

**Title:** Spouses Fortunato G. Veloso and Adeline C. Veloso vs. Banco De Oro Unibank, Inc.

**Facts:**

1. **Background Transactions:**

- Petitioners, Spouses Fortunato and Adeline Veloso, had several transactions with respondent Banco De Oro Unibank, Inc. (BDO) involving credit card obligations, a real estate loan (P5,184,900.00), and auto loan transactions secured by a real estate mortgage and a chattel mortgage.

2. **Mortgage Agreement:**

- June 25, 2010: Petitioners executed a Mortgage Loan Agreement in favor of BDO, securing the loan with real properties in Quezon City.

3. **Default and Foreclosure:**

- Petitioners defaulted on their obligations.  
- October 10, 2012: BDO filed a petition for extrajudicial foreclosure of mortgage (FRE No. 9302) before the Clerk of Court of the RTC of Quezon City.

4. **Subsequent Litigation:**

- November 23, 2012: Petitioners filed a Complaint for Accounting, Judicial Determination, Legal Compensation or Set-off, and Damages, alleging that the stipulations in their promissory notes were unconscionable and illegal (Civil Case No. 12-1148, RTC Makati City).

5. **Foreclosure Sale:**

- November 27, 2012: Public auction where BDO emerged as the highest bidder.  
- December 27, 2012: Certificate of Sale issued and registered.

6. **Notice to Redeem:**

- May 30, 2013: Respondent BDO issued a notice to redeem to the petitioners.

7. **Complaint for Nullity:**

- June 19, 2013: Petitioners filed a complaint for the Declaration of Nullity of the Real Estate Mortgage and related entries, asserting that the mortgage agreement was void due to unconscionable stipulations.

8. **Motion to Dismiss:**

- June 5, 2018: BDO filed a Motion to Dismiss the complaint for lack of jurisdiction, arguing that the complaint was a real action, and the assessed value of the property was not alleged in the complaint.
- Petitioners opposed the motion, contending it was a personal action aimed at nullifying a contract.

9. **RTC Decision:**

- March 18, 2019: RTC dismissed the complaint due to lack of jurisdiction, emphasizing the real action nature and the necessity of stating the assessed property value.
- July 29, 2019: Motion for reconsideration was denied.

10. **Appeal to CA:**

- Petitioners appealed to the CA, which affirmed the RTC's resolution and order on November 16, 2020, and June 16, 2021, respectively.

**Issues:**

1. **Jurisdictional Nature:**

- Whether the RTC had jurisdiction to hear the complaint, considering it lacked allegations of the assessed value of the property.

2. **Real vs. Personal Action:**

- Whether the case filed by the petitioners was a real action (involving title or possession) or a personal action (intended to nullify a contract).

**Court's Decision:**

1. **Jurisdiction Requires Assessed Value:**

- The SC affirmed the CA's decision, noting the requirement under BP 129, as amended by RA 7691, that a court's jurisdiction in real actions is determined by the assessed value of the property.

2. **Nature of Action:**

- The SC concluded that the petitioners' action was indeed a real action as it affected title to or possession of the mortgaged property, primarily seeking recovery of ownership and possession.

**Doctrine:**

1. **Real vs. Personal Action:**

- Real actions affect title to or possession of real property or interest therein.
- Personal actions involve questions regarding personal status or personal obligations and rights.

2. **Jurisdiction Dependent on Assessed Value:**

- In real actions, jurisdiction is conferred based on the assessed value of the property involved, not merely the nature of the relief sought.

**Class Notes:**

1. **Essential Elements of Real Action:**

- Affecting title, possession, or an interest in real property.
- Assessed value determines the court's jurisdiction.

2. **Relevant Statutory Provisions:**

- Section 19, BP 129: Defines RTC's exclusive original jurisdiction based on the assessed value of the property.
- Section 33, BP 129: Defines first-level courts' jurisdiction based on the assessed property value.

3. **Applications:**

- If the assessed value of the property is not alleged in a complaint involving real property, the case may be dismissed for lack of jurisdiction.

**Historical Background:**

- **Amendments Expanding Jurisdiction:**

- BP 129, as amended by RA 7691 and further by RA 11576, expanded the jurisdictional thresholds determining which courts (RTC or first-level courts) can hear cases involving real property.
- Emphasizes importance of jurisdiction based on stable valuation methods (assessed value).

This case highlights complexities involving jurisdiction in real property disputes, underscoring procedural precision in pleadings and reaffirming the critical distinction between real and personal actions in the Philippine judicial system.