

****Title:** Huerta Alba Resort, Inc. vs. Court of Appeals and Syndicated Management Group, Inc.******

****Facts:****

1. On October 19, 1989, Syndicated Management Group, Inc. (SMGI) filed a complaint for judicial foreclosure of mortgage in the Regional Trial Court (RTC) of Makati City, seeking to foreclose on four parcels of land mortgaged by Huerta Alba Resort, Inc. to Intercon Fund Resource, Inc. (Intercon), and then assigned to SMGI.
2. The RTC ruled in favor of SMGI, ordering Huerta Alba to pay specific amounts or face foreclosure of the mortgaged properties.
3. Huerta Alba appealed the RTC decision to the Court of Appeals (CA) but their appeal was dismissed for late payment of docket fees. The Supreme Court (SC) affirmed the dismissal.
4. SMGI sought execution of the foreclosure judgment. The RTC issued a writ of execution, leading to the auction sale of the properties, with SMGI being the highest bidder.
5. Huerta Alba filed multiple motions, including an urgent motion to quash the writ of execution and a motion for clarification, questioning the commencement of the redemption period.
6. The RTC consistently ruled that the sale and consequent issuance of a title to SMGI were valid. Huerta Alba's subsequent petition to the SC was referred to the CA.
7. In CA-G.R. No. 38747, the CA set aside the RTC orders which had allowed Huerta Alba to redeem the properties under Section 78 of the General Banking Act (GBA).

****Issues:****

1. Whether the CA erred in holding that Huerta Alba only had the equity of redemption and not the one-year right of redemption under Section 78 of the GBA.
2. Whether the CA correctly ruled that SMGI was entitled to a writ of possession over the properties.
3. Whether the issue of Huerta Alba's right of redemption under Section 78 of the GBA was timely raised and preserved in earlier proceedings.

****Court's Decision:****

1. ****Equity vs. Right of Redemption:**** The SC ruled that Huerta Alba only had the equity of redemption, as distinguished from the right of redemption, which is specific to extrajudicial foreclosures or foreclosures involving banking institutions as per PNB or the General Banking Act. The failure to assert this right at crucial stages precluded its consideration.
2. ****Writ of Possession:**** The SC affirmed that SMGI was entitled to the writ of possession since they were the highest bidder at the auction sale, and Huerta Alba did not timely

exercise its redemption rights.

3. **Timeliness of Invoking Rights:** The SC emphasized that Huerta Alba failed to assert the right under Section 78 of the GBA during earlier critical stages of litigation, such as in their original answer to the foreclosure complaint or subsequent motions, leading to the conclusion that estoppel barred them from doing so later.

Doctrine:

- **Equity of Redemption vs. Right of Redemption:** In judicial foreclosures, mortgagors generally possess only the equity of redemption, unless foreclosed by a bank or banking institution where the General Banking Act applies.

- **Estoppel in Assertion of Rights:** Failure to assert a legal right at the earliest opportunity in a legal proceeding can lead to estoppel, barring later invocation of that right.

Class Notes:

- **Equity of Redemption:** The right to redeem property by paying the secured debt within a specified period, typically before confirmation of the foreclosure sale.

- **Right of Redemption:** Specifically granted in cases of extrajudicial foreclosure or when the mortgagee is a banking institution, allowing the mortgagor to redeem the property within one year from the registration of the foreclosure sale.

- **Estoppel Doctrine:** Prevents litigants from asserting rights or raising issues that should have been presented earlier in the litigation process.

Historical Background:

- This case underscores the legal nuances in foreclosure proceedings in the Philippines, particularly the distinctions made by judicial processes versus statutory entitlements under specific banking statutes. The outcome highlights the importance of timely asserting legal claims and defenses throughout litigation to avoid being precluded by procedural rules and doctrines like estoppel.