily Garcia signed a document<sup>[9]</sup> stating that the deed of sale executed by the respondent in June 1988 in the Philippines had been executed only for the purpose of evicting the respondent's stepmother and nephew from the apartment and that all parties are bound by the original contract and nothing else.

On January 8, 1998, the respondent, through counsel, wrote Rodelia Goot

demanding that she and the two other tenants in the apartment vacate the property within twenty (20) days from receipt thereof.<sup>[10]</sup> On February 2, 1998, the respondent's counsel received a Letter from the petitioner's counsel dated January 28, 1998, claiming that the latter's client had purchased the property and that, as such, she was the owner thereof. He then concluded that the demand for the eviction of his client's sister and the two other tenants in the apartment was without legal basis.<sup>[11]</sup>

Subsequently, the respondent, through her attorney-in-fact, filed a complaint against the petitioner and the two other tenants in the apartment with the *barangay* captain. In a Letter<sup>[12]</sup> dated February 5, 1998, the petitioner informed the respondent that she had filed a complaint against the latter in the proper court in Santa Clara, California, United States of America, for the rescission of the deed of sale. The respondent, through counsel, thereafter, wrote the petitioner's counsel on the same day, maintaining that being the registered owner of the property, she had a better right to possess the same.

On February 9, 1998, the petitioner filed a Complaint against the respondent in the Regional Trial Court (RTC) of Mandaluyong City, Branch 214, for specific performance and delivery of title, docketed as Civil Case No. MC-98-122. She alleged therein that she had paid the purchase price in full and despite her demands, the respondent failed and refused to deliver the torrens title over the property in her name. She prayed that judgment be rendered in her favor:

WHEREFORE, premises considered, it is most respectfully prayed of this Honorable Court that, after due notice and hearing, a judgment be rendered:

- a. Ordering the defendant to surrender to the plaintiff the owner's duplicate original of the certificate of title over the property subject matter of this complaint or in the alternative, ordering the Register of Deeds of the City of Mandaluyong to cancel Transfer Certificate of Title No. 2184 in the name of the defendant and in lieu thereof, a new one be issued in the name of the plaintiff;
- b. Ordering the defendant to pay the plaintiff the amount of One Million Pesos (P1,000,000.00) as actual and compensatory damages;
- c. Ordering the defendant to pay the plaintiff the amount of One Hundred Thousand Pesos (P100,000.00) as Moral Damages;
- d. Ordering the defendant to pay the plaintiff the amount of One Hundred Thousand Pesos (P100,000.00) as Exemplary Damages;
- e. Ordering the defendant to pay the plaintiff the amount [of] One Hundred Thousand Pesos (P100,000.00), plus Three Thousand Pesos (P3,000.00), by way of Attorney's Fees; and

f. Costs of suit.

Other reliefs, just and equitable under the premises, are also prayed for.  
[13]

The petitioner appended to her complaint a copy of the unnotarized deed of sale<sup>[14]</sup> executed by the respondent in the Philippines in June 1988.

In her answer to the complaint, the respondent, through her attorney-in-fact, alleged, *inter alia*, that the real and binding deed was the REPCRD notarized in Santa Clara by Renato Calura on August 9, 1988, not the deed of sale appended to the complaint. She, likewise, alleged that the balance of the purchase price was still US\$26,289.28. The respondent further stated that, under the said deed, she was entitled to repossess the property for the petitioner's failure to comply with the conditions therein, and prayed that judgment be rendered in her favor, thus:

WHEREFORE, PREMISES CONSIDERED, after trial on the merits, this Honorable Court rendered judgment:

1. Declaring the Real Estate Purchase Contract and Receipt for Deposit (Annex "5") rescinded and consider all payments made by the plaintiff as rentals for the use of the property; further ordering defendant to surrender the said house and lot located at #843 Kapasigan St., Plainview Subd., Mandaluyong City, to herein plaintiff and/or her attorney-in-fact;
2. Ordering plaintiff to pay defendant on her counterclaims as follows:
  - a) Actual damages    P100,000.00  
.....
  - b) Moral damages     500,000.00  
.....
  - c) Exemplary          500,000.00  
    damages
  - d) Attorney's fees     250,000.00  
.....

Defendant prays for such other relief and remedy which may be deemed just and equitable under the premises.<sup>[15]</sup>

The respondent appended to her answer a copy<sup>[16]</sup> of the REPCRD as well as the document signed by the petitioner and her sister Emily dated October 10, 1989.

In her answer, through her attorney-in-fact, to the request for admission filed by the petitioner, the respondent denied the genuineness and due execution of the unnotarized deed of sale executed by her in June 1988 in the Philippines.

**Additional Evidence for the Petitioner**

The petitioner testified that, as indicated in the deed of sale<sup>[17]</sup> which the respondent executed in the Philippines, she purchased the property for P250,000,

which she paid in full to the respondent at the Intercontinental Hotel, where she was then billeted. However, the respondent did not issue any receipt therefor. The petitioner then requested her to deliver the owner's duplicate of title over the property so that the deed of sale could be notarized and filed with the register of deeds, and the title, thereafter, transferred in her name, but the respondent refused. Considering that the title to the property was not yet in her name, the petitioner did not pay the realty taxes for the property since 1988.

### **Additional Evidence of the Respondent**

The respondent testified that she sold the property for US\$40,000, under the deed of sale<sup>[18]</sup> and the REPCRD.<sup>[19]</sup> She averred that the petitioner made a downpayment of US\$5,000 at the Intercontinental Hotel in Makati City after their arrival in the Philippines in June 1988. However, she failed to pay the installment due on January 31, 1989 in the amount of US\$7,000. The petitioner merely paid the monthly installments on her loan on an irregular basis until the last installment payment in the amount of US\$500 in March 1997.<sup>[20]</sup> The respondent averred that the petitioner still had a balance on the downpayment of the property and on her loan inclusive of "late fees," computed, thus:

1)Balance of Downpayment inclusive of "late fees" as of September 1997 .....	US\$12,658.85 <sup>[21]</sup>
2)Balance of Loan as of September 1997 .....	<u>8,533.77<sup>[22]</sup></u>
	US\$21,192.62

The respondent declared the property for taxation purposes in 1998 and paid the realty taxes due therefor.<sup>[23]</sup>

On June 8, 1999, the trial court rendered judgment and ordered the dismissal of the complaint as well as the respondent's counterclaim. The trial court ruled that the real and binding deed of sale executed by the parties was the REPCRD and that since the petitioner failed to pay in full the purchase price of the property, the respondent had the right to rescind the said contract and regain possession of the property. The *fallo* of the decision reads:

WHEREFORE, the complaint for specific performance against herein defendant is hereby DISMISSED. Plaintiff is hereby ordered to reconvey possession of the subject property to herein defendant. The counterclaim of defendant is, likewise, dismissed.

SO ORDERED.<sup>[24]</sup>

The petitioner appealed the decision to the CA where she asserted the following:

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THE HONORABLE TRIAL COURT ERRED IN HOLDING THAT THE REAL CONTRACT BETWEEN THE PARTIES IS THE REAL ESTATE PURCHASE CONTRACT.