

SECOND DIVISION

[G.R. NO. 145844, August 10, 2006]

RICARDO G. ENRIQUEZ, SR., PETITIONER, VS. HEIRS OF SPOUSES NIEVES AND ALFREDO BALDONADO, RESPONDENTS.

DECISION

CORONA, J.:

This petition filed under Rule 45 seeks a review of the judgment and resolution of the Court of Appeals (CA) in CA-G.R. CV No.49825. The controversy is rooted in the following facts.

In consideration of a loan extended by Ricardo Enriquez Sr., Nieves Basaca, wife of Alfredo Baldonado, executed a real estate mortgage on May 3, 1990. Among the terms of the contract were as follows.

This AGREEMENT executed by and between Nieves Basaca, of legal age, married, resident of Bigaa, Cabuyao, Laguna, hereinafter known as the MORTGAGOR, and RICARDO ENRIQUEZ, of legal age, [F]ilipino, married, resident of Dita, Sta. Rosa, Laguna, hereinafter known as the MORTGAGEE in the sum of THIRTY SIX THOUSAND (P36.000.00) PESOS, Philippine Currency, payable within a period of SIX MONTHS (6):

That for and in consideration of said indebtedness the MORTGAGOR does hereby convey and deliver by way of MORTGAGE unto said MORTGAGEE and the latter's heirs and assigns, the following realty together with all the improvements thereon and situated at Bigaa, Cabuyao, Laguna, and more particularly described [in Tax Declaration No. 12258].

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Due to additional loans, the parties entered into another agreement on June 27, 1990. The pertinent provisions of the agreement read:

WHEREAS, the First Party [Ricardo Enriquez] has extended to the Second Party [Nieves Basaca] various loans secured by a house and lot situated at Bigaa, Cabuyao, Laguna covered by Tax Declaration No. 12258, issued by the Assessor's Office, Municipality of Cabuyao, Laguna in the total amount of P153,000.00;

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NOW THEREFORE, for and in consideration of the foregoing premises[,]
the parties [agree] on the following:

1. The Second Party has agreed to settle the loan as they become due including interest thereon;
2. The Second Party however may elect to sell the property on her option and for which case the price of the sale would be the value of the property at P250,000.00 less the amount of loan of P153,000.00 including interest [thereon].^[2]

The spouses Baldonado made payments amounting to P42,000 from July 14 to 25, 1990.

On August 1, 1990, Nieves Basaca as *nagbili* (vendor) and Ricardo Enriquez as *bumili* (vendee) entered into an agreement denominated as *Pagbibili na may Sanglaan* (sale with mortgage) over the property subject of Tax Declaration No. 12258. The pertinent portions of the document read:

Na ALANG-ALANG SA HALAGANG DALAWANG DAAN AT LIMAMPUNG LIBO (P250,000.00) salaping Pilipino, na ang paunang kabayaran sa halagang _____ ay pinatunayang tinanggap ngayon ng NAGBILI nang buong kasiyahang-loob mula sa BUMILI, ang NAGBILI ay NAGBIBILI, NAGLILIPAT at NAGSASALIN sa BUMILI at sa kanyang tagapagmana at kahalili ng lupang nasasaad sa itaas nito, kasama ng lahat ng mga kagalingang matatagpuan doon, ligtas sa anumang sagutin at pananagutan, maliban sa nasasaad sa ibaba nito:

Na ang mga panig ay nagkasundo na ang natitirang huling hulog sa halagang Dalawang Daan at Limampung [Libong] Piso (P250,000.00) ay babayaran sa pamamagitan ng sumusunod:

1. *Na ang halagang P250,000.00 ay babayaran sa loob ng (6) na buwan kasama ang interest o tubo na P75,000.00 sa 5 porsiyento isang buwan simula sa petsang nakasaad dito;*
2. *Na kung tutubusin ay may halagang P325,000.00;*

Na upang matiyak ang pagbabayad ng mga hulog sa mga araw na nabanggit sa itaas, at hanggang yaon ay hindi nababayaranang lahat, ay ISINASANGLA ng BUMILI ang lupang isinasaysay sa itaas, sa NAGBILI sa ilalim ng pasubali ng kung sakali at mabayaran o maigawad ng BUMILI sa NAGBILI.^[3]

Ten days later, on August 10, 1990, the same parties and their respective spouses executed an agreement known as *Kasulatan ng Bilihang Muling Mabibili* (sale with right of repurchase). The *Kasulatan* provided:

Na ang NAGBILI ang siyang nakatalang may-ari ng [mga parsela ng] lupa, na lalong makikilala sa pamamagitan ng sumusunod [na Tax Declaration No. 12258 at TCT No. T-161470^[4]].

Na [ALANG-ALANG] SA HALAGANG TATLONG DAAN AT LIMAMPUNG LIBONG PISO (P350,000.00), salaping Pilipino, na ibinayad ng BUMILI at sumakamay nang buong kasiyahan-loob ng NAGBILI, itong huli ay NAGBIBILI, NAGLILIPAT AT NAGSASALIN sa pamamagitan nang BILIHANG MABIBILI MULI, sa BUMILI, at sa kanyang tagapagmana at

kahalili, ng lupang isinaad sa itaas, kasama na ang lahat ng kagalingang naroroon, ligtas sa lahat ng pagkakautang o sagutin;

Na INILAAN ng NAGBILI sa kanyang sarili, at sa kanyang tagapagmana at kahalili ang karapatang MULING BILHIN ang lupang binabanggit sa itaas pagkaraan ng taning na simula MAYO 17 hanggang NOBYEMBRE 17, 1990, mula sa pagsasagawa ng KASULATANG ito, sa katulad ding halagang TATLONG DAAN AT LIMAMPUNG LIBONG PISO (P350,000.00) salaping Pilipino, at ang BUMILI ay sumasang-ayon na kanyang IPAGBIBILING MULI sa NAGBILI, at sa kanyang tagapagmana at kahalili ang lupang isinasaad sa itaas, pagkaraan ng taning na panahon sa katulad ding halagang tatlong daan at limampung libong piso (P350,000.00) salaping Pilipino;

Na kung [sakali't] hindi mabiling muli ng NAGBILI ang lupang nabanggit sa itaas pagkaraan ng pinagkasunduang taning na panahon, ang BUMILI ay may karapatang gawin ang kinakailangang hakbang upang maging ganap ang kanyang pagkamay-ari sa lupa, nang naayon sa itinatadhana ng batas at palakad ng hukuman.

Na ang lupang ito ay hindi sakop ng Batas ukol sa Reporma sa Lupa at ng mga kaugnay na Kautusang Pangpanguluhan at palibot-kalatas.^[5]

The records reveal that, prior to and about the time of the execution of the *Kasulatan*, the spouses Baldonado were in dire need of money to defray Nieves' hospitalization expenses.^[6]

Due to the failure of the spouses Baldonado to exercise their right of repurchase, petitioner, on January 10, 1991, filed a case in the Regional Trial Court, Branch XXIV, Biñan, Laguna for consolidation of ownership of the two properties mentioned in the *Kasulatan*: (1) an untitled parcel of land covered by Tax Declaration No. 12258 and (2) a registered lot covered by Transfer Certificate of Title (TCT) No. T-161470. This was docketed as (special civil action) Case No. B-3461.

In an answer dated January 23, 1991, the spouses Baldonado admitted the allegations in the petition as to the execution of the *Kasulatan* but denied that it was a true sale with right of repurchase. They averred that the document was only a contract of loan with mortgage on the properties described therein.

Petitioner filed an amended petition on April 15, 1991, alleging that the redemption period had already expired and respondents no longer had the right to hold on to the properties.

On November 25, 1994, the trial court rendered summary judgment^[7] in Case No. B-3461, the dispositive portion of which read:

WHEREFORE, premises considered, summary judgment is hereby rendered in favor of petitioner and against respondents as follows:

1. Declaring the petitioner as the absolute owner of the real properties, including the improvements existing thereon, and more particularly described in the document denominated as "Kasulatan

ng Bilihang Muling Mabibili" dated August 10, 1990;

2. Ordering the Register of Deeds, Laguna, Calamba Branch, to cancel TCT No. T-161470 in the name of respondents and to issue another one in the name of petitioner;
3. Ordering the Municipal Assessor of Cabuyao, Laguna, to cancel Tax. Decl. No. 12258 in the name of respondents and to issue a new one in the name of petitioner;
4. Ordering the respondents to deliver the duplicate copy of the aforesaid document and title to the Municipal Assessor of Cabuyao, Laguna and the Register of Deeds of Laguna, Calamba Branch;
5. Ordering the respondents to deliver to petitioner the possession of the subject real properties, including the improvements thereon; and
6. Ordering the respondents to pay petitioner the sum of P30,000.00 [for] attorney's fees and the sum of P6,000.00 as litigation expenses plus the sum of P500.00 per appearance in court including the costs of this suit.

Petitioner's claim for moral and exemplary damages is hereby dismissed for want of evidence.

Soon after the finality of the summary judgment, let a writ of execution and a writ of possession be issued accordingly.

SO ORDERED.

On appeal, the CA held:

WHEREFORE, the decision appealed from is hereby SET ASIDE. The "KASULATAN NG BILIHANG MULING MABIBILI" is **hereby declared as an equitable mortgage and respondents are declared entitled to redeem the mortgaged properties**, which shall be effected upon payment by them of their outstanding indebtedness to petitioner with legal rate of interest from November 17, 1990, the time [when] the loan matured, until it is fully paid.

SO ORDERED.^[8] (emphasis ours)

Petitioner's motion for reconsideration was denied but the CA ruled on the point that, having already found the contract to be one of equitable mortgage, the CA should have proceeded to fix the redemption period. The appellate court stated:

[W]e need only to cite the rule enunciated by the Supreme Court in the case of Gloria-Diaz v. Court of Appeals, 84 SCRA 483 [at 490] (1978), where it held that when a contract purporting to be a sale with right to repurchase is construed as one of equitable mortgage, the vendor has a period of thirty (30) days within which to redeem the subject property from the finality of the judgment rendered in the civil action.