

**TEOFILA ILAGAN-MENDOZA and ROSARIO ILAGAN URCIA, Petitioners,
vs. HON. COURT OF APPEALS, CALATAGAN RURAL BANK, INC.,
GEMINIANO T. NOCHE, as President of Calatagan Rural Bank, an...**

G.R. No. 171374. April 08, 2008

Ponente: CHICO-NAZARIO, J.

Read online (full-text search, related cases, audio case brief): <https://batas.org/library/g-r-no-171374/>

CHICO-NAZARIO, J.:

This is a Petition for Review on Certiorari under Rule 45 of the Revised Rules of Court, with petitioners praying for the reversal of the Decision[1] dated 19 July 2005 of the Court of Appeals dismissing CA-G.R. CV No. 56688 and affirming the Decision[2] dated 3 October 1996 of Branch 10 of the Regional Trial Court (RTC) of Batangas which, in turn, dismissed Special Civil Actions No. 1701 and 1702 for lack of merit.

The following are the factual antecedents:

Petitioners are Teofila Ilagan-Mendoza (Teofila) and Rosario Ilagan-Urcia (Rosario), daughters of the late Estanislao Ilagan (Estanislao); and Alberto (Alberto) Urcia, Rosario's husband.

The respondent Calatagan Rural Bank, Inc. (CRBI) filed on 9 July 1986 with the Sheriff's Office two Applications for Extrajudicial Foreclosure of Real Estate Mortgages, pursuant to Act No. 3135 (as amended by Act No. 4110), for petitioners' unpaid loans, to wit:

- (a) a Real Estate Mortgage covered by the following properties, to wit: TCT No. 11234, TCT No. 8465, TCT No. 14493, and TCT No.18772; and allegedly executed on 19 August 1974 by Teofila in favor of CRBI;[3] and
- (b) a Real Estate Mortgage covered by property under TCT No. 31345, executed by Alberto, with Teofila as co-maker, to secure a P10,000.00 loan obtained by Alberto on 23 July 1985, maturing on 19 April 1986.[4]

On 20 August 1986, siblings Teofila and Rosario instituted Special Civil Action No. 1701 before the Regional Trial Court of Balayan, Batangas, while spouses Alberto and Rosario instituted Special Civil Action No. 1702 before the same court, both for injunction and damages, with an application for Temporary Restraining Order (TRO) and preliminary injunction, against respondents CRBI, CRBI President Geminiano Noche (Noche), and Sheriffs Remedios de Claro and Edmundo Rodriguez of the Batangas RTC, assailing CRBI's Applications for Extrajudicial Foreclosure of Real Estate Mortgages referred to in the preceding paragraph, and seeking to enjoin respondents from proceeding with the auction sale of the mortgaged properties. Special Civil Action Nos. 1701 and 1702 were consolidated by the RTC.

In Special Civil Action No. 1701,[5] Teofila and Rosario identified three crop loans obtained by their father, the late Estanislao, from CRBI in the amounts of P85,000.00, P75,000.00 and P25,000.00.[6] These loans, covered by a promissory note executed by and between Estanislao and CRBI, were secured by several Real Estate Mortgages[7] over the properties registered with the Registry of Deeds Batangas and covered by Transfer Certificates of Title (TCTs) No. 11234, 8465, 14493, and 18772, with Estanislao Ilagan, married to Leocadia

Mercado, as mortgagors and CRBI as mortgagee.

Estanislao was required to sign and submit a Deed of Assignment of all his sugar produce in favor of CRBI, as payment for the loans.[8] CRBI received the proceeds from Estanislao's sugar produce which it applied to his loans. Teofila and Rosario contend that the records of the two sugar centrals, Central Azucarera Don Pedro (CADP) and Balayan Sugar Central, Inc. (BSCI), reveal that sufficient payment had been made on the loans by Estanislao by 1979, but no document was executed to cancel the mortgages securing the same. Estanislao passed away on 23 August 1983. It is important to note that the petition also stated that Estanislao was required to sign promissory notes in blank for the renewal of the unpaid balances of the original loans, which procedure was followed after Estanislao died on August 1983, but this time thru Teofila. Thereafter, Teofila suspected overpayment of the loans and demanded an accounting from CRBI but the latter refused, constraining her and her sister Rosario to file an administrative case against the bank with the Central Bank of the Philippines. At the time of filing of the application for foreclosure of real estate mortgages, CRBI allegedly owed Teofila an outstanding amount representing the proceeds from the sugar produce for the years 1980 to 1986.

On the other hand, in Special Civil Action No. 1702,[9] spouses Alberto and Rosario Urcia admitted that Alberto obtained two commodity loans from CRBI, one for P10,000.00 and another for P8,200.00. Alberto stated that to cover said loans, promissory notes and trust receipts were allegedly signed by him in blank, with Teofila as co-maker. The P10,000.00 loan was covered by a promissory note dated 23 July 1985, which was to become due and payable on 19 April 1986; while the loan for P8,200.00 was covered by a promissory note dated 23 December 1985 to mature on 19 September 1986. The said loans were secured by a real estate mortgage on the house and lot of Alberto and Rosario, covered by TCT No. 31345 registered in the Registry of Deeds of Batangas. Believing that the loans had been fully paid, Alberto asked for an accounting thereof, which CRBI ignored, hence, he sought the aid of the Central Bank. The CRBI further holds sugar quedans in the name of Rosario, Alberto's wife, and such sugar quedans, if negotiated, can fully answer for whatever outstanding amount they may still owe CRBI.

Purportedly in retaliation to their demands for accounting and their seeking recourse with the Central Bank, CRBI filed a criminal complaint for libel and a civil action for damages against petitioners; an administrative charge against Alberto and Rosario; and the assailed applications for extra-judicial foreclosure of the mortgaged properties.[10]

The RTC issued a TRO effective until 9 September 1986. The auction sale of the mortgaged properties, originally scheduled for 25 August 1986, was cancelled. After the lapse of the TRO, without any other injunction or restraining order having been issued, the Sheriff's Office of the RTC of Balayan, Batangas, through Deputy Sheriff Edmundo M. Rodriguez, issued another Notice of Public Auction Sale setting the public auction of the mortgaged properties for 17 September 1986. The public auction proceeded as scheduled wherein the mortgaged properties were awarded to the highest bidder, CRBI,[11] for the following amounts:

(a) P111,806.05 for the properties of Estanislao Ilagan; and

(b) P19,295.82 for the properties of Alberto Urcia.

A Certificate of Sale was issued on the same day in favor of CRBI.

Respondents filed on 15 December 1986 Motions to Dismiss Special Civil Actions No. 1701 and 1702.[12]

In an Order[13] issued on 23 December 1986, jointly resolving the two cases, RTC Executive Judge Alberto Reyes found the Motions to Dismiss meritorious and dismissed Special Civil Actions No. 1701 and 1702 for being moot and academic.

Aggrieved, petitioners in the two Special Civil Actions assailed the RTC Order dated 23 December 1986 via

separate Petitions for Certiorari[14] filed with the Court of Appeals but these petitions were subsequently dismissed.[15]

From the appellate court's dismissal of their petitions, petitioners sought recourse from this Court by filing Petitions for Certiorari and Prohibition[16] which were granted. In a Resolution[17] dated 28 October 1987, this Court directed the RTC to proceed with the hearing of Special Civil Actions No. 1701 and 1702, to determine whether there was indeed overpayment of the loan obligations of petitioners to CRBI.

Hence, the proceedings before the RTC in Special Civil Actions No. 1701 and 1702 resumed.

The RTC summarized the issues in Special Civil Action No. 1701 as follows:

- (1) whether or not the numerous withdrawals on 21 December 1983 after the death of Estanislao Ilagan were valid withdrawals;
- (2) whether or not the mortgaged properties were validly foreclosed on 17 September 1986;
- (3) whether or not deceased Estanislao Ilagan and his heirs had fully paid its [sic] obligation to respondent.

In Special Civil Action No. 1702, the sole issue was whether or not Alberto's loans had already been paid.

After nine years of trial, the RTC dismissed Special Civil Actions No. 1701 and 1702 for lack of merit. In a Decision dated 3 October 1996, the RTC ruled in favor of CRBI and found that the mortgaged properties were validly foreclosed on 17 September 1986. The RTC held:

WHEREFORE, petitioners instant petitions are hereby DISMISSED, for lack of merit.[18]

Petitioners filed a joint appeal with the Court of Appeals via Rule 45 of the Revised Rules of Court, docketed as CA-G.R. CV No. 56688. On 19 July 2005, the Court of Appeals dismissed CA-G.R. CV No. 56688 and affirmed the RTC Decision dated 3 October 1996. The Court of Appeals held:

Appellants contend that there was no need for the bank to foreclose the mortgage on the Urcia spouses' property since it could run after either Teofila as co-maker or Rosario whose quedan was in the bank's possession and is sufficient to pay the loans. The contention is untenable.

Art. 1216 of the New Civil Code gives the creditor the right to "proceed against any one of the solidary debtors or some or all of them simultaneously." The choice of the solidary debtor or against whom the solidary creditor will enforce collection is left to the latter (PNB vs. Independent Planters Association, Inc., 122 SCRA 113). Similarly, the choice of remedy to effect collection pertains to the creditor. On the other hand, the bank cannot run after Rosario's quedan because she is not indebted to it. The loan was exclusively obtained by Alberto. And Rosario did not assign her quedan to the bank as payment for Alberto's obligations.

x x x x

x x x The death of the debtor does not extinguish his civil liability as his estate will answer for it (Art. 1078, Civil Code). Since the quedans belong to Estanislao, the proceeds thereof should be applied to his own obligation. In this sense, Estanislao can be considered a debtor of the bank, even after his death, concerning his unpaid loans.

x x x x

Considering the foregoing, appellants' computation of Estanislao's loans from the bank is, at best, sketchy and self-serving and renders the purported overpayment implausible.

Consequently, We uphold the court a quo's finding that Estanislao is indebted to the bank in the amount of P67,000.00. As aptly observed by the trial court:

“The Central Bank Report speaks for itself. It was adopted by the petitioners as their own evidence and was marked as Exhibits ‘J’, ‘RRR-1’ to ‘RRR-3’. There is presumption of regularity in the performance of official duties. And the Court finds the report of the Central Bank employees as regards the computation of the loans of the late Estanislao Ilagan to be correct.”

In fine, the lower court committed no error in its appealed decision.

WHEREFORE, the appealed decision of the Regional Trial Court of Batangas (Balayan, Branch 10) is AFFIRMED in toto.

The Court of Appeals denied the Motion for Reconsideration[19] filed by petitioners in a Resolution[20] dated 6 February 2006.

Petitioners thus filed on 20 March 2006 this Petition for Review on Certiorari under Rule 45 of the Revised Rules of Court, raising the following issues:

ISSUES FOR SPECIAL CIVIL ACTION NO. 1701

- WHETHER OR NOT A PERSON CAN VALIDLY CONTRACTED (sic) A LOAN AFTER HIS DEATH.
- WHETHER OR NOT THE LOAN OBTAINED AFTER THE DEATH OF A PERSON WILL FORM PART OF HIS EXISTING OBLIGATION.
- WHETHER OR NOT THE REAL ESTATE MORTGAGE EXECUTED BY A DECEASED WILL COVER AN OBLIGATION INCURRED AFTER HIS DEATH.

ISSUES FOR SPECIAL CIVIL ACTION NO. 1702

- WHETHER OR NOT THE FORECLOSURE PROCEEDINGS IS VALID AFTER DETERMINING [sic] BY THE LOWER COURT THAT THERE WAS AN OVERPAYMENT OF OBLIGATION.
- WHETHER OR NOT THE RESPONDENT BANK CAN VALIDLY PROCEED WITH THE FORECLOSURE PROCEEDINGS WITHOUT FIRST APPLYING THE DEPOSITS IN ITS POSSESSION UNDER THE NAME OF THE PETITIONERS IN PAYMENT OF THE UNPAID OBLIGATIONS.

Petitioners pray that a decision be rendered reversing the earlier Decision of the Court of Appeals which dismissed CA-G.R. CV No. 56688; declaring the foreclosure of the mortgaged properties in Special Civil Actions No. 1701 and 1702 as null and void; and ordering the return of the Transfer Certificates of Titles in the name of the petitioners free from all liens and encumbrances.

Petitioners challenge the extra-judicial foreclosure of the real estate mortgages by CRBI for having been done with malice and bad faith.

Petitioners allege that Estanislao could not have possibly entered into a loan obligation after his death. He died on 23 August 1983. This is in accordance with Article 42 of the New Civil Code which provides that “civil personality is extinguished by death.” Thus, it would have been impossible for Estanislao to incur the loan obligation embodied in the promissory note dated 3 October 1984 for the sum of P44,000.00, and said promissory note should not have been included among Estanislao’s obligations.

Petitioners also maintain that the loan for P10,000.00, covered by promissory note dated 23 July 1985 executed by Alberto, with Teofila as co-maker, was already paid, thus, making the foreclosure of real estate mortgage securing the said loan null and void. If only CRBI submitted an accounting as petitioners requested, there would have been no more need to resort to the foreclosure proceedings since there was, in fact, an overpayment of P3,056.13 on the loan.[21]

Petitioners assert that the sheriffs and the trial and appellate courts failed to look into the existence and validity of the obligations secured by the mortgage properties that could have materially affected the foreclosure proceedings.

Respondents, on the other hand, contend that the real matter at issue is whether the separate loans contracted by Estanislao and Alberto still subsist as to make the foreclosure of the mortgaged properties valid; or, conversely, whether the loans were already paid, thus, making the foreclosure of the mortgaged properties null and void. They posit that these factual matters were already resolved by both the RTC and the Court of Appeals in their favor. Thus, they argue that the foreclosure of the mortgaged properties was in order and, consequently, the present Petition should be dismissed for lack of merit.

Clearly, the real issue to be resolved is whether Estanislao and Alberto still had outstanding loan obligations with CRBI that would justify the foreclosure of the mortgaged properties.

We rule in the affirmative, and find no reason to disturb the factual findings of the RTC and the Court of Appeals.

The jurisdiction of this Court in a Petition for Review on Certiorari under Rule 45 of the Revised Rules of Court is limited to reviewing only errors of law.[22] There is a question of fact when the doubt or difference arises as to the truth or falsehood of alleged facts or when the query necessarily solicits calibration of the whole evidence considering mostly the credibility of witnesses, existence and relevancy of specific surrounding circumstances, their relation to each other and to the whole and probabilities of the situation.[23] A question of law has been defined as one that does not call for any examination of the probative value of the evidence presented by the parties.[24]

We have consistently stressed that in a petition for review on certiorari this Court does not sit as an arbiter of facts. As such, it is not our function to re-examine every appreciation of facts made by the trial and appellate courts unless the evidence on record does not support their findings or the judgment is based on a misappreciation of facts.[25]

As correctly observed by CRBI, the issues raised by petitioners are purely factual. It would entail a review and evaluation of the evidence that were already presented before the trial court.

Factual findings of the trial court, especially when affirmed by the Court of Appeals, as in this case, are generally binding and conclusive on the Supreme Court, for it is not the function of this Court to reexamine the lower courts' findings of fact. Suffice it to say that the factual findings and conclusions of the trial court and the Court of Appeals are entitled to great weight and respect and will not generally be disturbed on appeal in the absence of a clear showing that the trial court overlooked certain facts or circumstances that would warrant a different disposition of the case.[26]

Admittedly, the above rule is not absolute, as it admits of certain exceptions, to wit: (a) where there is grave abuse of discretion; (b) when the finding is grounded entirely on speculations, surmises or conjectures; (c) when the inference made is manifestly mistaken, absurd or impossible; (d) when the judgment of the Court of Appeals was based on a misapprehension of facts; (e) when the factual findings are conflicting; (f) when the Court of Appeals, in making its findings, went beyond the issues of the case and the same are contrary to the admissions of both appellant and appellee; (g) when the Court of Appeals manifestly overlooked certain relevant facts not disputed by the parties and which, if properly considered, would justify a different conclusion; and, (h) where the findings of fact of the Court of Appeals are contrary to those of the trial court, or are mere conclusions without citation of specific evidence, or where the facts set forth by the petitioners are not disputed by the respondents, or where the findings of fact of the Court of Appeals are premised on the absence of evidence and are contradicted by the

evidence on record. [27]

Petitioners, however, have not shown that any of these circumstances are attendant herein for us to deviate from the general rule.

A mortgage is a mere accessory contract to the loan obligation, thus, the validity of the mortgage depends on the validity of the loan it is supposed to secure. The debtor cannot escape the consequences of the mortgage contract once the validity of the loan is upheld.[28] And when the principal obligation is not paid when due, the mortgagee has the right to foreclose on the mortgage, have the property seized and sold, and apply the proceeds to the balance of the loan obligation. Foreclosure is proper if the debtor is in default in the payment of his loan obligation.

In the Petition at bar, there is substantial evidence to support the facts that petitioners had existing loan obligations subject of Real Estate Mortgages executed in favor of CRBI and there was default on the payment thereof.

Special Civil Action No. 1701

It has been established by evidence on record that Estanislao obtained a total of 32 loans from the bank. Estanislao used the very same properties he mortgaged to secure his first loan in 1974 as collaterals for his subsequent loans. However, no corresponding entries on the constituted mortgages were made on TCTs No. 11234, 14493, 8465 and 18772, except that of the first loan contracted in 1974. As payments for these loans, Estanislao assigned to CRBI the proceeds from his sugar produce milled at CADP and BSCI. The said proceeds were applied to the principal, interests and charges of Estanislao's loans.

Per the Central Bank Report, Estanislao still had loans left unpaid:

The rural bank collected from Estanislao Ilagan P678,848.24 which fully paid 30 of his 32 loan accounts thereby leaving 2 loans totaling P67,000 still unpaid (Annex II-A).[29]

Among the 32 loans charged against Estanislao by the CRBI is a loan in the amount of P44,000.00[30] covered by a promissory note dated 3 October 1984, more than a year after Estanislao's death on 23 August 1983, and signed by Teofila, per testimony of Geminiano Noche.

Teofila and Rosario urge that the said loan should be excluded from the obligations secured by Estanislao's four mortgaged properties.

While it is conceded that the promissory note for P44,000.00 was signed by Teofila from CRBI on 3 October 1984, or after the death of Estanislao, the circumstances and reasons for this are adequately explained to show that said amount represent existing loans of Estanislao contracted by him prior to his death.

First, during the RTC trial, the following testimony was elicited from Geminiano Noche:

Estanislao died in August 1983. According to witness, he allowed Teofila Ilagan to sign the Promissory Note dated 3 October 1984, because the collateral on the loan is a property in the name of Estanislao Ilagan and because Teofila so requested since it would take time to settle the estate of Estanislao Ilagan and inasmuch as she would inherit the property.[31] (Emphasis ours.)

Secondly, Teofila and Rosario were definite in their petition in Special Civil Action No. 1701 when they were deemed to have admitted therein that Estanislao was required to sign promissory notes in blank for the renewal of the unpaid balances of the original loans, which procedure was followed after Estanislao died on August 1983, but this time thru Teofila.

Based on the foregoing, it can be established that the Promissory Note dated 3 October 1984 then, although signed

after the death of Estanislao on 23 August 1983, reflect an unpaid balance on the loans obtained by Estanislao from CRBI prior to his death, and secured by the same properties used as collaterals by him since he obtained the first loan in 1974.

Hence, payment for said loan, upon default, can be collected by CRBI by foreclosing on the mortgaged properties.

Teofila and Rosario then raised another point by contending that withdrawals were fraudulently made from Estanislao's CRBI Savings Account No. 5659 on 21 December 1983, after his death. A study of the testimony of Teofila reveals that Estanislao maintained four passbooks with CRBI, to wit:

- Savings Account No. 1382, under the name of Estanislao Ilagan and/or Teofila Ilagan;
- Savings Account No. 5659, under the name Teofila Ilagan and/or Estanislao Ilagan
- Savings Account No. 5659, under the name of Estanislao Ilagan
- Savings Account No. 5659, under the name Estanislao Ilagan and/or Teofila Ilagan

Estanislao's passbook for Savings Account No. 5659 contained entries of withdrawals made on 21 December 1983, which Estanislao could no longer have made after his death. If the withdrawals are invalidated, then the fraudulently withdrawn amounts could be returned to Estanislao's account and applied against the balance of his loans, which could even result in overpayment.

Julita Marasigan, a former cashier of the bank, testified on the bank procedure with respect to withdrawals made in the bank. We find that the entries in Savings Account No. 5659, in the name of Estanislao, made on 21 December 1983, after his death, were made in good faith and did not represent withdrawals made on such date, but on previous dates, when Estanislao was still alive. Julita Marasigan explained that it is the standard operating procedure of CRBI to allow withdrawals even without the client presenting the passbook. The passbook is updated only later on with the appropriate entries once it is presented to CRBI.

This was further corroborated by CRBI President Germiniano Noche, who testified as follows:

Q:

It appears on this page of Exhibit B that there were several withdrawals made on December 31, 1983. Will you please tell us how could these withdrawals been made?

A:

These withdrawals were in accordance with the standard procedure of the bank when there is an up-dating.

Q:

What do you mean by "up-dating"?

A:

By "up-dating," before December 21 comes, the client go (sic) to the bank without the passbook.

Q:

What did the client do without the passbook?

A:

Requesting the bank in order for her to withdraw.

Q:

And was the withdrawal allowed?

A:

Because of the good relationship between the client and the bank, we allowed the withdrawal without the passbook.

Q:

So these withdrawals made on December 21, 1983, to which withdrawal this refers?

A:

This refers to withdrawal before December 21, 1983.

Q:

How come that the withdrawal had entered only on December 21, 1983?

A:

That had been entered only on December 21, 1983 because the representative of the client arrived on that date with the passbook.

Q:

By “client”, to whom are you referring to?

A:

Estanislao Ilagan and Teofila Ilagan.

Q:

Mr. Noche, according to the petition, Mr. Estanislao Ilagan died sometime in August, 1983. Now, according to you, she went to the bank on December 21, 1983. Will you please tell us how come Mr. Estanislao Ilagan was able to go to the bank on December 21, 1983?

ATTY. AGUJO:

Objection, your Honor. In the previous question, your Honor Mr. witness stated that Mr. Estanislao Ilagan and Teofila Ilagan. Then the next question your Honor has a conflict because the line of questioning, it appears that it was only Ms. Ilagan by using the word “she”, your Honor.

COURT:

What is the question?

ATTY. CABAL:

Q:

My question is: How come Mr. Estanislao Ilagan was able to go to the bank on December 21, 1983 while he died in August 1983?

COURT: May answer.

A:

If there is no Estanislao Ilagan, then there (sic) Teofila Ilagan because this is “and/or”.

Q:

What is the meaning of “and/or”?

A:

We can enter transaction to the passbook either the daughter or the father.[32]

Witnesses for CRBI have thus sufficiently explained the circumstances behind the withdrawals entered on Estanislao’s passbook even after his death.

Teofila and Rosario failed to rebut the foregoing testimonies. Absent any evidence to the contrary, the Court finds that the entries made on the passbook of Estanislao were regular and speak of the correct transactions made by the parties therein.[33]

Special Civil Action No. 1702.

The evidence on record reveals that Alberto has two unpaid loans with CRBI, particularly:

- (a) loan in the amount of P10,000, covered by promissory note dated 23 July 1985, which would fall due on 19 April 1986; and
- (b) loan in the amount of P8,200.00, covered by promissory note dated 23 December 1985, which would fall due on 19 September 1986.

The Central Bank Reports submitted establish an overpayment[34] by Alberto in the amount of P3,056.13 to CRBI. However, page 2 of Central Bank Memorandum[35] dated 1 October 1986 reads:

- (a) Alberto Urcia paid to the bank P96,054.23 which fully paid 10 of his 12 loans thereby leaving 2 loans totaling P18,200 still unpaid (Annex I-A)
- (b) The bank charged Mr. Urcia attorney’s fees of P1,403.17 instead of P1,222.15 or an overcharge of P182.02 (Annex I-A)
- (c) The rural bank made a net overcharge in interest of P2,874.11. (Annex I-A)[36]

Jose Galit, Central Bank Examiner, testified that in computing the overpayment of P3,056.13 by Alberto, his second loan of P8,200.00 was not yet included therein:

Q:

Now, I invite your attention to page two of the report which was marked as Exhibit A-1 and on the findings of the Central Bank, your department Alberto Urcia, the respondent stated and I quote “the bank charged xxx” (Please see Exhibit “A-1” record). If you total this amount the sum would be P3,056.13. Now Annex “1” of that report which was marked as Exhibit “A-5” for the following findings of your Department and I quote “Between the petitioner from November 18, 1980 to December 20, 1985, complaint was xxx” (NOTE: please see Exhibit “A-4” on record). Second, date granted December 23, 1985, date due, September 18, 1986. Amount P8,200.00. When you computed the alleged overcharge of P3,056.13, did you consider this (sic) outstanding loans of petitioners Alberto Urcia?

A:

No, sir.

Q:

What do you mean by that?

A:

Because that overcharged (sic) pertains to different loans.

Q:

What was the status of loan of Alberto Urcia as of June 12, 1986?

A:

The two (2) loans were unpaid as of examination.[37]

A more thorough review of the Central Bank Report would disclose that the supposed overpayment refers to Alberto's other loans with CRBI, leaving two loans amounting to P18,000.00 with the same bank still unpaid.

The testimony of Jose Galit, taken together with the Central Bank Reports, indicate that the principal amounts pertaining to Alberto's two outstanding loans, totaling P18,200.00, plus interests and other charges thereon, exceed the P3,056.13 overpayment on his other loans with CRBI. Thus, Alberto is still indebted to CRBI for the principal, interest, and other charges on the said two loans, less the overpaid amount of P3,056.13 on his other loans.

Alberto further argues that while his loan matured on 19 September 1986, the mortgaged property covered by TCT No. 31345 was foreclosed two days earlier, on 17 September 1986. It must be stressed, however, that Alberto Urcia had two unpaid loans with CRBI: one, for P10,000.00, which matured on 19 April 1986; the other, for P8,200.00, which became due on 19 September 1986.

Alberto insists that the real property covered by TCT No. 32345 stands as security for the two loans, implying that the obligations are indivisible. We are not persuaded. The documents show that the loans were obtained and set to mature on two different dates. They are obviously separate and distinct from each other although secured by the same property. CRBI may collect payment on the loans as each falls due. CRBI resorted to the foreclosure of the mortgaged property when Alberto failed to pay his P10,000.00 loan which became due on 19 April 1986. CRBI apparently did not yet move to collect on Alberto's P8,200.00 loan which, at that time, had not matured.

WHEREFORE, premises considered, the Petition for Review on Certiorari is DENIED. Costs against petitioners.

SO ORDERED.

Austria-Martinez, (Acting Chairperson), Tinga, Nachura, and Reyes, JJ., concur.

* Assigned as Special Member.

[1] Penned by Associate Justice Edgardo P. Cruz with Presiding Justice Romeo A. Brawner and Associate Justice Jose C. Mendoza, concurring; rollo, pp. 37-45.

[2] Penned by Judge Elino A. Ybanez; Rollo, pp. 112-147.

[3] Rollo, p. 60.

[4] The same title serves as collateral for a 23 December 1983 loan due to mature on 18 September 1986; rollo, p. 62.

[5] Rollo, pp. 65-74.

[6] See Petition in Special Civil Action No. 1701.

[7] Rollo, pp. 66-67.

[8] Id. at 67.

[9] Id. at 75-80.

[10] Id. at 69.

[11] The Minutes of the Auction Sale prepared by the Deputy Sheriff on 18 September 1986.

[12] Rollo, pp. 102-103.

[13] Issued by Executive Judge Alberto A. Reyes; rollo, pp. 104-106.

[14] CA-G.R. SP Nos. 11227-11230.

[15] 1 April 1987; records, Vol. I, pp. 161-167.

[16] G.R. Nos. 77480-77481.

[17] a) to proceed immediately with the hearing of Special Civil Action Nos. 1701 and 1072, particularly, to determine whether petitioners have overpaid their obligations to private respondent bank.

b) to cause without any delay, the registration of a notice of lis pendens on the certificate of title of the parcels of land sold at the auction sale held on 17 September 1986 until final termination of said Special Civil Actions. x x x. (Records, Vol. I, p. 154.)

[18] Rollo, p. 147.

[19] Id. at 47-58.

[20] Id. at 59.

[21] Respondent Bank already has in its possession the quedans of Petitioners Urcia in the amount of Eight Thousand Pesos (P8,000.00).

[22] Section 1, Rule 45, Revised Rules of Court.

[23] Philippine National Bank v. Court of Appeals, 392 Phil. 156, 171 (2000) citing Bernardo v. Court of Appeals, G.R. No. 101680, December 7, 1992, 216 SCRA 224, 232.

[24] Philippine National Bank v. Norman Pike, G.R. No. 157845, 20 September 2005, 470 SCRA 328, 339-340.

[25] Fortuna v. People, 401 Phil. 545, 550 (2000).

[26] American Home Assurance Company v. Chua, 368 Phil. 555, 565 (1999).

[27] Almendrala v. Ngo, G.R. No. 142408, 30 September 2005, 471 SCRA 311, 322.

[28] Development Bank of the Philippines v. Hon. Court of Appeals, G.R. No. 138703, 30 June 2006, 494 SCRA 25, 46.

[29] The total amount collected includes interest and other charges.

[30] Evidenced by promissory note dated 3 October 1984.

[31] Rollo, p. 134.

[32] TSN, 22 November 1994, pp. 20-23.

[33] Presumption of regularity.

[34] Folder of Exhibits, Exh. J.

[35] Id.

[36] Id.

[37] TSN, 1 December 1993, pp. 97-98.

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.