REGULATORY FRAMEWORK FOR BUSINESS TRANSACTIONS (RFBT)

CPALE Concept Notes

LAW ON SALES

Source: REO Live (Atty. Kris), ReSA Lecture (Atty. Nicko), and CPAR Lecture (Atty. Kid)

Topics Covered:

1. *Law on Business Transactions*
   - 1.3. *Sales*
     - 1.3.1. *Nature, Form, and Requisites*
     - 1.3.2. *Earnest Money vs. Option Money*
     - 1.3.3. *Rights and Obligations of Vendor and Vendee*
     - 1.3.4. *Warranties*
     - 1.3.5. *Installment Sales*
     - 1.3.6. *Extinguishment of a Contract of Sale*
     - 1.3.7. *Legal Redemption*

Characteristics and Elements of a Sale

Sale – a contract whereby one party *(vendor)* binds himself to transfer the ownership and to deliver a determinate thing to another party *(vendee)* in exchange for its price certain in money or its equivalent.

Characteristics of a Contract of Sale

- ***Purpose*** *is to transfer ownership*
- ***Bilateral****: Both parties with respective obligations*
  - *Vendor – to* ***transfer ownership and deliver*** *a determinate thing*
  - *Vendee – to* ***pay a price*** *certain in money or its equivalent*
- ***Consensual****: Perfected by mere consent*

  Instances where Form is Relevant

Immovable Property	For **Convenience** only
Statute of Frauds	For **Enforceability**
Sale of Land through an Agent	For ***Validity*** • *Only the authority needs to be in writing, but* ***also renders the ultimate sale void***

- ***Commutative****: The parties exchange almost equivalent values*
- ***Nominate****: Specific designation and rules provided by law*
- ***Onerous****: An exchange of valuable considerations*
- ***Principal****: Exists by itself*

ESSENTIAL ELEMENTS OF A CONTRACT OF SALE

- ***Consent***
  - As to the ***object and its price***
  - One party is incapacitated – ***Voidable***
  - Both parties are incapacitated – ***Unenforceable***
  - Those absolutely incapacitated may enter into a valid contract of *sale of necessaries*
  - Sale of Property ***between Husband and Wife***

    General Rule: ***Void***

    XPNs:
    - ***Separation of property*** was *agreed upon before marriage* *(prenuptial)*
    - ***Judicial separation*** of property *(if after marriage)*
  - Sale to ***Guardian, Agents, Executors, and Administrators*** of Property *under their Guardianship of Administration*

    General Rule: ***Voidable***

    XPN: ***Principal's consent is given***
  - Sale to ***Public Officers and Employees and Justices, Judges, Clerks of Court, and Other Justice Officers and Employees*** as to the *Property of the State under their Administration or in Litigation* – ***Void***

- ***Object***

  Requisites:
  - Must be ***licit*** or ***within the commerce of men***
  - The vendor must have the ***right to transfer*** ownership *at the time of* ***delivery*** *(not needed at the time of perfection)*
  - Must be determinate or ***determinable*** without needing a further agreement
  - *Services* ***cannot*** be a valid object of sale
  - May include the following:
    - *Existing thing*
    - *Future thing* ***(Emptio rei speratae)***
      - *Must be* ***certain to exist***
    - *Hope* ***(Emption spei)***
      - *Must* ***not be vain*** *hope*
    - *Undivided interest*
    - *Fungible goods (interchangeable, such as rice)*
    - *Thing subject to a resolutory condition*

- ***Price (Cause)***
  - Must be ***certain***
  - May be fixed by
    - Both parties
    - One party, as long as *accepted by the other party*
    - A third person, as *agreed by both parties*
    - By ***reference to another thing certain***

  General Rule:
  Gross inadequacy of price *does not of itself invalidate the contract of sale*

  XPNs:
  - ***Vitiated consent***
  - Parties intended some other contract ***(relative simulation)***
  - Price is **so low** to be "***shocking to the conscience***"

  - ***Full payment*** of the price *does not of itself transfer ownership*, ***unless agreed*** or stipulated by the parties
    - As a *general rule*, only the ***actual or constructive delivery transfers the ownership***

NATURAL ELEMENTS OF A CONTRACT OF SALE

Presumed to exist unless validly waived

- *Warranty against eviction*
- *Warranty against hidden defect*
- *Warranty against non-apparent and unregistered servitude or encumbrance*
- *Warranty for merchantability*

ACCIDENTAL ELEMENTS OF A CONTRACT OF SALE

May only exist if stipulated by the parties

- *Place and time of delivery and payment*
- *Terms or conditions of payment*
- ***Interest*** *of the price*

Contract of Sale vs. Other Contracts

Sale vs. Barter

- A thing exchanged *for money* – ***Sale***
- A thing exchanged *for another thing* – ***Barter***

Rules if Exchanged Partly in Money and Thing

- ***Priority 1:*** *Manifest Intention (Heading of the Contract)*
- ***Priority 2:***
  - *Value of Thing > Money –* ***Barter***
  - *Value of Thing ≤ Money –* ***Sale***

Sale vs. Piece of Work

	Contract of Sale	**Piece of Work**
Manufactured Through	**Ordinary Course** of Business Production	By **Special Order**
For the General Market?	✓	✕
Object	A thing and its delivery	A ***service***

Contract of Sale vs. Agency to Sell

	Contract of Sale	**Agency to Sell**
Payment	Directly to the ***Seller***	To the ***Agent***, who then remits such to the Principal
Transfer of Ownership upon Delivery	✓	✕

Contract of Sale vs. Contract to Sell

Contract of Sale	Upon delivery or fulfillment of the condition *(usually payment of price)*, the ***ownership transfers***
Contract to Sell	Full payment ***only gives the buyer the right to demand the execution of a sale*** or compel the seller to sell the thing

Sale of Goods by Description OR Sample vs.
Sale of Goods by Description AND Sample

*Sale of Goods by Description **OR** Sample*	<u>*May be rescinded*</u> if bulk of the goods delivered do not correspond with the description ***or*** sample
*Sale of Goods by Description **AND** Sample*	<u>*May be rescinded*</u> if bulk of the goods delivered do not correspond to both the description ***and*** sample

- *In both cases, the buyer shall have a **reasonable opportunity of comparing the bulk** with the description and/or sample*

Earnest Money vs. Option Money

	Earnest Money	**Option Money**
Treatment in Layman's Term	Downpayment	Reservation
Nature	Proof of ***Perfection of a Contract of Sale***	Proof of ***Perfection of an Option Contract***
Part of Purchase Price?	✓ *(Deductible upon Consummation)*	✕ *(Unless agreed upon)*

Obligations of the Vendee

1. ***To accept delivery***

   <u>*General Rule:*</u>
   Delivery by installments is not allowed

   <u>*XPN:*</u> Agreed upon

   Deemed Accepted
   - Intimates to the seller that he accepted the thing
   - Does <u>*any act inconsistent with the seller's ownership*</u>
   - <u>*Retains*</u> goods ***without expressly*** saying to the seller that ***he rejects*** the goods, <u>***after a lapse of a reasonable time***</u>

   Rules as to Different Quantity Delivered than Agreed Upon

	Delivered Quantity is LESS Than the Agreed Upon Quantity	**Delivered Quantity is MORE Than the Agreed Upon Quantity**
Personal Property	*Vendee may:* • Reject the delivery, or • Accept the delivery and pay the: ○ ***Full Contract Price*** – <u>*with knowledge*</u> that seller is not going to perform the contract in full ○ ***Fair Value*** – <u>*no knowledge*</u> of such	<u>*General Rule:*</u> *Vendee may:* • Accept the ***quantity only agreed upon*** and pay its price, or • Accept ***whole goods and pay for all at contract rate*** <u>*XPN:*</u> Vendee <u>*may reject*</u> if the ***object is indivisible***
Real Property	*Vendee may:* • Ask for ***specific performance*** and demand delivery of the shortage, or • Avail of ***Accion Quanti Minoris*** – <u>*Proportionate reduction*</u> of price • Avail of ***Rescission***, only if: ○ ***Area lacking is at least 10%*** of that agreed upon, or ○ Buyer ***would have not entered into the contract*** knowing of its smaller area	*Vendee may:* • Accept the ***area agreed upon*** and reject the rest, or • Accept ***whole area and pay for the whole at the contract rate*** If <u>*vendor would not deliver the whole actual area*</u> since it is bigger than agreed upon, the vendor may avail of: • *Accion Quanti Minoris*, or • *Rescission*

   <u>*General Rule:*</u>
   Vendee has the <u>right to examine the goods prior to delivery</u>

   <u>*XPNs:*</u>
   - Stipulation by the parties
   - Goods are ***delivered COD***

2. ***To pay the price***

   <u>*General Rule:*</u>
   *Pay only the price, **excluding any interest***

   <u>*XPNs:*</u>
   *Payment of **interest** for the <u>period between delivery or delay and the payment of the price</u>*
   - Stipulated by parties in writing
   - Thing ***produces fruits or income***
   - ***Vendee is in default*** or delay

Obligations of the Vendor

1. ***To transfer ownership***
   - Not waivable
   - Vendor does not need to be the owner, but ***must only have the right to transfer ownership upon delivery***

   <u>*General Rule:*</u>
   *If the vendor does not have the right to transfer ownership, the **buyer acquires no better title to the goods** than the seller had*

   <u>*XPNs*</u> ***(Buyer acquires Good Title):***
   - Vendor is ***authorized*** by the owner
   - Vendor had ***statutory or judicial authority to sell*** *(executor, administrator, guardian)*
   - ***Estoppel in Pais*** *(As to the <u>owner's conduct or representation</u>)*
   - ***Estoppel by Deed*** *(Vendor <u>acquired ownership after</u> the sale)*
   - ***Apparent ownership*** with a vendee <u>*in good faith of full payment*</u> with a law from which apparent ownership may be had *(ex. Mirror principle of land registration – Forged deed)*
   - Purchase ***from a Merchant Store, Market, or Fair*** by a <u>*Vendee in Good Faith, and For Value*</u> *(full payment)*

   Special Rule for Cases where the Seller's Title is Voidable
   Vendee acquires <u>good title only if:</u>
   - Vendee is in ***good faith***, and
     - *For value*
     - *Acquires the goods <u>**without notice** that seller's title is defective</u>*
   - Sale ***occurred before*** the seller's title is avoided or annulled

2. ***To deliver the thing***
   - Not waivable

   Delivery of Things

Actual Delivery	Physical transfer of goods
Constructive Delivery	a. ***By Execution of a Public Instrument*** b. ***Traditio Longa Manu*** (By Long Hand) • By <u>pointing on the thing sold</u>, with consent of both parties • At the time of sale, the seller cannot transfer possession to the buyer *(ex. Being leased by a third party)*

Constructive Delivery *(as contd.)*	**c. *Traditio Brevi Manu (By Short Hand)*** • *Vendee* is ***already in possession of thing***, and remains to be in possession after the sale *(ex. Lessee buying the thing leased)* **d. *Consitutum Possessorium*** • *Vendor* is in possession at the time of sale and ***remains to be in possession in another capacity after sale*** *(ex. Sale and leaseback)* **e. *Traditio Symbolica (Symbolic Delivery)*** • Delivery of ***one thing as equivalent*** to the delivery of the thing sold itself *(ex. Keys of a Car or Hour)* **f. *Delivery to a Common Carrier*** *General Rule:* *There is already a **delivery upon receipt of the common carrier*** *XPNs:* • Vendor **reserved ownership** or possession • Drawn bill of exchange was ***dishonored*** by the vendee

Delivery of Rights

- By Execution of a Public Instrument
- ***Quasi-Traditio***
    - *Title of Ownership is placed under the vendee's possession*
    - *Vendor's consent to the vendee to exercise the right*

Time and Place of Delivery

Time of Delivery *(Hierarchy)*	I. *Stipulation* of the Parties II. Within a ***Reasonable Time***
Place of Delivery *(Hierarchy)*	I. *Stipulation* of the Parties II. By ***Usage of Trade*** III. ***Vendor's* Place of Business** IV. ***Vendor's* Residence** ***As to Specific Goods:*** I. *Stipulation* of the Parties II. Where the Thing was ***at the Time of Perfection***

3. ***To pay for taxes and incidents of the sale***

   General Rule:
   *The **vendor** is the one liable to pay taxes and incidents of the sale*

   XPN: Otherwise agreed upon

4. ***To warrant the thing***
   - Waivable

5. ***To deliver fruits of the thing*** *(only for specific things)*
6. ***To deliver accession and accessories*** *(only for specific things)*
7. ***To preserve or take care of the thing*** *(only for specific things)*

   Risk of Loss

   General Rule:
   Res Perit Domino – The thing perishes with the owner

   XPN:
   - By stipulation
   - Security title
       - *Merely to secure performance*
       - ***Vendee already bears** the risk of loss*
   - Delay in delivery
       - ***Whoever causes the delay** bears the risk of loss*

Special Issues

	Transfer of Ownership	Who Bears the Risk of Loss After Delivery?
Sale or Return	Ownership transfers to the vendee ***upon delivery***, but *may revert* to the seller *upon returning the goods within a fixed or reasonable time*	Vendee
Sale on Approval, Trial, or Satisfaction	***No transfer of ownership*** upon delivery yet Ownership transfers to the vendee, ***only if*** • Vendee ***signifies approval or acceptance*** to the seller, or • Vendee ***does any other act adopting*** the transaction, or • Vendee ***retains goods without giving notice of rejection*** within the fixed or reasonable time	Vendor

Warranties

Express Warranties
Express stipulated by the parties

Implied Warranties
Assumed present unless waived

1. ***Warranty Against Hidden Defect***

   Vendee or Buyer's Remedies

Without Waiver	• Withdraw + Damages • Accion Quanti Minoris *(Proportionate Deduction)* + Damages	
With Waiver	*Vendor in Good Faith*	None
	Vendor in Bad Faith	Same as to Without Waiver since the ***Waiver is Void***

   a. ***Warranty of Fitness for Purpose***
   Thing sold is fit for the buyer's specific purpose

   Requisites:
   - Vendee ***informs vendor*** of the particular purpose
   - Vendee ***relies on the vendor's skill or judgment***

   b. ***Warranty of Merchantable Quality***
   Thing sold is fit for its general purpose

   c. ***Warranty of Merchantability***
   Thing sold is *free from a hidden defect* that is *not discoverable by just examining the sample*

   d. ***Warranty Against Redhibitory Defects in Animals***
   - Animal is free from any defect ***detectable by a professional (veterinarian) inspection in good faith***
   - *No warranty* is applicable if the animals were ***sold at fairs or public auctions***, or the livestock is ***sold as condemned***
   - Exercisable for *40 days from the date of delivery*
   - If the animal ***dies within 3 days after its purchase*** for a cause of *disease existing at the time of contract*, the ***vendor remains liable***
   - Upon rescission, *mutual restitution* is required

   General Rule:
   Defect on one animal shall ***only give rise to its own redhibition***, and not of the others

   XPN *(Also includes the other animals)*:
   - Vendee ***would not have purchased*** the other animal without the defective one
       - Presumed if brought a *pair, team, or set*

   Void Sale of Animals
   - Sale of animals *suffering from contagious diseases*
   - ***Unfit for the use or service*** for which they are acquired that has been *stated in the contract*

2. ***Warranty Against Eviction***

   Requisites:
   - Vendee is ***deprived of at least part*** of the thing purchased
   - By virtue of a ***final judgment***
   - Vendor is summoned in the suit for evictions ***(as co-defendant)***
   - Judgment was ***based on a right prior to sale*** or to an ***act imputable to the vendor***

Vendee or Buyer's Remedies

Without Waiver	*Vendor in Good Faith*	*Be paid by the Vendor of:* ***VICE***
		• ***V****alue* of the Thing Sold ***at the Time of Eviction***
		• ***I****ncome or Fruits* of the Thing Sold, if the Vendee *was Required by Court*
		• ***C****ost of Suit* as to:
		  ○ Defend against eviction
		  ○ Going after the vendor for warranty
		• ***E****xpenses of the Sale* if the *Vendee or Buyer has paid them*

	Vendor in Bad Faith	*Be paid by the Vendor of* ***VICE and Damages***
With Waiver	*Vendor in Good Faith*	***Consciente*** *(Not Aware of Risk)* • Be paid by the Vendor of the ***V****alue of the Thing only* ***Intencionada*** *(Aware of Risk)* • None
	Vendor in Bad Faith	***Void Waiver****, thus will also be paid by the Vendor of* ***VICE and Damages***

3. ***Warranty Against Non-Apparent Encumbrances***

When Non-Apparent?

- If ***not mentioned in the agreement***, or
- If ***not recorded in the Registry of Deeds*** (Property)

Vendee or Buyer's Remedies

- ***Rescind the Contract*** – 1 year *from the execution of deed*; and
- ***Damages*** – 1 year *from discovery*

Installment Sales

RECTO LAW

Requisites to Apply:

- *Sale of* ***Personal Property***
- *Sale by* ***Installments***
  - *Periodical payments over an extended period of time*
  - *Not full cash, straight term, nor on credit*
- *Chattel Mortgage* ***on the Thing Sold Itself***
  - *Chattel Mortgage on other property is not prohibited, but does not apply for Recto Law*

Alternative Remedies Available to the Vendor or Seller

Only One Installment has been paid *(Technically, not under Recto Law)*	Exact Fulfillment

Two or More Installments has been paid *(Alternative only)*	• Exact Fulfillment
	• Cancel the Sale
	  ○ Requires ***mutual restitution***
	  ○ Vendor is allowed to ***retain a reasonable amount already paid as compensation***, or all only if there is a forfeiture clause *(unless unconscionable)*
	• Foreclosure of Chattel Mortgage ***on the Thing Sold Itself***
	  ○ Any ***recovery of deficiency is ABSOLUTELY prohibited*** *(regardless of stipulation)*
	  ○ Does not apply to mortgage of a different thing, wherein recovery of deficiency is allowed

MACEDA LAW

Requisites to Apply:

- *Sale of* ***RESIDENTIAL Property*** *(not just any real property)*
- *Sale by* ***Installments***

Alternative Remedies Available to the Vendor or Seller

Installment Paid is ***Less Than 2 Years***	• Exact Fulfillment • Cancel the Sale *after the Grace Period* *(Cancellation takes effect* ***30 days from notice given to the buyer****)*
Installment Paid is ***2 Years and Above***	• Exact Fulfillment • Cancel the Sale *after the Grace Period* **AND** *Refund of Cash Surrender Value* of Payments *(Cancellation takes effect* ***30 days from notice and payment of CSV****)*

Rights of the Vendee or Buyer

Installment Paid is ***Less Than 2 Years***	• Grace Period without Interest for ***60 Days*** • Can only be applied *once every 5 years* • Sell or assign his interest • Pay the entire balance without other penalties
Installment Paid is ***2 Years and Above***	• Grace Period without Interest of ***1 month for every 1 full year of installment paid*** • Sell or assign his interest • Pay the entire balance without other penalties • ***Refund of Cash Surrender Value of Payment*** (Only if the *Vendor or Seller cancels or rescinds the sale*)

- *Refund of CSV* upon rescission of the contract of sale ***does not apply if installment paid is less than 2 years***

Cash Surrender Value of Payments

- ***CSV*** = Total Payments ***including Downpayment*** x CSV%

  CSV% = 50% if within 2 to 5 years of installment paid
  - *Additional 5%* for ***every full year*** after Year 5
  - *Maximum* of ***90%***
- ***Computation of Paid Installment Years if with Downpayment***

  No. of Years = $\dfrac{\text{(Total Paid Installment + Downpayment)}}{\text{Installment per Period}}$

Void Stipulations

- ***Forfeiture Clause***
  - *All will be retained by vendor after rescinded*
- Interest or Penalty ***During the Grace Period***
- ***Automatic*** Cancellation upon Vendee's Default

Special Rule as to Condominums

General Rule: ***Follows Maceda Law***

XPN:

- *Failure to pay installment* ***due to owner or developer's failure to develop the project according to approved plans and within the time limit***
  - *The Total Amount Paid, including amortization interest, but excluding delinquency interest is* ***reimbursed to the vendee or buyer***

Rules on Double Sale

Requisites for Applicability of Rules:

- *Two or more* ***VALID sale***
- *All sales involve* ***the same object*** *(subject matter)*
- *Bought from* ***ONE, SAME seller***
- *Two or more buyers,* ***with conflicting interests***

Preference of Ownership (in Hierarchy)

As to ***Personal*** *Properties*	First possessor in good faith
As to ***Real*** *Properties*	*I.* First ***registrant*** of the sale in good faith *II.* First ***possessor*** in good faith *III.* Buyer with the ***oldest title***

Concept of Good Faith in Double Sale

First Buyer	***Always*** *in Good Faith*
Non-First Buyer	• *No knowledge of prior sale* ***at the time of sale*** • *Subsequent Knowledge after the sale is* ***still deemed in Good Faith***

Rights of an Unpaid Seller (Vendor)

Unpaid Seller (Vendor)

Seller or vendor who:

- Has *not been paid whole* of the price, or
- Has received a *bill of exchange or other negotiable instrument* as conditional payment and the ***condition under which it was received was broken by reason of dishonor or vendee's insolvency***

RIGHTS OF AN UNPAID SELLER OR VENDOR

a. *Possessory Lien (Lien on the Goods)*

To retain and withhold deliver of goods

Requisite:

*Vendor is **still in possession** of the thing sold*

- *Not lawfully obtained by the vendee or his agent'*
- *Not delivered to a carrier or other bailee for transmission without reserving the ownership or the right of possession*
- *The right is **not waived***

Grounds:

- No stipulation as to the credit term
- Credit term has expired
- Vendee becomes ***insolvent***

b. *Stoppage in Transitu*

To stop the goods while in transit, and resume possession

Requisites:

- *Vendor **already parted with possession** of goods*
- *Goods are **still in transit***
  (Delivered to carrier, Rejected by vendee)
- ***Vendee is insolvent***

IMPORTANT:

- *Insolvency of the Vendee* is ***only a ground for Possessory Lien***, but is ***a Requisite for Stoppage in Transitu***

When are the Goods No Longer in Transit?

- Vendee ***obtains delivery of goods*** before arrival at appointed destination
- Carrier or other bailee ***acknowledges to the vendee or his agent*** that he is *holding the goods in his behalf*, ***AFTER arrival of the goods at their appointed destination***
- Carrier or other bailee ***wrongfully refuses to deliver the goods*** to the vendee or his agent

Exercise of the Right

- *Actual possession* or *giving notice to the carrier* or possessor
- Expenses of delivery back to the vendor is ***borne by him*** *(vendor)*

c. *Right of Resale*

Requisite:

*Must have **either** possessory lien or stoppage in transitu*

Grounds:

- Goods are ***perishable in nature*** *(no notice necessarily required)*
- ***Expressly reserved right*** by the vendor *(in case of vendee's default)*
- Vendee is in *default* for ***an unreasonable time***

Difference in Resale Proceeds

***More than** the Original Price*	The excess ***goes to the Vendor***
***Less than** the Original Price*	Vendor ***can recover from original vendee as damages*** • However, a ***notice*** as to the *intention to resell and the date, time, and place of resale* is ***required for the purpose of claiming damages*** *(proving default)*

d. *Right of Rescission*

Requisite:

*Must have **either** possessory lien or stoppage in transitu*

Grounds:

- ***Expressly reserved*** right by the vendor *(in case of vendee's default)*
- Vendee is in *default* for ***an unreasonable time***
  - *The same with resale, notice to the original buyer is not necessary for the validity of rescission, but is **relevant for the purpose of claiming damages** (proving default)*

Effects of Rescission

- *Vendor is **no longer liable** to the Vendee for the sale*
- *Vendor may **recover damages** from the vendee for breach of contract*
- *Vendor **resumes ownership of goods***

Extinguishment of a Contract of Sale

CONVENTIONAL REDEMPTION *(Pacto de Recto Sale)*

Period to Exercise Right of Repurchase

By Stipulation	**Maximum of 10 years**
***No Agreement, but Evident** as a Pacto De Recto Sale*	***4 years** from date of contract*
***Disputed** Pacto De Recto Sale*	**30 days** from *Final Judgment*

- The ***Vendor*** is the one with the right of repurchase
- Pacto De Recto Sale is ***presumed as an Equitable Mortgage*** in the following:
  - *Price is **unusually inadequate***
  - *Vendor remains in possession in **any other capacity***
  - *Vendee retains a part of the purchase price for himself*
  - *Vendor **binds himself to pay the taxes** on the thing sold*
  - ***Extension of period of redemption** through another instrument upon expiration of the right to repurchase*
  - *Real intention is to **secure payment or performance** of **another obligation***
  - *In **cases of doubt***
- ***Remedy***: Ask for ***Reformation***

LEGAL REDEMPTION

Period to Exercise Right of Legal Redemption:

30 days from written notice by the vendor

Right of Legal Redemption

Available to the following:

1) ***Co-owners of Any Property***
   Any of the **other co-owner** can exercise legal right

   Requisite:
   - Must have been ***sold to a third person***

2) ***Owners of Adjoining Lands***

   As to Rural Lands

   Requisites:
   - *Not* more than ***1 hectare***
   - *Not separated* by roads, brooks, drains, ravines, and other apparent servitudes

   As to Urban Lands

   Requisite:
   So small with ***no practical use*** - bought *merely for speculation*

Rules as to Multiple Legal Redemptioners

***Co-Owners** of Any Property*	Legal Redemption is only allowed ***in proportion (pro-rata) to their share in the co-ownership***
*Owners of **Adjoining Rural** Lands*	Hierarchy: I. Owner of a ***smaller*** adjacent land II. ***First to request*** redemption
*Owners of **Adjoining Urban** Lands*	Given to ***whose use is best justified***