SPOUSES RAMON ESTANISLAO, JR. AND DINA TEOTICO ESTANISLAO, PETITIONERS, VS. COURT OF APPEALS, HI-YIELD REALTY, INC., HUMBERTO BASCO, AND NORBERTO VASQUEZ, RESPONDENTS.

G.R. No. 143687. July 31, 2001

Ponente: MENDOZA, J.

Read online (full-text search, related cases, audio case brief): https://batas.org/library/g-r-no-143687/

MENDOZA, J.:

This is a petition for review of the decision,[1] dated March 20, 2000, of the Court of Appeals, affirming the decision of the Regional Trial Court, Branch 128, Caloocan City, which dismissed petitioners' complaint for annulment of private respondent Hi-Yield Realty, Inc.'s title and instead ordered petitioners to pay damages and attorney's fees to private respondents, and the appeals court's resolution,[2] dated June 20, 2000, denying petitioners' motion for reconsideration.

The antecedent facts are as follows:

In 1985, spouses Ramon Estanislao, Jr. and Dina Teotico Estanislao, petitioners herein, mortgaged to respondent Hi-Yield Realty, Inc. a parcel of land, registered in their name under TCT No. 120717, together with the buildings and improvements thereon. The mortgage was constituted to secure a loan of P200,000.00. For petitioners' failure to comply with some of its conditions, the mortgage was extra-judicially foreclosed and the property was sold on December 9, 1988 for P445,000.00 to Hi-Yield Realty, Inc. as the highest bidder. The Certificate of Sale issued to the highest bidder was registered with the Registry of Deeds of Caloocan City on June 9, 1992.

On June 4, 1993, petitioner Ramon Estanislao, Jr. offered to redeem the property by tendering to Atty. Humberto Basco, the notary public who conducted the sale, a PCIB manager's check in the amount of P445,000.00 (Exh. E). The amount covered the auction price alone as petitioner Estanislao allegedly did not know the amount of interest and other charges/assessments. In his letter of June 4, 1993 enclosing the manager's check, petitioner Estanislao requested that a purchaser's statement of interest and other charges be furnished to him.

However, on June 15, 1993, Atty. Basco returned the PCIB check to petitioner Estanislao on the ground that its amount did not include the interests, charges, and penalties. In his letter (Exh. G; Exh. 24), Atty. Basco stated that no certificate of redemption could be issued unless the amount was fully paid and settled.

Without waiting for purchaser's statement of interest and other charges which he had requested, petitioner Estanislao again tendered to private respondents on June 21, 1993 the PCIB check for P445,000.00 and another PCIB manager's check (Exh. H) for P81,521.27 to cover the interest. The checks were, however, rejected by private respondents for being inadequate.

On July 14, 1993, petitioner Estanislao found from the records of the Registry of Deeds of Caloocan City that their property had been transferred in the name of private respondent Hi-Yield Realty, Inc. The Affidavit of Consolidation of Ownership, dated June 10, 1993 (Exh. I), was notarized by Atty. Basco and filed with the Registry of Deeds on June 14, 1993. On June 15, 1993, private respondent Norberto Vasquez, Acting Registrar of

Deeds, ordered the annotation of the Affidavit of Consolidation of Ownership, the cancellation of TCT No. 120717 (Exh. A), and the issuance of TCT No. 265782 (Exh. J) in the name of Hi-Yield Realty, Inc.

On August 13, 1993, petitioner spouses brought suit against private respondents in the Regional Trial Court of Caloocan City, seeking the annulment of the Affidavit of Consolidation of Ownership, the cancellation of TCT No. 265782, and the payment of damages and attorney's fees.

On December 7, 1995, the Regional Trial Court, Branch 128, Caloocan City, dismissed petitioners' suit and ordered them to pay damages to private respondents. The dispositive portion of its decision reads:

> WHEREFORE, in view of the foregoing premises, this Court decides in favor of defendants and ordering plaintiff-spouses Ramon Estanislao, Jr. and Dina Teotico Estanislao the following:
>
> - To pay defendant Norberto Vasquez P50,000.00 as moral damages and P20,000.00 as attorney's fees;
>
> - To pay defendant Hi-Yield Realty, Inc. P20,000.00 as attorney's fees; and
>
> - To pay defendant Humberto B. Basco P20,000.00 as attorney's fees.
>
> Cost against the plaintiff.
>
> SO ORDERED.[3]

Petitioners appealed to the Court of Appeals which rendered a decision on March 20, 2000 affirming in toto the decision of the trial court. On June 20, 2000, it denied petitioners' motion for reconsideration. Hence, this petition for review on certiorari.

Petitioners contend that the respondent Court of Appeals erred:

> 41.1. when it made findings and conclusions in its Decision not within the issues raised before the trial court, and not supported by the evidence on record;
>
> 41.2. when it erroneously included as part of the redemption price the "other charges" (taxes and assessments) although the petitioner was not aware thereof, and no notice of taxes and assessment was filed with the Registry of Deeds;
>
> 41.3. when it had evidently and utterly disregarded the doctrines laid down by this Honorable Court in the cases of Rosario vs. Tayug Rural Bank, Inc., 22 SCRA 1220, and Castillo vs. Nagtalon, 4 SCRA 48, as regards liberal interpretation of redemption rules, without even discussing, even in passing, why those cases decided by this Honorable court are not applicable in the case at bar;
>
> 41.4. when it also absolutely disregarded the doctrine laid down by this Honorable Court in the case of Rosales vs. Yboa, 120 SCRA 869, that interests of 1% monthly on the redemption price shall commence to run only from the date of registration of the certificate of sale, also without discussing, even in passing, why the said case is not applicable in the case at bar;
>
> 41.5. when it misapplied the case of Conejero, et al. vs. Court of Appeals, et al., 16 SCRA 775, apropos the necessity of consigning the redemption price, in the case at bar;
>
> 41.6. when it ruled that the appellants failed to present any evidence whatsoever in support of the allegation of "fraudulent collusion and unholy alliance" among the defendants-appellees with respect to the registration of the Affidavit of Consolidation of Ownership and the issuance of the new TCT in favor of Hi-Yield Realty;
>
> 41.7. when it awarded moral damages and attorney's fees in favor of the respondents contrary to the prevailing jurisprudence; and

Bar review courses, mock exams and a study planner that keeps you on pace - batas.org

> 41.8. when it failed to grant the relief prayed for by the petitioners including damages and attorney's fees.[4]

We find the petition to be without merit.

First. Section 6 of Act No. 3135 provides:

> 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 sections four hundred and sixty-four to four hundred and sixty-six, inclusive, of the Code of Civil Procedure, in so far as these are not inconsistent with the provisions of this Act.[5]

The references to §§464-466 of the Code of Civil Procedure must be understood to be to §§29-31 of Rule 39 of the 1964 Rules of Court, which was the applicable law at the time material to this case. It will be noted that while Act No. 3135, §6 speaks of the right of a debtor to redeem property sold at auction sale in extrajudicial foreclosure of mortgage "within the term of one year from and after the date of the sale," which means within a period of 365 days, Rule 39, §30 of the 1964 Rules of Court spoke of the right of a judgment debtor to redeem property sold at auction "within twelve (12) months after the sale," which means within 360 days on the basis of 30 days in a month. This is because Art. 13 of the Civil Code provides that "When the laws speak of years, months, days or nights, it shall be understood that years are of three hundred sixty-five days each; months, of thirty days; days, of twenty-four hours; and nights, from sunset to sunrise." The discrepancy was corrected in Rule 39, §28 of the 1997 Rules of Court, effective July 1, 1997, which changed the period from "twelve (12) months" to "one (1) year."

Although the prevailing law at the time of the auction sale in this case was the 1964 Rules of Court, the question is actually merely of academic interest in this case, because even if the period of redemption is 365 days, the tender of the full redemption price made by petitioners on June 21, 1993 was 12 days late counted from the expiration of the redemption period on June 9, 1993.

The right of redemption should be exercised within the period prescribed by law. As explained by this Court in Basbas v. Entena:[6]

> . . . . [T]he right of legal redemption must be exercised within specified time limits; and the statutory periods would be rendered meaningless and of easy evasion unless the redemptioner is required to make an actual tender in good faith of what he believed to be the reasonable price of the land sought to be redeemed. The existence of the right of redemption operates to depress the market value of the land until the period expires, and to render that period indefinite by permitting the tenant to file a suit for redemption, with either party unable to foresee when final judgment will terminate the action, would render nugatory the period of two years fixed by the statute for making the redemption and virtually paralyze any efforts of the landowner to realize the value of his land. No buyer can be expected to acquire it without any certainty as to the amount for which it may be redeemed, so that he can recover at least his investment in case of redemption. In the meantime, the landowner's needs and obligations cannot be met. It is doubtful if any such result was intended by the statute, absent clear wording to that effect.

Moreover, the tender of payment must be for the full amount of the purchase price. Otherwise, to allow payment by installments would be to allow the indefinite extension of the redemption period.[7] Consequently, the payment tendered by petitioners on June 4, 1993, while made within the period of redemption (365 days), was ineffective since the amount offered did not include the interest but was limited to the purchase price.

Indeed, Rule 39, §30 of the 1964 Rules of Court (now Rule 39, §28 of the 1997 Rules of Civil Procedure)

Study hands-free: podcast-style lessons with read-along highlighting - batas.org

provided:

> The judgment debtor, or redemptioner, may redeem the property from the purchaser, at any time within twelve (12) months after the sale, on paying the purchaser 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 assessment or taxes which the purchaser may have paid thereon after purchase, and interest on such last-named amount at the same rate . . . .
>
> Written notice of any redemption must be given to the officer who made the sale and a duplicate filed with the registrar of deeds of the province, and if any assessments or taxes are paid by the redemptioner or if he has or acquires any lien other than that upon which the redemption was made, notice thereof must in like manner be given to the officer and filed with the registrar of deeds; if such notice be not filed, the property may be redeemed without paying such assessments, taxes, or liens.

In Bodiongan v. Court of Appeals,[8] it was held:

> In order to effect a redemption, the judgment debtor must pay the purchaser the redemption price composed of the following: (1) the price which the purchaser paid for the property; (2) interest of 1% per month on the purchase price; (3) the amount of any assessments or taxes which the purchaser may have paid on the property after the purchase; and (4) interest of 1% per month on such assessments and taxes. . . .

The appellate court erred in ruling that the interest due from the mortgage was P240,300.00, at one percent monthly interest of the auction price of P445,000.00, computed from the date of sale on June 9, 1988 [December 9, 1988]. The interest on the auction price should be computed not from the date of the sale, as the appeals court appears to have done, but from the registration thereof. Since the period of redemption begins only from the date of the registration of the certificate of sale in the Registry of Deeds, the computation of the interest on the purchase price should also be made to commence from that date.[9] Hence, the interest due on the auction price for 12 months, i.e., from June 9, 1992 to June 9, 1993, is only P53,400.00 (P445,000.00 x 1% x 12 months) and the amount of P81,521.27, which petitioners tendered on June 21, 1993, was in excess of the accrued interest due. Nevertheless, as the tender of payment of the interest and the purchase price of P445,000.00 was late, such tender did not effect a valid redemption.

There are additional amounts to be made in order to effect a valid redemption required by law, but, as respondent Hi-Yield Realty, Inc. failed to comply with certain requirements, petitioners' failure to pay these additional amounts may be considered excused. As provided in Rule 39, §30 of the 1964 Rules of Court, the redemptioner must also pay the assessment or taxes paid by the purchaser. However, the latter must give notice to the officer who conducted the sale of the assessments or taxes paid by him and file the same with the Registry of Deeds. In fact, the Certificate of Sale, (Exh. C; Exh. 3) issued to Hi-Yield Realty, Inc. in this case clearly stated:

> It is hereby required of said highest bidder that a statement of any amount of assessment or taxes, which may have been paid on account of this purchase, and such other liens chargeable to a redemptioner, WITH PROOFS THEREOF, all in accordance with Sec. 30, Rule 39 of the New Rules of Court [now §28 of Rule 39 of the 1997 Rules of Civil Procedure], should be submitted to this Office, for purposes of computing the actual amount payable by MORTGAGORS/REDEMPTIONERS, in case of redemption.[10]

If no such notice is given, the property may be redeemed without paying such assessments or taxes.

Petitioners were not furnished by respondent Hi-Yield Realty, Inc. such statement of account.[11] Neither was such statement filed with the Registry of Deeds. Respondent Hi-Yield Realty, Inc. claimed that a statement of account (Exh. 8-C and Exh. 8-D) was furnished the office of Atty. Basco, the notary public who had conducted the sale, as received by Elizabeth Roque, an employee therein.[12] However, Atty. Basco denied having received

the statement.[13] Petitioners were therefore justified in not paying any assessments or taxes which respondent Hi-Yield Realty, Inc. may have paid.

Second. Petitioners accuse private respondents of "fraudulent collusion and unholy alliance" in the registration of the Affidavit of Consolidation of Ownership and the issuance of the new TCT to Hi-Yield Realty, Inc. We find this allegation to be without basis. As already stated, the period of redemption expired on June 9, 1993 without petitioners being able to pay the purchase price plus the interest required by Rule 39, §30 of the 1964 Rules of Court. Hence, the consolidation of ownership in the purchaser was justified.

Moreover, the records show that Atty. Vasquez, who was at the time Acting Registrar of Deeds of Caloocan City, approved the registration of the Affidavit of Consolidation of Ownership filed by the purchaser Hi-Yield Realty, Inc. on June 14, 1993 upon payment by the latter of the registration fee.[14] This was five days after the expiration of redemption period on June 9, 1993.[15] Atty. Vasquez denied knowing any of the persons connected with Hi-Yield Realty, Inc. or Atty. Basco and that he only met them for the first time during the pre-trial.[16] For his part, Atty. Manuel Soriano, Jr., who is the president and chairman of the board of Hi-Yield Realty, Inc., testified that he does not personally know Atty. Vasquez, and that he never went to the Registry of Deeds since a company employee usually took care of the registration process.[17]

On the other hand, we find no basis for the award of moral damages to private respondents. The law presumes good faith, and any person who seeks an award of damages due to acts of another has the burden of proving that the latter acted in bad faith or with ill motive.[18] It is not enough that one says he suffered mental anguish, serious anxiety, social humiliation, wounded feelings, and the like as a result of the actuations of the other party.[19] Proof of moral suffering must be introduced, otherwise the award for moral damages is not proper.[20] In this case, the evidence presented by private respondents is insufficient to overcome the presumption of good faith.

Nor can the award of attorney's fees be sustained in the light of the policy that no premium should be placed on the right to litigate.[21] No penalty should be imposed on those who exercise such right in good faith, even though erroneously.[22] The fact that private respondents incurred expenses to protect their rights does not necessarily imply that the action which they were opposing was instituted in bad faith. The award of attorney's fees must be deleted where the award of moral and exemplary damages are eliminated.[23]

WHEREFORE, the decision of the Court of Appeals is AFFIRMED with the MODIFICATION that the award of moral damages and attorney's fees to private respondents is deleted.

SO ORDERED.

Bellosillo, (Chairman), Quisumbing, and De Leon, Jr., JJ., concur.
Buena, J., abroad on official business.

---

[1] Per Justice Elvi John S. Asuncion and concurred in by Justices Corona Ibay-Somera and Portia Aliño-Hormachuelos.

[2] Per Justice Elvi John S. Asuncion and concurred in by Justices Portia Aliño-Hormachuelos and Teodoro P. Regino. Justice Corona Ibay-Somera, who concurred in the original decision, in the meantime retired.

[3] RTC Decision, pp. 8-9; Rollo, pp. 64-65.

[4] Petition, pp. 10-11; id., pp. 11-12.

Bar review courses, mock exams and a study planner that keeps you on pace - batas.org

[5] Emphasis added.

[6] 28 SCRA 665, 671 (1969).

[7] Bodiongan v. Court of Appeals, 248 SCRA 496 (1995); Belisario v. Intermediate Appellate Court, 165 SCRA 101 (1988); Conejero v. Court of Appeals, 16 SCRA 775 (1966).

[8] Supra at 500-501.

[9] Rosales v. Yboa, 120 SCRA 869 (1983).

[10] Records, p. 109.

[11] TSN, pp. 36-37, April 8, 1994.

[12] TSN, p. 39, June 16, 1994.

[13] TSN, p. 29, June 2, 1994.

[14] TSN, pp. 4-9, Sept. 12, 1994.

[15] Id., pp. 13-14.

[16] Id., pp. 15-16.

[17] TSN, pp. 24-25, Aug. 18, 1994.

[18] Ford Philippines, Inc. v. Court of Appeals, 267 SCRA 320 (1997).

[19] People v. Teodoro, 280 SCRA 384 (1997); Bernardo v. Court of Appeals, 275 SCRA 413 (1997).

[20] People v. De la Cruz, 277 SCRA 173 (1997).

[21] Ibaan Rural Bank, Inc. v. Court of Appeals, 321 SCRA 88 (1999); American Home Assurance Company v. Chua, 309 SCRA 250 (1999); Morales v. Court of Appeals, 274 SCRA 282 (1997); Philtranco Service Enterprises, Inc. v. Court of Appeals, 273 SCRA 562 (1997).

[22] "J" Marketing Corp. v. Sia, Jr., 285 SCRA 580 (1998).

[23] Ibaan Rural Bank, Inc. v. Court of Appeals, supra.

Study hands-free: podcast-style lessons with read-along highlighting - batas.org

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.