

PHILIPPINE NATIONAL BANK, PETITIONER, VS. COURT OF APPEALS, SPOUSES ANTONIO SO HU AND SOLEDAD DEL ROSARIO AND SPOUSES MATEO CRUZ AND CARLITA RONQUILLO, RESPONDENTS.*G.R. No. 126908. January 16, 2003*

Ponente: CARPIO, J.

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This is a petition for review on certiorari[1] to set aside the Decision[2] of the Court of Appeals which affirmed in substance the Decision[3] of the Regional Trial Court, Branch 27, Cabanatuan City. The Court of Appeals sustained the trial court's ruling that the questioned extrajudicial foreclosure was void. The courts a quo declared the sheriff's certificate of sale void, directed the return of the owner's duplicate title to the Registry of Deeds for Cabanatuan City, and cancelled the mortgage inscribed on the title to the property.

The Facts

Private respondents Spouses Mateo Cruz and Carlita Ronquillo ("Spouses Cruz" for brevity) were the registered owners of a parcel of land ("Property" for brevity) situated in Cabanatuan City and covered by Transfer Certificate of Title No. T-4699.

In 1957, Spouses Cruz obtained a loan from petitioner Philippine National Bank ("PNB" for brevity), Cabanatuan Branch, for P70,000.00 ("First Loan" for brevity). A real estate mortgage on the Property secured the First Loan under Entry No. 10433/NT-9679 annotated on TCT No. T-4699 on November 7, 1957.

On October 16, 1964, San Nicolas Agricultural Project, Inc. ("SNAPI" for brevity), where Mateo Cruz was then Vice-President, obtained an agricultural crop loan from PNB, Santiago Branch, for P156,000.00 ("Second Loan" for brevity). Mateo Cruz also signed the loan in his personal capacity. A real estate mortgage on the Property secured the Second Loan under Entry No. 1003/T-4699 annotated on TCT No. T-4699 on October 16, 1964. The Spouses Cruz also mortgaged several other agricultural lands to secure the Second Loan. PNB, Cabanatuan Branch, took custody of all the titles to the mortgaged properties.

In November 1977, on the instance of the Spouses Cruz, Land Bank of the Philippines ("Land Bank" for brevity) remitted to PNB, Cabanatuan Branch, P359,500.00 in bonds and P174.43 in cash and transferred to PNB, Santiago Branch, P25,500.00 in bonds.[4]

On December 2, 1977, PNB issued in favor of the Spouses Cruz a Deed of Release of Real Estate Mortgage which cancelled the two mortgages on the Property. The cancellation of these mortgages was annotated on TCT No. T-4699. Thus, PNB released all the titles to the Spouses Cruz.

On March 20, 1980, the Spouses Cruz obtained a new loan from PNB, Cabanatuan Branch, for P50,000.00, later increased to P200,000.00 ("Third Loan" for brevity). A real estate mortgage on the Property also secured the

Third Loan under Entry No. 47974/T-4699 annotated on TCT No. T-4699 on March 24, 1980.

Private respondents Spouses Antonio So Hu and Soledad del Rosario (“Spouses So Hu” for brevity) became interested in buying the Property. They consulted their counsel, Atty. Rodolfo Domingo, to examine TCT No. T-4699. Finding an existing mortgage annotated on TCT No. T-4699, Atty. Domingo advised the Spouses So Hu to pay PNB the full amount of the Third Loan before signing the deed of sale.[5]

On March 18, 1983, the Spouses So Hu, on behalf of the Spouses Cruz, paid PNB P200,000.00 representing the Third Loan.[6] Subsequently, on March 21, 1983, the Spouses Cruz and the Spouses So Hu signed a Deed of Absolute Sale covering the Property.[7] Thus, the Spouses So Hu demanded from PNB the release of TCT No. T-4699 on the ground that the Spouses Cruz had already paid all their loans secured by real estate mortgages on the Property.[8] PNB, however, refused.

For the Spouses Cruz’s alleged failure to pay their Second Loan, PNB filed a Petition for Sale under Act No. 3135,[9] as amended, and Presidential Decree No. 385.[10] On August 27, 1985, Sheriff Ex-Officio Numeriano Y. Galang sold the Property in a public auction sale. PNB was the highest and sole bidder of the Property for P514,105.36. A sheriff’s certificate of sale[11] was issued in PNB’s favor and annotated on TCT No. T-4699 as Entry No. 2565.

In October 1986, PNB found the Spouses So Hu occupying the Property. Through its Assistant Manager Vicente Sales of its Cabanatuan Branch, PNB demanded that Spouses So Hu vacate the Property, as PNB did not authorize them to occupy the Property.[12]

On November 17, 1986, the Spouses So Hu filed an action for Annulment of Public Auction Sale and Certificate of Sale with Petition for a Writ of Preliminary Injunction. The defendants were PNB, Jose S. Miranda as Manager of PNB, Cabanatuan Branch, the Spouses Cruz, Numeriano Y. Galang, as Sheriff Ex-Officio, and the Register of Deeds for Cabanatuan City.

In their complaint, the Spouses So Hu alleged that they were the owners of the foreclosed Property under a Deed of Absolute Sale executed by the Spouses Cruz in their favor. They stressed that PNB had already cancelled and released the prior mortgages on the Property and that they had paid the Third Loan before the foreclosure. Thus, the Spouses So Hu sought to declare the foreclosure and certificate of sale void. They also prayed for the cancellation of the mortgage on the Property, delivery of the owner’s duplicate copy of TCT No. T-4699, and award of damages and attorney’s fees.

In its answer,[13] PNB argued that the foreclosure was valid since the “all-inclusive clause” in the third mortgage deed embraces the Spouses Cruz’s Second Loan which, according to PNB, was still unpaid. PNB asserted that the cancellation and release of the second mortgage were due purely to inadvertence and mistake. PNB interposed a cross-claim[14] against the Spouses Cruz that should the trial court grant the relief prayed for by the Spouses So Hu, the Spouses Cruz be ordered to pay PNB P514,105.36. This amount represented the Spouses Cruz’s alleged outstanding obligation under the Second Loan.

During the pendency of this case, the one-year period of redemption expired without redemption being made. On April 10, 1987, PNB executed an Affidavit of Consolidation of Ownership. Therefore, the Registry of Deeds for Cabanatuan City issued TCT No. 51022 in favor of PNB on June 25, 1987.[15]

On March 2, 1990, the Spouses Cruz filed their answer[16] to PNB’s cross-claim whereby the Spouses Cruz admitted that SNAPI obtained the Second Loan from PNB with a real estate mortgage on the Property. However, the Spouses Cruz contended that they had already fully paid the Second Loan on December 2, 1977, as shown by the release of the mortgage annotated on TCT No. T-4699. The Spouses Cruz further alleged that the

“all-inclusive clause” is illegal and improper for this clause is too general. The Spouses Cruz added that assuming that the Second Loan is still unpaid, extinctive prescription and laches had already set in and barred the cross-claim.

Subsequently, PNB filed a reply. PNB claimed that the release of the second mortgage was a mistake, and that the right to foreclose has not prescribed because the prescriptive period was suspended by a demand to pay. PNB further claimed that what it foreclosed was the third mortgage which purportedly also secured the Second Loan.[17]

On April 29, 1993, after trial on the merits, the trial court rendered a decision declaring null and void the certificate of sale in favor of PNB, and ordered the cancellation of TCT No. 51022, including the mortgage entries on TCT No. T-4699. The trial court also awarded moral and exemplary damages, attorney’s fees and litigation expenses in favor of the Spouses So Hu and the Spouses Cruz.[18]

On May 11, 1993, PNB appealed the adverse decision.[19] The Court of Appeals modified the decision of the trial court, deleting the award of moral and exemplary damages in favor of the Spouses So Hu. The Court of Appeals also remanded the case to the trial court for further proceedings on PNB’s cross-claim against the Spouses Cruz. The Court of Appeals affirmed the trial court’s ruling in all other respects.

Hence, this petition.

The Ruling of the Court of Appeals

The Court of Appeals declared the extrajudicial foreclosure void based on the following findings of facts:

“First, at the time of sale to spouses Antonio So Hu and Soledad del Rosario, the Property was already free from any liens and encumbrances, as prior registered mortgages on the Property were already cancelled and such cancellation was duly annotated at the back of the TCT (except the third which was then yet to be released). Conformably, plaintiff had the right to rely on the correctness of such annotation and on what appears on the face of the title. They cannot be charged with knowledge of the “all-inclusive clause” in the third mortgage since, they were not privy to the said contract between PNB and the Cruz spouses. Hence, the validity or invalidity of the all-inclusive clause is of no consequence.

x x x

This conclusively makes Antonio So Hu and Soledad del Rosario buyers in good faith.

Second, PNB knew that Spouses Mateo Cruz and Carlita Ronquillo, appellee spouses So Hu sent appellant bank a letter through its PNB-Cabanatuan Branch Manager, Jose Miranda dated 31 July 1984 (Exhs. D and D-1, Records, p. 126) requesting for the release of the mortgage and the owner’s duplicate title in view of the sale of the Property to them. This notwithstanding, PNB foreclosed the Property in an auction sale on 27 August 1985.

It need not be stressed that a mortgagee can only foreclose Property given as a security for an unpaid obligation. In the case at bar, at least insofar as the plaintiffs are concerned, the obligation secured by the Property had already been paid and they had the right to expect that the Property is released from mortgage. Although PNB is not privy to the contract of sale between spouses Cruz and So Hu, it cannot raise the issue that the Property still stood as security for a previous loan because by releasing the Property from the two previous mortgages, it is obviously estopped from claiming otherwise. The rule is embodied in the following provision of the Rules of Court:

x x x”[20]

The dispositive portion of the assailed decision reads:

“WHEREFORE, judgment is hereby rendered as follows:

- The certificate of sale dated August 27, 1985 issued by the Provincial Sheriff Office in favor of PNB is hereby declared null and void and Entry No. 2565 is hereby ordered cancelled. Defendant PNB is directed to return the owner’s duplicate copy of TCT No. T-51022 to the Registry of Deeds for the City of Cabanatuan for its cancellation and TCT No. T-4699 is hereby ordered revived. Defendant PNB is likewise ordered to issue a cancellation and discharge of mortgage inscribed as Entry Nos. 47103 and 47974 annotated in the memorandum of encumbrances of TCT No. T-4699;
- Appellant Philippine National Bank is ordered to pay Spouses Antonio So Hu and Soledad del Rosario attorney’s fees and litigation expenses in the amount of P25,000.00 and P15,000.00, respectively, as awarded by the trial court.
- Further, the case is remanded to the trial court for further proceedings/trial for the purpose of resolving the issue on PNB’s cross-claim against Spouses Mateo Cruz and Soledad del Rosario.

SO ORDERED.”[21]

The Issues

The petition is anchored on the following assigned errors:

“I

THE COURT OF APPEALS ERRED IN HOLDING THAT SPOUSES ANTONIO SO HU AND SOLEDAD DEL ROSARIO CANNOT BE CHARGED WITH KNOWLEDGE OF THE “ALL-INCLUSIVE CLAUSE” IN THE THIRD MORTGAGE, SINCE THEY WERE NOT PRIVY TO THE SAID CONTRACT BETWEEN PNB AND THE CRUZ SPOUSES DESPITE THAT THE SAID ANNOTATION WAS CLEARLY INSCRIBED ON TCT NO. T-4699 UNDER ENTRY NO. 47974/T-4699 GIVING NOTICE TO THE WHOLE WORLD THAT “AMENDMENT OF THE MORTGAGE IN FAVOR OF PNB, INSCRIBED UNDER ENTRY NO. 47103 IN THE SENSE THAT THE CONSIDERATION THEREOF HAS BEEN INCREASED TO PHILIPPINE PESOS: TWO HUNDRED THOUSAND PESOS: (P200,000.00) AND TO SECURE ANY AND ALL OBLIGATIONS WITH PNB, WHETHER CONTRACTED BEFORE, DURING OR AFTER THE DATE OF THIS INSTRUMENT.

II

THE COURT OF APPEALS ERRED IN NOT HOLDING THAT THE SALE OF THE MORTGAGED PROPERTY BETWEEN SPOUSES CRUZ AND SPOUSES SO HU DID NOT BIND PNB.

III

THE COURT OF APPEALS ERRED IN NOT HOLDING THAT PNB’S MORTGAGE LIEN AND THE PROPERTY MORTGAGED ARE INSEPARABLE, SO MUCH SO THAT WHOEVER MAY SUBSEQUENTLY ACQUIRE TITLE TO THE MORTGAGED PROPERTY IS BOUND BY THE TERMS OF THE MORTGAGE WHETHER THE TRANSFER BE WITH OR WITHOUT THE CONSENT OF PNB.

IV

THE COURT OF APPEALS ERRED IN AWARDING SPOUSES SO HU P25,000 ATTORNEY’S FEES AND P15,000.00 LITIGATION EXPENSES WITHOUT FACTUAL AND LEGAL BASES.”[22]

The main issue to resolve is the validity of the extrajudicial foreclosure of the third mortgage deed which secured the allegedly unpaid Second Loan. The validity of the extrajudicial foreclosure in turn hinges on two important questions. First, whether the Spouses Cruz indeed failed to pay the Second Loan. Second, if the Second Loan is

still unpaid, whether the parties to the third mortgage deed intended to include the Second Loan in the third mortgage deed.

The Ruling of the Court

We deny the petition. We affirm the finding of the courts a quo that the foreclosure of the mortgage on the Property was void.

Records show that PNB's application for foreclosure, filed on July 15, 1985, was based on the Spouses Cruz's third mortgage deed.[23] However, the Spouses So Hu had already paid on March 18, 1983 the principal obligation secured by the third mortgage.[24] A mortgage is but an accessory contract, the consideration of which is the same consideration of the principal contract without which it cannot exist as an independent contract.[25] Since the full amount of the Third Loan was paid as early as March 18, 1983, extinguishing the loan obligation under the principal contract, the mortgage obligation under the accessory contract has likewise been extinguished.

Foreclosure is valid where the debtor is in default in the payment of his obligation. In the instant case, PNB foreclosed the third mortgage even when the obligation, the Third Loan, secured by the mortgage has been completely paid prior to the foreclosure. Obviously, the Property could no longer be foreclosed to satisfy an extinguished obligation.

PNB, on the other hand, mainly argues that the third mortgage deed also covered the Second Loan which remained unpaid. The consideration, allegedly, of the third mortgage deed also includes the Spouses Cruz's Second Loan that was supposedly still outstanding then. The issue then turns on whether the Spouses Cruz paid the Second Loan, for if they did, the foreclosure was without any legal basis.

The Spouses Cruz's Second Loan

PNB's defense is anchored on the Spouses Cruz's alleged failure to pay the Second Loan. Under the so-called "all-inclusive clause" in the third mortgage deed, PNB maintains that the Spouses Cruz intended to secure all obligations contracted before, during or after the date of the third mortgage deed, including the supposedly unpaid Second Loan. We must first resolve whether the Spouses Cruz defaulted in paying their Second Loan. If the Second Loan had in fact been paid, it would be immaterial whether the "all-inclusive clause" covered the Second Loan or not since the payment of the Second Loan would have extinguished the mortgage obligation.

The trial court expressly stated that the Spouses Cruz or SNAPI had already paid the Second Loan as early as December 2, 1977, as shown by the release of the titles to the Spouses Cruz and the cancellation of the mortgages on TCT No. T-4699. In addition, the trial court found that the Spouses Cruz remitted to PNB various Land Bank bonds and cash in payment of their first two loans with PNB. The pertinent portion of the trial court's decision reads:

"The PNB called to the witness stand Severina Rarela, Chief of the Securities and Documentation Specialist, Bond Servicing Department of the Land Bank of the Philippines who testified that as of November 3, 1977, they have released in favor of PNB at the instance of Spouses Cruz Land Bank bonds in the amount of P25,500.00 and P359,500.00 and cash of P174.43. It would appear therefore that the execution of the release of mortgage registered as Entry No. 31968 was not a mistake. The obligation of SNAPI or Mateo Cruz has been fully paid and that is the actual reason why the PNB executed a release of mortgage and returned the owner's duplicate copy of TCT No. T-4699 and other titles to said defendant Spouses Cruz." [26] (Emphasis supplied)

This Court is not a trier of facts. It is not this Court's function to analyze or weigh all over again the evidence already considered in the proceedings below.[27] Since the issue of the payment of the Second Loan is factual, resolving the same is beyond this Court's jurisdiction. Moreover, we respect the trial court's factual findings in

the absence of exceptional circumstances to warrant a reversal,[28] and there is none in the instant case.

To prove that he had already settled the Second Loan, Mateo Cruz testified, among others, that the Department of Agrarian Reform paid his outstanding loans (First and Second Loans) with PNB through the issuance of Land Bank bonds and cash. In his cross-examination, he stated in part:

“ATTY. INCISO

Q

How did you pay the loan?

A

It was paid by the Land Bank because those properties together with my other agricultural lands consisting of 100 hectares were mortgaged to the PNB and the Land Bank was the one who bought it because it was under agrarian reform and the Land Bank paid those accounts that I have in that bank, otherwise TCT No. T-4699 should have not given to me by the Land Bank if it was not paid, sir.”[29]

What is telling is that Land Bank indeed paid PNB, Cabanatuan Branch, bonds and cash in the total amount of P359,674.43. PNB, however, refused to acknowledge such payment for the Second Loan and insisted that this amount was used to pay the Spouses Cruz’s other loans with PNB, Cabanatuan Branch. Yet, other than its bare allegation, PNB failed to show what these other alleged loans were.

On the other hand, PNB failed to prove clearly and convincingly that the Spouses Cruz have not yet paid their Second Loan. PNB’s evidence consisted, among others, of SNAPI’s statements of account,[30] a letter from Manuel Ornedo, former PNB, Cabanatuan Branch Assistant Manager,[31] and testimony of a Land Bank officer.[32]

While the statements of account showed that SNAPI has an unpaid obligation of P514,105.36, as of August 1985, the same failed to show the correct computation of the loan. On the request of the Spouses Cruz, Land Bank transferred P25,500.00 worth of bonds to PNB, Santiago Branch[33] but PNB never reflected this amount in the statements of account. PNB simply stated that the Second Loan was not yet fully paid according to its statements of account.

PNB’s rebuttal witness, Severina Rarela, testified that Land Bank paid PNB in cash and in bonds. This witness competently testified that, on the instance of the Spouses Cruz, Land Bank transferred P25,500.00 worth of bonds to PNB, Escolta Branch (where the account of SNAPI and Mateo Cruz were allegedly transferred). This witness further testified that Land Bank paid directly to PNB, Cabanatuan Branch, P359,673.43 in bonds and in cash on the instance of the Spouses Cruz.

PNB further stressed that instead of paying PNB, Santiago Branch, where Mateo Cruz obtained the Second Loan, Land Bank issued bonds and cash to PNB, Cabanatuan Branch. PNB then concluded that this payment was not intended to pay the Second Loan. PNB overlooked the fact that the Spouses Cruz obtained the Second Loan from PNB, Santiago Branch, though the titles to the mortgaged properties were with PNB, Cabanatuan Branch. Why was the second mortgage, securing a loan obtained from the PNB, Santiago Branch, annotated on TCT No. T-4699 when this title, like the rest of the titles to the mortgaged properties, was in the possession of PNB, Cabanatuan Branch? It clearly appears that these PNB branches have coordinated with each other to accommodate the Spouses Cruz’s loan applications. However, when it came to the payment of the loans, PNB now claims that these branches acted separately and independently from each other. It is unfair to compel the Spouses Cruz to show how PNB applied the Land Bank bonds and cash. Having indisputably received the

payments, it was PNB's burden to show how it applied these payments.

A review of the trial court's findings convinces us that the Spouses Cruz, through Land Bank, were able to pay not only the First Loan but more importantly the Second Loan. The trial court also took note of the more significant fact of cancellation of the mortgages on TCT No. T-4699 and the release of the titles of the Spouses Cruz's lands, which fact bolstered the Spouses Cruz's stand.

We find that the Spouses Cruz had paid the Second Loan in 1977 resulting in the cancellation of the second mortgage and release of TCT No. T-4699 and other titles to the Spouses Cruz. With this, the questioned foreclosure is undoubtedly without any legal basis, as the Third Loan was fully paid in 1983 and the Second Loan was completely settled in 1977. This being the case, the issue of whether the "all-inclusive clause" in the third mortgage deed includes the Second Loan is now moot and academic.

Award of Damages and Attorney's Fees

The records do not support any award for moral and exemplary damages to private respondents. As found by the Court of Appeals, the Spouses So Hu have not sufficiently proved that PNB acted maliciously and in bad faith when it foreclosed the Property. On the contrary, PNB believed, although mistakenly, that it still had an unpaid claim for which the Property stood as a security. [34] As we ruled in *Expertravel & Tours, Inc. vs. Court of Appeals* -

"Moral damages are not punitive in nature but are designed to compensate and alleviate in some way the physical suffering, mental anguish, fright, serious anxiety, besmirched reputation, wounded feelings, moral shock, social humiliation, and similar injury unjustly caused to a person. Although incapable of pecuniary computation, moral damages, nevertheless, must somehow be proportional to and in approximation of the suffering inflicted. Such damages, to be recoverable, must be the proximate result of a wrongful act or omission the factual basis for which is satisfactorily established by the aggrieved party." [35] (Emphasis supplied)

Since the record is bereft of any evidence to prove the moral damages allegedly suffered by the Spouses So Hu and the Spouses Cruz, this Court cannot award exemplary damages. [36] We also disallow the award of attorney's fees for lack of factual and legal basis in the text of the decisions of the courts a quo. We ruled in *Pimentel vs. Court of Appeals* that -

"With respect to petitioner's contention that the respondent court erred in affirming the trial court's decision awarding P10,000.00 attorney's fees to private respondent, we rule in favor of petitioner. The text of the trial court's decision does not mention the reason for the award of attorney's fees and the award was simply contained in the dispositive portion of the trial court's decision. It is now settled that the reasons or grounds for an award must be set forth in the decision of the court." [37]

WHEREFORE, the Decision of the Court of Appeals dated October 23, 1996 is AFFIRMED with modification. The award of attorney's fees and litigation expenses to the Spouses Antonio and Soledad So Hu is deleted and the cross-claim of Philippine National Bank against the Spouses Mateo and Carlita Cruz is dismissed for lack of merit. Costs against petitioner.

SO ORDERED.

Davide, Jr., C.J., (Chairman), Vitug, Ynares-Santiago, and Azcuna, JJ., concur.

[1] Under Rule 45 of the Rules of Court.

- [2] Penned by Justice Conrado M. Vasquez, Jr. and concurred in by Justices Arturo B. Buena and Angelina Sandoval-Gutierrez.
- [3] Penned by Judge Ricardo G. Bernardo, Jr.
- [4] Records of Civil Case No. 70-AF (8723-R), p. 297.
- [5] TSN, January 26, 1988, p. 5; TSN, July 4, 1988, pp. 3-5.
- [6] TSN, January 26, 1988, pp. 6-7.
- [7] Records of Civil Case No. 70-AF (8723-R), Exhibit B, p. 124.
- [8] Records of Civil Case No. 70-AF (8723-R), Exhibit D, p. 126.
- [9] “An Act to Regulate the Sale of Property Under Special Powers Inserted in or Annexed to Real Estate Mortgages”.
- [10] “Requiring Government Financial Institutions to Foreclose Mandatorily all Loans with Arrearages, Including Interest and Charges Amounting to At Least Twenty (20%) Percent of the Total Outstanding Obligation”.
- [11] Records of Civil Case No. 70-AF (8723-R), Exhibit 2, p. 208.
- [12] CA Decision dated October 23, 1996 (hereinafter CA Decision), Rollo, p. 34.
- [13] Records of Civil Case No. 70-AF (8723-R), pp. 32-39.
- [14] Ibid., p. 38.
- [15] Records of Civil Case No. 70-AF (8723-R), Exhibit 3, p. 210.
- [16] Records of Civil Case No. 70-AF (8723-R), p. 176.
- [17] Ibid., pp. 181-183.
- [18] Rollo, pp. 66 -77.
- [19] Records of Civil Case No. 70-AF (87323-R), p. 318.
- [20] CA Decision, Rollo, pp. 35-38.
- [21] Ibid., p. 38.
- [22] Petition for Review dated December 17, 1996 (hereinafter Petition), Rollo, p. 17.
- [23] Records of Civil Case No. 70-AF (8723-R), Exhibit H, p. 130.
- [24] Ibid., Exhibit C, p. 125.
- [25] *Ganzon, et al. vs. Hon. Inserto, et al.*, 208 Phil. 630 (1983).
- [26] Rollo, p. 76.
- [27] *Philippine National Bank vs. Court of Appeals*, 324 SCRA 714 (2000).
- [28] *Dee vs. Court of Appeals*, 325 SCRA 466 (2000).
- [29] TSN, August 14, 1991, pp. 6-7.
- [30] Records of Civil Case No. 70-AF (8723-R), Exhibits 11 and 12, pp. 221, 222.

[31] Records of Civil Case No. 70-AF (8723-R), Exhibit 10, pp. 218-220.

[32] TSN, February 3, 1992.

[33] Records of Civil Case No. 70-AF (8723-R), p. 297; Exhibits 3-A and 4-A, pp. 300-304.

[34] CA Decision, Rollo, p. 37, citing MHP Garments, Inc. vs. Court of Appeals, 236 SCRA 227 (1994) and Tan vs. Court of Appeals, 239 SCRA 310 (1994).

[35] 309 SCRA 141 (1999).

[36] Articles 2229 and 2234 of the Civil Code.

[37] 307 SCRA 38 (1999).

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