

## FIRST DIVISION

[ G.R. No. 129644, September 07, 2001 ]

**CHINA BANKING CORPORATION, PETITIONER, VS. HON. COURT OF APPEALS, PAULINO ROXAS CHUA AND KIANG MING CHU CHUA, RESPONDENTS.**

### R E S O L U T I O N

**YNARES-SANTIAGO, J.:**

Private respondents Paulino Roxas Chua and Kiang Ming Chu Chua have filed before this Court a Motion for Reconsideration of the Decision dated March 7, 2000, the dispositive portion of which reads:

**WHEREFORE**, the petition is **GRANTED**. The decision of the Court of Appeals in CA-G.R. CV No. 46735 is **REVERSED** and **SET ASIDE**. The permanent injunction enjoining petitioner, the Sheriff of Manila, the Register of Deeds of San Juan, their officers, representatives, agents and persons acting on their behalf from causing the transfer of possession, ownership and title of the property covered by TCT No. 410603 in favor of petitioner is **LIFTED**. The Assignment of Rights to Redeem dated November 21, 1988 executed by Alfonso Roxas Chua in favor of Paulino Roxas Chua is ordered **RESCINDED**. The levy on execution dated February 4, 1991 and the Certificate of Sale dated April 30, 1992 in favor of petitioner are **DECLARED VALID** against the one-half portion of the subject property.

**SO ORDERED.**

Briefly, the facts are restated as follows:

By virtue of the adverse decision of the Regional Trial Court of Manila, Branch 46, in Civil Case No. 82-14134, entitled "*Metropolitan Bank and Trust Company v. Pacific Multi Commercial Corporation and Alfonso Roxas Chua*," the residential land covered by Transfer Certificate of Title No. 410603 in the name of spouses Alfonso Roxas Chua and Kiang Ming Chu Chua was levied on execution. Kiang Ming Chu Chua filed an action questioning the levy on the ground that the land was conjugal partnership property. This resulted in a compromise agreement to the effect that the levy shall be valid only to the extent of the ½ share pertaining to Alfonso Roxas Chua. Accordingly, an alias notice of levy was issued affecting the said ½ undivided portion of the property. After the execution sale, a certificate of sale was executed in favor of Metrobank, the judgment creditor, and the same was annotated on TCT No. 410603 on December 22, 1987.

Meanwhile, China Banking Corporation filed a complaint for sum of money against Pacific Multi Agro-Industrial Corporation and Alfonso Roxas Chua, docketed as Civil

Case No. 85-31257 of the Regional Trial Court of Manila, Branch 29. On November 7, 1985, judgment was rendered ordering defendants to pay Chinabank the aggregate amount of P2,500,000.00 plus interests, penalties and attorney's fees. Defendants appealed to the Court of Appeals but the same was dismissed for failure to file appellants' brief. Thus, notice of levy on execution was issued on February 4, 1991 against the right and interest of Alfonso Roxas Chua in TCT No. 410603. The same was later sold at public auction and a certificate of sale was executed in favor of Chinabank, and inscribed on TCT 410603 on May 4, 1992.

Previously, however, on November 21, 1988, Alfonso Roxas Chua executed in favor of his son, Paulino Roxas Chua, an "Assignment of Right to Redeem," pertaining to his right to redeem the ½ undivided portion of the land sold to Metrobank. On January 11, 1989, Paulino redeemed the property from Metrobank. On March 14, 1989, the Assignment of Right to Redeem and the redemption by Paulino Roxas Chua of the property from Metrobank were annotated on TCT No. 410603.

Private respondents Paulino Roxas Chua and Kiang Ming Chu Chua filed Civil Case No. 63199 before the Regional Trial Court of Pasig, Branch 163, alleging that Paulino has a prior and better right over Chinabank inasmuch as the assignment to him of the right to redeem and his redemption of Alfonso's share in the property were inscribed on the title on an earlier date than the annotation of the notice of levy and certificate of sale in favor of Chinabank. Both the trial court and the Court of Appeals ruled in favor of private respondents and enjoined Chinabank, the Sheriff of Manila and the Register of Deeds of San Juan from causing the transfer of possession, ownership and certificate of title, or otherwise disposing of the property covered by TCT No. 410603 in favor of Chinabank or any other person.

On March 7, 2000, we rendered the now assailed Decision reversing the judgment of the Court of Appeals and rescinding the Assignment of Right to Redeem executed by Alfonso in favor of Paulino Roxas Chua, for having been entered into in fraud of creditors.

In their Motion for Reconsideration, private respondents raise the following grounds:

2.1. The Decision, with due respect, failed to consider vital facts showing that the assignment was indubitably:

[a] for valuable consideration; and

[b] In good faith;

which if considered, would result in a complete reversal.

2.2. The dispositive portion of the decision rescinding the assignment of the right to redeem and validating the levy on execution dated April 30, 1992 in favor of petitioner, with due respect, cannot be enforced because:

[a] rescission is late; and

[b] levy on execution was on the wrong property.

2.3. The Petition was invalid and failed to vest the Honorable Court with the jurisdiction to review the decision by the Court of Appeals.<sup>[1]</sup>

Petitioner filed its Comment,<sup>[2]</sup> and private respondents filed their Reply with leave of Court.<sup>[3]</sup>

Under their first ground, private respondents argue that there was sufficient evidence to overthrow the presumption that the assignment of the right to redeem was in fraud of creditors. After a re-examination of the evidence, we agree with private respondents.

Indeed, Article 1387 of the Civil Code provides that alienations made by a debtor by gratuitous title are presumed fraudulent when the donor did not reserve sufficient property to pay his outstanding debts. Likewise, alienations by onerous title are presumed fraudulent when made by persons against whom some judgment has been rendered or some writ of attachment has been issued. These, however, are mere presumptions which are in no way conclusive. The presumption of fraud can be overthrown by evidence showing that the conveyance was made in good faith and for a sufficient and valuable consideration.<sup>[4]</sup>

In the case at bar, private respondents sufficiently established that the conveyance was made in good faith and for valuable consideration. Paulino maintains that he had no knowledge of his father Alfonso's financial problem with petitioner Chinabank until he was about to cause the cancellation of TCT No. 410603.<sup>[5]</sup> Furthermore, he paid the sum of P100,000.00 to Alfonso for the right to redeem,<sup>[6]</sup> and paid the redemption amount of P1,463,375.39 to Metrobank.<sup>[7]</sup>

Expectedly, petitioner refutes these, saying that the amounts paid by Paulino were grossly disproportionate to the right to redeem the property, which is a residential house and lot located in North Greenhills, San Juan, Metro Manila. But as correctly pointed out by private respondents, the amount of P100,000.00 paid by Paulino to Alfonso was not for the property itself, but merely for the right to redeem the same. As a matter of fact, Paulino still had to pay Metrobank the redemption price of P1,463,375.39. Whether or not the latter amount was adequate is beyond the scope of this inquiry. Suffice it to state that Metrobank accepted the same and reconveyed the property to Paulino. Moreover, only Alfonso's conjugal share in the property was affected, and the determination of its value was still subject to liquidation of debts and charges against the conjugal partnership.

It must be emphasized that the reconsideration of our earlier Decision on this score does not depart from well-settled doctrines and jurisprudence. Rather, it entailed merely a re-evaluation of the evidence on record.

Going now to the second ground, private respondent points out that the dispositive portion of our Decision can not be executed without affecting the rights of Metrobank inasmuch as Alfonso's right of redemption, which he assigned to Paulino, only had a lifetime of twelve months from the date of registration of the certificate of sale in favor of Metrobank. The rescission of the assignment of the right to redeem would have had the effect of allowing the twelve-month period of