DEVELOPMENT BANK OF THE PHILIPPINES, PETITIONER, VS. ENVIRONMENTAL AQUATICS, INC., LAND SERVICES AND MANAGEMENT ENTERPRISES, INC. AND MARIO MATUTE RESPONDENTS.

G.R. No. 174329. October 20, 2010

Ponente: CARPIO, J.

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CARPIO, J.:

The Case

This is a petition[1] for review on certiorari under Rule 45 of the Rules of Court. The petition challenges the 16 January 2006 Decision[2] and 16 August 2006 Resolution[3] of the Court of Appeals in CA-G.R. CV No. 46207. The Court of Appeals affirmed with modification the 7 January 1994 Decision[4] of the Regional Trial Court (RTC), National Capital Judicial Region, Branch 84, Quezon City, in Civil Case No. Q-91-10563.

The Facts

On 10 September 1976, respondents Environmental Aquatics, Inc. (EAI) and Land Services and Management Enterprises, Inc. (LSMEI) loaned P1,792,600 from petitioner Development Bank of the Philippines (DBP). As security for the loan, LSMEI mortgaged to DBP its 411-square meter parcel of land situated in New Manila, Quezon City, and covered by Transfer Certificate of Title No. 209937.[5] The mortgage contract[6] stated that:

> If at anytime the Mortgagor shall fail or refuse to pay any of the amortization on the indebtedness, or the interest when due, or whatever other obligation herein secured or to comply with any of the conditions and stipulations herein agreed, or shall initiate insolvency proceedings or be declared involuntary insolvent (sic), or uses the proceeds of the loan for purposes other than those specified herein then all the amortizations and other obligations of the Mortgagor of any nature, shall become due, payable and defaulted and the Mortgagee may immediately foreclose this mortgage judicially or extrajudicially under Act No. 3135 as amended, or under Republic Act No. 85, as amended and or under Act No. 1508 as amended.[7]

On 31 August 1981, DBP restructured the loan. In their promissory notes,[8] EAI and LSMEI stated that:

> On or before March 14, 1986, for value received, we jointly and severally, promise to pay the DEVELOPMENT BANK OF THE PHILIPPINES, or at its office at Makati, Metro Manila, Philippines, the sum of * * ONE MILLION NINE HUNDRED SEVENTY THREE THOUSAND ONE HUNDRED PESOS (P1,973,100.00), Philippine Currency, with interest at the rate of sixteen per centum (16%) per annum.[9]
>
> On or before March 14, 1986, for value received, we jointly and severally, promise to pay the DEVELOPMENT BANK OF THE PHILIPPINES, or at its office at Makati, Metro Manila, Philippines, the sum of * * ONE HUNDRED NINETY THOUSAND SEVEN HUNDRED PESOS * * (P190,700), Philippine Currency, with interest at the rate of fourteen per centum (14%) per annum.[10]

> On or before March 14, 1982, for value received, I/We, jointly and severally, promise to pay the DEVELOPMENT BANK OF THE PHILIPPINES, or order at its office at Makati, Metro Manila, Philippines, the sum of * * SIX HUNDRED EIGHTY FOUR THOUSAND SEVEN HUNDRED EIGHTY EIGHT PESOS * * (P684,788.00), Philippine Currency, with interest at the rate of _____ per centum (___%) per annum.[11]

EAI and LSMEI failed to pay the loan. As of 11 September 1990, the loan had increased to P16,384,419.90.[12] On 25 October 1990, DBP applied for extrajudicial foreclosure of the real estate mortgage. In its application letter,[13] DBP stated that:

> [W]e request [the ex-officio sheriff] to take possession of the properties described in the above-mentioned mortgages as well as those embraced in the after acquired properties clause thereof, and sell the same at public auction in accordance with the provisions of Act 3135, as amended by Act 4118, with respect to the real estate and Act 1508 with respect to the chattels, as amended by Presidential Decree No. 385 aforecited.[14]

During the 19 December 1990 public auction, the ex-officio sheriff sold the property to DBP as the highest bidder for P1,507,000.[15]

On 15 May 1991, LSMEI transferred its right to redeem the property to respondent Mario Matute (Matute). In his 27 July 1991 letter,[16] Atty. Julian R. Vitug, Jr. (Atty. Vitug, Jr.) informed DBP that his client Matute was interested in redeeming the property by paying the P1,507,000 purchase price, plus other costs. In its 29 August 1991 letter,[17] DBP informed Atty. Vitug, Jr. that Matute could redeem the property by paying the remaining balance of EAI and LSMEI's loan. As of 31 August 1991, the loan amounted to P19,279,106.22.[18]

On 8 November 1991, EAI, LSMEI and Matute filed with the RTC a complaint[19] praying that DBP be ordered "to accept x x x Matute's bonafide offer to redeem the foreclosed property."[20]

The RTC's Ruling

In its 7 January 1994 Decision, the RTC allowed Matute to redeem the property at its P1,507,000 purchase price. The RTC held that:

> The question is whether, as the defendant DBP contends, the redemption should be made by paying to the Bank the entire amount owed by plaintiffs-corporations "in the amount of P18,301,653.11 as of the date of foreclosure on December 12, 1990", invoking Sec. 16 of Executive Order No. 81 otherwise known as the 1986 Revised Charter of DBP. On the other hand, the plaintiffs contend that this redemption may be made only by reimbursing the defendant Bank what it has paid for at the auction sale made to it (sic), in the amount of P1,507,000.00, pursuant to Section 5 of Act No. 3135 and Sections 26 to 30 of Rule 39 of the Revised Rules of Court.
>
> Plaintiffs are correct. It is to be noted that the mortgage at issue was executed on September 10, 1976, Exhs. "A" and "2". Republic Act No. 2081 entitled "An Act to Amend Republic Act Numbered Eighty-Five and Other Pertinent Laws, to Provide Facilities for Intermediate and Long-Term Credit by Converting the Rehabilitation Finance Corporation into the Development Bank of the Philippines, Authorizing the said Bank to Aid in the Establishment of Provincial and City Private Development Banks, and for Other Purposes" was approved and made effective on June 14, 1958. It was therefore the law the Charter (sic) of DBP, when in 1976 the mortgage here in issue was executed. On the other hand, Executive Order No. 81, with its Section 16 thereof (sic) reading as follows:
>
> "Sec. 16. Right of Redemption. -- Any mortgagor of the Bank whose real property has been extrajudicially sold at public auction shall, within one (1) year counted from the date of registration of the certificate of sale, have the right to redeem the real property by paying to the Bank all of the latter's claim against him, as

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> determined by the Bank."

is of recent vintage. Executive Order No. 81, issued by then President Corazon C. Aquino, was made effective on December 3, 1986. Clearly, the application of Executive Order No. 81 to the mortgage herein involved would violate the constitutional proscription against the impairment of contracts. Sec. 16 of Executive Order No. 81, which governs the right of redemption in extrajudicial foreclosures, is not found in Rep. Act No. 2081 or even in Rep. Act No. 85. And so, to make the redemption subject to a subsequent law would be obviously prejudicial to the party exercising the right to redeem. Any change in the law governing redemption that would make it more difficult than under the law at the time of the mortgage cannot be given retroactive effect.

Under the terms of the mortgage contract, "Exh. "2", specifically paragraph 4 thereof:

> "x x x the Mortgagee may immediately foreclose this mortgage judicially or extrajudicially under Act No. 3135 as amended, or under Republic Act No. 85, as amended and or under Act No. 1508 as amended. x x x x."

Going by the literal terms of this quoted provision of the mortgage contract, defendant DBP stand bound by the same. When defendant DBP foreclosed the mortgage at issue, it chose Act 3135. That was an option it freely exercised without the least intervention of plaintiffs. We cannot, therefore, escape the conclusion that what defendant DBP agreed to in respect to (sic) the possible foreclosure of its mortgage was to subject the same to the provisions of Act No. 3135, as amended, should the DBP opt to utilize said law. Section 6 of Act No. 3135 very clearly governs the right of redemption in extrajudicial foreclosures thus:

> "SEC. 6. In all cases in which an extrajudicial sale is made under the special power herein before 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."

Sections four hundred sixty-four to four hundred sixty-five, inclusive, of the Code of Civil Procedure, since the promulgation of the Rules of Court of 1940, became sections 29, 30 and 32 of Rule 39. The same sections were reproduced in the Revised Rules of Court.

Having thus come to the conclusion that Act 3135 and Sections 29 to 32 of Rule 39 of the Rules of Court rather than Executive Order No. 81 are the laws applicable to the right of redemption invoke (sic) by plaintiffs in this case, it would appear that all that remains for this Court to do is to apply the said legal precepts. Pursuant to Section 30 of Rule 39, "the judgment debtor -- or his successor-in-interest per Sec. 29, here plaintiff Mario Batute -- may redeem the property from the purchaser, at any time within twelve 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 assessments or taxes which the purchaser may have paid thereon after the purchase, and interest on such last-named amount at the same rate; x x x".[21]

DBP appealed to the Court of Appeals.

The Court of Appeals' Ruling

In its 16 January 2006 Decision, the Court of Appeals affirmed with modification the RTC's 7 January 1994 Decision. The Court of Appeals imposed a 16% annual interest on the remaining balance of the loan. The Court of Appeals held that:

> The dearth of merit in appellant bank's position is, however, evident from the fact that, as hereinbefore quoted, paragraph 4 of the September 10, 1976 Deed of Real Estate Mortgage executed in its favor by appellees EAI and LSMEI provided for three options by which the extrajudicial foreclosure thereof may be effected. Thereunder given the choice of resorting to "Act No. 3135 as amended, or Republic Act No. 85 as amended, or Act No. 1508 as amended", appellant bank undoubtedly opted for the first of the aforesaid laws as may be gleaned from the following prayer it interposed in the application for foreclosure of mortgage it filed with the Ex-Officio Sheriff of Quezon City on October 25, 1990, viz:
>
> "WHEREFORE, we request you to take possession of the properties described in the above-mentioned mortgages xxx xxx xxx and sell the same at public auction in accordance with the provisions of Act 3135, as amended by Act 4118, with respect to the real estate xxx xxx xxx"

With appellant bank's categorical election of Act No. 3135 as the controlling law for the extrajudicial foreclosure of the subject mortgage, it goes without saying that, insofar as the redemption of the subject realty is concerned, the provisions of said law are deemed written into the parties' agreement and, as such, should be respected as the law between them.

Anent the redemption of mortgaged properties extrajudicially foreclosed in accordance therewith, Section 6 of Act No. 3135 provides as follows:

> "Section 6. In all cases in which an extrajudicial sale is made under the special power hereinbefore referred to, the debtor, his successors in interests (sic) 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 sixty-six, inclusive, of the Code of Civil Procedure, in so far as these are not inconsistent with the provisions of this Act."

As appropriately noted by the trial court, Sections 464, 465 and 466 of the Code of Civil Procedure are now, respectively, Sections 27, 28 and 30 of the 1997 Rules of Civil Procedure which, under said second provision, prescribes the following guidelines for redemption, viz:

> "Section 28. Time and manner of, and amounts payable on, successive redemptions; notice to be given and filed. -- The judgment obligor, or redemptioner, may redeem the property from the purchaser, at any time within one (1) year from the date of the registration of the certificate of sale, by 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 assessments or taxes which may have been paid thereon after purchase, and interest on such last named amount at the same rate; and if the purchaser be also a creditor having a prior lien to that of the redemptioner, other than the judgment under which such purchase (sic), the amount of such other lien, with interest.
>
> Written notice of any redemption must be given to the officer who made the sale and a duplicate filed with the registry of deeds of the place, 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 registry of deeds; if such notice be not filed, the property may be redeemed without paying such assessments, taxes or liens."

In order to effect the redemption of the foreclosed property, the foregoing provision notably requires the payment to the purchaser of the following sums only: (a) the bid price; (b) the interest on the bid price, computed at one per centum (1%) per month; and (c) the assessments or taxes, if any, paid by the purchaser, with the same rate of interest.

When the statute is clear and explicit, the basic principle in legal hermeneutics is to the effect that there is no need for an extended court ratiocination on the law -- there is no room for interpretation, vacillation or equivocation, only application. Having been made in accordance with Act No. 3135, we find that appellee Matute's offer to redeem the subject property in the amount of P1,672,770.00 was, therefore, unjustifiably refused by appellant bank. Corollarily, the rule is settled that the person effecting redemption is not mandated to pay the whole debt since, in redemption of properties, the amount payable is no longer the judgment debt but, rather, the purchase price thereby fetched at the auction sale.

As for the deficiency x x x, the consistent ruling in a cantena of Supreme Court decisions is to the effect that the mortgagee has the right to recover the same from the debtor where, in the extrajudicial foreclosure of mortgage, the proceeds of the sale are insufficient to pay the debt. x x x

Considering, however, that the amount offered by appellee by way of redemption consisted merely of the purchase price for the foreclosed property, together with the interests thereon, we find that appellant bank correctly takes exception to the trial court's imposition of legal interest on the balance of the mortgage debt. If the obligation consists in the payment of a sum of money, and the debtor incurs in delay, the indemnity for damages, there being no stipulation to the contrary, shall be the payment of the interest agreed upon, and in the absence of stipulation, the legal interest which is six per cent per annum. In the case at bench, the interest imposable on the balance of the mortgage debt should, therefore, be the sixteen per cent (16%) per annum provided under the August 31, 1981 Promissory Note appellees EAI and LSMEI executed in favor of appellant.[22]

DBP filed a motion for reconsideration. In its 16 August 2006 Resolution, the Court of Appeals denied the motion. Hence, the present petition.

Issues

DBP raises as issues that the lower courts erred in finding that the bank chose Act No. 3135 as the governing law for the extrajudicial foreclosure of the property, including the determination of the redemption price, and in ruling that the redemption price is equivalent to the P1,507,000 purchase price.

The Court's Ruling

The petition is meritorious.

Section 16 of Executive Order (EO) No. 81 states that the redemption price for properties mortgaged to and foreclosed by DBP is equivalent to the remaining balance of the loan. Section 16 states that, "Any mortgagor of the Bank whose property has been extrajudicially sold at public auction shall x x x have the right to redeem the real property by paying to the Bank all of the latter's claims against him, as determined by the Bank."

In Development Bank of the Philippines v. West Negros College, Inc.,[23] the Court held that the redemption price for properties mortgaged to and foreclosed by DBP is equivalent to the remaining balance of the loan, with interest at the agreed rate. The Court held that:

> It has long been settled that where the real property is mortgaged to and foreclosed judicially or extrajudicially by the Development Bank of the Philippines, the right of redemption may be exercised only by paying to "the Bank all the amount he owed the latter on the date of the sale, with interest on the total indebtedness at the rate agreed upon in the obligation from said date, unless the bidder has taken material possession of the property or unless this had been delivered to him, in which case the proceeds of the property shall compensate the interest." x x x
>
> The foregoing rule is embodied consistently in the charters of petitioner DBP and its predecessor agencies. Section 31 of CA 459 creating the Agricultural and Industrial Bank explicitly set the redemption price at the

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> total indebtedness plus contractual interest as of the date of the auction sale. Under RA 85 the powers vested in and the duties conferred upon the Agricultural and Industrial Bank by CA 459 as well as its capital, assets, accounts, contracts, and choses in action were transferred to the Rehabilitation Finance Corporation. It has been held that among the salutary provisions of CA 459 ceded to the Rehabilitation Finance Corporation by RA 85 was Sec. 31 defining the manner of redeeming properties mortgaged with the corporation. Subsequently, by virtue of RA 2081 (1958), the powers, assets, liabilities and personnel of the Rehabilitation Finance Corporation under RA 85 and CA 459, particularly Sec. 31 thereof, were transferred to petitioner DBP. Significantly, Sec. 31 of CA 459 has been reenacted substantially in Sec. 16 of the present charter of the DBP, i.e., EO 81 (1986) as amended by RA 8523 (1998).
>
> x x x x
>
> The unavoidable conclusion is that in redeeming the foreclosed property respondent West Negros College as assignee of Bacolod Medical Center should pay the balance of the amount owed by the latter to petitioner DBP with interest thereon at the rate agreed upon as of the date of the public auction on 24 August 1989.[24] (Emphasis supplied)

In Development Bank of the Philippines v. Mirang,[25] the Court held that the redemption price for properties morgaged to and foreclosed by DBP is equivalent to the remaining balance of the loan, with interest at the agreed rate. The Court held that, "The unavoidable conclusion is that the appellant, in redeeming the foreclosed property, should pay the entire amount he owed to the Bank on the date of the sale, with interest thereon at the rate agreed upon."[26]

As early as 1960, the Court has already settled the issue. In Nepomuceno, et al. v. Rehabilitation Finance Corporation,[27] the Court held that the redemption price for properties morgaged to and foreclosed by DBP is equivalent to the remaining balance of the loan, with interest at the agreed rate. The Court held that:

> The issue posed in this appeal is: considering that the loan of P300,000.00 was obtained from the Rehabilitation Finance Corporation [now DBP] by spouses Jose Nepomuceno and Isabela Acuña and Jesus Nepomuceno merely acted as accomodation mortgagor, for what price may the mortgagor redeem his property after the same has been sold at public auction? Would it be for the price at which the property was sold, as contended by the mortgagor, or for the balance of the loan obtained by the borrowers from the banking institution, as contended by appellant?
>
> x x x x
>
> [T]he inescapable conclusion is that the mortgagor herein or his assignees cannot redeem the property in dispute without paying the balance of the total indebtedness then outstanding on the date of the sale to the Rehabilitation Finance Corporation.[28] (Emphasis supplied)

The lower courts ruled that the redemption price for the property is equivalent to the P1,507,000 purchase price because DBP chose Act No. 3135 as the governing law for the extrajudicial foreclosure. The RTC and Court of Appeals, respectively, stated that:

> When defendant DBP foreclosed the mortgage at issue, it chose Act 3135. That was an option it freely exercised without the least intervention of plaintiffs. We cannot, therefore, escape the conclusion that what defendant DBP agreed to in respect to (sic) the possible foreclosure of its mortgage was to subject the same to the provisions of Act No. 3135, as amended, should the DBP opt to utilize said law.[29]
>
> Thereunder given the choice of resorting to "Act No. 3135 as amended, or Republic Act No. 85 as amended, or Act No. 1508 as amended", appellant bank undoubtedly opted for the first of the aforesaid laws as may be gleaned from the following prayer it interposed in the application for foreclosure of mortgage it filed with the Ex-Officio Sheriff of Quezon City on October 25, 1990.[30]

> The Court disagrees. Republic Act (RA) No. 85 and Act No. 1508 do not provide a procedure for extrajudicial foreclosure of real estate mortgage. When DBP stated in its letter to the ex-officio sheriff that the property be sold "at public auction in accordance with the provisions of Act 3135," it did so merely to find a proceeding for the sale.

In Development Bank of the Philippines v. Zaragoza,[31] Development Bank of the Philippines v. Mirang,[32] and Development Bank of the Philippines v. Jimenez, et al.,[33] the Court held that when the bank resorted to Act No. 3135 in order to sell the mortgaged property extrajudicially, it did so merely to find a proceeding for the sale.

In its 10 October 2006 petition, DBP claims that when it resorted to Act No. 3135 in order to sell the mortgaged property extrajudicially, it did so merely to find a proceeding for the sale. DBP stated that:

> [W]hen herein petitioner resorted to Act 3135 in its application for extrajudicial foreclosure of the subject mortgaged real estate, it did so only to find a proceeding for the extrajudicial sale. The Court of Appeals should have noted that neither Republic Act No. 85 (the Charter of the Rehabilitation Finance Corporation) nor Act 1508 (Chattel Mortgage Law) prescribe a procedure for extrajudicial foreclosure of real estate mortgage as provided under Act 3135. Such action, therefore, cannot be construed to mean a waiver of petitioner's right to demand the payment of respondents' entire obligation as the proper redemption price. There is no such waiver on the part of the petitioner.
>
> x x x x
>
> [I]t is hereby stressed that DBP did not elect Act 3135 to the exclusion of other laws in the extrajudicial foreclosure of the subject mortgaged real property. Such a conclusion is definitely contrary to law and jurisprudence, which settled the rule that Act 3135 is the general law that governs the procedure and requirements in extra-judicial foreclosure of real estate mortgage, but in determining the redemption price of the property mortgaged to the Development Bank of the Philippines, the DBP Charter shall prevail.
>
> It is of judicial notice that Act 3135 is the only law governing the proceedings in extrajudicial foreclosure of real estate mortgage. Act No. 1508, on the other hand, governs the extrajudicial foreclosure of chattel mortgage, and should not be in issue in the instant case which involves a real estate mortgage.
>
> It should likewise be of judicial notice that Republic Act No. 85 is the charter of the Rehabilitation Finance Corporation, predecessor of appellant DBP. RA 85 prescribes the redemption price, not the proceedings and requirements in an extrajudicial foreclosure of real estate mortgage such as those found in Act 3135.
>
> x x x When appellant DBP cited Act 3135 in its Deed of Real Estate Mortgage or even in the application for foreclosure of mortgage, it was not a matter of making an exclusive option or choice because Act 3135 governs the procedure and requirements for an extrajudicial foreclosure or real estate mortgage. In citing said law, Appellant DBP was merely finding a proceeding for extra-judicial foreclosure sale x x x. And while the said Act 3135 provides for redemption, such provision will not apply in the determination of the redemption price on [sic] mortgages to DBP. In the latter case, the DBP Charter will prevail.[34]

Even assuming that DBP chose Act No. 3135 as the governing law for the extrajudicial foreclosure, the redemption price would still be equvalent to the remaining balance of the loan. EO No. 81, being a special and subsequent law, amended Act No. 3135 insofar as the as redemption price is concerned.

In Sy v. Court of Appeals,[35] the Court held that RA No. 337 amended Act No. 3135 insofar as the redemption price is concerned. The Court held that:

> [T]he General Banking Act partakes of the nature of an amendment to Act No. 3135 insofar as the redemption price is concerned, when the mortgagee is a bank or banking or credit institution, Section 6 of Act No. 3135 being, in this respect, inconsistent with Section 78 of the General Banking Act. Although foreclosure and sale

> of the subject property was done by SIHI pursuant to Act. No. 3135, x x x Section 78 of the General Banking Act, as amended provides the amount at which the subject property is redeemable from SIHI, which is, in this case, the amount due under the mortgage deed, or the outstanding obligation of Carlos Coquinco, plus interest and expenses.[36] (Emphasis supplied)

In Ponce de Leon v. Rehabilitation Finance Corporation,[37] the Court held that RA No. 337, being a special and subsequent law, amended Act No. 3135 insofar as the redemption price is concerned. The Court held that:

> Rep. Act No. 337, otherwise known as "The General Banking Act," is entitled "An Act Regulating Banks and Banking Institutions and for other purposes." Section 78 thereof limits the amount of the loans that may be given by banks and banking or credit institutions on the basis of the appraised value of the property given as security, as well as provides that, in the event of foreclosure of a real estate mortgage to said banks or institutions, the property sold may be redeemed "by paying the amount fixed by the court in the order of execution," or the amount judicially adjudicated to the creditor bank. This provision had the effect of amending Section 6 of Act No. 3135, insofar as the redemption price is concerned, when the mortgagee is a bank or a banking or credit institution, said Section 6 of Act No. 3135 being, in this respect, inconsistent with the above-quoted portion of Section 78 of Rep. Act No. 337. In short, the Parañaque property was sold pursuant to said Act No. 3135, but the sum for which it is redeemable shall be governed by Rep. Act No. 337, which partakes of the nature of an amendment to Act No. 3135, insofar as mortgages to banks or banking or credit institutions are concerned, to which class the RFC belongs. At any rate, the conflict between the two (2) laws must be resolved in favor of Rep. Act No. 337, both as a special and as the subsequent legislation.[38] (Emphasis supplied)

WHEREFORE, the Court GRANTS the petition. The Court PARTIALLY SETS ASIDE the 16 January 2006 Decision and 16 August 2006 Resolution of the Court of Appeals in CA-G.R. CV No. 46207. The Court gives respondent Mario Matute a grace period of 60 calendar days from notice of finality of this Decision to redeem the property, by paying petitioner Development Bank of the Philippines the remaining balance of respondents Environmental Aquatics, Inc. and Land Services and Management Enterprises, Inc.'s loan, plus expenses and interest at the agreed rate computed from the 19 December 1990 public auction. If the bank has taken material possession of the property, the possession of the property shall compensate for the interest during the period of possession.

SO ORDERED.

Nachura, Leonardo-De Castro,[*] Peralta, and Mendoza, JJ., concur.

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[*] Designated additional member per Special Order No. 905 dated 5 October 2010.

[1] Rollo, pp. 34-76.

[2] Id. at 9-25. Penned by Associate Justice Rebecca De Guia-Salvador, with Presiding Justice Ruben T. Reyes and Associate Justice Aurora Santiago-Lagman concurring.

[3] Id. at 27-28.

[4] Id. at 98-103. Penned by Judge Teodoro P. Regino.

[5] Records, vol. 1, p. 6.

[6] Id. at 98.

[7] Id.

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[8] Id. at 95-97.

[9] Id. at 95.

[10] Id. at 96.

[11] Id. at 97.

[12] Id. at 107. Exh. 6.

[13] Id. at 103-104.

[14] Id at 103.

[15] Id. at 106. Exh. 5.

[16] Id. at 11-12.

[17] Id. at 13.

[18] Id. at 109. Exh. 7-A.

[19] Id. at 1-5.

[20] Id. at 4.

[21] Rollo, pp. 101-103.

[22] Id. at 18-23.

[23] 439 Phil. 943 (2002).

[24] Id. at 951-953, 956.

[25] 160 Phil. 833 (1975).

[26] Id. at 840.

[27] 110 Phil. 42 (1960).

[28] Id. at 45-48.

[29] Rollo, p. 102.

[30] Id. at 18.

[31] 174 Phil. 153, 157 (1978).

[32] Supra note 25 at 839.

[33] 146 Phil. 919, 927 (1970).

[34] Rollo, p. 61-63.

[35] 254 Phil. 120 (1989).

[36] Id. at 129.

[37] 146 Phil. 862 (1970).

[38] Id. at 878.

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