

Title: ****Spouses Eduardo and Elsa Versola v. Court of Appeals, et al.****

Facts:

1. Private respondent Dr. Victoria T. Ong Oh extended a P1,000,000.00 loan to Dolores Ledesma, secured by Ledesma's promise to execute a deed of real estate mortgage over her house and lot in Tandang Sora, Quezon City (TCT No. RT-51142).
2. Ledesma did not execute the mortgage deed but provided her TCT to Ong Oh.
3. Ledesma then sold the property to petitioners, the Spouses Eduardo and Elsa Versola, for P2,500,000.00, with P1,000,000.00 downpayment and the balance payable in monthly installments.
4. Ledesma demanded the remaining balance early; petitioners managed to pay only P50,000.00.
5. To settle the remaining balance, petitioners applied for a P2,000,000.00 loan from Asiatrust Bank.
6. Parties agreed that Ong Oh would lend Ledesma additional P450,000.00, and Ledesma sold the house and lot to petitioners.
7. Petitioners issued Ong Oh a P1,500,000.00 check but it was dishonored along with Ledesma's check.
8. Private respondent Ong Oh filed a Complaint for Sum of Money against Ledesma, the petitioners, and Asiatrust.

Procedural Posture:

1. RTC ruled in favor of Ong Oh, ordering petitioners to pay P1,500,000.00 plus damages.
2. Petitioners appealed to the Court of Appeals, which affirmed the RTC decision, modifying only the damages awarded.
3. Decision became final, and upon Ong Oh's motion, the RTC ordered the execution of the judgment.
4. Petitioners' property was levied upon and sold at a public auction; respondent Ong Oh was the highest bidder.
5. Petitioners opposed the sale, citing the family home exemption under the Family Code.
6. RTC confirmed the sale; petitioners' Motion for Reconsideration was denied.
7. Petitioners filed a Petition for Certiorari in the Court of Appeals, which dismissed the petition, leading to the instant petition to the Supreme Court.

Issues:

1. Whether the Family Code provisions (Articles 152 to 160) regarding the exemption of the family home from execution are mandatory.

2. Whether a court order determining the-value and authorizing the auction sale of the family home is required before execution.

Court's Decision:

1. **Mandatory Compliance with Family Code Provisions:** The Court ruled that under Article 153, a family home is exempt from execution. However, exemption is a personal privilege that must be actively claimed and proved by the debtor before the auction sale. Silence or mere assertion without proof results in waiver of the exemption.
2. **Necessity of Court Order (Article 160):** The petitioners failed to substantiate their objection that their property was a family home both when they filed a motion to suspend the auction and during the auction itself. The sheriff's sale proceeded based on the absence of any court motion or proof substantiating their family home claim.

Doctrine:

1. **Exemption of Family Home:** A family home is deemed constituted on a house and lot when occupied as family residence and is generally exempt from execution, forced sale, or attachment as provided by Articles 153 and 160 of the Family Code.
2. **Claiming Exemption:** The exemption of the family home must be claimed and proved before the sale, failure to do so results in estoppel from later claiming exemption (Permanent Construction Corp. v. Estares).
3. **Procedural Rules:** Motions without requisite notice of hearing are mere scraps of paper and are disregarded by the courts.

Class Notes:

1. **Family Code Articles 152-160:** Key provisions protecting the family home from execution/forced sale.
2. **Procedural Tools:** Motion practice, including necessity for notice of hearing, and timely assertion of claims.
3. **Judgment Execution:** Steps and defenses, including exempt property claims under Article 153.

Historical Background:

The case highlights the legal landscape regarding family home protections introduced by the Family Code of the Philippines (1988). It underscores procedural precision required in asserting protections against judicial execution, reflecting broader transitions in family law towards shielding familial assets from creditors while underscoring procedural rigor essential for such protections.