

JOE A. ROS AND ESTRELLA AGUETE, PETITIONERS, VS. PHILIPPINE NATIONAL BANK – LAOAG BRANCH, RESPONDENT.

G.R. No. 170166. April 06, 2011

Ponente: CARPIO, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-170166/>

CARPIO, J.:

The Case

G.R. No. 170166 is a petition for review[1] assailing the Decision[2] promulgated on 17 October 2005 by the Court of Appeals (appellate court) in CA-G.R. CV No. 76845. The appellate court granted the appeal filed by the Philippine National Bank - Laoag Branch (PNB). The appellate court reversed the 29 June 2001 Decision of Branch 15 of the Regional Trial Court of Laoag City (trial court) in Civil Case No. 7803.

The trial court declared the Deed of Real Estate Mortgage executed by spouses Jose A. Ros[3] (Ros) and Estrella Aguete (Aguete) (collectively, petitioners), as well as the subsequent foreclosure proceedings, void. Aside from payment of attorney's fees, the trial court also ordered PNB to vacate the subject property to give way to petitioners' possession.

The Facts

The appellate court narrated the facts as follows:

On January 13, 1983, spouses Jose A. Ros and Estrella Aguete filed a complaint for the annulment of the Real Estate Mortgage and all legal proceedings taken thereunder against PNB, Laoag Branch before the Court of First Instance, Ilocos Norte docketed as Civil Case No. 7803.

The complaint was later amended and was raffled to the Regional Trial Court, Branch 15, Laoag City.

The averments in the complaint disclosed that plaintiff-appellee Joe A. Ros obtained a loan of P115,000.00 from PNB Laoag Branch on October 14, 1974 and as security for the loan, plaintiff-appellee Ros executed a real estate mortgage involving a parcel of land - Lot No. 9161 of the Cadastral Survey of Laoag, with all the improvements thereon described under Transfer Certificate of Title No. T-9646.

Upon maturity, the loan remained outstanding. As a result, PNB instituted extrajudicial foreclosure proceedings on the mortgaged property. After the extrajudicial sale thereof, a Certificate of Sale was issued in favor of PNB, Laoag as the highest bidder. After the lapse of one (1) year without the property being redeemed, the property was consolidated and registered in the name of PNB, Laoag Branch on August 10, 1978.

Claiming that she (plaintiff-appellee Estrella Aguete) has no knowledge of the loan obtained by her husband nor she consented to the mortgage instituted on the conjugal property - a complaint was filed to annul the proceedings pertaining to the mortgage, sale and consolidation of the property - interposing the defense that her signatures affixed on the documents were forged and that the loan did not redound to the benefit of the family.

In its answer, PNB prays for the dismissal of the complaint for lack of cause of action, and insists that it was plaintiffs-appellees' own acts [of]

omission/connivance that bar them from recovering the subject property on the ground of estoppel, laches, abandonment and prescription.[4]

The Trial Court's Ruling

On 29 June 2001, the trial court rendered its Decision[5] in favor of petitioners. The trial court declared that Aguete did not sign the loan documents, did not appear before the Notary Public to acknowledge the execution of the loan documents, did not receive the loan proceeds from PNB, and was not aware of the loan until PNB notified her in 14 August 1978 that she and her family should vacate the mortgaged property because of the expiration of the redemption period. Under the Civil Code, the effective law at the time of the transaction, Ros could not encumber any real property of the conjugal partnership without Aguete's consent. Aguete may, during their marriage and within ten years from the transaction questioned, ask the courts for the annulment of the contract her husband entered into without her consent, especially in the present case where her consent is required. The trial court, however, ruled that its decision is without prejudice to the right of action of PNB to recover the amount of the loan and its interests from Ros.

The dispositive portion reads:

WHEREFORE, premises considered, judgment is hereby rendered:

1. DECLARING the Deed of Real Estate Mortgage (Exhibit "C") and the subsequent foreclosure proceedings conducted thereon NULL and VOID;
2. ORDERING the Register of Deeds of the City of Laoag to cancel TCT No. T-15276 in the name of defendant PNB and revert the same in the name of plaintiffs spouses Joe Ros and Estrella Aguete;
3. ORDERING defendant to vacate and turnover the possession of the premises of the property in suit to the plaintiffs; and
4. ORDERING defendant to pay plaintiffs attorney's fee and litigation expenses in the sum of TEN THOUSAND (P10,000.00) PESOS.

No pronouncement as to costs.

SO ORDERED.[6]

PNB filed its Notice of Appeal[7] of the trial court's decision on 13 September 2001 and paid the corresponding fees. Petitioners filed on the same date a motion for execution pending appeal,[8] which PNB opposed.[9] In their comment to the opposition[10] filed on 10 October 2001, petitioners stated that at the hearing of the motion on 3 October 2001, PNB's lay representative had no objection to the execution of judgment pending appeal. Petitioners claimed that the house on the subject lot is dilapidated, a danger to life and limb, and should be demolished. Petitioners added that they obliged themselves to make the house habitable at a cost of not less P50,000.00. The repair cost would accrue to PNB's benefit should the appellate court reverse the trial court. PNB continued to oppose petitioners' motion.[11]

In an Order[12] dated 8 May 2002, the trial court found petitioners' motion for execution pending appeal improper because petitioners have made it clear that they were willing to wait for the appellate court's decision. However, as a court of justice and equity, the trial court allowed petitioners to occupy the subject property with the condition that petitioners would voluntarily vacate the premises and waive recovery of improvements introduced should PNB prevail on appeal.

The Appellate Court's Ruling

On 17 October 2005, the appellate court rendered its Decision^[13] and granted PNB's appeal. The appellate court reversed the trial court's decision, and dismissed petitioners' complaint.

The appellate court stated that the trial court concluded forgery without adequate proof; thus it was improper for the trial court to rely solely on Aguete's testimony that her signatures on the loan documents were forged. The appellate court declared that Aguete affixed her signatures on the documents knowingly and with her full consent.

Assuming *arguendo* that Aguete did not give her consent to Ros' loan, the appellate court ruled that the conjugal partnership is still liable because the loan proceeds redounded to the benefit of the family. The records of the case reveal that the loan was used for the expansion of the family's business. Therefore, the debt obtained is chargeable against the conjugal partnership.

Petitioners filed the present petition for review before this Court on 9 December 2005.

The Issues

Petitioners assigned the following errors:

- I. The Honorable Court of Appeals erred in not giving weight to the findings and conclusions of the trial court, and in reversing and setting aside such findings and conclusions without stating specific contrary evidence;
- II. The Honorable Court of Appeals erred in declaring the real estate mortgage valid;
- III. The Honorable Court of Appeals erred in declaring, without basis, that the loan contracted by husband Joe A. Ros with respondent Philippine National Bank - Laoag redounded to the benefit of his family, aside from the fact that such had not been raised by respondent in its appeal.^[14]

The Court's Ruling

The petition has no merit. We affirm the ruling of the appellate court.

The Civil Code was the applicable law at the time of the mortgage. The subject property is thus considered part of the conjugal partnership of gains. The pertinent articles of the Civil Code provide:

Art. 153. The following are conjugal partnership property:

- (1) That which is acquired by onerous title during the marriage at the expense of the common fund, whether the acquisition be for the partnership, or for only one of the spouses;
- (2) That which is obtained by the industry, or work or as salary of the spouses, or of either of them;
- (3) The fruits, rents or interest received or due during the marriage, coming from the common property or from the exclusive property of each spouse.

Art. 160. All property of the marriage is presumed to belong to the conjugal partnership, unless it be proved that it pertains exclusively to the husband or to the wife.

Art. 161. The conjugal partnership shall be liable for:

- (1) All debts and obligations contracted by the husband for the benefit of the conjugal partnership, and those contracted by the wife, also for the same purpose, in the cases where she may legally bind the partnership;
- (2) Arrears or income due, during the marriage, from obligations which constitute a charge upon property of either spouse or of the partnership;

(3) Minor repairs or for mere preservation made during the marriage upon the separate property of either the husband or the wife; major repairs shall not be charged to the partnership;

(4) Major or minor repairs upon the conjugal partnership property;

(5) The maintenance of the family and the education of the children of both husband and wife, and of legitimate children of one of the spouses;

(6) Expenses to permit the spouses to complete a professional, vocational or other course.

Art. 166. Unless the wife has been declared a non compos mentis or a spendthrift, or is under civil interdiction or is confined in a leprosarium, the husband cannot alienate or encumber any real property of the conjugal partnership without the wife's consent. If she refuses unreasonably to give her consent, the court may compel her to grant the same.

Art. 173. The wife may, during the marriage, and within ten years from the transaction questioned, ask the courts for the annulment of any contract of the husband entered into without her consent, when such consent is required, or any act or contract of the husband which tends to defraud her or impair her interest in the conjugal partnership property. Should the wife fail to exercise this right, she or her heirs after the dissolution of the marriage may demand the value of the property fraudulently alienated by the husband.

There is no doubt that the subject property was acquired during Ros and Aguete's marriage. Ros and Aguete were married on 16 January 1954, while the subject property was acquired in 1968.[15] There is also no doubt that Ros encumbered the subject property when he mortgaged it for P115,000.00 on 23 October 1974.[16] PNB Laoag does not doubt that Aguete, as evidenced by her signature, consented to Ros' mortgage to PNB of the subject property. On the other hand, Aguete denies ever having consented to the loan and also denies affixing her signature to the mortgage and loan documents.

The husband cannot alienate or encumber any conjugal real property without the consent, express or implied, of the wife. Should the husband do so, then the contract is voidable.[17] Article 173 of the Civil Code allows Aguete to question Ros' encumbrance of the subject property. However, the same article does not guarantee that the courts will declare the annulment of the contract. Annulment will be declared only upon a finding that the wife did not give her consent. In the present case, we follow the conclusion of the appellate court and rule that Aguete gave her consent to Ros' encumbrance of the subject property.

The documents disavowed by Aguete are acknowledged before a notary public, hence they are public documents. Every instrument duly acknowledged and certified as provided by law may be presented in evidence without further proof, the certificate of acknowledgment being prima facie evidence of the execution of the instrument or document involved.[18] The execution of a document that has been ratified before a notary public cannot be disproved by the mere denial of the alleged signer.[19] PNB was correct when it stated that petitioners' omission to present other positive evidence to substantiate their claim of forgery was fatal to petitioners' cause.[20] Petitioners did not present any corroborating witness, such as a handwriting expert, who could authoritatively declare that Aguete's signatures were really forged.

A notarized document carries the evidentiary weight conferred upon it with respect to its due execution, and it has in its favor the presumption of regularity which may only be rebutted by evidence so clear, strong and convincing as to exclude all controversy as to the falsity of the certificate. Absent such, the presumption must be upheld. The burden of proof to overcome the presumption of due execution of a notarial document lies on the one contesting the same. Furthermore, an allegation of forgery must be proved by clear and convincing evidence, and whoever alleges it has the burden of proving the same.[21]

Ros himself cannot bring action against PNB, for no one can come before the courts with unclean hands. In their

memorandum before the trial court, petitioners themselves admitted that Ros forged Aguete's signatures.

Joe A. Ros in legal effect admitted in the complaint that the signatures of his wife in the questioned documents are forged, incriminating himself to criminal prosecution. If he were alive today, he would be prosecuted for forgery. This strengthens the testimony of his wife that her signatures on the questioned documents are not hers.

In filing the complaint, it must have been a remorse of conscience for having wronged his family; in forging the signature of his wife on the questioned documents; in squandering the P115,000.00 loan from the bank for himself, resulting in the foreclosure of the conjugal property; eviction of his family therefrom; and, exposure to public contempt, embarrassment and ridicule.[22]

The application for loan shows that the loan would be used exclusively "for additional working [capital] of buy & sell of garlic & virginia tobacco." [23] In her testimony, Aguete confirmed that Ros engaged in such business, but claimed to be unaware whether it prospered. Aguete was also aware of loans contracted by Ros, but did not know where he "wasted the money." [24] Debts contracted by the husband for and in the exercise of the industry or profession by which he contributes to the support of the family cannot be deemed to be his exclusive and private debts. [25]

If the husband himself is the principal obligor in the contract, i.e., he directly received the money and services to be used in or for his own business or his own profession, that contract falls within the term "x x x x obligations for the benefit of the conjugal partnership." Here, no actual benefit may be proved. It is enough that the benefit to the family is apparent at the signing of the contract. From the very nature of the contract of loan or services, the family stands to benefit from the loan facility or services to be rendered to the business or profession of the husband. It is immaterial, if in the end, his business or profession fails or does not succeed. Simply stated, where the husband contracts obligations on behalf of the family business, the law presumes, and rightly so, that such obligation will redound to the benefit of the conjugal partnership. [26]

For this reason, we rule that Ros' loan from PNB redounded to the benefit of the conjugal partnership. Hence, the debt is chargeable to the conjugal partnership.

WHEREFORE, we DENY the petition. The Decision of the Court of Appeals in CA-G.R. CV No. 76845 promulgated on 17 October 2005 is AFFIRMED. Costs against petitioners.

SO ORDERED.

Peralta, Abad, Mendoza, and Sereno, [*] JJ., concur.

[*] Designated additional member per Special Order No. 978 dated 30 March 2011.

[1] Under Rule 45 of the 1997 Rules of Civil Procedure.

[2] Rollo, pp. 26-36. Penned by Associate Justice Eugenio S. Labitoria, with Associate Justices Eliezer R. De Los Santos and Jose C. Reyes, Jr., concurring.

[3] Ros passed away on 26 September 1999. He was substituted by Aguete and their ten children: Joe John, Prospero, Sonia Jacinta, Rossano, Luisito, Pilar Estrella, Leoncio, Geraldine and Donato, who are all surnamed Ros, and Ingrid Ros-Bautista. Id. at 10.

[4] Id. at 27-28.

[5] Id. at 37-46.

[6] Id. at 46.

[7] Records, p. 346.

[8] Id. at 348.

[9] Id. at 350-355.

[10] Id. at 373-375.

[11] Id. at 385-388.

[12] Id. at 392-393.

[13] Rollo, pp. 26-36.

[14] Id. at 14.

[15] TSN, 8 October 1986, pp. 15-17.

[16] Rollo, p. 55.

[17] Vera-Cruz v. Calderon, G.R. No. 160748, 14 July 2004, 434 SCRA 534 citing Heirs of Ignacia Aguilar-Reyes v. Spouses Mijares, G.R. No. 143826, 28 August 2000, 410 SCRA 97.

[18] See Section 30 of Rule 132 of the Rules of Court.

[19] Pan Pacific Industrial Sales Co., Inc. v. Court of Appeals, G.R. No. 125283, 10 February 2006, 482 SCRA 164, 175 citing Sy Tiangco v. Pablo and Apao, 59 Phil. 119, 122 (1933).

[20] CA rollo, p. 134.

[21] Pan Pacific Industrial Sales Co., Inc. v. Court of Appeals, *supra* at 174-175 (citations omitted).

[22] Records, p. 327.

[23] Rollo, p. 52.

[24] TSN, 8 October 1986, pp. 23-24.

[25] Perez v. Lantin, 132 Phil. 120 (1968) citing Javier v. Osmeña, 34 Phil. 336 (1916).

[26] Ayala Investment & Development Corp. v. Court of Appeals, G.R. No. 118305, 12 February 1998, 286 SCRA 272, 281-282.

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.