

**## Title:**

Mendoza vs. United Coconut Planters Bank; G.R. No. 166006

**## Facts:**

1. **\*\*Initial Complaint:\*\***

- On November 5, 2001, Adelia Mendoza, attorney-in-fact of Alice Malleta, filed a complaint for annulment of titles, foreclosure proceedings, and certificate of sale against United Coconut Planters Bank (UCPB) with the Regional Trial Court (RTC) of Lipa City, Fourth Judicial Region.
- Petitioners claimed UCPB violated due process and legal requirements concerning foreclosure proceedings and auction sale processes.

2. **\*\*Details of the Real Estate Mortgage:\*\***

- Petitioners had entered into a real estate mortgage with UCPB on October 6, 1995.
- Properties were foreclosed and sold at auction on August 27, 1998, to UCPB for P31,300,000.00.
- Affidavit of Consolidation of ownership by UCPB was executed on September 17, 2001.

3. **\*\*Contentions by Petitioners:\*\***

- Petitioners asserted several procedural deficiencies in UCPB's foreclosure proceedings, including lack of proper notices and non-compliance with Republic Act No. 3765.

4. **\*\*UCPB's Defense:\*\***

- UCPB denied the allegations, stating it followed due legal processes for foreclosure, including publication and notification requirements, and compliance with banking practices.

5. **\*\*Default and Foreclosure:\*\***

- UCPB initiated extrajudicial foreclosure due to petitioners' failure to settle their obligations.
- Foreclosure notices were posted and published as required, leading to the auction sale where UCPB emerged as the highest bidder.

6. **\*\*RTC Proceedings:\*\***

- Motion to Dismiss was filed by UCPB based on petitioners' failure to prosecute and set the case for pre-trial.
- Petitioners opposed the motion but acknowledged procedural delays due to the death of their original counsel.

7. **RTC's Dismissal:**

- On April 15, 2003, RTC dismissed the case for failure to prosecute. Petitioners' Motion for Reconsideration was denied on May 26, 2003.

8. **Appeal to the Court of Appeals (CA):**

- Petitioners filed an appeal, which UCPB moved to dismiss, citing non-compliance with Section 13, Rule 44 of the Rules of Civil Procedure.

9. **CA's Dismissal:**

- CA dismissed the appeal on July 2, 2004, for non-compliance with procedural rules. Petitioners' Motion for Reconsideration was denied on September 9, 2004.

10. **Supreme Court:**

- Petition for review on certiorari was filed by the petitioners, arguing substantial compliance with procedural requirements and challenging the lower courts' decisions.

**## Issues:**

1. **Whether the Court of Appeals erred in dismissing the appeal for non-compliance with Section 13, Rule 44 of the Rules of Civil Procedure.**

2. **Whether the Regional Trial Court erred in dismissing the case for failure to prosecute.**

3. **Whether UCPB's non-compliance with foreclosure procedural requirements under Act No. 3135 invalidated the foreclosure proceedings.**

4. **Whether the extrajudicial foreclosure proceedings and auction sale violated the terms of the mortgage contract.**

5. **Whether UCPB violated Republic Act No. 3765 regarding the disclosure of finance charges.**

**## Court's Decision:**

1. **On Compliance with Section 13, Rule 44:**

- The Supreme Court affirmed that petitioners' Appellants' Brief failed to meet procedural requirements, particularly lacking a subject index, distinct assignment of errors, and page references to the record.

- The distinction between "issues" and "assignment of errors" is crucial, and the lack of such elements in the brief is a ground for dismissal under Section 1(f), Rule 50 of the Rules

of Civil Procedure.

2. **Dismissal for Failure to Prosecute:**

- The RTC's dismissal was justified as petitioners failed to set the case for pre-trial within a reasonable timeframe, exacerbated by insufficient justification for the delay post-joining of issues.

3. **Procedural Violations in Foreclosure:**

- The court found UCPB complied with the procedural requirements of Act No. 3135, including necessary notices via publication and posting.

4. **Contractual Violations:**

- Allegations of violations under the mortgage agreement's Article XVII were unsubstantiated as petitioners failed to distinctly prove any breach in the course of the foreclosure.

5. **Republic Act No. 3765 Violations:**

- Claims surrounding the deficiency in financial disclosure were rebutted by UCPB's proof of regular provision of statements and demands for payment.

**## Doctrine:**

- **Strict Adherence to Procedural Rules:** The right to appeal is statutory and requires strict compliance with procedural rules. Non-compliance can warrant dismissal of the appeal.

- **Distinction Between Errors and Issues:** Assignment of errors and statement of issues are distinct requirements in appellate briefs; failure to appropriately address them can lead to dismissal.

- **Due Process in Foreclosure:** Compliance with procedural requirements, including proper notice and publication obligations, is essential in foreclosure proceedings.

**## Class Notes:**

- **Procedural Compliance:** Emphasis on the necessity of fulfilling the procedural stipulations under Section 13, Rule 44 of the Rules of Civil Procedure.

- **Distinction between errors and issues:** Recognition of unique procedural categories and their significance.

- **Foreclosure Law:** Understanding Act No. 3135 for extrajudicial foreclosure and necessary procedural compliance.

- **Republic Act No. 3765:** Importance of financial disclosure requirements in credit

transactions.

**### Statutory References:**

- **Section 13, Rule 44:** Contents of appellant's brief including a subject index, assignment of errors, and page references.
- **Section 1 (f), Rule 50:** Grounds for dismissal due to non-compliance with appellate brief requirements.
- **Act No. 3135:** Governs extrajudicial foreclosure of real estate mortgages in the Philippines.
- **Republic Act No. 3765:** Disclosure of finance charges in credit extensions.

**## Historical Background:**

- **Context of Foreclosure Cases:** This decision reflects the stringent procedural adherence required in Philippine appellate practice and highlights the criticality of proper notice and documentation in foreclosure activities.
- **Evolution of Procedural Rules:** The preservation of procedural requirements from the old to the revised Rules of Court emphasizes continuity and the importance of consistency in legal processes.