

**CANDELARIA PECSON JOSE AND DR. JOSE S. JOSE,
PLAINTIFFS-APPELLEES, VS. PRISCILA SANTOS, INES SANTOS AND
MONS. PEDRO P. SANTOS, DEFENDANTS-APPELLANTS.**

G.R. No. L-25510. October 30, 1970

Ponente: FERNANDO, J.

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FERNANDO, J.:

In this foreclosure of mortgage suit, the lower court unable to perceive any persuasive force in five of the six special defenses set forth by defendants, now appellants curtly dismissed them as "lacking in merit." It decided in favor of plaintiffs, now appellees. Appellants would have us reverse, raising in the process a question novel in character. It is their contention that the lower court's laconic and terse disposition of such special defenses failed to abide by the constitutional command that a court of record should state in its decision clearly and distinctly the facts and the law on which it is based.[1] As will hereafter be more fully expounded, the lower court did not thereby lay itself open to the valid accusation of having disregarded the Constitution. Moreover, it did decide correctly that on the duly proven facts, the law did call for a foreclosure. Accordingly, we affirm.

On December 21, 1962 plaintiffs, Candelaria Pecson Jose and Jose S. Jose, filed a complaint for the foreclosure of mortgage with the Court of First Instance of Rizal, Branch VI, then presided by Judge, now Justice of the Court of Appeals, Andres Reyes, alleging that on December 10, 1960 defendant Priscila Santos, in her own behalf and as attorney-in-fact of her co-defendants, Mons. Pedro P. Santos and Ines Santos, borrowed from the plaintiff Candelaria Pecson Jose the sum of P714,786.65, payable in Philippine currency in various installments specifying the respective dates from March 15, 1961 until December 31, 1970 and the amounts to be paid at such times. Then came the allegation that to secure "the prompt and faithful payment of the aforesaid sum" defendant Priscila Santos, again in her own behalf and as attorney-in-fact of the other defendants, executed and delivered to the plaintiffs on December 19, 1960 a first mortgage on two parcels of land in the province of Rizal, duly registered, a copy of such deed of mortgage being attached to the complaint. After which, the fact of such mortgage being duly registered on December 29, 1960 and duly annotated in the original and transfer certificates of title was set forth. After mentioning that one of the conditions of such mortgage is that failure to pay any of the installments specified would make the whole obligation due and demandable, thus giving full force and effect to the mortgage, and that defendants had paid only up to the June 30, 1961 installment, the amount due on December 31, 1961 as well as those subsequently payable not having been satisfied resulting in their thus being obliged to pay in full the balance of P561,093.40, which, notwithstanding repeated demands, defendants failed and refused to pay, plaintiffs sought the payment of the above sum with interest at the legal rate, failure to do so calling for a judgment and decree of foreclosure, as well as attorney's fees in the sum of P50,000.00.

Defendants, on February 26, 1963, filed their answer specifically denying the allegations of the complaint and setting forth five special defenses with counterclaims, the first of which would stress that the amount claimed was not due and demandable as there was no default on their part, there being a failure in accordance with the understanding between the parties to credit them the sum a P200,250.00 as the share of the plaintiffs in the

expenses incurred for the registration of the Hacienda Sanjonar, owned jointly by plaintiffs as well as defendants, who were thus entitled to reimbursement in the above amount being one-half of the total sum of P400,500.00 advanced by the defendants subject to such reimbursement. Defendants then alleged that the suit being thus unwarranted and unfounded did injure their business, social and credit standing, cost them physical suffering, mental anguish and serious anxiety, for which they should be awarded moral damages in the sum of not less than P200,000.00 and exemplary damages in the sum of at least P50,000.00. The four other special defenses with counterclaims would find fault with the failure of plaintiffs to deliver to defendants the owner's duplicate of two original certificates of title covering two lots in the province of Rizal, which, according to defendants, were owned by them jointly with plaintiffs, such failure preventing them from obtaining loans of not less than P100,000.00; with the refusal of plaintiffs to reimburse defendants for their share in the purchase of firearms in the sum of P7,750.00, one-half of which should be paid by plaintiffs; with plaintiffs allegedly making fraudulent use of a special power of attorney, having misled defendants into signing the same, and mortgaging certain lots jointly owned by them with the Philippine National Bank to secure a loan in the sum of P15,000.00, all the proceeds of which plaintiffs did appropriate for themselves, the counterclaim sought being in the amount of P18,000.00; with plaintiffs' refusal to lend to them the owner's duplicate of original certificate of title No. 2054 with a view to undertaking the subdivision survey of lot No. 11 of Hacienda Sanjonar and their failure to give consent to defendants' request for a second mortgage on such lot in favor of the Republic Bank of Manila to secure a repayment of a loan of P900,000.00 of defendants from said bank, the counterclaim sought being in the amount of P50,000.00; and that the actuations of plaintiffs did result in defendants having to hire the services of counsel entitling them to a judgment for P50,000.00 for attorney's fees.

After trial duly had, with two witnesses testifying, Jose S. Jose for plaintiffs and Priscila Santos for defendants, and with the submission of documentary evidence, the lower court rendered a decision on May 26, 1965 ordering defendants to pay not the amount sought of P561,093.40 but the sum of P553,096.00 within 90 days from receipt of such decision, in default of which the mortgaged property was to be sold at public auction and the proceeds thereof to be applied for the satisfaction of the mortgage indebtedness. Plaintiffs were also awarded P50,000.00 as attorney's fees. The special defenses and counterclaims were, as noted, "dismissed for lack of merit." To be more accurate, while the counterclaim resulting from the first special defense was thus dismissed, there was a detailed consideration of such special defense consisting of the allegation that defendants were not credited with the amount of P200,250.00, representing the reimbursement due them for the expenses of the registration of Hacienda Sanjonar owned jointly with plaintiffs.

Hence, this appeal, with fourteen errors allegedly having been committed by the lower court, twelve of which are factual in character and the last a logical corollary of the other errors assigned. As noted at the outset, a Constitutional question was likewise raised, the eighth assigned error being to the effect that in thus dismissing the five special defenses for lack of merit, there was a violation of the constitutional requirement that a decision of a court of record must express "clearly and distinctly the facts and the law on which it is based." We repeat that there is no justification for the reversal of the lower court decision. We affirm.

1. We take up first the constitutional question earnestly pressed that the lower court by summarily rejecting as without merit five of the six special defenses raised failed to accord respect for the constitutional mandate that a decision of a court of record must express "clearly and distinctly the facts and the law on which it is based." It is worth noting that this provision of the Constitution did not provoke any debate. The delegates apparently were of one mind as to its desirability. It is intended to assure that judicial decisions can stand the light of scrutiny both from the bar and the informed public and that party litigants are not left in the dark as to the basis of the decision arrived at. Moreover, fidelity to what is thus ordained would likewise facilitate the work of appellate tribunals in passing upon matters submitted to them for review.

The Constitution thus specifies how a court of record is to exercise judicial power. For it is the function of a court to decide the case before it, whether criminal or civil, and if the latter, be it an ordinary suit, a special civil action, or a special proceeding, by applying the law to the facts as ascertained, whether as admitted or stipulated or proven by competent evidence. Such a decision by a court of record should be embodied in an opinion where, in a manner clear and distinct, there is a recital of the events that did transpire and the controlling legal norm. Since a case involves a dispute with the plaintiff or petitioner asserting that a right has been violated by defendant or respondent, there being a need for the operation of the sanction that the law affords to redress the wrong, all that is required of the judiciary is that the decision rendered makes clear why either party prevailed under the applicable law to the facts as established.

Nor is there any rigid formula as to the language to be employed to satisfy the requirement of clarity and distinctness. The discretion of the particular judge in this respect, while not unlimited, is necessarily broad. There is no sacramental form of words which he must use upon pain of being considered as having failed to abide by what the Constitution directs. This is a realm where his individuality is not stifled, his habitual mode of giving expression to his thoughts respected. It suffices that his decision is not tainted with that degree of ambiguity that opens vistas of doubt both as to what the facts really were and the significance attached to them by the law.

The lower court decision now on appeal cannot thus be justly characterized as having offended against this constitutional prescription. There was a failure to pay certain installments due. The whole obligation was thus demandable and the mortgage could be foreclosed. Six special defenses were alleged to defeat appellees' claim. The lower court took pains to explain why the first of them could not be given credence and belief. He felt no such need for such elaborate treatment as to the other five, being convinced of their lack of merit. He said so clearly and distinctly. Even the most cursory reading of the decision makes manifest why on the facts duly established, the law is definitely on the side of appellees. Hence the utter lack of basis of the eighth assigned error, imputed to the lower court, of disregarding this particular provision of the Constitution.

2. The first seven errors alleged by appellants would impugn the conclusion reached by the lower court that in accordance with the promissory note and the deed of mortgage the obligation became due and demandable, reducing the amount, however, to P553,096.00 instead of the amount claimed of P560,793.80. As admitted in the brief of appellants, nine payments out of a total of fourteen alleged by them were admitted by plaintiffs, leaving only five sums which they claimed should have been credited to them. The lower court in turn did recognize that in addition the amounts of P700.00 and P6,997.71 should likewise be deducted from the obligation still owing. The dispute, therefore, would center only on the claim for P200,250.00 which defendants would want plaintiffs to credit them and the two additional sums of P27,000.00 and P47,370.35. Why these respective alleged payments should not be considered was explained clearly in the decision now on appeal.

Thus, as to the amount of P200,250.00, the lower court made this finding: "Both parties - plaintiffs and defendants - claimed that the sum of P200,250.00, which plaintiffs owed the defendants before the execution of the deed of sale and the deed of mortgage was to be applied to the purchase price of Lot 17. However, both parties differed in the following: Plaintiffs claimed that the price stated in the deed of sale in the amount of P714,786.65 was fixed after deducting what they owed the defendants, that is to say, the sum of P200,250.00. In other words, plaintiffs contended that the purchased price of Lot 17 was P714,786.65 plus P200,250.00 and that when the deed of sale was executed the said sum of P200,250.00 was deducted and that is the reason why the purchase price was reduced to P714,786.65. Defendants, however, have a different version. They said that the P714,786.65 was actually the purchase price of Lot 17 and from this amount must be deducted the sum of P200,250.00; that after this amount has been deducted according to the defendants, they cannot be considered in default." [2]

After the above statement, the lower court, duly noting the circumstances surrounding the execution of the deed of

sale of Lot 17 and the mortgage deed as well as the exhibits submitted by the parties, concluded that it could not "believe the theory of the defendants, * * *." [3] Why no such credence could be imparted to the contention resulted from its appraisal of the facts. The deed of sale of lot 17 in question and the deed of mortgage having been executed on December 10, 1960, nothing about such amount was mentioned in either document. Instead, there was the express admission that the sum of P714,786.65 was the mortgage indebtedness of defendants. Moreover, a series of promissory notes were executed, the first installment of P100,000.00 being payable on March 15, 1961. The lower court could thus reasonably conclude that if the sum of P200,250.00 was to be applied as partial liquidation, then defendants would not have executed the promissory notes amounting to P100,000.00 to cover the first installment due on March 15, 1961. It would also logically follow that as the mortgage indebtedness was thus to be reduced in the amount of P200,250.00, there would be no reason for defendants to pay the next installment of P14,300.00 due on April 15, 1961 and P32,392.85 due on June 30, 1961, as the afore-said amount of P200,250.00 would have covered all of such installments.

The conclusion arrived at by the lower court, which cannot be indicted for arbitrariness, insofar as this contention is concerned, follows: "It is indeed surprising, if we follow the version of the defendants, why the sum of P200,250.00, which is already a fortune was never mentioned in Exhibits A and C considering that the said two documents were, according to defendant Priscila Santos herself, prepared by her brother Atty. Ignacio Santos who also acted as one of the witnesses. Because if the sum of P200,250.00 was to be deducted from the purchase price of P714,786.65 that fact would surely have appeared in both documents as it is safe to presume that Atty. Santos would do everything legally to protect the defendants who are brothers and sisters. On the contrary, defendants' payment of P100,000.00 broken into several promissory notes, as well as the other subsequent installments have betrayed the fact that the sum of P200,250.00 had already been paid by the plaintiffs to the defendants at the time of the execution of Exhs. A and C." [4]

Nor did the lower court stop there. Thus: "Besides, as already stated, the above installments appearing in the deed of mortgage were spread out from 1961 to 1970. If the payments on these installments are summed up, the grand total will be P714,786.65. Now, what will be the purpose of the parties in specifying the amount as well as the date that these amounts should be paid if it were true that the sum of P200,250.00 has yet to be deducted from the purchase price of the land in question?" [5] It would thus follow that the first special defense raised was clearly devoid of any force.

The lower court next took up the alleged payments of P27,000.00 and P47,370.35 which defendants would assert ought to have been credited to them. As to the sum of P27,000.00, the appealed decision had this to say: "With respect to the sum of P27,000.00 which the Juvenile and Domestic Relations Court ordered the defendants to withhold, the Court believes that since this amount has not yet been deposited by the defendants with the said Juvenile and Domestic Relations Court, the same cannot as yet be considered as paid and plaintiff's liability to the said Court still remains." [6]

Concerning the other amount claimed, the appealed decision goes on to state: "With respect to the sum of P47,370.35, this Court has this to say: that aside from the fact that the plaintiff vigorously denied this indebtedness, the record shows that the only document evidencing it is a promissory note Exh. 15 in favor of Atty. Ignacio Santos and signed by, of all people, his sister, the defendant Priscila Santos. The contents of the promissory note read as follows: 'Prometo pagar a mi hermano Ignacio P. Santos, abogado, la suma de P47,370.35 como sus honorarios profesionales asumidos por mi como correspondiente al Dr. Jose Jose quien me rogo deducirlos del precio de venta del Lot No. 17 que yo le compre el dia 10 del presente mes. Asimismo, prometo tambien pagar a mi citado hermano igual suma de P47,370.35 como sus honorarios por sus servicios profesionales en lo que me corresponde, por varios conceptos.' " [7]

The following observation of the lower court as to why it could not believe the contention of defendants bears repeating: "Now, how can a document like this bind the plaintiffs? The sum of P47,370.35 is not a small amount. And if it were true that the plaintiff owed this to Atty. Ignacio Santos, why did not Priscila Santos require plaintiff to sign the promissory note instead of signing it herself? Besides, the amount of P47, 370.35 was paid by the defendant to her brother on July 24, 1963 long after the issues in this case have been joined and counsel for the plaintiffs had already filed a motion to set this case for hearing." [8]

Thus, in the light of the above, it cannot be said that the first alleged seven errors were in fact committed by the lower court. Considering, moreover, that the contentions are factual in character, doctrines announced by us in two recent decisions are illuminating. From *Corliss v. Manila Railroad Company*: [9] "In the more traditional terminology, the lower court judgment has in its favor the presumption of correctness. It is entitled to great respect. After all, the lower court had the opportunity of weighing carefully what was testified to and apparently did not neglect it. There is no affront to justice then if its finding be accorded acceptance, subject of course to the contingency of ultimate reversal if error or errors, substantial in character, be shown in the conclusion thus arrived at. It is a fair statement of the governing principle to say that the appellate function is exhausted when there is found to be a rational basis for the result reached by the trial court." From *Bulos Vda. de Tecson v. Tecson*: [10] "For one thing, what is objected to is not any alleged failure to apply the law that is controlling but the lower court's appraisal of the decisive facts. Such an appreciation is primarily for the trial judge, who heard the witnesses testify and who was thus in a much better position to gauge their credibility. Not that the conclusion thus arrived at is to be considered binding. We would be recreant to our appellate task if such be our attitude. We are called upon, however, in the absence of any taint of arbitrariness or bias, to yield to its findings the presumption that they were arrived at with due care and deliberation. A heavy burden is thus placed on the party who would have us disregard them. It must do so in a clear and convincing fashion. Such is not the case here."

3. Consideration of the rest of the assign errors need not detain us long, dealing as they do with the rejection of the other special defenses raised. The lower court was unable to see any merit in them. It was more than justified. For one thing, they failed to meet squarely the crucial issue of whether or not the mortgage obligation was due and demandable. Instead, matters foreign to such a question were brought up. It could be that a more direct approach was doomed to failure. As thus presented, though, such special defenses raised hardly commend themselves for relevancy. No wonder the lower court failed to see any persuasive merit in them. We have taken pains to go over the transcript and the documentary exhibits. We reach the same conclusion.

In addition to the doctrines set forth in the *Corliss* and *Bulos Vda. de Tecson* cases, *Arrieta v. National Rice and Corn Corporation* [11] may be cited. Thus: "Nothing in the record suggests any arbitrary or abusive conduct on the part of the trial judge in the formulation of the ruling. His conclusion on the matter is sufficiently borne out by the evidence presented. We are denied, therefore, the prerogative to disturb that finding, consonant to the time-honored tradition of this Tribunal to hold trial judges better situated to make conclusions on questions of fact."

WHEREFORE, the appealed decision of May 26, 1965 by the Honorable Andres Reyes is affirmed. With costs against appellants.

Concepcion, C.J., Reyes, J.B.L., Dizon, Makalintal, Zaldivar, Ruiz Castro, Teehankee, Barredo, and Makasiar, JJ., concur.

Villamor, J., did not take part.

[1] Art. VIII, Sec. 12 of the Constitution provides: "No decision shall be rendered by any court of record without

expressing therein clearly and distinctly the facts and the law on which it is based."

[2] Decision, Record on Appeal, pp. 51-52.

[3] Ibid, p. 52.

[4] Ibid, pp. 54-55.

[5] Ibid, p. 55.

[6] Ibid, pp. 55-56.

[7] Ibid, p. 56.

[8] Ibid, p. 57.

[9] 27 SCRA 674, 678 (1969).

[10] 28 SCRA 677, 686 (1969).

[11] 10 SCRA 79, 83 (1964).

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