

FIRST DIVISION

[G.R. No. 195317, April 03, 2013]

**SPOUSES WELTCHIE RAYMUNDO AND EMILY RAYMUNDO,
PETITIONERS, VS. LAND BANK OF THE PHILIPPINES,
SUBSTITUTED BY PHILIPPINE DISTRESSED ASSET ASIA PACIFIC
[SPV-AMC] 2, INC., RESPONDENTS.**

R E S O L U T I O N

REYES, J.:

The instant petition^[1] was filed by Spouses Weltchie Raymundo and Emily Raymundo (petitioners) questioning the Decision^[2] dated September 16, 2009 of the Court of Appeals (CA) in CA-G.R. SP No. 79945 which upheld the Order^[3] dated May 9, 2003 of the Regional Trial Court (RTC) of Kalibo, Aklan, Branch 7, in Civil Case No. 5613, denying the petitioners' Motion for Leave to File Amended and Supplemental Complaint and for Admission of the Same^[4] and the Order^[5] dated July 18, 2003 denying the motion for reconsideration thereof.

The antecedents are as follows:

Sometime in 1996, the petitioners availed of the loan packages offered by the Land Bank of the Philippines (LBP) for the development of their resort complex in Kalibo, Aklan. As security thereof, they executed real and chattel mortgages which were later foreclosed due to their failure to pay loan obligations.

On October 16, 1998, the petitioners filed a Complaint^[6] for annulment of loan documents, to which the LBP moved to dismiss on the ground that the said complaint did not state a cause of action.^[7]

The instant case was in its pre-trial stage when the petitioners requested for the suspension of proceedings, manifesting that they were exploring the possibility of either taking out the loan from LBP or settle the case altogether. The petitioners further manifested that within 30 days, they would file the appropriate pleading either for the withdrawal of the case or for the continuation of proceedings. On June 28, 2001, the RTC issued an order archiving the instant case.^[8]

On April 9, 2002, the petitioners filed the Motion for Leave to File Amended and Supplemental Complaint and for Admission of the Same.

Finding that the motion was merely intended to delay the proceedings, the RTC denied the same in the Order^[9] dated May 9, 2003. Moreover, the RTC stated that:

[C]omparing the original complaint with that of the amended complaint, it is very apparent that plaintiffs are trying to change their cause of action from Annulment of [L]oan documents to Specific Performance. The consistent ruling is that amendment of pleading may be resorted to, subject to the condition that amendment sought do [sic] not alter the cause of action of the original complaint (Guzman-Castillo vs. CA, 159 SCRA 220).

WHEREFORE, premises considered, the Motion to File Amended and Supplemental Complaint is DENIED for lack of merit. This case is ordered de-archived [sic] and restored to the calendar of the Court.

The continuation of the pre-trial is set on JUNE 16, 2003 at 10:30 A.M.

SO ORDERED.^[10]

Denying the petitioners' motion for reconsideration thereof in the Order^[11] dated July 18, 2003, the RTC even added that while it realized that a "change of cause of action was already omitted as a ground to dismiss;"^[12] it was, nonetheless, not convinced to reconsider its previous order because:

[B]ased on the record of postponements (November 13, 2000, January 17, 2001, March 7, 2001, June 28, 2001) all at the instance of the plaintiffs for various pretexts that they are negotiating with the defendant Bank, this Court reiterates it has no doubt that the filing of the Motion for Leave to File Amended and Supplemental Complaint is just to delay the proceedings.^[13]

Aggrieved, the petitioners filed a petition for *certiorari*^[14] under Rule 65 before the CA. On September 16, 2009, the CA rendered the assailed decision affirming the orders of the RTC. The motion for reconsideration was likewise denied; hence, this petition.

After being required to file a Comment,^[15] the LBP and Philippine Distressed Asset Asia Pacific (SPV-AMC) 2, Inc., (herein referred to as PDAS2), a corporation organized and existing under and pursuant to the laws of the Republic of the Philippines, filed a Joint Manifestation and Motion for Substitution of Parties^[16] on July 13, 2011 alleging in the main that pursuant to Republic Act (R.A.) No. 9182,^[17] as amended by R.A. No. 9343, LBP absolutely sold, assigned and conveyed to PDAS2, on a "without recourse" basis, all of LBP's rights, title and interests, in all obligations arising out of or in connection with, or directly or indirectly related to the acquired subject property, as evidenced by the Deed of Absolute Sale dated January 14, 2009 executed by them. Thus, LBP prayed that it be substituted by PDAS2 in this case.^[18]

In the Resolution^[19] dated October 10, 2011, the Court noted and granted the aforesaid motion and thereby directed the substitution of PDAS2 as the real party-in-interest. The Court also noted the Comment subsequently filed by the