

SECOND DIVISION

[G.R. No. 220741, August 14, 2019]

**ANGELINA A. BAYAN* AND JAIME A. BAYAN HEREIN REP. BY
THEIR ATTORNEY-IN-FACT MARIA FLORA A. FALCON,
PETITIONERS, VS. CELIA A. BAYAN (DECEASED), EDWARD DY,
MA. LUISA B. TANGHAL, AND THE REGISTER OF DEEDS OF
QUEZON CITY, RESPONDENTS.**

DECISION

REYES, J. JR., J.:

Before us is a Petition for Review on *Certiorari*^[1] under Rule 45 of the Rules of Court which seeks to reverse and set aside the January 5, 2015 Decision^[2] and the September 22, 2015 Resolution^[3] of the Court of Appeals (CA) in CA-G.R. CV No. 96204.

The case arose from a Complaint for Annulment of Mortgage with Damages filed by petitioners Angelina A. Bayad (Angelina) and Jaime A. Bayan (Jaime), as represented by their Attorney-in-Fact Lolita T. Alcaraz against respondents Celia A. Bayan (Celia, now deceased), Edward Dy (Dy) and Ma. Luisa Tanghal (Tanghal) and defendant Register of Deeds of Quezon City.

Petitioners, together with respondent Celia, are the registered co-owners of three parcels of residential and commercial land located in Cubao, Quezon City with Transfer Certificate of Title (TCT) Nos. N-140606, N-140607 and N-140608.

In 2005, Celia, acting for herself and as alleged Attorney-in-Fact of Angelina and Jaime, was able to obtain loans on three different occasions from her co-respondents Tanghal and Dy in the total amount of P4,500,000.00 plus interest and penalties in the event of default or delay in payment.

To secure the payment of her loans, Celia executed a fraudulent Special Powers of Attorney (SPAs) which supposedly embodied her authority to act on behalf of her frail mother Angelina and her brother, Jaime, who was permanently living in the United States. With such spurious authority, Celia executed in favor of Dy and Tanghal a Deed of Real Estate Mortgage dated February 23, 2005 covering the three parcels of land which she co-owned with Angelina and Jaime. Celia executed another Deed of Real Estate Mortgage dated August 24, 2005 to secure her second loan which she obtained from Dy and Tanghal. And thereafter, she executed an Amendment of the Deed of Real Estate Mortgage dated September 9, 2005, also covering the same properties.

Angelina and Jaime insisted that all the transactions made by Celia were without their knowledge and consent and their signatures embodied in the SPA were forged.

This prompted them to file the instant action. However, during the pendency of the case, Dy and Tanghal proceeded to foreclose the mortgage.

After trial, the Regional Trial Court (RTC), Branch 81, Quezon City, in a Decision^[4] dated September 15, 2010 ruled in favor of the petitioners declaring as null and void the following documents, to wit: (a) the two SPAs; (b) the Deed of Real Estate Mortgage Contract dated February 23, 2005; (c) the Deed of Real Estate Mortgage dated August 24, 2005; (d) and the Amendment of the Deed of Real Estate Mortgage dated September 9, 2005, and declaring as inefficacious and of no legal force and effect the following: (a) the extra-judicial foreclosure proceedings; (b) the public auction sale; (c) and the Sheriff's Sale. Accordingly, the RTC ordered the Register of Deeds of Quezon City to cancel all the Deeds of Real Estate Mortgage annotated on TCT Nos. N-140606, N-140607 and N-140608 and the Certificates of Sale inscribed on the said TCTs. It also ordered respondents to pay petitioners moral damages, attorney's fees and appearance fees per hearing. Respondents' cross-claim against Celia was likewise dismissed.

Respondents filed an appeal with the CA. Meanwhile, Celia died.

On January 5, 2015, the CA issued the now appealed Decision partially granting the appeal. The dispositive portion of the Decision reads:

WHEREFORE, the Appeal is **partially granted**. The Decision dated September 15, 2010 rendered by the Regional Trial Court of Quezon City, Branch 81 in Civil Case No. Q-06-57416 is hereby **AFFIRMED with MODIFICATIONS**, as follows:

1. The Deed of Real Estate Mortgage Contract dated February 23, 2005, Deed of Real Estate Mortgage dated August 24, 2005, and the Amendment of the Deed of Real Estate Mortgage dated September 9, 2005 are declared null and void only in so far as the interests of Plaintiffs-Appellees Angelina Bayan and Jaime Bayan are concerned;
2. The extra-judicial foreclosure proceedings, public auction sale and Sheriff's Sale conducted by Assisting Deputy Sheriff Rolando G. Acal of the office off the Clerk of Court, Regional Trial Court, Quezon City, are hereby inefficacious and have no legal force and effect only in so far as the interests of Plaintiffs-Appellees Angelina Bayan and Jaime Bayan are concerned;
3. The case is remanded to the Regional Trial Court of Quezon City: (a) determine the exact extent of the respective rights, interests, shares, and participation of Defendants-Appellants Tanghal and Dy and the Plaintiffs-Appellees over the subject properties, and (b) thereafter, to effect a final division, adjudication, and partition in accordance with law.
4. The Register of Deeds of Quezon City is hereby ordered to cancel the Certificates of Sale inscribed on Transfer Certificate of Title Nos. N-140606, N-140607 and N-140608 in favor of defendants Ma. Luisa Tanghal and Edward Dy and issue new ones in accordance with the determination of the RTC.

The RTC's pronouncements on moral damages and attorney's fees are affirmed *in toto*.

SO ORDERED.^[5]

From the above Decision of the CA, all the parties (Dy, Tanghal and Petitioners) filed their respective Motions for Partial Reconsideration/Partial Motions for Reconsideration.^[6] Notable is the Motion^[7] filed by petitioners wherein they prayed that the CA partially reconsider its Decision by granting their right of legal redemption over the one-third (1/3) share of Celia through the payment of one-third of the mortgage debt, without interest, to be exercised within a reasonable period to be set by the trial court.

On September 22, 2015, the CA issued a Resolution denying all the parties' Motions for Partial Reconsideration for lack of merit. As to petitioners' relief being prayed for, the CA specifically ruled as follows:

Considering Plaintiffs-Appellees Angelina and Jaime Bayan are raising the issue of their right of legal redemption only now in their motion for reconsideration, We are constrained to deny their Motion for Partial Reconsideration. The right of redemption was not prayed for much less alleged in the Complaint, hence, We cannot now include a determination of the same in Our resolution.^[8] (Citations omitted)

Dissatisfied with the resolution of the CA, petitioners filed the instant Petition with this Court, anchored on the following issues:

I.

Whether or not the Honorable Court of Appeals erred in ruling that the petitioners cannot raise their right of legal redemption for the first time on appeal even though it was not relevant to raise the same before the trial court's level.

II.

Whether or not the Honorable Court of Appeals erred in not considering the fact that the mortgagees are not mortgagees-in-good-faith in denying petitioners the right of legal redemption.^[9]

In their Motions for Partial Reconsideration/Partial Motions for Reconsideration, petitioners as co-owners of mortgagor Celia in the subject parcel of land, intended to exercise their right to legal redemption pursuant to Article 1620 of the Civil Code. The issue of right of legal redemption was neither raised in the RTC nor was even mentioned in the proceedings before the CA. As mentioned, it was raised for the very first time only in petitioners' Motion for Partial Reconsideration with the CA. We agree with the CA that this is not allowed. No question will be considered on appeal much more in the motion for reconsideration with the appellate court, when it was not raised in the court below. Otherwise, the court will be forced to make a judgment that goes beyond the issues and will adjudicate something in which the court did not hear the parties. As held by this Court: