

NEW RURAL BANK OF GUIMBA (N.E.), INC., PETITIONER, VS. FERMINA S. ABAD AND RAFAEL SUSAN, RESPONDENTS.

G.R. No. 161818. August 20, 2008

Ponente: PUNO, CJ.

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PUNO, CJ.:

This is a petition for review on certiorari filed by NEW RURAL BANK OF GUIMBA (N.E.), INC. (BANK) against respondent spouses Fermina S. Abad (Fermina) and Rafael Susan under Rule 45 of the 1997 Rules of Civil Procedure.

The facts are as follows:

Respondents are the owners of a parcel of land, located in the Municipality of Guimba, Nueva Ecija, with an area of 2,459 square meters, and listed in the Register of Deeds of Nueva Ecija under TCT No. NT-163716. On February 19, 1982, respondents obtained from the petitioner bank a loan with a face value of P4,050.00. As security, the subject lot was mortgaged to the petitioner.

On May 5, 1982, the mortgage was annotated under the Memorandum of Encumbrances on respondents' TCT No. NT-163716.[1]

On January 6, 1987, the petitioner bank extrajudicially foreclosed the loan, and the subject lot was sold through public auction. Petitioner bank was the highest bidder, and on January 30, 1987, a certificate of sale was issued in its favor.[2]

On April 6, 1988, petitioner bank executed an Affidavit of Consolidation of Ownership for the property.[3] TCT No. NT-163716 was cancelled and TCT No. NR-20249 was issued in favor of petitioner.

On April 29, 1988, another annotation was appended on TCT No. NT-163716, under Entry No. 3886. It stated that a Special Power of Attorney was executed by respondent Fermina in favor of the petitioner.[4]

On August 12, 1988, respondent spouses filed a Complaint with Prayer for the Issuance of a Writ of Preliminary Injunction,[5] before the Regional Trial Court of Guimba, Nueva Ecija, where they alleged that they had fully paid their debt to the petitioner. They alleged that they had paid the amounts of P5,000.00 on August 19, 1982, and P265.00 on August 21, 1982, as evidenced by receipts.[6] They prayed for the trial court to render judgment:

- Declaring the plaintiffs (respondents herein) to have fully paid their mortgage loan with the defendant, which mortgage loan has been annotated at the back of TCT No. NT-163716 for the Land Records of Nueva Ecija, under Entry No. 5247;
- Declaring the Certificate of Sale annotated at the back of TCT No. NT 163716 under Entry No. 15478 null and void and of no force and effect;
- Declaring TCT No. NT 202949 issued in the name of the New Rural Bank of Guimba (N.E.), Inc., null and void and of no effect;

- Declaring the Special Power of Attorney executed allegedly by the plaintiff, Fermina S. Abad, and annotated at the back of TCT No. 163716 under Entry No. 3886 in favor of the defendant null and void and of no force and effect whatsoever;
- Reinstating TCT No. NT-163716 in the names of the plaintiffs and declaring all encumbrances at the back of the said title cancelled;
- Ordering the defendant to pay to the plaintiffs by way of moral, actual and exemplary damages, in the sum of P100,000.00, suffered by plaintiffs due to mental torture and anguish, moral shock, serious anxiety, besmirch (sic) reputation, wounded feelings, shame and sleepless nights, as a consequence of the cancellation of plaintiffs' title, TCT No. NT-163716, and in lieu thereof, TCT No. NT-202949 has been issued in the name of the defendant;
- Ordering the defendant to pay the plaintiffs the sum of P20,000.00 as attorney's fees, plus litigation expenses in the sum of P5,000.00 and appearance fees of P250.00 per hearing, postpone (sic) or not;
- Ordering the defendant to pay the cost of this suit;
- Declaring the restraining order as herein prayed permanent[.]

In its Answer,[7] the petitioner bank alleged that respondents failed to pay their loan at the agreed schedule. With due notice to all parties concerned, it extrajudicially foreclosed the mortgage on respondents' property. On January 30, 1987, a certificate of sale was issued in its favor as the highest bidder for the foreclosed lot. On February 4, 1987, the sale was annotated at the back of TCT No. NT-163716.

The trial court found that respondents secured a loan from the petitioner in the amount of P4,050.00 on February 19, 1982, payable within 6 months. Respondents' payments of P5,000.00[8] on August 19, 1982 and P265.00[9] on August 21, 1982 fully settled their obligation to the petitioner. The phrase "full payment on the balance," written on the receipt for the payment made on August 21, 1982 strengthened the claim of respondents that their mortgage obligation had been paid.

The trial court rejected the claim of the petitioner that the two aforementioned payments were made to settle the obligations of the respondents to Unifarm Agro Trading Center (UNIFARM AGRO) and Unifarm Ricemill and Bonded Warehouse (UNIFARM RICE), that belong to Mr. Domingo Bautista (Bautista) who is the president and general manager of the petitioner bank. The trial court considered the long interval from the time that the debt became due on August 19, 1982, and January 6, 1987, the date of the auction sale for the property in question, as indications that the mortgage obligation had been fully paid by the respondents. The trial court noted that respondent Fermina was barely educated, could hardly understand written English and could only read the dates printed on the receipts. In comparison, Bautista was highly-educated and fully understood all the proceedings. In fine, the trial court gave more credence to the evidence presented by the respondents than the proof offered by the Bank.

The trial court ruled in favor of the respondents, viz:

- Declaring the foreclosure of the real estate mortgage, the auction sale, the certificate of sale and the consolidation of ownership in favor of the defendant New Rural Bank of Guimba, (N.E.), Inc., on Lot 1024-C of the subdivision plan (LRC) Psd-279052 of Guimba Cadastre, and Transfer Certificate of Title No. NT-202949, issued by the Registrar (sic) of Deeds for the Province of Nueva Ecija, in the name of the defendant bank and/or any certificate of title issued thereafter, if any, covering the same Lot 1024-C, as null and void and without force and effect;
- Ordering the Register of Deeds for the Province of Nueva Ecija to issue a new certificate of title over the

same Lot 1024-C in favor of the plaintiff Fermina S. Abad, Filipino, of legal age, married to Rafael Susan and a resident of Guimba, Nueva Ecija;

- Ordering the defendant bank, or any person acting for and its behalf, to deliver the peaceful possession of the said property to the plaintiffs;
- Ordering the defendant bank, or any person acting for and in its behalf, to pay the plaintiffs P10,000.00 as attorney's fees, P5,000.00 as litigation expenses, and to pay the costs of this suit.[10]

The petitioner bank appealed the trial court's decision before the Court of Appeals. The decision was affirmed. Its motion for reconsideration was denied.

Thus, petitioner implores this Court to overturn the appellate court decision, based on the following assigned errors:[11]

- THE COURT OF APPEALS GRAVELY ERRED IN MISAPPLYING THE CONCEPT OF PIERCING THE VEIL OF CORPORATE FICTION TO RULE THAT RESPONDENTS' PAYMENTS COVERED BY RECEIPTS ISSUED BY UNIFARM RICE AND UNIFARM AGRO EVIDENCED PAYMENT OF THEIR LOAN TO PETITIONER.
- THE COURT OF APPEALS WAS MANIFESTLY MISTAKEN IN CONSIDERING CERTAIN CIRCUMSTANCES AS PROOF OF PAYMENT TO PETITIONER GIVEN THAT THERE WAS NO BASIS FOR SUCH CONSIDERATION.
- THE COURT OF APPEALS GRAVELY ERRED IN CONSIDERING AS AN "INDICIA OF THE FALSITY" OF PETITIONER'S DEFENSE THE DELAY IN FORECLOSING THE MORTGAGE.

The petition is denied.

The petitioner bank would have us delve into the veracity of the documentary evidence and truthfulness of the testimonial evidence presented during the trial of the case at bar. Well-entrenched is the rule that the findings of trial courts which are factual in nature, especially when affirmed by the Court of Appeals, deserve to be respected and affirmed by the Supreme Court, provided they are supported by substantial evidence.[12]

In a petition for certiorari filed under Rule 45 of the 1997 Rules of Civil Procedure,[13] the issues that can be raised are limited to questions of law. Section 1, Rule 45 of the Rules of Court specifically provides:

SECTION 1. Filing of petition with Supreme Court. - A party desiring to appeal by certiorari from a judgment or final order or resolution of the Court of Appeals, the Sandiganbayan, the Regional Trial Court or other courts whenever authorized by law, may file with the Supreme Court a verified petition for review on certiorari. The petition shall raise only questions of law which must be distinctly set forth.

We reiterate the distinction between a question of law and a question of fact. A question of law exists when the doubt or controversy concerns the correct application of law or jurisprudence to a certain set of facts; or when the issue does not call for an examination of the probative value of the evidence presented, the truth or falsehood of facts being admitted. A question of fact exists when the doubt or difference arises as to the truth or falsehood of facts or when the query invites calibration of the whole evidence considering mainly the credibility of the witnesses, the existence and relevancy of specific surrounding circumstances, as well as their relation to each other and to the whole, and the probability of the situation.[14]

This Court cannot adjudicate which party told the truth regarding the payments made by respondents to the petitioner bank by reviewing and revising the evidence adduced in the trial court. Neither verbal sophistry, nor artful misinterpretations of supposed facts can compel this Court to re-examine findings of fact which were made

by the trial court and affirmed by the appellate court. Absent any showing that there are significant issues involving questions of law raised in the petition, we can not give our imprimatur to this appeal.

IN VIEW WHEREOF, the instant petition is DENIED. The Decision of the Court of Appeals in C.A. G.R. No. 48239 and of Branch 23 of the Regional Trial Court of Guimba, Nueva Ecija in Civil Case No. 389-G are both affirmed in toto.

No pronouncement as to costs.

SO ORDERED.

Carpio, Corona, Azcuna, and Leonardo-De Castro, JJ., concur.

[1] Exhibit "A-3"; Original Records, p. 142.

[2] Original Records, p. 20.

[3] Exhibit "A-6," id. at 143.

[4] This was recorded in the Notarial Register of Notary Public E. Monteclaro on February 18, 1980. Exhibit "A-7," id.

[5] Original Records, pp. 1-8.

[6] Exhibits "B" and "C," id. at 144-145.

[7] Id. at 18-22.

[8] As evidenced by Exhibit "B."

[9] As evidenced by Exhibit "C-1."

[10] Rollo, pp. 92-93.

[11] Id. at 10-11.

[12] *Francisco v. Court of Appeals*, G.R. No. 116320, November 29, 1999, 319 SCRA 354; *Almeda v. Court of Appeals*, G.R. No. 120853, March 13, 1997, 269 SCRA 643; *Fuentes v. Court of Appeals*, G.R. No. 109849, February 26, 1997, 268 SCRA 703.

[13] *Mendoza v. Salinas*, G.R. No. 152827, February 6, 2007.

[14] *Bukidnon Doctors' Hospital, Inc. v. Metropolitan Bank & Trust Co.*, G.R. No. 161882, July 8, 2005, 463 SCRA 222, 233.

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