

Title: Metropolitan Bank and Trust Company vs. Spouses Elisa Tan and Antonio Tan and Spouses Lilian Tan and Marcial See

Facts:

The series of events concerning this case began in June 1974 when Ylang-Ylang Merchandising Company, later renamed Ajax Marketing Company and eventually incorporated as Ajax Marketing and Development Corporation, secured multiple loans from Metropolitan Bank and Trust Company (Metrobank). To guarantee these loans, real estate mortgages were established on a property owned by Spouses Marcial See and Lilian Tan. Over time, due to non-payment, the property was foreclosed and sold at auction to Metrobank in June 1984. Subsequently, a series of legal actions were undertaken, including the filing of a case to annul the foreclosure, attempts to redeem the property, and the eventual sale of the property to Spouses Marcial See and Lilian Tan, rather than allowing its redemption by the original borrowers. The complicated legal battle escalated through various courts and ultimately to the Philippine Supreme Court for a final decision.

Procedural Posture:

The journey to the Supreme Court began when Metrobank foreclosed on the property, resulting in its sale at a public auction where Metrobank was the highest bidder. The borrowers, including Spouses Tan, filed a case seeking to annul this foreclosure, but their petition was denied by the trial court and the denial affirmed by the Court of Appeals. The case reached the Supreme Court under G.R. No. 118585, where the foreclosure's validity was upheld. Afterwards, another civil case (No. 97-85012) was filed by Spouses Tan against Metrobank, seeking to exercise their right of redemption. This case, after being heard at the trial court and the Court of Appeals, was ultimately brought before the Supreme Court under a Petition for Review on Certiorari, which sought to challenge the lower courts' decisions upholding the right of Spouses Tan to redeem the property under specific conditions laid out by the courts.

Issues:

1. Whether the filing of Civil Case No. 85-33933 interrupted the running of the one-year redemption period.
2. Whether Spouses Elisa and Antonio Tan exercised their right of redemption within the legal period.
3. Whether Metrobank should be legally capable of surrendering possession and title for the redemption to be binding.
4. Determination of the rightful amount and party for the redemption of the foreclosed

property.

Court's Decision:

The Supreme Court granted the petition, reversing the Court of Appeals and the lower court's decisions. The Court clarified that the filing of Civil Case No. 85-33933 did not toll the one-year redemption period which should be calculated from when the certificate of sale was registered. Furthermore, it found that Spouses Tan did not validly tender the redemption price within the one-year period. As such, they lost the right of redemption, and Metrobank became the absolute owner of the property. The Court ultimately dismissed the complaint in Civil Case No. 97-85012 before the RTC of Manila, recognizing the sale of the property to Spouses Marcial See and Lilian Tan as a legitimate transaction.

Doctrine:

The Supreme Court reiterated the principle that the period within which to exercise the right of redemption for properties sold at sheriff's sales is not suspended by the institution of an action to annul the foreclosure sale. Furthermore, a bona fide redemption necessitates the full offer of the purchase price within the legal timeframe to be valid.

Class Notes:

- **Right of Redemption**: The jurisprudential definition mandates a complete and unconditional offer of the full redemption price within the legally prescribed period.
- **Foreclosure Process Implications**: A party's failure to observe the procedural requirements for redeeming foreclosed property results in the foreclosure sale purchaser becoming the property's absolute owner.
- **Legal Tender and Redemption**: Redemption offers must be in legal tender and made within the specified period; installment offers without the creditor's consent are insufficient.
- **Judicial Proceedings Impact on Redemption Period**: Initiating a lawsuit does not interrupt the redemption period's countdown unless directly relevant to enforcing redemption rights and filed within such period.

Historical Background:

This case presents a complex scenario involving foreclosure, redemption rights, and legal strategy spanning over two decades. It underscores the Philippine legal system's handling of disputes related to financial obligations, property rights, and the repercussions of non-compliance with judicially established procedures for redemption. Through this case, the Supreme Court has clarified procedural standards and the importance of timely action by parties seeking to exercise redemption rights.