

Title: Rural Bank of Milaor (Camarines Sur) vs. Ocfemia, G.R. No. 138891

Facts:

1. **Background and Sale of Property**: The grandparents of Marife O. Niño, respondents in this case, mortgaged seven parcels of land to the Rural Bank of Milaor. Failing to redeem these properties, the bank foreclosed the mortgage and acquired ownership. Five out of these seven parcels were later sold by the bank to Niño's parents in January 1988 via a Deed of Sale.
2. **Efforts to Transfer Title**: Despite paying the full consideration for the sale, respondents could not transfer the property to their names as the Assessor's Office required a registered board resolution from the bank.
3. **Bank's Refusal**: Marife O. Niño visited the bank multiple times requesting the board resolution necessary for registration, but was repeatedly turned away with excuses that included the absence of records from a former manager.
4. **Legal Action Initiated**: Due to the bank's refusal to provide the board resolution, the respondents filed a Petition for Mandamus with damages in the RTC Naga City. The RTC declared the bank in default for not filing an answer and granted the petition.
5. **Appeals**: The Rural Bank of Milaor filed motions trying to overturn the default order, all of which were denied. The bank subsequently filed a Petition for Certiorari to the Court of Appeals, which was also denied, affirming the RTC's decision.

Issues:

1. **Question of Jurisdiction**:
 - Does the RTC have original jurisdiction over an action involving title to real property valued at less than P20,000?
2. **Question of Law**:
 - Can the board of directors of a rural banking corporation be compelled to confirm a deed of absolute sale executed by its manager without prior board authorization?

Court's Decision:

1. **Jurisdiction of the RTC**:
 - The Supreme Court upheld the Court of Appeals' decision that the RTC had jurisdiction. Jurisdiction is determined by the allegations in the complaint. As the Petition for Mandamus

sought the issuance of a board resolution, not the title of the property itself, it was properly cognizable by the RTC under Section 21 of the Judiciary Reorganization Act (BP 129).

2. **Authority of the Bank Manager**:

- The Court recognized that the bank's failure to deny the execution of the Deed of Sale, and its repeated acknowledgments and actions (or inactions) regarding the sale, conferred apparent authority upon the manager to execute the sale.
- The acts of the manager represented the bank in regular business dealings. The bank by its conduct had clothed its manager with the apparent authority.
- The Deed of Sale was admitted by the bank due to its failure to deny the allegations specifically under oath.
- Consequently, the Court ruled that the bank was estopped from denying the manager's authority and had a clear legal duty to issue the board resolution confirming the Deed of Sale, allowing respondents to complete the property registration process.

Doctrine:

1. **Apparent Authority**: When a bank by its actions or inactions vests its managers with apparent authority, it is legally obliged to recognize transactions made under such authority.
2. **Estoppel**: A corporation is estopped from denying the authority of its officers who have been clothed with apparent authority when third parties have dealt with them in good faith.
3. **Competence of RTC**: The RTC has jurisdiction in mandamus cases where the primary issue does not involve the direct question of title to real property but rather the performance of a duty.

Class Notes:

- **Principles of Jurisdiction**: Jurisdiction bases on the nature of the cause of action and not the specific amount involved.
- **Estoppel by Conduct**: How continuous acknowledgment or lack of denial of authority by a corporation can lead to an assumption of authority by its agents.
- **Mandamus**: Forcing a public authority, including a corporation, to perform a certain act which is a public duty.

Historical Background:

- **Context**: The decision emphasizes broad corporate governance principles, reflecting the need for good faith duties within commercial transactions. It underscores the

importance of internal corporate procedures and regular business practices being consistent with the legal obligations toward third parties.