

**MOUNTAIN VIEW EQUITIES & DEVELOPMENT CORPORATION
AND ESCALA GARMENTS & MANUFACTURING CORPORATION,
PLAINTIFFS-APPELLANTS, VS. PHILIPPINE NATIONAL BANK,
DEFENDANT-APPELLEE.**

Ponente: CORALES, J.

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CORALES, J.:

This is an appeal[1] from the December 26, 2011[2] Decision and February 27, 2012 Resolution[3] of the Regional Trial Court (RTC), Branch 6, Baguio City dismissing plaintiffs-appellants' complaint for Declaration of the Extinguishment of the Contract of Loan and Mortgage and the Simultaneous Perfection of Dacion en Pago, and Annulment of Foreclosure in Civil Case No. 5243-R.

The Antecedents

On April 19, 1989, Mountain View Equities & Development Corp. (Mountain View) obtained a P25,000,000.00 two-year term loan from Philippine National Bank (PNB) to finance the construction of Le Chateau Garden Condominium (Le Chateau) in Baguio City. As security for the loan, Mountain View executed a Real Estate Mortgage (REM) covering a parcel of land registered in its name under Transfer Certificate of Title (TCT) No. T-45190[4] and all improvements thereon.

For some reasons, Mountain View failed to settle its loan and the same was reconstructed in 1991, 1992, 1993, and 1994.[5] In 1994,[6] Escala Garments & Manufacturing Corp. (Escala), a sister company of Mountain View, became the guarantor of the latter's loan. Under the new agreement, Escala's P26,000,000.00 indebtedness with PNB was consolidated with Mountain View's outstanding loan obligation. Unfortunately, Escala was not able to fully guarantee the loan because it later on sustained business losses. As of December 31, 1996, Mountain View and Escala's principal indebtedness amounted to P60,870,000.00 and P23,370,000.00, respectively.[7]

It appears that as early as August 21, 1996, Mountain View and PNB were already discussing the possibility of cession by way of dacion en pago of the unfinished 35 units at Le Chateau with a total area of 2,660.420 square meter (sq.m.) as full settlement of the loan.[8] On February 19, 1997, PNB' Board of Directors (BOD) passed Board Resolution No. 74[9] which provides:

RESOLVED, to approve and confirm, as recommended by Management, the following requests of Mountain View Equities & Escala Garments;

- Authority to negotiate for the compromise settlement of their obligations via 'dacion en pago' based on their loan booked values;

- Full settlement of the obligations of MVEDC (P60.87 MM) and EGMC (P23.37 MM) in the total amount of P84.24 MM via 'dacion en pago' covering 35 condominium units of 'Le Chateau Garden Condominium' located along Legarda Road, Baguio City with a total combined area of 2,660.40 square meters at an estimated value of P103.76 MM based on P39,000.00 current price per square meter to be covered by a Memorandum of

Agreement (MOA) which will embody, among others, the major terms and conditions enumerated below;

- The specific information/data concerning the condominium unit number, floor area in square meters, location of the units and the designated parking space for each unit are detailed and hereto attached and made part hereof by incorporation;

- MVEDC shall fully complete the construction and development of the condominium building within nine (9) months from date of signing of the Memorandum of Agreement (MOA);

- The 35 condominium units offered for 'dacion en pago' shall be completed based on the description and specifications, the details of which are hereto attached and made part hereof by incorporation; MVEDC hereby represents that this description of a completed condominium unit is applicable to all the sold and unsold condominium units;

- MVEDC shall post a Performance Bond (PB) equivalent to the amount required to fully complete the condominium project; the text and substance of the PB shall be subject to review by the PNB Legal Division prior to the execution and implementation of the MOA;

The company that will issue the Performance Bond shall either be Prudential Guarantee & Assurance Company or Capital Insurance & Surety Corporation;

- Accruals of interest and penalties on the loans of MVEDC and EGMC shall stop after signing of the MOA and during the agreed construction period;

- The effectivity of the 'dacion en pago' shall be upon delivery and acceptance by PNB of the fully completed 35 condominium units on or before the end of the 9[th] month from the date of signing of the MOA; the effectivity of the 'dacion en pago' shall be subject to full compliance by MVEDC with the terms and conditions of the MOA with PNB;

- Implementation of the 'dacion en pago' is subject to MVEDC's payment of accounts receivable to PNB as well as the unpaid controller's fee of Mr. Carmelo O. Orallo; and

- Applicable provisions of existing credit policies/circulars of the Bank and such other terms and conditions that the Legal Division may impose to protect the interest of the Bank;

- Authority for the SVP or EVP of the Corporate Banking Group to negotiate and approve the other terms and conditions of the Memorandum of Agreement;

subject further to the additional condition:

- The lending unit shall incorporate in the proposed MOA that the Performance Bond equivalent to the amount required to fully complete the project shall be immediately put up upon signing of the MOA.

On March 18, 1997, PNB wrote[10] Mountain View stating that:

Gentlemen:

We are pleased to inform you that the Board of Directors of the Philippine National Bank approved your proposal for 'Dacion en Pago' as settlement for the obligations of Escala Garments & Manufacturing Corp. & Mountain View Equities & Development Corp..

Documentation of this transaction was endorsed to our Legal Department on March 4, 1997. A draft of the document will be sent to you prior to our discussion of the final terms and conditions of the Memorandum of Agreement.

Thank you.

In subsequent communications,[11] PNB sent its own version of the MOA and required Mountain View to submit a pro-forma performance bond. On November 3, 1997, Mountain View submitted its draft MOA[12] and the pro-forma performance bond.[13] Neither of the parties signed the MOA and in a letter[14] dated April 23, 1998, PNB requested for a copy of Mountain View's new proposal pursuant to the conference held on February 18, 1998 between their respective representatives. Instead of giving an alternative proposal, Mountain View resubmitted its draft MOA which embodied the purported dacion en pago agreement. In response, PNB informed Mountain View of the need "to secure a revalidation of the lapsed BOD approval covering the dacion arrangement subject of the MOA" and requiring them to submit the following documents:[15] (1) the percentage of completion of the project; (2) total cost of condominium project; (3) remaining amount required to fully complete the project for purposes of fixing the performance bond; and (4) appropriate Board Resolution/s approving the dacion of 35 condominium units and 6 commercial units, with respective area of 2,660.40 sq.m. and 498 sq.m., and designating the corporations' authorized signatories to sign any and all documents for the said purpose.

In its letter dated July 7, 1999, Mountain View manifested that the condominium project has been 93% completed and the remaining construction cost would be P33,000,000.00. It offered as a "sweetener" half of the area located below the driveway of the condominium as soon as it has been developed. It also asked from PNB an additional loan to be able to finish the condominium project within a 9-month period.[16]

In its reply-letter, PNB emphasized that it has not yet agreed to the transfer of the 35 condominium units and reiterated that the dacion en pago previously approved by its BOD had expired, thus, there is a need to re-evaluate and resubmit a settlement proposal. It further stated that the properties being offered for dacion were substantially deficient to cover plaintiffs-appellants' outstanding obligation and enjoin Mountain View to give an additional real property. The bank also declined to approve the requested additional loan and informed Mountain View that it could no longer maintain its account in past due status.[17]

Mountain View manifested its intent to amend the dacion en pago arrangement by increasing the floor area of the ceded property to 2,861 sq.m. and providing for the needed fund in finishing the condominium project within 12 months from signing of the final MOA.[18] PNB rejected the foregoing proposal through its letter dated December 8, 1999.[19]

On January 10, 2002, the REM was extrajudicially foreclosed to satisfy plaintiffs-appellants' P305,628,805.15 outstanding loan to PNB as of January 31, 2000.[20] In the public auction held on February 28, 2002, PNB emerged as the highest bidder with a bid of P102,640,190.00.[21]

Feeling aggrieved, plaintiffs-appellants filed the complaint[22] for Declaration of the Extinguishment of the Contracts of Loan and Mortgage and the Simultaneous Perfection of the Contract of Dacion en Pago, and the Annulment of Foreclosure. They argued that the contract of loan and the REM had been extinguished by the dacion en pago agreement which was perfected when PNB notified them of BOD's approval of the proposed cession. Thus, they prayed for the implementation of the dacion en pago and the annulment of the foreclosure sale.

In its Answer,[23] PNB claimed that the dacion en pago was conditionally approved by its BOD and there was no perfected contract between it and Mountain View. It insisted that the element of consent was absent because the parties failed to agree on the terms and conditions of the MOA. PNB also raised the affirmative defense of failure to state a cause of action, arguing that the foreclosure sale was validly executed, but the RTC denied the same in its September 30, 2002 Order.[24]

In the interim, title over the mortgaged property was consolidated in the name of PNB under TCT No. T-78381 but plaintiffs-appellants caused the annotation of a notice of lis pendens[25] on the said title. They also filed a

Verified Application[26] for the issuance of temporary restraining order (TRO) and writ of preliminary injunction (WPI) alleging that PNB already took possession of the foreclosed properties and there is a need to enjoin the latter from committing further acts of dispossession.

In its January 15, 2003 Order, the RTC denied plaintiffs-appellants' application for TRO and WPI.[27] Subsequently and upon PNB's motion,[28] the court a quo dismissed plaintiffs-appellants' complaint on the ground of lack of cause of action and for being moot and academic as a result of the issuance of the new title in the name of the bank.[29] Plaintiffs-appellants elevated the matter to this Court via a petition for certiorari, docketed as CA-G.R. SP No. 93042. In a Decision dated June 30, 2006[30] which attained finality on August 6, 2006,[31] the Court granted plaintiffs-appellants' petition for certiorari thereby annulling and setting aside the RTC's order of dismissal and directing the re-raffle of the case to another branch of the RTC.

During the ensuing trial, Alberto Escalona (Escalona), Vice President of Mountain View and former Vice President of Escala, categorically admitted that there was no meeting of minds between plaintiffs-appellants and PNB with respect to the final terms and conditions of the MOA. He testified that there were certain provisions in PNB's draft MOA which were not discussed in the parties' previous meetings and the same provided for certain conditions which plaintiffs-appellants could not possibly comply.[32]

In support of its defense, PNB presented the following witnesses: Rowena Escareal Magpayo (Magpayo), its First Vice President and former Head Account Officer; and Atty. Ma. Socorro Antoniette Marquez (Atty. Marquez) from the Office of the Corporate Secretary of PNB. Magpayo acknowledged PNB's approval of the proposed dacion en pago as settlement for the loan but claimed that the same was subject to certain terms and conditions which the parties failed to agree. She further testified that the March 18, 1997 letter does not indicate a period when the approval of the proposed dacion en pago would expire.[33] On the other hand, Atty. Marquez presented and identified PNB's minutes book containing the February 19, 1997 Board Resolution No. 74.[34]

The Ruling of the RTC

In its December 26, 2011 Decision,[35] the RTC dismissed the complaint and held that there was no perfected dacion en pago due to the absence of the essential elements of a contract. According to the court a quo, the BOD's approval only meant that PNB was amenable to settle the indebtedness through dacion en pago while the March 18, 1997 letter merely commenced the negotiation stage for its consummation. However, the parties failed to agree on the thing that would be delivered to PNB by Mountain View and the price at which they were to be appraised as shown by the divergent specifications of the objects of the dacion en pago in the parties' respective draft MOAs. It also noted that in Board Resolution No. 74, PNB made clear its position that before a dacion en pago could take place, its demands must first be met; thus, the parties were simply in the offer and counter-offer stage of a contract.

The pertinent portions of the Decision read:

Defendant's statement in its letter dated March 13, 1997 that "x x x that the Board of Directors of the Philippine National Bank approved your proposal for 'Dacion en Pago' as settlement for the obligations of Escala Garments & Manufacturing Corp & Mountain View Equities & Development Corp." did not perfect the dacion en pago between the parties herein. For the subsequent part of this letter said: "Documentation of this transaction was endorsed to our Legal Department on March 4, 1997. A draft of the document will be sent to you prior to our discussion of the final terms and conditions of the Memorandum of Agreement."

The entirety of this letter meant that defendant is amendable to settle plaintiffs' indebtedness through dacion en pago, which is a special form of payment, and in the meantime to dispense with the usual mode of collecting on a mortgage. This initial consent is crucial for without it, of course, there would have been no basis for

starting, continuing and concluding the negotiations for the settlement of plaintiffs' indebtedness sans foreclosing the mortgage that secured it. Hence, pursuant to this endeavor, as the second paragraph so unequivocally expresses, plaintiffs and defendant had still to reach an agreement on the objects and the price involved in the dacion en pago.

To be sure, it is essential that defendant and plaintiffs must first agree on the objects of the dacion en pago, including their price or value, before the dacion en pago can be perfected. x x x. Here, there was no binding consensus on the things that would be delivered to defendant by plaintiffs and the price at which they were to be appraised; hence the dacion en pago could not have been perfected.

The parties' respective Memoranda of Agreement, which were attached to their own letters, demonstrated the absence of consent on the price and objects of the alleged dacion en pago. They were so divergent as regards the specifications of the objects of the dacion en pago; there was even no uniformity between them on the price at which these objects would be acceptable to each one. In categorical terms, as a follow-through of the second paragraph of the letter dated March 13, 1997, defendant's letter dated March 13, 1997, defendant's letter dated April 22, 1997 proved this point. Its attached Memorandum of Agreement showed so many conditions that have yet to be satisfied before the dacion en pago could even take off or take place, i.e., completion of the proposed dacion properties' construction and transfer of title to defendant. On the other hand, in plaintiffs' letter dated July 7, 1998, they suggested a "sweetener" for the dacion en pago to finally push through. Obviously, this was meant to convince defendant to proceed with the dacion en pago following plaintiffs' proposed Memorandum of Agreement. xxx.

xxx

If only to stress the obvious, defendant's Board Resolution preceding and giving rise to the letter of March 18, 1997 never signified a perfected dacion en pago. Defendant made its position clear in this Board Resolution that before a dacion en pago could take place its demands must be met pre-conditionally. xxx.

xxx

WHEREFORE, the instant complaint and the counterclaim are dismissed for the reasons stated above.

SO ORDERED. (Emphasis and italics appear in the original text of the decision)

Plaintiffs-appellants moved for reconsideration[36] but the RTC denied the same through its February 27, 2012 Order.[37]

Unfazed, plaintiffs-appellants filed the instant appeal raising the following arguments:[38]

I.

THERE WAS A VALID AND BINDING DACION EN PAGO BETWEEN THE PARTIES.

II.

THE LOWER COURT COMMITTED REVERSIBLE ERROR IN RULING THAT A MEMORANDUM OF AGREEMENT IS A NECESSARY ELEMENT IN A DACION EN PAGO.

They insist that the essential elements of dacion en pago are present in their case and argue that the object is definite because their offer of 35 condominium units, totaling 2,660 sq.m., was accepted by PNB while the P84,240,000.00 price determined by PNB as their total indebtedness is likewise certain. They further maintain that there was a clear meeting of the minds between the parties, sufficiently proven by PNB's March 18, 1997 letter. Lastly, they contend that this Court had already made a finding on the existence of a perfected dacion en pago in Our Decision in CA-G.R. SP No. 93042 and this should be given effect pursuant to the principle of res

judicata.

This Court's Ruling

The appeal lacks merit.

No Perfected Contract of Dacion en Pago

Dacion en pago or dation in payment is a special mode of payment whereby a property is alienated to the creditor in satisfaction of a debt in money. It is actually a novation of contract which partakes the nature of a sale, the thing offered as an accepted equivalent of the performance of an obligation is considered as the object of the contract of sale while the debt is considered as the purchase price. As such, the elements of a contract of sale, namely, consent, object certain, and cause or consideration must be present.[39] Corollary thereto, Article 1319 of the New Civil Code states that consent is manifested by the meeting of the offer and the acceptance upon the thing and the cause which are to constitute the contract. The offer must be certain and the acceptance absolute. A qualified acceptance constitutes a counter-offer.

In this case, the RTC aptly ruled that the element of consent is wanting because there was no meeting of minds as to the offer and acceptance of the thing and the cause of the dacion en pago. In Board Resolution No. 74 which gave rise to the March 18, 1997 letter, PNB provided several conditions before the effectivity of plaintiffs-appellants' proposal; thus, it only constituted a qualified acceptance of the proposed dacion en pago and could not be considered as a clear manifestation of consent. It bears stressing that a qualified acceptance, or one that involves a new proposal, constitutes a counter-offer and is a rejection of the original offer. Consequently, when something is desired which is not exactly what is proposed in the offer, such acceptance is not sufficient to generate consent because any modification or variation from the terms of the offer annuls the offer.[40]

Simply stated, PNB's qualified acceptance is considered a counter-proposal which annulled plaintiffs-appellants' offer. The contract would have been perfected if plaintiffs-appellants gave their absolute approval to PNB's counter-offer which includes the finalization of a MOA embodying all the terms of the dacion en pago. Regrettably, the MOA was not executed because herein parties could not mutually agree on its provisions. In fact, Escalona specifically admitted that plaintiffs-appellants did not sign PNB's draft MOA because there were certain provisions therein which were impossible for them to comply. Thus, PNB's qualified acceptance and plaintiffs-appellants' rejection of the former's MOA belie the claim that there was consent and meeting of the minds leading to the perfection of the dacion en pago.

Moreover, an acceptance is considered absolute and unqualified when it is identical in all respects with that of the offer so as to produce consent or a meeting of the minds.[41] Here, the provisions of plaintiffs-appellants and PNB's respective draft MOAs are not identical particularly as to the 498 sq.m. undeveloped portion which appears to be one of the object of the dacion en pago. For clarity, quoted hereunder are the relevant portion of the parties' draft MOAs, viz.:

PNB's version:[42]

.xxx

WHEREAS, the Borrowers desire to settle the Unpaid obligations by transferring in favor of the Bank, thru a "dacion en pago" arrangement (the "Dacion"), (i) thirty five (35) condominium units with an aggregate are of 2,660.40 sq.m., more or less, located at the Le Chateau Garden Condominium (the "Project") now being constructed on the Mortgaged Property, more particularly described in Annex "A", hereto attached and made an integral part hereof, and (ii) 498 sq.m., more or less, of the undeveloped portion of the Mortgage Property, more particularly described in annex "B" hereto attached and made an integral part hereof (collectively the:

“Dacion Properties”); [Emphasis supplied]

xxx

Plaintiffs-appellants' version:[43]

xxx

WHEREAS, the Borrowers desire to settle the Unpaid Obligations by transferring in favor of the Bank, thru a “dacion an pago” arrangement (“the Dacion”), thirty five (35) condominium units with an aggregate area of 2,660.40 sq.m., more or less, inclusive of unit area and parking area located at Le Chateau Garden Condominium (the “Project”) now being constructed on the Mortgaged Property, xxx

xxx

WHEREAS, should the Borrowers successfully pursue its intention to develop the property not covered by the Condominium Title Certificate, the Borrowers shall transfer 498 sq.m. of floor area of the additional development to the Bank as additional consideration for the “dacion en pago” and particularly described in Annex “B” hereto attached and made an integral part hereof (collectively the “Dacion Properties”); [Emphasis supplied]

xxx

Plaintiffs-appellants may argue that the absence of the foregoing MOA is not an essential requisite for a dacion en pago. However, it must be emphasized that the absence of a MOA is not the primary basis in holding that the contract of dacion en pago was not perfected. It is the lack of consent from PNB and plaintiffs-appellants which negates the existence of a perfected contract between the parties. As a matter of fact, the exchange of communications between PNB and Mountain View clearly shows that the parties were still negotiating for the terms and conditions of the dacion en pago. When the parties' respective MOAs were left unsigned, PNB wrote plaintiffs-appellants requesting for a copy of the latter's new proposal pursuant to a conference held on February 18, 1998 between their respective officers.[44] In a July 7, 1999 letter, Mountain View also offered as a “sweetener” for the approval of the dacion en pago half of the area located below the driveway of the condominium unit as soon as it has been developed.[45] The foregoing evidence definitely established the failure of the parties to give their absolute and unqualified consent to the contract and stressed the fact that they were still in the process of negotiation. Therefore, the RTC did not err in ruling that there was no perfected contract of dacion en pago.

The negotiations for settlement of the mortgage debt by dacion en pago neither extinguished nor forestalled the creditor-mortgagee's exercise of its right to foreclose the mortgage. Necessarily, upon plaintiffs-appellants' default in their obligations, the foreclosure of the REM became a matter of right on the part of PNB[46] and this must be upheld in the absence of evidence negating its validity.

Res Judicata Inapplicable

Plaintiffs-appellants' reliance on Our June 30, 2006 Decision in CA-G.R. SP No. 93042 is also highly misplaced. The main thrust of Our decision in CA-G.R. SP No. 93042 was the nullity of the RTC's order dismissing the complaint on the ground of lack of cause of action. In this decision, We simply ruled that plaintiffs-appellants' complaint sufficiently states a cause of action and the issues raised therein can be properly threshed out and fully ventilated in a full blown trial. Nothing therein determined the existence and perfection of a dacion en pago between herein parties as shown by the following excerpts of the June 30, 2006 Decision, viz.:

xxx

The above-cited documents were duly admitted by PNB. Petitioners, therefore, have indubitably shown that they have a valid cause of action following the ruling in *Good Year Philippines, Inc.*, since based on said documents, it appears that there is a perfected dacion en pago agreement between the parties, as the board of directors of PNB has approved the proposal of petitioners to settle its account, which is the price, with the transfer of the enumerated condominium units to PNB, which is the object. All that needs to be done is the proper documentation of the agreement, as stated by PNB in the letter dated March 18, 1997.[47]

Res judicata would bar the institution of a subsequent action if the following requisites concur: a) the former judgment must be final; b) it must have been rendered by a court having jurisdiction of the subject matter and the parties; c) it must be a judgment on the merits; and d) there must be between the first and second actions (i) identity of parties, (ii) identity of the subject matter, and (iii) identity of cause of action.[48] Here, there is no identity of cause of action, issues and reliefs prayed for between this appeal and the petition for certiorari in CA-G.R. SP No. 93042, thus, there could be no res judicata. We quote with approval the following disquisition of the RTC:

In the petition for certiorari to assail the Order, the Court of Appeals first discussed the elements of a cause of action and later concluded that plaintiffs “have a valid cause of action following the ruling in *Good Year Philippines, Inc. x x x*” The Court of Appeals then followed this conclusion with this caveat: “For if in the course of the trial it can be proven that there is a valid and perfected dacion en pago and that its non-enforcement is not due to any fault of petitioners, then PNB has no right to proceed with the foreclosure of the mortgage in the first place.” (emphasis added) Clearly, the Court of Appeals did not rule upon the issue of whether a dacion en pago in CA-G.R. SP No. 93042. Its Decision was limited to whether plaintiffs had alleged a cause of action to require a trial to ferret its truth. Only this matter was resolved with finality.[49] (Emphasis appears in the original text of the RTC’s Decision)

WHEREFORE, the appeal is DENIED for lack of merit. Accordingly, the December 26, 2011 Decision and February 27, 2012 Resolution of the Regional Trial Court, Branch 6, Baguio City in Civil Case No. 5243-R are hereby AFFIRMED.

SO ORDERED.

Villon (Chairperson) and Macalino, JJ., concur.

[1] See Notice of Appeal in relation to the March 27, 2012 Order of the RTC giving due course to said appeal, records, pages 733-734 and 820, respectively.

[2] Penned by Presiding Judge Cleto R. Villacorta III, records, pages 633-666.

[3] *Ibid.*, pages 722-728.

[4] *Ibid.*, page 138-139.

[5] *Ibid.* See also TSN, Rowena Escarial Magpayo, May 24, 2010, pages 4-9.

[6] See Appellants' Brief, rollo, page 48. See also Memorandum of Agreement, records, pages 23-30.

[7] See Resolution No. 74 dated February 19, 1997, *ibid.*, pages 553-554.

[8] See Letter of Mountain View to PNB dated August 21, 1996, *ibid.*, pages 404-405.

[9] *Supra*, at note 7.

[10] See PNB's letter to Mountain View dated March 18, 1997, records, page 38.

- [11] See PNB's letter to Mountain View dated April 22, 1997, Mountain View's letter to PNB dated June 17, 1997, and PNB's letter to Mountain View dated October 7, 1997, *ibid.*, pages 422, 428 and 429, respectively.
- [12] *Ibid.*, pages 436-442.
- [13] See Mountain View's letter to PNB dated November 3, 1997, *ibid.*, page 435.
- [14] *Ibid.*, page 443.
- [15] See PNB's letter to Mountain View dated March 12, 1999 and June 27, 1999, *ibid.*, pages 447 and 449, respectively.
- [16] *Ibid.*, pages 451-452.
- [17] See PNB's letter to Mountain View dated November 10, 1999, *ibid.*, page 454.
- [18] See Mountain View's letter to PNB dated December 6, 1999, *ibid.*, page 455.
- [19] *Ibid.*, page 457.
- [20] See Petition for Extrajudicial Foreclosure of Sale filed before the Clerk of Court and Ex-Officio Sheriff of RTC, Baguio City, *ibid.*, pages 464-468.
- [21] See Sheriff's Certificate of Sale, *ibid.*, pages 472-473.
- [22] *Ibid.*, pages 2-13.
- [23] *Ibid.*, pages 55-57.
- [24] Penned by Presiding Judge Fernando Vil Pamintuan, *ibid.*, page 87.
- [25] See annotation in TCT No. T-78381, *ibid.*, pages 478-479.
- [26] *Ibid.*, pages 117-132.
- [27] *Ibid.*, page 152.
- [28] See PNB's motion to dismiss, *ibid.*, pages 169-172.
- [29] See RTC's Order dated October 30, 2003, *ibid.*, pages 270.
- [30] Penned by Associate Justice Magdangal M. De Leon with the concurrence of Associate Justices Godardo A. Jacinto and Rosalinda Asuncion-Vicente, *ibid.*, pages 301-316.
- [31] See Entry of Judgment dated August 6, 2006, *ibid.*, page 296.
- [32] TSN, Atty. Alberto Escalona, November 19, 2009, pages 12 and 17.
- [33] TSN, Rowena Escarial Magpayo, May 24, 2010, pages 9-10 and 29.
- [34] TSN of Atty. Ma. Socorro Antoniette Marquez Deposition taken on April 15, 2011, records, pages 520-552.
- [35] *Supra*, at note 2.
- [36] See Motion for Reconsideration, records, pages 667-687.
- [37] *Supra*, at note 3.
- [38] See Appellants' Brief, rollo, page 57.

[39] See *Dao Heng Bank, Inc. v. Spouses Laigo*, G.R. No. 173856. November 20, 2008; *Ocampo v. Land Bank of the Philippines*, G.R. No. 164968. July 3, 2009.

[40] *Heirs of Ignacio v. Home Bankers Savings and Trust Company*, G.R. No. 177783. January 23, 2013. [41] *Development Bank of the Philippines v. Mendrano*, G.R. No. 167004. February 7, 2011.

[42] *Records*, page 423.

[43] *Ibid.*, page 437.

[44] See April 23, 1998 letter, *supra*, at note 14.

[45] *Supra*, at note 16.

[46] See *Equitable PCI Bank v. OJ-Mark Trading*, G.R. No. 165950. August 11, 2010.

[47] See page 13 of the June 30, 2006 Decision, *supra*, at note 30.

[48] *Chu v. Cunanan*, G.R. No. 156185. September 12, 2011.

[49] *Supra*, at note 3.

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