

SECOND DIVISION

[G.R. No. 211499, June 22, 2015]

**CATHERINE HIPONIA-MAYUGA, PETITIONER, VS.
METROPOLITAN BANK AND TRUST CO., AND ITS BRANCH HEAD,
THELMA T. MAURICIO, AND BELLE U. AVELINO, RESPONDENTS.**

DECISION

MENDOZA, J.:

Before the Court is a petition for review on *certiorari* seeking to reverse and set aside the October 10, 2013 Decision^[1] and the February 24, 2014 Resolution^[2] of the Court of Appeals (CA), in CA-G.R. CV No. 95249, which affirmed with modification the September 25, 2009 Decision^[3] of the Regional Trial Court, Branch 274, Parañaque City (RTC) in Civil Case No. 98-0299, a case for cancellation of real estate mortgage.

The Facts

Petitioner Catherine Hiponia-Mayuga (*Catherine*) was married to the late Fernando J. Mayuga (*Fernando*). They owned the subject parcel of land covered by Transfer Certificate of Title (TCT) No. 116396 (70508) located in Barangay Tambo, Parañaque City. Fernando was engaged in the business of buy and sell of motorcycles and repair. In the course of his business dealings, Fernando met Belle Avelino (*Belle*), who proposed to him to secure a loan so they could proceed with their businesses, which included neon advertisement and meat delivery.^[4]

Consequently, on March 28, 1996, Fernando, with Catherine's consent,^[5] obtained a loan from Metropolitan Bank and Trust Co. (*Metrobank*) in the amount of P2,200,000.00 and, as security thereof, he executed a real estate mortgage (*REM*) over the subject property.^[6]

On July 3, 1996, the loan from Metrobank was increased to P3,200,000.00 with Fernando executing an amendment to the REM.^[7] Catherine claimed that the proceeds of the loan went directly to Belle. She admitted, however, that on two occasions Belle gave Fernando the amount of P100,000.00.^[8]

On November 17, 1996 Fernando passed away. Catherine then inquired from Metrobank if the subject property could be released from the mortgage because it was covered by a mortgage redemption insurance (*MRI*) that paid off the obligation upon the mortgagor's death. Metrobank, however, replied that Belle was the principal borrower.^[9]

On August 5, 1998, Catherine instituted a complaint^[10] for the cancellation of the real estate mortgage and the release of TCT No. 116396 (70508) with damages

against Belle, Metrobank and Thelma Mauricio (*Thelma*), the branch head of Metrobank who allowed the loan.^[11]

Meanwhile, the mortgaged property was foreclosed by Metrobank because Belle failed to pay the loan.^[12] During the foreclosure sale, Metrobank was the sole and highest bidder. Thus, a Certificate of Sale, dated October 16, 1998, was issued in its favor.^[13]

In her complaint, Catherine argued that the mortgage contract should be annulled because there was collusion between Belle and Thelma, who were purportedly good friends. Catherine claimed that they conspired to execute documents with legal import, of which Catherine and Fernando were unaware. Catherine also averred that Metrobank failed to exercise prudence in supervising the acts of Thelma.^[14]

For her part, Belle denied being a good friend of Thelma. She asserted that she only agreed to be the principal borrower because Fernando could not convince the bank to approve the loan, and that the property of Fernando and Catherine served as collateral for the loan. She further alleged that the loan was applied to the businesses set up by Fernando. These endeavors, however, did not flourish.^[15]

On the other hand, Metrobank and Thelma denied the existence of collusion and explained that it was Belle who obtained the loan, not Fernando. Hence, Catherine had no cause of action against them because they relied on the duly signed REM with good faith. In addition, there was no valid MRI executed by Fernando, and even if there was one, it did not extinguish the loan.^[16]

The RTC Ruling

In its September 25, 2009 Decision, the RTC ruled that the mortgage contract was valid and was properly foreclosed by Metrobank as the loan was not paid. It dismissed the complaint against Metrobank and Thelma because it was not proven that the execution of the mortgage was attended with collusion. It, however, ordered Belle to pay damages to Catherine. The RTC explained that it was Belle who obtained the loan secured by the property of Catherine and Fernando, and that she was also the one who collected the proceeds. Due to Belle's failure to pay the loan which resulted in the foreclosure of the property, damages were awarded in favor of Catherine.

The decretal portion of the RTC decision reads:

WHEREFORE, in view of the foregoing, judgment is hereby rendered in favor of plaintiff and against defendant Belle Avelino only, ordering the latter to pay the former the amount of Php2,988,800.00 as actual damages, Php200,000.00 as moral damages, Php100,000.00 as attorney's fees, and costs of suit. As to defendants Metrobank and Thelma T. Mauricio, however, the complaint against them is hereby ordered dismissed.

SO ORDERED.^[17]

Catherine moved for partial reconsideration^[18] of the RTC decision for not finding Metrobank and Thelma liable to her. In its Order,^[19] dated February 22, 2010, the RTC denied her motion.

Unsatisfied, Catherine elevated a partial appeal^[20] to the CA, putting in issue the aforementioned aspect of the RTC decision. Notably, Belle did not appeal, and it was only Metrobank and Thelma who filed an appellee's brief.^[21]

The CA Ruling

On October 10, 2013, the CA rendered the assailed decision which modified the RTC decision by *deleting the award of damages* against Belle. The CA explained that Fernando was an accommodation mortgagor of the loan of Belle. It explained that an accommodation mortgage agreement was expressly sanctioned under Article 2085 of the Civil Code, which allowed a person to mortgage his property so that a third person could obtain a loan. It further stated that because there was a valid consent on the part of Fernando and Catherine to accommodate the mortgage, the award of damages against Belle had no basis. The dispositive portion of the decision states:

WHEREFORE, in view of the foregoing, the assailed Decision dated September 25, 2009 of the Regional Trial Court of Parañaque City, Branch 274, in Civil Case No. 98-0299 is hereby AFFIRMED WITH MODIFICATION that the award of actual damages amounting to Two Million Nine Hundred Eighty-Eight Thousand Eight Hundred Thousand Pesos (Php2,988,800.00), moral damages amounting to Two Hundred Thousand Pesos (Php200,000.00), as well as attorney's fees amounting to One Hundred Thousand Pesos (Php100,000.00) and costs of suit in favor [of] plaintiff-appellant Catherine Hiponia-Mayuga is hereby DELETED.

SO ORDERED.^[22]

Catherine moved for reconsideration, but the CA denied her motion in a Resolution, dated February 24, 2014.

Hence, the present petition anchored on the following

STATEMENT OF ISSUES

I

THE HONORABLE COURT OF APPEALS ERRED IN MODIFYING THE DECISION OF THE HON. TRIAL COURT BY DELETING THE LATTER'S AWARD OF DAMAGES IN FAVOR OF PETITIONER AGAINST DEFENDANT BELLE U. AVELINO CONSIDERING THAT SAID DEFENDANT DID NOT EVEN INTERPOSE AN APPEAL IN THE FIRST PLACE.

II

THE HONORABLE COURT OF APPEALS ERRED IN UPHOLDING THE HONORABLE TRIAL COURT'S RULING THAT THERE WAS NO

**CONNIVANCE BETWEEN DEFENDANT BELLE AVELINO AND
RESPONDENT THELMA MAURICIO IN THE EXECUTION OF THE
REAL ESTATE MORTGAGE.**

III

**THE HONORABLE COURT OF APPEALS ERRED IN UPHOLDING THE
HONORABLE TRIAL COURT'S RULING THAT RESPONDENT
METROBANK COMMITTED NO NEGLIGENCE DESPITE FAILING TO
SECURE A MORTGAGE REDEMPTION INSURANCE IN THE PERSON
OF FERNANDO J. MAYUGA.^[23]**

Catherine argues that the award of damages against Belle was already final and executory for her failure to appeal. She also insists that the CA erred in finding that there was no connivance between Thelma and Belle, and that there was no negligence on the part of Metrobank for its failure to secure the required MRI.

In their Comment,^[24] Metrobank and Thelma countered that the petition raised questions of fact which warranted its outright denial. They further averred that the CA correctly deleted the award of damages against Belle because her liability was an issue closely related to or dependent on the assigned issue concerning Metrobank and Thelma's alleged solidary liability. Moreover, they contended that neither the law nor the contract obliged Metrobank to secure the MRI for Fernando.

In her Reply,^[25] Catherine reiterated her previous arguments and added that the subject petition raised questions of law.

The Court's Ruling

The petition is partly meritorious.

Belle did not appeal the RTC decision

The failure of a party to perfect the appeal within the time prescribed by the Rules of Court unavoidably renders the judgment final as to preclude the appellate court from acquiring the jurisdiction to review and alter the judgment.^[26] The judgment becomes immutable and unalterable and may no longer be modified in any respect, even if the modification is meant to correct erroneous conclusions of fact and law.^[27] Corollary thereto, an appellee who has not himself appealed cannot obtain from the appellate court any affirmative relief other than those granted in the decision of the court below.^[28]

In this case, Belle did not appeal the September 25, 2009 Decision of the RTC. Insofar as she is concerned, the RTC decision is final and executory. Hence, the award of damages against her, in favor of Catherine, as stated in the RTC decision must be upheld. The CA indeed erred in deleting the award of damages by relying on Section 8, Rule 51 of the Rules of Court.

The issues raised by Catherine are not closely related to the damages against Belle