

### ### Title

\*\*Emilia B. Santiago vs. Pioneer Savings and Loan Bank et. al.\*\*

### ### Facts

Emilia P. Santiago, the appellant, was the registered owner of land in Metro Manila. On April 7, 1983, she executed a Special Power of Attorney (SPA) in favor of Construction Resources Corporation of the Philippines (CRCP) to authorize real estate mortgage for borrowing purposes. Subsequently, CRCP mortgaged the property to FINASIA Investment and Finance Corporation to secure a P1-million loan. This mortgage and associated documentation were officially recorded on April 12, 1983.

When CRCP failed to repay the loan, FINASIA assigned the receivable and mortgage to Pioneer Savings & Loan Bank (the appellee) on July 29, 1983, a transaction that was further confirmed through a "Supplemental Deed of Assignment" on May 21, 1984, and recorded on July 12, 1984. Pioneer Bank initiated extrajudicial foreclosure proceedings due to CRCP's default.

Upon learning of the foreclosure, Santiago filed a lawsuit on May 13, 1985, in the Regional Trial Court (RTC) of Valenzuela, to annul the mortgage, claiming unawareness of such developments. Initially, the court issued a temporary restraining order against the auction. However, after admitting the evidentiary documents' authenticity, Santiago's motion for a preliminary injunction was dissolved by the RTC, which also dismissed her case for lack of cause of action on August 30, 1985. Santiago appealed the dismissal, leading to the case being certified to the Supreme Court on a matter of pure law as the auction had proceeded on January 7, 1986.

### ### Issues

1. Whether the lower court erred in dismissing the complaint and lifting the preliminary injunction based on Santiago's counsel's admissions regarding documentary exhibits.
2. Whether the lower court mistakenly relied on a non-analogous case precedent (Tan vs. Director of Forestry).
3. Whether the lower court failed to consider pertinent Supreme Court doctrines cited by Santiago opposing the motion to dismiss.
4. Whether the notification to CRCP (as Santiago's agent) fulfilled the notice requirement for the foreclosure sale to Santiago (the principal).

### ### Court's Decision

The Supreme Court affirmed the RTC's decision, dismissing Santiago's arguments as without merit. It concluded the following:

- The trial court did not err in considering documentary evidence during the hearing on the preliminary injunction and subsequently in the resolution of the motion to dismiss.
- The trial court's reliance on *Tan vs. Director of Forestry* was appropriate, applying the principle that documentary evidence, if stipulated, can be used to decide beyond the complaint's allegations.
- Procedural rules aim to achieve substantial justice, and in this case, the documents presented established a clear path for extrajudicial foreclosure.
- The act of assigning the mortgage to Pioneer Bank was valid and binding, with the public notice of foreclosure serving as sufficient notification to all concerned parties, including Santiago.

### ### Doctrine

The judicial acknowledgment that documentary evidence, when presented and admitted at preliminary stages, can guide the resolution of a motion to dismiss. Additionally, it emphasized that notice through public announcement constitutes sufficient notification for foreclosure sales.

### ### Class Notes

- **Special Power of Attorney (SPA)**: Legally empowers another party to make certain legal decisions, including the execution of a mortgage.
- **Real Estate Mortgage**: A legal agreement where property is used as security for a loan and may be foreclosed upon default.
- **Extrajudicial Foreclosure**: The process of selling mortgaged property outside of court jurisdiction to pay off outstanding loans following the mortgagor's failure to fulfill loan obligations.
- **Notice Requirement**: Legal obligation to inform concerned parties about legal actions affecting their interest, which can be fulfilled by public announcements for foreclosure sales.
- **Assignment of Mortgage**: The transfer of a mortgage from one party to another, legally permissible and effective upon adhering to required legal formalities.

### ### Historical Background

This case underscores the complexities and legal challenges surrounding real estate mortgages, assignments, and foreclosures in the Philippines. It highlights the crucial role of clear communication and legal formalities in transactions involving substantial assets and

the protective measures the legal system offers to both creditors and debtors within the bounds of law and equity.