

FIRST DIVISION

[G.R. NO. 149353, June 26, 2006]

**JOCELYN B. DOLES, PETITIONER, VS. MA. AURA TINA ANGELES,
RESPONDENT.**

DECISION

AUSTRIA-MARTINEZ, J.:

This refers to the Petition for Review on *Certiorari* under Rule 45 of the Rules of Court questioning the Decision^[1] dated April 30, 2001 of the Court of Appeals (CA) in C.A.-G.R. CV No. 66985, which reversed the Decision dated July 29, 1998 of the Regional Trial Court (RTC), Branch 21, City of Manila; and the CA Resolution^[2] dated August 6, 2001 which denied petitioner's Motion for Reconsideration.

The antecedents of the case follow:

On April 1, 1997, Ma. Aura Tina Angeles (respondent) filed with the RTC a complaint for Specific Performance with Damages against Jocelyn B. Doles (petitioner), docketed as Civil Case No. 97-82716. Respondent alleged that petitioner was indebted to the former in the concept of a personal loan amounting to P405,430.00 representing the principal amount and interest; that on October 5, 1996, by virtue of a "Deed of Absolute Sale",^[3] petitioner, as seller, ceded to respondent, as buyer, a parcel of land, as well as the improvements thereon, with an area of 42 square meters, covered by Transfer Certificate of Title No. 382532,^[4] and located at a subdivision project known as Camella Townhomes Sorrente in Bacoor, Cavite, in order to satisfy her personal loan with respondent; that this property was mortgaged to National Home Mortgage Finance Corporation (NHMFC) to secure petitioner's loan in the sum of P337,050.00 with that entity; that as a condition for the foregoing sale, respondent shall assume the undue balance of the mortgage and pay the monthly amortization of P4,748.11 for the remainder of the 25 years which began on September 3, 1994; that the property was at that time being occupied by a tenant paying a monthly rent of P3,000.00; that upon verification with the NHMFC, respondent learned that petitioner had incurred arrearages amounting to P26,744.09, inclusive of penalties and interest; that upon informing the petitioner of her arrears, petitioner denied that she incurred them and refused to pay the same; that despite repeated demand, petitioner refused to cooperate with respondent to execute the necessary documents and other formalities required by the NHMFC to effect the transfer of the title over the property; that petitioner collected rent over the property for the month of January 1997 and refused to remit the proceeds to respondent; and that respondent suffered damages as a result and was forced to litigate.

Petitioner, then defendant, while admitting some allegations in the Complaint, denied that she borrowed money from respondent, and averred that from June to September 1995, she referred her friends to respondent whom she knew to be

engaged in the business of lending money in exchange for personal checks through her capitalist Arsenio Pua. She alleged that her friends, namely, Zenaida Romulo, Theresa Moratin, Julia Inocencio, Virginia Jacob, and Elizabeth Tomelden, borrowed money from respondent and issued personal checks in payment of the loan; that the checks bounced for insufficiency of funds; that despite her efforts to assist respondent to collect from the borrowers, she could no longer locate them; that, because of this, respondent became furious and threatened petitioner that if the accounts were not settled, a criminal case will be filed against her; that she was forced to issue eight checks amounting to P350,000 to answer for the bounced checks of the borrowers she referred; that prior to the issuance of the checks she informed respondent that they were not sufficiently funded but the latter nonetheless deposited the checks and for which reason they were subsequently dishonored; that respondent then threatened to initiate a criminal case against her for violation of *Batas Pambansa Blg. 22*; that she was forced by respondent to execute an "Absolute Deed of Sale" over her property in Bacoor, Cavite, to avoid criminal prosecution; that the said deed had no valid consideration; that she did not appear before a notary public; that the Community Tax Certificate number on the deed was not hers and for which respondent may be prosecuted for falsification and perjury; and that she suffered damages and lost rental as a result.

The RTC identified the issues as follows: first, whether the Deed of Absolute Sale is valid; second; if valid, whether petitioner is obliged to sign and execute the necessary documents to effect the transfer of her rights over the property to the respondent; and third, whether petitioner is liable for damages.

On July 29, 1998, the RTC rendered a decision the dispositive portion of which states:

WHEREFORE, premises considered, the Court hereby orders the dismissal of the complaint for insufficiency of evidence. With costs against plaintiff.

SO ORDERED.

The RTC held that the sale was void for lack of cause or consideration:^[5]

Plaintiff Angeles' admission that the borrowers are the friends of defendant Doles and further admission that the checks issued by these borrowers in payment of the loan obligation negates [sic] the cause or consideration of the contract of sale executed by and between plaintiff and defendant. Moreover, the property is not solely owned by defendant as appearing in Entry No. 9055 of Transfer Certificate of Title No. 382532 (Annex A, Complaint), thus:

"Entry No. 9055. Special Power of Attorney in favor of Jocelyn Doles covering the share of Teodorico Doles on the parcel of land described in this certificate of title by virtue of the special power of attorney to mortgage, executed before the notary public, etc."

The rule under the Civil Code is that contracts without a cause or consideration produce no effect whatsoever. (Art. 1352, Civil Code).

Respondent appealed to the CA. In her appeal brief, respondent interposed her sole assignment of error:

THE TRIAL COURT ERRED IN DISMISSING THE CASE AT BAR ON THE GROUND OF [sic] THE DEED OF SALE BETWEEN THE PARTIES HAS NO CONSIDERATION OR INSUFFICIENCY OF EVIDENCE.^[6]

On April 30, 2001, the CA promulgated its Decision, the dispositive portion of which reads:

WHEREFORE, IN VIEW OF THE FOREGOING, this appeal is hereby GRANTED. The Decision of the lower court dated July 29, 1998 is REVERSED and SET ASIDE. A new one is entered ordering defendant-appellee to execute all necessary documents to effect transfer of subject property to plaintiff-appellant with the arrearages of the former's loan with the NHMFC, at the latter's expense. No costs.

SO ORDERED.

The CA concluded that petitioner was the borrower and, in turn, would "re-lend" the amount borrowed from the respondent to her friends. Hence, the Deed of Absolute Sale was supported by a valid consideration, which is the sum of money petitioner owed respondent amounting to P405,430.00, representing both principal and interest.

The CA took into account the following circumstances in their entirety: the supposed friends of petitioner never presented themselves to respondent and that all transactions were made by and between petitioner and respondent;^[7] that the money borrowed was deposited with the bank account of the petitioner, while payments made for the loan were deposited by the latter to respondent's bank account;^[8] that petitioner herself admitted in open court that she was "re-lending" the money loaned from respondent to other individuals for profit;^[9] and that the documentary evidence shows that the actual borrowers, the friends of petitioner, consider her as their creditor and not the respondent.^[10]

Furthermore, the CA held that the alleged threat or intimidation by respondent did not vitiate consent, since the same is considered just or legal if made to enforce one's claim through competent authority under Article 1335^[11] of the Civil Code; ^[12] that with respect to the arrearages of petitioner on her monthly amortization with the NHMFC in the sum of P26,744.09, the same shall be deemed part of the balance of petitioner's loan with the NHMFC which respondent agreed to assume; and that the amount of P3,000.00 representing the rental for January 1997 supposedly collected by petitioner, as well as the claim for damages and attorney's fees, is denied for insufficiency of evidence.^[13]

On May 29, 2001, petitioner filed her Motion for Reconsideration with the CA, arguing that respondent categorically admitted in open court that she acted only as agent or representative of Arsenio Pua, the principal financier and, hence, she had no legal capacity to sue petitioner; and that the CA failed to consider the fact that petitioner's father, who co-owned the subject property, was not impleaded as a defendant nor was he indebted to the respondent and, hence, she cannot be made to sign the documents to effect the transfer of ownership over the entire property.

On August 6, 2001, the CA issued its Resolution denying the motion on the ground

that the foregoing matters had already been passed upon.

On August 13, 2001, petitioner received a copy of the CA Resolution. On August 28, 2001, petitioner filed the present Petition and raised the following issues:

I.

WHETHER OR NOT THE PETITIONER CAN BE CONSIDERED AS A DEBTOR OF THE RESPONDENT.

II.

WHETHER OR NOT AN AGENT WHO WAS NOT AUTHORIZED BY THE PRINCIPAL TO COLLECT DEBT IN HIS BEHALF COULD DIRECTLY COLLECT PAYMENT FROM THE DEBTOR.

III.

WHETHER OR NOT THE CONTRACT OF SALE WAS EXECUTED FOR A CAUSE.^[14]

Although, as a rule, it is not the business of this Court to review the findings of fact made by the lower courts, jurisprudence has recognized several exceptions, at least three of which are present in the instant case, namely: when the judgment is based on a misapprehension of facts; when the findings of facts of the courts *a quo* are conflicting; and when the CA manifestly overlooked certain relevant facts not disputed by the parties, which, if properly considered, could justify a different conclusion.^[15] To arrive at a proper judgment, therefore, the Court finds it necessary to re-examine the evidence presented by the contending parties during the trial of the case.

The Petition is meritorious.

The principal issue is whether the Deed of Absolute Sale is supported by a valid consideration.

1. Petitioner argues that since she is merely the agent or representative of the alleged debtors, then she is not a party to the loan; and that the Deed of Sale executed between her and the respondent in their own names, which was predicated on that pre-existing debt, is void for lack of consideration.

Indeed, the Deed of Absolute Sale purports to be supported by a consideration in the form of a price certain in money^[16] and that this sum indisputably pertains to the debt in issue. This Court has consistently held that a contract of sale is null and void and produces no effect whatsoever where the same is without cause or consideration.^[17] The question that has to be resolved for the moment is whether this debt can be considered as a valid cause or consideration for the sale.

To restate, the CA cited four instances in the record to support its holding that petitioner "re-lends" the amount borrowed from respondent to her friends: first, the friends of petitioner never presented themselves to respondent and that all

transactions were made by and between petitioner and respondent;^[18] second; the money passed through the bank accounts of petitioner and respondent;^[19] third, petitioner herself admitted that she was "re-lending" the money loaned to other individuals for profit;^[20] and fourth, the documentary evidence shows that the actual borrowers, the friends of petitioner, consider her as their creditor and not the respondent.^[21]

On the first, third, and fourth points, the CA cites the testimony of the petitioner, then defendant, during her cross-examination:^[22]

Atty. Diza:

q. You also mentioned that you were not the one indebted to the plaintiff?

witness:

a. Yes, sir.

Atty. Diza:

q. And you mentioned the persons[,] namely, Elizabeth Tomelden, Teresa Moraquin, Maria Luisa Inocencio, Zenaida Romulo, they are your friends?

witness:

a. Inocencio and Moraquin are my friends while [as to] Jacob and Tomelden[,] they were just referred.

Atty. Diza:

q. And you have transact[ed] with the plaintiff?

witness:

a. Yes, sir.

Atty. Diza:

q. What is that transaction?

witness:

a. To refer those persons to Aura and to refer again to Arsenio Pua, sir.

Atty. Diza:

q. Did the plaintiff personally see the transactions with your friends?

witness: