

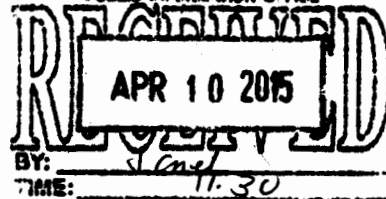


Republic of the Philippines
Supreme Court
Manila

THIRD DIVISION

NOTICE

SUPREME COURT OF THE PHILIPPINES
PUBLIC INFORMATION OFFICE



Sirs/Mesdames:

Please take notice that the Court, Third Division, issued a Resolution dated March 25, 2015, which reads as follows:

“G.R. No. 207748 (*Development Bank of the Philippines vs. Fidelita Abrigo Garcia*). – This is a petition for review under Rule 45 of the 1997 Revised Rules of Civil Procedure assailing the Decision of the Court of Appeals (CA) promulgated June 14, 2013 in CA-G.R. CV No. 97962, reversing the Decision of the Regional Trial Court, Branch 71, Iba, Zambales, in Civil Case No. RTC-2187-I and declaring the redemption made by respondent Fidelita Abrigo Garcia and her husband valid.

In April 1981, respondent Fidelita Abrigo Garcia and her estranged husband, Reynaldo Garcia (Reynaldo), obtained a loan from the petitioner Development Bank of the Philippines, Balanga Branch and secured the same by a mortgage over a lot covered by Transfer Certificate of Title No. 19105 (TCT No. 19105) registered in their names. When the Sps. Garcia failed to pay their loan, petitioner foreclosed the mortgage at an auction sale held on August 21, 1986 where it was the highest bidder. On September 10, 1986, the certificate of sale was registered and annotated on TCT No. 19105.

On September 10, 1987, or one (1) year after the registration of the certificate of sale, the Sps. Garcia redeemed the subject property by tendering to Sheriff Pedro Q. Santos (Sheriff Santos) ₱62,800 representing the purchase price during the auction sale. A day after, or on September 11, 1987, the Sps. Garcia paid ₱7,536 as accrued interest. All in all, the Sps. Garcia paid ₱70,336.

Sheriff Santos then issued a certificate of redemption dated September 10, 1987 in favor of the Sps. Garcia and turned over the money to petitioner, which then issued, through its branch manager, a provisional receipt for the redemption money received.

On September 23, 1987, petitioner sent a letter to the Sps. Garcia in which it opposed the redemption because of the insufficiency of the amount tendered, insisting that the Bank’s total claim was ₱192,239.46. Reynaldo replied in writing, explaining that in a letter dated June 10, 1986, petitioner

advised them that their total obligation amounted to ₱41,043.48 only. Reynaldo noted that in the certificate of sale issued by the sheriff, the purchase price of the property during the public auction was ₱62,800, adding that the increase in the amount was not disclosed to them. Thus, he argued that the accelerated total claim of petitioner was without basis.

On July 10, 1992, petitioner consolidated its ownership over the subject property and caused the cancellation of TCT No. 19105. In lieu thereof, TCT No. T-41948 was issued in its name. In February 1994, respondent caused the annotation of her adverse claim on TCT No. T-41948.

On June 10, 1993, petitioner tried to return the redemption price received but was rejected by the Sps. Garcia who returned the manager's check covering the same to petitioner. Thus, rebuffed, petitioner filed a case before the Municipal Trial Court of Iba, Zambales (MTC) for the consignment of the same which was docketed as Civil Case No. 762. On June 25, 1997, the consignment case was dismissed by the MTC for lack of jurisdiction.

The Sps. Garcia separated sometime in 1997. Respondent pursued studies in Manila while Reynaldo continued to live on the subject property but now with his common-law wife, Evelyn May del Rosario (Evelyn).

In 2002, petitioner filed a case before the Regional Trial Court (RTC) of Iba, Zambales for the Declaration of Nullity of Certificate of Redemption and Recovery of Possession against the Sps. Garcia and Sheriff Santos. The case was docketed as Civil Case No. RTC-1461-I and was raffled to RTC Branch 70.

On November 7, 2002, RTC Branch 70 rendered a Decision¹ based on a Compromise Agreement under which the parties mutually agreed, among others, to sell or dispose the subject property to persons mutually acceptable to them. Further, the parties requested the trial court to direct the Register of Deeds of Iba, Zambales to cancel the existing annotation of respondent's adverse claim on TCT No. 41948.

To implement this Decision, the subject property was sold by petitioner to one Mary Jane Lumba Coloma (Mary Jane) who happened to be the daughter of Reynaldo's live-in partner. Pursuant to the Compromise Agreement, petitioner returned the amount of ₱70,336 via Manager's Check dated December 4, 2002 to Reynaldo which he encashed on the same date.²

On September 16, 2004, respondent filed a Complaint for Annulment of Title and Recovery of Ownership and Possession with Damages against petitioner and Mary Jane where she prayed for the annulment of TCT No. T-41948 and the Deed of Absolute Sale in favor of Mary Jane. She also

¹ *Rollo*, pp. 246-249.

² *Id.* at 290-291.

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prayed for the restoration of her ownership and possession over the subject property. The case was docketed as Civil Case No. RTC-2187-I and was raffled to RTC Branch 71.

The RTC Branch 71 ruled in favor of petitioner and found that no valid redemption took place.³ It held that the cancellation of the Sps. Garcia's title and the issuance of TCT No. T-41948 in favor of petitioner were regular. Consequently, the Deed of Absolute Sale executed by petitioner in favor of Mary Jane was valid.

The trial court agreed with petitioner and held that the redemption was made after the period prescribed by law because the accrued interest was paid one day late and declared that the amount paid by respondent did not cover the full redemption price. The trial court noted that respondent should have at least filed the certificate of redemption at the Register of Deeds as required under Sec. 29, Rule 39 of the Revised Rules of Court. Finally, the trial court also noted that there was a considerable length of time from the time petitioner informed respondent in 1987 that the redemption price was not sufficient until the time that the bank consolidated ownership over the said property in 1992. Despite such, respondent did not utilize the period given by the bank to complete the redemption price.

Respondent appealed to the CA.

On June 14, 2013, the CA rendered a Decision⁴ finding respondent's appeal meritorious and reversing the RTC Branch 71 Decision.

In the said Decision, the CA: (1) declared the redemption valid and upheld the certificate of redemption issued therefor; (2) declared petitioner's consolidation of ownership over the subject property null and void and TCT No. T-41948 as cancelled; (3) reinstated TCT No. T-19105 in the names of the Sps. Garcia, free from all pertinent notices/annotations of mortgage and liens thereon; (4) declared the Decision based on a Compromise Agreement rendered by the RTC Branch 70 in Civil Case No. RTC-1461-I, without force and effect; (5) declared the sale of the subject property between petitioner and Mary Jane null and void; and (5) ordered petitioner to pay costs of suit.

The appellate court found that petitioner failed to present proof to substantiate its allegation that no valid redemption took place. It held that there was nothing in the records of the case supporting petitioner's claim that respondent should have paid ₱192,239.46 instead of ₱70,336. On the other hand, respondent was able to prove compliance with the requirements for a valid redemption. Also, the CA reasoned that while it is true that the accrued interest was paid one day after the end of the redemption period, the

³ Id. at 110-122.

⁴ Id. at 65-81. Penned by Associate Justice Normandie B. Pizarro and concurred in by Associate Justices Remedios A. Salazar-Fernando and Manuel M. Barrios.

same must not be construed so strictly as to defeat the established policy to aid rather than to defeat the right of redemption.

Aggrieved, petitioner elevated the case to this Court.

The issue is whether or not the CA erred in granting the appeal of respondent and reversing the Decision of RTC Branch 71 in Civil Case No. RTC-2187-I.

The CA did not commit any error in reversing the RTC Branch 71 Decision and in finding that a valid redemption took place.

The Court has repeatedly emphasized that the policy of the law is liberality in favor of redemption.⁵ Redemptions should be looked upon with favor and where no injury is to follow, a liberal construction will be given to our redemption laws as well as to the exercise of the right of redemption.⁶ This flows from the intention of the law to protect the rights of the original owner and to aid, rather than defeat, the owner's claim over his or her property.⁷ In line with the foregoing policies, the Court finds that the Sps. Garcia validly redeemed their property from petitioner.

Petitioner is assailing the validity of the redemption on two grounds. First, petitioner insists that the Sps. Garcia exercised their right of redemption beyond the redemption period. Second, petitioner contends that even if it were to be assumed that the right of redemption was exercised on time, the redemption price paid by the Sps. Garcia was insufficient.

The records show that the Sps. Garcia paid ₱62,800 to Sheriff Santos on September 10, 1987, and then ₱7,536, as accrued interest, one day after the expiration of the redemption period on September 11, 1987. Nevertheless, applying the protection given by redemption laws to original owners, We find that invalidating the redemption in the instant case simply because the same was exercised a day late would defeat the very policies this Court is duty bound to uphold.

The Court, in a number of cases, allowed parties to perfect their right of redemption even beyond the period prescribed by law. In *De los Reyes v. Intermediate Appellate Court*,⁸ the redemption was allowed beyond the redemption period because a valid tender was made by the original owners within the redemption period. *Doronila v. Vasquez*⁹ elucidated that while redemption must be effected within the time prescribed, there are indeed cases where, having in view the purpose sought to be achieved by statutory provisions of this kind, and principally to promote justice and

⁵ *Ysmael v. CA*, G.R. No. 132497, November 16, 1999.

⁶ *Tolentino v. Court of Appeals*, Nos. L-50405-06, August 5, 1981.

⁷ *City Mayor, City Treasurer, City Assessor, All of Quezon City, and Alvin Yu v. Rizal Commercial Banking Corporation*, G.R. No. 171033, August 3, 2010.

⁸ G.R. No. 74768, August 11, 1989, 176 SCRA 394.

⁹ 72 Phil. 572 (1941).

avoid injustice, courts may, by reasonable construction, allow redemption notwithstanding the actual expiration of the period fixed in the statute. *Cometa v. Court of Appeals*¹⁰ explained that redemption laws, being remedial, should be construed in such a way to effectuate the remedy and carry out its evident spirit and purpose; thus, there are times when redemptions made beyond the allowed period therefore are justified.

Allowing the exercise of a redemptioner's right to redeem one day late will cause inconsiderable harm compared to the grave loss that a redemptioner will suffer when deprived of his or her property. Despite their failure to complete their redemption within the period provided by law, the Sps. Garcia's right to redeem their property should be upheld.

As regards petitioner's contention on the insufficiency of the repurchase price, We confirm the appellate court's finding that there is nothing in the records substantiating petitioner's claim that respondent should have paid ₱192,239.46 instead of ₱70,336. We note that while petitioner has painstakingly quoted in its petition provisions of law and jurisprudence on the computation of redemption price, as well as excerpts from the testimonies of its bank officers, petitioner has failed to offer any document to prove the actual computation of the redemption price. In fact, a perusal of petitioner's Formal Offer of Exhibits¹¹ would show that petitioner did not submit any document showing its computation. Petitioner merely presented bare and self-serving assertions which are unconvincing and doubtful. Considering that petitioner's appeal to this Court is its last resort, it should have clearly detailed how it came up and computed the amount it insists to be the correct redemption price. We fully subscribe to the CA's findings, thus:

DBP miserably failed to discharge its burden of proof. Its bare assertion, without presenting proof to substantiate the same, failed to show that there was no valid redemption since the Plaintiff-Appellant failed to pay the total obligation of One Hundred Ninety-Two Thousand Two Hundred Thirty-Nine Pesos and Forty-Six Centavos (PhP192,239.46)

We have scoured the entire records of the instant case and found nothing to support DBP's claim that the Plaintiff-Appellant should have paid the aforesaid amount. The loan agreement, the mortgage contract, and other important bank documents showing the computation/breakdown of expenses, fees, charges, add-ons, and interests due were neither attached to the records nor presented during the trial before the court *a quo*. In other words, there is nothing in the records upon which the RTC, if not this Court, can base a reasonable conclusion from the asseverations of DBP with respect to the correct redemption price.

While We agree with the RTC and DBP that Section 78 of the General Banking Act provides the parameter for the determination of the redemption price in cases where the mortgagee is a bank, there is dearth of

¹⁰ G.R. No. 141855, February 6, 2011.

¹¹ *Rollo*, pp. 274-291.

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evidence with respect to the computation of the total obligation of the Plaintiff-Appellant. To reiterate, not even a single bank document relevant to the correct redemption price was presented before the RTC.

Contrariwise, the Plaintiff-Appellant has shown that before the lapse of the one (1) year redemption period, she was able to redeem the subject property by paying a total amount of Seventy Thousand Three Hundred Thirty-Six Pesos (Php70,336.00), specifically, Sixty-Two Thousand Eight Hundred Pesos (Php62,800.00), representing the purchase price during the auction sale, plus Seven Thousand Five Hundred Thirty-Six Pesos (Php7,536.00) as accrued interests. The payment was received by Sheriff Santos who issued a Certificate of Redemption therefor. On September 16, 1987, the latter turned over the money to DBP's Branch Manager, Caguioa, and an official receipt was even issued on September 17, 1987.¹²

We likewise agree with the CA's declaration that the redemption being valid, all acts and proceedings thereafter done by petitioner with respect to the subject property and all issuances issued relative thereto were null and void, thus:

The redemption being valid, all acts and proceedings thereafter done by DBP with respect to the subject property and all issuance issued relative thereto are null and void, specifically, its consolidation of ownership over the same and TCT No. T-41948 in its name; the filing of Civil Case No. RTC-1461-I and the decision rendered therein; the issuance of a manager's check in favor of Garcia and the latter's encashment of the same; and, the sale of the subject property between DBP and Coloma and the deed of absolute sale executed by reason thereof.¹³

Bearing in mind, however, that this decision not only upholds the redemption but also nullifies all acts performed thereafter, including the issuance of the manager's check to Reynaldo refunding the amount of P70,336 and the latter's encashment of the same, it follows that the said amount should be returned to petitioner. Considering that there is no allegation or proof that the Sps. Garcia's marriage has been nullified or declared void, it is presumed that the return of the aforesaid amount to Reynaldo redounded to the benefit of their conjugal partnership. Thus, the fact that Reynaldo is not impleaded in the instant petition should not hinder respondent from returning the aforesaid amount to petitioner in order to complete the redemption.

WHEREFORE, the Court resolves to **DENY** the petition. The Decision of the Court of Appeals dated June 14, 2013 in CA-G.R. CV No. 97962 is **AFFIRMED** with the **MODIFICATION** that respondent is **ORDERED** to return to petitioner the amount of P70,336 within thirty (30) days from the time this Resolution becomes final and executory.

¹² Id. at 73-74.

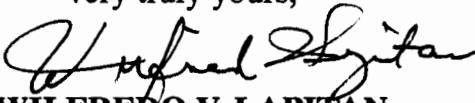
¹³ Id. at 24.

sl.

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SO ORDERED.”

Very truly yours,


WILFREDO V. LAPITAN
Division Clerk of Court
4.1.15

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(Civil Case No. RTC-2187-1)

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