

Title: Aparri vs. The Court of Appeals and Others

Facts:

The case involves Jose F. Aparri, who on June 9, 1947, mortgaged land to the Philippine National Bank (PNB) for ₱600.00, registered on June 21, 1947. On July 1, 1953, Aparri faced a malversation charge, leading to a writ of preliminary attachment against his properties, including the mortgaged land. Aparri defaulted on the mortgage, prompting PNB to foreclose and sell the property at auction to Salvacion E. Vda. de Ferro for ₱1,500 on January 28, 1955. Part of the sale proceeds was retained due to the attachment.

Aparri attempted to redeem the property within the one-year deadline by offering ₱1,265.32 to Ferro, which was refused. He deposited the amount with the provincial sheriff, who also failed to execute a certificate of redemption or finalize the sale to Ferro. Ferro filed for mandamus in Masbate's Court of First Instance, winning the case. Aparri's subsequent appeal to the Court of Appeals failed, leading to a Supreme Court petition.

Issues:

1. Whether Aparri's tender of ₱1,265.32 satisfies the redemption requirement.
2. The legal standing of the retained amount due to the preliminary attachment in the redemption process.
3. The application of redemption provisions under extrajudicial foreclosure sales and the rights of junior encumbrancers.

Court's Decision:

The Supreme Court upheld the Court of Appeals' decision, emphasizing the proper execution of redemption, which requires full payment of the redemption amount, including interest and any paid taxes/assessments, directly to the purchaser. Aparri failed to meet this threshold by offering an amount less than required and suggesting Ferro collect the remainder from the sheriff. The Court differentiated the types of sales - ordinary execution, judicial foreclosure, and extrajudicial foreclosure - and ruled that the retained amount (from over-the-mortgage sale proceeds) should prioritize junior liens, such as the government's in this case, over returning to the mortgagor. Ferro's claim for the value of land products since the sale was denied due to procedural grounds.

Doctrine:

The Supreme Court clarified the application of redemption rights in the context of extrajudicial foreclosure sales, specifically noting that surplus from sales should satisfy

junior liens before returning to the mortgagor. It also reiterated the requirement for direct, full payment to the purchaser for successful redemption.

Class Notes:

- ****Redemption in Extrajudicial Foreclosure****: To redeem, the debtor must pay the full amount due, including interest and any subsequent taxes or assessments, within a year of sale.
- ****Junior Encumbrancers****: In extrajudicial foreclosures, surplus proceeds must satisfy junior liens before reverting to the mortgagor.
- ****Proper Appeal Grounds****: Appellees wishing to alter a judgment in their favor must themselves appeal; otherwise, they can only seek to uphold the judgement on different grounds.

****Relevant Legal Provisions****:

- ****Rule 39, Section 30****: Governs redemption procedures, requiring complete payment within the redemption period.
- ****Differentiation of Sales****: Distinguishes between execution, judicial foreclosure, and extrajudicial foreclosure sales, particularly in the treatment of sale surpluses.

Historical Background:

This case provides insight into post-World War II economic conditions and legal challenges in the Philippines, especially regarding real estate transactions, debt obligations, and the legal proceedings that govern financial disputes. It reflects the judiciary's role in interpreting and applying laws relating to property rights, creditor-debtor relationships, and the execution of justice in financial disputes.