

SECOND DIVISION

[G.R. No. 233774, April 10, 2019]

MA. LUISA A. PINEDA, PETITIONER, VS. VIRGINIA ZUÑIGA VDA. DE VEGA, RESPONDENT.

DECISION

CAGUIOA, J:

This is a Petition for Review on *Certiorari*^[1] (Petition) under Rule 45 of the Rules of Court (Rules) assailing the Decision^[2] dated March 21, 2017 and the Resolution^[3] dated August 30, 2017 of the Court of Appeals^[4] (CA) in CA-G.R. CV No. 106404. The CA Decision reversed and set aside the Decision dated April 30, 2015 and the Resolution dated October 14, 2015 of the Regional Trial Court of Malolos City, Bulacan, Branch 17 (RTC) in Civil Case No. 526-M-2005. The RTC Decision ruled in favor of petitioner Ma. Luisa Pineda (petitioner) and the RTC Resolution denied the motion for reconsideration of respondent Virginia Zuñiga vda. de Vega (respondent). The CA Decision also dismissed petitioner's complaint. The CA Resolution denied petitioner's motion for reconsideration.

Facts and Antecedent Proceedings

Petitioner filed a complaint dated June 10, 2005 against respondent, praying for the payment of the latter's principal obligation and the interest thereon or, in default of such payment, the foreclosure of the property subject of a real estate mortgage.^[5]

In her complaint, petitioner alleged that, on March 25, 2003, respondent borrowed from her P500,000.00 payable within one year with an interest rate of 8% per month.^[6] To secure the loan, respondent executed a real estate mortgage (2003 Agreement) over a parcel of land covered by Transfer Certificate of Title No. T-339215, together with all the buildings and improvements existing thereon (Property), in petitioner's favor.^[7] On the loan's maturity, respondent failed to pay her loan despite demand.^[8] As of May 2005, the unpaid accumulated interest amounted to P232,000.00.^[9]

In her answer, respondent denied petitioner's material allegations and countered that the complaint was dismissible for lack of prior barangay conciliation proceeding and for failure to join her husband as a party.^[10] She also argued that the interest rate agreed upon was excessive and unconscionable, thus illegal.^[11] She further denied receiving P500,000.00 from petitioner and claimed that the said amount was the accumulated amount of another obligation she earlier secured from petitioner.^[12]

In her reply, petitioner averred that respondent's husband did not need to be joined because the transaction did not involve him and although the agreement was to charge an interest rate of 8% per month, what was actually charged was just 4% per month.^[13] Petitioner admitted that the original loan which respondent obtained in 2000 was only P200,000.00 with an undertaking to pay 3% interest per month.^[14]

In the written interrogatories addressed to petitioner, she admitted that the P500,000.00 indicated in the 2003 Agreement referred to a previously executed undated real estate mortgage (undated Agreement) between the parties which secured respondent's loan of P200,000.00 from her.^[15]

After the parties underwent mediation proceedings, which turned out to be unsuccessful, the case was set for hearing.^[16] Despite the leeway provided by the RTC, respondent failed to formally offer her evidence.^[17]

On April 30, 2015, the RTC rendered a Decision finding that (1) the existence of the loan and the real estate mortgage had been established and, thus, judicial foreclosure would be proper given respondent's non-compliance therewith; (2) since the undated Agreement had no provision on the payment of interest, the legal interest of 12% per annum should be imposed; (3) the 2003 Agreement's interest rate was unconscionable; (4) the non-joinder of respondent's husband was not a jurisdictional defect and did not warrant the complaint's dismissal; and (5) the non-referral to the barangay conciliation proceeding did not prevent the court from exercising its jurisdiction given that the parties had already undergone several conciliation and mediation proceedings.^[18]

RTC Ruling

The dispositive portion of the RTC Decision states:

WHEREFORE, in the light of the foregoing, the defendant is hereby ordered to pay plaintiff the loaned amount of P200,000 plus the interest of 12% per annum from September 3, 2004, the date the defendant received the demand letter from the plaintiff, dated August 2004, until the finality of the decision and the satisfaction of the amount due. She is also ordered to pay the plaintiff the amount of P50,000 as nominal damages and P30,000 as attorney's fees.

In default of payment, the mortgaged property, together with all the buildings and improvements existing thereon, shall be foreclosed and sold and the proceeds of their sale shall be applied to the payment of the amounts due the plaintiff, including damages and attorney's fees.

SO ORDERED.^[19] (Italics in the original)

Respondent's motion for reconsideration having been denied by the RTC, she appealed the RTC Decision to the CA, which the latter granted in its Decision^[20]

dated March 21, 2017. The CA Decision reversed and set aside the RTC Decision and dismissed the complaint.^[21] The CA found that petitioner failed to prove that prior demand had been made upon respondent for the full payment of the latter's obligation.^[22] While the complaint alleged and petitioner testified that demand was sent to respondent by registered mail and received on September 7, 2004, the registry return card evidencing such receipt was not specifically and formally offered in evidence.^[23] The CA noted that what petitioner presented was a copy of the said demand letter with only a photocopy of the face of a registry return card which was claimed to refer to the said letter.^[24] According to the CA, it thoroughly reviewed petitioner's formal offer and found no reference to the registry receipt card or any competent proof, like a postman certificate or the testimony of the postman, that respondent actually received the demand letter.^[25] The CA concluded that for failing to prove the requisite demand under Article 1169^[26] of the Civil Code, respondent could not be considered in default and petitioner's case must fail.^[27]

The CA having arrived at the above conclusion, it found that it would no longer be necessary to discuss the other issues presented by the parties.^[28]

CA Ruling

The dispositive portion of the CA Decision states:

WHEREFORE, the appeal is **GRANTED**. The assailed *Decision* and *Resolution* of the Regional Trial Court, Third Judicial Region, Branch 17, City of Malolos, Bulacan, in Civil Case No. 526-M-2005 are **REVERSED** and **SET ASIDE**. Accordingly, the complaint is **DISMISSED**.

SO ORDERED.^[29]

Petitioner filed a motion for reconsideration, which was denied by the CA in its Resolution^[30] dated August 30, 2017.

Hence, the Petition. Respondent filed a Comment/Opposition *Ad Cautelam*^[31] dated November 3, 2017, which the Court notes.

Issues

Petitioner, invoking several exceptions to the rule that only questions of law may be raised in a Rule 45 *certiorari* petition, submits for resolution the following factual issues: Was a demand letter sent by petitioner to respondent and was it received by the latter?^[32]

The Court's Ruling

Petitioner recognizes that only questions of law may be raised in a Rule 45 *certiorari* petition, and factual issues are entertained only in exceptional cases. To justify the

Court's review of the CA's factual findings, petitioner cites the following exceptions to the general rule: (1) the judgment is based on misapprehension of facts; (2) the inference is manifestly mistaken, absurd or impossible; (3) the findings of the CA are contrary to those of the trial court; (4) the CA manifestly overlooked certain relevant and undisputed facts that, if properly considered, would justify a different conclusion; and (5) the findings of the CA are contrary to the admission of the parties.^[33]

Respondent in her Comment prays for the outright dismissal of the Petition based on these procedural matters: (1) the belated filing of the Petition, and (2) the failure of petitioner to pose a question of law.^[34]

As to the first ground raised by respondent, the Petition was seasonably filed within the 30-day extension that the Court granted in its September 27, 2017 Resolution.^[35] Petitioner's motion for extension of time to file the Petition was filed within the 15-day period provided in Section 2, Rule 45 of the Rules.

As to the second ground, even if it is conceded that the exceptions cited by petitioner are applicable, the Court is not persuaded by her argument that respondent had admitted in her answer and pre-trial brief that respondent received on September 3, 2004^[36] the demand letter dated August 4, 2004.

Petitioner stresses that in respondent's answer and pre-trial brief, the latter admitted Annex "C", which is a copy of the demand letter. Petitioner also points out that in the complaint, it was alleged:

"7. The time for the payment of the subject loan is long overdue and the defendant, despite repeated demands by the plaintiff to pay, has continuously failed and refused to pay both the principal obligation and the accumulated interest. A copy of the demand letter is appended as Annex "C" and made [integral] part hereof." (Underscoring supplied)^[37]

The admission by respondent of Annex "C" is at most an admission of the demand letter's existence and due execution. Since there was no allegation of receipt by respondent of Annex "C" in the complaint, such fact had to be established by petitioner.

On this point, the Court agrees with the CA, to wit:

It was, indeed, alleged in the complaint, as well as in her testimony, that demand was sent to [respondent] by registered mail and was received on September 7, 2004. However, the registry return card evidencing such receipt was not specifically and formally offered in evidence. What she presented, instead, was a copy of the said demand letter with only a photocopy of the face of a registry return card claimed to refer to the said letter. Thus, in her formal offer of evidence:

Exhibit "C" – Demand Letter sent by plaintiff's lawyer to the defendant, demanding that the latter comply with the terms and conditions of the [R]eal Estate Mortgage (REM) between them within three (3) months from receipt: otherwise, the former will be constrained to enforce the REM.

Purpose: To prove that when the defendant failed to comply with the terms and conditions of the said Real Estate Mortgage, a letter was sent to her demanding compliance; otherwise, the former will enforce the mortgage contract.

[Respondent] properly opposed the said evidence as it does not prove that she, in fact, received the letter. We have thoroughly reviewed her formal offer as well and found no reference to the registry receipt card or any other competent proof *i.e.*, postman certificate or the testimony of the postman, that [respondent] actually received the said demand letter.

[Petitioner] could have simply presented and offered in evidence the registry receipt or the registry return card accompanying the demand letter. However, she offered no explanation why she failed to do so. There is, thus, no satisfactory proof that the letter was received by [respondent].

In emphasizing further that the registry return card is the best evidence of actual receipt of [respondent], We find the High Court's discussion in *Mangahas v. Court of Appeals*,^[38] apt, viz[.]:

*In addition, petitioners could have easily presented the original Registry Receipt No. A-2094. **It would have constituted the best evidence of the fact of mailing** on 7 February 2006, even if a different date had been stamped on the envelope of the subject registered mail. **Regrettably, petitioners have not seen fit to present such original. Their continued failure to present the original receipt can only lead one to remember the well-settled rule that when the evidence tends to prove a material fact which imposes a liability on a party, and he has it in his power to produce evidence which from its very nature must overthrow the case made against him if it is not founded on fact, and he refuses to produce such evidence, the presumption arises that the evidence, if produced, would operate to his prejudice, and support the case of his adversary.** Mere photocopy of Registry Receipt No. A-2094 militates against their position as there is no indicium of its authenticity. A mere photocopy lacks assurance of its genuineness, considering that photocopies can easily be tampered with. (Emphasis supplied.)*^[39]