

### Title:

**\*\*Manalo vs. Court of Appeals & PAIC Savings Bank: The Intervention and Writ of Possession Case\*\***

### Facts:

Domingo R. Manalo appeals a Court of Appeals decision affirming an Order from the Regional Trial Court in Pasay City, which denied his motion for intervention in a case concerning the issuance of a Writ of Possession to PAIC Savings and Mortgage Bank for a foreclosed property previously owned by S. Villanueva Enterprises.

S. Villanueva Enterprises defaulted on loans secured by a mortgage over two parcels of land, leading PAIC Bank to initiate extrajudicial foreclosure and ultimately consolidate title to the property after failure to redeem. Subsequent negotiations for repurchase failed, and the Bank sought to obtain possession of the property through the courts. During this time, Vargas, representing S. Villanueva Enterprises, sold the property to Armando Angsico, who later assigned his rights to Manalo. Manalo, asserting his status as a lessee and assignee, sought intervention in the issuance case, which was denied by both the trial court and the appellate court on grounds of procedural propriety and substantive rights.

### Issues:

1. Whether the RTC acted within its jurisdiction in handling the petition for writ of possession.
2. Whether the respondent bank, being under liquidation, retained the legal capacity to pursue the writ.
3. Whether a pending action filed by Manalo constituted a prejudicial question to the issuance of the writ.
4. Whether Manalo's motion for intervention was timely and proper.
5. Whether the lease agreements entered into by Manalo affected his right to redeem the property.

### Court's Decision:

1. **\*\*Jurisdiction:\*\*** The Court held that the RTC correctly exercised jurisdiction over the petition for writ of possession, as the exclusive jurisdiction of a liquidation court pertains only to claims against the bank, not by the bank.
2. **\*\*Legal Capacity:\*\*** The Court found that a bank under liquidation retains its legal personality to sue or be sued through its liquidator, thus PAIC Bank had the capacity to

pursue the writ of possession.

3. **Prejudicial Question:** The Court determined there was no prejudicial question since the issue in the mandamus case filed by Manalo did not prevent the resolution of the writ of possession case. Additionally, the actions involved are both civil and can proceed independently.

4. **Intervention:** The Court ruled that Manalo's motion for intervention was untimely as it was filed after the issuance of the writ of possession. Moreover, his claimed interest, based on the lease and assignment, was not sufficient for intervention since these rights were derivative of Vargas's rights, who no longer had any interest in the property post-foreclosure.

5. **Effect of Lease Agreement:** The Court suggested that the implications of the lease agreement concerning Manalo's right to redeem the property were questions best resolved in the mandamus action rather than addressed in this case.

### ### Doctrine:

The decision reiterates the doctrine that a bank under liquidation retains its legal personality and can engage in litigation through its liquidator. It also clarifies jurisdictional aspects of writs of possession, the proper scope of intervention in cases, and the rights of parties under lease agreements in the context of foreclosed properties.

### ### Class Notes:

- **Jurisdiction:** Courts have jurisdiction over petitions for writs of possession concerning properties within their territorial boundaries.
- **Legal Capacity of Banks under Liquidation:** Even banks under liquidation retain their legal personality and may sue or be sued through appointed liquidators.
- **Prejudicial Question:** Exists only when there is another case pending resolution before another tribunal, which would be determinative of the case at hand.
- **Intervention:** Must be timely and based on substantial legal interest in the subject matter; derivative rights from a party without valid interests do not qualify.
- **Effect of Lease Agreement on Redemption Rights:** The implications of entering into a lease agreement with a bank post-foreclosure concerning redemption rights are to be determined based on the specifics of the case and contractual stipulations.

### ### Historical Background:

This case illustrates the complexities surrounding foreclosure, property rights, and judicial

intervention processes in the Philippines. It highlights the specific procedural and substantive protections for parties in foreclosure and liquidation situations, reflecting the balance between creditor and debtor rights, and the role of the judiciary in adjudicating these rights.