

SECOND DIVISION

[G.R. No. 190236, June 15, 2015]

**DENNIS MORTEL, PETITIONER, VS. MICHAEL BRUNDIGE,
RESPONDENT.**

DECISION

BRION, J.:

We resolve the petition for review on *certiorari*^[1] assailing the May 21, 2009 decision^[2] and the October 27, 2009 resolution^[3] of the Court of Appeals (CA) in CA- G.R. CV No. 87159.

These challenged CA rulings affirmed the decision of the Regional Trial Court (RTC), Branch 72, Olongapo City, granting the complaint for judicial foreclosure of mortgage.

Factual Background

On July 14, 2001, the petitioner Dennis Mortel obtained a loan of P185,000.00 from the respondent Michael Brundige. To secure the payment of the loan, the petitioner executed in favor of the respondent a real estate mortgage (*Sanglang-Tira Agreement*) over a one unit apartment located at No. 1409 Sta. Rita, Olongapo City (*subject property*). Their agreement provided, among others, that the petitioner (*mortgagor*) will pay the loan within a period of one (1) year - from July 14, 2001 to July 14, 2002 - renewable upon the option of both parties. They also agreed that the respondent (*mortgagee*) shall reside free of rent in the subject property during the duration of the agreement.^[4]

The respondent and his family occupied the subject property only for six (6) months as they were allegedly forced to leave its premises due to flooding and absence of water supply for five (5) months.

Upon maturity of the loan, the petitioner failed to pay his debt despite receipt of the demand letter dated October 21, 2002.

Sometime in November 2002, the petitioner forced open the subject property and removed all of the respondent's belongings. The parties subsequently brought their dispute to the Office of the Lupong Tagapamayapa of Barangay Sta. Rita but they failed to reach an amicable settlement.

On April 11, 2003, the respondent filed against the petitioner a complaint for Judicial Foreclosure of Mortgage with the RTC of Olongapo City.

In his Answer, the petitioner alleged that: (1) the complaint did not state a cause of action; (2) the mortgage was void since he was not the absolute owner of the

subject property; (3) the respondent and his wife abandoned the subject property for almost eight (8) months in violation of their agreement; (4) he paid the property's electric bills for eight (8) months amounting to P2,340.64 which the respondent failed to pay; and (5) the real estate mortgage failed to express the parties' true intention and agreement.

During the August 11, 2003 pre-trial conference, the petitioner admitted the existence of the real estate mortgage (*Sanglang-Tira Agreement*); the respondent's demand letter dated October 21, 2002; and the Certificate to File Action. He also admitted that his obligation with the respondent was not paid but claimed that the latter abandoned the subject property in violation of their agreement.

The respondent subsequently filed a motion for summary judgment based on Section 1, Rule 35 of the 1997 Rules of Civil Procedure, claiming that since the petitioner already admitted the execution of a real estate mortgage and his default in the payment of his loan, there was no more genuine issue of fact which calls for the presentation of evidence in a full blown trial. The petitioner opposed the motion.

The Regional Trial Court's Summary Judgment

In an Order dated August 18, 2005, the RTC granted the respondent's motion for summary judgment and considered the case submitted for decision based on the respondent's testimonies, documentary evidence and the petitioner's admissions during the pre-trial.

The RTC then rendered its decision dated January 9, 2006, ordering the petitioner to pay the respondent the loan amount of P185,000.00, and in case of default, that the subject property be sold at public auction to satisfy the mortgage debt. The dispositive portion of the decision reads:

"WHEREFORE, in view of the foregoing, judgment is hereby rendered in favor or (sic) the plaintiff and against the defendant:

1. Ordering the defendant to pay plaintiff the amount of P185,000.00 within the period of ninety (90) days from entry of judgment;
2. In default of such payment, the mortgaged property under the Sanglang-Tira Agreement shall be sold at a public auction to satisfy the mortgage debt;
3. Ordering the defendant to pay plaintiff the amount of P20,000.00 as attorney's fees; and to pay the costs of this suit.

SO DECIDED."

The petitioner filed a motion for reconsideration but the RTC denied it in its resolution dated March 3, 2006.

The petitioner appealed the decision to the CA.

The Court of Appeal's Ruling

In its decision dated May 21, 2009, the CA affirmed the RTC's findings. It found

that, based on the petitioner's admission of default in the payment of his obligation, no genuine issue of fact on the issue of his liability existed, requiring a trial for the presentation of evidence. Thus, it held that the RTC did not err in granting both the respondent's motion for summary judgment and the petition for judicial foreclosure of mortgage.

The CA also upheld the real estate mortgage's validity. It held that the respondent's decision to discontinue occupying the mortgaged property did not in any way affect the validity of the loan and the mortgage agreement. Furthermore, considering that the petitioner's mother (*who was the subject property's registered owner*) was already dead when the contract of mortgage was executed, the petitioner - by operation of law - already had a vested right over the subject property.

The Petition

The petitioner insists that the CA committed a serious error when it affirmed the RTC's decision. It submits that the CA misapprehended the facts and failed to consider the respondent's breach of the mortgage contract.

The petitioner also assails the RTC's summary judgment. Citing the Court's ruling in *Solid Bank v. Court of Appeals*,^[5] in relation with Sections 1 and 3, Rule 35 of the 1997 Rules of Civil Procedure, he alleges that the respondent failed to observe the requirements laid down in Sections 1 and 3, Rule 35 of the 1997 Rules of Procedure as the RTC and the CA decisions failed to mention that he submitted affidavits and pleadings in support of his motion.

The Case for the Respondent

The respondent dismisses the petitioner's arguments and issues as mere rehashes of what he raised in his pleadings with the CA. He contends that these issues do not merit further consideration as the CA has already resolved them.

The Issues

The sole issue in this case is whether or not the CA erred in affirming the RTC's summary judgment.

The Court's Ruling

We DENY the petition for lack of merit.

The petitioner argues that the RTC's summary judgment was baseless because his admissions regarding his indebtedness and non-payment of debt were qualified by his allegation that the respondent breached their agreement. He also maintains that the summary judgment was inappropriate because of the respondent's failure to submit supporting affidavits and pleadings.

We do not agree with the petitioner.

Nature and Propriety of Summary Judgment