

**FRANCISCO D. SARMIENTO AND MARCELINA S. SARMIENTO,
PLAINTIFFS AND APPELLEES, VS. JORGE SALUD AND BENITO
MACROHON, IN HIS CAPACITY AS THE SHERIFF OF QUEZON CITY,
DEFENDANTS AND A...**

G.R. No. L-25221. May 30, 1972

Ponente: REYES, J.B.L., Actg. C.J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/55fbd253efa8/>

REYES, J.B.L., Actg. C.J.:

Direct appeal (before R.A. 5540) from a decision of the Court of First Instance of Quezon City, in its Civil Case No. Q-7040, declaring the foreclosure sale, which had been made by the Provincial Sheriff of Rizal in favor of appellant Jorge Salud, null and void without pronouncement as to costs.

The background facts are not contested, being stipulated in the court below. On 16 February 1957, spouses Francisco D. Sarmiento and Marcelina S. Sarmiento purchased from Philippine Homesite and Housing Corp. a 295.50 sq. m. residential lot at 3136 K-6th St., Kamuning, Quezon City. They were issued TCT 34850, QC Register of Deeds, with the annotation at the back thereof, among others, that "(2) This lot is being sold subject to the condition that it cannot be resold within the period of twenty-five (25) years from the date of the contract and that if by circumstances, the purchaser is constrained to resell within this period, he may resell it only to the People's Homesite and Housing Corporation at the original purchase price plus 5% interest per annum and the approved costs of improvements thereon."

On 26 February 1957, the spouses, upon a P1,500 loan obtained from Jorge Salud, executed a real estate mortgage in favor of the latter. The deed was registered with the Quezon City Register of Deeds on 22 February 1957. On 28 November 1958, the spouses executed another mortgage covering the same land and "improvements" for the same amount, which was also registered with the Quezon City Register of Deeds on 11 December 1958.

The spouses failed to redeem the property. On 10 March 1962, Benito Macrohon, Rizal's provincial sheriff, pursuant to an extrajudicial foreclosure proceeding, conducted a public auction, for P5,088 sold the property to Jorge Salud, the sole and highest bidder and was issued a certificate of sale which was registered with the Quezon City Register of Deeds.

On 7 March 1963, in CC Q-7040, CFI, Quezon City, the spouses sought to annul the foreclosure proceedings, the sale at public auction and the certificate of sale, on the ground that the lot "may not be sold either extrajudicially or judicially within the period of 25 years from 16 February 1957 * * *." The Court of First Instance denied defendants' motion for a bill of particulars as well as plaintiffs' motion to declare the former in default. Defendants, in their answer, contend that the condition in the TCT "prohibits only voluntary sale or resale of the land subject of that title, but not the mortgage thereof", and that the sale at public auction, being the legal consequence of plaintiffs' failure, as mortgagors, to redeem the land "being involuntary and in pursuance of law * * * is not within the purview of the condition or restriction * * *."

The lower court found that defendants were warned of the annotation at the back of the TCT, that "in the event that plaintiffs would be unable to redeem their mortgage there would be a sale, extrajudicial or otherwise, and, hence, there would be a contravention of the restrictions"; and that "defendants took the risk of not being able, to avail themselves of the usual remedy of foreclosure proceedings when they granted a loan on the property * * *."

Hence, this appeal after defendants' motion for reconsideration was denied.

We find the appeal meritorious. The condition that the appellees Sarmiento spouses could not resell the property except to the People's Homesite and Housing Corporation (PHHC for short) within the next 25 years after appellees' purchasing the lot is manifestly a condition in favor of the PHHC, and not one in favor of the Sarmiento spouses. The condition conferred no actionable right on appellees herein, since it operated as a restriction upon their *jusdisponendi* of the property they bought, and thus limited their right of ownership. It follows that on the assumption that the mortgage to appellee Salud and the foreclosure sale violated the condition in the Sarmiento contract, only the PHHC was entitled to invoke the condition aforementioned, and not the Sarmientos. The validity or invalidity of the sheriff's foreclosure sale to appellant Salud thus depended exclusively on the PHHC; the latter could attack the sale as violative of its right of exclusive reacquisition; but it (PHHC) also could waive the condition and treat the sale as good, in which event, the sale can not be assailed for breach of the condition aforestated. Since it does not appear anywhere in the record that the PHHC treated the mortgage and foreclosure sale as an infringement of the condition, the validity of the mortgage, with all its consequences, including its foreclosure and sale thereat, can not be an issue between the parties to the present case. In the last analysis, the appellant, as purchaser at the foreclosure sale, should be regarded as the owner of the lot, subject only to the right of PHHC to have his acquisition of the land set aside if it so desires.

Furthermore, even if the transaction were wrongful, still, as between themselves, the mortgagors and the mortgagee-purchaser were both in *paridelicto*, being *participes criminis* as it were; for both were aware of the existence of the stipulated condition in favor of the PHHC, yet both entered into an agreement tending to violate said condition and nullify its effects. Both parties being equally guilty, neither was entitled to complain against the other. As argued for appellant, the appellees Sarmiento entered into the transaction with open eyes, and having benefited from it to the extent of the loan made by appellant, they should be held in estoppel to assail and annul their own deliberate acts.[1]

Appellees Sarmiento, therefore, had no cause of action against appellant Salud, and much less against the sheriff and the lower court plainly erred in not dismissing the suit instituted.

WHEREFORE, the decision appealed from is reversed, and the case is "ordered dismissed, but without prejudice to the rights of the People's Homesite and Housing Corporation under its contract with the Sarmiento spouses appellees herein. Costs against the appellees, Francisco D. and Marcelina S. Sarmiento.

Makalintal, Zaldivar, Fernando, Teehankee, Barredo, Makasiar, and Antonio, JJ., concur.

Castro, J., did not take part.

Concepcion, C.J., on official leave.

[1] Cf. Civil Code, Articles 1411, 1412; *Philippine Scrappers, Inc. vs. Auditor General*, 96 Phil 454.

ABOUT BATAS.ORG

Study smarter at BATAS.org

The Philippine bar review and law-school companion built around how your brain actually remembers.

The complete Philippine law library - free for everyone.

More than 100,000 Supreme Court decisions, Republic Acts, and executive issuances - full-text searchable, browsable by category and year, and always free. No paywall, no login. This PDF came from it.

Audio case-brief lectures.

Any decision becomes a podcast-style lecture - facts, issues, ruling, and doctrine - with read-along highlighting and a hands-free presentation mode. Study while commuting, working out, or resting your eyes.

Bar review built on the science of memory.

Complete, sequenced courses for all eight bar subjects, narrated like podcasts and reinforced with retrieval practice and spaced review - the study techniques with the strongest evidence behind them.

The full law-school curriculum.

One subscription unlocks the entire J.D. curriculum - every subject, every lesson, with your progress tracked down to the paragraph so you can pick up exactly where you left off, on any device.

Mock exams that tell you where you stand.

Timed multiple-choice exams graded instantly, with per-subject score breakdowns and focus suggestions that point you at your weakest topics first.

A study planner that keeps you on pace.

Set your schedule and BATAS tells you every day whether you are on track for bar day - and exactly which lesson to take next.

Start free at <https://batas.org>

The law library is free forever - and your first lesson is one click away.

The text of this document is an official public record and remains in the public domain. Formatting, presentation, and compilation © 2026 batas.org.

Downloaded free from the batas.org Law Library. Share it freely - the library is free for every law student, bar reviewee, and practitioner.