

Title: Heirs of Aniolina Vda. De Sebua vs. Feliciana Bravante: Equitable Mortgage
Presumption in Real Property Transactions

Facts:

1. Aniolina Vda. De Sebua and her husband, Exequiel Sebua, owned a parcel of land (Lot No. 1525-E) in Barangay Malaya, Banga, South Cotabato.
2. In 1980, they mortgaged the land to Recto Debuque. Unable to redeem it in 1982, they borrowed PHP 7,000 from Feliciana Bravante and her husband to repay Debuque, who regained the land.
3. Feliciana's husband paid Recto PHP 5,000, and the balance of PHP 2,000 was given to the Sebuas. As part of the agreement, the Bravantes were allowed to possess and cultivate the land.
4. The Sebuas repeatedly borrowed additional amounts from the Bravantes between 1983 and 1985, totaling PHP 22,202, exceeding their initial mortgage agreement.
5. The Sebuas allegedly waived their rights to the land in favor of the Bravantes for PHP 30,000 after subsequent loans.
6. In 1985, due to Exequiel's difficulties in repayment, he allegedly allowed Julian Bravante to continue farming.
7. Exequiel continued attempts to redeem the land in 1995 and 2003, but Julian had died by then.
8. Exequiel died in 2003, and his heirs attempted to redeem the land. They were surprised by Feliciana's claim of ownership.
9. Litigation initiated in the RTC of Surallah, South Cotabato, alleging redemption and damages.
10. The RTC ruled the transaction as an equitable mortgage allowing redemption for PHP 30,000.
11. Feliciana appealed to the CA, which reversed the RTC's decision due to lack of evidence by both parties regarding ownership and redemption.

Issues:

1. Whether the transaction between the Sebuas and the Bravantes was an equitable mortgage rather than a sale.
2. Whether the CA erred in dismissing the complaint for lack of cause of action given the evidence presented.
3. Whether attorney's fees should be awarded to the Sebuas.

Court's Decision:

1. Equitable Mortgage: The Supreme Court (SC) found the transaction to be an equitable mortgage. Despite appearing as a sale, the Court held the intent was to secure a debt, supported by:

- Repeated borrowings by Exequiel.
- Attempts to repay and redeem the property.
- Continuation of debt acknowledgment.

2. Dismissal by the CA: The SC reversed the CA's decision, reinstating the RTC's ruling based on the equitable mortgage doctrine. It found the RTC properly inferred the intent of a secured loan, indicating sufficient cause of action.

3. Attorney's Fees: The SC found no basis for awarding attorney's fees to the Sebuas, acknowledging that parties may act out of belief in their right to the property.

Doctrine:

The case reiterated that under Article 1602 of the Civil Code, when the intention is to secure a debt rather than convey ownership, an equitable mortgage is presumed. Even one indicator under Article 1602 suffices for this presumption.

Class Notes:

- Equitable Mortgage: Under Philippine law, contracts that appear as sales but serve to secure a debt may be considered equitable mortgages.
- Presumption of Mortgage: Article 1602 provides instances where a sale is presumed to be a mortgage, emphasizing protection against property rights' undue transfer.
- Usury: Any money, fruits, or other benefits received as rent or interest under such circumstances should comply with usury laws.

Historical Background:

The case illustrates evolving jurisprudence on real property transactions in Philippine law, reflecting the judicial protection extended towards preserving the property rights amidst financial distress. It underscores how socio-economic circumstances influence court decisions, reaffirming doctrines that shelter debtors from overreaching creditors.