

**Title:** Spouses Dulnuan vs. Metropolitan Bank & Trust Company

**Facts:**

- Loan Acquisition:** Spouses Victor and Jacqueline Dulnuan (Petitioners) obtained several loans from Metropolitan Bank and Trust Company (Respondent) amounting to PHP 3,200,000, reflected in promissory notes.
- Real Estate Mortgage:** Petitioners secured these loans with a Real Estate Mortgage (REM) on a parcel of land in La Trinidad, Benguet, covered by Transfer Certificate of Title (TCT) No. 46390.
- Default and Foreclosure:** Upon Petitioners' default, Metrobank applied for extrajudicial foreclosure on 22 April 2008, which resulted in their being the highest bidder at a public auction held after due notice and publication, with a bid of PHP 6,189,000.
- Issuance of Writ of Possession:** Before the one-year redemption period ended, Metrobank filed for a Writ of Possession with the RTC, docketed as LRC Case No. 08-60.
- RTC Proceedings:** On 30 September 2008, Petitioners filed a complaint for a temporary restraining order (TRO), preliminary injunction, and final injunction, alleging that the mortgage was null and void since the proceeds were not received until December 2003, much later than the dated REM. The case was docketed as Civil Case No. 08-CV-2470.
- Consolidation of Cases:** The aforementioned cases were consolidated before Branch 63 of the RTC. The RTC issued a TRO on 5 November 2008 and a writ of preliminary injunction on 3 December 2008, enjoining Metrobank from taking possession of the property.
- Court of Appeals Proceedings:** Following the RTC's denial of Metrobank's motion for reconsideration on 24 March 2009, Metrobank filed a Petition for Certiorari with the Court of Appeals (CA-G.R. SP No. 108628). On 14 January 2011, the Court of Appeals reversed the RTC orders, concluding that Metrobank was entitled to occupy the property irrespective of pending litigations.
- Supreme Court Petition:** Dissatisfied, the Petitioners elevated the case to the Supreme Court through a Petition for Review on Certiorari.

**Issues:**

- Timing of Petition for Writ of Possession:** Did the Court of Appeals err in not considering the Petition for Writ of Possession was filed during the redemption period without a posted bond?
- Consolidation of Cases:** Did the consolidation of Civil Case No. 08-CV-2470 and LRC

Case No. 08-60 affect the issuance of the writ of possession?

**Court's Decision:**

1. **First Issue - Writ of Possession During Redemption Period:**

- **Legal Proposition:** Under Act No. 3135, as amended, a writ of possession may be issued within the redemption period on the condition that a bond is posted by the purchaser to indemnify the debtor should issues arise regarding the sale's validity.
- **Ruling:** The Supreme Court found that Metrobank's willingness to post a bond enabled its right to take possession even within the redemption period. Hence, the RTC's erroneous restraint via the preliminary injunction was reversed.

2. **Second Issue - Pending Suit and Consolidation:**

- **Legal Proposition:** The existence of a pending case challenging the mortgage or foreclosure's validity does not impede the issuance of a writ of possession.
- **Ruling:** The Court maintained that the pending annulment case did not legally bar Metrobank's entitlement to a writ of possession. The consolidation did not affect this entitlement.

The Supreme Court concluded that the Court of Appeals correctly reversed the RTC's order granting preliminary injunction.

**Doctrine:**

- **Writ of Possession:** A purchaser in an extrajudicial foreclosure sale is entitled to a writ of possession as a right upon filing the correct petition and bond.
- **Pending Annulment Case:** The pendency of such a case does not hinder the issuance of a writ of possession.

**Class Notes:**

- **Rule on Preliminary Injunction (Rule 58, Sec. 3):** Requirements for issuance are a clear right protected, the right being threatened, the substantial invasion of the right, and an urgent need to prevent irreparable harm.
- **Act No. 3135, Sec. 7:** Allows a purchaser in foreclosure to request possession during the redemption period with a bond.
- **Established Legal Principle:** Possession rights during and post-redemption periods can be exercised by the highest bidder in foreclosure, outlined in cases like *Spouses Tolosa v. United Coconut Planters Bank*.

**\*\*Historical Background:\*\***

- **\*\*Context:\*\*** This case reflects the legal frameworks surrounding mortgage foreclosures and writs of possession in the Philippines, reinforcing the statutory rights of creditors in such processes. It also addresses the court's overarching discretion in granting preliminary injunctions amidst pending substantive disputes.