



Republic of the Philippines  
**Supreme Court**  
 Manila

SUPREME COURT OF THE PHILIPPINES  
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**FIRST DIVISION**

**SPOUSES MANUEL AND  
 EVELYN TIO,**

**G.R. No. 193534**

*Petitioners,*

- versus -

**BANK OF THE PHILIPPINE  
 ISLANDS,**

*Respondent.*

X-----X

**BANK OF THE PHILIPPINE  
 ISLANDS,**

**G.R. No. 194091**

*Petitioner,*

Present:

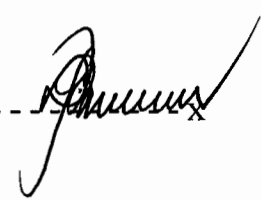
- versus -

BERSAMIN, C.J.,  
 DEL CASTILLO,  
 CAGUIOA,\*  
 GISMUNDO, and  
 CARANDANG, JJ.

**GOLDSTAR MILLING  
 CORPORATION AND/OR  
 SPOUSES MANUEL and  
 EVELYN TIO,**

Promulgated:  
**JAN 30 2019**

*Respondents.*

X-----X 

**DECISION**

**DEL CASTILLO, J.:**

Before this Court are Consolidated Petitions for Review on *Certiorari*<sup>1</sup> filed under Rule 45 of the Rules of Court.



\* Per Raffle dated September 24, 2018.

<sup>1</sup> *Rollo*, G.R. No. 193534, pp. 10-33 and *rollo*, G.R. No. 194091, pp. 3-26.

In G.R. No. 193534, petitioner spouses Manuel and Evelyn Tio (spouses Tio) assail the April 28, 2010 Decision<sup>2</sup> and the August 26, 2010 Resolution<sup>3</sup> of the Court of Appeals (CA) in CA-G.R. CV No. 92580.

In G.R. No. 194091, petitioner Bank of the Philippine Islands (BPI) assails the April 29, 2010 Decision<sup>4</sup> and October 5, 2010 Resolution<sup>5</sup> of the CA in CA-G.R. CV No. 88638.

### ***Factual Antecedents***

Sometime in 1998, Goldstar Mining Corporation (Goldstar), a corporation engaged in the business of rice milling and the buying and selling of corn and palay, together with spouses Tio, majority stockholders of Goldstar, obtained several loans (a Term Loan and an Omnibus Credit Line) from the Far East Bank and Trust Company (FEBTC), now BPI.<sup>6</sup> To secure the loans, spouses Tio executed various promissory notes and real estate mortgages over several properties, including the properties where their business and residence were located.<sup>7</sup>

On June 18, 2001, BPI sent a demand letter to Goldstar and spouses Tio giving them five days from receipt thereof, within which to settle their outstanding obligation in the total amount of ₱67,791,897.15.<sup>8</sup>

Due to the failure of Goldstar and spouses Tio to pay the loan despite repeated demands, BPI instituted foreclosure proceedings against the mortgaged properties.<sup>9</sup>

On August 22, 2001, Goldstar and/or spouses Tio filed before the Regional Trial Court (RTC) of Cauayan City, Isabela a Complaint for Annulment of Promissory Notes, Real Estate Mortgage, Notice of Sheriff's Sale, Certificate of Sale, Accounting, Injunction and Damages, docketed as Civil Case No. Br. 19-1083, against BPI.<sup>10</sup> The case was raffled to Branch 19 of the RTC.

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<sup>2</sup> *Rollo*, G.R. No. 193534, pp. 35-51; penned by Associate Justice Celia C. Librea-Leagogo and concurred in by Associate Justices Remedios A. Salazar-Fernando and Michael P. Elbinias.

<sup>3</sup> *Id.* at 53-56.

<sup>4</sup> *Rollo*, G.R. No. 194091, pp. 34-58; penned by Associate Justice Ramon M. Bato, Jr. and concurred in by Associate Justices Juan Q. Enriquez, Jr. and Florito S. Macalino.

<sup>5</sup> *Id.* at 61-62.

<sup>6</sup> *Id.* at 35-36.

<sup>7</sup> *Id.* at 35-37.

<sup>8</sup> *Id.* at 37.

<sup>9</sup> *Id.*

<sup>10</sup> *Id.*

Sometime in February 2003, BPI filed before the RTC, Cauayan City, Isabela a Petition for the Issuance of a Writ of Possession, docketed as SCA Case No. Br. 20-156.<sup>11</sup> The Petition was raffled to Branch 20 of the RTC.

***The Ruling of the RTC in SCA Case No. Br. 20-156***

On August 8, 2003, the RTC, in SCA Case No. Br. 20-156, issued an Order for the issuance of a Writ of Possession.<sup>12</sup>

Aggrieved, spouses Tio filed a Petition for *Certiorari* and Prohibition before the CA, docketed as CA-G.R. SP No. 79865.<sup>13</sup>

On April 23, 2004, the CA, in CA-G.R. SP No. 79865, rendered a Decision, dismissing the Petition for *Certiorari* and Prohibition.<sup>14</sup> The CA found no grave abuse of discretion in the issuance of the Order dated August 8, 2003.<sup>15</sup>

Unfazed, spouses Tio filed a Petition for the Cancellation of the Writ of Possession in SCA Case No. Br. 20-156 and sought the consolidation of the said case with Civil Case No. Br. 19-1083.<sup>16</sup>

On October 9, 2007, the RTC denied the Petition for the Cancellation of the Writ of Possession for lack of merit.<sup>17</sup>

Spouses Tio sought reconsideration but the RTC denied the same in its Order dated August 8, 2008.<sup>18</sup>

Thus, spouses Tio appealed the case to the CA. The case was docketed as CA-G.R. CV No. 92580.



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<sup>11</sup> *Rollo*, G.R. No. 193534, p. 36.

<sup>12</sup> *Id.* at 39.

<sup>13</sup> *Id.* at 40.

<sup>14</sup> *Id.*

<sup>15</sup> *Id.*

<sup>16</sup> *Id.*

<sup>17</sup> *Id.* at 41-42.

<sup>18</sup> *Id.* at 42-43.

***The Ruling of the RTC in Civil Case No. Br. 19-1083***

Meanwhile, on July 4, 2006, the RTC, in Civil Case No. Br. 19-1083, rendered a Decision,<sup>19</sup> the dispositive portion of which reads:

WHEREFORE, judgment is hereby rendered:

1) Declaring as null and void the promissory notes subject of this case; the real estate mortgages and their amendments; the Sheriff's notice of sale, the consolidation of ownership and the transfer certificates of title issued in the name of [BPI];

2) Ordering [BPI] to render an accounting of the outstanding loan obligation of [spouses Tio] computed at the interest rates as stated in the corresponding Disclosure Statements attached to the corresponding promissory notes, and to furnish them a copy of such accounting;

3) Ordering [BPI] to pay [spouses Tio]

- a) PHP500,000.00 by way of moral damages;
- b) PHP200,000.00 as exemplary damages;
- c) PHP400,000.00 as attorney's fees;
- d) PHP10,000.00 per court appearance attended by counsel [for Goldstar and spouses Tio];

And cost of suit.


SO ORDERED.<sup>20</sup>

BPI moved for reconsideration but the RTC denied the same in an Order<sup>21</sup> dated November 28, 2006.

Hence, BPI appealed the case to the CA. The case was docketed as CA-G.R. CV No. 88638.

***Ruling of the Court of Appeals in CA-G.R. CV No. 92580***

On April 28, 2010, the CA rendered the Decision denying the appeal for lack of merit, and thus, affirming the October 9, 2007 and August 8, 2008 Orders of the RTC in SCA Case No. Br. 20-156.

Spouses Tio filed a Motion for Reconsideration. 

<sup>19</sup> *Rollo*, G.R. No. 194091, pp. 64-77; penned by Executive Judge Raul V. Babaran.

<sup>20</sup> *Id.* at 76-77.

<sup>21</sup> *Id.* at 79.

On August 26, 2010, the CA issued a Resolution denying the Motion for Reconsideration.

Hence, spouses Tio filed before this Court a Petition for Review on *Certiorari*, docketed as G.R. No. 193534, seeking the cancellation of the Writ of Possession in view of the annulment of the foreclosure proceedings, notice of sale, consolidation of ownership, and transfer certificates of title issued in the name of BPI.<sup>22</sup>

***Ruling of the Court of Appeals in CA-G.R. CV No. 88638***

On April 29, 2010, the CA rendered the Decision affirming the July 4, 2006 Decision of the RTC with modification that the Promissory Notes and the Deeds of Real Estate Mortgages were declared valid.<sup>23</sup>

Unsatisfied, BPI filed a Motion for Reconsideration.

On October 5, 2010, the CA issued the Resolution denying the Motion for Reconsideration for lack of merit.

Hence, BPI filed before this Court a Petition for Review on *Certiorari*, docketed as G.R. No. 194091, arguing that the CA erred in ruling that the foreclosure of the mortgaged properties was premature and in failing to recognize the validity of and the legality of the Escalation Clauses in the Promissory Notes.<sup>24</sup>

On April 4, 2011, the Court issued a Resolution<sup>25</sup> consolidating G.R. No. 193534 with G.R. No. 194091.

In April 2013, BPI filed a Manifestation, Submission and/or Motion for Judgment based on a Compromise Agreement<sup>26</sup> entered into by the parties on February 15, 2013. The Compromise Agreement<sup>27</sup> reads:

THE HEREIN BELOW NAMED PARTIES, through their respective counsels, respectfully submit their Compromise Agreement as follows:

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<sup>22</sup> *Rollo*, G.R. No. 193534, pp. 20-29.

<sup>23</sup> *Rollo*, G.R. No. 194091, pp. 34-57.

<sup>24</sup> *Id.* at 13-25.

<sup>25</sup> *Id.* at 228.

<sup>26</sup> *Rollo*, G.R. No. 193534, pp. 192-193.

<sup>27</sup> *Id.* at 194-197.

1. After a series of talks and negotiations, the PARTIES, assisted by their respective counsels, agreed to settle their respective claims in Case No. 165053 and SCA Case No. 20-156.
2. [BPI] sold two (2) foreclosed properties of Goldstar Milling Corp. covered by Transfer Certificates of Title Nos. T-328511 and T-328512 located at Bo. Dapdap (now San Miguel) Luna, Isabela in favor of Sps. Jose & Lydia Morante (brother-in-law and sister of Manuel Tio) under the following terms and conditions:
  - a. FORTY MILLION FIVE HUNDRED THOUSAND PESOS (P40,500,000.00) payable in cash in favor of the Bank as purchase price for the sale of the two (2) foreclosed properties to Sps. Jose & Lydia Morante.
  - b. A down payment in the amount of THIRTY MILLION PESOS (Php30,000,000.00) was paid on October 23, 2012.
  - c. The full payment of the remaining amount of TEN MILLION FIVE HUNDRED THOUSAND PESOS (Php10,500,000.00) payable on or before October 31, 2012 but actual full payment was made in December 20, 2012.
3. The BANK shall execute/issue/ deliver a Deed of Absolute Sale only after full payment of the above purchase price and after both PARTIES have submitted and signed the instant Compromise Agreement.
4. The PARTIES confirm that both have examined the titles covering the subject properties and their respective conditions and that both PARTIES are satisfied in all respects as to the present status and condition of said properties.
5. That Sps. Jose & Lydia Morante, their designated nominee or third party buyer will be given by the Bank one (1) year from date of full payment or up to December 20, 2013 to buy the properties described hereunder located at San Fermin and Poblacion, Cauayan City at a price mutually acceptable to both parties:

**(Property No. 1)**

TCT No.	AREA (sq.ms.)	LOCATION
T-325513	5,000	San Fermin, Cauayan City
T-325514	5,000	San Fermin, Cauayan City
T-325515	118,851	San Fermin, Cauayan City

**(Property No. 2)**

TCT No.	AREA (sq.ms.)	LOCATION
T-325516	742	Poblacion, Cauayan City
T-325517	737	Poblacion, Cauayan City



6. The PARTIES hereby warrant that they have the full capacity to enter into this agreement and mutually agree to settle their differences including any and all cases arising from the cases filed by them.
7. THE PARTIES, hereby waive their respective rights and claims against each other and have fully settled their differences on the basis of the above settlement including any and all causes arising therefrom in this Honorable Court or in any court, tribunal or any government agency.

(sgd.)  
Manuel A. Tio

Bank of the Philippine Islands

(sgd.)  
Evelyn P. Tio

(sgd.)  
Maureen Therese C. Santos  
Authorized Bank Representative

Assisted by:


(sgd.)  
ATTY. RAYMUNDO NERRIS

(sgd.)  
ATTY. MILA LAUIGAN<sup>28</sup>

Spouses Tio affirmed and confirmed the execution of the said Compromise Agreement in their Omnibus Comment.<sup>29</sup>

In compliance with the Court's February 26, 2014 Resolution,<sup>30</sup> copies of: (1) the Board Resolution 3-14<sup>31</sup> of Goldstar authorizing Manuel Tio to represent the said corporation and to sign the Compromise Agreement; and (2) the Corporate Secretary's Certificate of BPI,<sup>32</sup> authorizing Maureen Therese C. Santos to enter into a compromise agreement, were submitted by the parties.

After reviewing the Compromise Agreement, the Court finds the same to be proper and in order.

**ACCORDINGLY**, the Court hereby approves the same and renders judgment in accordance therewith, and accordingly, orders the parties to comply with all the terms and stipulations contained therein. 

<sup>28</sup> Id.

<sup>29</sup> Id. at 204-206.

<sup>30</sup> Id. at 213-214.

<sup>31</sup> Id. at 217-219.

<sup>32</sup> Id. at 262-265.

**SO ORDERED.**

  
**MARIANO C. DEL CASTILLO**  
*Associate Justice*

WE CONCUR:

  
**LUCAS P. BERSAMIN**  
*Chief Justice*

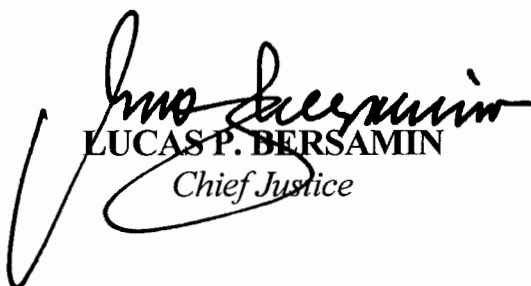
  
**ALFREDO BENJAMIN S. CAGUIOA**  
*Associate Justice*

  
**ALEXANDER G. GESMUNDO**  
*Associate Justice*

  
**ROSMARI D. CARANDANG**  
*Associate Justice*

**CERTIFICATION**

Pursuant to Section 13, Article VIII of the Constitution, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.

  
**LUCAS P. BERSAMIN**  
*Chief Justice*