

****Title: Gloria Ocampo and Teresita Tan vs. Land Bank of the Philippines and Ex Officio Provincial Sheriff of Pangasinan****

****Facts:****

In 1991, Gloria Ocampo and her daughter, Teresita Tan, obtained a P10,000,000.00 loan from the Land Bank of the Philippines via the Quedan Financing Program, secured by grains warehouse receipts and partially guaranteed by Quedan and Rural Credit Guarantee Corporation (Quedancor). The guaranteed portion was 80%, leaving 20% unsecured. Subsequently, Land Bank required additional security for this unsecured portion, leading to Ocampo and Tan mortgaging two parcels of unregistered land.

Upon failure to repay the loan upon maturity, Land Bank initiated foreclosure proceedings. Ocampo and Tan sued to nullify the mortgage and foreclosure, alleging the real estate mortgage was a forgery and arguing that they did not receive a P2,000,000.00 loan secured by said mortgage. The RTC ruled in their favor, but the CA reversed this decision, prompting the appeal to the Supreme Court.

****Procedural Posture:****

1. RTC Decision (Civil Case No. U-7095) favored Ocampo and Tan, declaring the mortgage null and void.
2. Land Bank appealed to the CA, which reversed the RTC decision (CA-G.R. CV No. 77683) and dismissed the complaint.
3. Ocampo and Tan then filed a Petition for Review on Certiorari to the Supreme Court.

****Issues:****

1. Whether the deed of real estate mortgage was valid or a forgery.
2. Assuming its validity, whether the loan was extinguished by the assignment of properties to Quedancor.

****Court's Decision:****

1. ****Validity of the Real Estate Mortgage:****
 - The Supreme Court found no forgery. Ocampo's admission of signing a blank form did not negate the deed's validity once it was properly filled and notarized.
 - The mortgage document, acknowledged before a notary public, enjoyed the presumption of regularity. Ocampo's claim lacked convincing evidence to rebut this presumption.
2. ****Extinguishment of the Loan:****
 - The Court held that the loan was not fully paid. The Deed of Absolute Assignment executed

for Quedancor did not bind Land Bank, which was the actual creditor of the loan.

- The transfer of property to Quedancor, absent consent from Land Bank, did not extinguish the loan, especially considering Land Bank was the lender of record.

****Doctrine:****

- ****Presumption of Regularity in Notarized Documents:**** A notarized document is presumed regular and valid. Forgery must be proven with clear, convincing evidence.

- ****Contract Validity despite Fraud Claims:**** Fraud must be substantiated with precise evidence. A voidable contract due to fraud must be annulled within the statutory period.

- ****Consent in Loan Settlements:**** Dacion en pago or any settlement of debts must have the creditor's consent to be valid and effective in extinguishing the obligation.

****Class Notes:****

- ****Forgery:**** Requires counterfeiting a writing/signature with intent to defraud.

- ****Notarization:**** Establishes prima facie evidence of a document's authenticity.

- ****Fraud in Contracts:**** Defined under Art. 1338 of the Civil Code; it must induce a party to enter a contract.

- ****Dacion en Pago:**** A mode of payment where the debtor transfers ownership of a thing in lieu of the obligation, requiring creditor consent. (Civil Code)

- ****Procedural Posture:**** Outlines the progression from lower courts to the Supreme Court.

****Historical Background:****

This case reflects ongoing complexities in Philippine banking and foreclosure law, particularly the stringent requirements for mortgage validation and the protection against alleged fraudulent claims. It underscores the judiciary's role in maintaining the integrity of notarized documents and contractual obligations, ensuring that the rights of creditors are not undermined by unsubstantiated claims of fraud or premature settlements without proper consents.