

Title: Spouses Tolosa vs. United Coconut Planters Bank

Facts:

On April 7, 1997, Spouses Montano and Merlinda Tolosa entered into a Credit Agreement with United Coconut Planters Bank (UCPB), securing credit by mortgaging four properties in Aklan. Due to non-payment, UCPB foreclosed the properties, and at the auction on January 4, 2000, emerged as the highest bidder. The sale partially satisfied the Tolosa's debt, now including penalties and interests, totaling ₱24,253,847.64. UCPB consolidated ownership after the Tolosas failed to redeem within one year, gaining titles and tax declarations in their name.

UCPB filed for a writ of possession on September 2, 2004, which the Tolosas opposed, citing a pending complaint against UCPB (Civil Case No. 6180) for misleading contract terms among other allegations. The RTC initially held the writ in abeyance, emphasizing equity considerations, but the CA later annulled this, citing the ministerial nature of issuing a writ of possession post-consolidation of ownership.

Issues:

1. Whether the CA erred in not considering the prima facie nullity of the mortgage obligation and the foreclosure sale as grounds to hold the issuance of the writ of possession.
2. Whether the CA erred in ordering the grant of the writ of possession notwithstanding the rule requiring payment of surplus bid price to the mortgagor before dispossession.

Court's Decision:

The Supreme Court denied the petition, affirming the CA's decision. It ruled the writ of possession to be a right of UCPB following consolidation of ownership and emphasized the ex parte and ministerial nature of the proceeding in issuing a writ of possession post-foreclosure. The Court held that allegations questioning the validity of the mortgage or its foreclosure should not hinder the issuance of a writ of possession. The exceptions noted in jurisprudence (e.g., Cometa, Barican, Sulit) did not apply as the properties had not been sold at an undervalue, transferred to third parties, nor was there any surplus from the foreclosure sale left unaddressed.

Doctrine:

This case reaffirms the principle that after the consolidation of title in the purchaser's name due to failure of the mortgagor to redeem the property, the entitlement to a writ of possession becomes absolute, being based on the purchaser's ownership of the property.

Further, the Court highlighted that the proceeding for a writ of possession post-foreclosure is ex parte and summary, allowing minimal discretion to trial courts beyond ensuring the procedural requirements are met.

Class Notes:

- **Writ of Possession**: An order to place a purchaser or bidder in possession of foreclosed property, ministerial post-consolidation of ownership.
- **Consolidation of Ownership**: Occurs when the mortgagor fails to redeem the foreclosed property within the required period, transferring full ownership to the purchaser/bidder.
- **Act No. 3135**: Governs foreclosure of real estate mortgages, stipulating procedures for issuance of writs of possession.
- **Exceptions to Ministerial Nature of Issuance**: Rare and contingent upon factors like undervaluation at auction, transfer to third parties, or unresolved surplus from foreclosure sale.

Historical Background:

This decision is set against the backdrop of the Philippine legal framework governing foreclosures and subsequent rights to possession, illustrating the judiciary's balancing act between ensuring procedural fairness to debtors and upholding the rights of purchasers post-foreclosure. It underscores the high level of proof required to defer or deny a writ of possession once a property's ownership has been duly consolidated.