

**JESUS NEPOMUCENO, ET AL., PLAINTIFFS AND APPELLEES VS.
REHABILITATION FINANCE CORPORATION (NOW DEVELOPMENT
BANK OF THE PHILIPPINES), DEFENDANT AND APPELLANT.**

G.R. No. L-14897. November 23, 1960

Ponente: BAUTISTA ANGELO, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/ed10f5ecb262/>

BAUTISTA ANGELO, J.:

On September 17, 1952, the spouses Jose Nepomuceno and Isabel Acuña, together with their children, obtained from the Rehabilitation Finance Corporation a loan of P300,000.00 to be used in the construction of certain fishing vessels and the purchase of diesel engines to equip them. As security for the loan, they executed a chattel mortgage on their six fishing boats. In addition, Jesus Nepomuceno executed, by way of accommodation, a real estate mortgage on a parcel of land in Quezon City covered by Transfer Certificate of Title No. 2332. At the foot of this document, the following note appears: "Jesus Nepomuceno signed the mortgage contract to guarantee the loan of P300,000.00 of mortgagors-debtors, Isabel Acuña de Nepomuceno, and Jose, Lubin, Victor, Jesus and Antonio, all surnamed Nepomuceno." Since the borrowers failed to comply with the terms and conditions of the mortgage, the lending corporation foreclosed the same extra judicially under the provisions of Act 3135, as amended. In the ensuing foreclosure sale, the corporation acquired the following properties: 1 fishing boat for P15,000.00; 105 Gray Marine engines for P10,000.00; and the parcel of land covered by Transfer Certificate of Title No. 2332 for P14,000.00. The five other fishing boats securing the loan could not be located and so they could not be foreclosed. As of the date of the sale, the total claim of the corporation against the borrowers was P309,013.42.

On February 24, 1958, Jesus Nepomuceno wrote the corporation offering to redeem his foreclosed property only for P50.00 per square meter, or for a total price of P40,080.00, but the offer was rejected on the ground that the amount was inadequate. On March 20, 1958, the last day of the period for redemption, Jesus Nepomuceno assigned his right as redemptioner to Rizalino Mendoza and Adelaida R. Mendoza for the consideration of P4,000.00. On the same day, said spouses offered to redeem the property by tendering the amount of P16,000.00. This offer was also refused on the ground that under Section 31 of Commonwealth Act No. 459 the Rehabilitation Finance Corporation cannot be compelled to accept redemption unless the party redeeming pays the entire amount of the obligation at the time of the sale. Thereupon, the spouses began this case in the Court of First Instance of Quezon City and consigned the amount of P16,000.00 with the clerk of court. Their purpose is to compel the lending corporation to execute a deed of reconveyance of the property in their favor upon the payment of said sum of P16,000.00 failing in which the property would be deemed to be the absolute property of the spouses. And after the case was submitted for decision, the trial court on November 3, 1958 rendered judgment ordering the lending corporation to accept the amount of P16,000.00 that was consigned with the clerk of court and to execute a deed of reconveyance of the foreclosed property in favor of spouses Rizalino Mendoza and Adelaida R. Mendoza. From this decision, the corporation appealed to this Court on purely questions of law.

Appellant contends that the trial court erred in that in exercising his right to redeem the land he placed as a

security the mortgagor Jesus Nepomuceno, or his assigns, is only answerable to the extent of the price for which the land was sold and not to the extent of the obligation secured by the mortgage. Appellant likewise contends that the trial court erred in holding that Section 31 of Commonwealth Act No. 459 is only applicable to a mortgagor-debtor and not to a mortgagor who has not obtained any loan from the bank.

The issue posed in this appeal is: considering that the loan of P300,000.00 was obtained from the Rehabilitation Finance Corporation by spouses Jose Nepomucetto and Isabel Acuna and Jesus Nepomuceno merely acted as accommodation mortgagor, for what price may the mortgagor redeem his property after the same has been sold at public auction? Would it be for the price at which the property was sold, as contended by the mortgagor, or for the balance of the loan obtained by the borrowers from the banking institution, as contended by appellant?

Section 6 of Act 3135 provides:

"Sec. 6. In all cases in which an extrajudicial sale is made under the special power hereinbefore referred to, the debtor, his successors in interest or any judicial creditor or judgment creditor of said debtor, or any person having a lien on the property subsequent to the mortgage or deed of trust under which the property is sold, may redeem the same at any time within the term of one year from and after the date of the sale; and such redemption shall be governed by the provisions of section four hundred and sixty-four to four hundred, and sixty-six inclusive of the Code of Civil Procedure, (now Sections 25 to 31, inclusive of Rule 39 of the Rules of Court) in so far as these are not inconsistent with the provisions of this Act." (Italics supplied)

Section 26, Rule 39 of the Rules of Court provides in part:

"Sec. 26. Time and manner of, and amounts payable on, successive redemptions. Notice to be given and filed.-The judgment debtor, or redemptioner, may redeem the property from the purchaser, at any time within twelve months after the sale, on paying the purchase! the amount of .his-purchase, with one per centum per month interest thereon in addition, up to the time of redemption, together with the amount of any assessments or taxes which the purchaser may have paid thereon after purchase, and interest on such last-named amount at the same rate; * * *."

On the other hand, Section 31 of Commonwealth Act No. 459 provides:

"Sec. 31. The mortgagor or debtor to the Agricultural and Industrial Bank, whose real property has been sold at public auction, judicially or extra-judicially, for the" full or partial payment of an obligation to said Bank, shall, within one year from the date of the auction sale, have the right to redeem the real property by paying to the Bank all the amount he owed the latter on the date of the sale, with interest on the total indebtedness at the rate agreed upon in the obligation from said date, unless the bidder has taken material possession of the property or unless this has been delivered to him, in which case the proceeds of the property shall compensate the interest. If the Agricultural and Industrial Bank was not the highest bidder at the auction sale, the Bank shall, in case of. redemption, return to the bidder the amount it received from him asf a result of the auction safe with the corresponding interest paid by the debtor." (Italics supplied)

From a cursory reading of the foregoing provisions it would appear that Section 26, Rule 39 of the Rules of Court, which is referred to as a complementary provision of Section 6 of Act 3133, is wider in scope than Section 31 of Commonwealth Act 459. The first embraces all properties mortgaged in favor of any person as mortgagee while the latter merely relates to properties mortgaged to the Agricultural and Industrial Bank, later substituted by the Rehabilitation Finance Corporation. Stated otherwise. Section 26, Rule 39, operates on every mortgaged property in the hands of, any mortgagee that comes within the purview of Act 3135 whereas Section 31 of Commonwealth Act 459-operates only on properties mortgaged to the Rehabilitation Finance Corporation. It thus appears that Commonwealth Act No. 459 is a special law exclusively applicable to properties mortgaged to the Rehabilitation Finance Corporation, while Act 3135, as implemented by Section. 26, Rule 39, is a general law which embraces

all properties mortgaged to any party to the exclusion of said corporation as mortgagee. Therefore, under the familiar rule that a special law should prevail over a general law when the application of their provision should conflict on a particular transaction, we cannot but conclude that the law that should apply to the redemption for the foreclosed property is Commonwealth Act No. 459.

"* * * It is a familiar rule of statutory construction that to the extent of any necessary repugnancy between a general and a special law or provision, the latter will control the former, without regard to the respective dates of passage. (Lichauco & Co. vs. Apostol and Corpuz, 44 Phil., 138; 59 C.J. 1050; 1057; Grawford, The construction of Statutes, Section 230.)" (Cassion vs. Banco Nacional Filipino, 89 Phil., 560).

"* * * Where one statute deals with a subject in general terras, and another deals with a part of the same subject in a more detailed way, the two should be harmonized if possible; but if there is any conflict, the latter¹ will prevail, regardless of whether it was passed prior to the general statute, * * * (Vol. 2 Sutherland, Statutory Construction, pp. 541-542.)

Considering the above premise, and it appearing that under Section 31, Commonwealth Act 459, a mortgagor or debtor whose property is sold at public auction, judicially or extra judicially, may only redeem said property by paying to the bank all the amount he owes the latter on the date of the sale, with interest on the total indebtedness at the rate agreed upon, the inescapable conclusion is that the mortgagor herein or his assignees cannot redeem the property in dispute without paying the balance of the total indebtedness then outstanding on the date of the sale to the Rehabilitation Finance Corporation. The fact that Section 31 speaks of a mortgagor or debtor is of no moment, for precisely said terms denote that the law contemplates a case where the one borrowing or dealing with th'e institution may be a debtor who mortgages his own property, or one not a debtor but lends his property as a security. This interpretation may be harsh or onerous on the part of an accommodation mortgagor, but we find no other course of action considering that the paramount purpose of the law is to protect the investment of the government in the institution. When the law is clear it is not susceptible of interpretation. It must be applied regardless of who may be affected.

Wherefore, the decision appealed from is reversed. Appellees are hereby given 30 days grace within which to effect redemption if they so desire in line with the terms of this decision. No pronouncement as to costs.

Paras, C.J., Benzon, Padilla, Labrador, Reyes, J.B.L. Gutierrez David, Paredes, and Dizon, JJ., concur.

Judgment reversed.

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.