



Republic of the Philippines  
Supreme Court  
Manila

THIRD DIVISION

SPOUSES LEONARDO and G.R. No. 235604  
MARILYN ANGELES, for  
themselves and as attorney-in-fact Present:  
of OLYMPIA C. BERNABE,  
AURORA ANGELES, PETER A. LEONEN, *J.*, *Chairperson*,  
CARTAGENA, FRANCISCO A. HERNANDO,  
CARTAGENA III, and MANY INTING,  
PLACES, INC., DELOS SANTOS, and  
Petitioners, LOPEZ, *J.*, *JJ.*

-versus-

TRADERS ROYAL BANK (now  
known as BANK OF  
COMMERCE),  
Respondent.

Promulgated:  
May 3, 2021

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DECISION

LEONEN, *J.*:

An appeal by certiorari before this Court shall only raise questions of law which must be distinctly set forth. Exceptions to this rule do exist, but the party claiming the exception must clearly demonstrate by convincing evidence that their case squarely falls under the indicated exception.

This Court resolves a Petition for Review on Certiorari<sup>1</sup> under Rule 45

<sup>1</sup> *Rollo*, pp. 9-33.

of the Rules of Court assailing the Decision<sup>2</sup> and Resolution<sup>3</sup> of the Court of Appeals, which affirmed the Decision<sup>4</sup> and Order<sup>5</sup> of the Regional Trial Court.

On February 21, 1984,<sup>6</sup> Marilyn Angeles (Marilyn) and Olympia Bernabe (Bernabe) took out a ₱2,000,000.00 loan from Traders Royal Bank guaranteed by several parcels of land in Angeles City covered by Transfer Certificate of Title Nos. 74744, 74747, 74748, 74749, 74750, 74753, 74754, 74755, 74756, 74757, 74758, 74759, 74760, 75793, 75794, 75795, and 75796. The mortgaged properties were registered in the names of Bernabe,<sup>7</sup> Marilyn, Aurora C. Angeles, Peter A. Cartagena, Francisco Z. Cartagena, Felipa A. Cartagena, Leonardo C. Angeles, and Francisco A. Cartagena III.<sup>8</sup> A real estate mortgage was annotated on the land titles as Entry No. 11348<sup>9</sup> and the loan proceeds were used as capital for Many Places, Inc., the Angeles Family's close corporation.<sup>10</sup>

On December 15, 1987, the loan agreement was amended and the loan amount was increased to ₱3,200,000.00. The amended agreement was annotated on the mortgaged titles as Entry No. 4338.<sup>11</sup>

From May 17, 1988 to October 14, 1997, the parties entered into six more loan agreements, with Traders Royal Bank lending Marilyn and Bernabe a total of ₱26,430,000.00.<sup>12</sup> The loan agreements were annotated on the mortgaged titles:

Entry No.	Date	Amount
364	May 17, 1988	Php 5,200,000.00
7845	December 15, 1988	6,100,000.00
8734	October 10, 1989	7,300,000.00
2539	October 3, 1990	8,000,000.00
6441	October 10, 1997	15,600,000.00
6412	October 14, 1997	26,430,000.00 <sup>13</sup>

<sup>2</sup> Id. at 35–44. The May 31, 2017 Decision in CA-G.R. CV No. 106134 was penned by Associate Justice Jose C. Reyes, Jr. (now a retired member of this Court) and concurred in by Associate Justices Stephen C. Cruz and Nina G. Antonio-Valenzuela of the Fourth Division, Court of Appeals, Manila.

<sup>3</sup> Id. at 34. The November 9, 2017 Resolution in CA-G.R. CV No. 106134 was penned by Associate Justice Jose C. Reyes, Jr. and concurred in by Associate Justices Stephen C. Cruz and Nina G. Antonio-Valenzuela of the Former Fourth Division, Court of Appeals, Manila.

<sup>4</sup> Id. at 562–575. The October 27, 2014 Decision in Civil Case No. 13855 was penned by Assisting Judge Omar T. Viola of the Regional Trial Court, Angeles City, Branch 58.

<sup>5</sup> Id. at 531–533. The July 13, 2015 Order in Civil Case No. 13855 was penned by Assisting Judge Omar T. Viola of the Regional Trial Court, Angeles City, Branch 58.

<sup>6</sup> Id. at 27, CA Decision.

<sup>7</sup> Id. at 37. The stated number of titles varied throughout the *rollo*.

<sup>8</sup> Id. at 486–487.

<sup>9</sup> Id. at 37.

<sup>10</sup> Id. at 12.

<sup>11</sup> Id. at 37.

<sup>12</sup> Id.

<sup>13</sup> Id.

On June 15, 1991, Mt. Pinatubo erupted, which led to the loss of Traders Royal Bank's records. Nonetheless, as advised by the bank representative, Marilyn and Bernabe continued paying their loan while the bank reconstituted its records.<sup>14</sup>

On August 7, 1998, Marilyn and Bernabe executed two promissory notes for ₱26,430,000.00 and ₱5,451,456.85 in favor of Traders Royal Bank.<sup>15</sup>

On November 21, 2001, Bank of Commerce purchased Traders Royal Bank and the Angeles Family's loan account was included in the sale.<sup>16</sup>

Marilyn and Bernabe soon defaulted in paying their loan obligation. Bank of Commerce demanded payment as early as May 29, 2003, but Marilyn and Bernabe still failed to pay their loan.<sup>17</sup>

On March 22, 2004, Bank of Commerce filed a Petition for the extrajudicial foreclosure of its Real Estate Mortgage agreement with Marilyn and Bernabe. During the auction sale, the bank emerged as the highest bidder, and was issued a certificate of sale, which was annotated on the mortgaged properties on September 20, 2005.<sup>18</sup>

During the one-year redemption period, Bernabe submitted a Purchase Proposal<sup>19</sup> to Bank of Commerce, which the bank accepted. She then made a down payment of ₱235,000.00, issued postdated checks, and eventually fully purchased three of the mortgaged properties for ₱4,900,000.00. She redeemed the lots with Transfer Certificate of Title Nos. 74744, 74755, and 74756. However, neither Bernabe nor her other family members were able to redeem the rest of the properties. Thus, on November 17, 2006, Bank of Commerce consolidated the rest of the titles in its favor and new land titles were issued in its name.<sup>20</sup>

Sometime in 2006, the Angeles Family filed a Petition before the Regional Trial Court of Muntinlupa City, as a commercial court, for the corporate rehabilitation of Many Places, Inc.<sup>21</sup>

On November 10, 2006, the commercial court issued a Stay Order<sup>22</sup> in favor of Many Places, Inc. It later approved the proposed rehabilitation plan

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<sup>14</sup> Id. at 36 and 563.

<sup>15</sup> Id. at 37-38.

<sup>16</sup> Id. at 38.

<sup>17</sup> Id.

<sup>18</sup> Id.

<sup>19</sup> Id. The Purchase Proposal was also referred to as Repurchase Proposal throughout the *rollo*.

<sup>20</sup> Id.

<sup>21</sup> Id. at 58.

<sup>22</sup> Id. at 117-118.

on April 2, 2007.<sup>23</sup>

Sometime in 2008, Marilyn and Bernabe, together with other family members, filed a Complaint for Annulment of the Consolidation of Ownership and Cancellation of Transfer Certificate of Title Nos. 143673, 143674, 143675, 143676, 143677, 143680, 143681, 153682, 153683, 143686, 143687, and Damages<sup>24</sup> against Traders Royal Bank (now Bank of Commerce). In their Pre-trial Brief,<sup>25</sup> the Angeles Family proposed the following issues for trial:

1. Whether or not the consolidation of ownership and transfer of the subject properties should be annulled and cancelled;
2. Whether or not the subject properties [are] still subject to foreclosure despite the previous release of the mortgage on the same properties;
3. Whether or not the subject properties can be foreclosed despite the fact that [they were] already included as assets of Many Places, Inc. as close corporation of the Plaintiffs in a Petition for Corporate Rehabilitation[;]
4. Whether or not plaintiffs are entitled to damages[.]<sup>26</sup>

During trial, Marilyn asserted that the Angeles Family religiously paid their loans with Traders Royal Bank, even while the bank reconstructed its records following Mt. Pinatubo's eruption. She also denied taking out loans amounting to ₱26,430,000.00.<sup>27</sup>

Marilyn also testified that Traders Royal Bank made them sign the Amendment to the Real Estate Mortgage and Promissory Note in blank, with "no entries, no date and no amount[.]"<sup>28</sup> Nonetheless, she signed the loan agreement because she trusted the bank and was told that it was needed to update their records with the bank.<sup>29</sup> She then claimed that she requested a reexamination and reinvestigation of her family's loan account with Traders Royal Bank, because she found it improbable for their loan to have ballooned to ₱56,000,000.00.<sup>30</sup>

For Traders Royal Bank, Jose M. Dela Cruz (Dela Cruz), an account officer for Bank of Commerce, testified that Marilyn and Bernabe took out several loans which amounted to ₱26,430,000.00, and that they defaulted in their loan payments, prompting the bank to resort to foreclosure proceedings.<sup>31</sup>

<sup>23</sup> Id. at 119–120.

<sup>24</sup> Id. at 562.

<sup>25</sup> Id. at 183–186.

<sup>26</sup> Id. at 184.

<sup>27</sup> Id. at 563. The cited page, a leaf from the RTC Decision, made a typographical error that said placed "6" instead of "4."

<sup>28</sup> Id. at 564.

<sup>29</sup> Id.

<sup>30</sup> Id.

<sup>31</sup> Id. at 565–566.

Dela Cruz further testified that neither Marilyn nor Bernabe redeemed all of the foreclosed properties. Upon the expiration of the redemption period, Dela Cruz added, they filed a petition for the declaration of state of suspension of payments with approval of a proposed rehabilitation plan on the foreclosed properties belonging to Many Places, Inc.<sup>32</sup>

On October 27, 2014, the Regional Trial Court dismissed<sup>33</sup> the Complaint for Angeles Family's failure to substantiate their allegations.<sup>34</sup>

The Regional Trial Court found that the mortgaged properties were individually owned by Bernabe, Marilyn, and other members of the Angeles Family, and were not listed among the assets of Many Places, Inc., and thus, were not covered by the Stay Order.<sup>35</sup>

The Regional Trial Court also ruled that since the foreclosure proceedings preceded the Petition for rehabilitation, the Stay Order cannot be a ground to annul the consolidation of ownership over the foreclosed properties. It also upheld the regularity of the foreclosure proceedings, as they were conducted due to Marilyn and Bernabe's failure to pay their loan obligation with Traders Royal Bank.<sup>36</sup>

Finally, the Regional Trial Court dismissed Traders Royal Bank's counterclaim after it had failed to show bad faith on the part of the Angeles Family in filing the Complaint.<sup>37</sup>

The dispositive portion of the Decision reads:

WHEREFORE, in view of the foregoing disquisition, for lack of merit, plaintiffs' Complaint is DISMISSED.

Defendant bank's counterclaim is likewise dismissed for reasons above discussed.

No pronouncement as to costs.

Furnish the parties and counsel with a copy of this Decision.

SO ORDERED.<sup>38</sup>

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<sup>32</sup> Id. at 567.

<sup>33</sup> Id. at 562-575.

<sup>34</sup> Id. at 573.

<sup>35</sup> Id. at 571.

<sup>36</sup> Id. at 573.

<sup>37</sup> Id. at 574.

<sup>38</sup> Id. at 575.

The Angeles Family moved for reconsideration, but its Motion was denied on July 13, 2015.<sup>39</sup> Thus, the Angeles Family appealed to the Court of Appeals.<sup>40</sup>

In a May 31, 2017 Decision,<sup>41</sup> the Court of Appeals denied the appeal.

In so ruling, the Court of Appeals highlighted that the Angeles Family raised the issues of proper accounting of their loan obligation and re-computation of interest for the first time on appeal. It pointed out that before the foreclosure proceedings, the Angeles Family did not question the loan obligation.<sup>42</sup> It added that the Angeles Family acknowledged the amount of their loan obligation, as Marilyn and Bernabe issued promissory notes which corresponded to the bank records. It stressed that the Angeles Family failed to show proof of full payment of their loan obligation.<sup>43</sup>

The Court of Appeals agreed with the trial court that there was no implied novation of the original loan agreement, because the ₱235,000.00 down payment and monthly amortizations received by Bank of Commerce pertained to the repurchase of the lots covered by Transfer Certificate of Title Nos. 74744, 75755, and 74756 for ₱4,930,000.00.<sup>44</sup>

The Court of Appeals then upheld the trial court's finding that the mortgaged properties were registered under individual owners and not under Many Places, Inc.; hence, they were not covered by the Stay Order and the approved rehabilitation plan for the company.<sup>45</sup>

Finally, the Court of Appeals emphasized that as the foreclosure proceedings happened before the Stay Order was issued, the Stay Order cannot be a ground to annul the consolidation of ownership of the foreclosed properties in favor of Bank of Commerce.<sup>46</sup>

The dispositive portion of the Court of Appeals Decision reads:

**WHEREFORE**, the appeal is **DENIED**. The Decision dated October 27, 2014 and the Order dated July 13, 2015 issued by the Regional Trial Court (RTC) of Angeles City, Branch 58, in Civil Case No. 13855 are hereby **AFFIRMED**.

**SO ORDERED.**<sup>47</sup> (Emphasis in the original)

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<sup>39</sup> Id. at 11.  
<sup>40</sup> Id. at 35.  
<sup>41</sup> Id. at 35-44.  
<sup>42</sup> Id. at 40.  
<sup>43</sup> Id. at 41.  
<sup>44</sup> Id. at 41-42.  
<sup>45</sup> Id. at 42-43.  
<sup>46</sup> Id. at 43.  
<sup>47</sup> Id. at 44.

The Angeles Family moved for reconsideration; but was denied in the Court of Appeals' November 9, 2017 Resolution.<sup>48</sup> Hence, the Angeles Family and Many Places, Inc. filed their Petition for Review on Certiorari<sup>49</sup> against Traders Royal Bank, now Bank of Commerce.

Petitioners admit that this Court is not a trier of facts, but insist that their case falls within the established exceptions to the general rule that the lower courts' factual findings are conclusive and binding when supported by substantial evidence.<sup>50</sup>

Petitioners assert that they fully paid their first loan. They also insist that they religiously paid the second loan of ₱4,000,000.00 and even made a substantial payment in 1994 to respondent's President Te, resulting in the release of the mortgage in 2000. They denied taking out additional loans aside from those they fully paid off, saying that they were in disbelief when the bank said their total loan obligation was ₱26,430,000.00.<sup>51</sup>

Petitioners assert that respondent erred in reconstituting its records and in claiming that the family failed to pay the loan obligation. To petitioners, the demand of ₱56,000,000.00 to ₱84,000,000.00 had no basis. They also insist that the unilateral increase of interest rates violated the principle of mutuality of contracts.<sup>52</sup>

Petitioners stress that the consolidation of ownership of the mortgaged titles in respondent's favor was illegal in light of their substantial payments, novation, and the Stay Order.<sup>53</sup> They point out that petitioner Many Places, Inc. was a close corporation; thus, the stockholders are held personally liable for its debts and obligations, and their assets are also the company's assets.<sup>54</sup>

In its Comment,<sup>55</sup> respondent emphasizes that petitioners only raised the issue of re-computation of their loan obligation, interest rate, and penalties for the first time on appeal. It points out that petitioners could not even specify where such issue was raised in the trial court. It adds that even the trial court's Pre-trial Order was silent on the issue.<sup>56</sup>

Respondent likewise maintains that the Court of Appeals did not err in upholding the legality of the consolidation of ownership of titles in its favor,

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<sup>48</sup> Id. at 34.

<sup>49</sup> Id. at 9-33.

<sup>50</sup> Id. at 16-17.

<sup>51</sup> Id. at 17.

<sup>52</sup> Id. at 17-18.

<sup>53</sup> Id. at 21.

<sup>54</sup> Id. at 24.

<sup>55</sup> Id. at 647-659.

<sup>56</sup> Id. at 649-650.

as the titles were not covered by the Stay Order. It notes that the foreclosure was brought about by petitioners' failure to pay their loans and timely redeem the mortgaged properties.<sup>57</sup>

Respondent also underscores that the foreclosure proceedings preceded the issuance of the Stay Order, and that the redemption period had already lapsed when the Stay Order was issued. Thus, it concludes that the registration and transfer of the mortgaged properties in the bank's favor became matters of right.<sup>58</sup>

Finally, respondent posits that the Court of Appeals did not err in ruling that there was no implied novation of the original loan contracts between the parties, as the down payment and monthly amortizations made pertained to a separate Purchase Proposal where petitioners bought back three of the 17 foreclosed properties.<sup>59</sup>

The two issues for this Court's resolution are:

First, whether or not the Court of Appeals erred in upholding the foreclosure of the mortgaged properties and the consolidation of land titles in favor of respondent Traders Royal Bank, now Bank of Commerce; and

Second, whether or not the Court of Appeals erred in failing to delve into the propriety of recomputing the outstanding loan obligation of petitioners Angeles Family and Many Places, Inc.<sup>60</sup>

It is well established that a review of appeals filed before this Court is "not a matter of right, but of sound judicial discretion[.]"<sup>61</sup> Only questions of law<sup>62</sup> should be raised in Rule 45 petitions, as "it is not this Court's function to analyze or weigh all over again evidence that has already been considered in the lower courts."<sup>63</sup>

Nonetheless, exceptions to the general rule do exist. *Medina v. Mayor Asistio*<sup>64</sup> lists down the 10 recognized exceptions:

<sup>57</sup> Id. at 651.

<sup>58</sup> Id. at 653-654.

<sup>59</sup> Id. at 655-656.

<sup>60</sup> Id. at 15.

<sup>61</sup> RULES OF COURT, Rule 45, sec. 6.

<sup>62</sup> RULES OF COURT, Rule 45, sec. 1 provides:

SECTION 1. *Filing of petition with Supreme Court.* — A party desiring to appeal by certiorari from a judgment or final order or resolution of the Court of Appeals, the Sandiganbayan, the Regional Trial Court or other courts whenever authorized by law, may file with the Supreme Court a verified petition for review on certiorari. The petition shall raise only questions of law which must be distinctly set forth.

<sup>63</sup> *Padilla v. Malicsi*, 795 Phil. 794, 802 (2016) [Per J. Leonen, Second Division].

<sup>64</sup> 269 Phil. 225 (1990) [Per J. Bidin, Third Division].



(1) When the conclusion is a finding grounded entirely on speculation, surmises or conjectures; (2) When the inference made is manifestly mistaken, absurd or impossible; (3) Where there is a grave abuse of discretion; (4) When the judgment is based on a misapprehension of facts; (5) When the findings of fact are conflicting; (6) When the Court of Appeals, in making its findings, went beyond the issues of the case and the same is contrary to the admissions of both appellant and appellee; (7) The findings of the Court of Appeals are contrary to those of the trial court; (8) When the findings of fact are conclusions without citation of specific evidence on which they are based; (9) When the facts set forth in the petition as well as in the petitioner's main and reply briefs are not disputed by the respondents; and (10) The finding of fact of the Court of Appeals is premised on the supposed absence of evidence and is contradicted by the evidence on record[.]<sup>65</sup> (Citations omitted)

*Pascual v. Burgos*<sup>66</sup> instructs that parties praying for this Court's review of the factual findings of the Court of Appeals must clearly prove that the case falls under one of the recognized exceptions. Further, *Pascual* directs that the party invoking the exception takes on the burden of proving the necessity of a factual review, warning that "mere assertion and claim that the case falls under the exceptions do not suffice."<sup>67</sup>

Here, petitioners admit to raising questions of fact before this Court, alleging that they substantially paid their loan obligations and that respondent erred in reconstructing its loan records, demanding as much as ₱26,430,000.00 from them even if they "never received nor contracted such enormous amount."<sup>68</sup> Thus, they maintain that the foreclosure proceedings were devoid of basis.

However, petitioners failed to specify under which of the recognized exceptions their case fell. Instead of clearly demonstrating that their case was covered by one of the established exceptions, they merely stated that their Petition should be allowed as it put forth substantive issues that may affect "the stability of faith in the legal system considering that the Honorable Court of Appeals decided in a way not in accord with law and doctrinal jurisprudence[.]"<sup>69</sup>

The Petition must fail.

The Regional Trial Court found the conduct of foreclosure proceedings to be regular and proper as it was a consequence of petitioners' failure to pay their loan obligations and timely redeem the mortgaged properties.<sup>70</sup> It also ruled that the mortgaged properties were not covered by

<sup>65</sup> Id. at 232.

<sup>66</sup> 776 Phil. 167 (2016) [Per J. Leonen, Second Division].

<sup>67</sup> Id. at 184.

<sup>68</sup> *Rollo*, p. 17.

<sup>69</sup> Id. at 16.

<sup>70</sup> Id. at 573.

the Stay Order as they were not owned by Many Places, Inc.<sup>71</sup> More important, the foreclosure proceedings were completed even before petitioners filed their Petition for rehabilitation.<sup>72</sup>

The Court of Appeals upheld the Regional Trial Court's finding on the regularity of the foreclosure proceedings, pointing out that petitioners never questioned the amount of their loan obligation on trial, and only raised the necessity of a proper accounting of their loan obligation and re-computation of interest for the first time on appeal.<sup>73</sup>

Petitioners cannot ask for the re-computation of their outstanding liability with Traders Royal Bank. A party cannot raise an issue for the first time on appeal, as to allow parties to change their theory on appeal would be offensive to the rules of fair play and due process.<sup>74</sup> Petitioners never questioned or challenged the amount of their outstanding obligation before the trial court.<sup>75</sup> Thus, they are barred from raising it as an issue before the Court of Appeals and this Court.

Additionally, the Court of Appeals found that petitioners failed to substantiate their claim that they fully paid their loan obligations, and even acknowledged their outstanding debt as seen in Marilyn and Bernabe's execution of two promissory notes:

At any rate, it cannot be denied that plaintiffs-appellants had availed of the loan facilities of defendant-appellee bank as early as the year 1984. Since no payment was made, the loan obligation ballooned to Php26,430,000.00 as of the year 1997. To acknowledge this debt, plaintiffs-appellants Olympia Bernabe and Marilyn Angeles executed Promissory Note #98-0045-0 for Php26,430,000.00 and Promissory Note #98-0037-9 for Php5,451,456.85 (Records, pp. 182 & 183). To date, they have not presented any proof that full payment on the loan was made and thus, as of February 16, 2004, plaintiffs-appellants' total loan obligation including interest, E-vat and penalties reached the amount of Php56,891,267.68 (See: Billing Statement, Records, p. 184). Previous to this, the amount of the loan has even reached to (sic) Php84,712,923.76 as can be inferred from the demand letter dated May 29, 2003 sent by defendant-appellee bank to plaintiffs-appellants (Records, p. 726). At the time of the receipt of the demand letter and the billing statement and the foreclosure by the defendant-appellee bank of the mortgage up to the filing of the instant case with the lower court, plaintiffs-appellants never registered their objection to the amount demanded, including its interest, penalties and taxes nor asked defendant-appellee bank how it was arrived at.<sup>76</sup>

<sup>71</sup> Id. at 571.

<sup>72</sup> Id. at 573.

<sup>73</sup> Id. at 40.

<sup>74</sup> *Chinatrust (Phils.) Commercial Bank v. Turner*, 812 Phil. 1 (2017) [Per J. Leonen, Second Division].

<sup>75</sup> *Rollo*, pp. 40-41.

<sup>76</sup> Id. at 41.

The Court of Appeals likewise pointed out that the Stay Order was released more than two years after a certificate of sale had been issued to respondent, and thus, cannot invalidate the foreclosure proceedings:

It must also be stressed that the issuance of the Stay Order does not have the effect of invalidating the foreclosure proceedings that took place. As records would show the foreclosure proceedings commenced on March 22, 2004, the auction sale was conducted on April 29, 2004 which was followed closely by the issuance of the certificate of [s]ale in favor of defendant-appellee bank. On the other hand, the Stay Order was issued on November 10, 2006 and the Rehabilitation Plan was approved on April 2, 2007. As the foreclosure proceedings preceded the Petition for Rehabilitation, the Stay Order issued pursuant thereto can no longer be a ground for the annulment of the consolidation of ownership over the foreclosed properties nor the cancellation of the titles issued in the name of defendant-appellee bank.<sup>77</sup>

Finally, the assertion of novation must likewise fail.

Novation is a mode of extinguishing an obligation. It can either be objective, subjective, or mixed. Objective novation takes place when there is a change in the object of the contract or the principal conditions of the obligation. Subjective novation occurs when there is a change of "either the person of the debtor, or of the creditor[.]"<sup>78</sup>

Novation is never presumed. It must be "proven as a fact either by express stipulation of the parties or by implication derived from an irreconcilable incompatibility between old and new obligations or contracts."<sup>79</sup>

There is no novation here. The parties did not expressly agree on the extinguishment of petitioners' original loan obligation. The Purchase Proposal is also not incompatible with petitioners' original obligation, as the former only pertained to the repurchase of three of the 17 mortgaged properties and was entirely separate from the loan obligations incurred by Marilyn and Bernabe.

The terms also cannot be considered as a restructuring of the loan. If the parties had intended to extend the term of the original obligation or to restructure it, then respondent would not have proceeded with the filing of the Petition for extrajudicial foreclosure. Moreover, the alleged novation took place after petitioners had defaulted in paying their obligation. Therefore, there is no merit in petitioners' argument that the Petition for extrajudicial foreclosure was filed prematurely.

<sup>77</sup> Id. at 43.

<sup>78</sup> *Ajaz Marketing & Development Corporation v. Court of Appeals*, 318 Phil. 268, 274 (1995) [Per J. Francisco, Second Division].

<sup>79</sup> *Espina v. Court of Appeals*, 389 Phil. 524, 530 (2000) [Per J. Padro, First Division].

The Court of Appeals' factual findings are binding and conclusive on the parties and on this Court, especially when supported by substantial evidence.<sup>80</sup> Here, not only did petitioners fail to convince us that their case fell under any of the accepted exceptions; but they also failed to prove their claims with the required preponderance of evidence. The lower courts did not err in dismissing their case.

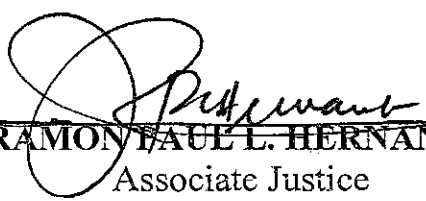
**WHEREFORE**, the Petition for Review on Certiorari is **DENIED**. The assailed May 31, 2017 Decision and November 9, 2017 Resolution of the Court of Appeals in CA-G.R. CV No. 106134 are **AFFIRMED**.

**SO ORDERED.**




**MARVIC M.V.F. LEONEN**  
Associate Justice

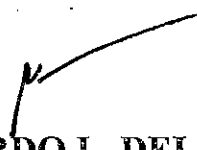
WE CONCUR:




**RAMON PAUL L. HERNANDO**  
Associate Justice



**HENRY JEAN PAUL B. INTING**  
Associate Justice



**EDGARDO L. DELOS SANTOS**  
Associate Justice



**JHOSEP Y. LOPEZ**  
Associate Justice

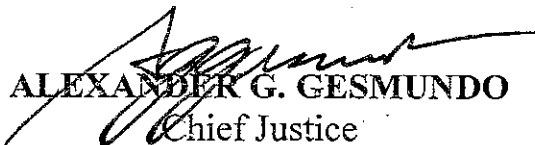
<sup>80</sup> *Siasat v. Court of Appeals*, 425 Phil. 139, 145 (2002) [Per J. Pardo, First Division]; *Tabaco v. Court of Appeals*, 239 Phil. 485, 490 (1994) [Per J. Bellosillo, First Division]; and *Padilla v. Court of Appeals*, 241 Phil. 776, 781 (1988) [Per J. Paras, Second Division].

**ATTESTATION**

I attest 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.

**MARVIC M.V.F. LEONEN**Associate Justice  
Chairperson**CERTIFICATION**

Pursuant to Section 13, Article VIII of the Constitution and the Division Chairperson's Attestation, 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.

**ALEXANDER G. GESMUNDO**

Chief Justice

