

SECOND DIVISION

[G.R. NO. 161479, October 18, 2007]

**ADORACION REDONDO, PETITIONER, VS. ANGELINA JIMENEZ,
RESPONDENT.**

DECISION

QUISUMBING, J.:

For review on certiorari are the Decision^[1] dated August 28, 2003 and the Resolution^[2] dated December 30, 2003 of the Court of Appeals in CA-G.R. CV No. 54849, which had affirmed the July 9, 1996 Decision^[3] of the Regional Trial Court (RTC), Branch 21 of Imus, Cavite.

The facts, borne by the records, are as follows.

Petitioner Adoracion Redondo, with her siblings, Vicente, Celerina, and Efren Redondo, were the registered co-owners of a 282 square-meter residential lot with Transfer Certificate of Title No. T-5820^[4] situated in Mabolo, Bacoar, Cavite.

Adoracion's interest in the lot consisting of a one-fourth *pro indiviso* share, or about 70 square meters, appears in the title. This had been sold and conveyed to herein respondent Angelina Jimenez, the widow of Efren Redondo.

The sale was evidenced by a notarized Deed of Absolute Sale of a Portion of Land^[5] dated February 17, 1981, showing a consideration of P3,000. The Register of Deeds inscribed the said sale in the title on July 5, 1988 as entry number 4796.^[6]

On November 27, 1992, Adoracion filed with the RTC a Complaint^[7] for annulment of sale and recovery of ownership with damages. She claimed that she was deceived into signing the deed of sale when all she wanted was to borrow money from Angelina.

The trial court dismissed the complaint, to wit:

WHEREFORE, let this case be, as it is hereby, dismissed.

On the counterclaim, the plaintiff is ordered to pay the defendant attorney's fees of P20,000.00 plus reasonable litigation expenses of P10,000.00.

SO ORDERED.^[8]

On appeal, the Court of Appeals affirmed the court *a quo* with modification, thus:

IN VIEW OF THE FOREGOING, the decision appealed from is AFFIRMED, with the modification that the attorney's fees and litigation expenses awarded to the defendant are deleted.

SO ORDERED.^[9]

Hence, the present petition raising the following as issues:

I.

THE COURT OF APPEALS OVERLOOKED MATERIAL CIRCUMSTANCES AND FACTS WHICH WERE NOT DISPUTED AND IF TAKEN INTO ACCOUNT WOULD SIGNIFICANTLY ALTER THE DECISION AND RESOLUTION ON APPEAL.

II.

THE COURT OF APPEALS COMMITTED GLARING ERRORS CONTRARY TO THE CLEAR MANDATE OF LAW AND JURISPRUDENCE JUSTIFYING REEXAMINATION OF ITS DECISION AND RESOLUTION BY THIS HONORABLE TRIBUNAL.

III.

THE COURT OF APPEALS RENDERED FINDINGS PRINCIPALLY GROUNDED ON PRESUMPTIONS, CONTRARY TO THE ADMISSIONS OF THE PARTIES AND DREW INFERENCES WHICH ARE MANIFESTLY MISTAKEN.^[10]

Petitioner Adoracion contends that the alleged sale was in fact an equitable mortgage since (1) the consideration was grossly inadequate; (2) she paid the realty taxes on the property; (3) she remained in possession of the property; and (4) she was in financial distress at the time of the transaction. She insists that the deed of sale was tainted with fraud and thus voidable. She cites her low educational attainment, inability to speak English, advanced age, and sickness, as reasons for her weakness of mind. She also argues that the presumption of regularity of a public document does not apply when the circumstances surrounding its notarization are suspect.

Respondent Angelina, however, counters that Adoracion failed to adduce convincing evidence to rebut the presumption of regularity of the notarization of the deed of sale. Angelina further avers that Adoracion failed to prove by competent evidence her alleged weakness of mind, which supposedly vitiated her consent. She claims she opted not to pursue physical possession of the subject property because of a long-standing conflict with Adoracion. Finally, Angelina maintains she was the one who had been paying the realty taxes on the property.

Is the transaction between Adoracion and Angelina an equitable mortgage?

Article 1602 of the Civil Code states:

ART. 1602. The contract shall be presumed to be an equitable mortgage, in any of the following cases:

- (1) When the price of a sale with right to repurchase is unusually inadequate;
- (2) When the vendor remains in possession as lessee or otherwise;
- (3) When upon or after the expiration of the right to repurchase another instrument extending the period of redemption or granting a new period is executed;
- (4) When the purchaser retains for himself a part of the purchase price;
- (5) When the vendor binds himself to pay the taxes on the thing sold;
- (6) In any other case where it may be fairly inferred that the real intention of the parties is that the transaction shall secure the payment of a debt or the performance of any other obligation.

x x x x

In this case, none of the instances enumerated above attended the assailed transaction between Adoracion and Angelina.

We are unable to sustain Adoracion's claim that the consideration of P3,000 for the absolute sale of a 70-square meter residential lot in suburban Mabolo, Bacoor, Cavite was grossly inadequate. Records show that the market value in 1981 of the entire property, consisting of 282 square meters, was only P22,560.^[11] Thus, her one-fourth share in the said property would have roughly amounted to a market value of about P5,640, not exactly grossly disproportionate to the selling price of P3,000. The sale should be viewed in light of Adoracion's own admission that she was in dire financial straits at the time of the transaction. This explains why the selling price was below the actual market value of the property.

Adoracion also claims that she paid the real estate taxes on the property. It is true that payment of realty taxes is a usual burden attached to ownership of real property. Coupled with continuous possession of the property, it constitutes evidence of great weight that a person under whose name the realty taxes were declared has a valid and rightful claim over the land.^[12] However, the Tax Receipts^[13] on record clearly indicate that it was Angelina who had been paying the realty taxes on the property from the time of the sale until the filing by Adoracion of the Complaint for its annulment. Adoracion, on the other hand, failed to present any evidence to support her claim that she was the one who paid the said taxes.

Neither are we prepared to indulge Adoracion's bare allegation of continuous possession of the disputed property. Note in this particular case that Adoracion is a sister-in-law of Angelina. At the time of the controversy, Adoracion was already advanced in age and ailing, with no husband or children to look after her. Angelina, on the other hand, already had a comfortable place to live in and was faring better than Adoracion. At the time of the sale, Angelina had just received a hefty sum of money following the death of her husband. A subtle interplay of complex family issues explains why Angelina opted not to assert her superior right to possession of the said property. Such mere tolerated possession is not enough to prove that the transaction between the parties was an equitable mortgage.